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CENTRAL HANOVER  
BANK AND TRUST COMPANY  
42<sup>ND</sup> STREET AT MADISON AVENUE  
NEW YORK

MISS MINA M. BRUÈRE  
ASSISTANT SECRETARY

April 8, 1932

Miss Ida M. Tarbell  
120 East 19th Street  
New York, New York

Dear Miss Tarbell:

In pursuance of my promise I  
have great pleasure in sending you enclosed  
a copy of our March issue of the A.B.W. N.E.W.S.  
containing the article by Miss Flaude B.  
Cleveland in which I feel sure you will be  
greatly interested.

With cordial greetings, believe  
me,

Sincerely,

*Mina M. Bruere.*

MMB:LLM

## WHAT CAN WE DO TO HELP OUR BANKS?

By MISS FLAUDE B. CLEVELAND  
President, Addison (Mich.) State Savings Bank

Address, before the Rollin Ladies' Aid Society of that City

"I must try to express to you my understanding of the needs of a bank.

"In order to answer the question 'What Can We Do to Help Our Banks', your assistance will not be measured in terms of funds alone. Declare confidence in your institutions. If the plant is nourished it flourishes.

"It is said that sound travels 400 yards per second, scandal 1,000 yards per second, TRUTH 2½ yards per second. If we must form an opinion let us seek the truth before expression. There is an inexhaustible supply of good in the universe. The great highway of human success lies along the old highway of steady effort.

"Today the bankers are the world's greatest borrowers, much of the money with which it carries on its business is borrowed from the public in the form of deposits. This money must not only be returned like any other borrowed money, but it is received under the most difficult and dangerous form of agreement, an agreement to pay on demand, and, during times such as these, a bank is often in no better position than any other sort of merchant or dealer to meet sudden and unusual demands. Why? The funds have been loaned to its customers, it is loaned for interest, the interest earned is used to pay interest on the deposits and expense of operation. The amount left, if any, a portion is set aside as surplus, which surplus serves with capital to protect the depositors, the balance is paid to the stockholders, men who, with confidence in the community have assumed the risk of capital plus double liability.

"A country bank loans the major part of its deposits to farmers to promote agriculture. That type of loan is represented by notes or mortgages, the payment of which requires time. A mortgage on a farm or home, judiciously made, is now being recognized as the safest type of an investment. When banks were forced to close to protect their depositors, some of the unthinking members of the community branded those splendid bankers as failures and that the banks closed because of frozen assets. It is one of the most tragic things of the past two years that banks that were sound were compelled to sacrifice their securities in order to meet the demands of their depositors for much greater amounts of cash than were necessary for their requirements. This led to the closing of their banks and also to hoarding money and a general breakdown of confidence.

### What Is Meant By Frozen Assets?

"That is a word that should not be used. Time loans to farmers, the sons of the soil, the men that feed the nation, is it his loans that are called frozen? How could a farmer pay a loan in sixty or ninety days? His crops are seasonal; cows and hogs can not be matured and fitted for market in that period of time.

"Banks have operated for over fifty years using farmers' paper and never before has it been subject to so much criticism as during the past two years. The depositors in a country bank are made up largely of deposits of funds owned by farmers. Is that money to be invested in short term paper supplied by the city agents? What will be the fate of rural life with its life's blood transferred for the promotion of city interests? It seems to us that our reliable farmers merit consideration and that his interests should be protected.

"We read that during the years 1930 and 1931 over \$845,000,000 were tied up in closed banks. Do not jump at conclusions that \$845,000,000 were lost. Experience shows that since 1854 closed banks have paid back to depositors approximately 90 per cent of their total deposits. This average is ten times as much as ordinarily paid to creditors in commercial failures. Stockholders in closed banks usually lose, but depositors rarely lose more than a small per cent. It is of interest to know that 133,640 banks have not closed, so after all your banks are still the best risk.

"If all the hoarded money, estimated at \$2,000,000,000, were spent in building today the banks could loan \$20,000,000,000 tomorrow, or 40 times the immediate help expected from the Reconstruction Finance Corporation, and ten times the maximum help. It is not worth while to keep money circulating, realizing that a portion reaches every type of worker?

"The National Credit Association and the Reconstruction Finance Corporation will serve the ultimate interest of business through the banks, those wonderful agencies supported by confidence and cooperation on the part of the people, will prove the very key to success. Those agencies which became effective this week are regarded as the most comprehensive steps ever taken in times of peace by the Federal Government.

"This plan was sponsored by Charles G. Dawes, Andrew Mellon and others who are willing to accept responsibility for their success.

### Absorbing Lessons of the Past

"What can we do to help our banks? What really has happened? We have absorbed the lessons of the past two years. It is not entirely due to economic and financial affairs. When values crumble away for no apparent reason, there is cause for alarm; but when devaluation follows the most insane over-valuation,

then we know it is not the end of the world, but the normal forces of nature at work as usual. A balance is being struck, so let us once more, with stability and strength, carry on. Let us work unitedly, instill a new period of confidence, eliminate the blight of suffering that has been hovering over us, forget our commercial illness and complete our task.

"Men are valuable just in proportion as they are able and willing to work with other men; his upward climb is slow and by terrific effort and much suffering. If from the trials of our present position we are able to wrest even a small benefit for all men and women, it may truthfully be said that the battle has been won.

"What can we do to help our banks? Doubt in everyday life is as great a crime as fear is to the soldier. Let us seek accurate information which is the basis of all intelligent action; let us have undiminished confidence in American institutions. They say that America cannot come back. The story goes that a young sorority girl in a Western university was told that she could not keep company with a certain young man who waited on table in the chapter house. She did; she married him, and two years ago moved into the White House with him. We can rebuild and still become a bigger and better nation.

"Life is never so bad at its worst that it is impossible to live it; it is never so good at its best that it is easy to live. Every task affords a color and an inspiration.

"The present need of the hour is to revive and make dynamic once more the confidence which our leaders and our people have always had in the future of our country and its well regulated institutions. A man may be rich without being healthy. Thus it is with a nation; we can serve by doing our best. So let us make a new resolve to the high enterprise of increasing a store of Good Will. Using the words of Edward Everett Hale, 'let us look up, not down; lend a hand.'

"It is pleasant to note, in conclusion, the sign of the return of that feeling of Good Will, when we learn that a small group of country folks are interested in trying to discover a way they can best serve their banks. I wonder how many neighborhoods about our State have manifested the same degree of interest that our Rollin folks have?"

The work an unknown good man has done,  
Is like a vein of water  
Flowing hidden underground,  
Secretly making the ground green.  
—CARLYLE.

Life is not so short but that there is always time for courtesy.—EMERSON.

Life is also one of the creative arts. . . .