

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

APRIL 1956



"... the surest way that banking can help with the big job ahead." (pages 3 and 114)

Legal Responsibilities of Bank Directors

(page 34)

Are There Bank Careers for College Graduates?

(page 40)

"A Niagara Cyclo-Massage[®] Chair is one of the Finest Investments a man Can Make" HERBERT A. MAY



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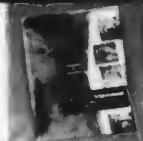


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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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Personal Protection . . .

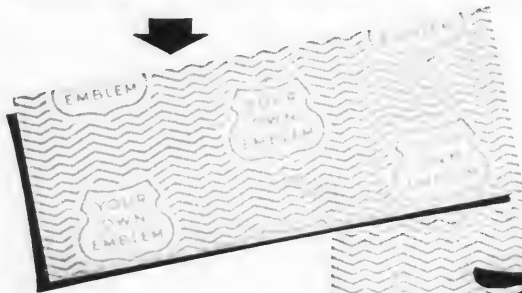
As the jet pilot is provided with a parachute, oxygen mask, and many other safety devices for his own protection in carrying out his mission . . . so safety paper provides protection essential in the transfer of money by check. In 85 years, the tamper-proof check has made our whole business system vastly more efficient . . . and La Monte Safety Paper for checks is the choice of a majority of the nation's leading banks.

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Just a Minute

The Care and Feeding of Bank Directors

IN this issue BANKING publishes the first of 12 articles by Herbert Bratter on the bank director's big job. Its title is "Legal Responsibilities of Bank Directors."

If this brief commentary were being written by BANKING's Circulation Department, it would say that the series—extending through March 1957—will be "worth your while and your directors', too [exclamation point]." But being just a simple reporter, not too well equipped with adjectives, we'll merely list the coming subjects:

Degree of care and diligence directors must exercise; responsibility

for over-all policy; loan and discount policies; investment policies; management of trust estates; housing and consumer credit policies; bank personnel; earnings, expenses and dividends; audits; bringing in new accounts; how to examine your bank.

Whoops!

FIRST National Bank in Dallas reports that a shoe salesman recently added the name of President Ben H. Wooten to a hot check, then tried to buy an airline ticket to Los Angeles with it.

"Trouble was," says the bank, "the man wrote 'Okayed by Ben Wooton' on the check. An alert ticket agent



"They're a darn nice outfit to be fired from."

caught the misspelling. The salesman landed in jail for investigation of forgery."

Morning Reminder

DURING the Senate Banking and Currency Committee hearings on

THIS MONTH'S COVER

With housing legislation being considered by both the House and Senate, the address before the A.B.A. Savings and Mortgage Conference in New York City of Representative Albert Rains, (D., Ala.), chairman, Subcommittee on Housing, House Banking and Currency Committee, received rapt attention. Conferring with the Congressman are, left to right, Joseph R. Jones, vice-president, Security-First National Bank of Los Angeles, and chairman, Real Estate Mortgage Committee, A.B.A. Savings and Mortgage Division; Earle A. Welch, president, Meredith Village (N. H.) Savings Bank and president, A.B.A. Savings and Mortgage Division; Mr. Rains; and J. R. Dunkerley, deputy manager in charge, A.B.A. Savings and Mortgage Division. See page 114



ROBERT COOPER

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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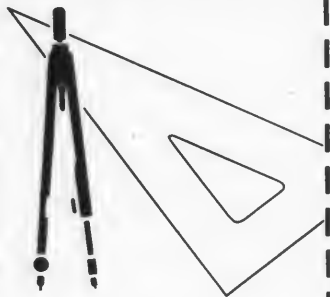
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the confirmation of William McChesney Martin to a 14-year term as member of the Federal Reserve Board there was considerable discussion of the Fed's support of the Government securities market in the December financing; the degree of independence of the Board from the Treasury; the auditing of Federal Reserve accounts; and similar questions. At one point the following colloquy occurred:

Senator Douglas. Mr. Martin. I have had typed out this little sentence which is a quotation from you:

"The Federal Reserve Board is an agency of the Congress." I will furnish you with Scotch tape and ask you to place it on your mirror where you can see it as you shave each morning, so that it may remind you.

Mr. Martin. I will be glad to comply.

Later in the morning the Open Market Committee was being discussed. Again we quote from the hearings:

Senator Douglas. I am going to ask the stenographer to type out another sentence, "I will do everything in my power to accelerate the carrying out of the ad hoc committee report," and we'll have a second sentence that the

chairman can paste on his shaving mirror in the mornings.

Mr. Martin. I'm afraid I won't have much room on that shaving mirror.
Senator Douglas. We can snip that off. I will give you some Scotch tape.

"Personal Expense Record"

THE last issue of *The Family Dollar*, included in March BANKING, contained a partial reproduction of the four-page folder "Personal Expense Record" prepared by the Treasury to help income taxpayers keep important expenditure records.

The Internal Revenue Service, we're told, is not in a position to supply quantities of the folder. It may, however, be reprinted, provided permission is obtained from IRS.

Following the appearance of the sample in *Family Dollar*, some banks wanted copies for customers. We repeat: Prospective distributors may reprint the folder, but must first get permission.

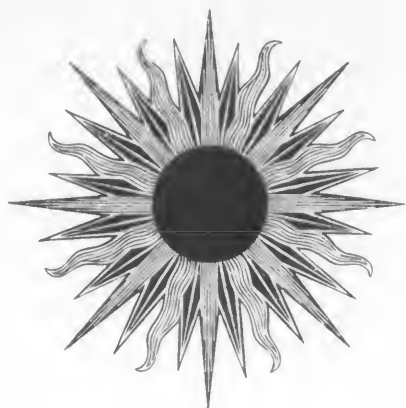
The Long and the Short of It

THE Palmer First National Bank and Trust Company of Sarasota, (CONTINUED ON PAGE 6)

More than 1,200 Valentines were distributed among three hospitals, an orphanage, and a children's home in Peoria, Ill., by the Commercial National Bank. The bank has a radio program originating in its lobby, and listeners were asked to send or bring in Valentines for the youngsters. Delivery was made on Feb. 14 by bank staffers. In the picture Miss Christine Collier and George McLaughlin are with the little patients at Children's Hospital



"UNDER THE SUN"



Nothing in the syndicated film field approaches the stature or the scope of *Under the Sun*, new series of half-hour programs produced by the TV-Radio Workshop of the Ford Foundation, narrated by Pulitzer prize-winner William Saroyan and consisting of the best of Omnibus plus new subjects. The measure of this distinguished new series may be taken from the track record set by Omnibus. Twenty-nine major awards including a Peabody. More favorable critical comment than any other regularly-

scheduled program. Sponsors like J. P. Stevens & Co., Nash-Kelvinator, Aluminium Ltd., Scott Paper Co., Greyhound, Remington Rand. And a roster of authors and stars unparalleled in broadcasting history, thanks to the program resources of the Ford Foundation Workshop. Inheriting all these built-up, built-in values from the parent series, *Under the Sun* presents a truly rare opportunity for the sponsor who wants to sell goods... and goodwill.

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Offices in New York, Chicago, Los Angeles, Detroit, San Francisco, Boston, St. Louis, Dallas and Atlanta. In Canada: S. W. Caldwell Ltd.

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how to pick your property insurance agent



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There are some guideposts to help you. Here's what you should look for:

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- 2) Does he represent the company you want?
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A stock company represented by over 40,000 independent local agents and brokers



Harry Doll, 32 inches tall, and Johann Petursson, 104 inches, meet in the Palmer Bank, Sarasota. Standing behind the counter is Assistant Cashier John Kelleher

(CONTINUED FROM PAGE 4)

Fla. (it says here), claims the distinction of having the world's tallest and shortest depositors.

Harry Doll, 32 inches high, has been a customer more than 20 years—"ever since he bought his home on the Bee Ridge Road and settled down there with his sisters, Tiny, Daisy, and Grace."

Johann Petursson measures 8 feet 8 inches and weighs 425 pounds. He's billed as "The Viking Giant of Iceland."

The release conveying these statistics didn't mention it, but unless we're mistaken Sarasota is the winter home of "The Greatest Show on Earth." It just could be that Messrs. Doll and Petursson are on its payroll, and that we're giving TGSOE some free-for-nothing publicity.

Wanted: Some Older Bankers

THE letter was from Miss Vieno Johnson of 327 West 83rd Street, New York 24, and she wondered whether we could give her "the names of older people in your field who have made a life for themselves in the later years." Seems she's writing a book, tentatively titled "How Old Is Old?"

Well, those "later years" are coming on apace for us, a fact of which Miss J. was obviously unaware, so her request had no personal slant. Anyway, we told her that banking was in a little different category "be-

(CONTINUED ON PAGE 11)

SHEAFFER'S BALLPOINT PENS DREW 11,721 NEW ACCOUNTS

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The Brand New
**SHEAFFER'S FINELINE
RETRACTABLE BALLPOINT PEN**
in an attractive gift box,
GIVEN TO EVERYONE
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— clean or fade! Ex-
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— starts instantly, dries



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FRIDAY, MAY 7th
between 9 A.M. and 7 P.M.

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**UNION DIME
SAVINGS BANK**
founded 1850—Resources Over \$350,000,000
Federal Deposit Insurance Corporation

The ad reproduced at the left drew crowds of new depositors that tied up New York traffic. Judge for yourself the power of the "right" gift. Put this power to work for *your* business. With Sheaffer's writing instruments to spark drives for new accounts, savings clubs, branch openings, or anniversary events, you build long-lasting good will that is worth far more than the cost of the gift. This has been proved by leaders in your field. Send today for complete details.

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Please rush your list of writing instruments, prices, and complete details on how to plan a "New-Depositor Drive" for my bank. This request does not obligate me, or my bank, in any way.

Name: _____ Position: _____
Bank: _____
Address: _____
City: _____ Zone: _____ State: _____



THE WISE INVESTOR looks beyond a company's physical properties, plants and machinery when he is contemplating a purchase of its stocks.

He looks at its markets. He knows that if you make a product, somebody has to *buy* it if you expect to stay in business. And he knows that a profitable business operation is dependent upon the recognition of, and acceptance for, a company's products among the people who have to be sold. Yes, markets are a live, animate asset—the end product of a

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A. C. BEANE, PARTNER, MERRILL LYNCH, PIERCE, FENNER & BEANE

consistent, coordinated sales and advertising program. There is no faster, less expensive way of building product recognition, of breaking down buying resistance, of expanding and developing new markets and of extending and increasing the effectiveness of salesmen's time than by the use of business magazine advertising

THAT'S WHY WE SUGGEST: If you have a financial interest or responsibility in a company you will want to encourage the company's management in the use of adequate Business Publication Advertising.

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April 1956



Come and get it!

This is the way the breakfast food industry uses money from banks to help you set a good table

This morning, America, you sat down to an estimated 1,000 tons of breakfast cereal!

And to satisfy your taste for the perfect breakfast, 64 separate manufacturers produce dozens of different cereal varieties which you find on your grocer's shelves under all the popular brand names.

To produce and sell these products of healthy American business competition, many groups as diverse as farmers, manufacturers, retailers, and . . . bankers, work together.

What bankers do

The banker is important to the cereal story

(One of a series of advertisements appearing in New York City newspapers)

for many reasons. At the raw material stage, it's frequently a bank loan that tides the farmer over from sowing to selling his crop. On the processing side, bank loans help milling companies buy up summer harvests, convert them into table cereals . . . package and market them. And, on the retail level, it's often a bank loan that helps your grocer stock cereals to your family's taste.

Health and wealth

But all these bank loans do more than contribute to your freedom of choice at the breakfast table.

They also contribute to the nation's

over-all economy, because wherever money works in America, men and women work too, and the goods they produce . . . the wealth they create . . . add to the whole nation's health and well-being.

The Chase Manhattan Bank of New York, a leader in loans to American industry, is proud of banking's contribution to the progress of our country.

**THE
CHASE
MANHATTAN
BANK**

(MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION)

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cause a great majority of banks have some kind of pension and retirement system" and all of the bankers we could think of had retired under an arrangement of that sort.

We added that Miss Johnson might find many retired bankers "actively engaged in some form of community work where their experience with financial matters would be useful, such as community chests and other charitable projects."

The theme of the prospective book is: "Making a life is more important than making a living."

Some Words from Poor Richard

THE illustration on this page shows the April leaves from Poor Richard's Almanac for just 200 years ago. With his data on days, eclipses, weather, planetary conjunctions, etc., Mr. Franklin, you remember, provided sundry adages, "entertaining remarks," and bits of sound advice.

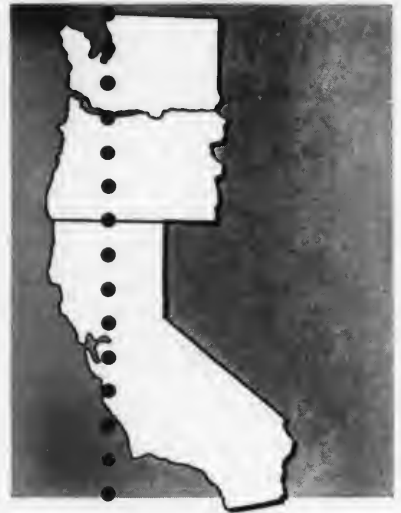
His April 1756 budget included suggestions for saving half of the 200,000 pounds the colonies were then spending on imported "Superfluities" which, he thought, could be dispensed with "for one little Year" without undue hardship. To save

this half, Poor Richard's "Friends and Countrymen" were advised to observe a few "Directions." They start at the bottom of the Almanac's right hand page; to save your eyesight we transcribe them from this and the ensuing (unpictured) leaves for the month of May.

"As I spent some Weeks last Winter, in visiting my old Acquaintance in the Jerseys, great Complaints I heard for Want of Money, and that Leave to make more Paper Bills could not be obtained. *Friends and Countrymen*, my Advice on this Head shall cost you nothing, and if you will not be angry with me for giving it, I promise you it to be offended if you do not take it.

"You spend at least *Two Hundred Thousand Pounds*, 'tis said, in *European, East-Indian, and West-Indian Commodities*: Supposing one Half of this Expence to be in *Things absolutely necessary*, the other Half may be call'd *Superfluities*, or at best, *Conveniences*, which however you might live without for one little Year, and not suffer exceedingly. Now to save this Half, observe these few Directions.

"Thus at the Year's End, there will be An Hundred Thousand Pounds more Money in your Country.



America's
only
tri-state
bank...
serving
the entire
Pacific
Coast

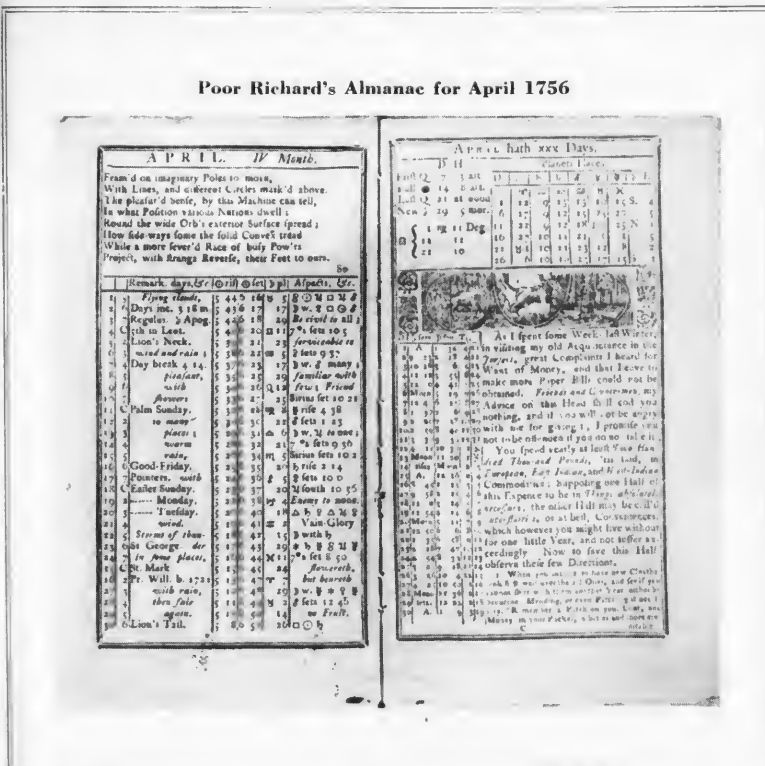


THE BANK OF CALIFORNIA

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California,
Oregon, and
Washington

HEAD OFFICE:
400 CALIFORNIA ST., SAN FRANCISCO

Poor Richard's Almanac for April 1756





**turns
small coins
into dollars**

Make Visabank—the popular home savings bank, your top salesman for new accounts. It works for you seven days a week. Made of crystal clear plastic. Top and base in choice of seven colors. Depositors actually SEE their savings grow.
Your name is stamped in gold on the front . . . your sales message is printed on card at rear.
Visabank is self liquidating . . . it pays for itself.

Write for full information.
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TOKYO, LTD.**
HEAD OFFICE:
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New York Agency:
100 Broadway, New York 5, N. Y.

"If Paper Money in ever so great a Quantity could be made, no Man would get any of it without giving something for it. But all he saves in this Way, will be his own for nothing; and his Country actually so much richer. Then the Merchants old and doubtful Debts may be honestly paid off, and Trading become surer thereafter, if not so expensive."

Wall Street at Grand Central

FROM 8 A.M. to 6:30 P.M. every day the security markets are open, the thousands of people who pass through New York's Grand Central Station see a bright sign "Investment Information Center." It's the label for the new 1,250-square-foot facility set up at one end of the concourse by the New York Stock Exchange firm, Merrill Lynch, Pierce, Fenner & Beane for the accommodation of folks who have money to invest.

No securities are bought or sold at the Center. But several experts are on hand to answer questions about investments. The day's financial news is highlighted on bulletin boards, Dow-Jones averages are posted hourly. There's also a lounge area where you can leisurely talk over hold, buy and/or sell problems with one of the firm's consultants.

The brokers are sharing their space with business organizations.

With some married couples the big difference of opinion is whether he earns too little or she spends too much.

In Russia "at peace" is a phrase used only in cemeteries.

Public opinion is simply the private opinion of one person who made enough noise to attract some converts.

First was International Business Machines Corporation which installed an all-transistor calculator that figured, in seconds, an investor's profit had he put \$500 annually for so-many years into a common stock of his selection. Other gadgets of this miraculous age were doing their stuff for all who cared to look.

"More people in America should have a direct ownership interest in the nation's great industries," said MLPFB&B's managing partner, Winthrop H. Smith. "One way to broaden the base of security ownership is to make people aware of the investment opportunities available."

J. L. C.

In New York's Grand Central Station inspecting the new facility for investors are, *l. to r.*, Winthrop H. Smith, managing partner of the brokerage firm; A. E. Perlman, president of the New York Central System; and A. L. Williams, vice-president of International Business Machines Corp.





The Pacific Northwest

Here, in this land of contrasts, man's genius unites with nature to achieve a unique, complete way of life. Man-made and natural waterfalls, harnessed to industrial use, accent the mountains' beauty as they contribute power for progress. Forest monarchs crown towering peaks... look down on lush valleys abloom with fruitful crops. Ocean liners and outboards...commercial fishermen and fly-rod enthusiasts...share a water paradise. As they do all America, the Old Republic companies serve

this area. They provide the most complete specialized insurance market for financial institutions engaged in diversified instalment credit. Coverages include Credit Life, Accident and Sickness; Automobile Physical Damage, Mobile Home Physical Damage, Credit Loss (on home repair loans), and Time Sales Property Insurance covering a wide variety of instalment credit purchases; home appliances; construction, industrial and agricultural machinery and equipment, and many others.

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*they're happier
less fatigued
more efficient*

when they are standing on

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JUST THE RIGHT
"GIVE"

See your BANK OUTFITTER or OFFICE
SUPPLY DEALER or write: FLOORING
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THE HYGIENIC DENTAL MFG. CO.
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Privacy for Depositors

TO THE EDITOR:

I HAVE often felt that the depositor is not afforded sufficient privacy in his or her banking transactions—that is, in making deposits or withdrawals of individual needs. The banks assure themselves of privacy with steel devisors or fences between themselves and patrons, but the patron stands in a public line. Anyone so desiring is able to glimpse over his shoulder, see all his personal transactions, hear his conversation with the cashier, and observe his actual taking of his cash, in the case of a withdrawal!

Surely there must be a better way to protect the public from would-be predators? Not everyone observes the amenities and courtesies of good breeding—which would suggest a decent distance between the depositor and the next in line. There are many kinds of people! True, there are guards in the banks, but I have noticed that they are of insufficient number, or are often occupied with other duties. And isn't it basically true that they are primarily there to protect the bank, not the depositor?

What protection has the depositor if, say, he withdraws \$800 in bills and is observed by all and sundry? He is left in a position where he must almost surreptitiously seize his withdrawal and get out of the bank as quickly as possible, hoping meanwhile he is among "friends" or that he has not been observed withdrawing his funds.

Is not the depositor the "life blood" of a bank, and should he not be guarded or protected accordingly?

Would it not be possible to erect a steel bar in front of which the depositor may stand, transacting his business at the cashier's cage, while behind this bar wait the others in line, sufficient distance separating them from the depositor to insure his privacy? An opaque glass partition might be erected over the bar to provide even further protection from observation.

This is merely my suggestion, but I've heard many, many people complain of lack of privacy in banks for the depositor. There must be other ideas and solutions.

(Mrs.) HARRIET H. VERBOSK
St. Albans, N. Y.

By the Way . . .

If every naughty little child got a proper reward in the end, we might do away with juvenile delinquency.

With the income tax blanks due on April 15, a good many Americans will have a blank look and a blank pocketbook.

We know a town where the women are so out of fashion they don't wear their Fall hats before April.

You can't tell by the looks of a mink coat how many instalments are past due.

One can't help admiring the fellow who is stupid and knows it.

A good neighbor is one who smiles at you over the back fence but doesn't want to borrow anything.

Pity the person who has insomnia

so badly he can't even sleep in the office.

You have to save a lot of money if you're going to be comfortable when you die and leave it.

A man should be educated enough to know that education alone is not enough.

You may be sure that a person who is a good liar got that way by long practice.

Fortunately, most popular songs decompose shortly after they are composed.

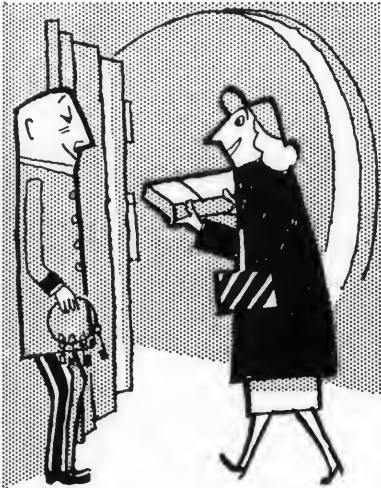
Nothing can be so deceptive as statistics, except figures.

Remember that by age 50 you will have spent over 16 years in bed and three years eating.



Christmas Club members can use all your services

Housewives



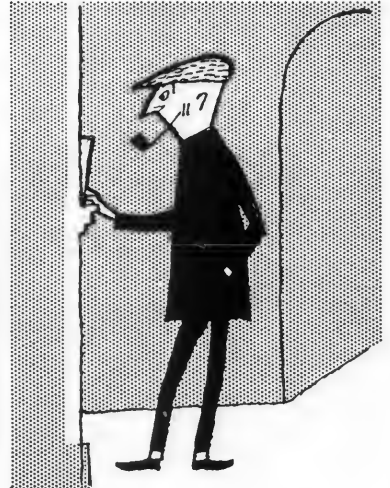
... office workers and executives

... professional people



... even future business leaders!

... blue collar workers



They're *all* prospects for *all* your services! Why not get *all* the details from your Christmas Club man? Just drop us a note—no obligation.

Christmas Club • Vacation Clubs • School Savings
All-Purpose Clubs • Tax Clubs

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MASTER FORM HANDLING — A smooth, one-hand operation whisks each form from tray to carriage, positions it on the last line of posting, so that it is precisely aligned for next operation.



MASTER INDEXING — The Sensimatic's keyboard is engineered for master, more positive indexing with steeper slope and height, finger-tip key and instant, uniform key depression.



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No wonder operators and bank management alike prefer the Sensimatic Bank Bookkeeping Machine!

No other bank bookkeeping machine can be mastered so simply, or scoots through even the most complex jobs so fast. Or gives such an error-proof and versatile performance. Operators find it frees them almost completely from details, from *fatigue*.

And just look at these other Sensimatic Bank Bookkeeping Machine features, blueprinted especially for perfectionists who want to save even more time and money: *automatic check count;*

automatic register totaling; date lock; list-posting tape; activity counter.

Fact is, whether your bank is large or small, the Burroughs Sensimatic has what you have always wanted and needed in a bank bookkeeping machine. Let us prove it!

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BANKING THERE'S



For complete information on the Burroughs Sensimatic Bank Bookkeeping Machine that does more work in less time with greater ease than any other, send for this free booklet today (no obligation, of course).

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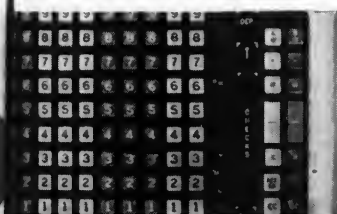
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BANK _____

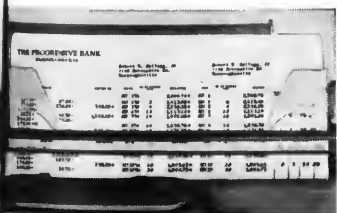
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MASTER MOTOR BAR SELECTION — Exclusive construction assigns a single major function to each motor bar. Operator decisions are reduced; posting is simplified and speeded.



FASTER, AUTOMATIC CARRIAGE MOVEMENTS — Carriage opens automatically, closes when first amount is posted, completes posting automatically... while operator locates new accounts.

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

Directors in Limelight

DR. GARFIELD V. COX and AUSTIN L. WYMAN, directors of the South East National Bank of Chicago since its founding 21 years ago, have received signal, if separate, honors.

DR. COX, Robert Law Professor of Finance at the University of Chicago, is named in *The Responsibility of Greatness* as "one of the great teachers" at the University. AUSTIN L. WYMAN, counsel for the bank since 1935, has been named by Illinois Governor Stratton as chairman of the Illinois Toll Highway Commission. He heads what is described as "the biggest project the Illinois State government has ever attempted," the building of 193.3 miles of turnpike for which \$415,000,000 in bonds have been sold.

A. I. HAHN, I. I. SPERLING, and F. J. WALDECK were promoted to vice-presidencies at The Cleveland Trust Company. Two new directors are: FELIX S. HALES, president of the New York, Chicago and St. Louis (Nickel Plate) Railroad, and KENT H. SMITH, chairman of the Lubrizol Corporation.

ELLIOTT MCALISTER, chairman, The Bank of California, N.A., has been elected president of the San Francisco Clearing House Association. Vice-president is JAMES K.

Heard Along



Garfield V. Cox



Austin L. Wyman



Robert H. Bolton



James C. Bolton

LOCHEAD, president, American Trust Company; secretary is E. H. LEMASTERS, president, Pacific National Bank of San Francisco.

The United States National Bank of Omaha, Nebr., has announced these promotions: EDWARD W. LYMAN, executive vice-president; CASPER Y. OFFUTT, senior vice-president and trust officer; DEAN VOGEL, senior vice-president.

A merger is planned of the HOLLYWOOD STATE BANK into CALIFORNIA BANK, Los Angeles, with stockholders voting on March 29. Under the merger plan, WADE E. BENNETT, president of Hollywood State Bank, would become a vice-president of California Bank.

ROBERT H. BOLTON was elected president of the Rapides Bank & Trust Company, Alexandria, La., to succeed his brother, JAMES C. BOLTON, who was elevated to chairman of the board. The new president is the fourth member of the banking family to achieve that post since the bank was founded in 1888. He's a past president of the Louisiana Bankers Association, is currently president of the State Bank Division of the American Bankers Association, and a member of the Association's Executive Council and Administrative Committee. JAMES BOLTON is also a past president of the Louisiana Bankers Association and of the A.B.A. State Bank Division. Currently he's a member of the A.B.A. Committee on Federal Legislation.

MALCOLM R. TAIT was elected a vice-president of Bankers Trust Company, New York.

THE CARTHAGE (N. Y.) NATIONAL EXCHANGE BANK is now the Carthage branch of the NORTHERN NEW YORK TRUST COMPANY, Watertown.

RALPH LOWELL, president of the Boston Safe Deposit and Trust Company, and JOSEPH EARL PERRY, president of the Newton (Mass.) Savings Bank have been named to the new development council for Boston University.

JUAN J. MARCH, Bank of America's Mexico City representative, has been promoted to vice-president.

When the Beatrice (Nebr.) National Bank opened its new drive-in, ceremonies were held during a driving snowstorm. Gov. Victor Anderson of Nebraska here assists the teller, Mrs. LaVerna McLaughlin, wait on customers arriving during the first half hour. He had been the first customer (he cashed a check)



Main Street



Reginald Short



Hugh C. Lane

REGINALD C. SHORT has joined The Bank of Virginia, Richmond, as vice-president and trust officer. He was with Fidelity Trust Company, Pittsburgh, and has written numerous articles on trusts and estates and has spoken before various financial forums and the Pennsylvania Bankers Association Trust School.

"Man of the Year"

HUGH C. LANE, president of the Citizens and Southern National Bank of South Carolina, received an award as "Man of the Year" in Charleston, S. C. He was so cited by the Greater Charleston Chamber of Commerce, which described him as "a banker who has given his knowledge of finance to many civic endeavors." He has been active in many civic endeavors and is a founding member of the Young Residents Association.

WILLIAM G. McCLINTOCK, vice-president of the National Bank of Detroit, was reelected treasurer of the Detroit Convention and Tourist Bureau.

Major General RICHARD KING MELLON, chairman of the board of the Mellon National Bank and Trust Company, Pittsburgh, was cited as "an outstanding example of enlightened business statesmanship" by the Ligonier Valley Chamber of Commerce.

SAM W. DIXON and CLAUDE HENSON rose to vice-presidencies at The Bank of Asheville, N. C.

CREDIT SUISSE, Zurich, one of the oldest and largest Swiss banks, has adopted the name of Swiss Credit Bank as its legal title in English to give English-speaking people a better idea of the firm's business functions.

H. NORD KITCHEN has been named vice-president and NORMAN N. WILCOX was named assistant vice-president at Industrial National Bank of Providence, R. I.

Florence Honored

A TESTIMONIAL dinner honoring FRED F. FLORENCE, president of the Republic National Bank of Dallas and of the American Bankers Association, for his business and civic leadership, was held recently in Dallas under auspices of a special citizens' committee. Sharing honors of the evening was Mrs. Florence.

An elaborate printed program cited Mr. Florence for his many achievements. Dean Robert G. Storey of Southern Methodist Uni-



Dean Robert G. Storey, left, of Southern Methodist University Law School, shows Fred F. Florence, president of Republic National Bank of Dallas and of the A.B.A., a letter and check establishing the Fred F. Florence Scholarship Fund at the Southwestern Medical Foundation

versity Law School announced establishment of a scholarship fund at the Southwestern Medical Foundation, to be known as the Fred F. Florence Scholarship Fund. Starting with \$25,000 the fund will be used "for human advancement through the provision of scholarships and other forms of aid to deserving students, regardless of race, color, creed, or sex, in the fields of medicine and health."

FRANK GROVES, ROBERT R. MATHEWS, and OLAF RAVNDAL were elected directors of the American Express Company and its subsidiary, The American Express Com-

Brooklyn youngsters, winners of an essay contest on "Juvenile Adequacy" are shown with N. Y. Assemblyman Lawrence P. Murphy (extreme left), N. Y. Superintendent of Banks, George A. Mooney (center), Senator William Rosenblatt (extreme right), and Assembly-woman Mary Gillen (to left of Senator). The children were escorted to Albany by Edward C. Anderberg, Green Point Savings Bank; James Compton, Roosevelt Savings Bank; and E. Leroy Squire, Williamsburgh Savings Bank, also shown. The contest was sponsored by the Assemblyman and Senator in cooperation with a group of Brooklyn savings banks





American Appraisals eliminate "Ghosts" in property accounts

An American Appraisal original cost study and check of physical assets often reveal items of property disposed of, but not eliminated from property records — affecting costs, profits and taxes.

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leader in property valuation
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Make Check Sorting FASTER... EASIER



THE
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BANK CHECK SORTER

For daily sorting in bank bookkeeping departments the Kohlhaas Bank Check Sorter will outperform any manual sorter on the market in *Speed, Ease-of-Operation and Accuracy*. Has all of the operator designed features for improved sorting efficiency. Available with Alphabetical and Name Guides to suit your requirement.

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Chicago 17, Ill.

pany, Inc. All are officers; MR. MATHEWS is vice-president responsible for promotion and sale of American Express Money Orders; MR. RAVNDAL promotes American Express Travelers Cheques and Letters of Credit.

The new branch of the RICHMOND HILL (N. Y.) SAVINGS BANK in Floral Park, N. Y., will be the third savings bank in the state to have drive-in deposit windows. It will have also a 20-car parking lot.

HARTLEY G. BANKS, president of the Columbia (Mo.) Savings Bank, has been elected to the board of the Bank of St. Louis.

The NATIONAL BANK OF COMMERCE of Seattle held open house in its new Central Branch building, the first major new bank building constructed in metropolitan Seattle in more than 20 years. It's right in the heart of the shopping district.

Named for Banker

THE new library at Western Reserve University has been named in honor of I. F. FREIBERGER, chairman of the board of the Cleveland Trust Company. The I. F. Freiberger Library building, new home of the general university collections, cost \$1,600,000. MR. FREIBERGER is a Reserve trustee and alumnus. GEORGE GUND, president of the Cleveland Trust Company, has presented a portrait of MR. FREIBERGER which has been hung in the lobby of the new building.

Left to right, George Gund, president, the Cleveland Trust Company, I. F. Freiberger, chairman, and Mrs. Freiberger with the Freiberger portrait presented by Mr. Gund to the I. F. Freiberger Library of Western Reserve University



C. N. Phipps



R. J. Redrupp

Imperial Bank of Canada has made two appointments at its head office in Toronto: C. N. PHIPPS was named assistant general manager; R. J. REDRUPP was named superintendent of the bank's natural resources development department.

H. JACK NERDRUM, CARL G. NELSON, FRANCIS J. DAVIS were elected vice-presidents in Security-First National Bank, Los Angeles. In all, 17 promotions were announced.

PEOPLES NATIONAL BANK AND TRUST Co., Pemberton, N. J., held an open house in March to celebrate its 50th anniversary and to give the public a chance to inspect its new building.

In celebration of its golden anniversary, STATE BANK AND TRUST COMPANY OF WELLSTON, St. Louis, is presenting a bronze key tag and chain to each customer of the bank, old or new.

The COMMUNITY SAVINGS BANK of Rochester, N. Y., plans a modern new 3-story building of stainless

(CONTINUED ON PAGE 23)



YOUR COMMUNITY MOVES FORWARD ON THE BLADE OF A BULLDOZER

Whenever you see this big orange crawler tractor bulldozing mounds of earth and rock, you can be sure it is breaking ground for progress.

It might be clearing land for a new subdivision, attracting many new families to the community. This means new houses to build . . . greater demands for goods and services.

Perhaps it is preparing the way for a new super-highway, shopping center or a badly needed school. But whatever the project, it starts with earth mov-

ing—and with modern earth-moving machinery.

Allis-Chalmers crawler tractors, motor graders and motor scrapers are of a completely new design to meet today's stepped-up construction demands. Their greater efficiency enables them to move many more yards of earth per dollar . . . makes possible more civic improvements for the same amount of money. An investment in this equipment is sound and profitable to the owner, the bank—and community.

ALLIS-CHALMERS, CONSTRUCTION MACHINERY DIVISION, MILWAUKEE 1, WISCONSIN

ALLIS-CHALMERS



In his pocket, 6½ million



dollars

Philadelphia National's John Kramer calls on correspondent banks throughout Pennsylvania—and he doesn't carry that amount in cash.

What he does carry is *authority*. The authority to make decisions . . . on the spot and in the field . . . and to commit this bank to those decisions.

Action on his part can open the door to PNB's lending limit of up to \$6,600,000 on a single loan. The correspondent's customer may be an eastern Pennsylvania cattlefeeder, whose requirements exceed his own bank's lending limit by only \$5,000. Or it may be a mid-state manufacturer who requires, for inventory purposes, \$500,000 more than his local bank can make available. In either instance, as in countless others, a correspondent relationship with PNB enables the country banker to give his customer a quick "yes" instead of a reluctant "no."

The authority of PNB men like John Kramer brings the experience and judgment and cooperation of The Philadelphia National to you in the service of your customer, right at your desk. It is one of many "plus values" from which PNB correspondents benefit. We'd welcome the chance to tell you about others—and to put them to work for you.

THE PHILADELPHIA NATIONAL BANK

Organized 1803 • PHILADELPHIA 1, PA.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

MAIN STREET (Continued)

steel, enamel, and plate glass. Color will be used in structural materials and decorations. The work is expected to be done in two units so that banking service won't be interrupted during construction.

FRANK P. AUSTIN, manager of the cashier's department of Central Savings Bank, New York City, has completed 50 years with the bank, which marked the occasion by presenting him a \$500 savings bond.

O. K. CARLSON and FRED E. PIKE were named to the newly created office of senior vice - president at Walker Bank & Trust Company, Salt Lake City.

THOMAS C. BOUSHALL, president of the Bank of Virginia, Richmond, has been named to receive the annual Distinguished Service Award of the Virginia State Chamber of Commerce. The award is made annually to a person considered to have rendered an outstanding service to the Commonwealth.

Wall G. Coapman

WALL G. COAPMAN, 70, secretary emeritus of the Wisconsin Bankers Association, died March 5. He was born in Reeseville, Wisc., and was a graduate of the University of Wisconsin. In 1907-1916 he was successively in the service of the First National Bank, Racine, and the First National Bank, Portage.

He joined the Wisconsin Bankers Association in 1916 as assistant secretary. He was elected secretary in 1924 and held that position (later executive secretary) until his retirement last October. He was a grad-

Wall G. Coapman





A.T. & T. is calling . . .

its 3¾% Convertible Debentures of 1965

for redemption on May 1, 1956 at 106%

After May 1, 1956, interest on these debentures will cease to accrue and they will no longer be convertible.

Copies of the notice of redemption and of a Prospectus relating to the stock of A.T.&T. into which these debentures are convertible may be obtained from the office of the Treasurer.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY



195 Broadway,
New York 7, N. Y.

uate of Milwaukee Chapter, American Institute of Banking, and The Graduate School of Banking. He was at one time president of the Conference of Central States Bankers Associations, and at one time was a member of the Executive Council, Bank Management Commission, and president of the State Secretaries' Section of the American Bankers Association.

ASHTON ALBERT has been named executive assistant at the American National Bank & Trust Company, Mobile, Ala. He succeeds ARTHUR POPE, resigned, who has joined a real estate firm.

Some 4,000 persons came to the open house celebrating completion of a remodeling project at FIDELITY SAVINGS BANK, Ottumwa, Iowa.

TOM K. SMITH, board chairman of the Boatmen's National Bank of St. Louis and former A.B.A. president (1936), has been appointed by Mayor Raymond A. Tucker as chairman of the Citizens Charter Committee. The committee which Mr. Smith will organize, is to seek out and promote qualified candidates for the board of freeholders to be elected in May.

NORMAN E. SWAIN, formerly cashier of the Sheridan (Ill.) State Bank, is now cashier of the First National Bank in Amboy, Ill. In this position he succeeds MILBERT L. LARSON, now assistant vice-president of the First Galesburg National Bank and Trust Company.

EDWIN W. HUNT has been named board chairman of the Home National Bank of Brockton, Mass., and is succeeded as president by WAYNE E. CLARK. RAYMOND P. PAULSON and STANLEY W. HORSMAN were advanced to vice-president; HERBERT E. SMITH to cashier.

The MEADOW BROOK NATIONAL BANK, West Hempstead, N. Y., has received permission from the Comptroller to change the location of one of its present units and to open two new branch offices. This 'will bring MEADOW BROOK's total outlets to 26, plus two summertime facilities.

The main office and drive-in branch of the WAYNE (Pa.) TITLE AND

NEW DELBRIDGE INTEREST TABLES

most complete book
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INTEREST ANSWERS!

So handsome . . . so practical! A real *must* for every financial institution that wants to increase efficiency . . . cut down costly computing errors. New DELBRIDGE Interest Tables give you *guaranteed accurate, pre-calculated* interest answers in seconds! No longhand figuring . . . no expensive calculating machines!

Cover principal amounts from \$1.00 to \$500,000.00 . . . interest rates of ¼% through 12% in graduated steps . . . time periods from 1 day through 180 days, then by months to 12 months. Basis 360 days per annum; interest factor treats 360 and 365 day basis. Interest factors treat ¼% to 6% in ¼% steps. Features elapsed time and maturity indicator. Luxurious-



looking leatherette cover . . . loose-leaf bound . . . built to last a lifetime. 506 pages, 8¼" x 10½".

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Name Title

Bank Name

Address

City Zone State

TRUST COMPANY have become the 28th and 29th offices of THE FIRST PENNSYLVANIA BANK AND TRUST COMPANY, Philadelphia. Officers of the Wayne bank who have been named officers of First Pennsylvania, are: Wayne president J. HAROLD HALLMAN was named a vice-president; S. WOODWARD COOK, vice-president; JOSEPH L. RICHMAN, assistant treasurer.

E. G. MERRILL, JR., has succeeded A. G. READER as head of the trust department with title of vice-president and senior trust officer at Union Title Insurance and Trust Company, San Diego. DAVID C. SCHURCH succeeds MR. MERRILL as vice-president and general counsel. MR. READER, formerly senior trust officer, is senior vice-president and treasurer.

WILLIAM I. MYERS, dean of the New York State College of Agriculture at Cornell University, Ithaca, and GEORGE C. TEXTOR, president of The Marine Midland Trust Company of New York, have been elected directors of Marine Midland Corporation, Buffalo.

FRANKLIN NATIONAL BANK, Franklin Square, N. Y., is to establish branches in Bellrose and in Lake Success.

FIRST AND AMERICAN NATIONAL BANK of Duluth, Minn., is constructing a new building which is to be ready about the end of next year and at a cost in excess of \$3,000,000.



Joseph E. Norris



Eben W. Pyne



Marilynn Eidsmoe



Franklin Johnson

EBEN W. PYNE was named executive vice-president and director of City Bank Farmers Trust Company, New York. JOSEPH E. NORRIS became executive vice-president. BASCOM H. TORRANCE, vice-president, was given the additional title of chairman of the trust investment committee, and ALEXANDER W. MCGHEE, vice-president, was given the additional title of treasurer.

An Active One

N. M. HULINGS, vice-president of the First National Bank and Trust Company, Tulsa, took the controls of a light plane recently and flew like the seasoned pilot he is. However, he hadn't flown a plane since 1919—a Spad fighter which he piloted as a member of the 22nd Pursuit Squadron.

After 30 minutes of takeoffs and landings, he inquired quietly about the procedure for getting a pilot's license—a surprise to no one, for MR. HULINGS always has pursued rather vigorous activities. He was first president of the Tulsa Figure Skating Club, in which his activities were described recently in an article in the *Tulsa World*, showing that

bankers aren't necessarily stodgy folk. He's an ardent skin-diving fan, too, and spent quite a bit of his last vacation on the ocean's floor.

MR. HULINGS has been with the First National Bank & Trust since 1921 when the Tulsa Trust Co., where he had been director of the property management department for two years, merged with the bank.

MARILYNN EIDSMOE has been named assistant trust officer of The First National Bank in Fort Lauderdale. Before joining the trust department she saw experience with Trans-World Airways in Kansas City and had served overseas on the staff of the American Red Cross in Korea and The Philippines.

FRANKLIN P. JOHNSON was appointed a vice-president and member of the officers personal trust committee of Manufacturers Trust Company, New York.

WILLIAM G. STOLL, formerly trust officer, is now a vice-president of Central National Bank of Cleveland.

J. K. PALMER, executive vice-president of the Greenbrier Valley Bank, Lewisburg, W. Va., has been elected to the board of directors of the Federal Reserve Bank of Richmond. He is West Virginia state chairman of the Federal Legislature Council of the A.B.A. and a member of the A.B.A. Executive Council.

Everybody within a 100-mile radius of Tallahassee has been invited to the 100th anniversary celebration of the LEWIS STATE BANK of Tallahassee, Fla. The bank was founded by B. C. Lewis, a migrant Yankee from Massachusetts. Eighty years ago, when B. C. Lewis, Private Banker, had been in business for 20 years, it had 25 depositors—and undisclosed assets. Today the assets total more than \$18,000,000 and there are 70 employees. A grandson of the founder, GEORGE E. LEWIS,

This is new motor banking facility of Mercantile Trust Company, St. Louis, with four drive-up counters and three walk-up windows. The building is connected to the main bank two blocks away by pneumatic tubes. There's a parking lot, too



is board chairman. A great grandson, GEORGE II, is president.

A total of 10,387 Christmas Club accounts were opened in a contest for employees of PULLMAN TRUST & SAVINGS BANK, STANDARD STATE BANK, both Chicago, and the STATE BANK OF BLUE ISLAND, Ill. Top prize was a trip to Nassau for two.

FORT NECK NATIONAL BANK of Seaford, N. Y., will open its fourth branch office in the fall in an ultra-modern air-conditioned brick and glass building in the new multimillion dollar Bar Harbour Shopping Center. The center's parking field will provide space for more than 2,500 automobiles.

MARGARET CALLAHAN, assistant to the treasurer, Robert Morris Associates, has retired after 36 years with the organization. She joined the Associates in 1920 as the first employee to assist Alexander Wall, founder. A luncheon of the executive committee held at the Philadelphia National Bank marked the occasion. She was presented an engraved scroll and a console TV set.

Central National Bank of Cleveland has announced these promotions: H. LLOYD FULTON, vice-president; WILLIAM G. KIRKWOOD, assistant vice-president; and CHARLES D. MECKES, trust officer. MR. KIRKWOOD is an alumnus of The Graduate School of Banking.



David N. Millan



R. A. Peterson



R. J. MacBean



T. J. Moroney

DAVID N. MILLAN, vice-president of the San Diego Trust and Savings Bank, was tendered a banquet which marked simultaneously his 50th year with the bank and his retirement.

RUDOLPH A. PETERSON has been named president and managing executive officer of the Bank of Hawaii, Honolulu. He was named also to the board of directors. MR. PETERSON had been chairman of the executive committee of the First Western Bank and Trust Company, San Francisco. He has been active in committees of the American Bankers Association and the California Bankers Association.

EDWARD G. HAZEN was elected vice-president and trust officer of The Colonial Trust Company of Waterbury, Conn. CARL JOHNSON was elected trust officer; EDWARD B. STURGES, real estate officer.

At The American Bank & Trust Company of Oak Cliff, Dallas, Texas, JESS R. ROSS, JR., was named vice-president and cashier, and A. B. (Gus) WRIGHT, JR., vice-president.

R. J. MACBEAN and T. J. MORONEY were elected vice-presidents and senior trust officers of Republic National Bank of Dallas.

These promotions have been announced by The First Pennsylvania Banking and Trust Company, Philadelphia: ALFRED C. GRAFF, senior vice-president; JOHN M. COOKENBACH, vice-president in the trust department; JOHN L. GRANT, vice-president in the commercial department; and GUSTAV K. LOESCH, vice-president in the banking department.

HARRY R. MOORE, vice-president of the City National Bank and Trust Company of Chicago has retired after 64 years in banking. He's 85 years old, and banking wasn't his first job; it was cashier and bookkeeper in a general store.

DANIEL B. GALGANO has advanced to vice-president of the National Bank of Westchester, White Plains, N. Y.

The PEOPLES BANK of Biloxi, Miss., will hold a birthday party and open house on April 14 to celebrate its 60th birthday. A feature will be the first annual Mississippi Gulf Coast Art Exhibition.

ROY DOOLEY, who joined the Bank of Crossett, Ark., in 1913 as a teller, has retired as vice-president and active manager after 43 years with the bank. BEN POSEY, cashier, has assumed his duties.

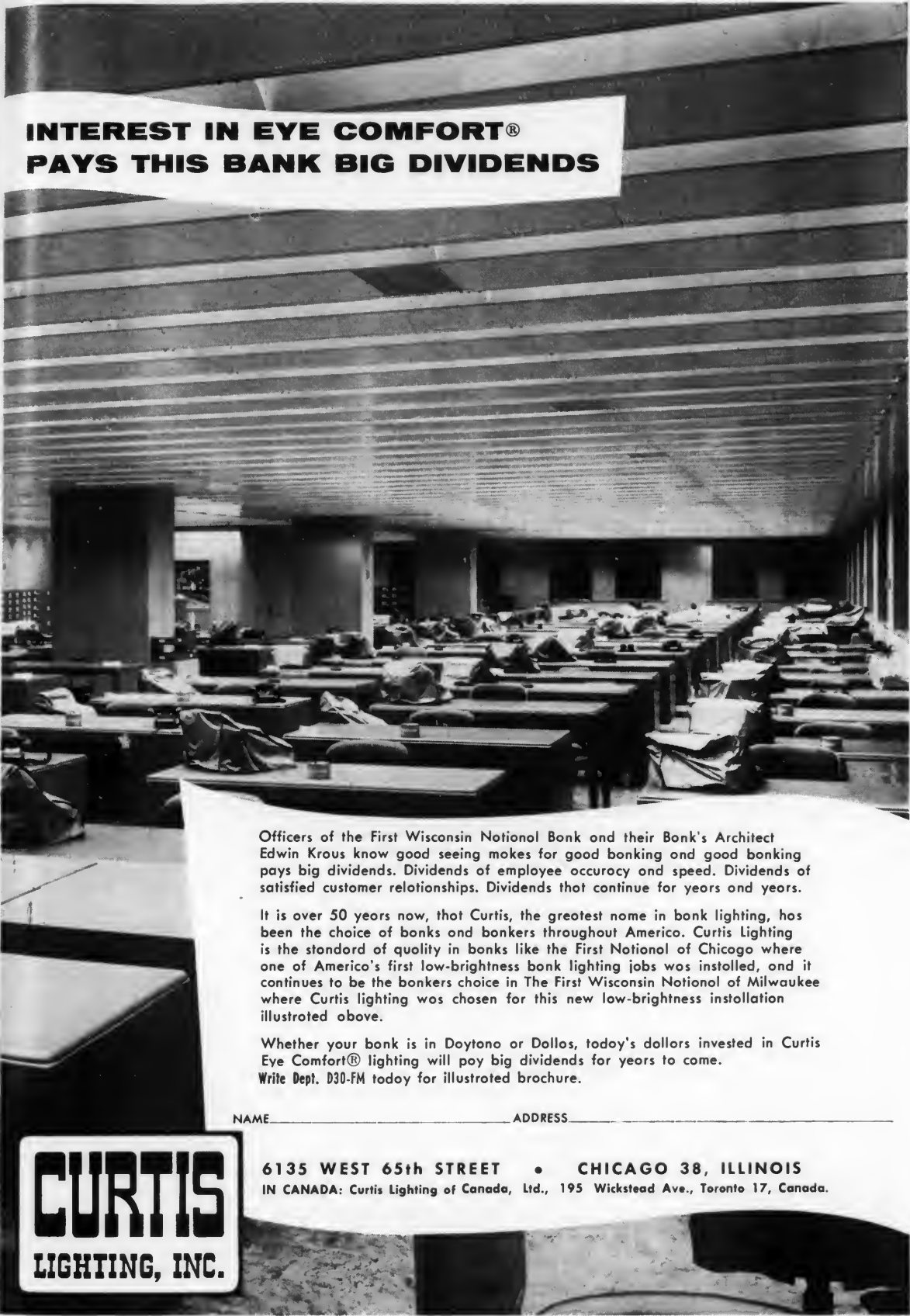
IOWA STATE BANK, Des Moines, has completed an expansion program which doubles the size of the banking floor.

ROBERT C. YEARY was promoted to president of Pacific State Bank, Hawthorne, Calif., succeeding ERNEST W. HAHN, who continues as a director. Directors RAYMOND BOLTEN and E. GILBERT LAVEN were

(CONTINUED ON PAGE 29)

Col. Benjamin Huger, W. T. Dod, and T. B. Shackford receive silver plates honoring long association with the First National Bank of Lexington, Va. At left, board members Herbert N. Hamric and General John S. Letcher; at right, Homer Derrick, bank president. Col. Huger and Mr. Dod have been depositors throughout the bank's entire 60 years; Mr. Shackford, trust officer and former president, who has been in the bank's employ for a quarter of a century





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MAIN STREET (Continued)

named vice-presidents. NORMAN J. M. JONES, vice-president and cashier, was given the additional post of secretary.

Some 3,000 guests braved a blinding snow storm to attend the open house celebrating completion of the extensive remodeling and enlargement program at the Moscow office of the IDAHO FIRST NATIONAL BANK. On the previous day there had been ground-breaking ceremonies for a new Lewiston branch of the bank.

A new school building in Lubbock, Texas, has been named the C. E. MAEDGEN Elementary School for MR. MAEDGEN who is chairman of the board of The Lubbock National Bank.

The OLD FREEPORT BANK, Freeport, Pa., was subject of a feature recently in the TV Graphic section of *The Pittsburgh Press*.

Thousands of people came through the rain to the opening ceremonies of the new AMERICAN BANK AND TRUST COMPANY, Lafayette, La. There were truckloads of flowers, queens of various Louisiana festivals, wives of directors poured hundreds of cups of strong Louisiana coffee and served thousands of sandwiches, while TV cameras recorded



Paul Blanchet



J. Maxime Roy



Frank B. Trexler



Charles McCord

the goings on. The new bank has two drive-in windows, the first in the city. J. MAXIME ROY is chairman of the board; PAUL BLANCHET, president; ALFRED BOUSTANY, vice-president; JOHN HUTCHINSON, executive vice-president; BENNETT J. VOORHIES, attorney.

Modern coins of the United Nations, with miniature flags for a backdrop, were on display for two weeks in the lobby of the CENTRAL-PENN NATIONAL BANK, Philadelphia.

Weather Tie-in

PEOPLE'S SAVINGS BANK, Worcester, Mass., has implemented its local radio program of weather information broadcast six times a week by installing a permanent weather instrument panel in its front window. It features four indicators: barometric pressure, temperature, wind direction, and wind velocity. The 11-inch lighted dials are mounted in a mahogany case.

FRANK B. TREXLER has been named advertising manager and public relations director of The Cunnene Company, Philadelphia and Los Angeles, designers and consultants in building and remodeling financial institutions. He spent 22 years with the Philadelphia National Bank, and since July 1950 had been associated with Albert Frank-Guenther Law, advertising agency, as account executive in the Philadelphia office.

CHARLES W. MCCORD has joined The Bank of New York, New York City, as a vice-president. He'll develop the bank's connections in the Middle South. He had previous banking experience as an officer of Chemical Corn Exchange Bank, and most recently was vice-president in a factoring organization.

AMERICAN STATE BANK, Williston, N. Dak., has a two-day open house starting Easter Monday to show its new building.

JOHN C. MADDEN was elected chairman and JOHN F. DONLAN president of Edwin Bird Wilson, Inc., financial advertising agency, New York.

GOODMAN B. SIGURDSON, board chairman of Camden Northwestern State Bank of Minneapolis, at 75 has started his second half century as a banker. He recalls that when he went to work in a bank in Bethel, Minn., 50 years ago, he was "manager, bookkeeper, stenographer and even janitor there—in fact, it was a one-man bank and I was the one man."

The HARTFORD NATIONAL BANK AND TRUST COMPANY has opened an office at the U. S. Naval Submarine Base near New London, Conn.

Citizens National Trust & Savings Bank of Los Angeles has announced these advancements: WM. H. AN-

At a luncheon given in Manufacturers Trust Company's Fifth Avenue dining room in honor of officers of the National Association of Bank Women, left to right, Marie J. Darcy, personnel officer, Excelsior Savings Bank, New York, and chairman of the Metropolitan Group, NABW; Ruby L. Walters, assistant secretary, Manufacturers Trust Company, New York; Virginia L. Kraus, assistant secretary, Manufacturers Trust Company; Charlotte A. Engel, trust officer, National Savings & Trust Co., Washington, D. C., and regional vice-president of NABW; Virginia A. Rehme, NABW president, and vice-president, Southern Commercial and Savings Bank, St. Louis; Margaret M. Reilly, asst. to president, Excelsior Savings Bank



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DREWS and W. L. RODMAN, senior vice-president; F. J. THIEME, JR., and E. M. PETERSON, vice-president and trust officer.

DANIEL H. BURNHAM, JR., advanced to vice-president and trust officer at Security Trust and Savings Bank of San Diego. MILLARD M. SMITH was promoted to vice-president, and continues as manager of the La Jolla branch. KENNETH S. WALKER, vice-president and trust officer, was transferred to the La Jolla branch because of increasing interest there in specialized trust services.

MERVYN R. THOMPSON has been designated manager of the installment credit loan department of the 11-office system of Central Valley Bank of California, Richmond.

JACK D. HUBBARD, 35-year-old president of Bank of Commerce, Fort Worth, Texas, was named Fort Worth's outstanding young man of 1955 by the local Junior Chamber of Commerce.

The PHILADELPHIA NATIONAL BANK has installed a snow-melting system under the busy sidewalks surrounding its new main office in the heart of the city.

P. A. THIAS stepped down for one day as president of Manufacturers Bank and Trust Company, St. Louis, Mo., while his office was taken over by 17-year-old Eagle Scout Alan Raymond. The bank thus cooperated with observance of the 46th anniversary of the Boy Scouts of America.

Bankers were in the limelight on the program of the Biennial Conference of Community Chests, United Funds, and Community Welfare Councils when 1,000 delegates from the United States, Canada, and Hawaii met in Detroit. Banker-speakers included ALAN H. MOORE, vice-president, First National Bank of Minneapolis; CHARLES W. HAMILTON, vice-president, National Bank of Commerce, Houston; WARD FAULK, executive vice-president, Merchant's National Bank, Mobile; DAN LACY, senior vice-president, Central State Bank of Oklahoma City; MARVIN M. WILKINSON, vice-president, Ohio Citizens Trust Company, Toledo; ARTHUR H. JONES, vice-president,

American Trust Company, Charlotte, N. C. G. WARFIELD HOBBS, III, vice-president of the First National City Bank of New York, was elected treasurer of the association.

ROBERT V. FLEMING, chairman of the board of The Riggs National Bank of Washington, D. C., was elected president of the Federal Advisory Council of the Federal Reserve System. FRANK R. DENTON, vice-chairman, Mellon National Bank and Trust Company, Pittsburgh, was elected vice-president. Directors elected: WILLIAM D. IRELAND, president, The Second Bank-State Street Trust Company, Boston; ADRIAN M. MASSIE, chairman of the board of the New York Trust Company; and HOMER J. LIVINGSTON, president of the First National Bank of Chicago. WILLIAM J. KORSVIK, assistant cashier of the First National Bank of Chicago, was reelected acting secretary.

HENRY F. QUIN, a national bank examiner for 30 years, has joined the staff of the First National Bank of Arizona, Phoenix.

COMMERCE TRUST COMPANY, Kansas City, held its fifth conference of bank correspondents on March 9. There were well known speakers and panelists throughout the day and a dinner and show in the evening.

C. S. SANFORD was elevated to board chairman at The Liberty National Bank, (CONTINUED ON PAGE 137)

An estimated 10,000 visitors came to the opening of this new building of Gulf National Bank, Gulfport, Miss.



BANKING

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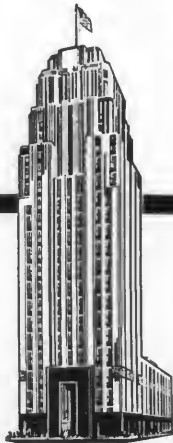
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The OUTLOOK and CONDITION OF BUSINESS

THIS year will certainly witness an increasing effort by banks and all segments of the nation's financial system to stimulate systematic saving and to attract savings funds. These will be needed in greater volume to finance the expansion of plant capacity and provide money for home mortgages and other investment purposes.

The tremendous spurt taking place in business outlays for plant and equipment is particularly significant because it coincides with a similar trend in Russia and other communist areas. It seems increasingly evident that the cold war is turning into a long, severe test of economic strength.

Over-all Picture Good

The road ahead looks wide and smooth, particularly to those who like their business scenery in Grand Totals, Long Trends, and Sweeping Averages.

Certainly from the viewpoint of gross national product, income, population, employment, monetary policy, and so on, the boom has plenty of power, good brakes, long-term, easy payments, and no important traffic light until November, and that one is green barring unfavorable news.

So the optimists have become more optimistic. They are saying quite openly that they expect this year will be better than last. Just a few months ago they were saying business would be high at the start of the year, down in the middle, and up in the final quarter. The saucer came into great vogue as a means of picturing business in 1956. That was before the construction industry and almost everything else began to show up unexpectedly well.

Some Rough Spots

Those who go in more for detail can see a few spots that mar the scene or, at least, detract from its idyllic quality. These include the problems in agriculture, the supply of credit for housing and further business expansion, and perhaps a feeling that our boom at home has been paralleled by a sort of intellectual depression abroad in the handling of our foreign relations.

Biggest Factor

This latter item has facets too numerous and complex to be explored here, but the world situation is potentially the biggest single factor in the whole business outlook and for that reason should head the list.

Not long ago the magazine *U. S. News & World Report* sent a good man to India just to find out why big-hearted, open-handed Uncle Sam is less respected than tight-fisted, close-dealing Russia. The reporter discovered some truths which had been obvious to many unreconstructed skeptics since before the inception of the Marshall Plan.

He said: "It is becoming increasingly evident that Russia has discovered a way to send Russian goods and Russian technicians into the country without losing any popularity in the process. This is a technique that the U. S. has never succeeded in mastering.

"The Russian system is this: Make the Indians pay for practically everything they get. Emphasize trade, not aid. For development projects, lend the money—don't give it. Provide technical help for a fee, not as a gift."

The open-sky idea, of checking from the air on each other's military activities, has something in common with the open-hand foreign aid concept. We try to give something away with a naïveté that often has the Russians in a state of shock and mumbling to themselves. If we again offered them the use of our engraved plates for printing money, as we did once before, they would probably hang back reluctantly until we begged them to accept.

The give-away doctrine is only one of many elements in this particular pudding but, whether it's the ingredients or the way the thing is cooked, the proof is still in the eating and most of it tastes like crow.

Stating a problem is simpler by far than stating a solution, although the two are often confused. Certainly it is hard to escape a nostalgic feeling that the life of Dwight Morrow, who once performed miracles in our foreign relations by the art of keeping quiet in all languages, should be required reading for American career

(CONTINUED ON PAGE 188)

LEGAL RESPONSIBILITIES of BANK DIRECTORS

HERBERT BRATTER

This is the first of a series of articles that will cover the entire range of bank directors' interests.

HERBERT BRATTER, a Washington writer, is preparing the series in close cooperation with the staff of the Comptroller's Office and FDIC.

TO BE chosen to serve as a bank director is an honor in one's community; but, more than that, it is a responsibility. There is first of all the moral responsibility a bank director assumes toward his fellow shareholders, the depositors, and the general public who are affected by the bank's soundness. Businessmen and others prominent in the community who serve as bank directors, having allowed the use of their names as assurance to the public that they are supervising and in fact directing the policies and activities of the financial institution, obviously are expected to use every care that the confidence placed in them is merited.

Besides Common Sense—

So much seems to be common sense. But beyond the moral responsibility of the bank director is the legal responsibility under Federal and state law. Both statutory provisions and numerous judgments of the courts constituting the common law on the subject impose many and serious responsibilities on bank directors, particularly so because of the special nature and importance of banking. The bank director who does not "with due diligence" carry out the many responsibilities he has assumed subjects himself, under the law, to financial liability. The description of the duties and liabilities of directors of national banks, for example, requires about 30 printed pages in the booklet on the subject issued by the Comptroller of the

Currency. A perusal of this booklet shows that bank directors are held to stricter accountability for their actions and nonactions than are directors of corporations generally.

Considering the numerous duties with which a bank director is charged and the penalties for their neglect, it may seem strange that enough public spirited individuals can be found in a community to undertake the job, the financial emoluments for which are relatively nominal. The answer to this is that the director who exercises reasonable and ordinary care does not expose himself to the penalties of the law. This does not mean that the board of directors can safely rely on the bank's officers and the reports of the bank examiners of the Comptroller, Federal Reserve Board, FDIC, or state authorities. For the board of directors and its committees to do their duty with reasonable care requires more than just regular attendance at meetings. Much careful work must be done by or for the board. The numerous penalties to which bank directors are subject may be likened to the legal consequences courted by a motorist who drives his car without reasonable and ordinary care.

Both Ability and Interest

An able and active group of bank directors—according to the Comptroller's office—is a positive element of strength and value to the bank. An able but uninterested board or a sincere but mediocre one may do no measurable harm, provided the bank's executive management is strong and active, but such a board fails to provide the desirable leadership and judgment. A directorate both mediocre and uninterested is a negative element in a position of trust. The important position oc-

cupied by the bank director is revealed by the fact that the vast majority of letters, critical or otherwise, sent to banks by the Comptroller's office are addressed to the boards of directors, not to the chief executive officer; also by the fact that bank examiners are instructed and requested to call meetings of the boards of directors of banks they are examining to take up matters of importance.

Bank directors are responsible for seeing to it that the bank they serve is manned by competent executive officers. The directors must effectively supervise the bank's affairs, even though the officers are competent. That the bank follows sound policies is the responsibility of the directors. The latter must scrupulously avoid self-serving practices. They must keep informed of the bank's condition and policies.

These Decisions, for Example

Addressing the interagency school for examiners in Washington last year, FDIC General Counsel Royal L. Coburn cited a number of court decisions to illustrate the responsibilities of bank directors under the law. Thus, an early Kentucky decision held:

It is the duty of the board to exercise a general supervision over the affairs of the bank, and to direct and control its subordinate officers. The community has a right to assume that the directorate does its duty. They invite the public to deal with the corporation, and when anyone accepts the invitation he has the right to expect reasonable diligence and good faith at their hands, and, if they fail in either, they are responsible for the result. It is the duty of bank directors to use ordinary diligence to acquaint themselves with the business of the bank.

An Alabama court held:

Where a man permits himself to be elected and held out to the public and qualified as a director of a bank, inviting business in the way of deposits, he owes a duty to the depositors.

The Pennsylvania Supreme Court held it to be good sense, good morals, and good law that bank directors be held responsible for all the consequences of a failure to exercise reasonable care, as well as for fraud or actual malfeasance.

In 1890 the Supreme Court of the United States (*Briggs v. Spaulding*) pronounced at some length on the responsibilities of bank directors. It was unnecessary, the Court ruled, to define precisely the degree of care and prudence to be expected of bank directors. In its opinion, the Court stated:

Directors must exercise ordinary care and prudence in the administration of the affairs of a bank, and this includes something more than officiating as figureheads. They are entitled under the law to commit the banking business, as defined, to their duly authorized officers, but this does not absolve them from the duty of reasonable supervision, nor ought they be permitted to be shielded from liability because of want of knowledge of wrongdoing, if that ignorance is the result of gross inattention.

It follows that, where losses occur, to exculpate the director it is not enough that no actual dishonesty can be shown, or other misbehavior. Neither ignorance nor inexperience may be pleaded as an excuse, for, says Mr. Coburn, one who voluntarily takes the position of director undertakes that he possesses at least ordinary knowledge and skill and that he will bring them to bear in the discharge of his duties. This he must do in good faith, with ordinary care, diligence, and prudence. But directors of banks are not held to the highest degree of care and diligence. They are not insurers and can't be held liable for every loss which occurs or for mere errors of judgment. They are not required to give their whole time and attention to the bank's business or to give it the same care given their own businesses.

If a bank director performs in the same manner as all other directors of all other banks in the same city, he is most unlikely to be charged

with gross negligence. A director serving a bank gratuitously may not be expected to perform with the same degree of care as one who is directly compensated, but not even gratuitous service exonerates want of proper diligence.

Just what degree of supervision and control is necessary to relieve directors of liability for acts of bank officers is somewhat uncertain. The courts have been reluctant to establish fixed standards lest men of integrity and ability be deterred from serving as directors. Directors fulfill their duty in respect to officers and employees if they select persons of unquestioned reputation. They are not required to spy on employees or without reason to suspect their honesty. If ordinary care is used in supervising officers and employees directors are not responsible for losses resulting from wrongful acts or omissions of the subordinates.

Responsibility Is Theirs

Since directors must maintain general supervision over the bank's affairs they cannot entrust exclusive management and control to any officer and then escape liability for losses from dishonesty and mismanagement on the ground of ignorance. While delegating the routine administration of the bank's affairs to others, the directors must keep reasonably close supervision by investigation and audit of the records—often enough to deter careless, extravagant, or fraudulent tendencies on the part of personnel.

Court decisions have not held directors liable for losses from bad

loans where the directors' judgment was erroneous, provided they acted in good faith with ordinary prudence. But in such cases it is not enough to plead that they were ignorant about the laws or the banking business or relied on the judgment of the officers in which they had full confidence. They must have a general knowledge of the bank's affairs and know to whom and on what security the large loans are made. Directors may not safely disregard the warnings of supervisory authorities or neglect the requirements of the by-laws. Nonmembership in the executive or finance committee does not normally excuse a director from liability for losses on unsafe loans.

Absence No Excuse

Directors willfully absenting themselves from directors' meetings, courts have held, have abdicated their common law responsibility, as when taking vacations without regard to board meetings. Even a director who has become a confirmed invalid may not escape responsibility for bad loans. There are many other circumstances under which a bank director may be held liable for losses: failure to create committees called for in the by-laws, or to see that they function; failure to use reasonable efforts to collect slow assets; permitting improvident expenditures, investments, or overdrafts; failure to require proper bond covering bank personnel, etc.

Such are the responsibilities which go with the honor of serving as a bank director.



Washington

No Lack of Banking Legislation

LAWRENCE STAFFORD

WITH the death of Chairman Harley M. Kilgore (D., W. Va.) of the Senate Judiciary Committee, the whole outlook for antitrust legislation in general and antibank-merger legislation in particular was thrown into considerable confusion, although the confusion may be temporary.

Just prior to the chairman's death, his staff had prepared a proposed report and recommendations of the antitrust subcommittee of the Judiciary Committee. Senator Kilgore had been chairman of the subcommittee, also.

Obviously the release of the antitrust subcommittee report, which otherwise probably would have been made by about March 1, had to be delayed. It had to be held up until the new subcommittee chairman was selected and until both he and the new full-committee chairman, Senator James O. Eastland (D., Miss.), had had a chance to react to the staff-drafted report and recommendations and crystallize their own thinking.

A "Broad Solution"

It is understood that the draft report (which may in the meantime have been released) did not specifically propose special treatment for bank mergers. This would be in line with the previously reported philosophy of the deceased chairman that the Senate committee should not treat individual industries especially or particular problems piecemeal, and should await a proposal of legislation until the committee was prepared to outline a broad solution of alleged antitrust problems generally.

On the other hand, quite without regard to what the Senate Judiciary subcommittee or full committee may

settle upon, it is possible that, if legislation is passed further regulating the conditions under which bank mergers may be permitted, it will be drafted by the Senate Banking Committee. A bill coming from that committee, it might be expected, would emphasize the dominant role of the bank supervisory officials over the role of the Department of Justice in approving or disapproving bank mergers. It is believed also it would meet the President's recommendation that all bank mergers should be regulated.

Under the Celler Bill, any bank merger accomplished via the asset acquisition route, which tended substantially to lessen competition in banking in any particular area or to create a monopoly, would in practical effect be subject to veto primarily on those grounds by the Department of Justice. This veto could predominate over other conditions that might indicate that a merger was desirable.

So the practical outlook would appear to be that, unless the new Judiciary chairman is especially favorable to the Celler Bill approach, if any antimerger legislation is enacted this year with especial reference to banks it is likely to take the form of vesting the decision about the antitrust aspects as well as all other considerations in the bank supervisory agencies.

Eastland Is Conservative

As the man next in seniority to the late Senator Kilgore, Senator Eastland became chairman of the full committee. Senator Kilgore was rated as a thorough-going "liberal" of the Democratic party, in the distorted sense that adjective is now used. On the other hand, Senator Eastland is uniformly rated as as

much of a conservative as Mr. Kilgore was a "liberal."

Another antitrust proposal of the White House cleared the House Judiciary Committee last month and seemed on the road to a sure House passage. That was the proposal that any merger of businesses, including banks, which would result in an institution of \$10,000,000 or more of assets should be reported 90 days in advance of its completion to the Department of Justice and the Federal Trade Commission.

During these 90 days the merger of the banks (or any other corporation) could be enjoined by Federal agencies, but their failure to object during the 90 days would be no bar to later prosecution if the Department or the Commission, as the case might be, saw fit to take action against them under the antitrust laws.

On general principles, it was considered that this proposal, being in the politically popular antitrust groove and being backed by President Eisenhower, stood a good chance of enactment this session. On the other hand, if the new Senate Judiciary chairman were to develop a hostility to this proposal, he might go far toward stopping it.

Holding Company Bill

Often in the consideration of legislation, a situation develops which points to a clear outlook one way or another, and subsequent unexpected developments will revolutionize the prospects overnight.

At the time of writing, the outlook was very poor for Senate consideration of the bill to regulate bank holding company growth and to provide for these companies to divest themselves of ownership of nonbanking businesses.

As reported in the March issue of **BANKING**, the Senate Banking Committee held hearings to listen to proposals for amending the Robertson Bill, offered by the holding companies, and adopted 12 nontax amendments and three tax amendments. On March 6, the committee met in executive session to adopt formally these amendments, plus one exempting a foreign affiliate of the Transamerica Corp., and offered these officially as committee amendments to the Robertson Bill, reported out late in the 1955 session and pending on the Senate calendar.

However, after the committee met, Senator A. Willis Robertson (D., Va.) the author of the bill and subcommittee chairman, said that it would be difficult if not impossible to persuade the Senate leadership to schedule debate and consideration of this bill if the Independent Bankers Associations insisted upon having their amendments offered, so as to try to amend the Robertson Bill to bring it more into line with the House-passed Spence Bill. The latter more closely reflects the wishes of the Independent Bankers groups.

The Senator indicated that such amendments were likely to be offered from the floor. This prospect was further underscored when, in the committee meeting March 6, Senator Paul H. Douglas (D., Ill.) offered the amendment to ban holding company acquisitions across state lines. Even though the Illinois Senator's proposal was defeated 6 to 4, it was a herald of a probable floor fight—if the bill should be taken up on the floor.

Reluctance Explained

Regular Washington observers can explain the reluctance of the Senate leadership to schedule the holding company bill for a few days of floor consideration under these circumstances.

It is not alone a question of consuming time. Generally speaking, bank holding company legislation is not rated as a popular mass political vehicle with most of the members, and, since there are proponents as well as opponents of legislation, members stand a chance to gain little by taking a position.

There were enthusiastic expectations, prior to Senator Robertson's announcement that it might not be taken up on the floor, that if the Robertson Bill were to pass the

Senate, an amicable adjustment would easily be reached in conference between the Spence and Robertson versions of the legislation.

Thus, unless the way meantime has been cleared for floor consideration and the bill has passed, this year may mark the closest point legislation on this subject has reached enactment in the more than two decades it has been under intermittent consideration. It might be difficult, in view of the frustration of the members who have worked on this bill, to stir up interest on this subject at the Capitol in the years immediately ahead.

Cleared Bills

Meanwhile the House Banking Committee cleared two of the Comptroller's bills. One would broaden the residence requirements of national bank directors. The other would permit the Comptroller, so as more efficiently to mobilize his examining force, to waive not more than one of the semiannual examinations of individual banks required in any 2-year period.

Due to objections of members of the committee to features of these bills, however, it became necessary before they could be taken up on the floor of the House to seek rules. Otherwise they could be passed by unanimous consent.

Both bills passed the Senate.

Postal Savings Revived

After the chairman of the A.B.A. subcommittee on postal savings called the subject to the attention of members of the House Post Office Committee, the bill to provide for the more rapid liquidation of the Postal Savings System was revived.

Sen. John McClellan (D.-Ark.), right, is chairman of the special 8-man Senate committee appointed to investigate lobbying activities and campaign contributions. Sen. Styles Bridges (R.-N.H.), left, is vice-chairman



WIDE WORLD

It had been inactive for more than two years on the Hill.

A subcommittee was appointed to study the subject and hold hearings. It is reported that this legislative project has considerable sympathy among members of the House Post Office Committee. Some three years ago a Senate Post Office subcommittee held hearings on this subject, but took no further action.

Disaster Insurance

Both House and Senate Banking committees have completed hearings on legislation to provide Federal disaster insurance. It is the Senate committee's hope that it can report out a bill. On the other hand, the difficulties of such a program appear to have impressed the House committee. Testimony to the House committee has tended to suggest that, even with a federally subsidized rate of insurance, the really exposed real estate would pay an almost prohibitive cost for flood insurance. On the other hand, owners of property who feel flood danger remote will be disinclined to take out such insurance.

Wolcott Will Leave Congress

One of the most effective conservatives of either party will be missing when the 85th Congress meets next January, for Rep. Jesse P. Wolcott, Michigan Republican, has announced that he will not seek re-election.

Rep. Wolcott has been ranking Republican member of the House Banking Committee for many years. In the 80th and again in the 83rd Congress, when Republicans were in control, he was Chairman. In 1946, when the Truman Administration was wedded to the idea of controls,

Rep. Wolcott was one of two or three top members of his party who led the fight against them and won. There followed the Republican majority in the 80th Congress.

Again under Mr. Eisenhower's presidency, Mr. Wolcott fought controls. Chairman Homer E. Capehart (R., Ind.) of the Senate Banking Committee took the position that standby controls should be enacted. The late Senator Robert A. Taft and the Republican leadership felt that

their party was committed against controls.

Mr. Capehart developed some "liberal" Republican and a great deal of Democrat backing. During the months of this battle, the White House stayed neutral until Mr. Wolcott and Sen. Taft won. Subsequently the White House acclaimed the Administration's record for ending controls.

The Michigander has been a consistent foe of public housing. In

1948 the late Mr. Taft, during his preconvention campaign, took a stand for public housing, expecting the House under Mr. Wolcott's leadership to defeat it. This time Mr. Wolcott lost, for the 1949 act authorized several hundred thousand units of public housing.

In Mr. Eisenhower's version of the public housing program, it was agreed in 1954 that this type of public housing should be limited to persons displaced from their homes by slum clearance or other Federal action, and such a provision was enacted. Subsequently by Administration action, this limitation appeared to have been vitiated. Mr. Wolcott has refused to sponsor the Administration's housing legislation for the present session.

He is probably without an equal in the House in understanding banking legislation. Even over the long years when Democrats controlled Congress, Mr. Wolcott, by his quiet persuasiveness, was influential in smoothing the path of legislation desired by banks, or blunting the drives in various bills directed against private enterprise and banking.

Greensides FDIC Assistant

Neil G. Greensides, supervising examiner of the Second District since 1945 and associated with the FDIC since 1933, has been assigned to serve as acting assistant to the chairman, H. E. Cook. He is filling the job held prior to the death February 15, of Russell E. Shearer.

Mr. Shearer had been an employee of the FDIC since 1933. He served in various examining capacities and finally as assistant chief of the Examination Division before he was appointed assistant to the chairman.

FR To Study Consumer Credit

When the Federal Reserve Board completes its prospective study of consumer credit, it hopes to have a lot of information upon which to evaluate the opinions which have long been expressed about the broad benefits or handicaps of this form of credit.

In his Economic Report the President suggested that, while there is not now need for regulating such credit, study should be given to the desirability of standby legislation. The President, through the Council of Economic Advisers, requested the Board to undertake the study. Both

Banking Legislation Outstanding

There follows a brief listing of legislation directly or indirectly affecting banking, giving its legislative status at time of writing:

Subject	Status
Celler antimerger bill	Passed House; Senate outlook unclear.
Bank holding company bill	Spence Bill passed House; Robertson Bill with amendments pending on floor of Senate; awaits assignment of time for debate and consideration.
Lengthening national bank call report time	Bills introduced in both Houses, and are expected to be considered in time.
Broad Farmers Home Administration additional powers, including loans to part-time farmers	Awaiting consideration as separate legislation after big farm bill is out of way.
Acceleration of Postal Savings System liquidation	Special House subcommittee expects to hold hearings.
Waiver of one national bank examination in each 2-year period	Passed Senate; approved by House committee; awaits rule to clear for House floor.
Broader residence requirements for national bank directors	Passed Senate; approved by House committee; awaits rule to clear for House floor.
Renewal of Treasury direct (to FR banks) borrowing authority for 2 years	Approved by House committee.
Aid to depressed domestic areas	House Banking committee hopes to hold hearing some time after Easter; Senate Banking committee has not yet scheduled hearings.
Disaster loan insurance	House and Senate committee both completed hearings; final legislation in some doubt.
Requirement of advance notice of bank mergers	House Judiciary Committee reported out bill; Senate committee picture is unclear.

Banking committees and the Joint Economic Committee were pleased that the Board will shoulder this task.

Since the Board is doing this, it is unlikely that any Congressional committee will itself make an extensive study of this subject. The fact that this study is under way also is likely to preclude the possibility of passage this session of a standby Regulation W authority.

Check Cashing Costs

The Treasury is giving consideration to suggestions from the House Appropriations Committee which in effect would have the Treasury abandon its present system of offsetting the expenses incurred by banks for cashing checks at special banking facilities established at military installations or banks in the District of Columbia. This is a system by which the Treasury places deposits in banks, and these deposits are invested in depository bonds paying 2%. The Treasury carefully checks the cost to banking facilities (and D. C. banks) of cashing Government checks for nondepositors of those banks and adjusts the return to the cost, it is explained.

The Appropriations Committee suggested that inasmuch as banks in other communities generally charge a fee for cashing checks to nondepositors of the banks the Treasury should not follow the present system. Instead, banks should charge fees for cashing Government checks to recoup their costs.

House Appropriations Committee advice does not require the Treasury to abandon the present system, for the committee avoided requiring this as part of the Treasury Department appropriation. The advice, however, coming from this source, will be studied carefully by the Treasury, it was indicated. It is believed that the present system was devised after careful thought as the one most economical for the Treasury and causing the least disturbance in the flow of funds.

Unemployment Check Costs

The Appropriations Committee also suggested that general Federal revenues should not be charged with offsetting the cost of cashing state unemployment compensation checks. This cost is handled in a similar manner, or by Treasury deposits ad-

(CONTINUED ON PAGE 154)

Battle over the Battle Act

IN 1951 Congress passed a law known as the "Battle Act" (it was introduced in the House by Rep. Laurie C. Battle, Alabama Democrat) for the purpose of denying U.S. aid to allied countries which supplied strategic and critical goods to the Soviets, unless the President should decide not to invoke this punitive provision. Shipments of the type envisaged have occurred, but the Administration in each case has decided for reasons of high national policy to overlook them. Ever since the recovery of industrial Europe after World War II, allied governments across the Atlantic have been under pressure of their businessmen to allow freer trade with the communists. Following the Korean armistice, those governments brought increased pressure on Washington for a more tolerant attitude toward west-east shipments. At the August 1954 Paris meeting of the Coordinating Committee ("Cocom") of 15 allied countries, the U.S., in the person of the then FOA Chief Harold Stassen, consented very reluctantly to a considerable relaxation of the so-called "international list" of exports subject to embargo, quota, or surveillance.

FOLLOWING this relaxation, the details of which have never been published here or abroad, the U.S. "positive list" of export controls was eased. However, our list is stricter than that of any other country. Since we have agreed to let allied businessmen ship the Soviets goods our businessmen may not ship, we in effect give economic aid to allied countries. Latterly, as Mr. Eden's visit pointed up, trade with China has become an irritating issue. Our own embargo on trade with Red China seems to be increasingly undermined by the trade of southeast Asian and British firms with their governments' consent. Even Japan, growing restive, shows signs of joining the movement.

Chairman John L. McClellan of the Senate Investigations Subcommittee—formerly known as the "McCarthy Committee"—with the help of colleagues for the most part Democrats has been raising a storm over the west-east trade question. Decrying the secrecy policy of the

Eisenhower Administration as one designed to "hide errors, inefficiency, and poor judgment of certain Government officials," the Arkansas Democrat charges that the U.S. at Paris in 1954 "made astounding secret concessions to our allies whose merchants want business as usual with the Soviet Union."

On the Senate floor and during the angry hearings to which even Cabinet members were called as witnesses, Mr. McClellan gave a long bill of particulars. From our allies and with our agreement, he revealed the Soviets are getting such things as machine tools, copper wire, induction furnaces, crucibles, refractories and transportation equipment, making the Battle Act a mockery.

ALL this led Senator Wayne Morse to say: "I serve notice now that I do not intend to vote for a foreign-aid program when there is concealed from me what is happening in regard to the use to which the foreign aid is being put by our alleged allies." Senator Symington said that African mines financed by U.S. aid were supplying the copper for wire the British were sending the Soviets. He charged the British Ambassador with untruthful broadcast statements on Britain's activities. Before serried TV and movie cameras in a jammed committee room Senator McClellan stated the issue: Whether Congress and the people are entitled to know what the facts are so that they may consider them with respect to legislation and appropriations.

Lacking space to detail the Administration's defense of its concessions to the allies—a defense in which President Eisenhower publicly joined last month—we can here note only that so long as Congress is unable itself to administer foreign relations, given the doctrine of separation of powers observed by the U.S. since the Government was established, no one can force the Administration to tell just what it conceded at Paris and why. The "what" it regards as strategic information of value to a potential enemy. The "why" it deems privileged matter, disclosure of which would embarrass the allies we are trying to hold together.

HERBERT BRATTER

Are There Bank Careers for

OSSIAN MacKENZIE

The author is dean of the College of Business Administration, The Pennsylvania State University, University Park, Penna.

WHERE are today's career opportunities in banking? Bankers have, for several years, experienced formidable competition from industry for the bright young men emerging into the business community. At The Pennsylvania State University we know from our records that enrolments in banking courses in our College of Business Administration have declined steadily over the past five years—a period in which total enrolments have increased 50%. We know that, while a few years ago five to seven graduates of our college each year chose banking as a career, there were only two who did so in the spring of 1955. Moreover, these were both the sons of bankers who planned eventually to join their fathers' banks.

This apparent apathy toward banking on the part of our students aroused the concern of my colleagues and myself. Did this also mean that banks were no longer interested in college graduates? Many of us remember that prior to the depression of the 1930s banking was universally recognized as a fine opportunity for a young man, and many banks had a waiting list of eager applicants. To guide us in advising students

about career opportunities, we sought on-the-spot information about opportunities in banking. Through our Bureau of Business Research, we conducted a sample survey of banks in the New England and Middle Atlantic areas. For the sake of simplicity, we designated as "small banks" those having less than \$5,000,000 in deposits; "medium-sized banks" those having deposits of \$5,000,000 and less than \$50,000,000; and "large banks" those having deposits of \$50,000,000 or more.

Big v. Small Banks

The results of this survey confirmed in some ways what was quite obvious. The best career opportunities arise in the big banks; the small banks are useful for career purposes principally as a training ground. A small-bank officer outside of New York City put it this way: "Small country banks do not offer much in the way of career-type positions. . . . However, in a small bank an employee does not specialize in work as much as in a large city bank. He undoubtedly obtains a more general experience in banking operations which could prove of value if he should take a position in a large bank or certain businesses."

It is not surprising to find that the small banks are making few plans to interest college graduates. Salary cost is the reason most frequently cited for this decision. One

banker said: "Unfortunately, a small country bank cannot afford the starting wage in most cases that a college graduate is taught to expect." Other reasons were also mentioned, for example: "We tried a college man and he tried to up-end everything we had in effect." Whatever the reason, most small bankers plan to stick with their local high schools, as they have done traditionally, as the source of their career employees.

What was newsworthy, we felt, was the indication that there are definitely some good career opportunities in medium-sized banks. A number of these banks are experiencing fast growth, and feel the need for planned management succession. They are turning to college-trained personnel, and to a policy of adding executive trainees, as an answer to the growth problem.

Man-a-Year Policy

For example, a bank in up-state New York has adopted the policy of adding one college man each year. A New England bank hopes to obtain half of its future executive trainees from colleges. This need not necessarily present the problem of overstaffing for, as one banker said, "It is possible that we may train more men than we can actually use, but we will make every opportunity to place them elsewhere, and we feel that the cause is a good one."

Not every medium-sized bank, however, finds itself in this position. Replies varied considerably, and the other side of the coin was shown by one Middle Atlantic bank which reported that there has been no change in its officer staff for a number of years.

Nor do savings banks offer much in the way of career opportunities. Most are limited in size, have few executives, and recruit personnel largely at the high school level.

By contrast, the career opportu-



College Graduates?

Banks Must Recruit Regularly, Compete with Industry, and Emphasize Banking's Attractions as a Career

nities in large banks are not only excellent but exceed the number of available suitable personnel, and do not necessarily depend upon seniority. One indication of the speed with which advancement may be expected came from a large New York City bank, which reported that there they were "interested primarily in employing men who, with the proper training, can qualify for appointment to our official staff within not more than five years." Another banker summed up the general position when he said that advancement was "entirely up to the individual. Many have been promoted over older time employees because of ability."

Starting Salaries

What about earnings? High starting salaries have been one of the principal lures to industry for many young career people. Most reports we received from large banks mentioned starting salaries in the \$3,000-\$4,000 range, with a maximum of \$5,000. However, we checked with a representative large bank even more recently than our survey, and the reply of this bank indicates starting salaries of \$3,950 for college graduates with the bachelor's degree, without military service, and \$4,300 after military service. Our Penn State business graduates heading for industry find that salaries range from \$3,900 to \$4,600, with most at \$4,350. The best offer this year to a bachelor's candidate was \$5,200 to be paid to him while he was going through a 1-year company training program.

We asked the banks, in our survey, to estimate the earning potential of career people after five years of employment. Most replied that an increase of 50% could be reasonably expected, although they were careful to point out that much depended upon the progress of the individual.

What sort of person is most desired by the banks for career per-

sonnel? On this point, all the replying banks were well agreed. Good character, intelligence, and the ability to get along with people are qualities most highly prized. "We look first for honest character," was a frequent comment. Another typical remark, voiced by a Massachusetts banker, was: "We are looking for the bright, wide-awake, personable young man that other leading companies are also seeking." Said a Connecticut banker: "Banking is a service organization, and the human element is our most important asset which doesn't show on the statement of assets and liabilities." Salesmanship, resourcefulness, and good appearance were also stressed; and a Maryland bank pointed out the need for "the kind that want to make banking a career, and have the temperament to be satisfied with the long pull." The kind of person banks *don't* want was indicated by another Maryland bank, which reported: "We find quite a lot of career employees expect advancement without any effort, through merely having seniority."

Types of Education

What type of formal education best supplements the desired human qualities? On at least one point the bankers concur: accounting is an essential tool. To this, the majority would add work in economics. There was considerable evidence from large banks (where a career employee may tend to become a specialist) that a broad education is desirable. On the other hand, there was evidence that the smaller the bank, and consequently the more general an employee's duties, the more the banker looks to an education in specific business subjects.

Officers of some large banks

thought breadth of training could best be achieved in liberal arts courses with a few elective business subjects. "Give me the right type of liberal arts graduate," said a New York City banker, "who has had courses in economics and accounting as electives, and I think I can show you a real banking leader in the long run."

Half-and-half

Officers in many other large banks thought that career candidates should pursue programs of the type offered by Penn State's College of Business Administration, where half the work is devoted to business subjects and half to the liberal arts and humanities. An upstate New York banker wrote: "The person who wishes to be a career candidate should have a business degree; the more training he has in accounting, commercial law, and negotiable instruments, the easier it is for him to adapt himself to banking."

The specific business subjects in which most interest was shown were corporation finance, investment analysis, statement analysis, commercial law, and typing. One bank informed us that where there has not been a thorough background in business administration courses "we will expect them (career employees) to make this up through night school courses or individual study."

Banks in all three size categories make good use of courses sponsored by the American Bankers Association and a number take advantage of institutes and schools sponsored by their state associations. Here at Penn State, the Pennsylvania Bankers Association in cooperation with our College of Business Administration sponsors a summer school,

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The International Banking Summer School

This Year's Session Will Be Held at Rutgers

FOR the first time in its 9-year history, the International Banking Summer School, which brings together bankers from all over the world to discuss their common problems, will be held in the United States this year. The School will take place on the campus of Rutgers University, New Brunswick, New Jersey, July 7 through July 21. Invitations have been extended to 54 countries to send representatives to the School.

The International School is being held in this country at the invitation of The Graduate School of Banking of the American Bankers Association. The G.S.B., a school of advanced study for bankers of officer rank, annually holds its own summer session at Rutgers in June. Although the G.S.B. is aiding in the arrangements for the International School, each is a separate entity, and

their 1956 summer session programs will be independent of each other.

The International School was started in 1948 at Oxford University by the Institute of Bankers in England to give bankers in various countries an opportunity to discuss worldwide banking and financial problems. Every third session is held at Oxford, with intervening sessions in other countries. In addition to the representatives of American banks, William Powers, registrar of the G.S.B., has attended two of the Oxford sessions preparatory to bringing the school to the United States.

Invitations to attend the school are extended to practically every nation in the world, including those behind the "Iron Curtain." The USSR and several other Communist-dominated countries were represented in the student body at Oxford in 1955.

The 2-week session will be devoted to lectures and panel discussions both on the broad economic questions facing the world and on more specialized banking subjects. Since this is the first time the school has met in the Western Hemisphere, the emphasis this year will be placed on studying financial policies and procedures in this part of the world. Leading financial experts will lecture on such subjects as U. S. foreign economic policy and laws affecting foreign trade; the American economy; American monetary policy; and Canadian and Latin American monetary and economic policies, and the like.

Each country is entitled to send a specified number of bankers to the school. The United States' quota is 20. Other countries that have been invited to send representatives are Argentina, Australia, Austria, Bel-

Leupp Hall in the Quadrangle is one of the dormitories to be used by the foreign visitors





These men will have a key part in the International School's session at Rutgers. *Left to right:* Frank S. Taylor, general secretary, Institute of Bankers in Scotland, Edinburgh; R. L. T. Parker, Barclays Bank, Ltd., Birmingham; William Powers, deputy manager, American Bankers Association; Maurice Megrah, secretary, The Institute of Bankers, London; Joseph E. Hughes, chairman, Board of Regents, The Graduate School of Banking; C. W. W. Jefkins, District Bank, Ltd., London; George Ashton, Lloyds Bank, Ltd., London

gium and the Belgian Congo, Brazil, Burma, Canada, Ceylon, Chile, China, Colombia, Cyprus, Czechoslovakia, Denmark, Egypt, Finland, France, Germany, Greece, Holland, Iceland, India, Iran, Iraq, Ireland, Israel, Italy, Japan, Lebanon, Luxembourg, Mexico, New Zealand, Northern Rhodesia, Norway, Pakistan, Paraguay, Peru, Poland, Portugal, Salvador, South Africa, Spain, Sweden, Switzerland, Thailand, Transjordan, Turkey, USSR, Uruguay, United Kingdom, Venezuela, and Yugoslavia.

The subjects to be covered in morning lectures include international banking institutions (public and private); U. S. foreign economic policy (subsidies, tariffs, reciprocal agreements, nondiscrimination, economic aid program, etc.); Canadian economy and its bearing on international trade (including monetary policy); U. S. economy and its bearing on international trade (price support programs, Paley report, etc., but not including monetary policy); American law as affecting foreign trade; U. S. monetary policy and its international implications; Latin American monetary and exchange policies (as affecting foreign trade); international financial institutions of the Western Hemisphere (with special attention to the role of New York as an international financial center); U. S. foreign trade financing; American invest-

ment abroad (public and private).

Afternoon discussion subjects will include the American banking system; comparison of foreign exchange dealing methods; medium-term credit; Government finance (e.g., FOA, CCC, etc.); small loans and

consumer credits; problems of creditor nations; and law on documentary credits and its effect on practice.

Provisions are being made for many of the foreign bankers to visit various cities after the school ends.

Needed

ALMOST 30 years ago Thomas Preston, as president of the American Bankers Association, urged the formation of an international society of bankers in these words:

"Such a group would not only help us to solve financial and industrial problems, but would bring to the world a better understanding of the problems and difficulties which beset every country, and would undoubtedly make for a more cordial and sympathetic understanding between the countries of the world. . . . Foreign business to us will be more important in the future than it has been in the past.

"We are now so closely related to other countries that what affects one section of the world in turn affects us all, and it seems to me it would be desirable to have a meeting of representatives of all the banks of the world at some convention point like New York, London, Paris, or Berlin, at intervals of two or three years. Our investments in foreign securities have not always been desirable, and this international association might bring a better understanding of credit conditions and the wants and needs of all countries. The American Bankers Association, I think, should take the initiative in inviting such a conference, not in a patronizing way, but in full recognition of the fact that this would be mutually beneficial to all, and that other countries might help us quite as much as we could help them."



The program's second phase under way—the training of key personnel. At the end of the table are telephone company consultants, Miss Ponton (seated) and Miss Hoffman

R_y for Telephonitis

A Program for Improving Our Many Opportunities for Telephone Public Relations

GEORGE WASEM

The author is vice-president of the Commercial National Bank of Peoria, Illinois.

A LONG, long time ago, Pliny the Younger said: "We are more affected by words we hear, for, though what we read may be more pointed, there is something about the voice that makes a deeper impression on the mind."

No one has ever proved him wrong. What's more, there is now a great deal of laboratory evidence to support the theory that human speech is our most important communicator.

On a face-to-face basis, the conditions for effective communication are as perfect as can be developed. Even mechanically reproduced, via the telephone for instance, the spoken word is still superior to other communication.

The telephone, however, does not offer the important element of direct human contact. This is the barrier which reduces efficiency and creates

some of our more difficult public relations problems.

The Illinois Bell Telephone Company offers a high quality service which is helping Illinois banks improve the efficiency of their telephone usage. We have taken advantage of the service.

Our telephone wires carry more communications than any other medium. According to actual count, we average about 1,000 incoming calls per day. Assuming we make a like number of outgoing contacts, we have approximately 2,000 opportunities daily—over one-half million a year—to practice good relations with representatives of every segment of the community.

Like most banks, we appreciate the significance of the telephone as a business instrumentality. We consider it another door to the bank. We have long stressed its importance in our training and supervision. What we needed was a careful objective appraisal of our adeptness.

The opportunity came last fall when Illinois Bell, through its Peoria manager, K. R. Howe, offered to make its communications consultant

service available to us. It was new to downstate Illinois, although it has been offered in Chicago for some time.

For many years, the telephone company's engineers have been solving technical problems for customers and the traffic department has helped them attain a high standard at busy switchboards. The comparatively new consultant service assists customers in obtaining the most effective telephone technique by the individual extension user.

The method of providing this service is divided into three main functions: (1) a survey of present habits; (2) training of key bank personnel by consultants; (3) training of staff by key personnel.

The survey was conducted by Geraldine Hoffman, a trained consultant from Chicago headquarters. It was accomplished by observing calls so as to determine the quality of service currently being rendered by our employees. Before the survey was started, we notified the entire staff, including officers, of the procedure. It was pointed out that the survey

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Canada's Vast Mineral Development

CANADA'S economic system has expanded by two and a half times in the past 25 years. There was progress in all directions, but the greatest development was in minerals. Canada is one of the most highly mineralized countries in the world, with about three-quarters of her total area underlaid with a great variety of mineral elements. She is best noted abroad as the world's largest source of nickel and asbestos, but she ranks high in copper, lead, zinc, gold, and platinum. In fact, she produces about 60 of the 90 known mineral elements in the earth's crust.

Canada's mineral production in 1955 broke all previous records, with a valuation of over \$1.75-billion, an increase of nearly \$300,000,000, or 20% above that of 1954. Petroleum reached first position with a valuation of more than \$300,000,000; copper was in second place with \$239,000,000; followed by nickel and gold with \$216,000,000 and \$157,000,000 respectively.

In all, more than a billion dollars worth of metals were produced in 1955, with increases in all classes except lead. But the most notice-

CHARLES M. SHORT

able progress was in iron ore mining, with a tonnage of nearly 17,500,000 as a result of the commencement of operations in new fields, notably that in the Quebec-Labrador region, where the output exceeded all expectations. In nonmetallics, petroleum made the most marked advance owing to extensive development work in western Canada. It might be noted that none of the foregoing data includes aluminium or uranium, although Canada accounts for about one-fifth of the free world production of the first-mentioned from imported bauxite, and that, while the output of uranium is kept secret for security reasons, it has been privately estimated as having a value of nearly \$50,000,000.

Canada's mineral production will increase further this year, as properties opened up in recent years undergo more extensive development and come into full production. This will be most noticeable in aluminium, uranium, copper, iron ore, and petroleum, but the increase will be al-

most general and most of the additional supplies will be available to the United States. Thus the demand for Canadian oil from the Pacific Coast and midwestern states is expected to rise by 25%, and toward the end of the year natural gas may be flowing from the Province of Alberta through a pipeline now being constructed to Vancouver, B. C., where it will be connected with a distribution system in Washington and Oregon.

Looking much farther ahead, to the next 25 years, in which period the world demand for major minerals is expected to double, Canada's mines and oil and gas fields will probably be developed on an even greater scale than in the last quarter century. Taking the United States alone, the Paley Report forecast increases in American requirements of over 40% for copper, about 50% for iron, and 100% for nickel, and it is reasonable to assume that these can be met for the most part by Canada. Accordingly, the Canadian mineral industry will continue to play a leading part in the further expansion of the entire economic system of Canada.

PRODUCTION OF MAJOR MINERALS IN CANADA

	Unit of Measure	1955 Quantity		Unit of Measure	1955 Quantity
METALLIC			METALLIC		
Antimony	lb.	1,970,000	Titanium ore	ton	1,736
Cadmium	lb.	1,971,012	Tungsten (WO ₃)	lb.	2,282,970
Cobalt	lb.	2,999,650	Zinc	lb.	853,931,313
Copper	lb.	649,207,453	NONMETALLIC		
Gold	troy oz.	4,556,400	Asbestos	ton	1,055,266
Iron ore	ton	17,377,252	Barite	ton	202,600
Lead	lb.	387,948,053	Gypsum	ton	4,798,200
Molybdenite (MoS ₂)	lb.	1,289,441	Mica	lb.	1,186,235
Nickel	lb.	349,161,430	Nepheline syenite	ton	137,000
Palladium, iridium, etc.	troy oz.	211,820	Sulphur	ton	628,261
Platinum	troy oz.	240,000	Titanium dioxide	ton	114,800
Selenium	lb.	431,000	MINERAL FUEL		
Silver	troy oz.	27,901,427	Natural gas	M cu. ft.	143,699,000
Tellurium	lb.	6,000	Petroleum, crude	bbbl.	128,881,000
Tin	lb.	397,000			

METHODS and IDEAS

Operating Procedures

Nylon Remittance Bags

CITY NATIONAL BANK AND TRUST COMPANY, Kansas City, Mo., now supplies its correspondent customers with nylon remittance bags.

As replacements for canvas holders, the new containers weigh only one ounce. Paul Yates, the bank's transit manager, estimates that correspondents save six cents per mailing in comparison with their canvas predecessors.

The bags are bright red with City National's mailing address printed in black. Airmail "Loose in Pouch" stickers can be attached.

High-speed Written Communication

TWO Massachusetts savings banks have installed a main office-branch communication system utiliz-

ing high-speed transmission of account balances and signatures over telephone wires from bookkeeping departments.

The information is reproduced in facsimile at the tellers' stations on a rapidly moving electro-sensitive paper tape.

In the installations at THE PROVIDENT INSTITUTION FOR SAVINGS, Boston, and the WORCESTER COUNTY INSTITUTION FOR SAVINGS, Worcester, teller cages at the main office and at remote branches are connected to bookkeeping and signature departments by internal wiring or telephone circuits. The customer steps to the teller's window, the teller signals the account number to bookkeeping, and the account balance or signature is reproduced on the tape at his station in about five seconds.



A teller at the Worcester County Institution for Savings receiving a bank balance and signature over high-speed facsimile system which connects main office and branch with central bookkeeping. Information is received on tape at a speed of 81 square inches a minute

Missouri Bank Management Meeting

FOUR panel discussions, covering agriculture, instalment credit, the probate code, and women in banking, were features of this year's management conference for Missouri bankers. More than 200 attended the meeting sponsored by the Missouri Bankers Association, University of Missouri, and State Department of Finance.

George R. Amy, deputy manager of the American Bankers Association and in charge of its Country Bank Operations Commission, talked on the Association's "Simplified Cost Analysis" program. William L. Gregory, Easton-Taylor Trust Company, St. Louis, presented his annual study of operating ratios of Missouri banks.

Pictured at the instalment credit panel are: *L. to r.*, Cyril J. Jedlicka, senior vice-president, City National Bank & Trust Company, Kansas City; W. Franklin Evans, vice-president,

American National Bank, St. Joseph; Wade Hampton, vice-president, Central Missouri Trust Co., Jefferson City; and Harry L. Beck, vice-president, Bank of Carthage.



Control of Safe Deposit Income

A SIMPLE means of maintaining close daily control over the income from safe deposit boxes has been developed by the Millikin National Bank of Decatur, Ill.

The method can be used by any size bank, regardless of the number of boxes. It permits the auditing department to keep daily records of box rentals, payments, and surrenders. A delinquency in payments is spotted as soon as it occurs. This is how the system works:

A printed 4" x 3" card is retained in the auditing department for every box. There are spaces for box number, Federal excise tax, an-

nual rental, date paid and date paid to.

These cards are specially cut to fit commercially produced aluminum board panels holding 75 cards in the form of a visible roster. Each panel serves as a flexible, permanent listing.

Panels representing unrented boxes are kept in numerical order to form an inactive file; those holding the cards of currently rented boxes are filed by date.

On the basis of information supplied daily by the vault custodian, in the form of printed slips for all box rental transactions, the auditing department keeps the records up to date. When a box is surrendered, its card is moved to the inactive file.

An auditing clerk checks all the cards showing rent due during each

month. If any have not been posted, she attaches a red signal to the panel, indicating nonpayment, and checks with the vault custodian to ascertain if second or third notices have been sent to the customer. If the rent is not paid by the end of the month, a red button is inserted in the key-hole of the box to deny access until the account is settled.

Music Hath Charms

WE'RE told that a "wired music" installation was followed by a substantial reduction in operating errors at the KANSAS STATE BANK of Wichita.

Selecting at random four pre-installation months and comparing them with four months after, the bank reported a 29% decrease in

errors on the same volume of business.

Teller Operations in a Small Bank

SOME observations on the supplies and equipment needed by the tellers in a small bank were given to a NABAC meeting by L. L. Loerch, cashier, First National Bank of Tekamah, Neb.

"All tellers," he said, "should have a modern change dispenser. An adding machine with an aggregate total is another essential. It should be placed close to the window so that the teller need not leave the window to use it. For larger banks there is the new teller machine which gives a receipt for every de-

(CONTINUED ON PAGE 164)

Single-Form Service Charge System

R. K. JONES

The author is with the First National Bank of Cobleskill, N. Y.

ONE of the most time-consuming activities formerly present in our commercial accounts operations was the monthly computation and posting of service charges. Computation was begun on the first day of the month and the job was rarely finished before the 25th.

In capsule form, the system consisted of computation being completed on a large card with 12 monthly divisions. Each account in the commercial ledgers had either a measured or an analyzed computation card. The charges were then copied on a form from which the charges were posted to the accounts and mailed to the customer. In addition to the duplication of effort required, an adding machine run was made of both the cards and the posting

forms to be sure that the charges were copied correctly from the computation cards.

How It Works

Our new system utilizes a folded, two-part, spot carbon form as illustrated. Computation of both measured and analyzed accounts is done on the same form by using the proper computation box on the front sheet of the folded form. The computation itself does not copy through to the second page. After computation is complete, the total charges are written on the appropriate line on the right hand side of the front sheet and these figures alone are automatically imprinted on the second sheet, which is the customer's copy.

The forms are then separated and posting is done from the front sheet

of the form, while the second sheet is inserted in a window envelope and mailed to the customer immediately. After posting, the computation copies are retained by the bank as record copies for two years.

Regardless of the method of calculating service charge, this form is adaptable merely by altering the computation box form to fit the calculation system required.

The design of the form itself was the result of taking a fresh look at the existing forms and system and striking out all unnecessary and repetitive procedures. It has resulted in a saving of labor and time as evidenced by the fact that our service charges are now computed, posted, and mailed out within the first 10 days of the month. This reduction in time and effort has been a source of both customer and employee satisfaction.

The folded, two-part, spot carbon form described above

THE FIRST NATIONAL BANK	
COBLESKILL, N. Y. _____ 19__	
WE ARE CHARGING YOUR ACCOUNT A SERVICE CHARGE FOR THE	
PRIOR MONTH TO COVER COST OF HANDLING—	
CHARGE ON ACCOUNTS WITH A MINIMUM BALANCE OF LESS THAN \$100.	\$ _____
CHARGE @ 3¢ FOR ITEMS IN EXCESS OF SUBSES ALLOWED FOR SIZE OF ACCOUNT.	\$ _____
CHARGE AS SHOWN BY SPECIAL ANALYSIS OF YOUR ACCOUNT.	\$ _____
PLEASE DEDUCT THIS AMOUNT FROM YOUR BANK BALANCE	TOTAL \$ _____
TO _____	

1ST 10 _____	MIN. BAL. _____		
2ND 10 _____	NO. SERVICE CHG. _____		
3RD 10 _____	NO. OF ITEMS _____		
	ITEMS ALLOWED _____		
	EXCESS ITEMS _____	BELOW MIN. _____	
		EXCESS IT. _____	
		ANALYZED _____	
		OTHER _____	
		TOTAL _____	
INVESTED CASHFOR _____			
NO. OF DEPOSITS _____			
CHECKS DEPOSITED _____			
CHECKS PAID _____			
TOTAL ACTIVITY COST _____			
COMPARISON _____			
OTHER CHARGES _____			
COST OF COMMISSION _____			
PROFIT _____			
NET CASH _____			

Public Relations

*Advertising . . . Promotion . . . Business Development . . .
Community and Staff Relations*

Reports to the Staff

On the Record. An unusual feature of National Bank of Detroit's annual report to the employees was a small 45 r.p.m. record. On one side President Charles T. Fisher, Jr., summarized operations in 1955 and commented on the 1956 outlook. The other side was "a commentary on NBD progress in 1955 by staff members." It included some operating suggestions. The text of the report, illustrated with cartoon drawings, provided answers to "the \$50,000,000 question: How did we spend our 1955 annual net income of \$50,729,775.04?"

Special Edition. Mellon National Bank and Trust Company of Pittsburgh presented its yearly report to the staff as a special edition of *Mellon Bank News*. The purpose was to put the bank's activity on a personal basis and to impart "some feeling of the excitement and the competition that is in banking."

Dramatized. First National Bank in St. Louis issued a staff report developing the "This Is Your Life"

theme. It dramatized the time and talent each employee invests with the bank in exchange for dividends consisting of salary, job satisfaction and security. The four-page folder was illustrated with cartoons.

A Bank's County Bulletin

SECURITY NATIONAL BANK of Suffolk County, N. Y., is publishing a fact sheet that reflects the growth and development of that county. The first issue was prefaced by a note from President George A. Heaney who pointed out:

"Sound decisions can only be based on facts. To date, the facts on Suffolk County have either been unavailable, or have been lost in the total figures of state or national reports. In order to give the businessman up-to-the-minute information on current developments in Suffolk County, the Security National Bank will prepare periodic bulletins."

Data in the issues we've seen include *county* figures on employment, electric meter and telephone installa-

Select Your Brand New Car Today From These Highland Park Auto Dealers

Smart people shop smartly for cars in quality . . . service . . . values

5% FINANCING NOW AVAILABLE AT THE BANK OF HIGHLAND PARK

Get The Best Deal And Service From Your Highland Park Automobile Dealer

This full-page ad in a weekly paper was the first in a series in which the bank will urge residents to patronize "home dealers"

tions, income rise, construction and retail trade figures, instalment loan volume, savings statistics, etc.

The Bank of Virginia, with an assist from the Richmond police, offered this display of law enforcement tools during National Crime Prevention Week



In cooperation with the Decorators Clinic, The Bank for Savings, New York City, had a spring home-planning exhibit in its lobby



Banks to Help the Dodgers Raise Pennant

THE telephone rang, and it was The Lincoln Savings Bank of Brooklyn—Brooklyn, N. Y., that is, where they have the Dodgers.

"Big news!" said the voice. "The bank's giving two reserved tickets for the Dodgers' Opening Day game with the Phillies on April 17 to the first 3,000 persons who start \$10-or-better accounts during the week of March 19!"

As an admirer of another collection of Greater New York athletes, this department received the news calmly, politely, even stoically. But as a reporter of bank community-relations we immediately caught the spirit of this project and remarked, "How nice!"

"Wait a minute," the man suggested. "You must be a Giant fan. You haven't heard anything yet."

Then he explained that this will not be an ordinary Opening Day, but *The Day*—the game whereat Messrs. Campanella, Reese, Robinson, Snider, Hodges, et. al., fling to the happy breeze Brooklyn's first World's Championship pennant.

The Lincoln man was most generous with data. He reported that several Brooklyn savings banks are to honor the Dodgers by participating in the borough's big parade on April 17, by featuring baseball window and lobby displays, and by exhibiting, in turn, a

model of the proposed Brooklyn Sports Stadium, prepared by the mutuals' own Group V organization.

Lincoln's president, John W. Hooper, heads the citizens' committee for the center, and is actively supporting that "Help Keep the Dodgers in Brooklyn" movement—a campaign made necessary, alas, by the fact that the champs have outgrown their ancient home, Ebbetts Field. (Incidentally, 1956 brings this bank's 90th birthday, so the baseball festivities, including those 6,000 free tickets, really constitute a double celebration.)

Yes, big things are afoot across the old East River!

Preparation of the sheet takes a lot of work, says the bank, "but boy, it's worth it!"

Of Hens, Umbrellas and a Steer

AT PEOPLES BANK & TRUST COMPANY in Rocky Mount, N. C., some sprightly public relations activity is often afoot. For example:

The bank displayed a champion 1,260-pound steer in the lobby. A pen

was built, and the farm boy who owned the animal was there to answer questions about it. The purpose was to arouse more interest in the livestock industry.

At another time, six caged hens were displayed in the lobby, each named for an officer of the bank. A contest was held to see which hen would lay the most eggs over a 30-day period. With acreage allotments being cut on tobacco, the principal money crop in the Rocky

Mount area, the bank was trying to create a greater interest in the poultry industry in order to bring a greater diversification in agriculture.

Plastic umbrellas marked "For that rainy day, start saving now at Peoples Bank" were hung in the bank offices to advertise savings; they were given to several customers on rainy days. A stand in the main lobby holds approximately two dozen adless umbrellas avail-

(CONTINUED ON PAGE 145)



Cartoons from BANKING were featured at a "Bank Day" program sponsored by the Southern California Bank Advertisers Association at a meeting of the Los Angeles Advertising Club. Looking at the drawings are, l. to r., Paul D. Dodds, senior vice-president, Security First National Bank of Los Angeles; Gail Thayer, a secretary at that bank; and Tom Collins, publicity director, City National Bank and Trust Co., Kansas City, Mo., speaker at the meeting



Two of the Peoples Bank and Trust Co. lobby displays: egg-laying contest by hens named for officers, and the "money tree"



BANKS and PEOPLE

Stories That Make News

This Is Las Vegas

THE 1955 annual report of the Bank of Las Vegas tells the vivid story of the city where the tourist is king and kings are sometimes tourists—and where, also, an industrial backlog is being accumulated, just in case the playboys lose interest.

This two-year-old bank (resources \$14,000,000 last Dec. 31) seeks to dispel "some of the false ideas regarding the city and to show it as it really is, with due regard for all

"Banks and People" is by JOHN L. COOLEY of BANKING's staff.

the factors" that make L.V. the "resort capital."

"There are many who think of Las Vegas as a tinsel-garlanded gambling and pleasure community," says the 24-page report. But: "Behind the neon-lighted streets of downtown Las Vegas and the 'Strip'

is a city of homes, churches and schools which is typically American."

Some 18,500 of its 45,000 permanent residents are members of the more than 50 churches. Marriages outnumber divorces. Educational facilities include a school for handicapped children; the University of Nevada is building its southern branch there. And the city has an active opera association, Little Theatre, Art League, symphony orchestra.

It is the center of an area encompassing Nellis Air Force Base, Boulder Dam, Lake Meade Ammunition Depot, the industrial enterprises that now use the wartime plant of Basic Magnesium, Inc., and the more distant atomic testing grounds. It is a takeoff point for such tourist attractions as Lake Meade and several national parks.

Las Vegas, says the bank, is "the glamour and glitter capital of the world," and the report spotlights,



UNION PACIFIC

The Basic Magnesium plant at Henderson, 12 miles away, exemplifies large industry in the area



UNION PACIFIC

♠ ♥
A streamliner pulls in at the Las Vegas station

♣ ♦

Small homes under construction on the west side of Las Vegas—the West Charleston section





UNION PACIFIC

A resort hotel



The "Strip"

for a couple of pages, the city's facilities for entertainment. Behind them are some important economic facts compiled by the Chamber of Commerce, and the bank passes them along.

The "Strip" hotels and other "plush establishments" were, in mid-1955, housing more than 2,250,000 visitors a year. "Not counting gambling and drinking," these tourists spent an average of \$17.50 a day, an annual rate of almost \$40,000,000. Ten hotels had 6,600 employees who were being paid \$36,000,000 a year.

"Nevada Tax Commission reports show that the gross gambling revenue in 1954 in the Las Vegas area was more than \$55,000,000. Income from sale of beverages has been estimated at \$10,000,000 a year.

"In addition to the 5½ million tourists who spend at least one night in Las Vegas, 2,000,000 more pass through, stopping only long enough to spend an average of \$5.

"Add it all together," the bank summarizes, "and the Chamber of Commerce estimates that each year tourists leave in Las Vegas at least \$164,000,000."

What of the future? "There are some who say the bubble will break when the attraction of legalized gambling becomes tame, but down-to-earth Las Vegas just smile. Gaming, they know, has been going on as long as there has been 'civilization,' and they look beyond the so-called 'tinsel town' to the solid foundation which industry has brought to their city."

For one thing, "the mammoth resort hotels have been designed so that they could be quickly and easily converted, should the need ever come, into health sanitariums."



Alert Teller Saves Elderly Woman's \$10,000

THE elderly woman's withdrawal slip read \$10,000, and George F. Dunning, teller at the Bowery Savings Bank's main office in New York, looked at her carefully.

He suggested a certified check, but she said "the person" must have cash.

"H-m-m-m," said Teller Dunning. Then he stalled a bit.

In 10 minutes three detectives had arrived. On the sidewalk they quickly arrested the woman who awaited the 71-year-old customer—a widowed domestic—and the cash she was to have withdrawn.

It was, of course, an attempted swindle, a complicated variation of the old "switch" game.

Unfortunately, the previous day the 71-year-old victim hadn't listened to the teller at another bank

who had cautioned her against taking in cash a withdrawal of \$5,000 which she had given to a second woman.

Anyway, George Dunning's quick action had saved Miss Schlumpf's 10 grand, and the Bowery expressed its appreciation in the most practical way.

President Earl B. Schwulst gave him the bank's check for \$500, a special citation, and the assurance that a gold medal would be along soon.

The citation, a special Trustees' Award, commended George "for detecting that a fraudulent transaction was about to be imposed by swindlers on an unsuspecting depositor of this bank, and for circumventing the accomplishment of this fraud by his alertness and good judgment."

✕

Teller Dunning receives his \$500 check from President Schwulst

✕



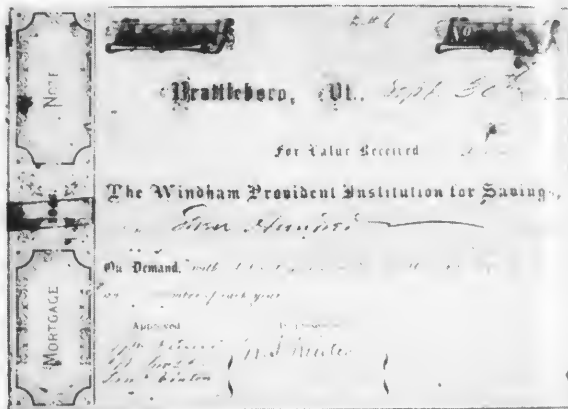
N. Y. DAILY NEWS

Vermont Bank Has "Oldest" Mortgage

1872 Home Loan Still on Books;

Interest Never in Default

This is the old demand note for \$700, executed Sept. 30, 1872. The mortgage (see bottom of page) followed the next day



At the Vermont Savings Bank in Brattleboro, home mortgages come and go, but old No. B-6 stays right on — like the Green Mountains, and the Connecticut River, and New England ruggedness.

This venerable asset, now in its 84th year, originally secured a \$700 demand note representing the advance on a small white house in Brattleboro; the principal has been somewhat reduced.

The little dwelling has remained in the same family, second generation members taking over the obligation when they acquired title. The semiannual interest has never been in default. Vermonters respect their credit.

Behind No. B-6 there's a simple story. On September 30, 1872, a man and his wife received from the bank \$700 in exchange for this note; the next day they executed a mortgage on their story and a half frame

dwelling as security for the indebtedness.

The place has been carefully maintained, acquiring, as the years slipped by, electricity, plumbing, and other modern conveniences. A recent inspection by the bank's mortgage officer certified its good condition.

The old note, payable on demand, could have been called at any time. However, as Thomas L. Nims, secretary of the A.B.A. Savings and Mortgage Division, points out, "that isn't a practice in which banks indulge unless it becomes necessary," adding that a demand loan of this kind would not be normally written today. The Vermont Savings Bank, like most others, follows a procedure of amortization.

When the Brattleboro couple got their money that early autumn day the bank was the Windham Provident Institution for Savings. Chartered in 1846, it had grown in de-

posits and investments from the opening day, and the year B-6 went on the books the name was changed to Vermont Savings Bank, the better to emphasize the widening interest of the state's oldest "mutual." Today it has 10 offices in southern Vermont, the result of mergers. The dividend declared January 3, 1956, was the 219th.

Is It the Oldest?

Carl A. Johnson, assistant mortgage supervisor, tells us that the bank believes No. B-6 is the country's oldest mortgage on which interest has been paid regularly. Anybody know of an older one?

Meanwhile, at the Vermont Savings Bank the sturdy asset has become something of a personality, a solid friend. In fact, you can imagine that President Paul H. Ballou and his staff consider it a symbol:

"As sure as the next interest on B-6!"

Part of the mortgage that's now in its 84th year

Know all Men by these Presents,

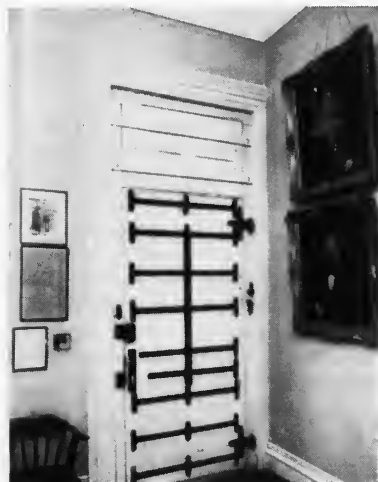
Shattleton of the County of *Windham* and State of *Vermont* in consideration of the sum of *Seven Hundred* dollars received to *me* full satisfaction of THE WINDHAM PROVIDENT INSTITUTION FOR SAVINGS, in Brattleboro, in the County of Windham and State of Vermont, the receipt whereof *He* do hereby acknowledge, have given, granted, bargained and sold, and by these presents do give, grant, bargain, sell, alien, release, convey and confirm unto the said Institution and their assigns forever, a certain piece or parcel of land, situate, lying or being in

The Flag Is Still There!

THE Connecticut Yankees in 307-year-old Stonington have a Star Spangled Banner, too. It's encased on a bank wall.

This contemporary of the flag that became a national anthem was made by the women of Stonington, and was flown by the embattled Yanks who stood off a British fleet which in August 1814 bombarded the little port on Long Island Sound. It was quite an engagement: rockets' red glare, landing attempts, brave mi-

Just inside the front door of the banking quarters: old iron work, old Stoningtonians



Branch Manager R. E. Gray works controls of the "bull's-eye" safe, still in use after more than a century



litia, and the flag still there, of course.

Restored by public subscription, the banner is now displayed behind the tellers' counters in the Stonington branch of the Hartford National Bank and Trust Company.

Yes, there's more to the story. The building is owned by the Historical Society, and the lease stipulates that the Stonington Flag, as well as portraits of earlier residents and other reminders of the past, always be on exhibition in the banking room. So Stonington's bank lives in history, and history lives in Stonington's bank.

Once upon a time the old Ocean National had the building. Hartford



Here live not only the Stonington branch of Hartford National Bank and Trust Co., but also many treasures of the old building's owner, the Historical Society

National moved in after the 1953 merger with New London City National, which had started a branch there in 1949.



The Stonington Battle Flag in its case behind Tellers Emily Gray and John Garrity



Opposite the tellers' counter are these portraits of early Stonington settlers



GOVERNMENT BONDS

Treasury Refinancing . . . Federal Reserve Stops "Leaning" . . . OMC Has Little to Do . . . The President's Decision . . . Business Loans Stay Up . . . Treasury Bills Below Rediscount Rate . . . Market Drifts Lower

MURRAY OLYPHANT

FOR the moment, there does not seem to be any real threat either of inflation or deflation. As a consequence little or no change in the policies of the monetary authorities seems imminent. By the same token no real trend, up or down, seems probable for the prices of Government securities.

Refinancing "Shrewd and Generous"

Faced with the necessity of preventing a heavy demand for cash from the holders of the nearly \$8.5-billion of 1½% notes maturing on March 15 and, after conferring at length with various groups representing a cross section of possible buyers including dealers in Government securities, the Treasury reached a decision which has been well described as "shrewd and generous."

Holders of the maturing 1½% notes were offered an optional exchange either for a new 2½% certificate to mature on February 15, 1957, or more of the 2⅞% notes due June 15, 1958, which were originally offered last December and which, in the meantime, had sold as high as 100 20/32.

Holders of the 1½% notes, due for payment on April 1, were of-

ferred the new 2½% certificates but were not permitted to subscribe for the 2⅞% notes, since the Federal Reserve owned all but \$7,000,000 of the maturing issue and would undoubtedly prefer the slightly less than 1-year maturity.

Some people had even suggested that Treasury bills be offered to the Federal Reserve in order to increase its decidedly attenuated holdings of the only form of Government obligation in which the Open Market Committee is supposed to deal and, also, in consideration of the criticism which resulted in December when the OMC stepped over the traces and bought a few certificates to help out the Treasury financing at that time. This might not have been a bad idea, but failed to get official approval.

However, because the offer was "generous" it was "shrewd." The rates of 2½% for a maturity of slightly less than one year and 2⅞% for about two and a quarter years both represented a nice step-up in interest over the maturing issues and assured a nice premium for the new issues. Hence, holders of the maturing note issue who might have been planning to take cash on maturity were able to get a bonus by selling at a premium before matur-

ity. Between \$3¼-billion and \$3½-billion of the maturing 1½% notes were owned by "others" outside of the banking system, chiefly corporations. These are now pretty sophisticated and not likely to miss the opportunity for a little extra profit. In fact any holders who take cash on maturity will be only those who were asleep at the switch. Demand for cash should be very small.

Prior to the actual exchange offering there had been some discussion of the possibility of selling some more of the 3% bonds February 15, 1955. It appeared that some investment funds might be interested, but it developed that little cash was available so that some delayed payment provision would be needed. This was not regarded as desirable at the time.

Fed Stops "Leaning"

No particular pressures made themselves felt in the money market during February. Hence the Open Market Committee did very little—merely smoothing out a few bumps as they occurred.

The table on this page summarizes OMC activities in relation to the money market factors. The figures given are the averages for the weeks ending on the respective dates.

For the month the Federal portfolio rose only \$19,000,000. Circulation declined \$53,000,000. The sharp rise in the float in the week ending February 22 was used by the member banks to lessen their indebtedness to the Federal Reserve banks so that on that date negative reserves dropped to \$107,000,000 and showed an average of only \$368,000,000 for the month.

All this points up the testimony of Mr. Martin, chairman of the Board of Governors of the Federal Reserve

OMC Activity and Money Market Factors

(000,000 omitted)

Week Ending	Federal Reserve Governments	Bank Borrowings	Float	Circulation	Excess Reserves	Negative Reserves
2/1	\$23,416	\$999	\$814	\$30,223	\$444	\$555
2/8	23,423	822	840	30,219	473	349
2/15	23,349	973	832	30,247	500	973
2/22	23,389	622	1,333	30,210	535	107
2/29	23,435	758	880	30,180	403	355

System, before the Joint Congressional Committee on the Economic Report. At that time Mr. Martin made it clear that, for the present, the Board was finding it quite unnecessary any longer to "lean against the wind." They were standing "erect" and still waiting to discover from which direction the wind might blow and prepared to take steps in the necessary direction from whichever quarter the wind arose.

Business Loans Hold Up

In spite of a sharp decline in loans to finance companies, the total of commercial and industrial loans of the reporting member banks rose \$78,000,000 during February. The finance companies paid off a substantial amount of bank loans from the proceeds of security sales.

The rise in business loans for the month seemed to be contraseasonal and—as such—an indication that business was going ahead both with the maintenance of inventory positions and plans to increase production. It was further confirmation that business in general was not expecting any recessionary trend.

The total of loans adjusted showed a small decline but largely because less money was needed on February 29 to carry securities. Both real estate and consumer loans continued to increase.

Treasury Bills Continue under Rediscount Rate

The record of the weekly sales of Treasury bills during February was as follows:

Date of Sale	Average % Int. Cost	Amount Obtained by Dealers (millions)
2/6	2.27	\$305
2/13	2.39	248
2/20	2.43	327
2/27	2.41	451
3/5	2.17	382
Average 2.33%		

From time to time for a day or so some dealers found it necessary to make a few repurchase agreements with the Federal Reserve, but these were very shortly paid off. Only after the sale on March 5 did the market go against the dealers, when the approach of the March 15 tax date possibly lessened the customary

demand from corporations. For most of the month acquisition of bills by the dealers worked out profitably in their subsequent sales.

President Eisenhower Willing

The decision of the President to run for a second term was very helpful in maintaining business confidence. Projected capital expenditures by corporations were regarded as more certain to be carried out, high production sustained, and opportunity for full employment to continue.

Some argue that this increases the danger of greater inflationary pressures, but others take the position that, for the present, the effect is merely to assure that there will be no recession in business volume. The decision appeared to have removed a factor of uncertainty.

Market Drifts Lower

By March 2 the prices of practically all Government issues—short, intermediate, and long—had drifted down from price levels early in February. The exceptions were the long-

(CONTINUED ON PAGE 166)

THE INVESTMENT MARKETS

H. EUGENE DICKHUTH

THE new issue markets have been quite sticky in recent weeks. Prices fell and yields rose. The Eisenhower announcement had a good deal to do with it. Stock prices gained and dealers expected a relaxation of the restrictive credit policy to aid their segment of the market.

If a less restrictive policy than was apparent in Federal Reserve figures in previous months is now in existence, evidence of it is rather slight. The money market is still on the tight side.

Also, the tax periods for Federal returns on March 15 for corporations and on April 15 for individuals will produce the usual churning of funds, so that the Federal Reserve authorities will have their hands full keeping the money market on an even keel on a day-to-day basis without paying too much attention to longer-term developments.

Investment response to new issues has improved recently, although it still leaves much to be desired in the view of some dealers. The Ford Motor Co. issue, one of the most spectacular in history, finally made its appearance on the New York Stock Exchange, but its performance, pricewise, was unspectacular.

THE February stock market recovered almost half of the January losses in relatively quiet trading, and equities received an impetus from President Eisenhower's announcement he was going to run again in the elections next November.

Bond prepayments declined in February. The total was the smallest in the past three months.

Offerings of new bonds totaled a little better than \$1½-billion in February. This compared with about \$902,250,000 in the preceding month. Housing issues played a predominant part in this era of construction, both residential and business.

STOCK flotations also increased. They were the largest since June 1946. They aggregated \$175,833,000 in February, compared with only \$26,485,000 in January and with a little more than \$57,200,000 in February 1955.

State and municipal obligations headed the list of new bonds, with more than \$800,000,000. The Federal Home Loan banks came next with \$80,000,000.

In the first two months of the year, public offerings of new bonds were about \$2,160,000,000. This compared with \$1,634,000,000 in the first two months of 1955.

Stock flotations in the first two months were above \$202,000,000, against \$111,600,000 last year. For the two first months of the year, stock offerings were the largest since 1929, when they aggregated \$768,500,000.

The outlook is for continued stability in the investment markets. The final element of uncertainty in the political field will be overcome by announcement of the vice-presidential candidate at the party convention next August. The earnings outlook and, hence, investment prospects are still excellent.

The Community Trust

Its Characteristics, Organization, Management, and Advantages

GEORGE A. YOUNG

GEORGE A. YOUNG, C.P.A., is manager of the tax department of Peat, Marwick, Mitchell & Co., San Jose, California, office. MR. YOUNG is a member of the American Institute of Accountants and the California Society of Certified Public Accountants.

THE community trust is not a new and untried concept. It is not in any way a fund raising activity, such as a community chest. And it is not a tax "gimmick" organization.

A community trust is created by a declaration of trust which seeks to benefit the entire community by providing centralized control and administration of gifts and bequests which have the general benefit of the community as their initial or ultimate objective.

A typical community trust provides a "distribution committee" of qualified citizens to control the distribution of the funds, and provides a "trustee committee" furnished by the participating banks and trust companies to provide the necessary financial management. Basically, the community trust seeks strength and effectiveness through the united impact of numerous gifts and bequests which otherwise might have their effect dissipated or minimized by erratic and random placement.

A community trust is not *per se* a charity, nor does it actively solicit funds from the public. Those public-spirited citizens who wish to coop-

erate may do so by making a gift or bequest in trust by selecting any of the cooperating banks or trust companies to receive the funds and, by reference, incorporating the terms of the declaration of trust of the community trust. The prospective donor may designate a specific objective for his charity or he may make the funds immediately available for the general purposes of the trust. The distribution committee of the community trust furnishes expert charitable management for all the gifts and bequests both large and small. Also that committee carefully observes any specific instructions of a donor or testator in its charitable administration of the funds. However, the typical community trust provides that the specific instructions of a donor or testator need not be followed if they have become obsolete or inappropriate in the opinion of the committee.

Typical Objectives

The general purposes of a community trust relate to the welfare of an entire community, and the objectives are stated broadly. These stated purposes usually include objectives such as the following:

- (1) Support of qualified charitable, educational, and other public service organizations which serve the people of the community.
- (2) Care of sick, aged, helpless, and needy men, women, and children.
- (3) Improvement of living and

working conditions, and providing facilities for public health, hygiene and recreation.

The distribution committee of the typical community trust is made up of a selected group of representative community leaders. The members of the group, usually eight to 12 in number, are appointed by residents of the community who hold key civic positions in governmental, professional, educational, and charitable circles. The terms of appointment usually vary from two to six years to provide for continuous administration of the trust. The effectiveness of the community trust is enhanced by the fact that the distribution committee confines itself to the charitable administration and allocation of the funds, and the group is not saddled with the onerous task of financial management, which is left to the trustees' committee. This split-responsibility aspect of the community trust creates an organizational pattern which encourages service on the distribution committee by persons of ability and integrity who might be discouraged from accepting an appointment under other circumstances.

Trustees' Committee

The trustees' committee, which is manned by personnel furnished by the participating banks and trust companies, is responsible for financial management and is not responsible for charitable management and allocation of the funds. Each participating bank and trust company administers the trust funds deposited with it in accordance with the terms of the declaration of trust and, obviously, the funds are subject to the usual examination and audit procedures applicable to trust funds. The writer understands that the typical community trust contemplates the active participation by all banks and trust companies in the community which have qualified trust departments.

Initial Organization

There is nothing particularly mysterious or unduly complex in the organization and operation of a community trust. The impetus for creation of the trust comes from public-spirited citizens who perceive the need for, and the advantages of, such an organization. The framework of the trustees' committee al-

(CONTINUED ON PAGE 177)

Old New Haven's **NEW LOOK**

and the 10 Basic Elements Which Assured Success of the Blight-Healing Program, with the Help of Banking, Business, Politics, and the Whole Community

MAYOR RICHARD C. LEE

In last month's BANKING New Haven's MAYOR LEE described the background for the building and modernization—that is, urban redevelopment—program designed to “build for a better day for New Haven.” He also described how the program was organized.

He concludes his discussion this month with some valuable pointers for other cities faced with a similar problem.

OUT OF our experience I should like to set forth my ideas on the basic elements of our program which I think are likely to be essential to the success of a similar program anywhere.

(1) Private Capital—In our first redevelopment project we will have over \$14,000,000 of private capital invested. The confidence of major private investors is indispensable in the job of rebuilding cities. Sufficient public funds cannot and should not be made available for the total job of rebuilding.

(2) Public Assembly of Land—The land-use or property map of the downtown area of any old city reveals a complete hodgepodge of varying ownership and use. Experience has proved that it is impractical for private interests to assemble large tracts of downtown or slum property and do so at a price which will permit a re-use of the land without overcrowding and therefore setting the blight process in motion all over again. There have been a few exceptions which only serve to prove this rule. Therefore, the local power

of eminent domain to take substandard properties, assemble, and clear them is the second indispensable.

(3) Federal Subsidy—People often forget that, however harmful it may be, slum property is income-producing and therefore has value for which compensation must be paid. Put another way, this means that the assembly of land involves the high cost of paying for not only the land but the buildings on it. Then, if the program is to make any sense at all, the land must be sold under rigid standards which will prevent overdevelopment and insure integration with the long-range plan.

No municipality that I know about can afford this process. This single fact more than anything else perhaps explains why so little has been done to prevent the spread of slums and blight within the past 40 years. It is, in short, a matter of cold cash. This is where the Federal Govern-

New Waterside Interchange, focal point of major highways. Connecticut Turnpike southwest to New York, northeast to Providence; connections to Routes 80 and 1, eastern Connecticut shore points; Route 34 to parkways and the west; Route 5 north to Hartford. These improvements are under construction or in advanced planning stages



CONSTRUCTION IN OAK ST. AREA STARTS IN 1957

Lee Says Demolition to Begin This Summer for Redevelopment

Building construction in the Oak Street Redevelopment Area is expected to begin within 18 months, Mayor Richard C. Lee said today.

Demolition will begin "sometime this summer" and will be completed by spring of next year, he said, basing his estimates upon studies and plans of the Redevelopment Agency, under Director Ralph Taylor. Completion of construction is expected within 2½ years.

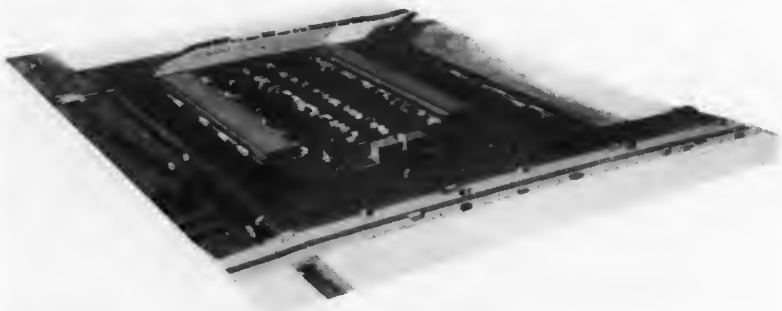
With Government approval of \$6,561,000 loan and grant for the

Part of a recent clipping from the *New Haven Evening Register*

ment, with complete bipartisan support, has stepped in and said that, since it is in the national interest to have healthy urban centers, the Federal Government will underwrite the cost of clearing land and reselling it to private enterprise for redevelopment.

(4) **Cooperation from the State Highway Department**—Some people may be surprised that I would rank this as essential. However, any examination of the ills of our city centers reveals that the automobile and the truck are a major cause of blight. It is, therefore, necessary that the State Highway Department agree to accept responsibility for

Scale model of New Haven's new wholesale fruit and produce market. This \$2,000,000 improvement was authorized by Connecticut's General Assembly after six months of hard work by the city administration and its nonpartisan Citizens Action Commission under the leadership of Chairman Freese



building limited-access highways which will not only carry through traffic through the city without using city streets, but also provide direct and easy access to the city center. Most people today live in cities or around them, and it is long past time that the various state highway departments started spending more of their money where the worst problems are. The costs involved are so great that there is just no possibility of the city's being able to do this kind of thing itself. In fact there is again bipartisan recognition at the Federal level that the states alone may not be able to afford to do what is necessary within a reasonable period of time. This is the major reason behind President Eisenhower's highway program.

(5) **The Crucial Importance of Good Housing and Modern Community Facilities**—Families move to the suburbs, not alone because of traffic jams and parking problems, but because of the spread of slums and blight, the overcrowding of dwellings, the deterioration of schools, and the lack of parks and recreation facilities. Yet the capital investment in urban housing remains perhaps the largest single investment in the entire prosperous American economy. This is where urban renewal comes in. Spot clearances of substandard houses, elimination of overcrowding, vigorous enforcement of the housing codes, and, most important, new schools and recreation areas in old neighborhoods can stop the spread of blight. Public housing, to be used primarily for relocation, is an essential ingredient in this program. However, every effort should be made to construct small units of public housing which can



New Haven's new "pigeonhole" garage and adjacent ground-level parking provide space for 500 cars and can be expanded to take 1,000. This is the first municipally owned pigeonhole in the United States. New Haven's Parking Authority is planning another one for completion in 1956

fit in with the existing private housing. Vast public housing projects which form isolated communities within the over-all community are not, in our opinion, a healthy development.

(6) **Sound Over-all Planning**—The community must have a competent over-all plan. It must be imaginative and yet practical. However, we in New Haven feel that it is a mistake to wait until a master plan is completed before the redevelopment program is started. Under the brilliant guidance of our planning consultant, Maurice Rotival, we have developed the concept of the short-approach plan, which enables us to move ahead on individual projects with confidence while the over-all plan is being completed.

(7) **Coordinated Administration and Leadership from City Hall**—Too often in communities across the country planning and redevelopment activity is carried on in the outer fringes of city government, remote from the chief executive, who is directly responsible to the people and to the budget-making authorities who can commit the required funds

(CONTINUED ON PAGE 180)

Jones? Yes... How About Mrs. Jones?

Some Reasons Why Business Should Support Women's Colleges

MR. O'TOOLE is president of the Pullman Trust & Savings Bank, Chicago; the State Bank of Blue Island and the Standard State Bank, Chicago.

When MR. O'TOOLE'S daughter, NANCY, was in the process of selecting a college, her father decided that the choice should be made in a businesslike fashion. For that reason, he flatly asked the heads of several schools why his daughter should attend their respective institutions. The answers he received were not satisfactory. To MR. O'TOOLE there were very good reasons for his daughter to seek a higher education—and in a girls' school in particular—reasons he hadn't heard from the educators to whom he had talked. For his own satisfaction, he wrote down some of the reasons he had in mind. They appear below.

COLLEGE educations for women—liberal arts educations—have acquired a new importance to American business during the past 20 years. This is the period during which American business has come to realize especially these two factors:

- (1) The need for liberal arts educations of top executives.
- (2) The importance of the wives of business executives to the firms that employ their husbands.

Modern American business views the wives of its executives as partners in husband-wife teams who are employed by a company. This is clearly shown by the now standard practice of requiring that wives of all candidates for executive positions must be met and evaluated before candidates are qualified. "Jones looks good. How about his wife?" is a commonplace today in executive employment and promotion.

Forward looking corporations are today thinking a great deal about the future capacities of the young

DONALD O'TOOLE

college men they are hiring. The abler each one of these young men is, the greater is his capacity for executive direction and the better lies the future of the industry which is to be guided by him.

He is married by the time management hires him, or he will be married shortly. As soon as his marriage partnership is completed—that husband-wife team which is jointly going to do the future executive job—then his employing company wants to meet his wife and find out just how capable she is, how well she can play her role as the wife of an executive. The more accomplished and fully qualified she is, the greater are his chances of obtaining a coveted position; the less able and less qualified she is, the poorer are his chances of selection for executive rank.

The Executive Wife

What are the qualifications for an executive's wife? Let us say at the outset that they do not include proficiencies in her husband's spe-

cial technical field. Those proficiencies, that whole world of special knowledge, constitute his personal assignment in the husband-wife partnership. It is true that there are and have been great and wonderful husband-wife partnerships wherein both have worked in the same field—the Curies, the Lunts, the Gilbreths—but the great majority of marriages, those with which corporations normally deal in employing executives, are not made up that way.

The corporation which is evaluating an executive's wife is essentially seeking to find indications that she is a woman of charm, poise, and intelligence. Her home is tastefully arranged and decorated. Her children are obviously well trained. She is a gracious hostess, and is both interesting and interested.

Her husband works with that complex variety of people who constitute the customers, employees, and suppliers in any large corporation. He cannot choose his contacts—they develop simply as they will. His wife is at his side as he works with these people—serving as his hostess in social affairs at home and at business receptions, and participating in community activities which are important to his company. She fits into these assignments easily and confidently. She knows people, likes them, and enjoys leading them.

The fundamental objective of a liberal arts education is to teach the student about people. It is through an understanding of the history of people, of their language, of their poetry and romance, of their art, of their religion, and their philosophy that we understand what they are today.

The executive's wife who has had a college education in liberal arts has been especially prepared for this sort of situation. Her training in the humanities has concentrated

(CONTINUED ON PAGE 152)

Mr. O'Toole



Are Bankers Interested in Customers' Advertising?

*Significant Facts Are Emphasized in
a Survey Conducted by BANKING*

HOW much interest do bankers take in the advertising and promotion programs of their commercial customers?

A BANKING survey indicates that the answer to this question is: "Considerable!" On the basis of replies to a brief questionnaire sent to the chief executive officers of 500 banks, the evidence is that:

(1) A company's marketing and advertising policies are often reviewed by bankers when they are considering a loan or line of credit.

(2) Bank officers who are directors of commercial companies fre-

quently have occasion to vote on advertising budgets and promotion plans of these firms.

(3) Bankers, traditionally advisers on investment matters, believe that a company's advertising and promotion efforts have a bearing on the market status of its securities.

The questionnaire that brought out this information was returned by 117 bankers in many cities. Most of them are presidents; many head large institutions. The replies give evidence that a majority of these bankers appreciate the importance

of advertising as a means of getting and holding customers' markets and goodwill.

The answers to our three questions were not, of course, unambiguously affirmative. In the case of the second it is apparent that quite a few banks do not allow their officers to serve on directorates of commercial companies. Some answers were qualified. Those reported in this article represent a cross section of the opinions expressed.

Sorry, but we must omit all the names!

QUESTION I: Do you or your officers have occasion to review a company's marketing and advertising policies as one of the qualifications for a commercial loan or line of credit?

Summary of replies: Yes, 71; No, 40; no answer, 6.

A BANKER in the West said his loan officers "have very frequent occasion" to review customers' policies. In many cases this is a very important part of loan analysis.

Another in the same section replied that advertising and promotion were important "because they have a marked effect on consumer acceptance and, therefore, sales."

A banker who said "Not necessarily" added: "We, of course, take into consideration, in evaluating any extension of credit, the company's advertising and marketing policies as they relate to its present sales volume and potential marketing."

From the Midwest came this an-

swer: "Only in a very limited number of cases." Virtually the same reply was made by another banker in the same section. One who replied "Occasionally" offered the further comment that at times the bank has suggested that "the company's advertising costs in relation to sales have been too high, in other cases, too low."

"Very often these policies are the determining factor as to whether the company is going forward or backward," noted a southern banker.

"Always Interested"

"We are always interested in a company's marketing and advertising policies in analyzing its statement," reported a president in a smaller eastern city.

An eastern city banker said: "In certain types of business, marketing and advertising policies are not only vital to success but are a major expense item."

"Whenever the advertising itself is considered significant to the prog-

ress of the business, or if the appropriation is of sufficient size, then the advertising policies of a company must be scrutinized when a commercial loan or line of credit is being considered," said a Southern reply.

Sales-Ad Programs Considered

Here is one of the longer answers to this question: "Our officers always discuss the sales and merchandising plans of a customer in connection with a bank loan, where these elements would have a bearing. Also, the advertising program and expenditure are considered. Since this is a legitimate part of sales expense and we feel it is vital to the success of a business, we have a considerable interest in it. A customer might even be counseled to expand the advertising appropriation in the interest of a better sales job, and hence a greater certainty that the loan will be repaid. Counsel might also be given if it was felt that an undue amount of money was being spent on such a program."

Another comment was that it is frequently desirable to appraise the effectiveness and depth of a borrower's sales structure. "Advertising is not ordinarily investigated extensively."

A banker who said "Occasionally" explained: "This is generally true in the cases of companies with a poor trend of earnings which are contemplating a marked change in marketing policies in an effort to reverse direction."

From a big eastern bank came this answer: "We think that any bank lending officer should have a comprehensive knowledge of the manufacturing, distributing and selling operations of firms to which credit is being granted."

A large western bank "generally" looks over the advertising and marketing programs of a prospective borrower. "It depends on the type of company."

"Only when the marketing and advertising policies appear to be out of line or deficient in some respect," said a southern banker.

From an important manufacturing city in the Midwest: "We are always interested in a company's marketing procedure, indirectly, if not directly. We desire to know the amount of sales over a period of years. If the sales appear satisfactory and increasing, as we believe they should, we do not go into the advertising program."

Management a Factor

An eastern banker said: "A review of the marketing and advertising policies is usually not of such importance that it requires special consideration in every instance. Such policies would be judged in the light of general management ability for purposes of considering normal loans."

The review "rarely occurs," asserted a banker in the Southwest, "since it presumes we are in a position to evaluate a company's marketing and advertising. However, under certain circumstances we might conduct such a review of those factors."

A bank in the Midwest, which studies a customer's annual audit, feels that it is therefore quite cognizant of the advertising and marketing policies "and to a good extent their effect on the probable success of a business."

QUESTION II: Do your officers, serving on the boards of directors of commercial companies, have occasion to discuss and vote upon the firm's advertising budget and promotion plans?

Summary of replies: Yes, 60; No, 37; not the bank's policy, or none serving, 14; no answer, 6.

A BANKER in the Midwest said that his officers serving on boards "many times discuss and vote on a firm's advertising budget and promotion plans."

An eastern president had a similar answer: "Our officer-directors are very much interested" and frequently discuss the plans with the management.

"Without exception," was the emphatic reply of a southern banker.

"Our officers, as board members, have occasion to discuss and vote on a firm's advertising budget and promotion plans," said the executive officer of a New England bank.

"Fullest Attention"

A southern president who is on the board of "a couple of companies" said that the ad budget is "an important item and it receives the fullest attention of the directors."

"In general," observed a Midwest president, "corporations do not discuss advertising policies or budgets with their directors as much as they should. Management seems to assume this responsibility and discussions are primarily with the ad agencies."

"As bank officers, as well as directors in a company, we are always interested in knowing how an organization is going to merchandise its items. The plans for advertising are just as important as the quality standards."—A Southwest president.

Answering "Yes," a Pacific Coast banker added: "However, directors normally operate with the understanding that company management is in the best position to resolve the company's advertising budget and promotion plans, and probably it would be rare for directors not to 'go along'."

"For the most part," said one comment, "the budgeting of advertising expense is a managerial function and would receive only broad general approval by the board."

From the Midwest again: "We serve on the boards of seven or eight local concerns in which we join in the discussion of advertising projects and promotion plans. We are definitely of the opinion that the popularity of a company is determined by the popularity and acceptance of its products."

Also this one: "My experience is that very few boards discuss and vote on a company's ad budget."

An eastern bank president: "I am sure that most concerns discuss with their directors the matter of the ad budget not only because of the expense involved, but also the importance of its relations to the company's policies."

Management Knows Best

A banker who is a director of several large companies said that in his experience "the board does not vote on the company's advertising budget. This is a prerogative of management."

Here's what another eastern bank president says: "I would say that most of the directors with whom I am associated feel the management knows best what to do in the ad field, and, if the advertising budget does not look out of line with other expense items, I do not believe it would be questioned."

QUESTION III: In your opinion, does the advertising and promotion program of a company have any bearing whatever on the market status of its stocks and securities?

Summary of replies: Yes, 101; No, 11; no answer, 5.

FROM a Pacific Coast banker came this comment: "The advertising and promotion programs of certain classes of companies have a substantial effect on the market status of their securities. This is particularly true when advertising and promotion play a large role in the development and maintenance of consumer outlets."

A banker in the Southwest said: "We have seen a direct relationship between promotion and sale of stock or the marketing of bonds at a more favorable price, particularly by utility companies."

Noting that advertising and promotion have "a substantial bearing" on market status, a Midwest banker

(CONTINUED ON PAGE 150)

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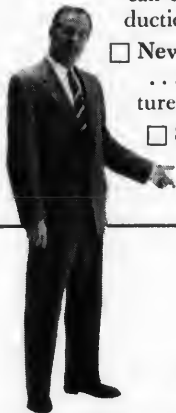
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FINANCIAL ASPECTS OF

Our Transportation Revolution

The author is chairman of the Eastern Railroad Presidents Conference.

TO MEET the transportation needs of the nation during the next 10 years, the railroad industry should spend \$2-billion a year for capital improvements. Such expenditures would be double the rate of railroad spending for plant and equipment during the past decade.

The \$20-billion is needed by the roads to modernize classification yards, extend centralized traffic control, reduce grades, round out regular rolling stock, and add special-purpose freight cars. It would also go into low-cost, low-gravity passenger equipment.

With the greater service and efficiency inherent in improvements such as these, the railroads should regain 4% to 5% of the nation's transportation tonnage within the 10-year period.

Now carrying 49.5% of the tonnage, the railroads are expected to earn \$910,000,000 to \$915,000,000 during 1956, which, while impressive dollarwise, is only an estimated 4.02% return on investment. The increased traffic, based on the nation's growth alone, would add a sizable chunk to the industry's earnings, but it is the larger segment of the available traffic—the 4% to 5%—that will give investors a healthy return.

Funds Will Be Needed

If the industry is able to carry out its projects, it will not only reward its stockholders but will be in a position to retire a portion of its debt. Financially, the railroads are in fair condition to start pursuing their plans. Cash and Government bonds amounted to \$1,964,000,000 on August 31, 1955, while working capital was more than a billion and a half. Even with this year's dividends exceeding last year's, they should cost no more than 45% of earnings. But additional funds would be necessary and these would pro-

DAVID I. MACKIE

vide bankers with a promising lending opportunity.

The railroads are not completely ready, however, to embark on this significant increase in their investment. The roads want to be assured that the principal problems responsible for their remaining a marginal industry will be eliminated. These stem from the unfortunate character of the current legislation governing the nation's transportation policy. The main problems are (1) the time lapse between request and grant of rate changes; (2) the rules against granting incentive rates on volume shipments; (3) the restrictions against discontinuing services that lose money for a line; and (4) the unfair competition from carriers doing the work of common ones but not supervised as such.

Costly Waste

The railroads are not the only segment of the transportation industry forced to operate at less than top efficiency due to outmoded governmental regulation. In an editorial in its June 1955 issue, *Fortune* magazine said: "In a single year the freight transportation bill of this country runs to over \$25-billion. . . . If all this expenditure were really giving the U. S. the cheapest and most efficient transportation possible, it would of course be justified. The evidence, however, accumulates that the country is, in fact, wasting its resources."

Equally alarming conclusions have been arrived at by other investigators. As a result, President Eisenhower appointed a committee of members of his Cabinet in July 1954 to undertake a "comprehensive review of over-all Federal transportation policies and problems." On April 18, 1955, the Cabinet committee unanimously issued its report.

The report noted that "within the short span of one generation this country has witnessed a transporta-

tion revolution." It recalled that: "as late as 1920, the railroads held a virtual monopoly of intercity transportation . . ."

The underlying recommendation of the report, as set forth in the letter transmitting it to the President, is that "in conformity with today's availability of a number of alternate forms of transport, Federal policies should be amended (1) to permit greater reliance on competitive forces in transportation pricing and (2) to assure the maintenance of a modernized and financially strong system of common carrier transportation adequate for the needs of an expanding and dynamic economy and the national security."

A Dozen Recommendations

To implement greater reliance on competition, the report issued 12 recommendations. The substance of these suggestions is:

(1) Making the Interstate Commerce Commission a court whose job it is to review decisions made by transportation management, rather than a supermanagement.

(2) Limiting ICC's ratemaking powers so that flexibility will permit competitive activity.

(3) Extending the ICC's control to make it apply equally to all segments of the transportation system, in contrast to today's variance between rigid supervision of some carriers and mere registration of others.

If only the most important recommendations of the report are enacted into law, the nation will have financially strong transportation.

For investors in railroad securities and for lending institutions now financing the roads or interested in doing so, the significance of a financially strong railroad industry is quite obvious. It might be noted, however, that in 1931 mutual savings banks held almost 14% of their assets in railroad securities. Today, the figure is less than 3%. Adoption of the Cabinet report could make the railroads attractive enough to return the figure to the 1931 level.

FAMILY DOLLAR NEWS

Check Lists for . . . HOME IMPROVEMENTS

WE ASKED a friend of ours who deals in building materials what he thought about "Operation Home Improvement," with its slogan, "1956—the year to fix," the year-long campaign just launched to encourage and help Americans to improve their homes.

"It's a great idea," he said. "Think of it! Of 50,000,000 homes at the time of the latest census, 10,000,000 were in slum areas and 20,000,000 were in need of repair and improvement. Of the millions of postwar homes built to minimum standards, 90% have less than 1,000 square feet of living space—too little for the phenomenal increase in second, third and fourth children. America has 30,000,000 homes that haven't been painted in ten years; 13,000,000 have neither bathtub nor shower; 7,000,000 have no kitchen sink or running water."

"Well," we said, "this year many manufacturers, trade associations, dealers, retailers, builders, contractors and banks are cooperating. They hope to impress upon people the

importance of 'keeping up' their dwellings—to give them a longer lifespan, improved appearance, greater livability and greater resale value."

Repairs Come First

Our friend reached into his desk and brought out a sheet of paper. "Here is a good thing," he said, "—an up-to-the-minute check list on home improvements with a psychologically as well as financially sound approach. We are dealing, by and large, with man and wife, coinhabitants of a property which, in about one case out of two, is twenty to thirty years old. That means that we must think of home repairs as opposed to home improvements.

"Now to whom is maintenance of the property the more important? The *husband*, usually. To whom is it important to have a modern kitchen, a new bathroom or an added bedroom? The *wife*, of course. And let's not overlook the children, whose demands may be equally shared by the parents.

Speaking on the subject of *Operation Home Improvement*, recently, EARLE A. WELCH, President, Savings and Mortgage Division of the American Bankers Association, said, "While we recognize the benefits of this effort, we have urged, and will continue to urge, that all repairs and improvements that are made should be of the kind that add to the utility, and livability of the property, and that they do not result only in a home owner's buying unneeded supplies from high-pressure salesmen which will add to the burden of home ownership without a corresponding increase in real value to their property."

"Any householder who will study this list and conscientiously check his house as he would if he were about to buy it will almost certainly find spots where his investment has deteriorated."

(Based on material appearing in the Journal, publication of The Union & New Haven Trust Company, New Haven, Conn.)

OPERATION HOME IMPROVEMENT Check Lists

To Protect or Add Value:

MAN OF THE HOUSE

- Breezeway
- Brick work
- Cellar floor, cement
- Cement work
- Cesspool
- Chimney, new
- Concrete work
- Curbing
- Driveways
- Fencing
- Fire escapes
- Fire stops
- Flushings, new
- Floors, new
- Garage, new or enlarged
- Grading
- Gutters
- Hatchways
- Heating system, new
- Insulation
- Landscaping

- Masonry
- Oil burner, new
- Overhead doors, garage
- Pointing, outside
- Piping, new
- Pointing up
- Porch, added or enclosed
- Remodeling
- Repairs of all kinds
- Rewiring
- Roof, new
- Sewer lines
- Sheathing
- Siding, new
- Steps, new
- Stoker, new
- Storm windows
- Stucco work
- Tile roof
- Walks
- Water heater, new
- Water mains, new

For Added Living Enjoyment:

WIFE AND CHILDREN

- Air conditioning
- Attic, finish off
- Bath, extra
- Bathtub, new
- Bedroom, added
- Bookshelves, built in
- Closets, additional
- Combination screens
- Cupboards, new or built in
- Dishwasher, built in
- Electric outlets, added
- Electric fixtures, new
- Fireplace, inside
- Fireplace, outside
- Floor coverings, new
- Floors, refinish
- Furnace, new
- Guest house
- Hothouse
- Kitchen cabinets
- Kitchen counters
- Kitchen sink

- Lavatory, downstairs
- Nursery
- Painting, inside
- Popering
- Patio
- Playroom
- Powder room
- Redecorating
- Refinishing
- Rumpus room
- Screens, new
- Stall shower
- Storm sash
- Swimming pool
- Tennis court
- Tiled both
- Venetian blinds
- Ventilating fan, attic or kitchen
- Weatherstripping
- Woodwork, new

How "Investors in America"

Have Fared Lately

THE SIX-YEAR-OLD upward trend of the stock market shows few recognizable signs of cracking, even though prices—as measured by popular averages—have reached record highs.

As the accompanying table shows, the market value of the nearly 1,100 common stocks listed on the New York Stock Exchange had risen to \$201,595-million at the end of February from \$167,305-million 12 months earlier. This represents an increase of \$34,290-million, or 20.5%.

The figures in the tabulation make no allowances for additional shares of common stock issued by some listed companies during the 12-month period, nor for shares which others have retired in that period. However, such additions or subtractions were not sufficiently large to distort the figures to an extent which would make the comparison an unfair one.

On a percentage basis, the 39 listed mining stocks enjoyed the largest rise in market value during the year ended February 29, 1956, advancing 42.8%. Then came 65 automotive issues, up 38.1%; and 40 paper and publishing, up 33.1%.

by Kenneth Hayes

Editor, THE EXCHANGE Magazine

From a dollar standpoint, petroleum and natural gas common stocks enjoyed the largest price appreciation in the year ended with February. The combined market values of such listed issues increased by no less than \$7,838-million. Other large dollar gains were \$6,380-million by chemical common stocks and \$4,441-million by automotive issues.

The appreciation in market value by petroleum and natural gas common stocks is more impressive when it is realized that there are only 49 such issues listed on the "Big Board," as compared with 86 chemical and 65 automotive issues.

Public utility common stocks—numbering 109 to top all issues in numerical strength—showed a combined market price increase of \$2,841-million in the year ended February 29, 1956; while machinery and metals—totaling 106—registered a market price increase of \$1,303-million.

Of the 27 industrial groups into which the Stock Exchange divides its listed common stocks, only two groups had lower total market values at the close of February, this year, than they had 12 months earlier. The two were 25 amusement issues, down 3.4%, and 9 real estate common stocks, down 12.3%.

The stock market has moved still further ahead since February ended.

While prices of common stocks have shown tremendous buoyance in the past six years—and more particularly in the past two—all listed issues have not participated in the rise.

Indeed, some shares are currently selling around their lows for 1946, and a few are even lower in price now than they were a decade ago.

Market Encountered Rough Sledding

Neither has the market's advance been an uninterrupted upward movement.

Even in the year ended February 29, 1956, some sharp declines were registered at one time or another.



In early March of last year, for instance, prices underwent a sharp sinking spell for several days, when investor uneasiness was generated by the so-called Fulbright Commission hearings in Washington. This was checked off by the suggestion of a college professor that margin requirements for buying stock on credit—then and now 70% of the purchase price—be boosted to 100%. In other words, the educator proposed the complete elimination of credit in the stock market.

Also, in July 1955, the market dropped sharply for several days when some investors were disappointed by the failure of a popular issue to vote a stock split.

Again last August, stock prices fell sharply when the Federal Reserve Banks boosted their discount rates, and the price of call money advanced.

Setbacks

The sharpest reaction of recent years, however, took place on Monday, September 26, 1955. That day's volume approached the 8,000,000-share mark—in contrast to a "normal" daily turnover of about 2,500,000 shares—and a popular industrial-stock average slumped 31.89 points. This drastic setback reflected, of course, the announcement—made over the preceding weekend, when the stock market was closed—that President Eisenhower had suffered a severe heart attack.

On the last two trading days in October the market also suffered sinking spells when news of the President's recovery seemed unfavorable and caused some doubt about the probability of his seeking another term.

Recoveries

The February 29, 1956, announcement that President Eisenhower would seek a second term, however, was a tonic to the stock market, and prices rose on increased volume.

The effect of the President's decision seems to have exerted a continuing favorable effect on the market, since prices attained new highs in the week ended March 9.

Fundamentally, of course, business has been good, and most economists expect that it will continue so for some time to come.

The stock market is, however, extremely sensitive to almost any economic or political development—national or international.

Consequently, any attempt to chart the course of market prices can be little better than a guess.

Pessimists still insist—as they have been insisting for several years now—that share prices are too high.

Whether they are finally right—or only still consistently wrong—the future alone will tell.

MARKET VALUE OF LISTED COMMON STOCKS

— IN MILLIONS OF DOLLARS —

STOCK	MARKET VALUE—END OF FEBRUARY		NET CHANGE %
	1955	1956	
Aircraft.....	\$ 2,717	\$ 2,888	+ 6.3
Amusement.....	1,949	1,883	- 3.4
Automotive.....	11,663	16,104	+38.1
Building trade.....	2,349	2,808	+19.5
Chemical.....	23,910	30,290	+26.7
Electrical equipment.....	6,962	7,491	+ 7.6
Farm machinery.....	1,184	1,381	+16.6
Financial.....	3,535	3,904	+10.4
Food products and beverages.....	5,806	6,193	+ 6.7
Leather and its products.....	437	459	+ 5.0
Machinery and metals.....	5,639	6,942	+23.1
Mining.....	5,531	7,901	+42.8
Office equipment.....	2,320	2,363	+ 1.9
Paper and publishing.....	3,978	5,296	+33.1
Petroleum and natural gas.....	29,655	37,493	+26.4
Railroad and railroad equipment.....	7,340	7,785	+ 6.1
Real estate.....	455	399	-12.3
Retail trade.....	6,724	7,711	+14.7
Rubber.....	1,889	2,404	+27.3
Shipbuilding and operation.....	488	561	+15.0
Steel and iron.....	6,655	8,750	+31.5
Textile.....	1,526	1,779	+16.6
Tobacco.....	1,416	1,597	+12.8
Utilities.....	27,005	29,846	+10.5
U. S. companies operating abroad.....	1,233	1,249	+ 1.3
Foreign companies.....	3,303	4,080	+23.5
Miscellaneous.....	1,638	2,037	+24.4
Total.....	\$167,395	\$201,595	+20.5

Your Social Security

OLD-AGE AND SURVIVORS insurance is protection for you and your family based on your earnings in work covered by the Federal social security law.

The amount of your benefit payment depends on the amount of your average earnings over a certain period of time. Payments to your dependents and to your survivors are figured from the amount of your benefit.

The social security taxes collected by the Internal Revenue Service are deposited in the Federal Old-Age and Survivors Insurance Trust Fund and are used to pay all the benefits and administrative expenses of the program. They may be used for no other purpose. The reserve portion of the trust fund—that is, the part not required for current disbursement—is invested in interest-bearing U. S. Government securities.

If you have more than one employer, each different employer must deduct the tax on all wages he pays you up to the maximum.

You should keep a record of your employers' names and addresses and of the wages paid by each.

Benefit payments are not made automatically. An application for benefits must be filed before monthly

retirement payments, monthly survivors payments, or the lump sum can be paid. The place to make your application is the nearest social security district office. There you and your family will receive, free of charge, any help you need to make out the claim papers.

Who Is Covered?

The original social security law, which went into effect in 1937, covered people employed in business and industry.

In 1950 many more people were brought under the law, including those self-employed in a trade or business, regularly employed farm and household workers, and some employees of nonprofit organizations and of state and local governments.

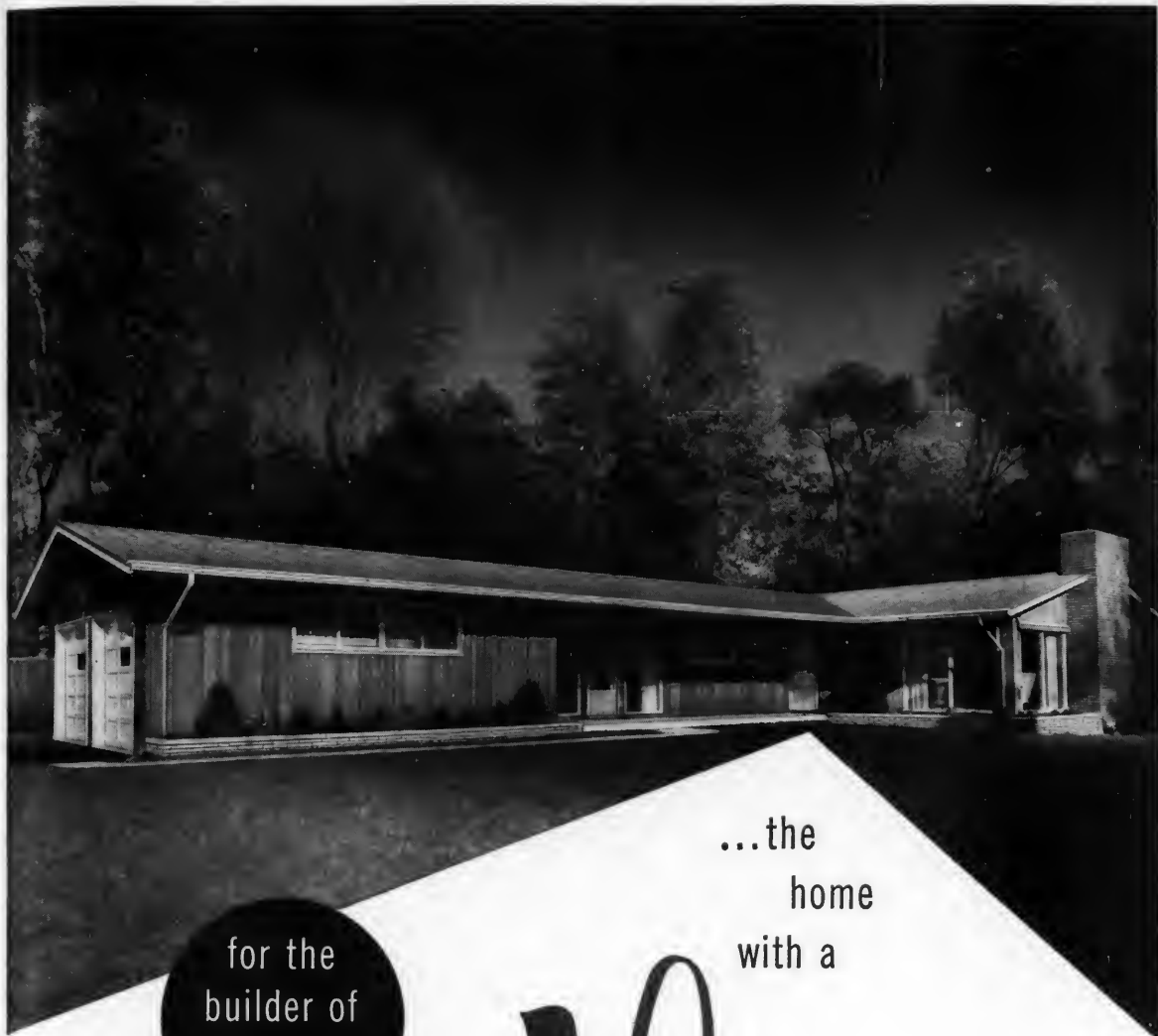
There are four times when it is especially important to consult the social security office:

- (1) If you are disabled before age 65.
- (2) When you reach age 65.
- (3) When you reach age 72.
- (4) If a worker in your family dies.

Old-Age and Survivors Insurance Benefits

Average Monthly Earnings	MONTHLY OLD-AGE BENEFITS		MONTHLY SURVIVORS BENEFITS			Average Monthly Earnings	MONTHLY OLD-AGE BENEFITS		MONTHLY SURVIVORS BENEFITS		
	Worker	Worker and wife	Widow, widower, child, parent	Widow and 1 child	Widow and 2 children		Worker	Worker and wife	Widow, widower, child, parent	Widow and 1 child	Widow and 2 children
\$ 45	\$ 30.00	\$ 45.00	\$ 30.00	\$ 45.00	\$ 50.20	\$230	\$ 84.50	\$126.80	\$ 63.40	\$126.80	\$169.20
100	55.00	82.50	41.30	82.60	82.60	240	86.50	129.80	64.90	129.80	173.10
110	60.50	90.80	45.40	90.80	90.90	250	88.50	132.80	66.40	132.80	177.20
120	62.50	93.80	46.90	93.80	96.00						
130	64.50	96.80	48.40	96.80	104.00						
140	66.50	99.80	49.90	99.80	112.00	260	90.50	135.80	67.90	135.80	181.10
150	68.50	102.80	51.40	102.80	120.00	270	92.50	138.80	69.40	138.80	185.20
160	70.50	105.80	52.90	105.80	128.00	280	94.50	141.80	70.90	141.80	189.10
170	72.50	108.80	54.40	108.80	136.00	290	96.50	144.80	72.40	144.80	193.20
180	74.50	111.80	55.90	111.80	144.00	300	98.50	147.80	73.90	147.80	197.10
190	76.50	114.80	57.40	114.80	152.00						
200	78.50	117.80	58.90	117.80	157.10	310	100.50	150.80	75.40	150.80	200.00
210	80.50	120.80	60.40	120.80	161.20	320	102.50	153.80	76.90	153.80	200.00
220	82.50	123.80	61.90	123.80	165.10	330	104.50	156.80	78.40	156.80	200.00
						340	106.50	159.80	79.90	159.80	200.00
						350	108.50	162.80	81.40	162.80	200.00

Source: U. S. Dept. of Health, Education, and Welfare. Social Security Administration. OASI-35, May 1955.



for the
builder of
distinction

...the
home
with a

flair

Out of the commonplace, and
reflecting its owner's personality,
this Pease Home is a tribute to
the builder who fashioned it.

*Unlimited flexibility of design, in 2, 3 or 4 bedroom
plans, is yours in Pease Homes. Write today for com-
plete data for builders and a copy of new catalog.*

PEASE HOMES

PEASE WOODWORK COMPANY • 936 Forest Ave., Hamilton, Ohio

Tomorrow's Savings Operations

EVERETT J. LIVESEY

MR. LIVESEY is vice-president and secretary of The Dime Savings Bank of Brooklyn, N. Y. He is chairman of the Savings Management and Operations Committee of the Savings and Mortgage Division, American Bankers Association.

WE are on the threshold of a new era in bank operations, as the result of startlingly rapid development in the field of electronics as applied to banking equipment. Not too long ago, we thought that anything tangible in this regard was still many years away. Recent developments have forced us to change our minds, and to realize that "it is later than we think." The time is short for operations officers in mutual savings banks to get their houses in order, and to prepare for the electronic era.

All the engineers whom we have consulted assure us that there are no technical problems in the field of savings operations (and that includes mortgages and other facets of our business) which will bother them. The only questions seem to be those of cost, and how soon we can get the equipment.

The speed with which these computer installations operate is, of course, fantastic. When we tell the engineers that we need information in a matter of seconds, they laugh at anything so slow. They deal in microseconds!

Distance No Factor

We have been concerned about integrating branch operations into a central computer system, where the offices were miles away. Apparently we need no longer worry. New developments in data transmission by telephone line make distances unimportant, and costs reasonable.

To the business executive, the most spectacular change of the past 10 or 15 years is the continuous reduction in the unit cost of computation. We

have reached the point where some tasks consisting of a million desk-calculator operations, which might have cost \$30,000 if done by hand, can be carried out by electronic machines for \$30 or less.

Electronic devices of a simple nature have already been introduced in savings operations. We use electronic equipment in our dividend calculations at the Dime. The Provident Institution for Savings in Boston has recently revamped its entire system of tellers' operations. The principal aspect of the conversion is a change to punched cards, but electronics are also involved. The efficiency of the new installation is indeed remarkable. The officer in charge recently wrote me that "the efficiency of our new accounting system and of our personnel (all untrained at the time of turnover) can best be substantiated by the fact that the January 1955 trial balance, dividend postings, and the calculation of the next April dividend of 100,000 accounts hit on the nose. No errors or discrepancies

to search for. The entire period between dividend dates had not seen any intermediate trial balance, due to the pressure of bank activity."

There are several aspects about the planning and training phase of this great challenge of automation in our business, however, which concern me very much. The first concerns bank management. I am constantly appalled by the lack of interest on the part of many operations officers in savings banks today. If you try to talk with many of them about the subject, they not only know nothing about it, but are not interested in learning. The typical attitude is "Ah, there are enough existing problems to worry about, without bothering about something which hasn't happened yet."

If this point of view continues, these men—and what is worse, their banks—will be left far behind. When they wake up, it's going to be too late.

Training

The second problem is in the training of our supervisors and operating personnel. We must keep our supervisors constantly informed as to what is happening, and make sure that they know all that we know, at every stage of the game. It is absolutely imperative that the supervisors be on the management team in this matter.

In working out our training program in connection with automation, we may be apt to put the cart before the horse. The assumption is that automation may take place more quickly than people can be trained to fill the new jobs. The actual danger is quite different. The equipment will certainly not be installed until there is sufficient trained manpower to operate and service it.

Management must realize that electronic operations will require uniformity of procedures. If this uni-

(CONTINUED ON PAGE 72)



"Why does my dad have to withdraw it for me? The reason I banked it in the first place was so he couldn't get it!"

How are things at ALLIED CHEMICAL?

"The industrial upturn which started during the fall of 1954 was sustained throughout 1955, and Allied Chemical enjoyed the highest sales and net income in its history. Sales and operating revenues in 1955 of \$628,514,087 were 18% higher than in 1954."

ANNUAL REPORT, 1955

Allied plants last year turned out more than 3,000 products—products so basic to almost all manufacturing and processing that you can't even count the end products in which they are employed. What

you can say is that scarcely a business, a farm or family is not served by Allied, directly or indirectly. And through research, new products and processes, each year Allied Chemical is contributing more to American progress.

More than 30,000 employees accounted for the Company's record performance last year. They can see growth where it begins—at the level of production and service. Here's what a cross section of our people say about developments in 1955 as they saw them.



WILLIAM GRIFFIN

Research Chemist, Central Research Laboratory, Morristown, N. J.

"1955 was a busy year at CRL. We made great progress on a number of new research projects. I worked on our new synthetic phenol process, which I'm proud to report has exceeded expectations."



NORTON ROBINSON

Sales Manager, Bldg. Materials, Barrett Division, Houston, Texas.

"Building materials business in Texas and the Southwest is well in stride with this growing market. Barrett's two modern plants in this area are providing fine customer service."



ANDREW D. BURRIS

Process Operator, General Chemical Division, Baton Rouge, La.

"I understand we hit the highest levels of production and sales in our history. Here we've been running at capacity making General's most important new products—GENETRON refrigerants and aerosol propellants."



JAMES W. BUCK

Pipefitter, Mutual Chemical Division, Baltimore, Md.

"I've been with Mutual over 23 years and this past year was one of our busiest with production at full capacity. Demand for chromium chemicals has certainly gone up, but our production is keeping pace."



JOYCE E. SHAW

Laboratory Assistant, National Aniline Division, Hopewell, Chesterfield, Va.

"Here at Chesterfield we kept to a busy pace in '55, bringing along Allied's most important new product, CAPROLAN. My job is testing this new nylon and, from what I've seen, I think we have a winner."



ROBERT A. LEMLER

Salesman, Nitrogen Division, Omaha, Neb.

"Nitrogen made great progress in 1955 in convincing farmers that fertilizer grows farm profits. Our field is very competitive, but ARCADIAN is the fastest growing brand in the business in this territory."



GEORGE HARRISON

Assistant Superintendent, Wilputte Field Construction, Semet-Solvay Division, Chicago, Ill.

"More new Wilputte coke ovens were put into service in the U.S. in 1955 than in any previous year. That speaks well for the design, materials and construction of Wilputte equipment."



HERBERT S. KISHBAUGH

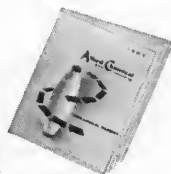
Salesman, Solvay Process Division, Boston, Mass.

"Sales in my territory of southern Massachusetts and Rhode Island hit a new peak in 1955. Solvay's new chloromethanes have been very well received here. No doubt about it, '55 was a banner year in Solvay."

FINANCIAL HIGHLIGHTS FOR 1955

- Net earnings—\$52 million—\$5.72 a share (\$5.45 a share after stock dividend)
- New plants and equipment expenditures—\$54 million
- Research and Development—\$16 million
- Cash dividends continuously for 35 years—in 1955: \$3.00, plus 5% in stock, to more than 29,000 stockholders

Allied Chemical is too diversified, too active for any quick picture. If you'd like a more detailed account of progress made last year, you'll find it in our Annual Report—yours for the asking.



The Annual Meeting of Stockholders will be held at 61 Broadway, New York City, Monday, April 23, 1956 at 1 p.m. All stockholders are cordially invited to attend.



"Chemicals for American Progress"

ALLIED CHEMICAL & DYE CORPORATION

61 Broadway, New York 6, N. Y.

DIVISIONS: Barrett · General Chemical · Mutual Chemical · National Aniline · Nitrogen · Semet-Solvay · Solvay Process · International

(CONTINUED FROM PAGE 70)

formity is not achieved, much of the potential good will be lost. Electronic equipment can be used *only* when it fits into a desired pattern of procedures which has been carefully worked out in advance. With such expensive equipment, great care must be used that it is employed in operations geared to its potential. New electronic equipment will be put to the best use in those organizations which have developed the control and application of *present day equipment* to the highest degree.

One of the companies with which the Subcommittee on Electronics of the Committee on Savings Management and Operations of the American Bankers Association is currently working assures us that the error rate will be one pulse in 10-billion for each individual component. This means, of course, that more errors will result when many components are put together—perhaps one pulse in every 100,000,000.

Errors Will Be Caught

But this does not mean that there will be this many *undetected* errors. A checking code, and controls built into the equipment, will not let the error pass. The operation will be repeated and if the error persists, an appropriate warning will be given to the operator. The important fact is that errors will *not* persist in the record. The equipment which we are discussing with this manufacturer has built-in controls which check the system daily to see which components may be weakening. Any such parts will be replaced with a prebuilt plug-in unit.

Another matter in which you will surely be interested is that of servicing. The system will be self-checking, and potential breakdowns will be detected before they occur. In addition, Dr. Jay Forrester of MIT points out that the reliable operation of electronic equipment is now being supported by effective field maintenance organizations provided by the manufacturers. They are a must. I would not purchase equipment from a company which did not provide such servicing.

Further, it will be necessary to have the bank's own personnel trained in the maintenance and servicing of the equipment. The manufacturers are ready to provide the necessary training, in their own

plants and laboratories, at no cost to the user.

One should not give the impression that the road ahead is free of difficulties. It is not. We have already pointed out that management faces a challenge in developing the skills of its personnel. Industry is now being offered equipment which, if efficiently used, operates 10,000 to 1,000,000 times as fast as a man. So far, banking personnel is not equipped to handle such machines.

Another problem peculiar to savings operations is the development of a window machine with a direct connection to the computer and memory, which will print the book, and be activated electrically from the central processing unit. The optimum is a machine on which the only manual activation of the keyboard is to put in the debit or credit transaction. So far as we know, there is no machine on the market or on the drawing boards, which will satisfactorily handle window operations for savings tellers, in conjunction with electronic equipment.

Another problem is the old bugaboo of obsolescence. What happens if an operating officer recommends that his bank buy equipment presently available, only to find that it is completely obsolete a year from now? How embarrassing can things get? However, it seems clear to me that if a bank finds a machine which will do its job, and will save money, then the equipment should be purchased.

Costs are also a problem. They have to come down before many banks will be interested.

The most important problem of all, because it involves human beings and their lives and their happiness, is the effect which automation will

have on our banks' personnel. The humanities of the situation are, of course, the aspect which should and do concern a bank the most. It is idle to claim that people are not affected by the introduction of new equipment. They are. Whatever it takes to see that they are adequately and considerably provided for is as much a part of making the change as the acquisition of the equipment.

The Facts

Let us take the over-all situation first. The fear of industrial revolution is not new, but what are the facts? The First National City Bank of New York points out that our population by 1965 will have increased by 25,000,000 to 190,000,000. At the same time, our working force—those in the 20-64 age bracket—will increase by only 8,000,000. "This suggests that we shall need all the advantages that technological progress can give us to supply the wants of our rapidly growing total population with its rising standard of living. Our real problem, instead of our labor supply, may be a labor shortage."

We are today able to produce goods and services with about two-fifths as much labor per unit as in 1910. Over-all productivity has almost tripled since that year. Thus, based on the technological developments which have occurred since 1910, one might conclude that three-fifths of our labor force, about 40,000,000, ought to be idle now.

To put it another way, the total United States labor force is expected to increase 14% in the next decade; the gross national product is expected to rise 45%.

It is up to management to explain to every worker what is happening at every stage of the process, to reassure him sincerely and honestly about his job, and to make the training and indoctrination program as palatable and as comprehensible as possible. The few who cannot learn the new procedures, and for whom no new jobs can be found, must not simply be cast aside. In my opinion, they are a cost of the change, to be figured in the economics of the transition along with other costs. It is my sincere and considered opinion that they should be carried on the bank's payroll until retirement can be arranged. However, there should be few such folk. (END)



"Whaddaya mean did I know this was a drive-in bank?"



A LEADER IN CORRESPONDENT BANKING

*Leadership is earned only
by performance.*

Performance — consistent,
dependable, alert — has
brought to our Correspondent
Banking Department
banks and bankers who know
we understand their
problems. In Republic's
Correspondent Banking
Department, the first and
most important question
is always ...

"WHAT
CAN WE DO
FOR YOU?"

REPUBLIC
National **BANK** of Dallas

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CAPITAL AND SURPLUS \$70,000,000 • LARGEST IN THE SOUTH

Effect of Taxation on Competition for Savings

GAYLORD A. FREEMAN, JR.

MR. FREEMAN gave a thorough analysis of the reasons why savings and loan associations, because of the differences in reserve requirements, are generally able to pay higher rates of interest than banks, and outlined his views on the remedy for this situation at the Savings and Mortgage Conference of the American Bankers Association in New York City. MR. FREEMAN is vice-president of The First National Bank of Chicago, and is a member of the A.B.A. Savings and Mortgage Division's Committee on Federal Legislation and of the Association's Research Council.

This article is based upon his conference address. For space reasons, many of his explanations and deductions, particularly those relating to taxation, have been omitted.

THE primary reason the savings and loan associations are taking the savings business away from the banks is that they pay higher returns. They pay these higher returns because they earn more. They earn more primarily because they follow a less conservative investment policy than the banks do—not because of the difference in tax treatment.

What Is the Difference?

What is the actual difference in Federal income tax treatment of commercial banks and loan associations?

The savings and loan association was for years considered to be a form of cooperative and hence exempt from Federal income taxation.

Why are cooperatives exempt? Historically, cooperative organizations operate for mutual purposes and without profit, such as agricultural or labor organizations, mutual savings banks not having a capital stock, and building and loan associations. These have been given preferential treatment by the Internal Revenue Code.

Why is this so? It is generally supposed that such associations are mutual buying, lending or selling groups. They merely make rebates of price (or interest) to their participating members and do not have profits as such. As they are corporations without stock, any income or profit is rebated to, and realized by, the members rather than the corporation.

But this basis for exemption has not been present in the typical savings and loan association for some time. The loan association has long ceased to deal exclusively with its members and, on the contrary, deals with the general public as does an ordinary stock corporation incorporated for profit (such as a commercial bank); hence, the underlying reason for exemption no longer exists.

Some courts are aware of this change and a few have attempted to limit the exemption by saying:

"... it seems clear that, when it [the association] ceases to be substantially mutual and adopts as its chief business dealing for profit with the general public by the methods of an ordinary savings bank, it is no longer a building association, en-

titled to be exempted from income taxation under the statute in question."¹

But, rather than letting the courts and the Bureau of Internal Revenue work toward taxation of the loan associations on a proper basis, some bank groups, in 1951, made a heated attack on them in Congress and attempted to have them taxed as we are taxed—strictly as a competitive matter. Congress did amend the Internal Revenue Code, subjecting the loan association to Federal income tax beginning January 1, 1952.

Thus, the savings and loan associations are now subject to the Federal income tax—not a special or a different tax but precisely the same tax and the same tax law that commercial banks are subject to.

One Great Difference

But there is one great difference! As you know, no business corporations are taxed on their gross income. We banks, like other corporations, are allowed to deduct from gross income our business expenses; that is, salaries, rent, supplies and other business costs, including the interest that we pay to our savings depositors. We can also deduct the amount of our losses on bad loans. Or, as an alternative, we can deduct from taxable income, and set aside, an amount to cover losses on bad debts which we are likely to suffer in the future. This is deducted as an "addition to reserves for bad debts."

The loan associations, which are otherwise subject to the same tax provisions as we, are, however, allowed to deduct a much larger amount from taxable income and add to their reserves for bad debts. It is this single difference, the amount which can be deducted from

(CONTINUED ON PAGE 76)

Gaylord A. Freeman, Jr.



¹Lilley Building & Loan vs. Miller, Collector of Internal Revenue (1922) 280 F. 143 at 147 Aff'd 285 F 1020, Cert. Den'd., 262 U. S. 754.

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1955 Annual Report Summary*

CONDENSED INCOME STATEMENT

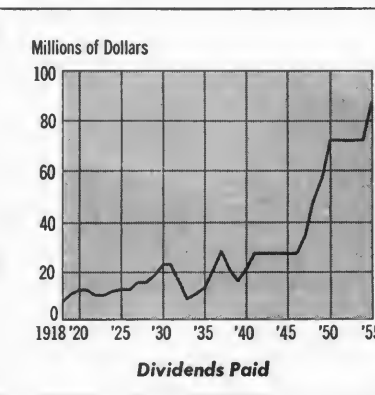
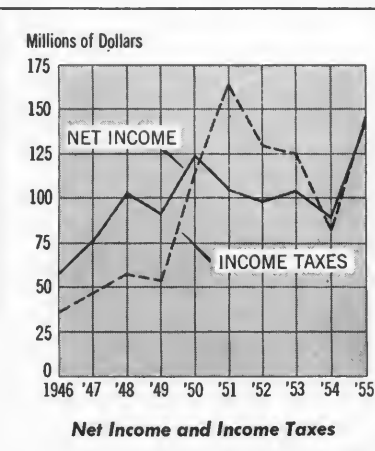
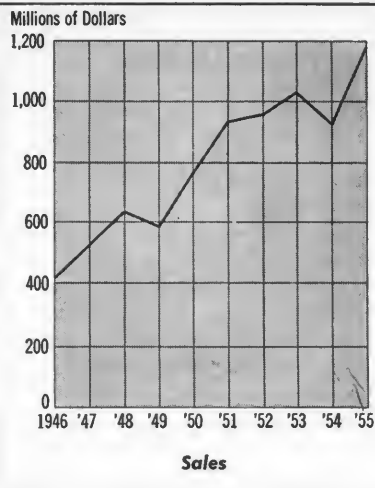
	1955	1954
Sales	\$1,187,153,197	\$923,693,379
Total Income	1,207,883,693	946,174,299
Cost of Goods Sold, Selling, General, and Administrative Expenses	804,255,363	668,418,442
Depreciation and Amortization	106,307,911	93,712,849
Interest on Promissory Notes	14,737,500	11,913,750
Net Income Before Federal Income Taxes and Renegotiation	282,582,919	172,129,258
Provision for Federal Income Taxes and Renegotiation	141,827,061	82,349,987
Net Income	140,755,858	89,779,271
Net Income per Share	4.83	3.10
Dividends Paid	87,206,032	72,381,985

CONDENSED BALANCE SHEET

Assets	1955	1954
Total Current Assets	\$677,219,203	\$553,594,053
Fixed Assets After Accumulated Depreciation and Amortization	670,435,893	675,518,610
Investments in Affiliates and Foreign Subsidiaries	17,508,524	15,862,794
Deferred Charges	6,824,192	6,660,502
Patents, Trade-Marks, and Goodwill	1	1
	<u>\$1,371,987,813</u>	<u>\$1,251,635,960</u>

Liabilities

Total Current Liabilities	\$229,098,541	\$156,946,120
2.70% Promissory Notes	110,000,000	120,000,000
3.75% Promissory Notes	300,000,000	300,000,000
Capital Stock—		
28,499,319 shares (28,388,894 shares in 1954)	217,149,684	212,662,021
627,300 shares (563,900 shares in 1954) held by the Corporation as collateral under the Stock Purchase Plan for Employees	36,409,539	23,775,439
29,126,619 shares (28,952,794 shares in 1954)	253,559,223	236,437,460
Less present amount of Agreements	35,891,641	23,419,484
	<u>217,667,582</u>	<u>213,017,976</u>
Earned Surplus	515,221,690	461,671,864
	<u>\$1,371,987,813</u>	<u>\$1,251,635,960</u>



*Copies of the complete 1955 Annual Report of Union Carbide and Carbon Corporation will be furnished on request. Also available is an illustrated booklet that describes the products and processes of Union Carbide and tells how the Corporation's research helps satisfy basic human needs. If you wish copies of these booklets, please write to the Secretary, Union Carbide and Carbon Corporation, 30 East 42nd Street, New York 17, N. Y.

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Taxation and Savings

(CONTINUED FROM PAGE 74)

taxable income and added to reserves for bad debts, that distinguishes the tax treatment accorded the loan associations from that accorded our commercial banks. It is the only difference in the way we are taxed.

Let us stop at this point for a moment and recall what commercial banks are allowed to do in the way of deducting from taxable in-

come an amount to put into a reserve for bad debts.

As a result of several successive steps, the Treasury Department has interpreted the Revenue Code to provide that a bank can make annual additions to a reserve for bad debts equal to its worst 20-year ratio of loan losses to loans, multiplied by total loans at the end of the current year.

There are two limitations on our deductions for reserves.

First, the aggregate reserves built up over the years, from cumulative

deductions of this kind, less actual losses charged against the reserve, cannot exceed three times the average loss experience factor applied to outstanding loans.

Second, in the first year a bank adopts the reserve-for-bad-debt method, it can add to its reserve only one third of its maximum permissible reserve, and in the second year only one half the difference between its reserve balance and the maximum permissible reserve.

Thus, commercial banks are subject to a limitation on the amount they can deduct each year and the additional limitation that they cannot make further deductions once the aggregate amount of their reserves reaches three times the maximum current addition.

No Reserve Deduction Uniformity

Since these reserves are at the present time based on each bank's loss experience, there is no uniformity in the amount of deductions. But, according to figures prepared by the Federal Reserve Bank of Chicago, loss experience for all member banks in the 20 worst years, 1928-1947, was 0.8% of 1%.

Three times this average loss experience is 2.4%. Thus, the maximum amount that can be built up from such successive years of deductions is 2.4% of loans. Inasmuch as the banks, as of December 31, 1954, had only 41% of their deposits in loans, this 2.4% of loans equals about 1% of deposits.

The net effect of this is that, using 1954 figures, the most that the average bank could have deducted from taxable income was only 10% of net operating earnings which is only 0.2% of 1% of deposits.

Now for a moment, let's look at what a savings and loan association can do.

It is allowed to deduct an "amount by which 12% of the total deposits or withdrawable accounts of its depositors at the close of such year exceeds the sum of its surplus, undivided profits, and reserves at the beginning of the taxable year."

Thus, until its reserves reach 12% of share accounts (which, in short, is equivalent to 12% of deposits), a loan association can deduct *all* of its net income from taxable income—hence, it does not need to pay *any* Federal income tax.

At the end of 1954 the average ratio of savings and loan association



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reserves (and undivided profits) to share accounts was 8.3%. Very few loan associations had reserves of 12% of share accounts—hence very few loan associations paid *any* Federal income tax.

Is this difference in tax treatment fair?

Since reserves are set aside to absorb future losses, the amount of such reserves should depend on the size of probable losses—and since savings and loan associations have much more at risk—and at greater risk—than we do, perhaps they should be permitted to build up greater reserves in relation to share accounts than we can in relation to deposits. Since their loans are riskier than ours, perhaps they should be allowed to build up greater reserves in relation to loans. Since more of their income comes from interest on loans, perhaps they should be allowed to deduct a somewhat larger portion of their income than we. But—the great disparity between the deductions allowed to loan associations and those allowed to the banks is grossly unfair.

They can deduct 100% of income—we can deduct 10%.

They can build reserves of 12% of share accounts—we can build reserves of 1% of deposits.

They can build reserves of 12% of loans—we can build reserves of 2.4% of loans.

That just isn't fair!

Totally aside from the question of competition for the public's savings, it isn't fair to require us to pay such taxes when they escape. We are in effect bearing a part of their share of the tax burden.

This is proven by an examination of the dollar amounts of taxes paid by the commercial banks on the one hand, and the savings and loan associations on the other, since the beginning of 1952 when the latter first became taxable.

Federal Income Taxes Paid

	Banks	Savings and Loan Assns.
1952	\$ 695,000,000	\$ 2,485,000
1953	786,000,000	3,977,000
1954	907,000,000	4,391,000
Total	\$2,388,000,000	\$10,853,000

That is grossly unfair—not only to the banks—but to *all* taxpayers, for they are bearing a part of the

savings and loan associations' just share of taxes.

The law should be changed in order that these profit-making (and profit-retaining) corporations might pay their fair share of the great tax burden.

But! We are not only interested in (and motivated by) a desire for justice. We are also interested in achieving conditions under which we would have a more equal opportunity to compete for savings.

S&L Taxation

Our conclusion is that taxation of the savings and loan associations on the same basis as that on which the banks are taxed (i.e., a reduction in their deductible additions to reserves) might lead some loan associations to reduce their dividend. In all probability, however, it would cause more of them to maintain their present dividend rates or even to increase them in order to avoid the tax. As a consequence, such taxation of the loan associations would not materially reduce their dividend rates. Hence, it would not reduce the competitive advantage which they now enjoy—and *might give*

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them an even greater competitive advantage.

So much for theory. The practice of the mutual banks tends to substantiate the point. Those mutual banks whose reserves exceed the 12% maximum, and hence are taxed like commercial banks are every bit as aggressive in raising rates as are those not subject to tax.

Thus, we see that the fact that such a mutual bank has to pay Federal income taxes does not prevent it from paying high rates. The same would be true of savings and loan associations. Consequently, a reduction in the bad debt reserves allowed the loan associations would not make them materially less competitive. Hence, we may make a mistake if we concentrate our efforts in this direction.

What should we do?

Concerned as we bankers are over the loss of savings deposits to non-banking institutions we must recognize that our first goal is safety. Hence, in considering tax legislation, as in considering anything else, we must ask ourselves what will make our banks safer.

Increase Bank Reserves

On this basis, if we are to seek more equitable tax legislation, we would be much better advised from the commercial bank angle to strive for an increase in the reserves allowed to the commercial banks—than to seek a reduction in the reserves allowed to the savings and loan associations.

The A.B.A. at its spring Executive Council meeting last April came to this conclusion and indicated (I think very wisely) that it would use its best efforts to obtain an increase in the reserves allowed to the banks.

This is not, however, an easy accomplishment at a time when the Government's expenses are increasing and the political pressure is all directed toward giving the benefit of any tax reduction to individual taxpayers—the voters.

Nevertheless, the A.B.A. Tax Committee, a wise and experienced group, approached the Bureau of Internal Revenue with a request to consider substituting, for the 20-year average experience, a reserve equal to 5% of loans. The Bureau said the 5% was too high, but indicated it might consider a flat 4% maximum; that is, permit a maximum annual deduction of 4/10 of 1% of

loans until the aggregate reserve equals 4% of loans outstanding.

The allowance of such a reserve of 4% of loans would enable the average bank to increase further its capital funds, including reserves (by using the pretax rather than aftertax earnings) and, at the same time, increase the rate of interest paid to the saver by 50%.

The U. S. Treasury has objected to the proposal not on the grounds that it is too liberal (for in the face of bank losses during the depression 4% is very modest), but because such a change, from individual experience to a flat rate, should be approved by Congress rather than be granted administratively.

It is unlikely that this 4% reserve will be achieved in 1956—an election year—but it should be attainable thereafter.

The 4% reserve, if achieved, will be of real affirmative value to you in further strengthening your banks—and in passing on a greater return to the saver. This is more to be desired than weakening your competitors. For if and when S & Ls should fail, we would all suffer.

Conclusion

We are faced with difficult competition from competitors who can invest in high-risk, high-rate loans—every nickel the public entrusts to them. Furthermore, they don't have to pay it back when requested to do so but can tell the saver to wait until some cash comes in—from new savers or the liquidation of loans—whether that is six months or six years.

These advantages enable the savings and loan associations to pay a much higher rate of return—and hence to capture more and more of the public's savings.

The problem is further complicated by the fact that they pay virtually no Federal income taxes and, as a consequence, we and all other taxpayers have to pay, in addition to our own, their rightful share of the cost of maintaining our Government.

This is grossly unfair. But the proper solution lies not in weakening them. It lies in a policy of obtaining for banks subject to tax the right to increase their own reserves, thus enabling them to increase their protection of the depositor and, at the same time, to pay a larger return to the saver.

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Negotiations by A.B.A. since 1936 have produced premium savings totaling \$50,000,000, while underwriters have had growth in premium income

THE progressive series of rate reductions in insurance negotiated since 1936 has resulted in recurring savings in premiums paid by banks aggregating at least \$50,000,000 annually, while underwriters maintained a substantial growth in premium income despite sharply reduced rates and at the same time raised the quality of bank insurance by expanding coverage, according to the Insurance and Protective Committee of the American Bankers Association. The Committee published a report on bank insurance for the years 1936 to 1955, entitled *Panorama of Progress* which is available on request to all A.B.A. member banks.

Better Insurance Progress

The report, illustrated by figures supplied by 23 representative banks located in 15 states, shows the progress made in obtaining better bank insurance, while reducing premium rates during the past two decades. In the 23 banks:

- (1) Deposits multiplied two and one-half times.
- (2) Total number of employees covered under the bonds increased 60%.
- (3) Aggregate amount of blanket bonds carried almost quadrupled, from \$11,500,000 to \$45,300,000.
- (4) With substantially greater protection added to their blanket bond coverage, the 23 banks paid annual premiums of \$412,806, or about \$134,000 less in 1954 than in 1935 when their blanket bond protection was 75% less.
- (5) The substantially higher amounts of bonds carried by these 23 banks in 1954, if charged at 1935 rates, would have cost them \$2,380,417, or nearly six times their actual premium outlay of \$412,806.

The report covers primarily the development of bankers blanket bonds, which had their inception in 1899.

It includes an account of the development of expanded areas of coverage adopted by American insurance companies through negotiations between the A.B.A. and insurance organizations which were

merged in 1947 into the Surety Association of America.

10 Major Reductions

"Over the years, the casualty and surety companies' representatives have welcomed, periodically, the opportunities of exploring premium and loss experience and problems of coverage with representatives of the A.B.A. Committee," states the report. "As a result of those conferences, 10 major reductions were granted on blanket bonds alone. These 10 reductions, ranging from \$600,000 to \$2,400,000 annually, were available for rebate or extension of the period of coverage or for application to a higher amount and better quality of bond. If the banks had exercised their privilege of pocketing refunds on the effective dates, the dollar savings would have aggregated \$13,000,000 on an annual recurring basis.

"Probably for reasons of competition, Underwriters at London Lloyd's and several 'independent' domestic companies followed with proportionate rate decreases on their blanket contracts written for banks. Lloyd's statistics are not available, but total reductions on their bankers blanket policies are estimated at a minimum of \$2,000,000 annually, an additional savings also on an annual recurring basis.

"The majority of banks declined refunds because of the greater ex-

Thomas F. Glavey



posure to hazards created by the expansion of banking services and substantial increases in bank deposits since 1936, plus wartime conditions, increase in number of branch offices and, of course, enlarged staffs."

Continuing, the report states:

"Since 1937, rate reductions were granted on other forms of bank insurance as follows:

Fidelity bonds, 1937-1938	\$145,000 annually
Forged securities bonds, 1937	90,000 annually
Burglary and robbery policies, 1938, 1940, 1950	235,000 annually
Fiduciary bonds, 1945	1,300,000 annually
Registered mail policies, 1947	1,000,000 annually
	<hr/>
	\$2,770,000 annually

In a foreword to the report, Thomas F. Glavey, chairman of the A.B.A. Committee, and assistant vice-president, The Chase Manhattan Bank, New York City, on behalf of the Committee lauded the work of James E. Baum in preparing the report. Mr. Baum retired from active duty at the end of 1955 as deputy manager in charge of the Insurance and Protective Committee. George H. Hottendorf is currently deputy manager in charge, and was secretary of the Committee during the years covered by the report.

Members of the Insurance and Protective Committee besides Mr. Glavey and Mr. Hottendorf include: Lyall Barnhart, vice-president and comptroller, First National Bank and Trust Company, Oklahoma City; Carl A. Bowman, secretary, Kansas Bankers Association, Topeka; Paul S. Gillespie, president, Western Montana National Bank, Missoula; W. W. McEachern, president, First National Bank, Greenville, S. C.; Charles B. Neuman, Jr., vice-president, Crocker-Anglo National Bank, San Francisco; Howard B. Smith, president and treasurer, Middletown (Conn.) Savings Bank; and William F. Owens, assistant secretary, New York City.



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SUMMARY OF RESULTS

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Income from Sales of Products, Services, etc.	\$46,862,425	\$39,387,250
Net Profit after Depreciation but before Federal Taxes on Income	\$ 6,398,823*	\$ 2,542,247
Provision for Federal Taxes on Income	3,213,324	1,277,317
Net Profit after Depreciation and Provision for Federal Taxes on Income	\$ 3,185,499	\$ 1,264,930
Earned per Share—Common Stock (1,535,074 Shares)**	\$1.96	\$.71

*Includes non-recurring income of \$378,644, resulting from an award in litigation.

**After giving effect to the issuance of 191,884 additional shares of Common stock in February, 1956, pursuant to a rights offering which expired February 15, 1956.

(Subject to year-end adjustments and audit)

Housing Starts Downtrend Bears Analysis

WHILE commenting on the downward trend in housing starts within recent months, Fred F. Florence, A.B.A. president, and president, Republic National Bank of Dallas, said at the A.B.A. Savings and Mortgage Conference:

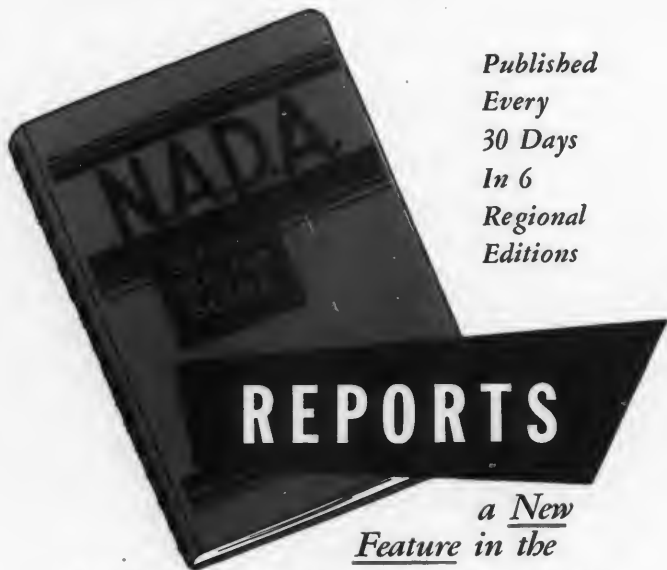
"These matters vitally concern us since the basic strength of the housing market materially affects the banking business. Our interest extends further than the frontiers of

our savings and mortgage activities because (1), history records that weakness in the construction industry usually foreshadows trouble in other strategic parts of our business system; and (2), all of us want the American people to enjoy the highest standard of housing that they can afford.

"There is, therefore, good reason to analyze carefully the recent downturn in housing starts and ask our-

selves the crucial question whether the decline has been merely a readjustment from a level that could not be soundly maintained, or whether it represents a continuing downward trend. In answering this question, we must be especially careful to assess the primary determinants of housing supply and demand and not be swayed by temporary dislocations caused by the uneven spurts of activity that frequently characterize a market economy. Viewed in this manner, it seems clear that the fundamental demand for housing is high and is likely to remain strong well into the future."

Nonfarm housing starts in February totaled 78,000—a sharp decline from the February 1955 level, when 89,900 starts were recorded by the U. S. Department of Labor's Bureau of Labor Statistics. On the basis of the February 1956 starts, the seasonally adjusted annual rate is set at 1,200,000 units.



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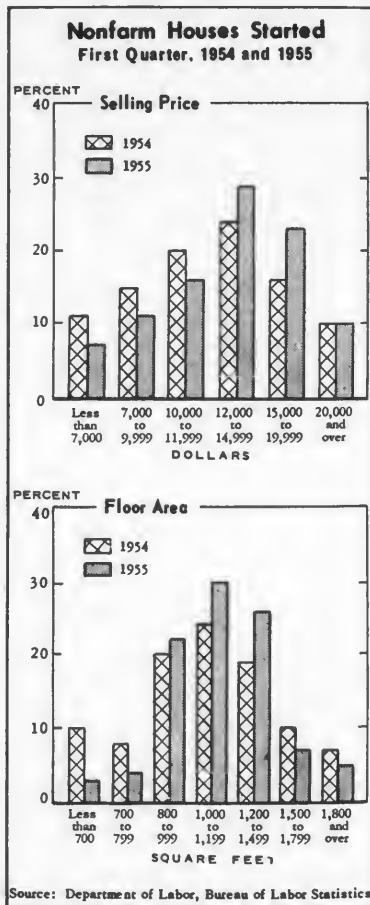
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MR. RALEIGH is manager, *Methods Department, The United States National Bank of Portland, Ore.*

FOR many years each of our 63 branches throughout Oregon has had its own savings section, note windows, commercial cages, etc. We have analyzed the functions of these departments many times, and service improvements have been made where possible.

We shortened the time for each individual transaction, and if the customer had only one type of business to transact the service was excellent. Recently, however, our efforts have aimed at increasing the number of services each customer uses. Our internal campaigns stress that the best sources of new business are our present customers. Spot checks have proved that a man with a savings account often doesn't have a checking account, and vice versa, but this situation is gradually changing, and a large number of our customers now use many of our services instead of just one.

Multiple Transactions Customers

With this type of customer in mind we set about gearing our operations to give the best type of service to the person with multiple transactions. The first step was to find out if, and then where, the service was lacking. It didn't take too long to find a bottleneck. For example, if a person wanted to withdraw money from his savings account, put part of it in his checking account and apply part to his instalment note, he would have to go to as many as three different windows to accomplish his objectives. We decided that even under ideal conditions, with no one else in the lobby, this shunting of the customer from one place to the next took too much of his time. Under adverse conditions, such as during a noon rush or on the day

after a holiday, it could mean standing in line three times. The obvious answer seemed to be a single place for all types of business to be transacted. The best place we could think of was any window in the bank, so we decided to try for the best.

All Items Through Proof Machines

The first step was to revamp our accounting procedures so that items would not have to travel complicated, circuitous routes to get to the proper places. To do this we put every item in the branch through the proof machine. This was not an original idea: many banks had done substantially the same thing, with variations, but we decided to put absolutely everything, from savings withdrawals to new notes to money order applications, through the proof machines. Once this had been done the stage was set.

The Savings Operation

The first combined operation was savings. We could see no good reason why tellers should look at savings ledger cards on deposits. If interest was posted to date it showed in the passbook. On withdrawals it was a little different, because here the money was going out. After an extensive analysis of our withdrawals we were able to arrive at a formula which took into consideration various factors such as the size of the withdrawal, balance in the book, whether customer was known to the teller, and as a result we were able to handle the majority of withdrawals without consulting the ledger. In the few cases where we did want to look at the ledger, it was only a short walk since ledgers had been repositioned directly behind the tellers. Shortly after trying this we were able to discontinue the use of separate savings cages in all but the largest branches.

The next project was to do some-

thing for the loan customer. With the rapid growth of consumer credit our note cages were becoming overloaded, and the problem of providing enough trained note tellers to service adequately the public was acute.

Looking into the problem we noted that for several years we had been using coupon books on instalment loans. Essential information such as due date, note number, branch number and other data was perforated into each coupon. There seemed to be no good reason why any teller couldn't handle this type of payment. All the operation involved was receipting on the stub, tearing out the coupon and stamping with the teller stamp. We tried a few dummy transactions at a commercial teller window and found it worked perfectly. Next we put one branch on the procedure and it worked just as well in actual operation. The pressure was taken away from the note windows and the additional load was easily absorbed at the commercial windows.

Two Cases for Caution

Tellers, of course, had to be cautioned about accepting late payments, or payments where the customer did not have his coupon book. In either of these cases the customer was asked to step to the note window. Apparently the customers seemed to prefer the convenience of the new arrangement since we found that more and more started bringing the coupon book along.

These were the two major items so far as volume was concerned. Not only was service improved, but certain operational advantages became apparent. Card pulling, for example, is immeasurably faster when the puller can pull them all at once from a presorted stack of tickets. In the case of both savings and consumer

(CONTINUED ON PAGE 87)



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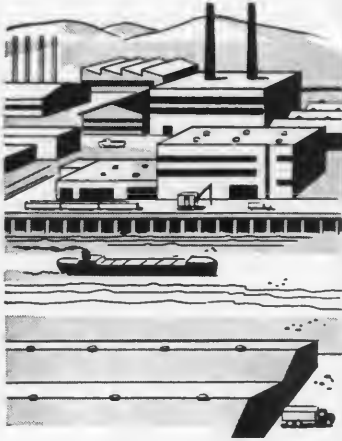
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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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Aviation • Bonds

Automobile

United States Resources - December 31, 1955

COMPANIES OF THE COMMERCIAL UNION - OCEAN GROUP	* ADMITTED ASSETS	LIABILITIES	CAPITAL OR STATUTORY DEPOSIT	SECURITIES DEPOSITED AS REQUIRED BY LAW	SURPLUS TO POLICYHOLDERS (Including Capital)	
					ANNUAL STATEMENT BASIS	MARKET VALUE BASIS
Commercial Union Assurance Co. Ltd. † ORGANIZED 1861	\$34,389,735	\$19,285,744	\$ 500,000	\$1,059,243	\$15,103,991	\$14,943,095
The Ocean Accident & Guarantee Corp. Ltd. † ORGANIZED 1871	42,039,360	27,876,686	1,000,000	1,266,565	14,162,674	13,947,015
American Central Insurance Company ORGANIZED 1853	16,775,961	8,525,931	1,000,000	735,515	8,250,030	8,197,907
The British General Insurance Co. Ltd. † ORGANIZED 1904	3,826,187	1,232,112	500,000	855,364	2,594,075	2,549,489
The California Insurance Company ORGANIZED 1864	10,044,821	5,401,426	1,000,000	766,846	4,643,395	4,594,055
Columbia Casualty Company ORGANIZED 1920	22,740,729	14,617,772	1,000,000	856,396	8,122,957	8,031,466
The Commercial Union Fire Ins. Co. of N.Y. ORGANIZED 1890	8,001,180	4,161,663	1,000,000	442,043	3,839,517	3,787,189
The Palatine Insurance Company Ltd. † ORGANIZED 1886	6,275,822	2,913,109	500,000	843,063	3,362,713	3,336,244
Union Assurance Society Limited † ORGANIZED 1714	6,042,831	2,882,671	500,000	944,192	3,160,160	3,131,912

† United States Branch The Amount shown under "Capital or Statutory Deposit" is the amount required in order to transact business in the United States.

* Includes Securities Deposited as required by Law.

HEAD OFFICE
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ATLANTA

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credit ledger cards, pulling had formerly been done as each transaction took place, with the customer waiting at the window and with each pulling operation interrupted by a walk back and forth to the window. Another advantage was that it cut the sorting time exactly in half. When cards are pulled from pre-sorted tickets there is no need to sort the cards. When they are pulled throughout the day, tickets and cards must both be sorted.

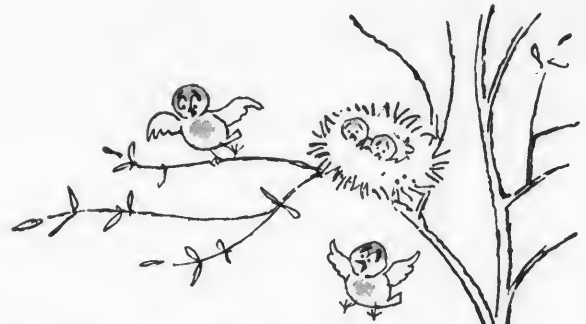
More Combinations

These two operations fitted in so well with commercial tellers' work that we decided to go ahead with more combinations. A likely candidate was the escrow/contract collection field. In an earlier issue of this magazine I described our new procedure in which we put all such payments onto coupon books and made it possible for these customers to make payments at any window in the bank. More recently we have extended the coupon book idea to real estate loans. This is still in the experimental stage but is working well in one branch and has been enthusiastically received by public and staff alike. Safe deposit rent payments, also described in detail in a previous issue, have been put on a stub-type bill, similar to a gas, light or phone bill, so they can be paid at any window—provided the customer brings his bill.

It's Not Complicated

The result of all this is referred to as "one-stop" banking. Many have asked whether we have made the commercial teller job so complicated, by adding all these functions, that training is almost impossible. The answer is the reverse. The theory of the coupon book, or the stub-type bill, is so simple that in a matter of hours a new teller can be trained to give better service than an experienced teller could under the old system.

Undoubtedly there are other steps we can take. As we find them we shall approach the problem with full knowledge that our customers like what we have done so far. We feel they will be served even better if we eventually reach the point where everything can be done at any window in the bank with a minimum effort on the part of the customer.



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A Bank's Sales Campaign

MR. SINGLETARY is vice-president of Wachovia Bank and Trust Company, Winston-Salem, N. C., and first vice-president of the Financial Public Relations Association.

WILLIAM E. SINGLETARY

IN THE business world, quotas and goals to measure and stimulate sales performance are the basic tools of successful sales management work.

In the modern bank, the intelligent use of quotas and goals to guide and power a selling program is likewise of great value. Perhaps a system of call quotas and new business goals is not the *only* way to keep an officer call program working successfully, but it has surely proved to be the *best* way for many banks. Yet, for some hard-to-understand reason, there have been continuing reluctance and resistance in numerous banks toward using such tools in their sales programs.

Some banks may feel that quota-goal systems bring too much "high pressure" into banking, or are too undignified. But while many institutions hold back because of these or other objections, the evidence mounts among more aggressive banks that the keying of an officer call and business development program to a reasonable and workable quota-goal system will give the program impetus and stamina, and that, without the use of these tools, the wheels simply will not long go around.

It Works at Wachovia

The method has functioned well at Wachovia for all major categories of new business. Call quotas for each of the bank's offices in North Carolina have been used for over 20 years. In 1955, the banking department completed its ninth straight year in which every office (in 10 separate cities) beat its quota *every month!* An over-all quota for the system of nearly 10,000 calls was generously exceeded last year.

The trust department has maintained a system of new will goals and trust interview quotas (in each

city in the bank's system) for over 15 years. Last year these will goals and trust interview quotas were topped by good margins. The correspondent bank division exceeded its year-end goal in due-to-bank deposits by several million dollars and came out well ahead of its call quotas for the year.

Each year the officers in each office city establish a gross deposit goal, a target figure in savings deposits and a call quota. In addition, each neighborhood office has its own call quota and savings goal. In 1955, the over-all goals for the system in gross and net deposits were met and most individual offices topped their deposit goals. The others had near-misses, but in most instances had exceeded their goals prior to the last day of the year. Such results have been achieved consistently in recent years.

Top Management Support

This program was instituted during the presidency of Robert M. Hanes under the leadership of W. H. Neal. They and others in the top management of the bank have given the program unswerving support and participation for two decades. Neither a goal-and-quota system nor any other means of guiding and stimulating a new business program will be successful unless it has continuous backing and effort of the entire official staff of the bank—above all, its senior management. With that backing and participation, a carefully planned and operated goal-and-quota system can become the power that makes an officer call program and a new business plan work year after year.

The call quota assigned to a bank officer should be fair and realistic. It should not represent the maximum number of calls that he might possibly make in a given period, but rather should express a reasonable

"working level" of call activity for him individually. It is far better that he be encouraged to exceed his quota rather than be forced to make calls under pressure, simply to meet a quota which was set too high. A round of calls made simply to "meet a quota" is pretty sure to be a series of ineffective contacts rather than productive sales interviews with prospects and customers.

Goals Are Challenges

In addition, some banks have found it possible and desirable at the beginning of each year to forecast the growth they expect to achieve during the year—provided a strong sales program is carried out—and to establish these forecasts as new business objectives. Such goals give a definite challenge and purpose to the new business program, since they provide a standard against which new business results can be measured. With such a plan, a bank is actually drawing up its yearend statement of condition in advance.

Objectives will not always be reached in a given year. Some goals will be missed; some will be exceeded. But, as in any other human endeavor, the bank will travel further, will make more progress, if it is trying to reach a definite goal and shooting for a specific target than if its officers and staff are simply letting new business work take its own course.

When a yearend goal system becomes part of the business development program, the job of setting call quotas becomes easier and more meaningful. The logic of tying in the level of call work with the level of desired business volume is obvious.

Across the Board

Quotas and goals can be applied virtually across the board to a bank's entire business development program. Trust men produce more new business when they are guided and challenged by realistic trust interview quotas and when the results

(CONTINUED ON PAGE 90)

Only STEEL can do so many jobs so well



Let It Snow. This eye-popping "Sno-Freighter," built by one of our customers for Alaska Freight Lines, Inc., operates over snow, ice and bulldozed trails. Each wheel in the 6-unit train is driven with its own electric motor. The 7-foot-high tubeless tires are 38 inches wide at the base, and the Sno-Freighter can wade through 6-foot-deep water without damage. USS steels played an important part in this amazing machine, including USS Shelby Seamless Tubing for the vital car coupling system.



Slit It Yourself. In this plant, USS Galvanized Steel Sheets are being slit into strips, which in turn will be formed into moulding channels. The galvanizing won't flake off, despite the extreme deformation.



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Designed especially for faster reference work
Telephone numbers included
Complete foreign as well as American listings
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easy comparison of statements



PUBLISHED CONTINUOUSLY SINCE 1872



100th Anniversary

(CONTINUED FROM PAGE 88)

they obtain are measured against previously determined sales goals. The same is true in all phases of commercial bank development, in instalment loan operations, in bond department development and, in fact, along the whole new-business front of the bank. Experience has shown that goals can be successfully established for over-all deposits, for correspondent bank deposits, for loan totals, for instalment credit volume, for new wills and trusts, for savings deposits, and virtually all other types of banking business. Reasonable call and contact quotas for the officers in all of these various departments should be determined and established.

Standards of Performance

We're all human. No matter how much we enjoy our work, no matter how interested we are in the progress and growth of our banks, it takes forceful stimulation and persistent challenging to keep us everlastingly at the job of making the bank grow. We are constantly pulled away from that job by the insistent demands of each day. We need to have before us a standard of performance which we recognize can and should be met. We need the satisfaction of seeing from time to time that we have met or exceeded that standard. We need the challenge of goals, too.

It has been said that we all must have long-range goals to keep us from being frustrated by short-range failures. In bank business development work, new business goals represent the team performance and accomplishment toward which all are working while quotas are the individual measurements of effort and enthusiasm.

"J. B., in the short time you've been in the hospital my ulcer has cleared up"



ALLAN K. JENSEN

What 29 seconds in front of the new Mosler Picture Window will show you



1. Notice how customers seem attracted by the modern, open look of the Mosler Picture Window . . . how it seems to put them at ease. And note how obviously both customer and teller appreciate the convenience made possible by Mosler's ingenious deposit unit, which slips

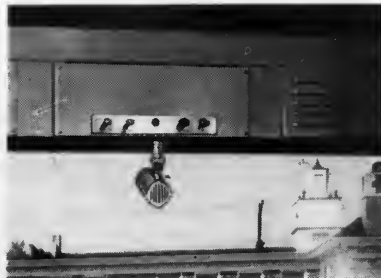
out at the touch of a single push-button . . . and opens its own cover to allow straight-in access of customer's hand. This is the most easily accessible unit of its kind. Most wind-resistant and safe, too. No checks and money blowing away. No risk to customer's hand.



2. Note how cash stays in view of customer at all times during transaction. Lid of deposit unit is made of clear-view bullet-proof glass. It's counterbalanced for effortless operation. Keeps drafts out . . . yet allows customer to see everything that's going on. No chance of embarrassing errors!



3. Note how teller has 100% usable counter space inside window for change machines and other equipment. There is no space-wasting cut-away in the counter . . . no "angled-in" counters that leave tellers with skimpy work area. Two big cash drawers are located below counter for coins, bills, storage.



4. Note the completely new 2-way communications system which makes conversations possible in normal tones, while teller's hands are free at all times and vision is unobstructed. Microphone and speakers are above eye-level. Window has optional defrosters, too, which keep glass clear during winter.

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The Country Banker



A group of Wisconsin bankers visit the farm of Eugene Weber near Marshfield, to learn about the fertilizer used to get a good first-year stand of alfalfa and red clover. Front row, left to right, Farmer Weber; Mr. Stauber; Elmer Martin, cashier, Central State Bank, Marshfield; and County Agent Leo Schaefer (with alfalfa). Extreme right, V. A. Hirsch, cashier, State Bank, Medford

How a Bank and a State University Solved a Farm Problem

JOHN L. STAUBER

The author is president of the Citizens National Bank of Marshfield, Wis.

OUR bank is located in a city of nearly 15,000 population situated in a vast agricultural region nearly in the exact geographic center of the state. This was not always an agricultural area but at one time supported a dense and excellent growth of both hardwood and coniferous trees. Marshfield and its surrounding area grew up with the harvesting of this timber crop and it became a center of the industry as well as the railroad shipping center.

When the land was cleared and broken, it was found that the soil was "heavy" and had excellent water-holding capacity; that when broken it was very productive and agriculture moved in fast behind the moving timber and lumber camps. In just a short period of time, the area around Marshfield became one of the leading agricultural areas of the state.

However, as good as the soil seemed at the turn of the century, it did not take long to find that its

abundant clover production was not a permanent thing. By the early Twenties, farms which had been cleared for some time were no longer supporting the excellent crop of clover and the area began to lose its name of "Cloverland." With this came a problem of production. The purchase of feed was also necessary because the value of the timothy and other grasses which were replacing the clover had much lower feeding value.

Researchers Find Cause

Research workers at the College of Agriculture at the University of Wisconsin became aware of this problem and set out to discover what had caused it and what could be done. The cause was soon determined. The soil in this area was a silt loam soil of granitic origin and was naturally low in plant food and acid. They found that the soil produced abundantly when first opened due to the plowing under of a large amount of accumulated forest litter which was high in plant food value.

Research plots were started at the Experiment Station at Marshfield

and at the Clark County Farm at Owen to find what could be done. The research bore fruit in a short time as the effects of the acid soil were shown on clover production. By use of large amounts of lime and fertilizer, it was found that not only could red clover be grown in the soil in even higher yields than when the soil was first opened, but that the much more valuable legume alfalfa could also be raised where it had never been grown before by proper soil adjustment with lime and fertilizer. It was apparent to the research workers that planting and growing alfalfa on the dairy farms of the area would solve the problem of declining production and purchased feeds.

Wanted: A Loan Plan

There was one big question in the program developed by the research workers. How was the farmer going to manage to treat the land in the recommended way to grow this alfalfa? The amount of lime and fertilizer required was large and the cost per acre high—about \$50 per acre. How could the farmer afford that

kind of program to improve his land when he had to borrow money for feed and his dairy profit was not too good? He could not use a short-term six-month loan since he would not have the money in that time to pay back the loan.

What was needed was some kind of a loan which would recognize the fact that this was a production investment in the soil. Its use would increase the productive capacity of the farm and the net income of the farmer, thus allowing repayment out of the loan's increased income. The credit needed would have to recognize the long-term aspects of soil building programs and that the loan would well repay itself, over several years and not all in one crop season. The research workers had found out how to do the job but they could not resolve the financial problems it involved.

"... Better Business for City"

Our bank immediately saw the good such a soil fertility program could do for the area. We, too, were concerned about the large feed bills for purchased feed on the farms in the area. Not only could this program help the farmers to help themselves to higher profits by growing their own feed, but it would be reflected in better business for the entire city if farmers prospered and spent more in the area. Armed with this idea and backed by the University research workers and county extension personnel, we set out to find how we could help get this program going. Several meetings were organized and bankers from neighboring cities were invited to discuss this problem with University personnel and with farmers; and to visit research plots and a few farms where the alfalfa program was succeeding.

A Loan Is Made

In order really to get the program going and to get a number of farmers started to prove its worth, we convinced our board of directors that we should establish a new loan policy to farmers. Our program was called "The Alfalfa Loan Program." Here is a typical example of how loans were made:

Mr. Fisher: "Mr. Stauber, I would like to speak to you about an alfalfa loan."

Mr. Stauber: "How many acres are you interested in?"

Mr. Fisher: "40 acres."

Mr. Stauber: "Well, Mr. Fisher, our program calls for a 10-acre test and the average cost will run about \$50 per acre."

Mr. Fisher: "I have my soil tests and because I have put on quite a bit of lime and fertilizer, I need only about \$1,000."

Mr. Stauber: "I see you are arranging for a chattel loan of \$1,500 on a new tractor."

Mr. Fisher: "Yes, those arrangements have been made."

Mr. Stauber: "All right, Warren, if you will include the alfalfa loan with the chattel, we will go along. The \$1,500 loan will be on a 6% note and the \$1,000 loan will be at 2% with a 2-year maturity."

Mr. Fisher: "How about repayment on the alfalfa loan?"

Mr. Stauber: "Looking over your soil tests, I note you will need about 160 tons of lime. Have you signed up under the soil conservation practice?"

Mr. Fisher: "Yes, I have."

Mr. Stauber: "Well, then you should receive one-half of your lime costs from the Government and that amounts to about \$350. When you receive that check, you apply it on your loan and at the end of one year, you will have to pay your interest and renew the balance for another year. If there is a balance due at the final maturity, we will make you a regular loan at the going rate."

Most of our loans, however, did not exceed \$500 and these were all unsecured. In the past six years, we have loaned over \$100,000 and our present loans total about \$22,000.

Spreading the Word

By use of radio, farm meetings, newspaper ads and billboards, the Citizens National Bank spread the news about its loans and also championed the story of soil building for alfalfa production. For a period of three years, this concentrated effort was continued by the bank to get the information to the farmers and to remind them constantly of the value of this program to their future. Through the loan program several plots of 10 acres and more began to appear on farms scattered throughout the area. The bank arranged meetings on these farms and invited farmers so others could see how the alfalfa program actually worked.

These farmers were asked to tell their story about alfalfa over the

radio and in the papers so that other farmers might hear first hand from people who had actually tried the program. The reports made by farmers who started on the program were almost unbelievable and even beyond the expectations of the bank. Farmers reported that they had been buying hay every year and now had hay to sell. Others reported they cut their feed purchases by as much as 80% and still others reported they could almost double their herd size. With this kind of reports and actual factual data to give out from farms, the program began to spread at a very rapid rate.

Other Banks Are Sold

The original educational part had been accomplished through the very active program of the bank. Not only were farms convinced it could be done but banks were becoming convinced of the value of such loans and many of them started to make long-term land improvement loans. Today alfalfa is a byword on most farmers' tongues in the area. If they have not already started growing it, they are in the process of getting ready to do so.

A Problem Solved

Through the efforts of our bank one farm problem in the area has been solved. A far-reaching program of soil fertility and forage production has been so well entrenched on the farms and in the minds of the farmers in the area that its effects are yet to be fully realized. A serious problem and one which could well have meant the decline of the prosperity of the community was solved. The program which was envisioned as the solution of this problem by the State University was given a chance to prove itself. Without this support, it would not have been possible to get the program going. Neither the University nor the extension personnel had the budget, means of communication, nor the money needed by the farmers to start the program.

"We Saw Problem and Acted..."

We saw the problem and acted to help find the solution. We then put the solution of the problem into practice.

Such action has brought a permanent improvement to this community and has broadened the agricultural possibilities of the area.

NEWS

for Country Bankers

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

about 200 pounds at 5½ months, the "mini-pig" weighed only 45 pounds at the same age.

Two Pigs Go to Marquette

TWO live pigs were on display in the main lobby of the Marquette National Bank of Minneapolis as part of "University of Minnesota Week," February 20-24, when the University celebrated its 105th birthday.

The two pigs, which were confined in a specially built pen, represented the only live display in a series of exhibits prepared by the various divisions of the University for use in Minneapolis, St. Paul, and Duluth.

One pig was from the University's Farm campus and the other was a miniature pig from the Hormel Institute at Austin. Of the same age, both pigs were developed through the use of scientific breeding techniques, but in opposite directions.

The miniature was a small, slow-growing pig bred as a laboratory animal for medical research. Compared to the prime commercial pig, a "Minnesota No. 3" which weighed

A.B.A. Opposes Special Farm Relief Legislation

LEGISLATION providing special relief for farmers who are in serious financial difficulties due to causes beyond their control is not necessary at this time, George H. Stebbins, president, Simsbury (Conn.) Bank and Trust Company, told a Subcommittee of the House Committee on the Judiciary at a hearing to consider several bills to provide such special relief. Mr. Stebbins testified on behalf of the American Bankers Association. As vice-chairman of the A.B.A.'s Committee on Agricultural Credit, he presented the Association's views on S. 689, H.R. 670, and H.R. 9267.

Mr. Stebbins noted that "the existing Bankruptcy Act provides reasonable protection for farmers who get into financial difficulties. A distressed owner of real estate, whether he be a farmer or other person, may



Mr. Stebbins is shown testifying before a Subcommittee of the House Judiciary Committee

obtain a stay of proceedings while he endeavors to work out of his difficulty."

He also asserted that present economic conditions do not call for such special relief legislation. "At the time of the Frazier-Lemke Act, a serious depression affected the entire economy," he said. "That act was designed to meet a national emergency. Today conditions are different."

While reiterating the A.B.A.'s position that special relief for farmer-debtors is not needed, Mr. Stebbins stated: "If Congress, however, deems it advisable to provide special relief as a permanent part of the Bankruptcy Act, such legislation should be equitable for debtors and creditors."

He suggested several simple tests to determine whether or not farmer-debtor arrangements should apply; namely: (1) Are the farmer's debts, abilities, opportunities, and foreseeable future such that a workout can be reasonably expected? (2) Is he making an honest effort? (3) Is he doing the many little things a prudent man should do to keep up and improve the security he has pledged for his borrowings?

"Similar points of view might
(CONTINUED ON PAGE 96)

L. M. Winters, professor of Animal Husbandry, University of Minnesota, left, explains the differences between two pigs to Marquette National Vice-president Otto H. Preus, and Cashier R. W. Crouley





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News for Country Bankers

(CONTINUED FROM PAGE 94)

well be incorporated in any legislation deemed necessary," Mr. Stebbins said, "and these further basic principles should be considered:

"(1) The law should not throw roadblocks on the availability of credit to worthy farmers by making it easy to abrogate debt contracts.

"(2) The law should not embody principles already established by the courts. . . .

"(3) The law should be inexpensive to administer.

"(4) The law should protect not only the debtor but also deal fairly with all the secured and unsecured creditors.

"(5) The law should provide for definite termination of proceedings.

"We believe that H.R. 9267 comes closer to meeting these basic principles than either H.R. 670 or S. 689. However, we strongly recommend certain modifications of these bills."

Banks Promote CARE Surplus Food Packages

To help to reduce the Government's surplus dairy products, the Wisconsin banks have contributed a total of \$2,295 to defray the cost of CARE surplus food pack-

ages to be sent to needy persons in other lands.

The surplus food package plan was first adopted by the First Bank of Grantsburg. The Agriculture and Reforestation Committee of the Wisconsin Bankers Association, headed by W. H. Allen, cashier, First National Bank of Neillville, sponsored the surplus dairy food CARE package idea on a statewide basis, suggesting to the banks that they "contribute at least \$20 to this cause, which we consider a most worthwhile humanitarian project."

In addition to their cash contributions, the banks distributed 15,000 CARE flyers to their customers, carried on a newspaper advertising campaign in behalf of CARE dairy packages, and became CARE order-taking outlets. Wide newspaper, radio, and TV publicity resulted from bank sponsorship.

Oklahoma's Award Program

OVER 1,000 farmers, ranchers, and businessmen attended the recent banker-award banquet at Pauls the County Fair building at Pauls Valley, Okla., sponsored by the banks serving the Garvin County Soil Conservation District.

More time and travel is devoted to the conservation award program of the Agricultural Committee of the Oklahoma Bankers Association than to any other association proj-

ect. The awards are attractively bound in simulated suede covers and are presented at banquets and meetings sponsored by the banks in the local Conservation Service districts.

Individuals receiving the awards are certified to the association by the local boards of supervisors as having completed the conservation program on their farms and ranches specified in their contract with the Soil Conservation Service.

The Pauls Valley banquet is believed to be one of the largest award meetings ever held in the United States.

Banker Panel-in-Print

BY answering a number of pertinent questions on "How we make farm loans" 10 leading country bankers provided a two-part feature story for *Hoard's Dairyman* (Jan. 25 and Feb. 10 issues). The articles were effectively illustrated with "out-on-the-farm" action photographs of the bankers and their farm customers.

Bankers serving on this panel-in-print included:

S. E. Babington, president, Magnolia (Miss.) Bank and member, A.B.A. Committee on Agricultural College Short Courses; George H. Stebbins, president, The Simsbury (Conn.) Bank and Trust Co., and vice-chairman, A.B.A. Committee on Agricultural Credit; Dale K. DeKoster, assistant vice-president, The Waterloo (Iowa) Savings Bank; T. R. Hobart, agricultural representative, Ladd and Bush Branch, United States National Bank, Salem, Ore.; Nicholas Jamba, vice-president, The National Bank and Trust Co., Norwich, N. Y., and member, A.B.A. Agricultural Commission; Max Stieg, president, Dairyman's State Bank, Clintonville, Wis.; Robert G. Cooke, assistant vice-president, Industrial National Bank, Providence, R. I., and member, A.B.A. Committee on Bank Agricultural Programs; F. W. Thomas, president, Washington (Ga.) Loan and Banking Co., and member, A.B.A. Country Bank Operations Commission and Organization Committee; R. R. Rogers, farm representative, The Peoples National Bank of Barre, Vt.; and W. M. Willy, president, Security Bank, Madison, S. D. Mr. Stieg is a former

(CONTINUED ON PAGE 98)

Due to a mix-up in the March issue, the caption to a cut that was crowded out was used with a cut that did make the magazine. To set the record straight, we use below both cuts with their correct captions:

At left, below, Fred L. O'Hair, president, Central National Bank of Greencastle, Ind., center, presents his bank's "Master Conservationist" award to Mr. and Mrs. George M. Rissler, center left. At left, M. F. Conner, tenant, co-winner of the "Landlord-Tenant" award. At right are Mr. and Mrs. Robert Sutherlin and daughter, winners of the "Master Practitioner" award.

At right, Maryland bankers present \$1,500 4-H Club contribution to 4-H leaders on the WBAL-TV farm program. Left to right, Conway Robinson, TV farm director; A. Z. Gottwals, president, Agricultural Representatives of Fifth Federal Reserve District, Upper Marlboro; R. S. Brown, agricultural representative, Easton (Md.) National Bank, project chairman; Sherard Wilson, State 4-H leader; Norman C. Mindrum, executive director, National 4-H Club Foundation. (Stories on pages 79 and 138, respectively, March BANKING).





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News for Country Bankers

(CONTINUED FROM PAGE 96)

member of the A.B.A. Executive Council and former chairman, A.B.A. Organization Committee, and Mr. Willy is a former chairman of the A.B.A. Country Bank Operations Commission.

Some of the questions answered by this panel were: "What percentage of your loans are agricultural loans?" "Please list qualifications you look for in a prospective borrower?" "How do you determine debt carrying ability of a farmer?" "To what extent do you finance a farmer starting out?" "What is the most common loan you make to dairy farmers?" "How do you handle delinquent payments?" Each banker gave one-paragraph answers to the questions.

Kansas "Ag Reps" Affiliate

BANKERS and agronomy specialists associated with the Kansas State College spoke and led panel discussions at the two-day Kansas Bankers' Agricultural School in Manhattan. Over 150 Kansas bankers attended the school, which is sponsored biennially by the Kansas Bankers Association.

Speaking on the worldwide food shortage, John C. Weaver, dean of the School of Arts and Sciences, stated that most of the 2½-billion persons inhabiting the earth are on a deficient diet. Pointing to the fact that whereas the present world population really requires 7-billion arable acres for proper nourishment, Dean Weaver said that only 4-billion arable acres are available and that complete land and water conservation is a partial answer to this dilemma.

M. R. Young, KBA president and president, First National Bank in Dodge City, and Dr. George Montgomery, head, Department of Economics and Sociology, explained the "careers in banking" undergraduate course being offered by the Kansas State College. Announcement was made that "in-training" employment opportunities are open to interested students at various Kansas banks.

More than 25 agricultural representatives attending the school met and formed an association. Plans call for periodic conferences at the



An "Eat More Meat" pork products display in the lobby of The Central National Bank and Trust Company, Peoria, Ill.

college to study agricultural developments and exchange ideas. Officers of the new group include: *President*, Linton C. Lull, Smith County State Bank, Smith Center; *vice-president*, Hoy B. Etling, assistant vice-president, Fidelity State Bank, Garden City; *secretary-treasurer*, Glenn L. Shriver, First National Bank in Pratt.

Bank's Pork Lobby Display

THE "Eat More Meat" campaign in Peoria, Ill., sponsored by the Farm Bureau, packing houses, retail stores, and commission houses was supported by The Central National Bank and Trust Company of that city with a lobby display of pork products.

Customers and visitors to the display were encouraged to fill their home freezers with pork while prices were at the lowest level in years. The display cases were filled with fresh and smoked pork products supplied by local packing houses. A feature of the display was four Duroc pigs, furnished by the Duroc Association.

During the 13 days the pigs were displayed, a weight-guessing contest was conducted. Visitors were asked to guess the total gain the four pigs would make during their showing. Packing houses supplied the prizes. They also furnished between 8,000 and 10,000 pork product samples given to visitors.

"The most gratifying feature of the entire promotion," reports Assistant Vice-president Robert B. Campbell, "was the great number

of farmers and other persons connected with agriculture who came in and personally thanked us for cooperating in an attempt to move their surplus stocks."

4-H Club Fund Leaders

THE appointment of eight bankers to give leadership in their respective states to fund-raising campaigns on behalf of 4-H Club work has been announced by the National 4-H Club Foundation in Silver Spring, Md. Heading up the bank campaign nationally is Jesse W. Tapp, chairman of the board, Bank of America, who is vice-chairman for banks on the Foundation's 4-H Builders' Council.

The new bank chairmen, by states, are: *Alabama*—Roland L. Adams, president, Bank of York; *Colorado*—Don Foster, assistant vice-president, First National Bank of Greeley; *Georgia*—Ivy W. Duggan, vice-president, Trust Company of Georgia; *Mississippi*—Duncan Cope, president, Bank of Hollandale; *Oklahoma*—Kenneth N. Domnick, assistant vice-president, National Bank of Tulsa; *South Carolina*—R. G. Clawson, executive vice-president, Bank of Hartsville; *South Dakota*—R. M. Watson, North West Security National Bank, Sioux Falls; *Tennessee*—John Hembree, manager, Agricultural Department, Union Planters National Bank of Memphis.

The National 4-H Club Foundation is an educational, nonprofit institution established by the Cooperative Extension Service to assist the 4-H (CONTINUED ON PAGE 134)

1955 - Another Chapter in AMF's Growth



American Machine & Foundry Company's Annual Report reveals new highs in gross sales and machinery rentals and in net income for 1955.

Sales & Rentals	Net Income (after taxes)
\$145,001,000—an increase of \$18,493,600 over 1954	\$4,774,000—an increase of \$751,000—18.7% over 1954

The report further confirms the success of AMF's policy of diversification, with manufacturing and engineering serving a wide variety of industrial, consumer and national defense areas. In the fields of Bowling Equipment, Tobacco Machinery, Atomic Energy and Military Contract Engineering, the company has been particularly successful in the development of new products and in further consolidating its already outstanding position.

AMF Automatic Pinspotters Hits Stride

Today, 9,184 AMF Automatic Pinspotters are producing revenue for the company. We expect to install 6,000 to 7,500 additional machines in 1956. December, 1955, set a high for Pinspotters orders received in any month up to that time. However, contracts received during February, 1956, were almost double the December high. Unfilled orders are running at record levels. With increased production schedules, we expect to supply all customers who request delivery during the year.

Diversification

It is characteristic of AMF that its program of diversification for growth is carried on not only by acquisition but also by a corporate creativeness that continues to produce *new* products which, in turn, create new markets.

The Future

With AMF having made a commendable start in atomic energy...with many new products just getting into production...and with a backlog of \$72,376,000 in orders at the year's end, there is every reason to anticipate that new peaks in sales and earnings will be attained in 1956.

Chairman of the Board and President



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BANK LAW NEWS

Pledge and Collateral—Loans to Purchase Unregistered Stock

PLEDGE AND COLLATERAL

N. Y. court overturns sale of pledged stock on grounds of inadequacy of notice and lays down some ground rules for future pledgees' sales.

NEW YORK'S highest court has held that a published notice of the sale at auction of stock in four unlisted corporations, which stated only the names of the corporations and the number of shares to be sold, was "so defective in its description of the property" that the sale, 23 years ago, was entirely void. Its decision should command thoughtful attention, not only from advertising space salesmen but from lenders who have sold pledged stock of unlisted corporations in recent years, and those who might wish to lend on such security in the future.

A brief review of the factual background may be in order: In September 1933, it seems, a New York trust company held all the shares of the capital stock of four corporations, owned by one Kiamie and his family, as collateral security for the \$26,000 unpaid balance of much larger previous loans. These corporations had title to nine parcels of mortgaged real property in New York City. Before leaving for his native Syria the previous June, Kiamie had signed a \$26,000 renewal note due in three months and had promised to pay \$1,000 in reduction of principal at the maturity of that note. During his absence, his children who held a power of attorney from him had various negotiations with the trust company concerning serious and pressing financial difficulties of the corporations, which included arrears in taxes and mortgage interest, and resulting threats of mortgage foreclosures. On September 21, 1933, the trust company accepted a further 30-day renewal of the \$26,000 note (using one of several blank, signed notes which Kiamie had left with it for purposes of renewing his

loans), with a new promise by the Kiamies to pay \$1,000 principal on maturity.

On October 23, 1933, the September note went into default. The affairs of the corporations went from bad to worse. Kiamie died in Syria on November 7, 1933. On November 10, after the Kiamie family had refused to give an assignment of rents to a mortgagee and after a foreclosure action had been commenced and receivers appointed for some of the properties, the trust company notified the family that the property would have to be sold.

The defaulted promissory note contained language giving the trust company the right to sell the stocks "at public or private sale, either for cash or on credit or for future delivery, without demand, advertisement or notice, which are hereby waived," and also gave it the right to purchase the stocks at the sale. Nevertheless, on November 13, the

trust company sent to Kiamie's widow and his estate written notice that the stocks would be sold at public auction. Notice of the sale was published in two New York City newspapers on November 14 and 15 and the stocks were listed in the printed catalogue of the auctioneer in the following manner: "5 shs. *Sherman Investing Corp.* (N.Y.), 3 shs. *Kiamie Holding Corp.* (N.Y.), 3 shs. *Haviland Holding Corp.* (N.Y.), 100 shs. *La Dana Holding Corp.* (N.Y.)." At the sale the stocks were sold to the trust company.

Years later, but within the statutory time limit, Kiamie's executor filed a petition in the probate court for an adjudication of the legality of the sale. That court dismissed the petition, holding that the stocks had been duly sold to the trust company in accordance with the provisions of the promissory note, free and clear of any claim of Kiamie's estate. The decision was affirmed unanimously in the Appellate Division of the New York Supreme Court, First Judicial Dept., but then reversed by the Court of Appeals.

In the opinion of the high court, the trust company had not complied with the duty imposed by "the general maxims of equity" to give "appropriate notice" of the sale. The advertisement in question was held to be defective because "no information whatever was given to the reading public as to what, if anything, those shares represented. There was no disclosure as to what kind of business, if any, the corporations conducted or as to what their assets or liabilities were, and no statement that the shares offered for sale were the whole outstanding capital stock of the corporations."

The court observed that the advertisement in question "might have furnished a sufficient clue" if the stocks had been "listed or otherwise well-known," but it offered no sug-

(CONTINUED ON PAGE 102)

BRIEF NOTES

Interest and usury: Where excessive interest is caused by a contingency under a lender's control, or not under a borrower's control, a transaction is usurious; not so when contingency is under borrower's control. *Abbot v. Stevens* (Cal. Dist. Ct. App.), 284 P.2d 159.

Deposits in trust: New York's Totten trust rule applies in District of Columbia. Where grandaunt placed funds with savings and loan association in her own name as trustee for her grandnieces, retained "passbooks," and neither increased nor decreased funds in account, she intended to create trusts and they were validly created. *Simmons v. First Federal Savings & Loan Assn.* (U.S. Dist. Ct., D.C.) 132 F.Supp. 370.



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Delmont K. Pfeffer, Vice President, and Leo A. Kane, Vice President in charge of our Bond Department, head First National City's team of "bond experts," including Assistant Vice Presidents: A. J. Accola, G. E. Barnett, R. C. Bush, J. F. Connelly, J. H. Fleiss, A. W. McGrath and D. B. Scudder.



YEARS OF EXPERIENCE with major underwritings of State and Municipal Bonds for such projects as schools like the one shown at left lend authority to the Bank's advice to correspondents in this important field of investment.

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Dealers in State and Municipal Bonds • Participation in Local Loans
Personalized Service • World-Wide Banking Facilities
Complete Metropolitan New York Offices Coverage

First in World Wide Banking

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 100)

gestion for determining when and under what conditions an unlisted stock would qualify as "well-known."

The court found it "impossible to announce detailed rules" applicable to every sale of stocks that are neither listed nor "otherwise well-known." It merely suggested that the advertisement need not disclose the owner's name, the name of the pledgee, nor the amount due on the pledge, and then retired behind the rather vague, established rule that "the notice at the least must contain enough information to alert investors and to invite competition."

What if the borrower has waived advertisement? The court stated that even though a borrower has "plainly and effectively" waived any particular kind of advertisement or notice, there still remains his "equitable obligation of good faith, which includes as to an auction sale appropriate notice by advertisement."

And what if the pledgee has the right, under the terms of the note, to become the purchaser at the sale? In that case, it is "all the more necessary" that "ample" notice be given, the court concluded. In re Kiamie's Estate, 309 N.Y. 325, 130 N.E.2d 745. See P. D., *Pledge and Collateral*, §§7:4, 7:9, 7:11, 7:13, 7:15.

LOANS FOR PURCHASE OF UNREGISTERED STOCKS

Federal Reserve System Regulation U amended to cover situation when stock is registered subsequent to loan.

THE Board of Governors of the Federal Reserve System has added a provision to its Regulation U, which limits loans by member banks for the purpose of purchasing or carrying registered stocks, to provide specifically that a loan made to enable a borrower to purchase newly issued stock during an initial over-the-counter trading period is not subject to Regulation U until the stock becomes registered on a national securities exchange.

The amendment further provides that if, at the time of registration, the loan exceeds the maximum loan value specified in the regulation, the bank need not obtain a reduction of the loan, but neither may it permit withdrawals or substitutions of collateral that would increase the excess, nor may it increase the amount

of the loan without obtaining additional collateral having a maximum loan value at least equal to the amount of the excess. 12 C.F.R. §221.108, as added Feb. 16, 1956. 21 Fed. Reg. 1094.

BRIEF NOTES OF OTHER CASES

Deferred posting: General banking custom to hold drafts drawn and presented in connection with the sale of automobiles, for four or five days, in an effort to collect them, before returning them to the forwarding bank does not prevail over the provision, in Texas' independent deferred posting law, that drawee failing to return items within 24 hours shall be deemed to have accepted them. *Carder v. Tyler Bank & Trust Company* (U.S. D.C. E.D. Texas). 132 F.Supp. 495.

Safe deposit: The Appellate Division of New Jersey's Superior Court has dismissed an appeal from a decision of the Law Division of that court, reported here in August 1955, holding that a bank which rents a safe deposit box is not a bailee and, thus, is not liable for the unexplained disappearance of property allegedly placed in the box. *Ely v. First National Bank of Toms River, N.J. Super. Ct., App. Div.*, 11.17.55.

Chattel mortgage: Even though Chap. XIII proceeding, unlike ordinary bankruptcy, does not provide for liquidation of debtor's property for benefit of creditors, bank is not entitled to possession of appliance subject to unrecorded chattel mortgage, and cannot have its claim against the debtor treated as a secured claim. *City National Bank & Trust Co. v. Oliver* (U.S.C.A., 10), 24 LW 2382.

Business in trust: Under Washington law, in absence of a showing that the carrying on of decedent's business was temporarily necessary to preserve assets for the purpose of selling the business, a court has no authority to enter an order authorizing an administrator to carry on the business of the decedent. *State ex rel. Carlson vs. Superior Court* (Wash. Sup. Ct.) 147 Wash. Dec. 383.

JOHN RENÉ VINCENS

April 1956

THE DOOR



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YOU GET your clients off to a good start when you sell them National City Bank Travelers Checks. Wherever they're going, their trip will be more carefree if they're carrying this well-known travel currency—spendable like cash without the risks of cash. If lost or stolen, NCB Travelers Checks are fully refunded.

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HANDY NCB Travelers Checks buy goods and services on any trip anywhere...live up to their reputation as "The Traveler's Friend"!



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REMEMBER THESE FACTS ABOUT NATIONAL CITY BANK TRAVELERS CHECKS:

- Safe—fully refunded if lost or stolen
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BANKING NEWS

Bank Executive Development Was in Limelight at A.B.A. Savings and Mortgage Meet

William Powers and G. B. Ward Explained Management's Duty

Keen interest was shown in a discussion of "Executive Development for Banks," at the A.B.A. Savings and Mortgage Conference in New York City. A panel composed of Howard B. Smith, president, Middletown (Conn.) Savings Bank, moderator; William Powers, deputy manager and secretary, Committee on Executive Development, A.B.A.; and George B. Ward, director, Bank Personnel Administration, A.B.A., was besieged with questions from the floor bearing on the development program.

That there is desperate need in the banking business for executive development was illustrated by Mr. Powers with a few statistics. Of the estimated 550,000 men and women employed by banks, 100,000 are executives. An estimated 300,000 of the 450,000 clerical workers are women. That means that there is only a 1½-man male reserve behind each of the executive officers of our banks. "Top management," said Mr. Powers, "is thinking only in terms of developing men as executives, and not women—women later, yes—but bankers are not now psychologically prepared for developing women as executives."

Now Facing Dilemma

He pointed to the fact that within the past 16 years many banks had employed principally women without intending to promote them to executive positions. "These bankers," he said, "are now facing a dilemma."

Mr. Powers said that "the No. 1 responsibility of any banker is to find his own successor." In answer to the question, "How are people developed for executive positions?" he mentioned two ways; namely, through education and through experience.

Educational facilities abound in the banking business, he said, pointing to the A.I.B., G.S.B., and the



UNITED PRESS

Projects now being developed or contemplated by the A.B.A. Committee on Executive Development were reviewed during a meeting of the Committee in Washington last month. In the photograph, clockwise, G. B. Ward, director, Bank Personnel Administration, A.B.A.; William Powers, deputy manager and secretary, Committee on Executive Development, A.B.A.; E. P. Neilan, president, Equitable Security Trust Company, Wilmington, Del.; S. W. Dana, vice-president-Operations, Bank of America, San Francisco; R. A. McNinch, president, Merchants National Bank, Manchester, N. H.; C. R. Davis, senior vice-president, Chicago (Ill.) Title and Trust Company; H. C. Coleman, president, Commercial Bank at Daytona Beach, Fla.; and J. W. Bellamy, Jr., president, National Bank of Commerce, Pine Bluff, Ark.

regional schools of banking. He said that the Association has been and is building aids in personnel administration, aids that will help banks to establish salary scales, fringe benefits, make personnel and job evaluations, give psychological tests, etc. These various aids will be sent to banks upon request to Mr. Powers.

Mr. Ward spoke on clarifying the particular requirements of executive positions. "First," he said, "management must determine what shall be done on a specific job and who shall do it." He said it is an obligation of management to devote serious attention to sizing up the objectives of the bank to see whether it will be where management wants it to be in the next five or 10 years.

"Without a clear understanding of job requirements," he said, "it is impossible to evaluate fairly the performance of a man on his given job, or to appraise his potential for any future job."

Both Mr. Powers and Mr. Ward emphasized the need for establishing a job-requirement yardstick by which to measure the ability of a potential executive to fill the job. "Without something specific to measure against you cannot measure,"

Safe Deposit Association Meets in Hartford May 17-19

The American Safe Deposit Association's national convention will be held at the Statler Hotel in Hartford, Conn., May 17, 18, 19, 1956.

Host for the convention will be the Connecticut Safe Deposit Association. Nationally known speakers from various parts of the country will address the sessions. Topics for discussion bear directly on good management and sound procedure in the operation of a safe deposit vault.

All bankers and others interested in safe deposit work are invited to attend. For information on the program and advance registration, write Graham R. Treadway, vice-president, Connecticut Bank and Trust Company, Hartford.

Mr. Ward said. "In this executive development business you must know what a man is good for. You must have a tailor-made program that will develop in a man the specific qualifications he lacks."

Five areas of investigation should be made, according to Mr. Powers. You must check a man's ability, per-

(CONTINUED ON PAGE 107)

A.I.B. Schedules Regional Chapter Leader Conferences for 1956 Summer Months

National Officers and Councilmen Will Attend, Speak, and Consult

Twelve regional conferences for chapter and study-group officers and leaders have been scheduled for the summer months by the national office of the American Institute of Banking. These conferences, which are usually attended by a national officer of the Institute and the Executive Councilman for the respective districts, are educational in scope.

They afford the national officers of the A.I.B. an opportunity to relay to the local chapter leaders information about new textbooks, teaching techniques, new promotion ideas, and other pertinent information that will be helpful to chapter and study groups in arranging curricula and organizing chapter procedure for the ensuing semester. It also gives the national officers of the Institute an opportunity to acquaint themselves with the needs of the local groups.

The 1956 schedule of regional officer-leader conferences is as follows:

District and Date	Conference Chairman
1 Boston (August 4)	Harold E. Randall The First National Bank of Boston
2 Utica (July 21)	John C. Law Oneida National Bank & Trust Co.
3 Reading (July 21)	Fremont F. Eich The Reading Trust Company
4 Richmond (August 4)	C. Coleman McGehee First & Merchants National Bank
5 Montgomery (August 11)	Woodford H. Parks First National Bank
6 Oklahoma City (July 28)	Bruce Johnson Central State Bank 304 Park Avenue
7 Pasadena (July 14)	C. Leo Rachford Arroyo-Colorado Branch Bank of America N. T. & S. A.
8 Reno (July 28)	Paul Lalola Nevada Bank of Commerce
9 Seattle (July 28)	Leland H. Henderson Lake City Branch Seattle-First National Bank
10 Fargo (July 21)	Adrian O. McLellan The Merchants National Bank & Trust Company
11 Gary (July 21)	John J. Williams Gary National Bank
12 Toledo (August 4)	J. Arthur Mann The Toledo Trust Company
New Jersey	Ellen L. Keely Fidelity Union Trust Company Newark

20 Bankers, Educators Join Lecturer Roster at G.S.B. Summer Session

School of Advanced Banking Study for Bank Officers at Rutgers

Twenty leading bankers and educators have been named as new lecturers for The Graduate School of Banking's summer session next June, according to Dr. Harold Stonier, dean of the School. The G.S.B. is a school of advanced banking study for bankers of officer rank, conducted by the American Bankers Association at Rutgers University, New Brunswick, N. J. This year's summer session, to be held on the Rutgers campus June 11-23, will be attended by about 1,100 bank officers from all sections of the country. The total faculty for the 1956 session will number about 95.

Two new lecturers have been added to "Economics of Banking and Business," a required course for all students, which was added to the School's curriculum last year. The course surveys the functioning of our monetary and credit system and basic factors in the American economy. The two additions are Walter E. Hoadley, treasurer, Armstrong Cork Company, Lancaster, Pa.; and Paul W. McCracken, professor of business conditions, School of Business Administration, University of Michigan, Ann Arbor.

Four New CB Lecturers

Four new lecturers have been added to the School's classes in commercial banking: James A. Barry, vice-president, The Chase Manhattan Bank, New York City; Alexander Chmielewski, commissioner, Rhode Island Banking Department, Providence; G. Edward Cooper, vice-president, The Philadelphia (Pa.) National Bank; and Dr. George Gallup, director, American Institute of Public Opinion, Princeton, N. J.

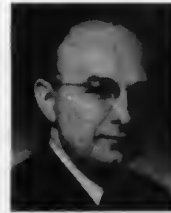
Five additions have been made to the faculty for the trusts major: Charles H. Robinson, vice-president and mortgage officer, The County Trust Company, White Plains, N. Y.; Morton Smith, vice-president, Girard Trust Corn Exchange Bank, Philadelphia; Bertel M. Sparks, professor of law, New York University Law School, New York City; Evans Woollen, Jr., president, American Fletcher National Bank and Trust



James A. Barry



Evans Woollen, Jr.



W. E. Hoadley



R. E. L. Hill

Company, Indianapolis, Ind.; and Myron M. Zizzamia, assistant vice-president, City Bank Farmers Trust Company, New York City.

Three new faculty men will lecture in classes of the investments major. They are Robert L. Gray, Jr., assistant vice-president, Tradesmens Bank and Trust Company, Philadelphia; Ernest J. Kocsis, treasurer, Guaranty Trust Company, New York City; and Roger F. Murray, associate dean, Graduate School of Business, Columbia University, New York.

Savings Faculty Additions

Two members are being added to the savings management faculty. They are Roland A. Bengé, vice-president, The Detroit (Mich.) Bank; and Albert S. Noyes, commissioner, Maine Banking Department, Augusta.

Randolph H. Brownell, president, Union Square Savings Bank, New York City; and Gaylord A. Freeman, Jr., vice-president, The First National Bank of Chicago, will take part in a panel before both commercial banking and savings management majors.

The other new faculty men will be Robert E. Lee Hill, executive manager, Missouri Bankers Association, Columbia, who will lecture on "Banking and Government," a required submajor for senior students; and Moses M. Shaw, director of public relations, The South East National Bank, Chicago, who will lecture on "Public Relations Policies," a required submajor for juniors.

The new men were introduced to the School's faculty at the annual organization meeting at the Sheraton-Astor Hotel, New York.

"Prepare for Greater Opportunities" Will Be Theme of Five National Association of Bank Women Regionals

"Prepare Today for Greater Opportunities Tomorrow" will be the theme of the five regional spring conferences of the National Association of Bank Women starting in April and extending through May. The Lake and Midwest divisions and the Middle Atlantic and New England divisions will hold joint meetings.

The purpose of the NABW is to bring together women executives engaged in banking for a mutual exchange of ideas. Its president is Virginia A. Rehme, vice-president, Southern Commercial and Savings Bank, St. Louis; vice-president, Bee Bush, vice-president, Valley National Bank, Phoenix.

The conference schedule announced by Miss Rehme is as follows:

Northwestern Division: April 13-15, Hotel Multnomah, Portland, Ore. Regional vice-president, Mary de Martini, assistant trust officer, First National Bank, Portland. General chairman, Betty M. Steele, assistant cashier, First National Bank, Portland.

Lake - Midwest Divisions (joint meeting): April 20-21, Hotel Drake, Chicago. Lake regional vice-presi-

dent, Mary L. Jessee, assistant trust officer, Gary National Bank, Gary, Ind. Midwest regional vice-president, Grace C. Moore, assistant cashier, First National Bank, Joplin, Mo. General chairman, Elizabeth Kleindienst, Harris Trust & Savings Bank, Chicago.

Middle Atlantic-New England Divisions (joint meeting): April 27-29, Statler Hotel, Hartford, Conn. Middle Atlantic regional vice-president, Charlotte A. Engel, trust officer, National Savings and Trust Company, Washington, D. C. Regional vice-president, New England Division, Amy Birracree, assistant secretary, Chelsea Savings Bank, Norwich, Connecticut, General chairman, Harriet E. Swanson, assistant secretary, Society for Savings, Hartford.

Southern Division: April 26-28, Hotel Charlotte, Charlotte, N. C. Regional vice-president, Olive H. Gillespie, assistant cashier, Citizens National Bank, Bowling Green, Ky. General chairman, Martha Lerch, auditor, The Commercial National Bank, Charlotte.

Southwestern Division: May 18-20, Hotel Mayo, Tulsa, Okla. Regional vice-president, Iweta Miller, assis-

William R. Davis Joins BANKING's Advertising Staff

William R. Davis, formerly associated with the *Wall Street Journal*, Chicago office, joined the staff of BANKING on March 15 as western advertising representative, with headquarters in its Chicago office.

Mr. Davis attended the University of Kentucky and Washington and Lee University, and after service in the Army Security Agency, worked for three years in the Chicago office of Paine, Weber, Jackson, and Curtis, stockbrokers. He joined the *Wall Street Journal's* Chicago office more than a year ago, handling financial advertising in the Chicago area. In his association with BANKING he will have similar responsibilities covering the western part of the country.

tant vice-president, City National Bank, Houston. General chairman, Lois Neighbors, assistant vice-president, National Bank of Commerce, Tulsa.

Western Division: May 25-27, Hotel Utah, Salt Lake City. Regional vice-president, Marion Anderson, assistant cashier, Bank of America, N.T.&S.A., San Francisco. General chairman, Janet B. Walker, assistant cashier, First Security Bank of Utah, N. A., Ogden.

Three new A.B.A. advertisements from a recent series of 12 ads featuring the bank as the place to save (story on p. 103 March BANKING). Other promotion material released with this thrift series included another savings newspaper advertisement and tie-in direct mail folder and three folders selling drive-in banking, auto loans, and seven kinds of loans



"Here's a tip for wives who manage money: Every payday, before I go shopping, I always make a deposit in my savings account at the bank. It's an easy habit to learn - once you get started!"

NEXT PAYDAY, STOP IN AT OUR BANK AND START YOUR SAVINGS ACCOUNT BEFORE YOU START SPENDING!



Comfortable as an old shoe - that's the feeling you experience when you have money in the bank!

WHY NOT OPEN A SAVINGS ACCOUNT AT OUR BANK AND BUILD UP A TIDY RESERVE FUND WITH REGULAR DEPOSITS? THERE'S NOTHING QUITE LIKE MONEY IN THE BANK!



Who's asleep? Not this baby... nor his mom or dad! No, they won't be caught napping when opportunity comes along; because every member of the family has a savings account!

IF YOU HAVEN'T STARTED YOURS, WE INVITE YOU TO DO SO NOW AT OUR BANK!

Bank Executive Development

(CONTINUED FROM PAGE 104)

sonal characteristics, his health and energies, opportunities inside the bank, or outside, by which you can judge whether he has the qualifications for the job, and any limiting circumstances—such as the health of his family—that might prevent his developing the qualifications for the job. In checking a man's ability, you have three components; namely, intelligence, job knowledge, and ability to arrive at sound decisions. It is desirable to have three

associates, one of whom should be his immediate superior, sit in on the evaluation of a man's qualifications.

After the evaluation is made, his immediate superior should discuss the appraisal with the individual concerned—and the findings should always be presented as coming from the committee. As to who should evaluate the president of the bank, Mr. Powers said that this should be done by three or four of the most capable trustees or directors of the bank. "The directors have the responsibility to do this," he said, "and if they are not doing it they are not

carrying out their responsibilities."

Should a personal evaluation show that a potential promotes has qualification weaknesses that would handicap him in the performance of his duties, it was suggested that he be given special assignments within the bank and outside to give him an opportunity to develop the skills in which he is lacking. "Select a school that will help build into him what he lacks, depending upon what his capabilities are," suggested Mr. Ward. "There is a great deal a bank can do to help develop the people in its organization."

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

Check Credit—A Report

THE First National Bank of Boston's revolving personal loan service, which it titles "First Check-Credit Account," has been in operation for a full year, and the bank reports that it now has more than 8,500 customers for this service.

The bank finds that people use about 70% of their maximum credit and that the average credit is around \$400. Some people write as many as 10—or more—checks a month, but the average customer uses about one check a month.

Many customers of the plan have long been familiar with the traditional kind of personal instalment loan, but they had never had checking accounts, the bank says. Since First Check-Credit introduced them to the convenience of paying bills by check, many of them have since become checking account customers of the bank.

Over 95% of the accounts are active and fewer than 1% of those who have them have dropped these accounts.

Little Change in Survey of Consumer Finances

CONSUMERS view their current financial situation favorably; are optimistic about their own income prospects; and are very optimistic about prospects for general busi-



Frederick M. Mitchell and Harrison G. Smith of the instalment loan department of the Industrial National Bank of Providence, R. I., service the bank's exhibit at the 78th annual convention of the Rhode Island State Dental Society. The bank has serviced its local society's Budget Plan for Dental Care since 1948

ness conditions during the coming year, according to preliminary findings of the 11th annual Survey of Consumer Finances conducted by the Board of Governors of the Federal Reserve System in cooperation with the Survey Research Center of the University of Michigan.

About the same proportions of consumers reported plans to buy new and used automobiles, other durable goods, and new and used houses, and to undertake home improvement and maintenance programs as reported such plans a year ago.

With respect to their own prospects, nearly two-fifths of the consumers expected to be making more a year from now.

The proportion of consumers planning to buy at least one item of furniture or a household appliance was about the same as a year ago. About one-half of those planning purchases of furniture and household appliances this year intended to use instalment credit, a somewhat lower proportion than in early 1955.

About 8% of the consumer spending units interviewed in January and February expressed an intention to purchase a new automobile during 1956, while about 7% indicated plans to purchase a used car. The frequency of new car purchase plans was about the same in early 1955 and 1954. The median price consumers expected to pay for new cars was the same as that reported in early 1955, but the median price they expected to pay for used cars showed a moderate decline. Those planning to buy automobiles anticipated using instalment credit to finance their purchases more frequently than did those reporting car purchase plans a year ago.

Repossession Directory

THE Allied Finance Adjusters Conference has published its 1956 directory. The conference is a nationwide organization of repossession

specialists serving banks, finance companies, and trailer firms.

Any bank may have a copy of the new directory by writing R. S. Dosenbach, executive secretary, Allied Finance Adjusters Conference, Inc., 6430 Hampton Avenue, St. Louis, Mo.

Ever Finance a Pool?

INSTALMENT buying can help provide the impetus to satisfy the demand for swimming pools, as it has done in the automobile and appliance fields according to Robert M. Hoffman, publisher of the trade journal *Swimming Pool Age*.

The booming swimming pool industry offers a "tremendous potential" for instalment financing that has been largely overlooked by banks and other lending institutions, he says.

Over 20,000 pools were built at a cost of \$220,000,000 the publisher says. Significant is the fact that "80% of the residential pools built last year were paid for in cash. Only 20% were financed, and of this figure, 70% of the loans were extended by banks and the rest by savings and loan associations and finance companies. A still smaller propor-

tion, 11%, of the public pools constructed were financed by outside sources, 60% by banks.

Moderately priced pools sell between \$1,500 and \$2,500, depending upon size, material used, and equipment. Lower price is the dominant factor in the surging swimming pool market, Mr. Hoffman asserts. He sees the present boom as "only the beginning of a furious and sustained period of growth." The industry expects to build 30,000 pools in 1956 at a cost of \$325,000,000.

Car-culator Calculates

PULLMAN Trust & Savings Bank and Standard State Bank, Chicago, and the State Bank of Blue Island, Ill., are offering a "Car-culator" booklet which shows prospective new car buyers exactly what monthly payments will be when a car is purchased through the banks.

The Car-culator not only tells car buyers how much they can expect to pay each month for a new car, but it shows how much money can be saved when the repayment period is shortened.

Designed as a "shopping guide," the pocket-sized Car-culator allows the buyer to compare rates on the

spot. Once the delivered price of a new car is determined, it's a simple matter to see what monthly payments will be for any period between 12 and 30 months.

An Economist Speaks

THE distribution of consumer instalment debt shows few signs of "whim buying" or "credit sprees" but rather indicates that most families use instalment credit as "part of a life-cycle investment program," according to Dr. Sydney E. Rolfe, economist of C.I.T. Financial Corporation. Dr. Rolfe spoke to business leaders attending the first of the spring series of forums sponsored by the New School for Social Research in New York.

"Instalment debt," Dr. Rolfe pointed out, "is most heavily concentrated among young families with children, who use instalment credit to establish early the standard of living which we have all been taught to expect as Americans.

Dr. Rolfe said it is significant that 86% of the middle-income group (\$3,000-\$7,500) have either no debt or have debt repayments of less than 20% of their income.

News On Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

New School Banking Manual

THE history of school savings banking, dating back some 150 years, is traced in the new *School Savings Banking* manual compiled by the Committee on School Savings Banking of the A.B.A. Savings and Mortgage Division.

"There is a record," according to the manual, "that in England at the close of the eighteenth century a 'Savings Bank for Women and Children' was organized and administered by Mrs. Priscilla Wakefield, the mistress of a village school."

Miss Wakefield's idea was slow to catch on, but eventually it spread to far-off lands. Sereno Taylor Merrill, who represented the state of Wisconsin at the Vienna Exposition in 1873, was the first and most ar-

dent sponsor of school banking in the United States. He founded the Beloit (Wis.) Savings Bank and school savings was one of the bank's initial services.

School Savings Banking is designed to help many more banks enter this field. A number of the school savings banking systems which have been successfully operated for a period of years are described in the new manual. Also included are installation pointers and promotion ideas.

Millicent A. Trichler, assistant secretary, Dollar Savings Bank, New York City, is chairman of the Committee on School Savings Banking. Agnes R. Martin, assistant vice-president, Philadelphia Savings Fund Society and a member of the Committee, was placed in direct charge

of the compilation of the manual.

One copy of *School Savings Banking* will be sent free to banks requesting it.

Savings Statistics Book

THE annual study, *Savings and Mortgage Statistics*, compiled by the Savings and Mortgage Division of the A.B.A. has been completed. One copy will be sent, without charge, to each bank requesting it.

The booklet includes data pertinent to individual savings; mortgage loans; number of savers; mutual funds; mortgage recordings; FHA mortgage loans; FHA insurance on homes; veterans mortgage loans outstanding; selected indexes of costs and earnings; prices; and volume and cost of construction.

A Plea For Cooperation

"THE prize both savings and commercial banks seek is thrift deposits, but let me assure you that in this contest we savings bankers seek no advantage, especially no unfair advantage, over our commercial bank friends," Earl B. Schwulst, president of The Bowery Savings Bank, New York City, said in an address before the A.B.A. Savings and Mortgage Conference in New York.

"We are both quasi-public, regulated industries strongly affected with the public interest," Mr. Schwulst said. "Our compelling duty to our depositors is best served by healthy competition—by this I mean a freedom to compete for deposits which is unhampered by unreasonable restrictions or burdens on either competitor. The Federal and state governments are charged with the duty of seeing that our banking systems remain sound. In discharging this duty, they must not only be vigilant to restrain unsafe, misleading, or unfair practices; they have an equally strong mandate to see that every banking institution has all such powers and privileges as are consistent with its assigned functions in the economy and necessary to serve the public.

"It is our obligation to make sure that the governments which regulate us are fully and fairly informed on all problems which affect us. They cannot properly legislate or regulate in a vacuum. To a considerable degree, the vacuum that exists today is being filled by our brash cousins, the savings and loans, who are not remarkable for their reticence in making their desires and virtues known to our legislators. There is much our respective banking associations, state and national, can and must do to compose our differences and present constructive recommendations to our regulating authorities.

"Within the past few months at least two men, who are extremely well informed on the operations of our banking system — Allan Sproul and Marriner Eccles — have expressed concern at the labyrinth of diverse duties, privileges, and practices of the various types of organization which are functioning in our financial life. Both have called for a thorough-going study of this problem by our Federal and state gov-

ernments for the purpose of re-establishing the proper lines of authority of these institutions. In such a study, we, individually and through our associations, should play an important part. In essence, the relationship between mutual savings banks and commercial banks is what the biologists refer to as a symbiotic relationship. In banking, as in nature, such a relationship demands cooperation."

Additional Schwulst comments, including a suggested solution for the savings - commercial bank dispute, may be found on page 115.

Savings=Higher Standard

"THE trend toward increased home ownership should be nurtured and stimulated," said Fred F. Florence, president of the American Bankers Association and of the Republic National Bank of Dallas, in an address on "Economic Growth and the Savings and Mortgage Picture," before the A.B.A. Savings and Mortgage Conference in New York.

"The home owner is a property owner," he said, "and it is for this reason that home ownership stands out as one of the prime characteristics of the American way of life. . . . Since the home owner is a taxpayer, the broadening of the home ownership base tends to strengthen the tax-consciousness of citizens.

"Banks which have done a constructive job in the savings and

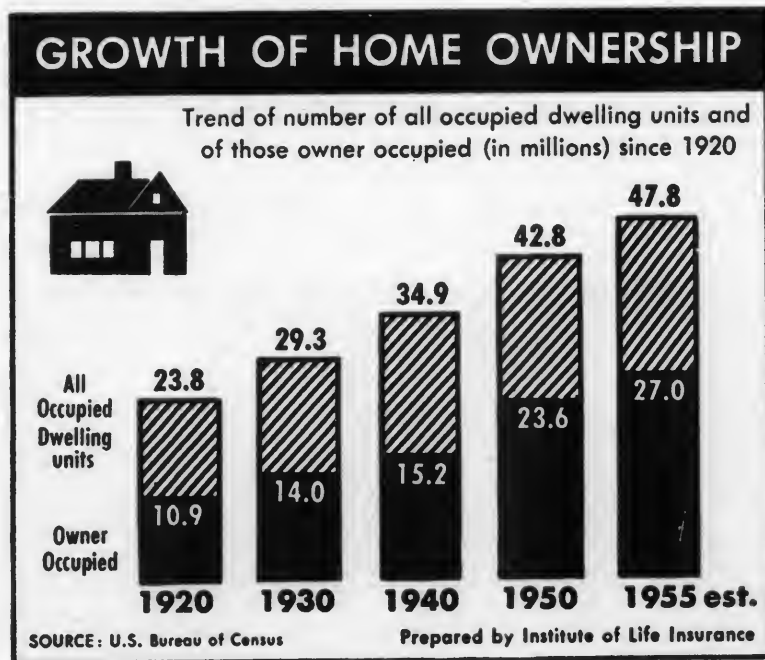
mortgage business have contributed materially in this postwar drive toward home ownership."

Mr. Florence concluded his address by stating:

"Bankers, through their savings and mortgage activities, are privileged to have an important part in the drive of the American people for a higher standard of living. Maximum sustainable progress will be ours, however, only if we continue to emphasize the contribution of regular and systematic saving to a strong and expanding economy, and if we efficiently mobilize the resulting volume of savings to promote sound and rewarding growth. I am confident that we shall be successful in this endeavor and that we shall thus do much to build a stronger foundation for our national economy and to assure a better life for all of our people. That should be our objective."

Savings Fact Book

THE Savings Bank Trust Company, a subsidiary of the mutual savings bank system in New York State, has just released *Savings Banks' Fact Book 1956*. This publication is designed to equip savings bankers, economists, legislators, and others with a convenient source of historical statistics on savings banking in New York State and the United States. It includes 15 charts and six maps.



News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

Reilly Testifies on FNMA

There should be no relaxation of the present requirements for the purchase of stock by sellers of mortgages to the Federal National Mortgage Association, and the arrangement for repurchase options should be discontinued, John A. Reilly, president, Second National Bank, Washington, D. C., recently told the Subcommittee on Housing of the House Banking and Currency Committee. Mr. Reilly testified in behalf of the American Bankers Association before the Subcommittee, which is studying FNMA operations. He is chairman of the A.B.A.'s Committee on Mortgage Financing and Urban Housing.

The A.B.A. urges the continuance of the present stock purchase requirement, Mr. Reilly said, "to avoid inflationary pressures, to protect the private mortgage market from deterioration, and to preserve sound monetary and credit policies.

"We believe that FNMA has made satisfactory progress in the short period it has been conducting its secondary market operations under the new set-up," he stated. "It would be a backward step to relax the requirements for the purchase of stock in FNMA. Not only would it have the effect of postponing the time

when FNMA would become privately owned and operated, but also would make possible expanded mortgage purchases by FNMA which could have a marked inflationary influence.

"The A.B.A. favors a private facility as against a facility fully supported by the Government," Mr. Reilly told the Subcommittee.

Cole Raps Lehman Bill

Housing and Home Finance Administrator Albert M. Cole recently told the Group Five of the Savings Banks Association of New York Conference in Brooklyn that the omnibus housing bill introduced by Senator Herbert Lehman of New York is an "undisguised antiprivate-enterprise bill virtually from start to finish and would not get more homes built. It would go far toward wrecking the private housing economy on which our housing production depends.

"I believe the housing needs of all American people can be met, and will be met, without scrapping our existing housing economy, and it is a certainty that we won't meet these needs in any other way."

The HHFA Administrator said that the Lehman bill would commit the Government to the expenditure of untold billions of dollars for un-



John A. Reilly

sound and unproductive purposes.

"These proposals are being made today," Mr. Cole said, "in face of the fact that we have the highest and most prosperous level of homebuilding and home improvement in our whole history, and that under the President's program, we are for the first time making great forward strides in the renewal of our communities and in the improvement of homes and neighborhoods for all American families.

"In addition, we are planning to introduce into Congress the Administration's housing proposals to further speed and strengthen the progressive program that President Eisenhower has launched."

Albert M. Cole, Administrator of the Housing and Home Finance Agency, Washington, D. C., was the luncheon speaker during Group V of the Savings Banks Association of New York's "mutual approach" conference in Brooklyn. Left to right, Frederick V. Goess, president, The Prudential Savings Bank, Brooklyn; Mr. Cole; John W. Hooper, president, Lincoln Savings Bank of Brooklyn and chairman, Group V Savings Banks Association; and the Hon. George A. Mooney, Superintendent of Banks of the State of New York



Owned Homes Exceed Total Nonfarm Dwellings in 1930

"We have more homes today owned by the people who live in them, than we had in the way of total nonfarm dwelling units in this country in 1930—owned or rented," said Joseph B. Haverstick, president, National Association of Home Builders, before the "Real Estate and Finance Conference" of Group Five of the Savings Banks Association of New York, in Brooklyn, N. Y.

"What made possible the enormous changes in this industry and its vast contribution to the growth of home ownership?" queried Mr. Haverstick. "A lot of things con-

tributed to it," he said, "but one of the most important is the revolution in mortgage financing. Without the development of low downpayment, low interest, long-term level payment amortized mortgages, this great and valuable change certainly could not have come about."

Mr. Haverstick, while discussing the cost of housing to consumers, called attention to these U. S. Department of Commerce figures on personal consumption expenditures:

Year	Housing Expense in Billions	Personal Consumption Expenditures in Billions	Housing Expense as % of Personal Consumption Expenditures
1929	\$11.4	\$79.0	14.4
1935	7.6	56.3	13.5
1940	9.3	71.9	13.1
1955	31.2	252.4	12.4

Continuing, he added: "On the basis of these figures, it is clear that consumers generally are putting a somewhat smaller part of their income on the line for housing and shelter than they did in earlier periods, when nobody thought they were overspending for housing."

New Housing Legislation

"THERE are a number of recent developments in Washington which may have a very important bearing on the future course of bank policies in the management of mortgage portfolios," said Earle A. Welch, president, Meredith Village (N. H.) Savings Bank, and president, A.B.A. Savings and Mortgage Division. Mr. Welch summarized these legislative developments at the recent Savings and Mortgage Conference in New York:

Rains Committee Reports

A Subcommittee of the House Banking and Currency Committee, of which Mr. Rains of Alabama is chairman, has issued several reports since the first of the year which propose drastic revisions in existing laws and regulations on housing and mortgage credit. They were issued as a result of a series of meetings held by the Committee last fall in New York, Philadelphia, Chicago, and Los Angeles. The Rains Committee proposes more direct lending by government to veterans when loans are not obtainable except at a discount. The Committee suggests a reactivation of the secondary mortgage market through the Federal

National Mortgage Association (Fanny May), and the expansion of Government assistance in housing low- and middle-income families and elderly people, and more liberal credit terms for insured and guaranteed loans.

Lehman Housing Bill

A new Housing bill has been introduced in the Senate by Senator Lehman in cooperation with a group of prominent legislators, which would greatly expand the influence of Government in the field of housing and mortgage credit. It provides for a stepped-up public housing program; the creation of a national mortgage corporation to finance middle-income housing; and the eventual expenditure of some \$20-billion in a public works program to stimulate home construction planning and community facilities and services. The bill would also extend FHA maturities to 40 years, and the Home Loan Bank Board is urged to charter more Federal savings and loan associations in an effort to find sources of funds for real estate investment purposes.

Lehman Reorganization Bill

Senator Lehman has also introduced a Housing Reorganization bill which would establish a new executive department in the Government to be known as the Department of Housing and Urban Affairs. Its secretary would be a newly designated member of the President's Cabinet. All functions, personnel records, assets, and obligations of the Housing and Home Finance Agency, FHA, and the Home Loan Bank Board would be transferred to this department.

Administration's Housing Bill

The Administration's Housing bill was introduced in the Senate by Senator Capehart, and in the House by Congressman Widnall. While not providing as extensive changes in existing housing and mortgage credit terms as proposed by Senator Lehman, it still liberalizes and expands credit very materially. New provisions are made for FHA loans to elderly people; the limit on FHA Title I loans for home repair and improvements would be raised to \$3,500 with the maturity advanced to five years; and sales of mortgages to the Government through the FNMA would be made easier.

Flood Disaster and Other Bills

There are other bills before Congress which would provide some form of flood and disaster insurance for homeowners, and therefore are of interest to mortgage lenders. These bills vary considerably in their intent and coverage, going from the extreme of providing \$2-billion of Government responsibility to underwrite the beginning of such a program, to the more conservative approach of Government assistance in helping private enterprise corporations assume this responsibility. The protective coverage also ranges from a limited flood insurance program to disasters resulting from atomic explosions and major war.

FHA, VA Fixed Rate Problems

The problems that have been created by fixed interest rates which are mandatory for FHA and VA mortgages, and the fluctuations in prices for loans which are inevitable when fixed interest rates prevail, are causing grave concern to the Administration and to Congress. Perhaps the key to the situation lies in the fact that this is a presidential election year, and the legislators are anxious to stimulate opportunities for everyone, and to expand the base on which a bigger, better and brighter future for the homeowner is assured. This would mean no increase in the prevailing rate of interest on mortgages, as well as re-establishing loans to all on a par basis.

Mortgage Credit Hits High

THE volume of home mortgage credit extended in 1955 surpassed that of any previous year, according to estimates of nonfarm mortgage recordings of \$20,000 or less. The \$28.5-billion of home financing topped the previous peak year of 1954 by \$5.5-billion, or 24%.

Compared with last year, all types of mortgagees participated in the rise—from 9% for insurance companies to 32% for commercial banks.

The soaring volume of construction activity which gave the industry its biggest year in history in 1955 will continue at least through the first half of 1956, according to the results of a nationwide telegraphic survey conducted by the Associated General Contractors of America.

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

Committees Announced for Western Regional

COMMITTEES for the 30th Western Regional Trust Conference of the American Bankers Association, to be held at the Hotel Utah, Salt Lake City, August 23 and 24, have been announced by Richard P. Chapman, president of the A.B.A. Trust Division and of the Merchants National Bank of Boston.

The Trust Division of the Utah Bankers Association will act as host for the conference, which will bring together trust executives from banks in 11 western states.

Chairman of the committees (all from Salt Lake City) are:

General: J. L. Preece, trust officer, Tracy-Collins Trust Company.

Program: William J. Fitzpatrick, vice-president and trust officer, Walker Bank & Trust Company.

Entertainment: A. L. Higgins, Jr., assistant trust officer, Continental Bank & Trust Company.

Finance: Grant G. Bryan, assistant secretary and trust officer, Utah Savings & Trust Company.

Hotel and Registration: Francis M. Chipman, trust officer, Zion's Savings Bank & Trust Company.

Publicity: Lester H. Wade, assistant trust officer, First Security Bank of Utah N.A.

PBA's Trust Program

A NEW program emphasizing the trust services offered by banks has been launched by the Pennsylvania Bankers Association Educational Foundation. It consists of folders, posters, and newspaper advertisements, and asks this question: "If you could, would you choose yourself as an executor?"

The answer stresses the legal, factual aspects rather than the sentimental side. It points out that most people would not want to be executors, nor would they wish to burden their friends or relatives with such a responsibility, if they realized the consequences. Instead, they would be well advised to have their local banks do the job.



Here is PBA's poster

The folder enumerates many of the problems facing the typical executor, noting that there are more than 50 legal steps which must be taken, and an executor should have a knowledge or legal procedure, accounting, taxation, and investment. The executor's duties, according to the folder, include: locating the will and having it probated; locating and identifying the beneficiaries; locating, collecting and protecting the value of the estate's assets and paying its debts and taxes; and distributing the estate to the beneficiaries. It adds that an executor, to do his job properly, should be within easy reach of the place where the will is to be executed, and must be willing to take the necessary time away from his own affairs. "Be fair to your family in choosing your executor . . . name your bank or trust company" is the conclusion reached by the folder.

The poster used in the PBA program attacks the problem of choosing a qualified executor from a similar angle. "You'll look better to yourself," it says, "when you have an up-to-date will, drawn by your attorney, naming this bank your executor."

Each year the PBA Educational Foundation and the PBA Trust Di-

vision cooperate to produce a theme for member bank trust departments.

A Few Short Ones

SCHOLARSHIP: Liberty National Bank and Trust Company of Oklahoma City has awarded its fourth annual \$500 scholarship in the College of Law at the University of Oklahoma.

WORTH READING: "Estate Planning: New Growth Industry," by John P. Allison, in *Fortune* magazine for March 1956.

TWO-FUND PLAN: The First Pennsylvania Banking and Trust Company, Philadelphia, offers a flexible two-fund plan for the investment of pension and profit-sharing trusts which is said to be the first of its kind available in the East to business corporations. It provides two separately invested and broadly diversified trust funds, one in fixed-income securities and the other entirely in common stocks. Pension and profit-sharing trustees may tailor the proportion of the total investment in each fund to meet their particular needs and objectives.

RENEGOTIATION: The officer charged with renegotiating old contract trust fee rates should remember at all times that he is working for the stockholders and not solely for the trust department. Hence, before he moves a step in the direction of the beneficiaries, he should make a complete study of the entire situation in the particular trust which he has before him, not only as regards the trust department, but as the other departments of the company may be affected. — Henry D. M. Sherrerd

ADDRESS: Thoburn Mills, vice-president and trust officer of The National City Bank of Cleveland, and vice-president of the Trust Division of the American Bankers Association, will address the opening session of the 29th Annual Trust Conference of the Pennsylvania Bankers Association Trust Division in Harrisburg on April 6.

CALENDAR—1956

American Bankers Association

Apr.	22-24	Executive Council, Spring Meeting, The Greenbrier, White Sulphur Springs, W. Va.
June	4-8	American Institute of Banking, Adolphus Hotel, Dallas
June	11-23	The Graduate School of Banking, Rutgers University, New Brunswick, N. J.
July	13-17	Central States Conference, Colorado Hotel, Glenwood Springs, Colo.
Oct.	21-24	82nd Annual Convention, Los Angeles
Dec.	2-4	Southern Secretaries Conf., Cloister Hotel, Sea Island, Ga.
Dec.	10-11	Agricultural Credit Conf., Statler Hotel, St. Louis, Mo.

State Associations

Apr.	2-5	N. J. Bankers Public Relations School, Princeton
Apr.	10-12	Georgia, General Oglethorpe, Savannah
Apr.	12-14	Florida, Hollywood Beach Hotel, Hollywood
Apr.	20-21	Nevada, Thunderbird Hotel, Las Vegas
Apr.	22-24	Louisiana, Roosevelt Hotel, New Orleans
May	2-5	Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J.
May	3-4	Oklahoma, Skirvin Hotel, Oklahoma City
May	3-5	South Carolina, Poinsett Hotel, Greenville
May	8-10	Ohio, Deshler-Hilton Hotel, Columbus
May	8-9	Tennessee, Hotel Patten, Chattanooga
May	9-11	Kansas, Topeka
May	11-12	South Dakota, Cataract Hotel, Sioux Falls
May	11-15	Maryland, Claridge Hotel, Atlantic City, N. J.
May	13-15	Missouri, Jefferson Hotel, St. Louis
May	13-15	Texas, Statler-Hilton, Dallas
May	16	Delaware, DuPont Hotel, Wilmington
May	16-17	Indiana, Claypool Hotel, Indianapolis
May	18-19	New Mexico, Hilton Hotel, Albuquerque
May	18-19	North Dakota, Plainsman Hotel, Williston
May	19-26	North Carolina, Cruise to Havana & Nassau, S. S. Queen of Bermuda
May	20-22	California, Coronado Hotel, Coronado
May	21-23	Arkansas, Arlington Hotel, Hot Springs
May	21-22	Colorado, Broadmoor Hotel, Colorado Springs
May	21-23	Mississippi, Buena Vista Hotel, Biloxi
May	23-25	New Jersey, Chalfonte-Haddon Hall, Atlantic City
May	24-25	Alabama, Jefferson Davis and Whitley Hotels, Montgomery
May	31	Alaska, Elks Lodge, Anchorage
June	1-2	Connecticut, Equinox House, Manchester, Vt.
June	4-6	Illinois, Palmer House, Chicago
June	6-10	Dist. of Col., The Homestead, Hot Springs, Va.
June	7-9	Massachusetts, New Ocean House, Swampscott
June	7-9	Washington, Olympic Hotel, Seattle
June	8-9	New Hampshire,* Wentworth-by-the-Sea, Portsmouth
June	8-9	Savings Banks Assn., of N. H.,* Wentworth-by-the-Sea, Portsmouth, N. H.
June	8-9	Washington, Olympic Hotel, Seattle
June	10-12	Idaho, The Lodge, Sun Valley
June	11-13	Minnesota, Nicollet Hotel, Minneapolis

* Joint meeting

June	13-15	New York, Essex & Sussex, and Monmouth Hotel, Spring Lake, N. J.
June	14-16	Wyoming, Jackson Lake Lodge, Moran
June	15-16	Vermont, Equinox House, Manchester
June	17-19	Oregon, Pilot Butte Inn, Bend
June	18-19	Utah, Jackson Lake Lodge, Moran, Wyo.
June	18-20	Wisconsin, Schroeder Hotel, Milwaukee
June	21-23	Montana, Many Glacier Hotel, Glacier National Park
June	21-23	Virginia, The Homestead, Hot Springs
June	21-24	Michigan, Grand Hotel, Mackinac Island
June	22-23	New Jersey Mutual Savings, Monmouth Hotel, Spring Lake
June	22-24	Maine, Poland Spring House, Poland Spring
July	13-17	Central States Conf., Colorado Hotel, Glenwood Springs, Colo.
July	19-21	West Virginia, The Greenbrier Hotel, White Sulphur Springs
Aug.	19-24	PBA Summer School, Penna. State Univ., University, Pa.
Sept.	4-8	Tennessee Bankers Conf. Univ. of Tenn., Knoxville
Sept.	10-13	Vermont-N. H. School of Banking, Univ. of Vt., Burlington
Sept.	20-22	Savings Banks Association of Maine, Wentworth-by-the-Sea, Portsmouth, N. H.
Sept.	20-22	Savings Banks Association of Massachusetts, Mount Washington Hotel, Bretton Woods, N. H.
Sept.	21-22	Savings Banks Association of New Hampshire, Fall Meeting, Sunset Hill House, Sugar Hill, N. H.
Oct.	5-6	Connecticut-Mutual Savings, Wentworth-by-the-Sea, Portsmouth, N. H.
Oct.	11-12	Nebraska, Fontenelle Hotel, Omaha
Oct.	12-13	New Hampshire, Fall Meeting, Mountain View House, Whitefield
Oct.	28-31	Iowa, Fort Des Moines, Des Moines
Nov.	6-8	Savings Banks Association of New York, The Greenbrier Hotel, White Sulphur Springs, W. Va.
Nov.	8-10	Arizona, Arizona Biltmore Hotel, Phoenix

Other Organizations

Apr.	5-6	Pacific Northwest Conference on Banking, State College of Washington, Pullman, Wash.
May	6-9	Natl. Assn. of Mutual Svgs. Banks, Shoreham Hotel, Washington, D. C.
May	17-19	American Safe Deposit Assn., Statler Hotel, Hartford, Conn.
June	3-16	School of Banking of the South, La. State Univ., Baton Rouge
July	16-28	School of Financial Public Relations, Chicago Campus, Northwestern Univ.
Aug.	5-17	School of Consumer Banking, Univ. of Va., Charlottesville
Aug.	19	School of Banking, Univ. of Wisconsin, Madison
Sept. 1	20-31	Pacific Coast Banking School, University of Washington, Seattle
Sept.	4-7	Vt.-New Hamp. School of Banking, Univ. of Vt., Burlington
Sept.	17-20	National Association of Bank Auditors and Comptrollers, The Shoreham Hotel, Washington, D. C.
Sept.	17-21	National Association of Bank Women, Minneapolis
Sept.	20-22	New York State Safe Deposit Assn., Waldorf-Astoria, N. Y. C.
Oct.	7-11	Financial Public Relations Association, Dallas, Texas

Legislative Questions in Top Place

MARY B. LEACH

Unquenchable Search for Ideas Marks A.B.A. Savings and Mortgage Conference

SPEAKERS at the annual Savings and Mortgage Conference of the A.B.A. Savings and Mortgage Division in New York City last month answered many bank policy, operation, and Federal legislative trend questions for the hundreds of bankers from eastern United States who came searching for ideas.

A rapid rise in both savings and the investment of savings in mortgages was reported at the opening session by Division President Earle A. Welch.

"By encouraging thrift, by building savings in our banks, by helping those in our communities get a sound measure of value in a sound and prosperous economy," said Mr. Welch, "we shall add materially to the prosperity and well-being of millions of people in years to come. This is the surest way that banking can help with the big job ahead."

Savings, Mortgage Growth

"The growth of savings and the investment of savings in mortgage loans have been upward at a rapid pace for many years," he said. "Today we have reached a point where the total savings of the American people has reached \$242-billion, and the total investment in mortgages has reached \$126-billion.

"Last year, savings in banks increased \$3½-billion and have now reached a total of more than \$76-billion.

"Mortgage lending also reached very high proportions in 1955. Mortgages now held in banks total \$38-billion, an increase of over \$5-billion for the year. Commercial banks at yearend held nearly \$21-billion in mortgages, representing 43% of their time deposits. This is an increase in mortgage holdings by commercial banks of 340% since 1945.

"Mutual savings banks have continued their practice of investing heavily in mortgages. In 1945 they held a little more than \$4-billion, or 28% of their savings deposits. They now have mortgage investments totaling \$17.3-billion, representing ap-



PICTURES BY ROBERT COOP

Speakers and A.B.A. officials at an informal tête à tête preceding the concluding session of the Savings and Mortgage Conference. Seated, left, A.B.A. President Florence and, right, Representative Rains; Clockwise, standing, A.B.A. Deputy Manager J. R. Dunkerley; Division President Welch, and A.B.A. Deputy Manager Carroll A. Gunderson

proximately 62% of mutual deposits.

"The total of all mortgage loans presently outstanding, and held by all types of investors approximates 130-billion, as compared to \$36-billion in 1945."

Mr. Welch, who is president of the Meredith Village (N. H.) Savings Bank, opened the conference with a legislative review. His comments chiefly concerned legislation under consideration by Congress and the Administration affecting housing, mortgage credit, and savings institutions. (See page 110, for further Welch comments.)

Rains Speaks on Legislation

With Congress in session and the legislative mill weighing new proposals affecting mortgage financing and the savings function, Representative Albert Rains (D., Ala.) chairman of the Subcommittee on Housing, House Banking and Currency Committee, received a spontaneous welcome. After praising the banks for the tremendous contribution they have made in the field of housing construction and home mortgage financing, he reviewed the results of recent hearings conducted by his Subcommittee.

Representative Rains invited comments and suggestions from bankers

on the proper role of Government in the housing and real estate financing field.

"Let me make it clear," he said, "that I am an advocate of the middle ground. I think that each proposal must be carefully considered on its merits. The adoption of any new Government program—or the expansion of an existing Government program—should be made only when it is clearly in the public interest because it is necessary to meet an unfilled need.

"The blunt fact remains that private industry cannot supply adequate and decent housing for many of our low-income families. . . . I would imagine we will recommend some amendments to improve FNMA so it can do a better job in supporting the private market."

Low-rent Public Housing

He made it clear that until he "can see some workable alternative proposed" he is "going to continue to fight strongly for a low-rent public housing program and an effective slum clearance and urban renewal program."

Mr. Rains said that "any predictions as to what will finally emerge in the way of housing legislation is hazardous," but gave assurance

at Savings and Mortgage Meeting

"that all sides will have their inings in shaping the end result."

"We Must Intensify Efforts"

Sharing the dais with Congressman Rains was Fred F. Florence, president, American Bankers Association and president, Republic National Bank of Dallas. Mr. Florence spoke on "Economic Growth and the Savings and Mortgage Picture."

"The demand for long-term capital—whether for industry or home mortgage purposes—has been so great that our savings institutions at times have been hard-pressed to meet that demand," said Mr. Florence. "Those of us in the savings business, therefore, might well ask ourselves whether we are doing all we can to develop the maximum potential of this important segment of our business; and those of us who as bankers are not in the savings business might ask whether our communities are being adequately served, or whether we are allowing savings to be diverted to nonbanking institutions as a consequence of our own inertia.

"A great many banks can and should do a much better job in promoting regular and systematic saving and in attracting savings funds. To obtain our proper share of the public's savings, we must pay a fair and reasonable rate of return on savings deposits. . . . Some of our banks have not recognized this fact and as a consequence have found that their savings deposits have failed to keep pace with the growth

of the economy. . . . These banks must realize that the conditions of the highly flexible credit structure of today demand a realistic appraisal of policies and attitudes in this important field."

With the conviction of a man dedicated to a moral crusade, Mr. Florence said that "we must intensify our efforts to inform the public of the advantages of saving by means of bank deposits as compared with competing forms of investment. . . . Many commercial banks which have undertaken the savings function are only half-heartedly in the business. Their lethargy may be preventing them from capitalizing on the correlative advantages of aggressive and customer-minded savings promotion.

Relating Savings to Other Services

"Some commercial banks, in the desire to meet a need for savings facilities in their communities, fail to realize how closely related is the success of savings departments to the quality of service rendered in their commercial banking operations. . . .

"The banking industry has an important stake in the promotion of thrift, and thus our efforts in this regard transcend considerations involving our own particular institutions. Sound and rewarding growth is attainable only in an economy in which the people—by saving—are willing to devote a significant portion of their income to building for the future."

Gaylord A. Freeman, Jr., vice-president of the First National Bank of Chicago, and Earl B. Schwulst, president of The Bowery Savings Bank, New York City, were among the first day's speakers. Mr. Freeman spoke on "Taxation as a Factor in Competition," and Mr. Schwulst on "The Effect of Intense Competition on Savings Institutions." Excerpts from Mr. Freeman's address may be found on page 74.

Schwulst Suggests Compromise

"About three-quarters of the credit in this country comes from savings in one form or another," Mr. Schwulst said. "Anything which penalizes or discourages thrift will ultimately restrain our economic growth. It was for this reason five years ago that the savings bank industry resisted the imposition of any income tax on the earnings of thrift institutions. In this endeavor we were not completely successful. We got only half a loaf. To take that from us now would be injurious both to mutual institutions and to our economy. Would it be of material benefit to commercial banks? In answer to this, I can do no better than to defer to my distinguished predecessor on this platform, Gaylord Freeman. He has made it plain that the reduction in, or the elimination of, a bad-debt reserve for mutual savings banks and savings and loan associations 'would not make them materially less competitive' with commercial banks."

Continuing, Mr. Schwulst offered an alternative: "I suggest we explore the practicability of creating within the commercial bank a separate entity, which I shall call a 'commercial savings unit,' and accord this unit substantially the same tax treatment as a mutual savings bank enjoys. The true thrift deposit, whether it be in a savings bank or in a commercial bank, should be treated without discrimination from a tax standpoint. . . . I do not mean to include those time deposits in commercial banks made by profit-making corporations or governmental units.

"If we create a separate commercial savings unit within the commercial bank, segregate its assets and

"Government"—"Taxation"—"Competition" speakers. *Left to right, President Welch; Mr. Schwulst; and Mr. Freeman*



earnings, give it the same investment powers as a savings bank in the same state and the same deposit limits and, for all practical purposes, operate it as an independent organization, there is no apparent reason why it should not enjoy tax treatment comparable to a mutual savings bank. It would, of course, be necessary to continue to apply the tax against that portion of the earnings of the savings unit out of which the dividends to stockholders are paid.

"The creation of a separate entity within the corporate structure of a bank with segregation of assets and with separate accounting is not novel in the industry." Mr. Schwulst pointed out that "for some years in New York State, the life insurance departments of mutual savings banks have been operated—without undue difficulty—on such a segregated basis and have been taxed under different provisions of the Internal Revenue Code. . . Presumably, most commercial banks will remain in the Federal Reserve System and will therefore continue to operate under the requirements imposed by the Federal Reserve Board as to required reserves (5% of time deposits) and as to investments and capital."

Concession for Concession

In return for a concession, a concession was asked by Mr. Schwulst:

"The course of action which I am proposing," he said, "would not completely close the competitive gap—so far as interest rates are concerned—between mutual savings banks and commercial banks. It would, however, narrow the gap to the maximum extent possible, in



"Executive Development for Banks" speakers. Left to right, Deputy Manager Powers; Mr. Smith; and Mr. Ward

view of the basic organizational differences between these two types of institutions. It would permit the commercial banks to make modest increases in their dividends or interest rates or both.

"Now, in return for my recommending more generous tax treatment for the savings function of commercial banks, I suggest that the commercial banks should consider some compensating concessions to the mutual savings banks which will accomplish our basic aim of creating a truly fair field of competition. . . There is a marked disparity between the branch privileges of the mutual savings banks and commercial banks. . . I need not tell you that the postwar period has witnessed the greatest exodus from our cities to suburbia in our history. This means that many of our depositors who want and need our services can no longer be directly served by us. . . This seems to me to be, in principle, a very modest demand. In all fairness, I think the

commercial banks should not interpose objection to some such relief for mutuals." See also page 109.

Executive Development

An entire conference session was devoted to a discussion of "Executive Development for Banks." Howard B. Smith, president, Middletown (Conn.) Savings Bank, was the discussion leader. William Powers, deputy manager and secretary, Committee on Executive Development, A.B.A., and George B. Ward, director, Bank Personnel Administration, A.B.A., speaking from years of study and research in the selection and development of management successor personnel, answered questions of delegate bankers on how to meet specific problems in this field. A report on this session is included in the "Banking News" section, page 104.

Speaking from Knowledge and Experience

Three of the Savings and Mortgage Division's committee chairmen, each an outstanding authority on mortgage credit, made impressive presentations at the second morning session, at which Daniel W. Hogan, Jr., vice-president, Savings and Mortgage Division, A.B.A., and president, City National Bank and Trust Co., Oklahoma City, presided. The speakers included Richard B. Haskell, chairman, Committee on Conventional Mortgage Loans, and president and treasurer, Mechanics Savings Bank, Hartford; V. R. Steffensen, chairman, Committee on FHA Mortgages, and senior vice-president, First Security Bank of Utah N.A., Salt Lake City; and Cowles Andrus, chairman, Committee on GI

"Conventional Mortgages"—"FHA Changes"—"GI Mortgage Future" speakers. Left to right, Mr. Andrus; Mr. Hogan; Mr. Haskell; and Mr. Steffensen



Mortgages, and president, County Bank & Trust Co., Passaic, N. J.

Conventional Mortgages

"A larger proportion of conventional borrowers bring to the bank a larger proportion of potential customers for other services of the bank," said Mr. Haskell in a discussion of "Advantages of Conventional Mortgages." "This is not intended as any kind of an indictment of those who, for some reason, are not qualified as conventional-loan borrowers. By their very nature, those who, for one reason or another, have been able to become qualified as conventional borrowers are those who have a greater potential to use other available services, be it savings in a savings bank, or savings department or some other service in a commercial bank. The banking industry is spending literally millions in advertising and public relations, yet, in many instances, I fear, is either partly nullifying this effort and expense, or is failing to take advantage of the good they produce, with an improper valuation of the conventional loan and by requiring insurance instead."

Continuing, Mr. Haskell said that "another, and perhaps most important, reason why bankers should direct a major portion of their efforts into the area of conventional mortgage loans is that, in so doing, they come closer to fulfilling their basic reason for being. So far as the loaning or investment side of the banking business is concerned, we deal in but one basic commodity—the proper dispensation of credit. Not only is it a basic reason for our existence; it is necessary if we are to operate properly or profitably."

G. E. Levine, vice-president, Providence (R.I.) Institution for Savings, and C. A. Gunkler, Jr., left, foreground, lead round table discussion of "School Savings Installation and Operation" at School Savings Forum preceding the conference



Some of the hundreds of bankers from the eastern states listen to serious discussions spiced with humor

Mr. Steffensen, in a discussion of "Proposals for Changes in FHA Practices," traced the steady political envelopment of the Federal Housing Administration.

"The FHA has moved directly under political domination," he said, "and therefore has lost its status as an independent agency of the Government. Because of this, the A.B.A. and some other private groups have gone on record year after year favoring and urging the reestablishment of FHA as an independent agency of Government, and also asking that it be placed under the control of a nonpartisan board of directors drawn from private business, but with representation also from the Treasury and Federal Reserve Board.

"In order to accomplish this worthwhile objective, a great deal more effort will have to be expended than we, as bankers, have heretofore brought to bear on the problem. The task appears difficult, but bear in

mind that only last year the savings and loan group was able to remove the Home Loan Bank System from the control of HHFA. Certainly, with FHA serving all financing groups—insurance companies, banks, mortgage companies, and savings and loan associations, as well as the public as a whole—as contrasted with the special nature of the Home Loan Bank System—how much more important it is that a similar job be performed for the FHA!"

GI Mortgages

In his discussion of "The Future for GI Mortgage Loans," Mr. Andrus reviewed S. 3158 and S. 3159, introduced by Senator Lehman of New York. If enacted, these measures, according to Mr. Andrus, most certainly would "completely undo the constructive and effective plan which has been working toward the discontinuance of direct lending of Federal funds in competition with private enterprise and toward the elimination of FNMA as a taxpayer-supported Federal agency by the ultimate transfer of ownership of 100% of its capital stock into the ownership by banks, insurance company, mortgage company, and savings and loan association hands—in other words, taking Government out of the home mortgage business."

Mr. Andrus believes that the future of GI mortgages is good, but added that the question is, "Will they be sound, and by whom will they be written?"

And so we come to the end of the conference. The National School Savings Forum, held the preceding day, is reported on page 118.

School Savings Banking Is Rich in Rewards

*Ideas from the A.B.A.'s National School Savings Banking Forum
in New York City*

SCHOOL savings banking is the best public relations media banks can employ. It helps to build good, substantial American citizens. It is the generating plant from which the banks may expect to draw a large proportion of their future customers—customers whose loyalty was instilled in them during their formative years. These were the positive conclusions drawn by speaker after speaker at the various sessions of the National School Savings Forum of the Savings and Mortgage Division of the American Bankers Association in New York last month.

This forum, which was enthusiastically attended and applauded by several hundred bankers and educators, was under the immediate auspices of the Division's Committee on School Savings Banking, of which Millicent A. Trichler, assistant secretary, Dollar Savings Bank, New York City, is chairman. It preceded the annual Savings and Mortgage Conference.

Besides Miss Trichler, speakers at the general forum session included the Honorable Henry H. Pierce, Jr., Bank Commissioner for the State of Connecticut; Frederick C. Ober, president, Fitchburg (Mass.) Savings Bank; and Gertrude A. Golden, member, Board of Public Education, School District of Philadelphia, Pa.

Round Table Sessions

At two simultaneous "round table" sessions, one on "School Savings Installation and Operation," and the other on "School Savings Promotion," countless suggestions were offered for an effective school savings program. A show of hands at the "Installation and Operation" session indicated that there were present 100 bankers who are contemplating new school savings banking installations.

The leaders of this latter "round table" session were George E. Le-



General Forum Session speakers. *Left to right, Mr. Ober; Miss Golden; Miss Trichler; and Mr. Pierce*

vine, vice-president, Providence (R.I.) Institution for Savings, and Carl A. Gunkler, Jr., assistant vice-president, Lincoln National Bank and Trust Co., Fort Wayne, Ind.

Promotional Ideas

Among the promotional ideas discussed, most of which are in use by one or more banks, were these: Dinners for principals and/or teachers during the school year; other entertainment functions for the educators; banker-for-the day programs; poster contests with emphasis on school savings; dissemination of information about interest paid on school savings, which includes newspaper publicity, advertisements, placards, an interest week, D-day (dividend day) messages for the children to take home, program for principals and teachers, and a semiannual interest report card; budget clinics and finance forums for students; recognition of new schools by presenting a useful gift.

Also, puppet shows to stimulate interest of children; bank tours; tours of stock exchanges and Federal Reserve banks; teachers' outlines to assist in teaching thrift; advertising and promotion through such mass media as newspapers, TV,

and radio; providing statistical and other suitable material to student newspapers; thrift displays for showing at the banks, state fairs, PT meetings, etc., prepared by students or advertising consultants; awards or certificates to be sent to the homes when students' deposits reach a certain peak; banners for display in the classroom, principal's office, or elsewhere when a class or a school has attained a goal; a pat on the back for teachers, such as small, inexpensive gift (desk diary and ballpoint pen), Christmas card, or "thank you" letter; a traveling trophy which may be permanently awarded to a school if earned for three successive years; and scholarship awards to outstanding high school pupils in graduating classes.

Congratulatory Letters

It is customary for the bank to write a letter of congratulation to a student who, on graduation, transfers his school savings account to a regular account. The letter, signed by the president, congratulates him on graduating from the eighth grade and on becoming an adult saver.

Discussion leaders at the "Promotion" session were Jean M. Turano, assistant to the president, Trenton

(CONTINUED ON PAGE 120)



10 NATIONAL TELLER MACHINES provide faster service, eliminate need for adding machines at the windows.



FOR MANY YEARS, the Rock Island Bank and Trust Company has been a 100% National user.



MR. RAY W. OSTERMAN, President.

“Our 100% *National* System repays its cost many times over through very substantial savings!”

—Rock Island Bank and Trust Company, Rock Island, Ill.

“Our eight years’ experience with National machines has more than justified our faith in their performance,” writes Mr. Osterman. “Our 100% National System has given us many new efficient procedures with resulting economies in operation.

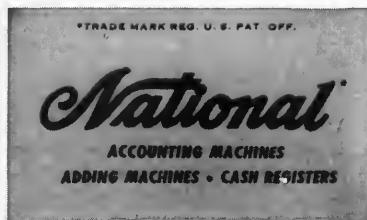
“Here are some examples of what Nationals are doing for us in our various departments. At the windows, 10 National Teller Machines provide faster customer service, eliminate costly passbooks. In auditing, our National Proof Machines handle more work faster and provide better audit control with to-the-cent proof. In our savings department, 3 Nationals

eliminated costly deposit and withdrawal tickets, save tellers’ time and give depositors better service. In bookkeeping, National Accounting Machines reduced substantially our carbon and stationery costs, cut overtime to a minimum. Finally, in loans and discounts, a National Class 31 provides machine-printed records, up-to-the-minute balance and tighter control.

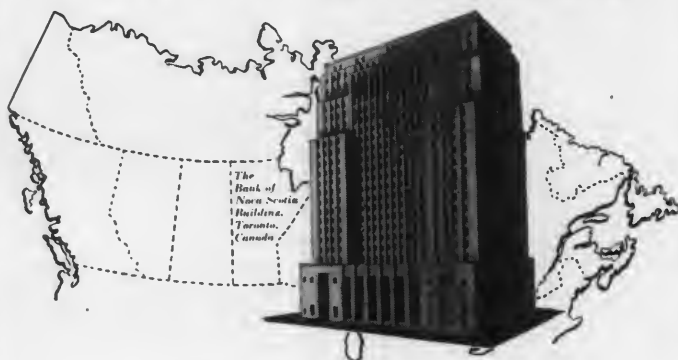
“Naturally we regard our complete National System as a fine investment. It repays its cost many times over through very substantial savings. We can recommend a National System as an excellent investment for any bank.”

How much can Nationals save in the various departments of *your* bank? A National System soon pays for itself out of the money it saves, then continues to return these savings as extra profit. Call your nearby National representative today—let him show you what Nationals can save for *your* bank. His number is in the yellow pages of your phone book.

THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio
986 OFFICES IN 94 COUNTRIES



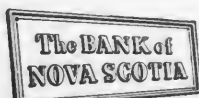
Canada offers you opportunity



**and here is the international bank
to help you
and your customers**

THE fastest growing nation in the world offers rich rewards to those who seek them. Whether your clients are interested in mining, oil, gas, manufacture or trade, The Bank of Nova Scotia can help them.

With more than 400 branches in Canada, Great Britain, the U.S.A., and the West Indies, and with correspondents wherever men trade, The Bank of Nova Scotia is equipped to give you and your clients authoritative information and expert guidance on your banking and financial problems.



• A Partner in Canada's
Growth

General Offices: 44 King St. West, Toronto

New York Office: 37 Wall St.

London Office: 108 Old Broad St.

In Jamaica: Kingston and 16 other branches.

In Cuba: Havana and 6 other branches.

In Puerto Rico: San Juan, Fajardo and Santurce.

In Dominican Republic: Ciudad Trujillo.

Trinidad B.W.I.: Port of Spain.

And correspondents all over the world.

School Savings Banking

(CONTINUED FROM PAGE 118)

(N. J.) Savings Fund Society, and Herbert G. Wenzel, assistant vice-president, County Bank and Trust Co., Paterson, N. J. In their summation of the discussions, they made these observations:

"The mere establishment of a school savings program in itself is not a criterion for success, since it must be nurtured by banks through offering to school authorities those services that will permit us the opportunity to interpret the function of banks in the national economy and in the community and to demonstrate to the nation and to those in our respective cities that banks are good citizens institutionally.

"The promotional costs of school savings are inexpensive, considering the effectiveness of direct contact. The application of the practical way of seeing and doing banking in early childhood, along with classroom participation, will create a lasting impression upon our youth of today. Money spent by banks on school savings is a long-term investment in our children of today, who will be citizens and leaders of tomorrow. It is not the quantity of dollars that we look for in school savings, but the quality of depositors."

Bank, School, Depositor Growth

Miss Trichler, in her introductory remarks at the general forum session, revealed that bank school savings programs are on the increase. A survey by the Committee shows an increase of 11 banks, 600 schools, 350,000 depositors, and \$20,250,000 in balances since the previous school term. According to Miss Trichler,

(CONTINUED ON PAGE 122)

"School Savings Promotion" discussion leaders—Miss Turano and Mr. Wenzel



ROBERT COOPE

THIS MOSLER REVO-FILE DEMONSTRATION SHOWS . . .

How you can change to money-saving rotary card filing, with your present cards!



1. No wonder 8 out of 10 leading banks (by deposits) are using Revo-Files to gain the proved money-saving advantages of rotary card filing. For no punching of signature cards or personal credit records is required when you change

from slow-poke, money-wasting drawer files to *Revo-File*. Just pick up your present cards by handfuls, drop 'em into a Revo-File and go to work. Revo-File is the *only* single-drum rotary card file of its type that lets you *do* this.



2. No chance of losing cards! Revo-File has an exclusive, patented method of holding cards in drum without relying on holes punched in cards or other methods of attachment, which often cause wear, mutilation, and eventual "fall out" of cards from drum into base of file. (No trapdoor needed in Revo-File.)



3. Since cards are not attached, one or hundreds can be removed and re-filed instantly. Easy to place Revo-File in most comfortable working position. Cards come to clerk, not vice versa. All standard and most off-standard cards accommodated. Manual and automatic electric selector models. Special Hi-Boy model for clerks who work in standing position.



For big-volume card-filing! The new Mosler Roto-File can accommodate more than 80,000 cards. Has all the exclusive features of Revo-File . . . on a bigger scale. Electrically controlled drums rotate independently—*several* clerks can work at same time.

If you have 3,000 or more active cards which are used continuously for reference and posting, mail coupon, today!



Revo-File, Roto-File Div. • The Mosler Safe Company, Dept. B-10, 320 Fifth Ave., New York 1, N.Y. Please send me complete information about (check items you wish):

Mosler Revo-File, world's finest rotary card file. Mosler Automatic Electric Selector Revo-File. New Mosler Roto-File for volume card-filing applications.

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Another fine product of
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*"I love my New Order Desk.
I find or file an Order or a
Master in Seconds!
My Boss is in better humor, too.
Before I was on my feet as much
as at my desk"*

**WASSELL CORRES-FILE
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give finger tip control of all records. Cards and correspondence or orders can be mixed. All records instantly available.

Free DESCRIPTIVE CATALOG
Effective Tools for Effective Management
WASSELL ORGANIZATION, INC. Westport, Conn.

MAKE THEM TRULY PERSONALIZED

When Personalized Checks are ordered for joint accounts, our copy for imprinting frequently reads "James C. or Mary A. Morrison" or perhaps "Mr. or Mrs. James C. Morrison." Such copy conforms, no doubt, to the official record at the bank, but we submit that checks so imprinted are not truly personalized. We appreciate that the bank has to know who signs with whom, otherwise Mary's checks might be charged to some other Morrison. And we appreciate also what a nuisance it is if cross indexing has to be employed. Nevertheless, checks imprinted "James C. or Mary A. Morrison" just don't have individuality.

What we would like to do—and, as a matter of fact, what we usually do unless we are instructed otherwise—is to imprint simply "James C. Morrison" and gold stamp the cover with the same name. Then, if Mary signed a check, it

would be apparent that she signed with James C. If Mary wanted her own supply of checks—as indeed she should—we would imprint on her order simply "Mary A. Morrison," and then over the signature line, if specified, we would imprint "James C. or Mary A. Morrison" in order to identify the account as it was carried on the books.

By handling the imprinting in this manner, either or both could enjoy truly personalized checks and personalized covers, and the bank people would experience no inconvenience when sorting and posting. So why not sell two orders of checks to all joint accounts and provide each with individuality? It wouldn't cost any more in the long run and each would be using checks designed for his or her individual needs. Or, if you can't sell two orders, why not just imprint for the principal signer?



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

School Savings Banking

(CONTINUED FROM PAGE 120)

529 banks are now serving 10,600 schools and 4,150,000 school savers have accumulated balances totaling \$145,250,000.

"There are other school savings programs sponsored by the Treasury Department, savings and loan associations, and credit unions," she said. "When consideration is given to the fact that only 3% of the banks and approximately 6% of the schools in the country are cooperating in school banking programs, the current statistics acquire even greater significance as a tribute to their accomplishments. Further consideration must be given to the fact that school savings accounts and balances are subject to constant depletions through transfers to regular accounts."

A.B.A. Tools

Tools provided by the A.B.A. to assist banks in the conduct of school savings banking systems described by Miss Trichler include *The School Bank*, published twice a year and containing information pertinent to the installation and maintenance of school banking programs; *School Saver*, a 4-page newspaper issued three times a year for distribution by banks to school children in their communities; *A Bone for Spotty*, a film designed for children in the lower grades; and *School Savings Banking*, a revision of an earlier manual by the same title.

School Savings Banking is designed to give all banks, whether
(CONTINUED ON PAGE 170)

Carl A. Gunkler, Jr., assistant vice-president, Lincoln National Bank and Trust Co., Fort Wayne, Ind., and George E. Levine, vice-president, Providence (R.I.) Institution for Savings, leading discussion at "School Savings Installation and Operation" round table



ROBERT COOPE

BANKING

Things Look Pretty Good

THE timeliness of the subject—instalment credit—plus the immense popularity of the “bull session” idea at last year’s meeting, made for the biggest National Instalment Credit Conference since the first was held in 1947. Advance registrations received in New York by March 15 totaled over 1,350. Since the conference was scheduled just at **BANKING’s** press time, only advance statistics are available. And we’re able to give quotes from only those speeches received prior to the conference, which was held March 19, 20, and 21 at the Jefferson Hotel in St. Louis. We’ll wrap it up next month.

Carl A. Bimson, chairman of the A.B.A. Instalment Credit Commission, and president of Valley National Bank, Phoenix, as first and last speaker opened the conference with introductory remarks and summarized the presentations at the close of the sessions.

Monday afternoon was given over to two panels. Tuesday afternoon was given over to the “bull sessions” in which conferees were assigned to smaller groups to promote free and informal discussion of the material presented at the panels.

John Gibson, vice-president of the Republic National Bank of Dallas, acted as chairman of the panel session. The panel on automobile finance was moderated by Keith G. Cone, vice-president, LaSalle National Bank, Chicago; with William A. Spaugh, vice-president, American Security and Trust Company, Washington, D. C.; August F.

(CONTINUED ON PAGE 126)

Quotes from the Speakers

The current nationwide ratio of total individual debt to accumulated savings is less than it was in 1940 and far less than in 1929. Annual repayment requirements on consumer instalment debt expressed as a percentage of annual disposable income show only a slight increase over 1953 and 1954.

Products should be sold on the basis of quality and cost. We should not condone the advertising of loose terms or, in fact, terms of any kind.

Consumers, without the aid of credit, might alter the composition of their expenditures toward more nondurables and services, thereby raising the level of real consumption out of current income. The use of consumer credit conceivably promotes thrift and accumulation of wealth rather than encouraging improvidence and increased consumption.

The record of consumer credit since its inception shows that the American people are good money managers and instalment lenders very prudent bankers. There may have been some excesses committed last year under the great pressure to sell automobiles. It is already evident, however, that corrective measures have been taken without Government compulsion. Legislation which would give even standby control over instalment credit would be hanging a sword of Damocles over a phase of the economy that has shown one of the finest records under private management.

The real purpose of credit is to enable a sale to be consummated—a sale that in a great majority of cases could not be made without the extension of credit.

There are no new built-in dangers to the economy resulting from the use of larger blocks of consumer credit in relation to disposable personal income or any other arbitrary basis. The best test is still the ability of the debtor to pay his bills.

The best defense against any movement in the direction of regulation is for consumer lenders to learn more about their business; to get the information they need to establish effective minimum lending standards and practices; and then to take steps to see to it that these lending standards are adhered to in their own operations.

The farmer no longer buys machinery to replace manpower or animal power. He now buys machinery as replacement for older machinery. In farm tractors alone, the forecast is that replacements are leveling off at about 200,000 units a year.

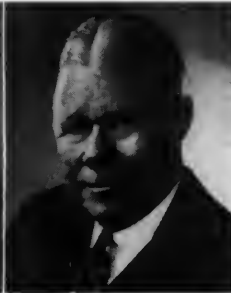
William A. McDonnell

Thomas G. Gies

Ross D. Siragusa

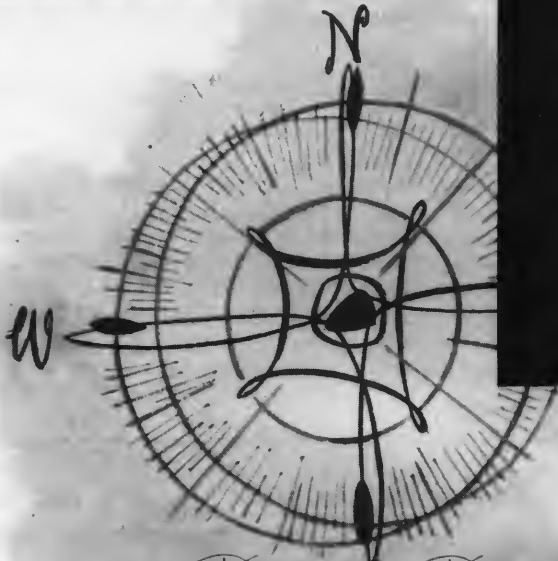
Charles E. Harmon

Charles P. Fiske





Atlantic National Bank, West Palm Beach, Fla.



Security Trust & Savings Bank, Billings, Mont.

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Headquarters: ST. LOUIS, 9TH & SIDNEY STREETS

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your customers bring more customers!

Banks, like people, need personality. Steel, marble; glass, space come alive through the vital touch of the creative designer. It is he who blends your bank's facilities . . . the character of your operation, the specific needs of your customers . . . into what we at Bank Building Corporation call *magnetic design*.

This need for strong personality holds for banks of all sizes . . . and for all types of architecture, whether it portrays traditional charm or ultramodern flair. It is a vital *profit producing* element in bank

growth . . . this ability to *attract new business* made possible through the designer's projection of your bank's personality.

Then, the services you offer become *personalized* to your customers. *This* mental impression they remember. *This* is magnetic design. When your bank has it, new customers soon become familiar faces, and . . . your customers bring in *more* new customers. Bank Building Corporation projects have a habit of building business for bankers. May we help you?



Central Trust Co., Cincinnati, Ohio



First National Bank of West Orange, N. J.

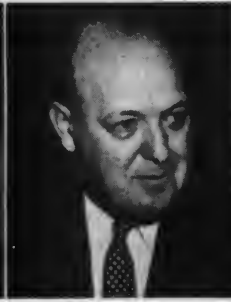


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Phone or write us now . . . or visit us in St. Louis. See how the world's largest organization of bank design specialists handles a project from preliminary survey to final completion.



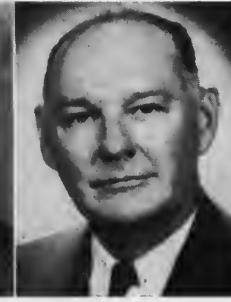
Kenton R. Cravens



John L. Gibson



Philip Woolcott



Arthur J. Bruen



D. R. Buttrey

(CONTINUED FROM PAGE 123)

Wagele, vice-president, Bank of America, San Francisco; and Frank J. Wolfe, senior vice-president Wachovia Bank and Trust Company, Winston-Salem, N. C., as speakers.

Charles E. Harmon, vice-president of Northwestern National Bank of Minneapolis, was moderator of the panel on financing other types of durables and services. Participating were Edwin F. Brandt, vice-president, Old National Bank of Spokane; Harrison W. Klockow, assistant vice-president, First Wisconsin National Bank of Milwaukee; and Paul H. Young, vice-president, The Boatmen's National Bank of St. Louis.

Financing Automobiles

ARTHUR BRUEN, assistant treasurer, American Motors Corporation, Kenosha, Wisc.

DURING the latter part of 1954, the unfortunate practice of lengthening maturities became widespread. As some lenders moved up from 24 months to 30 months, which seemed reasonable in the face of higher prices, others moved from 30 to 36 months. In a few instances, even 42-month maturities were offered. We cannot deny that this practice presold a portion of the 1956 market in 1955, and even in 1954, as

many of those sales remain unpaid today. Some purchasers bought new automobiles whose prices were rigged to provide a partial mythical down-payment. Payments were spread so thin, the car depreciated faster than the paper seasoned. These purchasers find themselves ruled out of today's market for the want of equity to cover even a token down-payment.

These repeat sales must, of necessity, be deferred until more payments have been made. The buyer who tries to "have his cake and eat it too" is finding out that two plus two does not always equal four when shopping for automobile bargains.

Lastly, has there been any change in credit terms or credit policies that would have an effect on the sale of 1956 models? Possibly I should ask which came first, the hen or the egg—the downturn of automobile sales or the tightening of credit terms. My research indicates the tightening of credit terms came first and took place during the summer and early fall months of 1955, following overtones of concern from Washington. Thus, we seemed to have come to the end of a cycle of loosening terms.

The development does not represent so much a substantial tightening of terms, as it does a halt to further loosening.

A Challenging Period

CHARLES P. FISKE, executive vice-president, General Motors Acceptance Corporation, New York.

LET'S compete for the customer's business as we always have, but let's do so on a high level. Consumer credit has been a vital force in expanding our markets for durable goods and in raising the standard of living of Americans. We should strive to keep such a constructive force free from abuse. We should want to keep this good business on a respectable basis and in so doing deserve to enjoy freedom from controls.

Policing the business ourselves in our day-to-day operations possibly presents the greatest challenge. . . .

We should compete on the basis of service to the customer and the dealer—not on the basis of terms. We should have flexibility, of course, but with the objective of keeping the average in a conservative area.

We should not condone the advertising of loose terms or, in fact, terms of any kind. We would like to see products sold on the basis of quality and cost.

The matter of finance charges to the customer merits serious consideration. In recognizing that the

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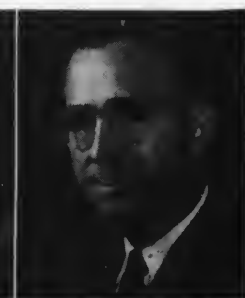
Frederick J. Bell

J. Paschal Dreibelbis

Keith G. Cone

Carl A. Bimson

William A. Spaugh





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National Homes Mortgages

ARE SOUND LONG-TERM INVESTMENTS

The attractive designs and practical floor plans of all National homes are created by Charles M. Goodman, AIA, the country's foremost residential architect. With dozens of basic plans and hundreds of design variations, our builder-dealers offer homes of greater salability . . . assure continuing satisfaction of home ownership . . . and protection of property values. These attractive

designs, combined with quality construction, are among the many reasons why more than 600 banks, insurance companies, building and loan associations and other lending institutions—among them the largest in the country—invest in National home mortgages. National Homes Corporation, Lafayette, Indiana. Plants at Lafayette, Indiana; Horseheads, New York; Tyler, Texas.

ONE OUT OF EVERY 48 HOMES BEING BUILT
IN AMERICA TODAY IS PRODUCED BY...



(CONTINUED FROM PAGE 126)

time sale is directly between the seller and the buyer, it can be argued that the finance rate on which they agree is of no concern to the finance source. We in GMAC do not feel quite that way and will not finance a transaction when the rate charged by the seller is considered to be unreasonable. This is a point which we believe to be worthy of study by all employed in this type of business.

As the Economist See It

THOMAS G. GIES, financial economist, Federal Reserve Bank of Kansas City.

THE degree to which credit is capable of reducing the consumer's investment in deferred satisfactions obviously rests upon the relationship between the period of payment and the life of the unit being financed. Each payment under the instalment contract is in a sense



Typical of the "bull session" groups is this one at last year's conference

divided between currently received service and deferred or "stored up" services. The shorter the period of payment relative to the life of the durable, the larger the proportion of stored-up services acquired. The longer the maturity of the loan, the

nearer the consumer-borrower approaches payment for services already or currently received.

It is clear that repayment schedules have continued far ahead of the using-up or actual consumption of durables; and the proportion of the stock financed on credit, though fluctuating over the business cycle, has remained within a range of 15% to 25%. While instalment credit has aided in financing the increased volume of consumer durables, it does not show signs of eliminating the consumer's stake in this type of asset.

Prospects: TV; Appliances

ROSS D. SIRAGUSA, president, Admiral Corporation, Chicago.

APPROXIMATELY 24% of electrified homes still do not have a television set. This percentage will be further reduced in 1956. Our estimate is that 1-1/2-million sets will be sold in this previously unpenetrated portion of the market this year.

Weighing all the elements, we believe that a minimum of 7-million black-and-white receivers will be sold this year.

Five years from now, we foresee an annual market for 5-million color receivers and 6- to 7-million black-and-white receivers, mostly of the personal (portable) type. We also foresee an increase in the market for the various major kitchen appliances. . . .

Financing Farm Machinery

D. R. BUTTREY, president, The State Bank of Jacksonville, Florida.

THIRTY years ago, in the United States, our farm equipment sales

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Phone LAfayette 3-6800, ask for Correspondent
Banking Service and get action—fast!

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BANK OF MONTREAL

New York--64 Wall Street San Francisco--333 California Street
Chicago: Special Representative's Office, 141 West Jackson Blvd.



650 BRANCHES ACROSS CANADA • RESOURCES EXCEED \$2,700,000,000

consisted almost wholly of items to be used for additional mechanization. In other words, practically all machinery was purchased as a substitute for manpower and animal power. Since that time, the need for replacing machines with machines, rather than manpower and animal power by machines, has become increasingly important. Those who anticipate that farm machinery sales will not be high obviously are overlooking this most important fact.

... A large part of our population of 4,800,000 tractors today is made up of tractors produced during the period 1947 through 1952. As a result, replacement requirements during the period immediately ahead will be rather stable at around 200,000 units per year. . . .

When you extend credit for the purchase of farm machinery, you are not extending consumer credit. In fact, the theory of purchasing paper on farm implements, and of making collections, is entirely different from consumer goods contracts. You are extending credit to enable a farmer to own a machine which will substantially pay for itself in use, and the credit analysis should be made in that light.

Automobile Financing

KEITH G. CONE, vice-president, LaSalle National Bank, Chicago, speaking as moderator of a panel.

THE year 1956 is one of question. We have seen evidence that manufacturers are recognizing that they cannot produce and sell cars on the same arbitrary basis as they did in 1955. Dealers are being wooed and are being heard. More effort is being made to revive dealer loyalty and boost morale. But make no mistake—factory pressure will still be felt. The manufacturer must produce in volume in order to continue to keep his factory going and to invest in new facilities. There seems to be a strong belief that is becoming ever stronger that dealers are really human and that, given a fair deal, they will let loose their great experience and energy toward solving the problem of selling the tremendous output of our factories.

"It does not behoove us to become pessimistic because of what we have seen and experienced in 1955. Rather, we should realize that more and more automobiles will be needed to fill the requirements of a fast-growing population, one that



*—a smash hit
with bankers*

Customers love Sort-O-Namic...the Todd system for imprinting and sorting checks. It adds personality to checking account transactions. It means the customers' names appear in print on all the checks they write.

Bank employees, too, are enthusiastic about this fast, easy, fool-proof method of sorting checks *by name*. It cuts mis-sorts, mis-posts, mis-files by 85%. It reduces training time by 20%.

Stockholders like the Sort-O-Namic plan because it means more business and profits for the bank...better employee-employer relations...greater confidence on the part of the public.

For complete details—mail the coupon.



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Please send me complete information about the Sort-O-Namic plan.

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Address _____

City _____ Zone _____ State _____

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B-4-56



this wall-to-wall carpeting covers the source of a multitude of benefits . . .

STANLEY *Magic Door Controls*

Concealed beneath the decorative wall-to-wall carpeting of this recently remodeled bank in Meriden, Conn., a Stanley Magic Carpet Control opens and closes entrance doors for visitors . . . silently, smoothly, automatically. Vice-President Milton Tichy says, "Customer reaction has been highly favorable. Now, our lady patrons can enter easily even with baby carriages and bulky bundles. We've improved our building appearance and customer service."

Walter E. Hyneck, Assistant Secretary, adds, "Our Stanley Magic Door Controls conserve conditioned air . . . and maintenance is so simple we perform it ourselves."

An added feature is the use of STANLEY STAN-GUARDS, plastisol strips that completely cover the hinged sides of the door, make it impossible for coreless fingers to be injured.

Mail the coupon to learn how Magic Door Controls can benefit your bank and customers.

has increased almost 16-million in six years. Rather, we should realize that there are tremendous forces at work which seem to indicate an ever rising business potential. We can do our part by maintaining a calm and practical approach in a sea of somewhat confusing factors."

Challenge to Management

J. P. DREIBELBIS, senior vice-president, Bankers Trust Company, New York.

HAS instalment credit expanded so fast as to contribute to elements of instability in the economy? How widespread has the relaxation of lending standards been? Are the lags in the effects of general credit policy so great as to make a case for selective credit controls? . . . I believe as to each of them we should have an opinion; that if having such an opinion indicates the need of a policy, we should have a policy; and that if we have a policy, we should take all steps necessary to make it effective.

One of my impressions is that all too generally there is a gap between top management of the bank and management of the instalment loan portfolio. There are, of course, many outstanding exceptions that can be cited. However, I think I have noted a tendency upon the part of top management in many banks to ride tight herd on all other segments of the bank's operations and to ignore the responsibilities relating to the instalment loan department. One of the reasons for such a situation is that banks, like other service businesses dealing with the public, are responsive to customer demand.

There is a need for better information on what is going on in this important lending activity on a national basis. We now have some data on outstandings and on extensions and repayments, but I doubt if the data we have are adequate. I am certain that in many important facets of the business they are not. . . .

. . . If we had the information we need to establish and maintain defensible standards for our operations, we would not be tempted to initiate or even to follow lending trends of dubious propriety.

If a man has to stand on his dignity, he is very short.



REPRESENTATIVES
IN PRINCIPAL
CITIES

THE STANLEY WORKS, MAGIC DOOR DIVISION
Dept. D, 1012 Lake St., New Britain, Conn.

- Please send me complete information on Magic Door Controls and Stan-Guards for bank installations.
 Please have your representative call.

NAME _____

POSITION _____

FIRM _____

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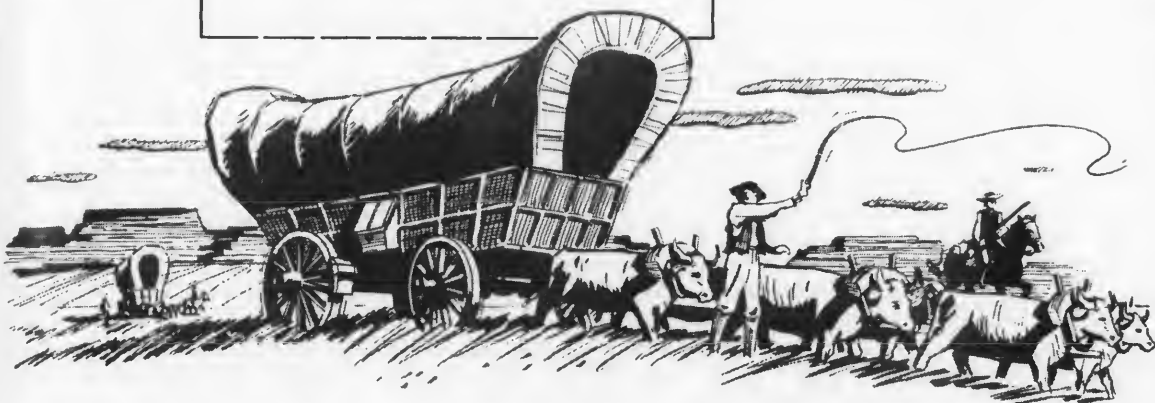
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LAWRENCE, the oldest and largest nationwide field warehouse company:

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That's why, for field warehousing, Lawrence Warehouse Company has set the pace for over 40 years. And that's why loan officers everywhere can specify LAWRENCE...and be sure!

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OFFICES IN PRINCIPAL CITIES

Taking Care of the Little Fellow and the Community

ROBERT W. REESE

SOON after the turn of the century, a young banker named Rudy Mollner stepped off a train in central Oregon's Crooked River country. Suffering from tuberculosis, he weighed just 85 pounds wrapped in an overcoat.

He was greeted by the foreman of the Corbett Ranch, located 10 miles north of Prineville. "Mr. Elliott Corbett says he sent you down here 'cause you're a mighty sick young man," the foreman drawled.

"That's right," the young banker replied, "I've only a short while to live."

"That's wrong," the foreman countered. "Mr. Corbett knows banking, and he sure knows this country. You're goin' to live. No one's goin' to die down here." Time proved Mr. Corbett, then the largest stockholder in the First National Bank of Portland, right.

The young banker is now vice-president of the First National and manager of its Prineville Branch. When he regained his health back in 1911 he made a vow that some day he would return to the Crooked River country and Prineville. After 30 years of banking in Portland, Pendleton, and Bend, Rudy Mollner fulfilled that promise. In 1941 he returned to Prineville for good.

Crook County, where Rudy Mollner lives, works, and plays, is a thinly populated area of sage-brush, Ponderosa pine, and rich soil, where the volcanic earth is irrigated. Less than 9,000 people live in almost 3,000 square miles—a lot of room for a man to move around in.

Looking at Prineville, an oasis in the wide expanse of Crook County,

one can easily see that Banker Mollner has kept the interests of the people and the city at heart.

Consumer spendable income now averages almost \$6,500 for each person in Prineville and almost \$6,000 in Crook County. There are two broad backbones in the economy of this land, both of which Rudy Mollner and the First National Bank of Portland developed and expanded: agriculture and cattle, and lumber. The 620 farm families during 1953 had a gross farm income of \$7,000,000, an average of \$11,300 for each family. The 1,419 employees in lumber industries and plants earned over \$8,500,000, an average of over \$6,000 per employee.

Financial Strength

The bank's records, too, show another portion of the county's growth and strength. In the past 15 years since Mr. Mollner's return, loans have increased from \$280,000 to almost \$3,000,000. Deposits also have gone up from less than \$900,000 to almost \$9,000,000. There are over 3,000 checking and 2,700 savings accounts in the bank. Savings Bond sales have been exceedingly high and redemptions of matured and unmatured bonds relatively few since 1941.

The concept of public service that permeates Rudy Mollner's personality and daily living goes far beyond his immediate community and county. He has been for years one of the U. S. Treasury's most distinguished volunteers. As Crook County Savings Bonds chairman, he has accepted every yearly bond quota as a privileged obligation to fulfill. Every quota has been exceeded, and sales have continued to mount. Last year, for instance, the people purchased \$250,000 in series E and H Savings Bonds, up 38% over 1954; and sales in 1954 were up 24% over those in 1953.

A day seldom passes that Mr. Mollner doesn't personally encourage some friend to put "a little more" into Series E bonds, or some

When Rudy Mollner, vice-president of the First National Bank of Portland, wants to make a quick trip in the 3,000 square miles he covers in Crook County, he usually does so by airplane with Farmer Claude F. Williams. Mr. Williams is one of the top polled Hereford breeders in Oregon. His investments in U. S. Savings Bonds as an educational program for his children (shown here) are substantial



widow, rancher, or businessman to purchase series H bonds. He reads estate notices and recording records for sales of property. He personally checks every month the bank's records of F and G Savings Bonds (discontinued in 1952) to make certain that his customers redeem them when they mature. "Such persons," Mr. Mollner says "are ideal customers for the Treasury's series H bonds." Through these and many other means Banker Mollner is able to divert money into Savings Bonds, savings accounts, or other forms of paying investments. All this and much more falls under the heading of serving his customers and his community.

During his half-century of banking in Oregon, Rudy Mollner has watched his beloved county grow with a deep personal interest—the interest all good bankers share who make possible the development and growth of their land's resources. His philosophy of banking coincides with that of another banker, who expressed it one evening many years ago when he came upon Rudy late one night as he studied some loan applications. "He was a fine looking man," Mr. Mollner recalls, "and as soon as he stepped in the office I recognized him." He was A. P. Giannini, then head of the Bank of America.

An Important Question

"He asked me how I liked banking, if I was happy with my work, and if I felt that I was a part of my community. Then he asked me two questions I've never forgotten, questions which keep repeating themselves over and over:

"Are you taking care of the little fellow? Are you taking care of your community?"

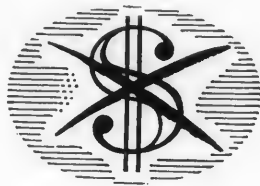
There are many persons who remember and know Rudy Mollner from Pendleton to Bend, from Prineville to Portland, and if each were asked to answer A. P. Giannini's two questions regarding Mr. Mollner's lifetime of banking, they would all give the same answer:

"He took care of the little fellow and he took care of his community!"

Prineville and Crook County and Oregon are all thankful for Rudy Mollner's having lived and worked there. The U. S. Treasury is thankful, too, that persons like him serve as the cornerstones of the Savings Bonds program.

No Investment

There is no investment of a bank's funds for installing and maintaining the THRIFTICHECK no-minimum-balance personal checking account plan. THRIFTICHECK's modest fee, based on the volume of checkbooks sold by the bank, covers all costs for installation supervision by THRIFTICHECK representatives, check imprinter, checkbooks, checks, deposit tickets, signature cards, statements, passbooks, ledger sheets, banking-by-mail sets, a continuous flow of advertising and promotional materials, and other supplies.



Exclusive THRIFTICHECK rights are granted to but *one* bank in an area. THRIFTICHECK is the complete, dignified, successful plan of low-cost, no-minimum-balance checking. The THRIFTICHECK name is nationally advertised, nationally recognized. The popularity of this Service is proven by millions of THRIFTICHECK customers in more than 700 communities across the nation.

Why not join the scores of banks today who are gaining new customers and substantially increased volume by changing over from an existing no-minimum-balance checking account plan to THRIFTICHECK? For full details, write

THRIFTICHECK SERVICE CORPORATION

100 Park Avenue • New York 17, New York

News for Country Bankers

(CONTINUED FROM PAGE 98)

Club program. It is currently concerned with establishment of a National 4-H Club Center in Chevy Chase, Md.; the International Farm Youth Exchange; a Citizenship Improvement Study; and human relations training.

Aids to County Agent

HERE is how the country banker can assist the county agent, as

outlined by H. K. Anders, assistant director, Northwestern Region, Division of Agricultural Extension, College of Agriculture, The Pennsylvania State University, before Group VII Agricultural Representatives Meeting of the Pennsylvania Bankers Association:

"(1) By creating a better appreciation of agricultural problems; (2) encouraging farm families to participate in farm and home planning groups; (3) assisting deserving and capable young couples to get started in farming either on their own or on a sound father and son basis; (4) keeping better farm

records and interpreting them as an aid in making future business decisions; and (5) in some areas encourage the establishing of industry to provide off-farm employment."

Fat Stock Show Draws 500

APPROXIMATELY 500 correspondent bankers were the guests of the Bank of the Southwest for the eighth annual Fat Stock Show and Rodeo party which was held recently in Houston.

Representing banks throughout the Southwest, the guests first attended the 2 P.M. matinee performance of the Rodeo where they were spotlighted and introduced as the guests of Bank of the Southwest, formerly The Second National Bank. Stars of the show were Roy Rogers and Dale Evans, popular film and TV celebrities.

Later in the day, entertainment was held at the new Houston Club in downtown Houston, followed by dinner and dancing in the Texas Room of the club.

The correspondent bank department, headed by Vice-president J. B. Hill and including Vice-presidents Dooley Dawson, Peter Brooks, and B. R. Smith, Jr. was in charge of party arrangements.

Farmer a Businessman

"IN agriculture, as in all walks of life, great change has taken and is taking place and it is as necessary for farmers to change their methods and procedures to meet these changes as it is for banks and other businesses to modernize," said H. J. Poorbaugh, Erie County Extension agent, during a panel discussion of "The Banker and the County Agent" at the Pennsylvania Bankers Association's Group VII Agricultural Representatives Meeting in Titusville, Pa.

"From my experience," Mr. Poorbaugh said, "it seems that one of the big problems of our area is the need on the part of many farmers to consider their farms more in the light of a business, and to adopt a more businesslike approach to the management of them.

"Our farmers must set up their businesses on a very efficient basis and they must be large enough in scale. Added to this, farm marketing must move to meet the demands of vastly changed markets."

SWISS BANK CORPORATION

Head Office: BASLE, SWITZERLAND

Bienne · LaChaux-de-Fonds · Geneva · Lausanne
Neuchâtel · St. Gall · Schaffhouse · Zurich

CAPITAL
160,000,000 S. Fcs.



RESERVES
84,000,000 S. Fcs.

Statement of Condition, December 31, 1955

ASSETS		Swiss Francs
Cash.....		361,359,892
Banks and Bankers.....		424,046,465
Bills Receivable.....		582,588,419
Short Advances.....		25,693,245
Advances to Customers, etc.....	1,203,094,022	
Government and other Securities....		532,188,689
Other Assets.....		8,462,073
Bank Premises and other Property....		11,500,000
	Total S. Fcs.	<u>3,148,932,805</u>

LIABILITIES		Swiss Francs
Share Capital.....		160,000,000
Reserves.....		76,000,000
Sight Deposits.....	2,013,403,441	
Time Deposits.....		526,272,159
Fixed Deposits ("Obligations").....		244,585,500
Bills Payable.....		17,367,755
Acceptances.....		30,571,921
Other Liabilities.....		54,949,296
Profit.....		25,782,733
	Total S. Fcs.	<u>3,148,932,805</u>

NEW YORK AGENCY

Main Office, 15 Nassau Street, New York 5, N. Y.
49th Street Office, 10 W. 49th St., New York 20, N. Y.

LONDON OFFICES

99, Gresham Street, E.C. 2, and 11c, Regent Street, S. W. 1

AFFILIATE IN CANADA

Swiss Corporation for Canadian Investments Ltd.
360 St. James Street West, Montreal 1, Canada



TWO-TOTAL SHUTTLE

adding machine proves savings-account postings in less time

This modern Monroe adding machine with shuttle action carriage cuts down figuring costs. It trims time in proving savings accounts under the unit system, does the work with less effort.

Rapid twin-column printing does away with time-wasting double handling of ledger cards. It proves old and new balance postings in a single operation. A duplex type machine, the Monroe

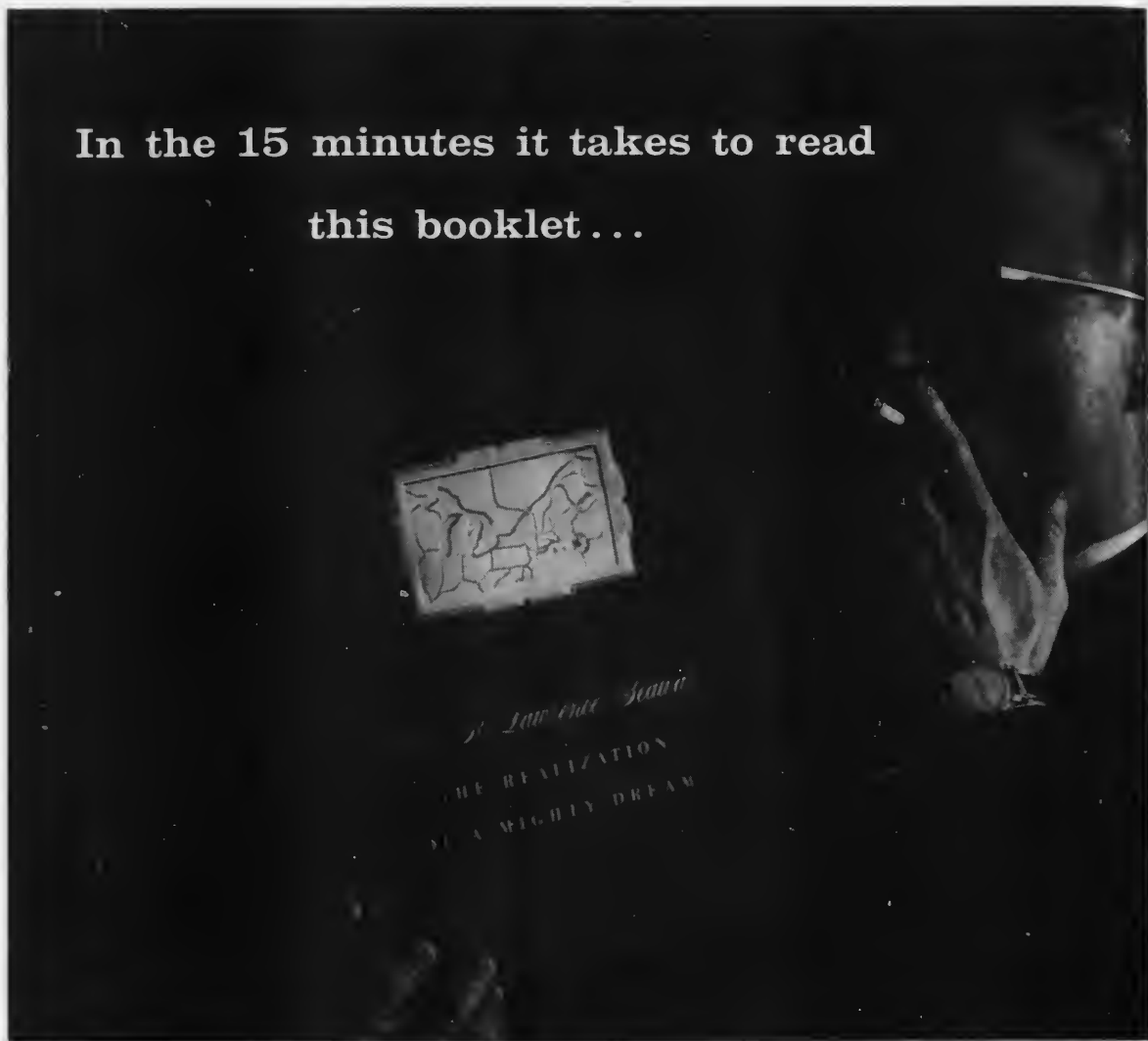
gives two separate totals with full keyboard capacity in both columns.

This versatile adding machine also handles regular adding jobs, with a flick of its normalizing lever. Operators who know prefer Monroe.

Monroe Calculating Machine Company, Inc., Main Office, Orange, N. J. Sales and service branches throughout the country.

See The MAN from **MONROE**
for CALCULATING · ADDING · ACCOUNTING MACHINES

In the 15 minutes it takes to read
this booklet...



...this Chicago bank spends 25 hours* on its
present foreign business!

The St. Lawrence Seaway will boom the Mid-west's export trade through Chicago. But this bank hasn't waited for it.

Right now, *today*, the Continental Illinois has a foreign department that is one of the biggest and busiest of any bank in America.

For example, on one recent typical day this department exchanged 1454 cables, wires and pieces of mail with 45 foreign countries.

There is no foreign banking accommodation that the Continental cannot provide —and with a speed and completeness that will surprise you.

We have access to over 33,500 banking offices over the world. We are within hours, even minutes, of them for the service of correspondents and their customers.

What would *you* like in Katoomba?

CONTINENTAL ILLINOIS NATIONAL BANK

and Trust Company of Chicago

Lock Box H, Chicago 90

Member Federal Deposit Insurance Corporation

*"Man hours"

Main Street

(CONTINUED FROM PAGE 30)

tional Bank & Trust Company of Savannah, Ga., and E. J. WILSON was elected president. MR. SANFORD has been president of the bank for 22 years. MR. WILSON had been a vice-president since 1947.

EARL W. MCGANN was elected executive vice-president of the Waterbury (Conn.) Savings Bank and will continue as treasurer.

GEORGE SPINNER was advanced to vice-president of the Commercial State Bank and Trust Company of New York.

The DANBURY (Conn.) NATIONAL BANK has opened the first drive-in facility in its area. The opening was advertised by having a white horse pull a surrey through the city

streets. Passengers were three attractive young ladies from the bank's bookkeeping department.

The STAMFORD (Conn.) TRUST COMPANY has inaugurated at its main office a series of visual displays "on our United Fund agencies and their good works in Stamford." The first is a Red Cross display devoted to Connecticut's free blood program.

NATIONAL BANK OF WESTCHESTER, White Plains, N. Y., has opened an office in the New York Central Railroad Station in Bedford Hills, N. Y.

FRANK E. JEROME, president of the Seattle-First National Bank, has been named chairman of the 1956 United Good Neighbor campaign for King County in Washington State.

FRANCIS J. LEAHEY has been promoted to vice-president at the Harlem Savings Bank, New York.



Eben L. Reid



Robert H. Craft

EBEN L. REID, formerly manager of the Columbus (Ga.) Chamber of Commerce, has been elected a vice-president of The Fourth National Bank of Columbus, with duties in public relations and business development.

ROBERT H. CRAFT, executive vice-president of American Securities Corporation, has been elected president and a director of The Chase Bank, a wholly owned subsidiary of The Chase Manhattan Bank, New York. He succeeds Edward L. Love, who has resigned as president but will continue as a director of The Chase Bank. MR. CRAFT is a vice-president of the Investment Bankers Association of America and chairman of its foreign investment committee. He is a trustee and member of the executive committee of The Bank for Savings, New York. The Chase Bank was chartered in 1930 under the Edge Act which makes provision for a broad range of financial activities in the foreign field.

GORDON H. ROBERTSON has resigned as president of Metropolitan Bank, Miami, to become first vice-president of the Merchantile National Bank of Miami Beach.

The COMMERCIAL BANK OF UTAH, Spanish Fork, with eight branch banks and assets of \$20,000,000 was acquired by the FIRST SECURITY BANK system in the largest bank merger in Utah's history. The acquisition brings FIRST SECURITY'S total banking offices, including FIRST SECURITY BANK OF IDAHO and FIRST SECURITY BANK OF UTAH, to 65; 29 are in Utah. Others are in Idaho and Wyoming.

WILLIAM H. FAWCETT has retired as vice-chairman of the board of Peoples First National Bank & Trust Company, Pittsburgh. He began his career at the bank in 1900 as a messenger. He had been active in the



Social Office of Rhode Island Hospital Trust Company, Woonsocket, as flood waters began to recede in August 1955, and as the completely remodeled office looks today



Pennsylvania Bankers Association and had served in many capacities with the American Bankers Association.

GORDON McNARY became vice-president, and GEORGE F. WILSON, cashier, at San Diego (Calif.) Trust and Savings Bank.

The Omaha Clearing House Association has elected these officers: *president*, A. J. HALLAS, president, Stock Yards National Bank; *vice-president*, A. L. COAD, president,

Packers National Bank; *secretary-treasurer*, H. V. OSTERBERG.

MARVIN W. SEVERN was elected a vice-president at First-Mechanics National Bank, Trenton, N. J.

GEORGE C. BARNETT, JOHN M. GOLIBART, and RICHARD J. LEWIS, JR., are now vice-presidents of First National Bank in Houston. GEORGE F. NEFF became a trust officer.

After 20 years as president, ELBERT P. PEABODY has been elected



E. W. Heitman



Philip Wagner

chairman of the board of the First National Bank and Trust Company of Augusta, Ga. JACK BURTON succeeds to the presidency.

ELMER W. HEITMAN was elected president of Citizens Bank of Michigan City, Ind. He succeeds THOMAS M. BLACKWOOD, who continues as chairman of the board.

GEORGE A. MOONEY, Superintendent of Banks, has announced the appointment of PHILIP WAGNER as First Deputy Superintendent of the New York State Banking Department. MR. WAGNER was formerly senior general and trial attorney in the New York office of the Securities and Exchange Commission.

WILLIAM C. PRATER was elected vice-president and PHILIP W. MCENTEE became vice-president and trust officer at Seattle-First National Bank.

WYTHE L. WHITING, JR., was promoted to vice-president of the First National Bank of Mobile, Ala.

EDWARD H. STOTESBERY was elected vice-president and executive officer of the Columbia Heights (Minn.) State Bank; DONALD C. BAILEY became cashier.

Promotions at the St. Louis Union Trust Company include: JOHN R. SHEPLEY and ROLAND C. BEHRENS, senior vice-president, a new office; M. L. HANLEY, CARL L. A. BECKERS, KENNETH H. EGGERS, and JOSEPH W. SCHUTTE became vice-presidents; EUGENE F. WILLIAMS, JR., advanced to secretary.

RALPH E. MERCER is now vice-president of the Greeley (Colo.) National Bank.

A. W. GRIFFIN was named executive vice-president at the Continental National Bank of Lincoln, Neb.



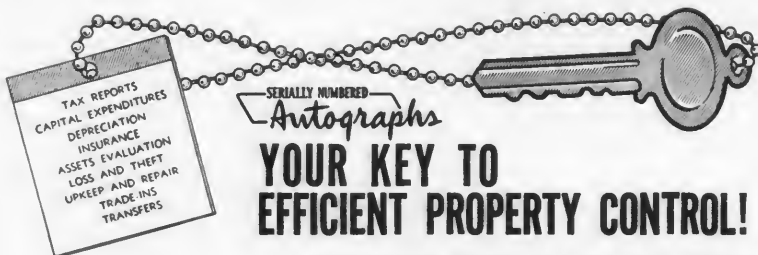
Our 66th year

SERVING SOUTHERN CALIFORNIA
COMMERCE AND INDUSTRY

CITIZENS NATIONAL
TRUST AND SAVINGS
BANK
OF LOS ANGELES

Established
1890

HEAD OFFICE: 5th & Spring Streets
36 Convenient Branch Offices
Member Federal Reserve System
Member Federal Deposit Insurance Corp.



**YOUR KEY TO
EFFICIENT PROPERTY CONTROL!**

Attractiveness, legibility and safe, easy mounting . . . Specially Numbered "AUTOGRAPHS" combine these features . . . open the door to efficient property control! Mount them prominently, proudly "out-front", where the easy-to-read numerals eliminate errors in recording. Reduce "tagging" costs! Anyone can mount Specially Numbered "AUTOGRAPHS" quickly, easily and permanently . . . even on crackle finish and other "problem" surfaces! Simply brush solvent on the adhesive backing and press into place. Drilled holes are unnecessary . . . there's no damage to fine finishes or delicate mechanisms! Try this proven key to efficiency in your property control system now!



Write today for "try before you buy" samples and Property Control Procedure Pamphlet No. 262.

METALcraft inc.
BOX 979P
MASON CITY, IOWA



**Good way to start
NEW CUSTOMERS
...and hold old ones**

It's a well-known fact that today more people have more valuable papers to protect than ever before. A man may not feel the need of a checking account—he can pay bills with cash, if he so chooses; he may have no need to borrow money; he may have no surplus cash to save. However, here's an important fact: Everyone who owns any valuable papers—the deed to a house, an automobile bill of sale, an insurance policy, stocks or bonds—needs a safe deposit box. Is your safe deposit department in need of expansion—or modernization? Is a branch bank, or banks, on your program for expansion? Then, perhaps, a survey of your requirements by a H.H.M. specialist in protection is in order. Your inquiry is invited—with no obligation on your part, of course.

HERRING·HALL·MARVIN SAFE CO.

Main Offices and Factory in Hamilton, Ohio

Branches in: New York, Chicago, Boston, Detroit, San Francisco, St. Louis, Houston, Atlanta, Philadelphia, Minneapolis, Washington, Dallas, Denver, Kansas City.



**COMPLETE SAFE DEPOSIT
PROMOTIONAL PROGRAM**

available to you at a
very nominal cost



**PAMPHLETS FOR COUNTERS OR
ENCLOSURE WITH STATEMENTS**

Six colorful, persuasive printed pieces, to show everyone his need for a safe deposit box. Complete back page left blank for bank's message and signature.



MATS FOR NEWSPAPER ADS

Six power-packed, small-space ads (2 cols. x 6 inches).



COLORFUL LOBBY DISPLAY

Measures 44 x 36 inches; printed in 5 colors. A sure-fire attention-getter in your banking room or lobby.



HOUSEHOLD INVENTORY FORM

Samuel L. Conard, Asst. Cashier of The Broad Street National Bank of Trenton, N.J., writes (Jan. 12, 1956): "Last year, you furnished us with 1,000 Household Inventory Forms which enabled us to rent so many safety deposit boxes that we sent you an order recently for more boxes. We would like to have another thousand of these forms. If you can send them, we'll probably be repeating the order for additional boxes."

For the Building Scrapbook



BANK BUILDING AND EQUIPMENT CORP.



TOP: Evandale Branch, Central Trust Company, Cincinnati, has a novel drive-up arrangement. This building uses glass extensively

ABOVE, LEFT: Lobby of the Netherlands Bank of South Africa, Pretoria. Bronze is used in the decoration

ABOVE, RIGHT: South Philadelphia office of the Central-Penn National Bank. Drive-in window is visible behind tellers at far right



ABOVE: The new National Bank of Commerce in Jefferson Parish, La., opened three offices on opening day. This is its main office



LEFT: Interior of the newly remodeled First National Bank of Juneau, Alaska, has cinnamon-colored terrazzo floor, counter work and paneling in birch-colored Marlite with cocoa trim; one wall is pastel yellow, the back wall is antique rose, and one wall is lime green. All is soundproofed and well lighted

RIGHT: Old Canton Road Branch of the First National Bank, Jackson, Miss.

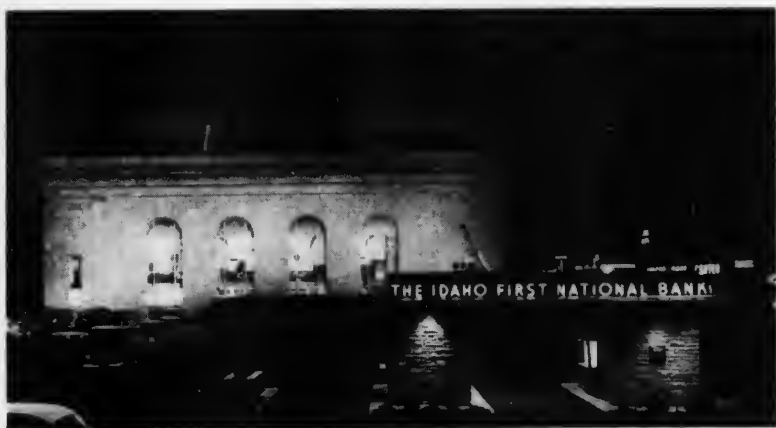


BANK BUILDING AND EQUIPMENT CORP.



ABOVE, LEFT: The Bank of Virginia's new quarters in Portsmouth

ABOVE: The Woodmar Shopping Center Branch of the Hoosier State Bank of Hammond, Ind. Drive-in and parking facilities are provided



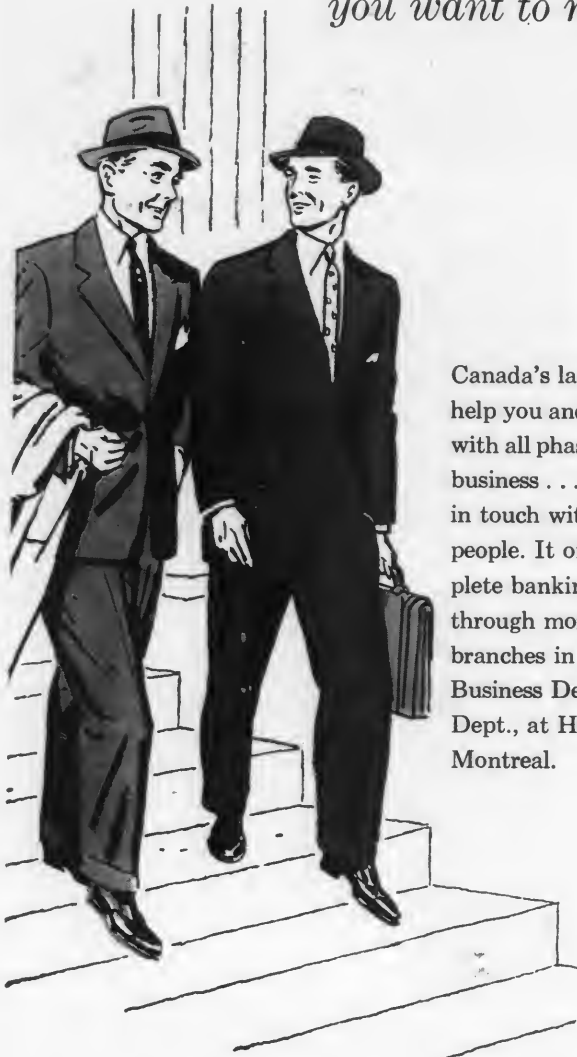
ABOVE: Lines form in the bank's parking lot to use this new motor bank of Idaho First National Bank, Boise; exit is to the street

RIGHT: Exterior of the new 21-story building of Texas National Bank, Houston, and lobby view during open house which 10,000 persons attended



"The Royal

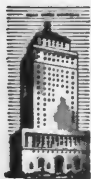
*knows the people
you want to meet"*



Canada's largest bank can help you and your customers with all phases of Canadian business . . . can put you in touch with the right people. It offers you complete banking services through more than 780 branches in Canada. Write Business Development Dept., at Head Office in Montreal.

Over 850 branches in Canada, the West Indies, Central and South America, New York, London and Paris.

THE ROYAL BANK OF CANADA



HEAD OFFICE: MONTREAL
New York Agency—
68 William Street, New York 5, N.Y.
Total Assets Exceed \$3,000,000,000

R_x for Telephonitis

(CONTINUED FROM PAGE 44)

was being made on a general basis and was not for the purpose of making individual criticisms. Nevertheless, anyone who did not wish to participate would be excused. We received 100% cooperation.

The following items were checked closely:

(1) Answering time, (2) ready to talk immediately, (3) identifying phrase, (4) answering someone else's telephone, (5) transferring calls, (6) leaving the line, (7) length of time away, (8) interim progress reports, (9) proper return to line, (10) termination of call, (11) courtesy, (12) understanding, (13) interested and helpful manner.

(This, in itself, is a good check list.)

After completion of the survey, a written report of the findings plus specific recommendations for improvement were presented to us.

The second phase of the program was to train the key personnel. This required about five hours. The class was conducted by Miss Hoffman and an associate, Betty Jo Ponton. It incorporated the following basic subject matter:

- (1) Fundamentals of good usage
- (2) Tone of service
- (3) Voice personality

A good share of the time was spent reviewing and discussing the survey. Visual aids, films, pamphlets, files, and printed material were also used.

At this writing we are approaching Phase 3—training of the staff by the specially trained personnel. Here again, the company will make available to us all necessary material. The major aid is an excellent *Instructors' Training Manual*.

To flash back to the survey results—on the whole they were encouraging and the official grade was "very good." But several areas were found which needed improvement. Here are examples of some of our good and bad habits. They are probably representative of the situation in most banks and may be helpful to those seeking to improve their telephone technique.

Answering the telephone promptly is recommended because it makes the first impression a favorable one. It is also just good sense. Eighty-seven
(CONTINUED ON PAGE 144)



ACCOUNTING VOLUME GROWING ?

Save time and costs with IBM Data Processing

Sometimes real accounting progress comes only after a new and sudden awareness of growth. Each day your people work along with increasing efficiency . . . meeting your steadily growing volume . . . then . . . suddenly, in the wake of rapid population and business growth your accounting volume zooms beyond the capacity of your present system!

To meet your growth problem *before* your present system reaches the point of diminishing returns, investigate IBM accounting methods *now*. Learn how punched cards and IBM Data Processing Machines actually do the work. See how they snap through accounting faster, more accurately and at lower cost! With IBM Mortgage Loan Accounting, for example, a master punched card

is prepared at the inception of each loan. Automatically, on IBM accounting machines, the cards prepare the trial balance, billing, proof journal, historical records, principal and escrow controls, and other internal and supervisory reports.

In *every* phase of accounting, IBM systems have another singular and vital growth advantage! *They prepare you for tomorrow's electronic economies while you reap substantial savings now!* There is an IBM system to fit your *particular* needs. For complete details call your local IBM representative or write: DEPARTMENT OF BANKING AND FINANCE, A56, International Business Machines Corporation, 590 Madison Avenue, New York 22, N. Y.

DATA PROCESSING • ELECTRIC TYPEWRITERS • TIME EQUIPMENT • MILITARY PRODUCTS

IBM

**DATA
PROCESSING**

(CONTINUED FROM PAGE 142)

percent of our incoming calls were answered within 10 seconds, 97% within 20 seconds. This was rated excellent. With 78 extensions among our 200 staff members, it may be possible for us to answer practically all calls within 10 seconds.

This is unlike the farmer who was a true master of the contraption. He was talking to a neighbor outside his door one day while his phone kept ringing and ringing.

"Go ahead and answer it," the neighbor said, "I'll wait."

"Pay it no mind," was the reply, "That phone is there for *my* convenience."

The proper identification at the beginning of a call is time-saving and precludes a guessing game. The majority of the incoming calls were answered by department name with the staff members identifying themselves.

But a few said "Hello,"—"Yes"—or used the extension number. Thus:

Bank: "——— Loan Department."

Caller: "Is Mr. Smith there?"

Bank: "Yes, he is. Just a minute, please."

(5 seconds elapse)

Bank: "Hello."

Caller: "Mr. Smith?"

Bank: "Yes."

(call continued)

This simple illustration shows how an unnecessary question could have been avoided.

Bank: "Hello."

Caller: "Are you Mr. Doe?"

Bank: "Yes."

(call continued)

Nevertheless, it is an improvement over the situation involving the English gentleman who telephoned his barristers, Chumley, Chumley, Oxford, and Chumley.

He dialed the number and promptly the answer came, "Chumley, etc." This is the way it continued:

"May I speak to Mr. Chumley?"

"I'm sorry. Mr. Chumley is dreadfully busy."

"Connect me then with Mr. Chumley."

"Sorry, old friend. Mr. Chumley is on a holiday."

"Then may I speak to Oxford?"

"I regret to say Oxford is ill."

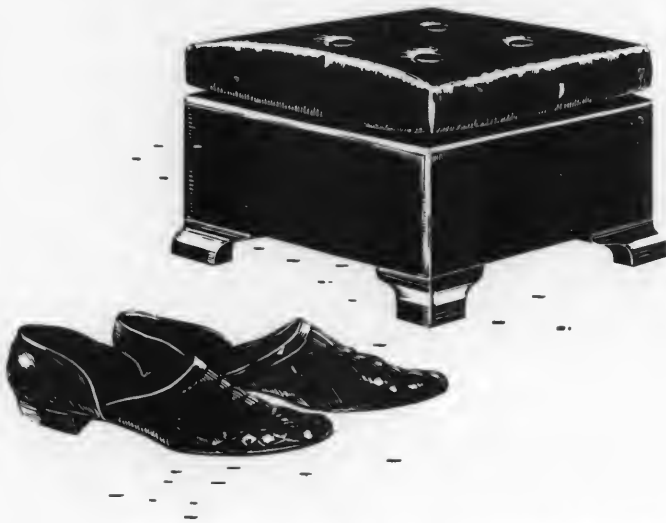
"Refer me, sir, to Mr. Chumley."

"Speaking."

All of the goodwill built up during the call can be destroyed if it is terminated improperly. Our acknowledgments were good generally, although there were a few "umm hmms" and "OKs." Fortunately, there were no "Okey-Dokey's" or "Bye Bye's." We will suggest a simple and pleasant "Goodbye" or "Thank you" or "You're welcome" and using the person's name.

Leaving and returning to the line is a difficult maneuver for many of us. According to the manual some information should be given for leaving the line—"I'll be pleased to obtain the information for you, Mr. Roe. Will you wait, please?" Not—"Just a minute" or "Hold on." Upon returning to the line the waiting person's attention is supposed to be attracted by calling him by name, if possible, or by using a suitable introductory expression as "Mr. Jones" (rising inflection), or "Thank you for waiting," or "I have the information for you now."

It can be seen readily that the survey not only mapped out our problems but also provided the practical answers. It is an excellent service and is recommended to those banks located in cities where the Bell System makes it available.



Reserved for weekends

... and, perhaps, vacations. You see, the men from First can help you best when they know your problems first hand. That involves a lot of travel and a lot of calls for our field men, but it gives each "First" man an intimate knowledge of how we can better serve you. In addition to our field men, every officer in the bank regards himself as an "associate member" of our Correspondent Bank Department, gladly offering his "know-how" whenever he can be of service.

Whatever your correspondent needs in this area, we hope you **think first of**



THE
First National Bank

OF MEMPHIS Memphis, Tennessee

Member Federal Deposit Insurance Corporation

Public Relations

(CONTINUED FROM PAGE 49)

able to customers caught in rain.

A change bowl in the lobby is popular with customers who wait on themselves when they want change for parking meters or stamps. A large clock with four faces is in front of the bank. Peoples has made facsimile clocks bearing this slogan: "Time to Save at the Peoples Bank."

The bank sends a rose to each new school teacher. With it goes a card with a message asking that the recipient always champion the cause of the free enterprise system.

A money tree in the lobby attracted much attention.

That "Life" Article

MANY bankers protested to *Life* about its use of the word "bank" in an article about a building and loan association embezzlement.

One of them was S. J. Kryzsko, president of the Winona (Minn.) National and Savings Bank. He called the magazine's attention to the fact that such an association is not a bank and that there is a difference in the types of insurance offered to association "shareholders" by the Federal Savings and Loan Insurance Corporation and to "depositors" of banks by the Federal Deposit Insurance Corporation.

Life, in reply, explained that its writers, to save space, expressed themselves "as concisely as possible" and that having once identified this building and loan association by its full title, the article "shortened the description in referring to it elsewhere." The magazine added that it tries to make the distinction clear, and had reminded the staff of the problem.

Mr. Kryzsko's rebuttal suggested that use of "the proper word 'association' would hardly have been a burden," and added: "The implication is then, that you are willing to sacrifice reporting accuracy for the expediency which will best serve your purpose." He explained the legal and factual differences between banks and building and loan associations, concluding:

"You may think I am unduly excited about what is, after all, a

(CONTINUED ON PAGE 147)

Whether you make entries this way ↓



or this way ↓



HAMMERMILL LEDGER'S TWO SPECIALIZED FINISHES help keep your bookkeeping straight!

WHETHER you do your accounting in pen and ink or by machine. There is a specially designed Hammermill Ledger finish made for you. For bookkeeping machines, Hammermill Ledger's "Posting finish" won't slip on the platen—keeps the paper straight in the machine, keeps the entries aligned.

Hammermill Ledger's "Ledger finish" makes for the clean, neat, legible figures in pen, and ink you need for easily read records. Both finishes are watermarked and both have a firm, level surface that takes crisp ruling and printing.

Both finishes are glare-free with soft colors to reduce eye strain and fatigue. This kind of paper helps your bookkeepers work faster and more accurately.

You'll be pleased with the long-life and rugged strength of Hammermill Ledger. It's made to stand up under years of handling. Write now, on your business letterhead, for free samples. Hammermill Paper Company, 1501 East Lake Road, Erie 6, Pa.

...yet **HAMMERMILL** costs no
LEDGER more

—and actually less than many other watermarked ledger papers.

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HENDON CHUBB
Chubb & Son

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The First National City Bank
of New York

ARCHIE M. STEVENSON
Chubb & Son

LANDON K. THORNE

HAROLD T. WHITE
White, Weld & Co.

Fifty-Fifth Annual Statement

December 31, 1955

ASSETS

United States Government Bonds . . .	\$52,418,147
All Other Bonds	21,375,102
Preferred and Guaranteed Stocks . . .	6,692,708
Common Stocks	46,524,898
Stock of Vigilant Insurance Company .	12,504,443
Cash	8,606,693
Premiums not over 90 days due . . .	2,853,360
Other Assets	4,843,915
TOTAL ADMITTED ASSETS	<u>\$155,819,266</u>

**LIABILITIES
AND SURPLUS TO POLICYHOLDERS**

Unearned Premiums	\$34,434,580
Outstanding Losses and Claims . . .	19,951,151
Dividends Payable	1,080,000
Taxes and Expenses	5,818,769
Funds held under Reinsurance Treaties .	3,684,914
Non-Admitted Reinsurance	4,571,053
TOTAL LIABILITIES	<u>\$69,540,467</u>
Capital Stock	\$10,800,000
Surplus	43,090,000
Unrealized Appreciation of Investments .	32,388,799
SURPLUS TO POLICYHOLDERS	<u>\$86,278,799</u>
TOTAL	<u>\$155,819,266</u>

Investments valued at \$5,763,185 are deposited with government authorities as required by law.

FEDERAL INSURANCE COMPANY



CHUBB & SON, *Managers*

Ocean and Inland Marine • Transportation • Fire and Automobile • Fidelity • Surety • Casualty
Aviation Insurance through Associated Aviation Underwriters

(CONTINUED FROM PAGE 145)

small matter, but these things keep recurring and the cumulative effect on the public becomes fixed in time."

Few Oystermen, Maybe

A COUPLE of months ago Ed Heming, A.B.A. advertising department manager, wrote a BANKING article which reported on several of those newsy, chatty advertising "columns" that sell service in "a quiet but effective way." They're readable, pleasant, topical—and, as Ed remarked, "people look forward to the next instalment."

Another example reaching this desk is "Teller's Tales," published by the Oystermen's Bank and Trust Company of Sayville, N. Y., in the *Suffolk County News*. The space is just about half a column, the subject matter—well, it ranges from a pat on the back to the board of education for a new school program, to this concluding paragraph:

"When the Voice of America movie people were in town a month or so ago they took one look at the bank's name and decided that it simply *must* be shown in the film. And it is. Twice as a matter of fact. And why not? There isn't another name like it in the world. The movie will also show our friends

abroad that hardly any of our customers will live up to that name. That is, they are shown wearing shoes, not hip boots."

There's a bit of service-selling in the column, but readers must find it quite painless.

Progress Exhibit

"PROGRESS of Greater Nashville" was the theme of a lobby display at First American National Bank. The exhibit, arranged with the cooperation of the chamber of commerce, covered many of the

commercial, industrial and municipal happenings of 1955.

Models, drawings and pictures of new plants and planned additions to others provided a good cross-section of what's happening in Nashville's economic life.

It was the first time the public had had an opportunity to visualize the city's rapid growth from one focal point.

Lobby Display Program

FIRST STATE BANK of Eldorado, Ill., gave its 50th anniversary



WIN A
FREE TRIP
TO THE
MOON!

We note with more than passing interest that prizes and premiums are being offered for increased deposits. Well, we would like to increase our deposits, too. And if prizes for saving will help, we might as well top everybody in liberal offers.

So we will arrange all-expense travel on the first commercially-scheduled passenger rocket to the moon on the following basis:

\$1,000,000 deposit . . . one-way ticket*

While waiting for that first rocket launching, may we remind you that your savings in the Valley Bank earn 2% interest, compounded semi-annually. They are also protected by the Federal Deposit Insurance Corporation . . . by \$24 million in Capital Funds . . . \$13 million in Government Bonds . . . \$397 million in Total Resources. (And your money in the Valley Bank is always readily available.)

*We can't guarantee you'll get back, for this may be the "last of us return."



Inspired by a nearby nonbank competitor which was offering merchandise gifts to new account openers, Valley National Bank of Phoenix published this ad in the principal dailies of Arizona

April 1956



UNITED FRUIT
COMPANY

227th

Consecutive

Quarterly Dividend

A dividend of seventy-five cents per share on the capital stock of this Company has been declared payable April 13, 1956, to shareholders of record March 9, 1956.

EMERY N. LEONARD
Secretary and Treasurer

Boston, Mass., February 13, 1956

Australia from a business point of view



This booklet will assist anyone contemplating establishing a business in Australia, whether it is a small retail business or a large manufacturing company.

Written with the authority of Australia's oldest and largest joint-stock bank, it offers those who wish to start a new enterprise in that young but growing country a short account of the framework of business organization throughout the Commonwealth of Australia. It also affords some knowledge of the problems and conditions which would be met.

If you have customers interested in establishing a business in Australia, you may obtain free copies of this book from:

BANK OF NEW SOUTH WALES

BRITISH & FOREIGN DEPARTMENT, SYDNEY, AUSTRALIA

do
you
need

modern-designed
hand and
machine posting
savings and
commercial
passbooks

SAMPLES AND PRICES ON REQUEST

WILLIAM EXLINE INC.

1270 Ontario Street • Cleveland 13, Ohio



C'EST MAGNIFIQUE!

At last! A case designed to hold colling cards! The SECRETARIAT is entirely new, practical, different, beautiful. Turns calling cards into handy reference cards. Keeps authentic records of those with whom you do business. No copying or mistakes. Names always in order when cards are filed in your SECRETARIAT according to companies, persons, or products. Holds up to 500 cards, doubles as a smart cigarette case. 50 blank name and address cards included. Sturdy, gold tooled, fine wood panelling, lined velours, brass plated card stopper and hinge. Available in 4 colors of beautiful simulated leather: Ginger, Moroon, Black, Green. \$5.95 postpaid. Initials, 25¢ per letter.

MIRACLE SALES COMPANY
1913 First National Building
Oklahoma City 2, Oklahoma

PHARMACEUTICAL PRODUCTS FOR
THE MEDICAL PROFESSION SINCE 1888



Laboratories

The Board of Directors today declared the following quarterly dividends, payable April 2, 1956, to stockholders of record March 7, 1956:

- 45 cents a share on Common Stock
- \$1.00 a share on Preferred Stock.



Consecutive Dividend



February 23, 1956 / North Chicago, Ill.



precision-made machine and hand posting passbooks

Samples and Prices on Request

WILLIAM EXLINE INC.
1270 Ontario Street • Cleveland 13, Ohio

celebration a continuing public-community relations slant by working out a program for lobby displays by local merchants.

"The merchants are very appreciative of this service," Cashier Gene Lloyd tells us. "They are permitted to display any type of merchandise, ranging from patented drugs to gas furnaces.

"Our lobby is booked for the entire summer and fall. Each customer is allowed two weeks for his display."

The bank's birthday was also marked by an open house to introduce its remodeled home, and a special section of the *Eldorado Daily Journal*.

Mr. Thrumble Visits His Bank

THE 1955 pamphlet report of Farmers and Mechanics Savings Bank, Minneapolis, had a novel slant.

It was built around "Mr. Henry J. Thrumble, one of our depositors who just dropped in to see how F & M was doing (and to check on the \$319.67 in his account)." In succeeding pages Mr. T. got a view of the bank's total deposits, mortgage loans, assets, surplus, interest payments, comparative annual statements, and staff, each with the aid of a large picture of Henry as he makes his rounds.

Radio Studio on Bank Floor

LONG ISLAND's first regularly scheduled network radio program, "Your World at One," originates from broadcasting studios built on the banking floor of THE MEADOW BROOK NATIONAL BANK's central office at West Hempstead, N. Y.

The public is invited to watch the broadcast, presented each weekday from 1 to 1:30 P.M. over Huntington and Freeport stations. It features local, national and world news.

In Brief

Women and Money

"How Women Can Manage Money" is the title of a new booklet prepared by MERCANTILE TRUST COMPANY, St. Louis. Written by Margaret Thompson, counselor in the women's department, it answers many banking problems.



This is "Henry J. Thrumble," who tours the Farmers & Mechanics Savings Bank in its annual report

Progress Report

The staff at MERCHANDISE NATIONAL BANK of Chicago gets an advance peek at progress of the bank's remodeling by means of a bi-weekly bulletin.

New Filmstrip

A new color filmstrip to teach elementary and junior high school pupils an appreciation of money has been released by Filmstrip House, New York City. It's called "The Meaning of Money" and it traces the development of currency from the barter system.



The annual report of Central-Penn National Bank of Philadelphia appeared as a bound insert in the February issue of *Greater Philadelphia*, a magazine for executives. The 20-page brochure is in picture story format

HOW TO SAVE

ON YOUR AIR CONDITIONING COSTS

* Choose Airtemp WATERLESS
"Packaged" Air Conditioning



Save on Operation ...
Save on Maintenance ...
Year After Year After Year!

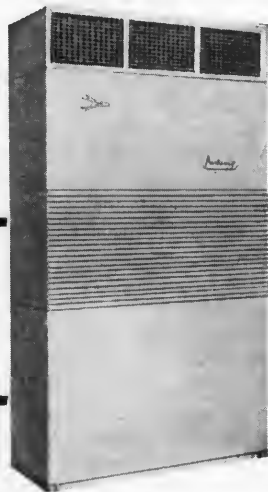
Records kept on all costs for air conditioning with Airtemp *waterless* "packaged" units prove you can save with Airtemp *waterless*! Here's how:

Lower Operating Costs—Airtemp *waterless* packages use no water whatsoever—only air and electricity. And Chrysler advanced engineering in every detail means greatest operating efficiency.

Lower Maintenance Costs—no water to leak, no water scale problems ever. Longer life built

into every compressor—operates without vibration—completely sealed in oil to keep out trouble-causing dirt and moisture.

All Airtemp "Packaged" Air Conditioners are *manufactured*—not just assembled—by the Chrysler Corporation Division which has produced and sold more "packaged" units than anybody else. Dependability is guaranteed by a 5-year warranty on the entire refrigeration circuit. And you can depend on your nearby Airtemp Dealer, a factory-trained air conditioning specialist, to install your air conditioner properly and provide prompt, efficient service if ever necessary.



Phone your Airtemp Dealer now (he's listed in the Yellow Pages) for a free survey of your air conditioning requirements. Or write Airtemp Division, Chrysler Corporation, Dayton, 1, Ohio.



THE
FORWARD LOOK
IN
AIR CONDITIONING

the really complete line for '56!

Airtemp gives you a big choice in both waterless and water-cooled packaged air conditioners. 13 sizes from 2 H.P. to 30 H.P.

AIR CONDITIONING • HEATING FOR HOMES • BUSINESS • INDUSTRY

Are Bankers Interested in Customers' Advertising?

(CONTINUED FROM PAGE 61)

added: "A good, well-rounded program is a 'must' in this day of high competition."

"Inasmuch as the stock market is based on investor psychology, it is often helpful to have an adequate advertising and promotion program which will enable the investor to become better acquainted with the company's product," wrote a bank

executive living on the West Coast.

A southern banker: "An aggressive public relations program has a direct bearing on the maximum market status of a firm's securities. Lack of an over-all program is always reflected in a lower quotation."

"Sound programs are not only useful, necessary business tools, but help establish a company's reputa-

tion," a banker in the Northwest pointed out. "It certainly must be assumed that this reputation definitely plays an important part in determining the market status of a company's securities."

"It is only through advertising and promotion that a company is known. The outstanding example is Ford Motor. The scramble for the stock offerings certainly shows that advertising and promotion of the Ford name had an effect on the people."—A northern banker.

"There is no doubt in my mind that when a company has an aggressive advertising and promotion campaign, interest is stimulated in the securities," said a Midwest banker. "Many companies do not have such programs, and their securities are rather neglected in the market."

"Intelligent advertising," commented an eastern bank executive, "is an important selling tool. Consequently, though the price of a company's securities probably varies more in relation to its profit and dividend record than any other factor, when advertising is an important element in the sale and distribution of the product, then certainly it could be considered to have a weight in the value of the securities, however indirectly."

An eastern banker who believes the program has "very little effect" added that advertising does, of course, make a product better known, "and if that creates a favorable impression it probably causes people to analyze the company more than would otherwise be the case."

Unemotional Investing

A banker in the West saw "a mild effect," adding that "investments should be made on an unemotional basis, but in the case of corporate financing this is likely to be rather hard to accomplish."

"An affirmative answer," said another easterner, "assumes that successful advertising and promotion contribute to the success of the company, which in turn would be reflected in market status. When policies result in increased business and profits, they naturally would be said to have a definite market bearing."

"Only a minor factor," was one terse comment. Another banker thinks it's "a fallacy to project the success of a company from its advertising or promotion; many other factors are involved."

Everyone thinks
about the
weather...

WITH

Schulmerich
"Weather Bell"
CARILLON

THIS NEW BELL INSTRUMENT FORECASTS THE WEATHER AND SOUNDS EACH HOUR WITH REAL BELL MUSIC

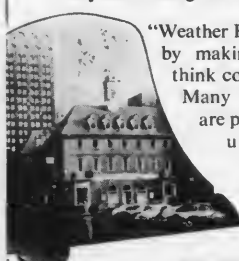
The Schulmerich "Weather Bell" is a full two-octave carillon of perfectly tuned bells. It plays familiar songs having recognizable weather themes like "It ain't gonna rain no more, no more...!"

It employs a selection of melodies denoting weather conditions in your locality—RAIN, SNOW, FOG, CLEAR, HOT, COLD, STORMY, etc. You simply set a dial—"Weather Bell" does the rest! Every hour the forecast tune plays automatically, then the "Tyme-Stryke" bells toll the hour. Or, just the "Tyme-Stryke" can be provided for playing the Westminster melody and tolling the hour.

"Weather Bell" beckons business by making your community think continually about you. Many banking institutions are proving its worth. Let us demonstrate its value right in your office! Write:

SCHULMERICH CARILLONS, Inc.
74862A CARILLON HILL,
SELLERSVILLE, PA.

TURN THEIR
INTEREST TO
YOUR PROFIT



**We've been
getting ready
for you
for fifty years!**



To help you in making sound decisions on your commercial loans, we have what we believe is the greatest body of specialized information available. It goes far beyond printed information. It is intimate, firsthand knowledge of markets, plants and processes, gathered by our officers in the field.

All this began back in the early 1900's with a simple, but new, organizational idea. Instead of assigning groups of lending officers in the Commercial Department to *geographical territories*, they were assigned to Divisions handling small groups of related *industries*.

In the years since, officers in each one of those Divi-

sions have handled financing for their group of industries *alone*. So, because each Division specializes, its officers get to know their industries *intimately*.

The services of each and all of these Divisions are available to our correspondents through our Division F, which specializes in bringing what we have learned — to you.

This is only one of the many correspondent services of The First National Bank of Chicago. If you would like to talk over all these services, just write, wire or phone. A Divisional specialist from The First will call on you — at your convenience.

EDWARD E. BROWN, *Chairman of the Board*
 JAMES B. FORGAN, *Vice-Chairman* HOMER J. LIVINGSTON, *President* WALTER M. HEYMANN, *Executive Vice-President*
 HUGO A. ANDERSON, *Vice-President* GAYLORD A. FREEMAN, JR., *Vice-President*
 GUY C. KIDDOO, *Vice-President* HERBERT P. SNYDER, *Vice-President*



The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

How About Mrs. Jones?

(CONTINUED FROM PAGE 59)

her scholastic attention on people. She knows something of all of them from the beginning of time, and more about specific groups, through studies of their histories, literature, and modern languages. She knows a great deal about a common language—the fine arts—through which she can reach all of them. Most of all, she is confident of herself, and approaches group situations with the fortification of knowing that she does understand people. This confidence, supported by formal education and sympathy, is what gives her grace, charm, and poise.

The executive qualifies as an expert in things, and is hired quickly by a business and industrial system which needs college men badly. He must read and study intensively in his own technical field, if he is to keep up with developments in it. He has no time for formal studies in liberal arts, studies which he needs badly if he is ever to become president of his company.

He may advance steadily in his

own field, but sooner or later he reaches a point beyond which further progress is impossible without a knowledge of people, and the capacity to lead them to his company, as customers, employees, or simply as the whole body of people who are encouraged to sympathize with the company in attaining its objectives.

Here is where the technician—and his company—is most apt to be disappointed at his lack of liberal arts education. Someone has to induce people to buy the company's products, to work smoothly and steadily for the company, to cooperate with the company in achieving its goals. That someone has got to be an expert in people, rather than things. More often than not, such a someone has no technical education. Generally he has a liberal arts education, or no college education at all.

What to Do About It?

If the student's own time and money, and the impatient need for him by industry, won't allow him to study liberal arts, what can he do about it? What can business and industry do about it?

It can look to women's colleges to provide him with a wife who will fill out his lack of education in liberal arts. Here in these colleges are the women who can bring to him this most necessary knowledge of the world of culture, of people, and of the whole area of liberal arts.

The support of women's colleges, especially those specializing in liberal arts, is based on a frank recognition of the great job these colleges do in producing future executives wives.

The men who graduate as technicians from colleges supported by business and industry will marry, and they can be encouraged to look carefully at the women who graduate from liberal arts colleges as their life-partners who will provide them with the most satisfactory marriages, and the greatest potentials for developing themselves as men of accomplishment. American business, wholly dependent on its executive, can well afford to look to these women's colleges as essential to the full development of the young college graduate technicians on whose future executive capacities our industries depend.



How many of the 57 profit loopholes are losing you money?

Central National Guarantees to Increase Profits on Credit Insurance

You may be "pumping" hard for increased profits on credit insurance, but have you plugged the 57 profit loopholes that let profits escape in typical credit insurance operations? Central National's Agency Analysis System will reveal which of these 57 profit loopholes exist in your business. Then, Central National will develop a plan *guaranteed* to plug these loopholes and increase your profits. Absolutely no cost or obligation for this service. For complete information, write today to Gerald Hatfield, vice president.

CENTRAL NATIONAL INSURANCE COMPANIES

1805 Harney Street

Omaha, Nebraska





Bank of America Branch,
Angels Camp, California, during
annual Jumping Frog Jubilee

* Get the "JUMP" in your California routing
through Bank of America's 575 branches



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Bank of America's statewide network of branches saves days in California routing. Cash letters may be sent direct to any of our 575 branches and your account credited the day they are received. Rejected items, returned direct, reach you days faster. For complete information about this unique correspondent service, write Corporation and Bank Relations Department, Bank of America, 300 Montgomery Street, San Francisco or 660 South Spring Street, Los Angeles.

Washington

(CONTINUED FROM PAGE 39)

justed so that the yield to banks for this service will bear a close relationship to the cost of the service.

However, two years ago Congress provided a different basis for compensating states for the costs of administering state unemployment compensation. Previous to the 1954 act, all revenues specially collected by the Treasury in excess of certified state costs of administration remained in the Treasury.

The new law provides that, when this excess exceeds a loan fund of \$200,000,000, the balance collected by the Federal Treasury over the costs of administering unemployment compensation shall be returned to the states.

Under this new plan states will designate their own depositories for UC funds, and the states may make their own arrangements severally for compensating banks for cashing

UC checks. The Treasury is now in the process of shifting this problem to the states, and will stop designating depositories for this purpose by the end of the present fiscal year, or soon after.

It is possible that states will provide in some cases a better return to banks for cashing UC checks than has been provided in the past by the Treasury.

Baber Plan

Suggestions regarding UC check cashing compensation, for banking facilities at military installations, and for banks in the District of Columbia were the only results to be made public of the study made by a special House Appropriations investigative staff of the adequacy of bank charges for services to the Treasury. The Appropriations Committee did not make public the study on this question by its investigative staff.

Some individual members of the Appropriations subcommittee indi-

cated an interest in having the Treasury, for all the Federal employee-depositors of a given bank who might want it done, send a single check to that bank for their combined semimonthly pay, to be credited to the individual accounts of the employees. For several reasons this was regarded as impractical and may not be considered further. (This is known as the "Baber plan.")

Would Broaden Farm Lending Powers

As part of its over-all farm program, the Eisenhower Administration has proposed to broaden considerably the lending powers of the Farmers Home Administration of the Department of Agriculture.

Ezra T. Benson, Secretary of Agriculture, submitted specific Farmers Home amendments as part of the "soil bank" farm bill.

Mr. Benson again renewed the 1955 proposal to authorize Farmers Home to make mortgage loans to part-time farmers. This agency is now supposed to lend on mortgage only on family-size farms, to improve such farms, or to permit a farmer to add to his land so as to make it a family-size farm.

The standard of appraisal is based upon long-time earning power. It would remain this for family-size farms, but for part-time farmers mortgage loans could be based upon "normal market value." In other words, market price, nearness to a source of off-farm employment, or factors other than long-time farm earning power could be taken into account.

At present, Farmers Home, in making direct mortgage loans, may lend up to 100% of appraisal. Insured Farmers Home loans, on the other hand, are limited to 90%. The bill would raise the ratio on insured mortgage loans to 100% also. If this amendment is adopted, it is noted. Farmers Home probably could stop making direct loans with Treasury money.

Farmers Home at present may lend on second mortgage security where it uses direct funds, or Treasury money. An amendment proposed by Mr. Benson would also permit the use of the Farmers-Home insured mortgage loan for second liens.

Further, the bill would step up by
(CONTINUED ON PAGE 156)

HAVE YOU SEEN

(1) A discussion of what Democratic "liberals" on the one hand and Republicans on the other think of the role Government should play in managing the economy. These are available in the "Supplemental Views" of the "Joint Economic Report," issued March 1 by the Congressional Joint Committee on the Economic Report. Write to the Committee, U.S. Capitol, Washington, D. C.

* * *

(2) The latest outline of the attitude of bank holding companies toward the bank holding company regulation bill. Send to the Senate Banking and Currency Committee, Senate Office Bldg., Washington, D. C., for a copy of Part 2 of the hearings before the committee, Feb. 8 and 24, on "Control of Bank Holding Companies."

* * *

(3) A *Brief Summary—Housing Amendments of 1956*, being the Administration's proposed housing legislation for this session of Congress. Write to the Administrator, Housing and Home Finance Agency, Washington 25, D. C., and ask for the above by title.

* * *

(4) Proposals of the House (Rains) Banking Subcommittee on Housing for amendments to the housing laws. Write to the Senate Banking and Currency Committee, U.S. Capitol, Washington, D. C., for the *Report of the Subcommittee on Housing of the House Banking and Currency Committee* for any one or all three of the following parts of the report:

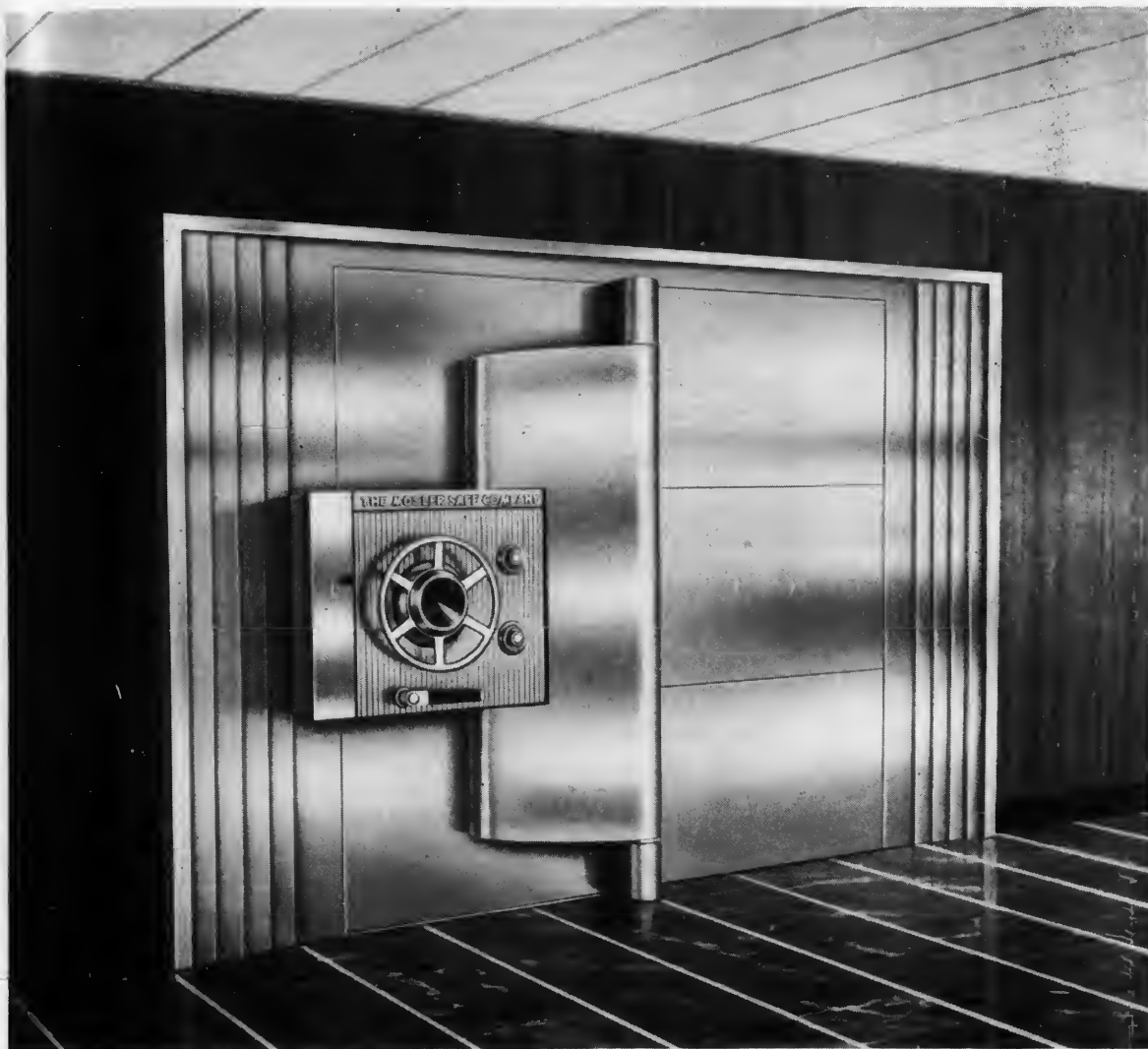
Part 1, *Slum Clearance and Urban Renewal*

Part 2, *Mortgage Credit and FHA Multifamily Housing*

Part 3, *Military Housing*

* * *

(5) *Pointers for the Veteran Homeowner*, being a pamphlet issued by the Veterans Administration, Washington 25, D. C. This pamphlet discusses not merely a veteran's obligations under a VA-guaranteed loan but gives elementary pointers useful to untutored mortgage borrowers generally. Copies may be obtained by banks from regional VA offices or from the VA in Washington.



Above: one of a number of distinctive treatments by Henry Dreyfuss that demonstrate the great adaptability of the Century Vault Door into any decor and location.

Why this picture will help you decide even faster

You're looking, of course, at the magnificent new Mosler Century Vault Door . . . the vault door that, in two years, has become virtually the symbol of the modern banking office.

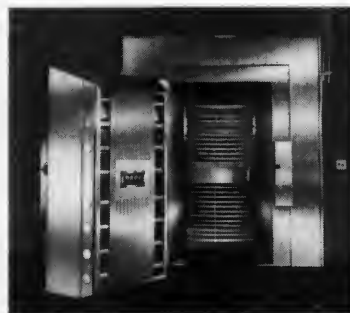
Yet the picture above reveals still another reason why you and your bank architect can reach such quick agreement on the Mosler Century Vault Door.

For the architrave treatment above shows you how well the Mosler Century Vault Door fits in with anything you or your bank architect wants to do.

Yet your reasons for choosing a Mosler Vault Door go far deeper than its impres-

sive appearance. For you know that, for over 100 years, bankers have turned almost instinctively to Mosler when they wanted protective equipment of unassailable quality . . . when precision engineering and matchless performance were things they wanted to be able to take for granted. And never before has Mosler earned in fuller measure that confidence than in the new Mosler Century Vault Door.

Would you like more details on this famous door and a folio of the architrave suggestions in full color? Write or wire The Mosler Safe Company, Dept. B-33, 320 Fifth Avenue, New York 1, N.Y.



Note the distinguished modern day gate inside the all-stainless-steel Century Vault Door, and how impressively the great bolts and intricate time-locks are shown. No other vault door combines so uniquely a look of startling modern magnificence with a look of traditional security so fascinating to customers.

IF IT'S MOSLER . . . IT'S SAFE

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

World's largest builders of safes and bank vaults

BIG OAKS

from
little
acorns
grow

In view of population forecasts and trends . . . a proverb more significant to bankers today than ever before!

SCHOOL THRIFT SCHOOL SAVINGS PROGRAMS

although basically educational, are a powerful new business tool of financial organizations coast to coast.

As the result of
SCHOOL THRIFT PROGRAMS

- Surveys show that over 60% of School Savings accounts will remain as regular accounts as the children become adults.
- Your name will enter homes never before accessible each and every week.
- Funds paid in are immediately available for your lending use.
- At the end of the fourth or fifth year, with reasonable activity, your program will become self supporting.

School Thrift is the Preferred School Savings Program

School Thrift programs are simple . . . effective . . . inexpensive. It is the system that ELIMINATES all teacher detail.

COMPLETE SYSTEM

- Banking and School Forms
- Continuous Promotional Material
- Personalized Installation
- Annual Service Visits
- Annual School Assembly Programs

Write Dept. B-4 today!
Learn how your institution, too, can benefit from

SCHOOL SAVINGS
thru

**SCHOOL
THRIFT**
INCORPORATED

326 South Broadway, Yonkers, N. Y.

(CONTINUED FROM PAGE 154)

\$25,000,000 annually to \$125,000,000, the authority of Farmers Home to insure mortgage loans.

This legislation would also boost Farmers Home capacity to refinance indebtedness.

At present, when money is loaned directly on mortgage, other indebtedness may be refinanced only as an incident to some other purpose of the loan. If another amendment were adopted, Farmers Home could refinance existing indebtedness, in effect, for the purpose of refinancing, where it might be desirable to put a farmer's indebtedness on a long-term basis, assuming that Farmers Home found the operation necessary and the resulting mortgage sound in its judgment. Furthermore, Congress would allocate \$50,000,000 a year for this purpose until June 30, 1959, or for the fiscal years 1957, 1958, and 1959.

Finally, insured or direct mortgage loans could be used for refinancing indebtedness.

Broaden Operating Loans

Mr. Benson's amendments would also broaden considerably the powers of Farmers Home to make operating loans with direct funds to its farmer-borrower clients.

At present there is a limit of \$7,000 in the initial indebtedness per borrower permitted with a maximum outstanding at any one time of \$10,000. Another proposed amendment would in effect wipe out this \$7,000 initial indebtedness limit and authorize Farmers Home to loan up to \$10,000 at any one time.

For 10% of its funds (\$135,500,000 appropriated for the current fiscal year, \$140,000,000 asked for fiscal 1957), Farmers Home would be authorized to make loans in amounts between \$10,000 and \$20,000 per client.

An additional amendment would extend the present 7-year limit on the continuous indebtedness of a borrower to 10 years.

Finally, amendments would give Farmers Home greater flexibility both in determining the initial eligibility of a client for its loans and in determining when the client was capable of and must refinance his Farmers Home indebtedness with banks or Farm Credit Administration agencies.

(CONTINUED ON PAGE 158)

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when you think of Japan



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What
is this
Embezzler's
EQ*?

**Embezzlement Quotient*

An honest face often hides a history of default, the banker well knows. But it takes more than a picture to measure the defaulter's Embezzlement Quotient—how long he's been at it, how deep he's gone. Recently a single employee defaulted for a total of \$300,000. Another defalcation thought to be a few thousands came to more than \$2,000,000. Because losses are reaching inflationary heights, adequate fidelity coverage (part of the Bankers Blanket Bond) may today be the bank's most

crucial insurance need. Indemnity of North America, through its agents, is a good place to get this coverage—with Extra Values. It is an independent company with favorable rates. It has the capacity and the facilities to make loss prevention effective for you. An example is the study based on the Company's long experience, "Portfolio of Protection for Banks"—a packet of information and safeguards, and a useful checklist. Ask the Indemnity agent or your broker for a copy.

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(CONTINUED FROM PAGE 156)

Prospects Appraised

While it was not considered certain, Capitol observers believed that the Farmers Home amendments would have to be taken up after the "soil bank" bill was out of the way, and be considered as a separate proposition.

Prospects for the bill are mixed. Chairman Harold D. Cooley (D., N. C.) of the House Committee on Agriculture indicated in public hearings that he was as opposed as last year to loans to part-time farmers. He was afraid, he explained, it would induce many persons not now part-time farmers to get mortgage loans and add further to farm surpluses. The bill failed to come out of committee last year.

Mr. Cooley also indicated an objection to changing the general weight of Farmers Home legislation to the effect that, once its clients established their credit, they should be weaned from Farmers Home and be obliged to refinance their debts with banks, insurance companies, or the Farm Credit Administration agencies.

There are many other phases of the broad Farmers Home amend-
ments proposed by Secretary Benson, however, which may get favorable consideration if time permits.

Housing Programs Offered

A variety of housing programs was offered to Congress during the past month.

The Eisenhower Administration translated the housing objectives listed by the President in his Eco-

nomie Report into specific proposals and a draft of legislation to carry them out.

Some of the highlights of the White House housing program are the following:

(1) Mr. Eisenhower proposes to have a 2-year public housing program of 35,000 units per year, and asks Congress to restore a 1954 provision abrogated last year requiring cities to conduct their housing planning and operations in a manner satisfactory to the Housing and Home Finance Agency as a condition to getting public housing projects.

(2) Home modernization insurance under FHA would permit loans up to \$3,500 apiece, versus the present \$2,500 top, and would permit these to run to five years instead of three.

(3) Special new provisions would be written for housing the elderly. Three of these would call for more favorable FHA insurance terms, the fourth for a limited priority for some elderly persons to occupy public housing.

(4) FHA's additional and fiscal 1957 (including unused current commitments) insuring authority would be \$3-billion.

(5) Low-cost housing insurance under FHA for "displaced" families would be liberalized, including lengthening the maximum loan term from 30 to 40 years.

(6) The Capehart form of FHA military housing insurance (in which the Defense Department is in effect a mortgagor and guarantor, the latter along with FHA) would be made permanent.

(CONTINUED ON PAGE 160)

"I don't think I'll ever forget May 4, 1952! That was the day Fred had a good day at the office!"



YOUR BRANCH IN NEW YORK

*Look to Hanover
for the quality of
correspondent service
this Connecticut
bank president
describes*

*For everything you could ask
from a correspondent bank,
see Hanover.*



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*“One of the most important factors
... in (our) growth and achievement has been
the constructive and helpful assistance
we have received from the Hanover Bank
as our correspondent in the City of New York
... involving the clearance of our items
... assistance on investments and tax
matters ... availability of
credit information, vital assistance in
recommending our bank to your customers
who may be moving into our area ... help
and guidance on trust matters
... assistance on procedures and
control ... and helpful service on
the multitude of daily transactions
between our two banks. Actually, we
feel so close that we have on several
occasions referred to the Hanover as
our New York branch.”*

(CONTINUED FROM PAGE 158)

(7) With respect to the Federal National Mortgage Association, the required purchase of FNMA common stock from a mortgage selling institution would be lowered from a range of 3% to 1% of the face amount of mortgages placed, with officials indicating that they would use 2%. The FNMA present maximum limit of \$15,000 on mortgages purchasable under what the 1954 act defines as "secondary market operations" would be removed.

Rep. Albert Rains (D., Ala.), chairman of a House Banking sub-

committee on housing, issued three reports, with a number of recommendations. Among the subcommittee recommendations were the following:

(1) The two percentage points of additional downpayment on FHAs and VAs should be rescinded.

(2) Means should be enacted to attract pension fund investments in Government-sponsored housing loans.

(3) Legislation should be enacted to put an end to the "evil of excessive discounts" on FHAs and VAs.

(4) FNMA should be authorized to make advance commitments at several points below par so as to facilitate the flow of construction money.

Lehman Bill

Senator Herbert H. Lehman (D., N. Y.), seconded by a number of outstanding Senate "liberals," has introduced a bill backed by the public housing lobby to extend greatly the Federal Government's intervention in housing finance.

One provision of the bill would establish a 3-year public housing program of 200,000 units per year and remove some of the present restrictions upon public housing operations.

A new program of "middle income" housing, using direct Federal loans, would be set up. FNMA would finance 40-year FHA loans with Treasury money.

The bill proposes other and extensive housing finance aids.

Miscellaneous Developments

Commodity Credit Corp., taking commodities under loan faster than the Administration figured in its budget, is asking for an additional boost in its funds. The amount was not at first revealed.

Consideration is being given by the Treasury to issuing Savings Bonds in a new form. These would be the size of a Treasury check and in punchcard form, with the serial number prepunched. It is thought that this might save considerable sums for big corporation issuers, as well as achieve considerable economy for the Treasury. (END)

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U. S. industry is joining the parade of Colombian expansion . . .

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All this means that more and more banks are looking long and carefully at Colombia's continuing development when seeking correspondent relations in Latin America.

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Cable address for all offices — Bancoquia

Capital paid-up	\$21,205,712.50 — Pesos Colombian.
Legal reserves	\$21,000,000.00 — Pesos Colombian.
Other reserves	\$7,233,000.00 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

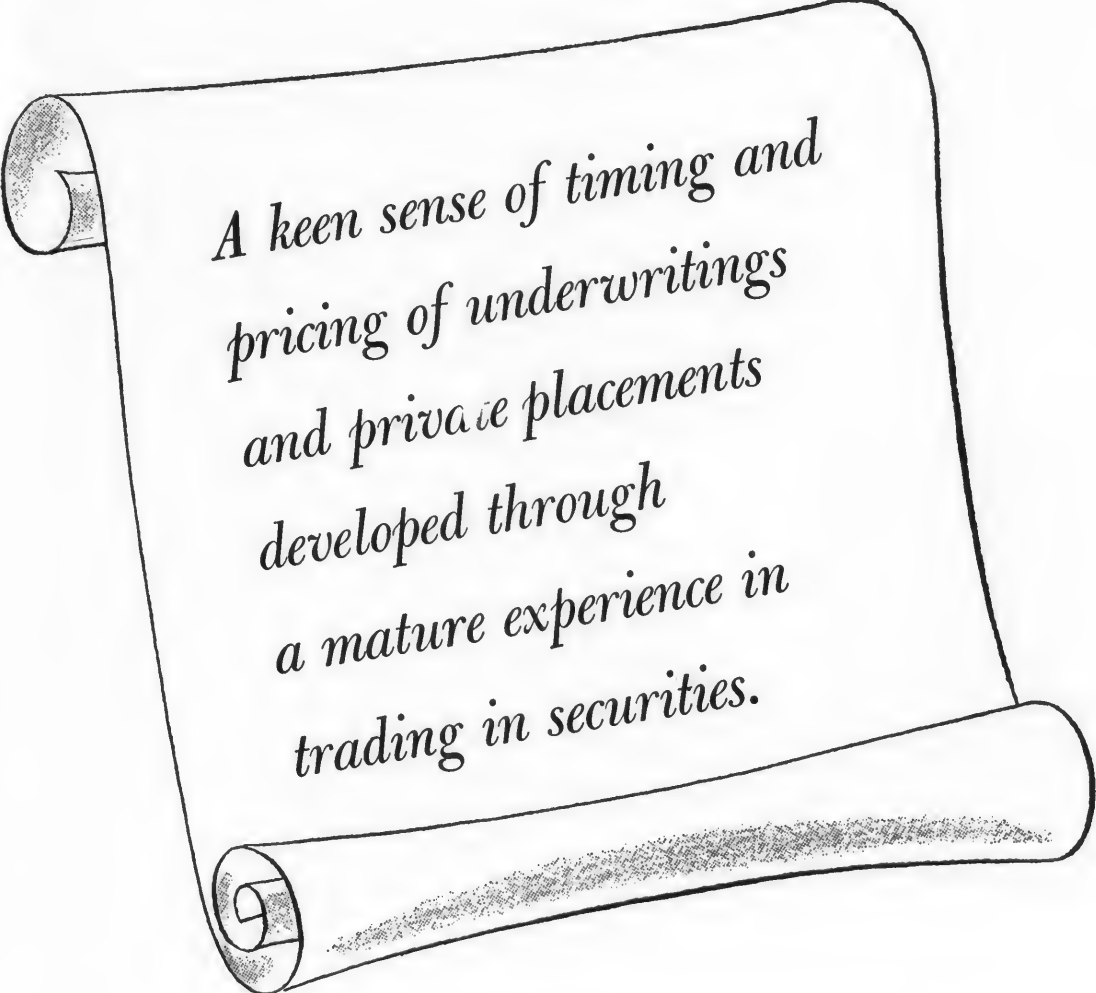
BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (3), BOGOTA (6), Bucaramanga, Cali (2), Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Loricá, Magangué, Manizales, Medellín (3), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Herrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (S)

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Security Bank's Loan Collection Policy

THE loan collection policy of the Security Bank, Madison, S. D., was explained recently by Board Chairman and President Walter M. Willy.

"A good collection policy," he said, "is much like a good crop plan. In regular order, it involves soil preparation, seed selection, planting, cultivation, harvesting, and marketing.

For a loan collection policy, this involves:

"(1) Regular and systematic notification of coming maturities. We prefer 10 days' notice before due date. Very few such lines run over six months. It may take a year to complete the production, as in feeding out young cattle; however, we like to look each line over at least twice a year. New property statements and chattel mortgages are taken annually—oftener, if necessary.

"(2) All notices of maturing loans are viewed by loan officers before mailing. Decisions are made as to how the line should be handled. The treatment agreed upon will be followed by whatever loan officer waits upon the customer. The servicing plan is typed on the borrower's comment sheet.

"(3) A list of delinquent borrowers is prepared each two weeks. It is available to all loan officers. This is the list that requires follow-up. A form notice is sent after five days' delinquency, and if not paid, again at 15 days. After that, the delinquent borrowers will receive personal letters, telephone calls, or visitations until suitable action is taken by them. All follow-ups are friendly. They express our confidence that the borrower will pay—and in time, he usually does. We have had no 'charge-offs' in over 10 years. I have never had a bank foreclosure.

"(4) On secured loans, we expect, and so inform the customer, that proceeds from security sold must not be spent without our knowledge and consent. A new, or a young borrower, sometimes has to be told this twice—if he missed the point the first time, he will understand it the second. We have many such loans from solidly established customers on open lines.

"(5) The Comment Sheet is our most important working tool. It keeps all loan officers and loan clerks fully informed as to all changes in a borrower's status, such as commitments to him; increases; security sold; payments; extensions; renewals; unpaid taxes; family changes; and collection goals."

A Word of Caution

Mr. Willy concluded on this cautionary note:

"The most important asset any businessman has is his credit. It is our policy to help the borrower improve it, rather than lose it. If you help him lose it by loaning him too much money—or by being slack in your collection policies—he will not thank you when he finds his credit gone. You serve him best by teaching him to pay as he promised to pay. A good loan is one which helps him improve his earning power."

A boom period is one in which the consumer is well enough off to live beyond his means.

Most of the people who do astonishing things in life are alone, especially on a golf course or while fishing.

Education pays, unless you are an educator.

Route your problems to Central National Bank of Cleveland



When you deal with Central National, you can *take it easy* as far as correspondent relationships in the Great Lakes Region are concerned. Our strategic location, close association with hundreds of banks and different industries, and our experts in every field of commercial banking are all important factors to help solve your problems.

So come in . . . write, wire or phone. *You can always bank on Central for friendly and helpful services.*

CENTRAL NATIONAL BANK of Cleveland

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

FROM THE ANNUAL REPORT
TO 355,000 SHARE OWNERS

How a new General Electric is planning ahead to serve an expanding America

As we see it, the years just ahead offer extraordinary opportunities for service to a growing nation. As part of its long-range plans, General Electric has developed a new organization, new relationships with employees, new products, and new facilities. Here is a summary of this progress — reported fully in our 1955 Annual Report:

A new "better-living" program for employees:
To assure that the people of General Electric will continue to share in the Company's progress, an improved pay-and-benefit program was worked out in 1955, and related five-year contracts were signed with most of the unions representing General Electric employees.

A new Company organization for better service:
To meet the needs of customers more effectively, General Electric's organization has been changed from a highly centralized structure to as broad a degree of decentralization as can be found in industry. The Company now has nearly 100 decentralized product departments, each with full operating responsibility in its field.

New plants and facilities in 28 states: Since 1945, General Electric has been basically rebuilt and has invested more than a billion dollars in expansion and modernization. We will spend another \$500 million in the next three years to help provide even finer products, more and better jobs, and increased earnings.

New products from research and engineering:
Over 70,000 G-E employees today are working on products we didn't make in 1939. The Company spends more than three times as much on research and development, per dollar of sales, as the average for all manufacturing companies.

With these advances, we are trying to see to it that General Electric's progress is shared by customers, share owners, employees, suppliers, and the public.

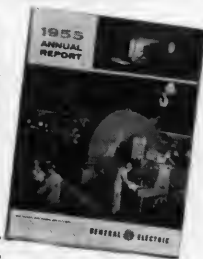
Who are the 355,000 owners of General Electric?

- More than half of the individual owners are women.
- 50,000 owners are General Electric employees. (Another 65,000 employees are becoming owners.)
- Millions of families indirectly own shares in General Electric through their insurance policies, savings banks, pension plans, mutual funds, trust accounts and other investments.

Progress Is Our Most Important Product

GENERAL  ELECTRIC

FOR YOUR FREE COPY OF OUR 1955 ANNUAL REPORT, including a complete financial statement as well as details on the subjects summarized here, write General Electric, Dept. 2G-111, Schenectady, N. Y. If you own General Electric shares held in the name of a broker — or in a nominee name of a bank or trust company — write to Dept. 2P-111, and we will mail you regularly all share owner publications, including the Annual Report, Share Owners Quarterly, and report of the annual meeting.



Operating Procedures

(CONTINUED FROM PAGE 47)

posit directly to the customer and the teller his own cash totals at the end of the day.

"Automatic coin counters, wrappers, sorters and also staplers help. In small communities people do not count their change; they expect the bank to do a correct job. Coin sorters and wrappers save many minutes of work.

"The old-time method of draft registers should be abolished. The du-

plicate draft system should be installed and the drafts typed, the duplicate being the bank's record, stapled to the draft when it comes in at the end of the month. The credit tickets left in the file are the outstanding drafts.

"A small three-compartment tray should be placed at the side of each window to house deposits, checks, and cash in and out tickets. All cash drawers should be placed directly in front of the teller so he faces the customer at all times.

"Wherever possible, the money

kept in the vault should be under dual control, and divided into two chests, one for reserve cash, the other for counter cash.

Cash Ticket System

"Regardless of size, every bank should use the cash ticket system. The reason is that at the end of the day you have some means of checking the cash which came in and was paid out, and by whom. We use cash out tickets, made up in pads like counter checks, and we instruct the customer to fill out his own cash ticket, noting the kind of change he wishes. At day's end we have a good record of the cash paid out.

"Each window is counted individually and all three thrown into one cash pool. If this proves with the total given to the tellers by the proof machine operator the windows are not broken down separately. When the cash is off, it is only necessary to prove each window with the cash in and out tickets for that window. You soon find which window is off, thus eliminating the work which came through the others. It isn't necessary to do this often. We find that this central teller proof works very nicely and have little trouble since we adopted the plan.

"At night the cash is again under dual control of the assistant



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**PROMPT
COLLECTIONS**
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FLORIDA ITEMS
and
personal attention
to your customers
moving to our area
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NATIONAL BANK**
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MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION
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Completely airtight equipment is the protection a diver wants.



But it is a mesh of lightweight steel that guards the agile fencer.

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is equally important to the growth of your business. Like other well-established capital stock companies, London & Lancashire gives you a choice of modern coverages to suit the particular needs of your assured.

We think you will agree: what serves your assured best is best for your business.

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For bank-by-mail depositors, Republic National Bank of Dallas has a new, simplified deposit slip. Shorter space is provided for listing items, and a special carbonized paper makes the duplicate. A yellow envelope, overprinted in blue, is furnished



cashier and teller, put in window No. 1, and from there locked into the vault. Counter and vault cash is audited once or twice a month by another officer. By bringing the cash back to central control each night the money is accounted for daily, and it is almost impossible for any teller to hold out money or have much individual control of any amount of money. In a small bank I feel it is more dangerous to let a teller have too much control of his cash than to put all the counter cash under dual control."

Robbery Prevention

THE NATIONAL ASSOCIATION OF BANK AUDITORS AND COMPTROLLERS has published "Your Bank and Armed Robbery," and a copy has been sent to every bank in the country.

The manual, dealing with the causes and prevention of robberies, gives the control and operations officer a comprehensive coverage of the reasons for the 150% increase in bank robberies since World War II. It tells how to deter these crimes.

J. Edgar Hoover, director of the FBI, points out in a prefatory letter that action is needed to "familiarize banks with the dire problems which robbery presents" and to "insure that each bank formulates and enforces effective internal security measures."

The manual was prepared by the association's Technical Division. It's divided into two sections: "The Attack," reviewing points that attract the robber, and "Counter Attack," outlining security measures.

"Alert employees and effective security procedures are not enough," it says. "These must be augmented by adequate tools—well-planned building design and layout, alarm systems, equipment to protect cash, and counteroffensive devices."

We don't suppose competition in the automobile industry will end until they get to the last pedestrian.

It takes three generations to make a gentleman because most of us only work at it part time.

A scientist says everyone should live to be 100 years old. If that includes Khrushchev, science has gone a little too far.



Resigned last position as of 25 December 1955. Excellent recommendations from banks across the nation. Helped them secure many new customers . . . new accounts. By installing Christmas Clubs.

With Christmas Clubs more folks enter your door every day . . . make regular payments. Even discover other banking services.

Have wide variety of Christmas Clubs to choose from. Particularly recommend Rand McNally's. Their unique Clubtroller system speeds handling, cuts costs, eliminates need for ledger cards or sheets.



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111 EIGHTH AVE., N. Y. 1 . BOX 7600, CHICAGO 80

Government Bonds

(CONTINUED FROM PAGE 55)

est bills, which on March 2 sold on a 2.20% basis. But this did not last long.

Among the notes the 2 $\frac{7}{8}$ % June 15, 1958, had the greatest decline—about 16/32.

The intermediate-term issues slid down from 8/32 to 10/32, while the longer bond issues were off between 10/32 and 18/32. The 3 $\frac{1}{4}$ % bonds 83/78 showed the larger loss.

There was no change (how could

there be?) in the general character of the market. Activity, except in the shorter maturity ranges, remained at a very low ebb. Dealers' positions were so low as to make for a very "thin" market. Any actual order of any size—either to buy or sell—could be executed only with a disproportionate effect on the price of the particular issue.

The announced willingness of the President to run for a second term might have been expected to produce an upturn in stock prices as an assurance of continued full business volume and perhaps to have weak-

ened bond prices somewhat. But the stock market had about as many sellers as buyers when the news was out and the bond market seemed to be little affected by the news.

The bond market hesitated for a few days but then could see little reason for any real change in credit conditions in the near future and relapsed into its previous inactivity. Some corporate and municipal issues were successfully marketed at slightly lower cost than previous flotations.

Like the monetary authorities, the market seemed to be looking up at the flag hanging rather limply from the business weather vane and trying to decide from what quarter the wind would blow.

Meanwhile some temporary tightness in the money market may result in an increase in loans to business over the March 15 tax date. Thereafter the demand and supply of credit should again be more nearly in balance. Nothing seems to indicate that the prices of Government securities should show much change for some time.

Independent Bankers Hold Convention in New Orleans

A galaxy of top-level speakers appeared at the 22nd annual convention of the Independent Bankers Association which was held at the Jung Hotel in New Orleans, La. Sam M. Richard, Gulf National Bank, Lake Charles, La., was general chairman of the convention.

The speakers included Representative Albert Rains (D., Ala.); James H. Clark, vice-president, American National Bank and Trust Co., Chicago, Ill., who spoke on "Government Bonds and Federal Reserve Policies"; George Lockhard, president, Bank of West Frankfort, West Frankfort, Ill., whose topic was "Independent Banking and Our Dual Banking System"; L. Shirley Tark, president, Main State Bank, Chicago, Ill., who spoke on "Banks and Savings & Loan Institutions"; and Reed Albig, president, National Bank of McKeesport, Pa., who spoke on "Bank Continuation."

Walking has some merit because it does get you out to the garage.



a



*exclusive
feature*

The illustration shows a WATSON special design suspension supporting a 350 lb. posting machine in an extended position for servicing. The machine is returned to the counter after service and the ball-bearing roller suspension is kept fixed during normal operation.

This is just one of the many features that are at your architect's disposal when you specify WATSON for modern Bank Counter Equipment.

Typical WATSON Installations:

Republic National Bank, Dallas, Texas

Seamens Bank For Savings, New York City

Watson
MANUFACTURING COMPANY, Inc.

Since 1887

Jamestown, New York

WATSON,—Contract Specialists for nearly three-quarters of a Century, have one of the most diversified production outputs in the Metal Furniture Industry, supplying: office equipment and furniture for hospitals, courthouses, and public buildings; ship furniture; electronics chassis and cabinets; and

ROL-DEX record handling equipment for:

CONSUMER CREDIT

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and other active bank records.

CHECK FILING

BOOKKEEPING DEPT.

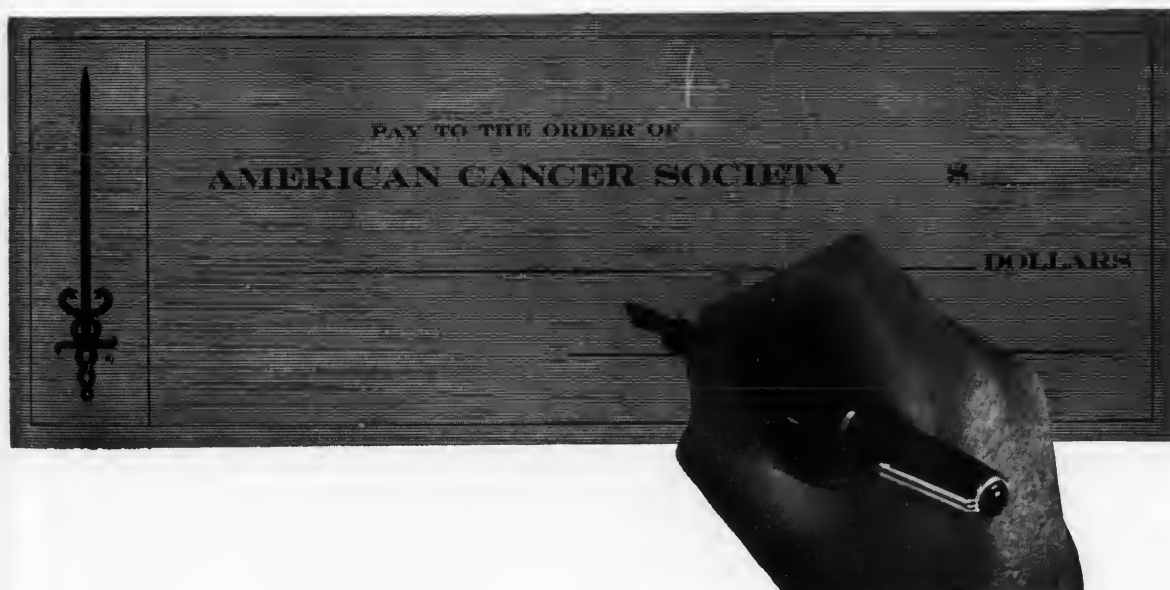
A checkup

Of every 100 persons who get cancer 25 will be saved, 75 will die. Of these, many will die *needlessly*, because with present knowledge they could be saved by early detection and prompt treatment. Play fair with yourself and your family . . . have that cancer checkup soon.



and a check

There has never been enough money to carry on all the research that needs to be done. Can you afford to remain indifferent to the enemy that strikes 1 out of every 4 Americans? Your donation—large or small—can help save lives. Someday, perhaps your own.



SUMMARY OF UNITED STATES BANKS

Bank Count and Totals—December 31, 1955

Compiled by Polk's Bank Directory, Nashville, Tennessee

State or Territory	National Banks	National Bank Branches	State Banks and Trust Co., %	State Banks and Trust Co., % Branches	Private Banks	*Federal Banks	*Federal Branches	Other Banking Institutions	Other Banking Institution Branches	Facilities	Total Banks	Total Branches	Deposits	Capital Account	Total Assets
Alabama	70	41	168	3			1			6	238	45	\$ 1,678,246,415	\$ 140,076,379	\$ 1,832,277,910
Alaska	7	5	10	1	1					6	18	6	151,523,990	9,638,095	161,808,231
Arizona	3	64	6	26				2	10	6	11	100	762,798,997	58,407,785	837,648,249
Arkansas	53	2	181	20		1	1			2	235	23	1,045,669,490	89,332,456	1,138,824,680
California	55	879	92	305		4	2	3	6	27	154	1,192	19,532,280,694	1,237,682,314	21,373,490,836
Colorado	77		79					1	9	2	165	1	1,597,464,875	123,059,126	1,735,895,744
Connecticut	39	47	126	79	2						169	126	4,023,190,176	387,202,967	4,464,696,994
Delaware	9		23	39							32	39	728,581,055	81,019,969	816,819,792
Dist. of Columbia	9	27	8	22				1		4	18	49	1,376,751,986	103,092,673	1,495,943,499
Florida	83		157					1	1	11	241	1	3,304,586,848	230,649,822	3,570,905,445
Georgia	51	32	304	20	51	1		2		8	409	52	2,331,791,197	194,103,421	2,563,075,901
Hawaii Islands	1	22	9	32						1	10	54	411,750,364	39,784,153	462,977,019
Idaho	11	57	25	9						26	66	66	542,427,449	35,814,895	580,671,617
Illinois	391		530				2	12	1	4	925	1	15,549,413,588	1,147,156,915	16,862,276,100
Indiana	122	70	351	96	5	1		3		2	482	166	4,242,186,942	294,620,094	4,580,771,682
Iowa	94		563	163	9	1		1			668	163	2,673,813,757	233,165,641	2,925,111,318
Kansas	170		432				3	2		4	607		2,030,006,019	164,452,206	2,202,698,638
Kentucky	89	38	283	42	2	1	1			3	375	81	2,005,781,655	171,111,289	2,203,885,315
Louisiana	41	62	136	49		2	1			5	179	112	2,385,836,968	166,511,330	2,790,177,214
Maine	31	22	60	71						1	91	93	880,017,895	98,851,428	989,967,309
Maryland	58	40	103	146		2	1		10	163	187	2,568,378,751	216,129,104	2,814,847,855	
Massachusetts	110	131	254	190		4		3	2	371	323	9,608,306,991	999,188,603	10,746,128,889	
Michigan	76	140	343	242	1	1				420	383	7,800,815,975	509,554,183	8,420,291,604	
Minnesota	178	6	503			3		1		685	6	3,696,817,524	300,286,091	4,048,798,425	
Mississippi	27	9	170	87						1	197	96	917,818,247	80,316,180	1,002,151,289
Missouri	76		531			4		1		2	612		3,408,237,205	416,660,744	5,889,412,550
Montana	40		73				1			113	1	699,567,098	40,352,450	748,129,572	
Nebraska	123		297			2	1	2		424	1	1,487,017,163	125,548,255	1,631,361,502	
Nevada	3	18	3	12						1	6	30	290,622,135	18,966,236	313,399,731
New Hampshire	51		60	2						111	2	746,334,798	91,559,255	846,092,073	
New Jersey	186	134	133	141						5	319	275	6,843,619,108	529,911,937	7,444,211,711
New Mexico	25	12	26	15						4	51	27	530,140,343	32,146,082	563,973,183
New York	304	292	330	869	2	2	1	6	2	1	644	1,164	56,836,937,386	5,247,252,884	63,264,893,018
North Carolina	46	53	170	265		1	1			217	319	2,462,011,380	204,669,885	2,709,574,668	
North Dakota	38		115	25				1		154	25	614,578,784	53,278,092	672,838,177	
Ohio	232	173	396	220	1	2	1			1	631	394	10,266,680,893	740,372,433	11,074,007,675
Oklahoma	197		188					1	3	2	388	1	2,240,055,675	191,774,741	2,459,100,693
Oregon	12	133	38	13			2	2	1	52	149	1,836,247,127	139,895,827	2,005,788,517	
Pennsylvania	522	272	291	233	4	2	2	2	3	819	509	13,954,219,929	1,537,635,256	15,701,866,699	
Puerto Rico		7	8	56					6	8	69		229,095,094	51,008,923	299,087,696
Rhode Island	5	36	13	45						18	81	1,223,781,003	108,466,821	1,346,663,117	
South Carolina	26	60	123	24		2				4	151	84	894,581,294	72,079,447	974,697,413
South Dakota	34	23	137	30						1	171	53	588,752,812	46,981,778	639,268,349
Tennessee	76	74	219	62				2	4	7	299	138	2,637,640,822	206,688,549	2,874,504,849
Texas	448		479		15	3	3	2		20	947	3	9,991,931,732	826,161,149	10,941,889,573
Utah	7	21	43	21			1			5	50	43	820,332,155	55,382,858	885,709,984
Vermont	34	5	35	19						69	24	422,240,711	43,485,691	469,520,651	
Virginia	132	68	183	90		1				15	316	158	2,658,703,895	219,025,777	2,905,338,839
Washington	29	185	73	26	2	1			1	4	104	213	2,664,039,828	199,215,428	2,899,270,138
West Virginia	75		106					1			182		1,093,198,211	117,756,306	1,221,755,627
Wisconsin	95	15	462	135						557	150	3,732,108,030	294,350,542	4,072,299,963	
Wyoming	25		27							1	52		330,151,006	25,173,187	359,289,490
U. S. Dependencies															
American Samoa			1								1		1,428,670	172,673	1,619,798
Canal Zone		4										4			
Island of Guam		1								2		1			
Virgin Islands	1	1	1	1							2	2	12,572,138	797,201	13,651,073
Totals	4,697	3,281	9,477	3,946	91	47	27	55	31	181	14,367	7,285	\$223,503,304,273	\$ 18,768,377,526	\$245,851,350,014

COMPARATIVE TOTALS FROM PREVIOUS EDITIONS

December, 1954	4,787	2,982	9,493	3,592	92	47	27	51	24	157	14,470	6,625	\$213,852,109,964	\$ 17,849,835,158	\$235,115,367,913
December, 1953	4,859	2,705	9,557	3,361	94	47	27	53	30		14,610	6,123	\$203,907,887,187	\$ 16,876,464,351	\$223,439,804,693
December, 1950	4,962	2,189	9,576	2,811	116	47	27	45	20		14,746	5,047	\$177,971,830,002	\$ 14,746,163,406	\$194,334,365,422
December, 1945	5,024	1,669	9,492	2,254	135			140	41		14,791	3,964	\$167,324,220,000	\$ 10,913,339,000	\$179,118,471,000
December, 1940	5,132	1,557	9,734	2,089	171			131	45		15,168	3,691	\$ 76,872,549,364	\$ 8,397,028,788	\$ 85,895,569,397

Footnotes:
 *Federal Reserve Banks, Federal Intermediate Credit Banks, Federal Land Banks, Federal Home Loan Banks and all Federal Banks are included in the bank count. Statement figures of these banks are not included in the Deposits, Capital Account and Total Assets figures.
 †Illinois count of Other Banking Institutions includes two trust companies organized under "An Act in relation to corporations or pecuniary profit."
 ‡Iowa Branches are called Offices and are permitted by State Bank and Trust Companies only.

*Puerto Rico count of Other Banking Institution Branches includes Branches of Canadian Banks.
 †South Carolina bank count of State Banks and Trust Companies includes 9 Depository Banks.
 ‡Wisconsin Branches of State Banks and Trust Companies are called Stations.
 *Comparative figures from previous editions (December 1950, 1947 and 1940) do not include Puerto Rico and U.S. Dependencies.



The reason more banks use Diebold Drive-Up Counters than all others combined can be summed up in a word . . . **EXPERIENCE!** From helping thousands of banks satisfy demand for drive-up service, Diebold engineers have gained unparalleled experience in solving problems presented by all kinds of building and location situations.

This vast experience is now revealed in a new and colorful 154-page manual . . . "MOTOR BANKING" . . . the most complete treatise ever published on Drive-In service for bankers and architects. It is full of pictures and plan-drawings that show how dozens of installations were successfully engineered.

Whether you are planning to extend banking facilities from new or present quarters, these well documented experiences will help you make drive-up and walk-up services more efficient and profitable. For proven ideas you can't afford to overlook, ask to examine a copy of "Motor Banking." Write today.

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I would like to examine a copy of "Motor Banking"

Individual _____ Title _____

Bank _____

Street _____

City _____ Zone _____ State _____

School Savings Banking Is Rich in Rewards

(CONTINUED FROM PAGE 122)

presently engaged in or contemplating a school savings program, current information on the most practicable and acceptable ways of handling this work both at the bank and in the schools.

Thrift Is Economic Survival Base

"Thrift is necessary for our economic survival as a nation," said Commissioner Pierce.

"In our early pioneer days," he added, "our country grew to greatness in a tradition of thriftiness.

"Today there are indications that things have changed. We are going through the greatest spending spree in our history. We are enjoying a kind of prosperity that is based on credit—which is to say, debt."

Continuing, Commissioner Pierce said that "school savings is a program that teaches by doing, by living. It permits children while they are still young to take actual part in the business world. It gives them also a measure of responsibility."

Turning to the bank's role in this field, he asked:

"What about the banks that handle these school accounts? School savings are costly; they are not in themselves profitable for banks. However, school savings yield rich rewards to the banker with the vision and the courage to stick to it. Each child when he talks to his family about his bank account is the best possible kind of a salesman. Children themselves become loyal customers of the bank. The future of the bank will be determined by these children."

Sufficient Savings Guarantor

"School savings banking by banks in every community, properly handled with the right follow-through, more than any other banking activity, can be the number one guarantor of a sufficient total amount of rational savings in the years ahead," said Mr. Ober.

"Our opportunity and our duty are clear," he stated. "We are talking this afternoon about citizenship. Banks themselves are citizens, too—corporate citizens. Here we can, in the finest possible way, fulfill our responsibility of citizenship—a dual

responsibility: first, to our individual communities and individual citizens by helping our young people learn for themselves individually through experience the great lesson of thrift; second, our duty to insure the continued and increased flow of savings funds into effective banking channels to guarantee a sound basis for tomorrow's economy.

"An investment in school savings is an investment for the long pull. For the banker who can see beyond the immediate high cost to the dividends of the future, an investment in school savings is an investment in a low-yielding growth stock of tremendous promise."

Training for Democracy

Speaking on the character building aspects of school savings, Miss Golden, who has been a teacher, principal, district superintendent, and associate superintendent in public schools, stated:

"To prepare children to share effectively in our democracy, we need to educate for the development of good human relations, respect for law and order, and regard for public property, in addition to the academic requirements necessary for the individual to function adequately in our society.

"Children and youth need guidance and direction in wise spending and saving. The school savings pro-

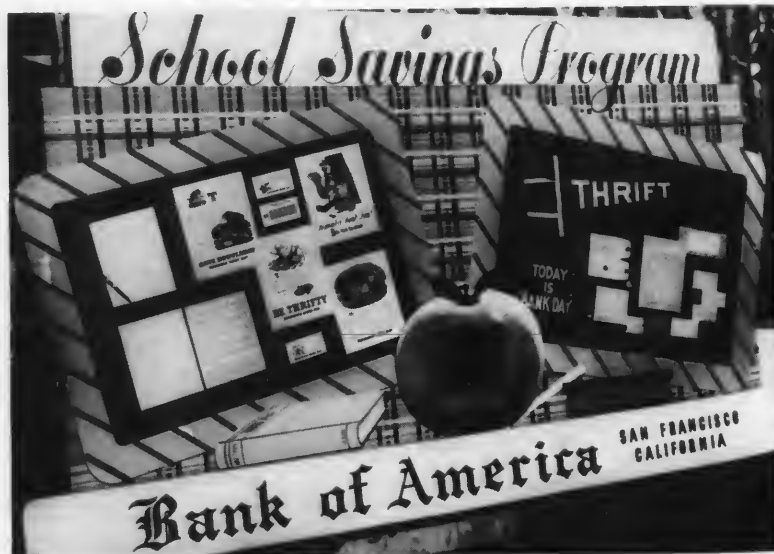
gram offers excellent opportunity to emphasize the importance of managing money wisely and of making sound investments. Our Philadelphia schools have been presenting opportunities to pupils to participate in the school savings program since 1923.

"We believe that the savings program has given, and is giving, vitally rich opportunities for the practice of highly desirable character traits. We believe that people who have learned thrift and who practice it in daily living have a better than average chance of being happy people, and they are invariably good citizens. They conceive their role as benefactors, not as beneficiaries, in the society of which they are a part. They are prosperous citizens; and in the aggregate, they constitute a prosperous nation."

The concluding speaker was the Reverend Murray A. Cayley, chaplain, Rochester (N. Y.) Institute of Technology, who spoke at a dinner following the forum. He emphasized the opportunity school savings banking affords banking institutions to give unselfish service to the youth of America. He stated that if the profit motive is the only incentive back of any endeavor it is doomed from the start. He urged the bankers to build a great cathedral and not merely to carve a piece of stone.

M.B.L.

Studios interest was given to the six school savings banking displays exhibited during the forum and conference. One of the most impressive was the Bank of America's exhibit, shown below. Other exhibitors included Lincoln National Bank and Trust Company, Fort Wayne, Ind.; Holyoke (Mass.) Savings Bank; Howard Savings Institution, Newark, N. J.; South Brooklyn Savings Bank, Brooklyn, N. Y.; and Poughkeepsie (N. Y.) Savings Bank



A Billion, 240 Million Life Insurance in Force



FINANCIAL STATEMENT AS OF DEC. 31, 1955

<i>Assets</i>	PER CENT	AMOUNT
U. S. Government Securities	7.72	\$ 9,666,790.26
State, County and Municipal Bonds	11.02	13,789,859.15
Railroads	1.27	1,591,541.14
Public Utilities	17.96	22,472,000.70
Industrial and Miscellaneous	4.44	5,555,260.62
Stocks	3.26	4,075,699.00
Mortgages (First Liens)	44.37	55,533,245.78
<i>Real Estate:</i>		
Offices (Including Branches)	3.36	4,210,477.50
Investment	1.28	1,604,700.70
Policy Loans	1.16	1,449,632.87
Cash	1.63	2,040,082.21
Interest and Rents Due and Accrued55	690,811.71
Premiums in Course of Collection (Net)	1.97	2,461,792.94
Miscellaneous Assets01	8,007.97
<i>Total Assets</i>	<u>100.00</u>	<u>\$125,149,902.55</u>
<i>Liabilities and Surplus</i>		
Policy Reserves		\$ 97,345,869.40
Claims in Process of Settlement		457,577.16
Reserve for Unreported Claims		184,099.81
Premiums and Interest Paid in Advance		975,421.01
Estimated Amount Due and Accrued for Taxes		1,103,447.97
Reserve for Pensions		8,007,190.18
Agents' Bonds—Reserve and Interest		527,977.50
Security Valuation Reserve		905,473.38
Miscellaneous Liabilities		928,690.94
<i>Total Liabilities Except Capital</i>		<u>\$110,435,747.35</u>
<i>Capital and Surplus Funds for further protection of Policyholders:</i>		
Capital		\$ 7,000,000.00
Unassigned Surplus Funds		7,714,155.20
<i>Capital and Surplus</i>		<u>\$ 14,714,155.20</u>
<i>Total</i>		<u>\$125,149,902.55</u>

Entering 1956, Life of Georgia has posted a new high in protection for its policyholders throughout the South—a billion, 240 million dollars of life insurance in force. This was a gain of more than 100 million in one year—a fine achievement by our agency force. Life of Georgia looks ahead to a continuing program of expansion—new facilities, broader life insurance plans, increased services.

HIGHLIGHTS

*From Annual Statement as of
December 31, 1955*

LIFE INSURANCE IN FORCE	\$1,242,519,955
<i>Gain of \$102,085,411 in one year</i>	
ASSETS	\$ 125,149,902
<i>Increase of \$15,378,297 over 1954</i>	
PAID POLICYHOLDERS AND BENEFICIARIES	\$ 12,480,749
LIABILITIES	\$ 110,435,747
<i>Liabilities include policy reserves</i>	
SURPLUS FUNDS AND CAPITAL	\$ 14,714,155



Are There Bank Careers for College Graduates?

(CONTINUED FROM PAGE 41)

now in its fifth year, that annually enrolls 250 junior officers and employees. A number of bankers feel that these sources, plus on-the-job training, provide adequate schooling in specific course material and that detailed banking courses in college are not essential.

Recruitment

The recruiting policies of banks in the areas queried in our college survey reflect more or less accurately the banks' positions with regard to career opportunities. The small banks, which have the fewest career openings, maintain good liaison with high schools to obtain personnel. The large banks, where the best career opportunities exist, are well aware of the need to attract graduates of 4-year college programs. Large banks in major cities often send their recruiters to college campuses to interview likely prospects, as does industry. The medium-sized banks follow much the same procedure as the small banks in their relations with high schools. They are also interested in graduates of commercial schools, junior or community colleges, particularly if the school is nearby. When selecting career candidates from 4-year colleges, medium-sized banks look to the institutions in their immediate locality or region. The smaller the size of the bank, the greater the importance attached to employment of local personnel. One Pennsylvania banker informed us: "It has never been wholly successful to bring in operatives from an outside source. Our customers resent this foreign induction."

A few banks expressed preference for men who had completed their military service. Only one said that it attempts "to interest outstanding young men in the bank at the time of graduation, in hopes that they will return to us after their service is completed." This bank's policy is more in line with the trend we have experienced in placing men with industry.

What conclusions can we as a College of Business Administration

draw from the survey, and from our additional conversations with bankers, to help us in planning courses and advising students about opportunities in banking?

We can assure our students that career openings do exist today in banking—especially in the large banks and to an increasing extent in the medium-sized banks. The need for strong key personnel is recognized, both to meet the problems of our expanding economy and to provide for management succession. However, banks as a whole have not gone out of their way to present the attractiveness and stimulation of a banking career. Although the college graduate of today is interested in both salary and fringe benefits, industry has found that the men they are after seek something more. They want to know that the job offers a challenge and is worthy of the enthusiasm they bring to it.

Moreover, with some notable exceptions, banks have not, in the past, been competitive salarywise with industry for business administration graduates. If banks want top business graduates, they will simply have to find the money to pay them; otherwise the present trend in which the cream of the crop goes to industrial employment will continue for the foreseeable future. Recent indications are that banks are bestirring themselves in this direction.

The policy now practiced by large metropolitan banks of going to the campus to recruit personnel will undoubtedly be adopted by more banks, especially as more of the medium-sized banks enter the college mar-

ket. While the concentration among New England and Middle Atlantic banks will continue to be on eastern colleges, the list of colleges visited will be extended. Banks that have traditionally looked to colleges in their immediate vicinity are likely to expand their areas of coverage.

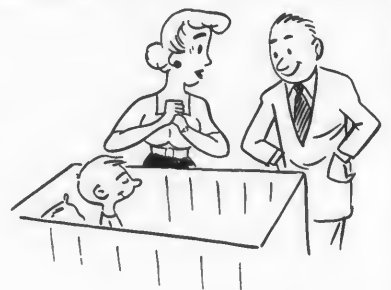
As banks increase their college recruiting efforts, they will learn, as industry has learned, that making repeat visits on a regular annual or semi-annual basis has a cumulative value in establishing and holding contacts. Too often, bank recruiting has been on a catch-as-catch-can basis—it is done when there are specific job openings and omitted when there are not. This is a distinct contrast to the practice of industry, which has extended to the college campus its practice of institutional advertising.

One conclusion of particular importance to our own college, in view of the growing shortage of competent teachers of business subjects, is that bankers do not view specialized college courses in banking subjects, beyond those in the economics of money and banking, as of major importance in hiring career personnel. Instead, they prefer courses of broader scope.

It is the job of our college to send out graduates equipped to meet not only the needs of business today, but with a background that enables them to grow on the job and anticipate the needs of the future.

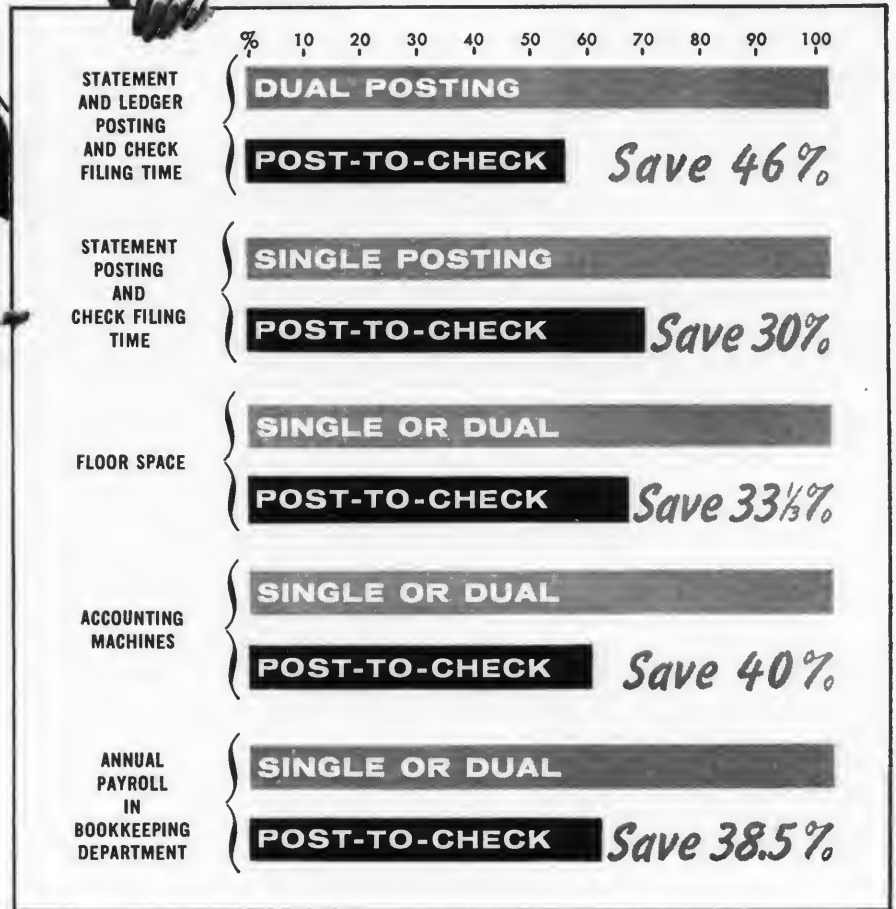
If banks wish our top business graduates, they must be willing to compete with industry for their services. This means stepping up salary scales; making contacts with desirable candidates before, not after, military service; increasing and maintaining recruiting efforts; and emphasizing the vital, absorbing, and rewarding qualities of a career in banking.

"Darling, he said his first sentence:
No money down and 36 months to pay!"



ALLAN K.
JENSEN

THESE PROVEN SAVINGS ARE YOURS... NOW!



* Figures here are conservative, taken from systems in use. Benefits in many cases were greater.

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Post-To-Check is the most efficient and economical checking account system known. Service is improved, methods simplified, errors and costs are reduced. The average cost of complete Post-To-Check installation is 60c per account . . . while the *average saving with Post-To-Check is 90c per account per year.*

Can you afford *not* to get these benefits? So that your Post-To-Check decision can be based on actual facts, we have prepared two motion pictures showing the system in use, flow charts, literature, operational booklets . . . everything you need is yours for the asking.

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Personal Injury Coverage for Banks

WILLIAM V. MAHONEY

MR. MAHONEY is vice-president of *Nehring Brothers, New York insurance firm.*

IF YOUR BANK should be held to be legally liable for a personal injury claim, will the award be paid from the assets of the bank or will it be paid under insurance purchased for protection against such an incident? The standard public liability insurance policy protects the bank only for bodily injury claims, unless it has been specifically extended to include personal injury claims.

For the purpose of public liability insurance, there is a distinct difference between the terms "bodily injury" and "personal injury." Bodily injury refers specifically to injury causing physical injury to the body, such as a bruise, fracture, or concussion. Personal injury would include any injury to the person which results in what at times is described as "mental anguish."

Banks are susceptible to personal injury claims, particularly those involving defamation of character. It may be said that a bank is the custodian or trustee of the credit reputation of its clients. It is certain that damage to a person's credit reputation also constitutes damage to the person's character reputation. Banks are to be complimented for the accuracy of the credit information they furnish about their clients. Extreme care has been utilized in establishing regulations which pertain to the release of such information for the purpose of practically eliminating the possibility of error.

Emergencies Will Happen

However, we are all aware of the fact that the most efficient procedures cannot control circumstances such as illness and other conditions which require the performance of certain duties by an employee who is not as experienced as the person who usually performs that particular duty. If an error should be made in furnishing the credit status or credit

record of a client it is obvious that the bank may be held responsible for any damage which results.

An illustration of the specific source of such a claim in a banking organization is the exposure which is inherent in the duties of the tellers. They are dealing with a sizable group of people. In any large group of people there are always a few who are difficult to deal with to their satisfaction. We have all experienced incidents which tried our patience with such individuals. If a teller should unfortunately pass a defaming remark about a depositor in the conduct of his duties and in the presence of others, it is apparent that the bank may be accused of defamation of character.

Further analysis of a bank's operations will disclose that there are several types of transactions which, if improperly handled, could result in a personal injury claim against the bank. Incidents which illustrate the inherent claim possibilities of particular operations are of significance only to the extent that they point out to us that the personal nature of the banking business is such that banks are susceptible to personal injury claims.

Obtaining Protection

Insurance protection for personal injury claims may be obtained by extending a bank's public liability policy to cover such claims. The customary endorsement issued to make the extension provides coverage for claims arising out of the following:

Hazard "A"—False arrest, malicious persecution, or wilful detention, or imprisonment.

Hazard "B"—Libel, slander, or defamation of character.

Hazard "C"—Invasion of privacy, wrongful eviction, or wrongful entry.

(Note: Advertising, broadcasting or telecasting are not included in the customary form. They require separate coverage.)

If coverage is desired for the exposures described above, then insurance is purchased for Hazards A, B,

(CONTINUED ON PAGE 176)

FOR PROVEN HOME VALUE

SEE THIS bride's house **THIS MONTH!**



United States Steel Homes, Inc. now manufactures a complete line of quality prefabricated wood churches.

Somewhere near you, the middle of this month, United States Steel Homes Dealers will be drawing crowds to see the Bride's House of 1956. It will make news—bigger news than the Bride's House made last year. Because people like United States Steel Homes. Last year, similar openings sold over 2,000 homes worth about \$30,000,000. This year, more people than ever are being alerted to the

extra values in the Bride's House and other homes manufactured by United States Steel Homes, Inc.

ADVERTISING, PUBLICITY, AND LOTS OF SALES

People will see these homes in *Life Magazine*, April 23; in *Living for Young Homemakers*, May; in *Parents' Magazine*, May; in *Small Homes Guide*, Summer-Fall issue; and in *House Beautiful's Guide for the Bride*, Summer Issue, where the home will be featured prominently in the editorial pages. The BRIDE'S HOUSE will be shown to nationwide television audiences on the United States Steel Hour. Local advertising in Sunday Newspaper Supplements on April 22 will move buyers out to see the homes.

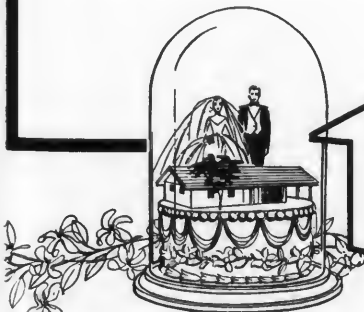
YOU WILL WANT TO SEE THEM

This is a good chance for you to see these homes and check their quality for yourself. And get the average buyer's reaction to them! See for yourself the quality products, quality planning, and quality construction that make these United States Steel Homes such good buys. See why these homes have been accepted for VA and FHA financing, and are acceptable to code writing bodies in 44 states.

Do us, and yourself, a favor. See the Bride's House.

OPEN APRIL 22

Visit any U. S. Steel Homes Dealer when he opens his Bride's House to the public. Or call him up right now and make an appointment to see his homes. Get to know him, and how he operates. Get to know his homes. Judge the builder and the homes for yourself.



Manufactured by
UNITED STATES STEEL
USS homes, Inc.

NEW ALBANY, INDIANA - SUBSIDIARY OF UNITED STATES STEEL

(CONTINUED FROM PAGE 174)

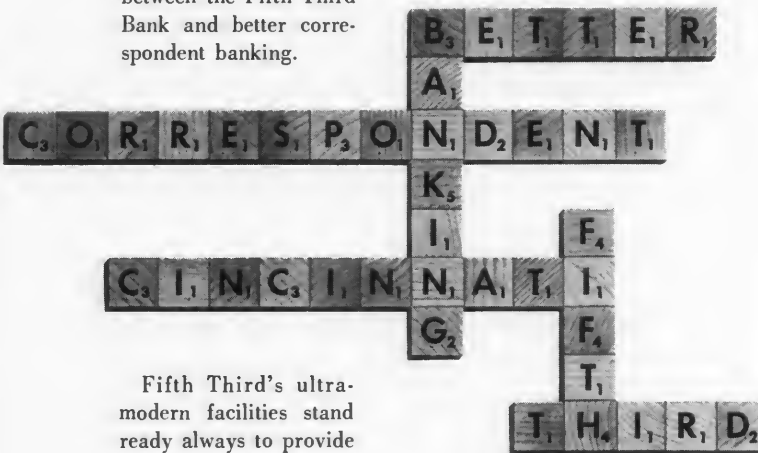
and C. If coverage is desired only for libel and slander, the insurance for Hazard B is purchased. A separate premium is charged for each hazard covered. The charge for each hazard is 5% of the OLT premium for each location, subject to a minimum charge of \$15 per location.

It is advisable to discuss this coverage with the bank's attorney. By doing so you can determine if your understanding of the exposures covered by the hazards is legally correct. The attorney may remind you

that the bank could be subject to an exposure that you overlooked. If you are of the opinion that the bank is not subject to a certain exposure as set forth under the hazards of the customary endorsement you must be certain that your understanding of the legal meaning of an exposure as it pertains to your bank is correct. The customary endorsement used to cover personal injury claims does not provide protection for an employee if claim should be brought against him. This same exclusion also pertains to the bodily injury

coverage. For an additional premium the liability of the employees may be covered. The personal injury endorsement can also be extended for an additional charge to cover the bank if an employee should bring a personal injury claim against the bank. Such a claim may result from discharging an employee. It is to be noted that if the customary personal injury endorsement is attached to the public liability policy it would also cover claims of the type covered which might arise from the operation or use of automobiles.

It's true! There is a recognized connection between the Fifth Third Bank and better correspondent banking.



Fifth Third's ultra-modern facilities stand ready always to provide you with expert, fast and efficient correspondent banking service. Fifth Third is strategically located in the center of a vast industrial and agricultural area. Fifth Third has years of experience in handling the diversified requirements of hundreds of banks.

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A Matter of Prudence

If a bank has not obtained coverage for personal injury claims, it should seriously consider doing so, since without it there is a serious gap in the bank's legal liability insurance. For a moderate premium charge the bank secures protection against such claims. The legal expense incurred in defending such an action would be far more costly than several years' premiums. Recently there has been a noticeable increase in certain types of claims which were practically nonexistent a few years ago. It is not prudent to premise your decision solely on the basis of whether or not such a claim has been made upon your bank. The decision should be based on whether or not it is possible for a claim to be brought against the bank. Remember that if such an action should be brought against your bank the decision as to liability for the claim rests with the court.



"Take the clock down and put this up! Maybe we'll get more done."

The Community Trust

(CONTINUED FROM PAGE 56)

ready exists in the trust departments of the participating banks and trust companies; and the split of responsibility between charitable and financial management, as already pointed out, facilitates obtaining proper talent for the distribution committee. Once the declaration of trust has been adopted, the plan is implemented by donors who select the bank or trust company of their choice and make their transfers subject to the terms of the community declaration of trust.

Advantages

The disposition of property for charitable purposes is an admirable aim which might miss the mark despite the best of planning. Of course, there is no panacea for the problems inherent in charitable giving, but the community trust does provide a flexible framework which can eliminate, or at least minimize, many of the difficulties faced by a potential donor. Not infrequently a donor's desires have been frustrated, or made wholly inapplicable, as the result of conditions which prevailed after the property left his control. Admittedly our foresight is, at best, only an educated guess which tries feebly to pierce the veil of the future. The doubts and uncertainties of the potential donor as to the ultimate disposition of his property can best be resolved by a framework of flexible thought and control to guide application of the bounty in the light of current economic and social conditions.

In some cases, the potential donor might be discouraged by the obvious need of obtaining the services of persons with suitable ability, integrity and background to function efficiently in a fiduciary role. Locating trustees to serve a trust with variable or selective objectives can be a formidable task, which is aggravated by the necessity of providing for acceptable successor trustees. The composite experience and ability of the distribution committee of a community trust is certainly vastly superior to the talent which otherwise would be available to the donor in many cases, especially in the case of a relatively nominal trust.

If specific objectives are sought by a potential donor, there should be a decision as to the eventual disposition of the funds if the specific objectives become obsolete, inappropriate, or impossible of attainment. If the conditions of a gift or bequest include a precisely designated final disposition of the funds, the benefits might nevertheless be misdirected or nullified because, as must be expected, our foresight can-

not be qualified by actual subsequent events and conditions. The community trust places the ultimate application of all funds in the hands of the distribution committee, thus automatically insuring that the funds will be applied to a worthy purpose.

In many instances, potential donors might feel that their contribution would be a pittance and wholly inadequate to provide material benefits to the community. However, these persons taken cumulatively could accomplish a major good for the community by aggregating their

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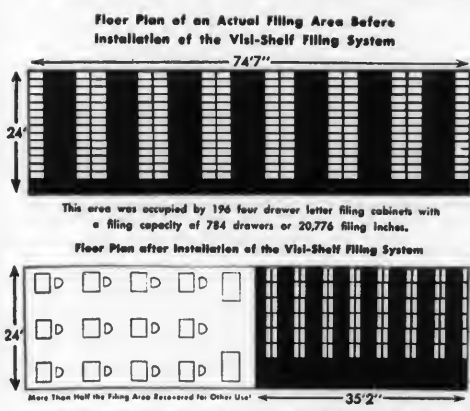
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1954:	US. \$ 650,626,000	US. \$ 656,359,000

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contributions in a common fund for the common good, and it is this kind of joint effort which forms the economic backbone of the community trust.

Some potential donors might be deterred from making a charitable grant for fear that the trustees might not be competent to furnish capable and honest financial management. The split responsibility of the community trust, utilizing existing corporate trust departments for financial management, subject to the usual reviews and audits, should assuage any qualms of the donor insofar as financial management is concerned.

From a tax standpoint, the community trust has all the attributes necessary for classification as a tax-exempt organization, with the consequence that an income tax deduction and an estate tax deduction are allowable subject to the usual tax rules.

Growth Elements

Community trusts appear to have all the requisite elements for sound and healthy growth. From an economic standpoint, the accumulation of funds for community good has intriguing possibilities. Attorneys who have collaborated in the creation and management of community trusts have pointed out the legal advantages which stem from the controlled management and ultimate disposition of the trust funds. Thus the community trust offers a ready-made vehicle which provides both broad and specific objectives, furnishes adequate and experienced charitable and financial management, and enhances the impact of gifts and bequests by an accumulation thereof for the common good. The potential donor has before him the framework of an efficient, workable, tested, and flexible trust waiting to be activated by his bounty.

We suppose the mambo is called a dance for the same reason that some dance tunes are called music.

Some persons go to work each day, but not after they get there.

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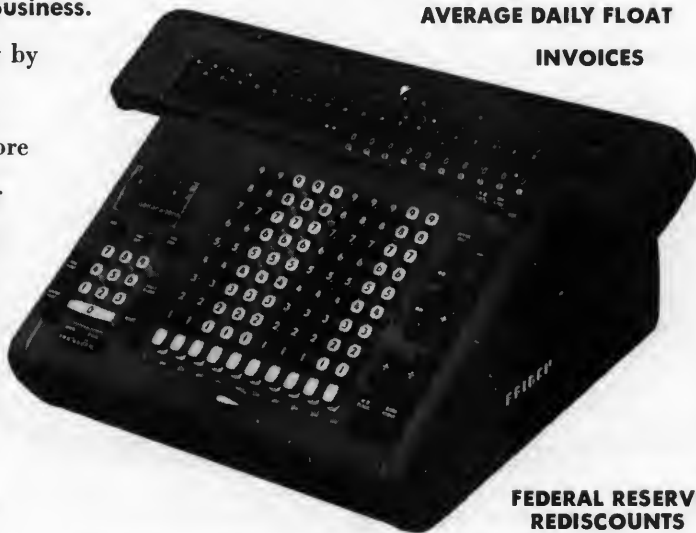
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REDISCOUNTS**

ACCOUNT COSTS

AMORTIZATION

PERCENTAGES AND RATIOS

**INTEREST ON NOTES, MORTGAGES,
SMALL LOANS**

New Haven

(CONTINUED FROM PAGE 58)

for staff operations and capital investments. The whole process, too, is so complicated and involves so many departments that in many municipalities there is no coordinated administration of a redevelopment program. Here in New Haven, as in Pittsburgh, Philadelphia, and other cities where active programs are under way, we have found that the first ingredient is that the mayor must make redevelopment one of his

principal concerns in office and give it leadership and all-out support. Secondly, he must provide himself with some kind of an operating deputy, who can speak for him in the coordination of the work of the many individual departments concerned, and who can keep track of the progress on the working level.

(8) **An Informed Public Opinion**—Redevelopment, renewal, planning, zoning, traffic engineering, loan and grant contracts, noncash grants and aid—all these are some of the new and confusing terms which have been brought before the public with in-

creasing frequency within the past few years. These terms attempt to describe complicated problems and even more complicated techniques. Without positive help from the daily press, the radio, and various community organizations there is little hope of public understanding of a rebuilding program and what it can mean for this city. Here in New Haven we have been fortunate indeed. Our press and radio have given full coverage to the program, and the *New Haven Register* published a very comprehensive series on our first redevelopment project. One of the most useful contributions in the entire program was that made by the Union and New Haven Trust Company, with the full support of its president, Edward M. Gaillard. The trust company publishes a *Journal* dealing competently and thoroughly with various matters of local import. Last June there was a special issue on the New Haven program which was, in effect, an illustrated glossary and guide through the maze of the new program. It has been highly successful and is in very wide demand throughout the community. I told President Edward Gaillard that I thought this was a very splendid public service indeed for his institution to perform and one which I soon realized was very widely appreciated.

No Politics

(9) **Organized Community Support**—We have found, as have most of the other cities with active redevelopment programs, that it is necessary to have an organized citizen group which is focused on the redevelopment program and drawn from all walks in the community. Although our community life is, if anything, overorganized we soon found that people were ready and eager to participate in this work. In some communities the leadership for the program stays outside the City Hall, in some perhaps in the business district. Here we happen to have the initiating action coming from the City Hall. It doesn't really matter where it starts. The important thing is that the group be directly representative of the entire community, that it enlists the really top-drawer of leadership, and that it have a competent full-time secretariat, and, of course, it must stay out of partisan politics.

(CONTINUED ON PAGE 182)

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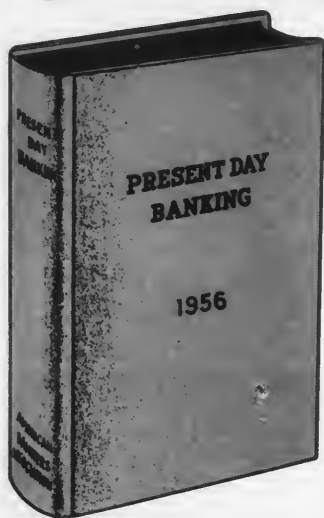


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Preferred Stocks
A Program for Developing Bank Executives Open Market Operations, 1946-1954
New York State School District Bonds as Bank Investments
Oil Development Impact on Commercial Banking
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The Trustee and Close-held Corporations
Work Simplification Through Employee Participation
The Sales Finance Industry: Investor Viewpoint

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(10) **Banker Participation and Leadership**—In the past two years I have come to understand much better than I ever did before the key position that a bank and its board of directors occupy in a community. The entire work of banking, the problems and decisions involved, the caliber of personnel, all require sound constructive positive thinking, with a regard for the interest of the community as a whole as well as that of the individual parties to any given transaction. Realizing this, I now feel quite strongly that one test of whether a program is sound and will be successful is the degree of support which it receives from the banking community. I am happy to say that here in New Haven bankers are not only on the team but occupy leading positions.

For example, the citizen chairman of the New Haven Redevelopment Agency, which is the key agency in the entire program, is Frank O'Brion, president of the Tradesmens National Bank. Mr. O'Brion and his colleagues have given uncounted hours to the program, and have nourished it along to the place which it occupies in our community today. Frank O'Brion's sound judgment and public spirit have been a vital force in this whole program.

The First National Bank and Trust Company, the largest commercial institution in the area, is giving evidence of its faith in the city's program of redevelopment by acquiring two important properties adjacent to its offices leaving future decisions as to its use flexible. The bank is well represented on the Citizens Action Commission and Chairman Carl Freese is on its board.

Taken together, I think these 10 points form a program which can lead any city to help itself. I think we are on our way in New Haven, although an enormous amount must still be done. It has certainly made my job as mayor immensely stimulating and rewarding.

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ELECTRONIC DATA PROCESSING FOR BUSINESS AND INDUSTRY. By *Richard G. Canning*. John Wiley & Sons, Inc., New York. 323 pp. \$7. Mr. Canning, associate research engineer at the University of California, Los Angeles, and a partner in Canning, Sisson and Associates, says this book is an outgrowth of the university course he has given in recent years. The basic purpose is "to advocate the *efficient* use" of the new electronic data processing devices to meet the requirements of management. One chapter summarizes the machines; others program typical clerical operations; give the methods of a systems study preparatory to determining a company's data processing requirements; give the initial and detailed design of the electronic system; and set forth equipment characteristics.

URBAN MORTGAGE LENDING: COMPARATIVE MARKETS AND EXPERIENCE. By *J. E. Morton*. Princeton University Press, Princeton, N. J. 187 pp. \$4. Dr. Morton summarizes the findings of separate studies by the National Bureau of Economic Research, and supplements them with material on mutual savings banks and cross-institutional comparisons. The material is carried through 1953.

STOCK BROKERAGE BUSINESS. By *E. M. Fowler*. Bellman Publishing Co., Cambridge, Mass. 31 pp. \$1. A monograph by a staff writer for Merrill Lynch, Pierce, Fenner & Beane.

COMMON SENSE IN LETTER WRITING. By *William H. Butterfield*. 81 pp. \$2.25. Mr. Butterfield, who has written on this general subject for **BANKING**, here offers "six steps to better results by mail." The book analyzes techniques and shows how to use them. He tells the reader: be sure you say what you mean; don't waste words; be courteous;

focus your message on the reader; make the letter sound friendly and human; remember *tact* in contact.

DIVERSIFICATION IN BUSINESS ACTIVITY. By *Roy A. Foulke*. Dun & Bradstreet, Inc., New York. 37 pp. Here is Mr. Foulke's analysis of the history and current significance of business mergers, consolidations and acquisitions. Latest in an annual series started in 1931, this special study introduces revised figures for 14 ratios in 72 lines of manufacturing, retail and wholesale business. The author is vice-president of D.&B.

GOVERNMENT STATISTICS FOR BUSINESS USE. Edited by *Philip M. Hauser* and *William R. Leonard*. John Wiley, New York. 440 pp. \$8.50. Second edition of a book describing the principal statistical series available from the Government, and outlining the uses to which the data may be put.

PROFIT SHARING FOR SMALL BUSINESS. By *J. J. Jehring*. Profit Sharing Research Foundation, Evanston, Ill. 53 pp. \$1. Information for businesses with fewer than 100 employees.

INTERNATIONAL BANKING AND FOREIGN TRADE. Europa Publications, Ltd., London. 226 pp. 20s. Lectures delivered at the 8th International Banking Summer School, Christ Church, Oxford, in September 1955.

THE AMERICAN BUSINESSMAN'S GUIDE TO BRITAIN. Harcourt, Brace, New York. 148 pp. \$3.50. Edited by *The Economist Intelligence Unit*, this book provides information for the itinerant American businessman seeking a market, goods, or a pleasant holiday.

THE TERMS OF TRADE. By *Charles P. Kindleberger*. Technology Press (MIT) and John Wiley, New York. 382 pp. \$9. "The first study to present in depth the key facts about Europe's terms of trade" by area and commodity groups.

THE LAW OF BANKERS' COMMERCIAL CREDITS. By *H. C. Gutteridge* and *Maurice Megrah*. Europe Publications, London. 227 pp. 25s. Second edition of a book first published in 1932 by the late Prof. Gutteridge, dealing with British credit.

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The illness starts like any other febrile attack. But soon the face is flushed. There is high fever. After two or three days, the pulse becomes feeble, the skin cold and of a lemon-yellow tint. Chances of recovery hardly approximate 50%.

In seven pain-wracked days, yellow fever killed Clara Louise. And it was her own doing.

At Las Animas Hospital, Cuba, in 1901, volunteers were needed for the famous U.S. Army yellow fever experiments.

And she, who had fearlessly nursed the worst fever cases, thought undergoing the disease herself would make her a better nurse. She asked to be bitten by an infected mosquito. "I tried to dissuade her," said the medical director. "But she insisted."

So, in what would soon be America's victorious battle against yellow fever, Clara Louise Maass bravely died as she had lived—for others.

Yet the steel of her quiet, devoted courage still gleams in the strength of today's Americans. For it is still American courage and character that make our country secure—and that actually back our nation's Savings Bonds.

That's why U.S. Savings Bonds are among the world's finest investments. That's why you're wise to buy them regularly, and hold on to them. Start today!



★ ★ ★

It's actually easy to save money—when you buy Series E Savings Bonds through the automatic Payroll Savings Plan where you work! You just sign an application at your pay office; after that your saving is done *for* you. The Bonds you receive will pay you interest at the rate of 3% per year, compounded semiannually, when held to maturity. And *after* maturity they go on earning 10 years *more*. Join the Plan today. Or invest in Bonds regularly where you bank.

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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

diplomats as well as all students of foreign affairs.

Many Favorable Factors

In the approximate order of their importance, here are some of the facts and considerations which persuade observers that business faces a period of expansion.

Spending by business for plants and equipment, by the Government for defense, welfare and politics, and by consumers for practically everything, is increasing. Ike's announcement, plus a national budget that includes lollipops for everybody, gave the go-ahead signal, and the plans of business for expansion, except in a few areas like farm machinery, are moving forward in a congenial atmosphere.

Business earnings are good and rising, according to most reports for the past year recently published.

Increasing population is something we hear much about. Also the movement to the suburbs continues, with all that this means to the building of shopping centers, facilities of all kinds, homes, and to the home equipment makers and branch plants in rural areas.

Inventories are increasing, which may be considered a sign of confidence, although some of it might be due to the backing up of raw materials and finished cars in the automotive field.

Wages are increasing and the unions are making no secret of their intention to ask for the moon when contracts come up for renewal.

Concurrently, industrial prices are rising and will continue if the unions are successful. Steel, for example, would cost consumers \$8 to \$9 per ton more if workers get 17¢ to 18¢ more an hour, and they are going to ask for twice that much. Aluminum, copper, and other metals are going to be affected by the same influences.

The personal income and related figures are rising inevitably.

The aircraft industry will not have to do much old-fashioned selling for several years because of the huge backlog of orders for jet planes, for both military and nonmilitary purposes.

The stock market, which is more of a Gallup poll than a business factor, often forecasts accurately, and it has been reflecting a great deal of public and business confidence during the first quarter of the year. Some have called it overconfidence.

Some Unfavorable Items

In the minus column, aside from the chronically uncertain foreign situation, is the feeling of frustration and insolubility that surrounds the whole problem of farm overproduction. This being an election year, we'll probably do what comes naturally and be pushed into some kind of a solution. But it would take more faith than is normal in a human being to assume that the solution will be good or lasting.

In parts of the country where agriculture is not the paramount industry there is a tendency to feel that the seriousness of the farm surplus problem is exaggerated,

but to farm people who have not shared in the greatest boom of all time the situation is extremely disheartening.

In the automotive industry sales look a little better than expected, but this is not surprising because there were no great expectations. Manufacturers report that they are calling back workers previously laid off but production schedules are far below what they were and sales are even lower.

Salesmen are having to talk faster than ever in recent memory to move some of the 1956 models.

This may be a healthy and necessary readjustment, but purchase terms are tending to relax to the point where many buyers are actually in the position of renting these cars by the month. If payments are spread out enough, the so-called owners reach a point where the vehicles are not worth what is owed on them.

Consumer credit, for various reasons, is tending to decrease. One obvious explanation is the large number of families in debt who would like to get out of debt. At the beginning of this year about 65% of all spending units were in debt. If we take just families with incomes around \$3,500, the number is 80%.

Business failures have been rising lately, a condition which frequently occurs in the later stages of a boom.

There are some factors which point neither up nor down, and housing is one of them. Activity in this field seems to be improving sooner than expected, probably because of slightly easier credit terms and the prevailing confidence in the future.

Employment remains about the same at a high level, which is also true of individual production figures generally. New orders show little change in volume; likewise such indicators as the work week and the rate of savings have leveled off.

Among doubtful elements are the school and highway building programs which are largely up to Congress. The question of a tax cut is in the same uncertain category, and the foreign situation cannot be predicted from one day to the next.

Consumer Credit Volume

The whole composite picture is one of our economy operating at capacity so that the only expansion of any size would be statistical and inflationary. Some monetary authorities seem to be thinking along this line in seeking standby controls over consumer credit. They are anticipating future pressure of wage and price increases and the exuberance these are likely to generate.

The question whether the volume of consumer credit is too high and having too great an impact is being debated but without much chance of a solution satisfactory to everyone. There are too many new factors involved, such as the price level, population rise, income level, and the prevalence of pension and retirement plans, social security, and other cushions against family financial disaster.

WILLIAM R. KUHN'S

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