Virginia RECORD

OCTOBER 1967

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THE VIRGINIA BUREAU OF INSURANCE

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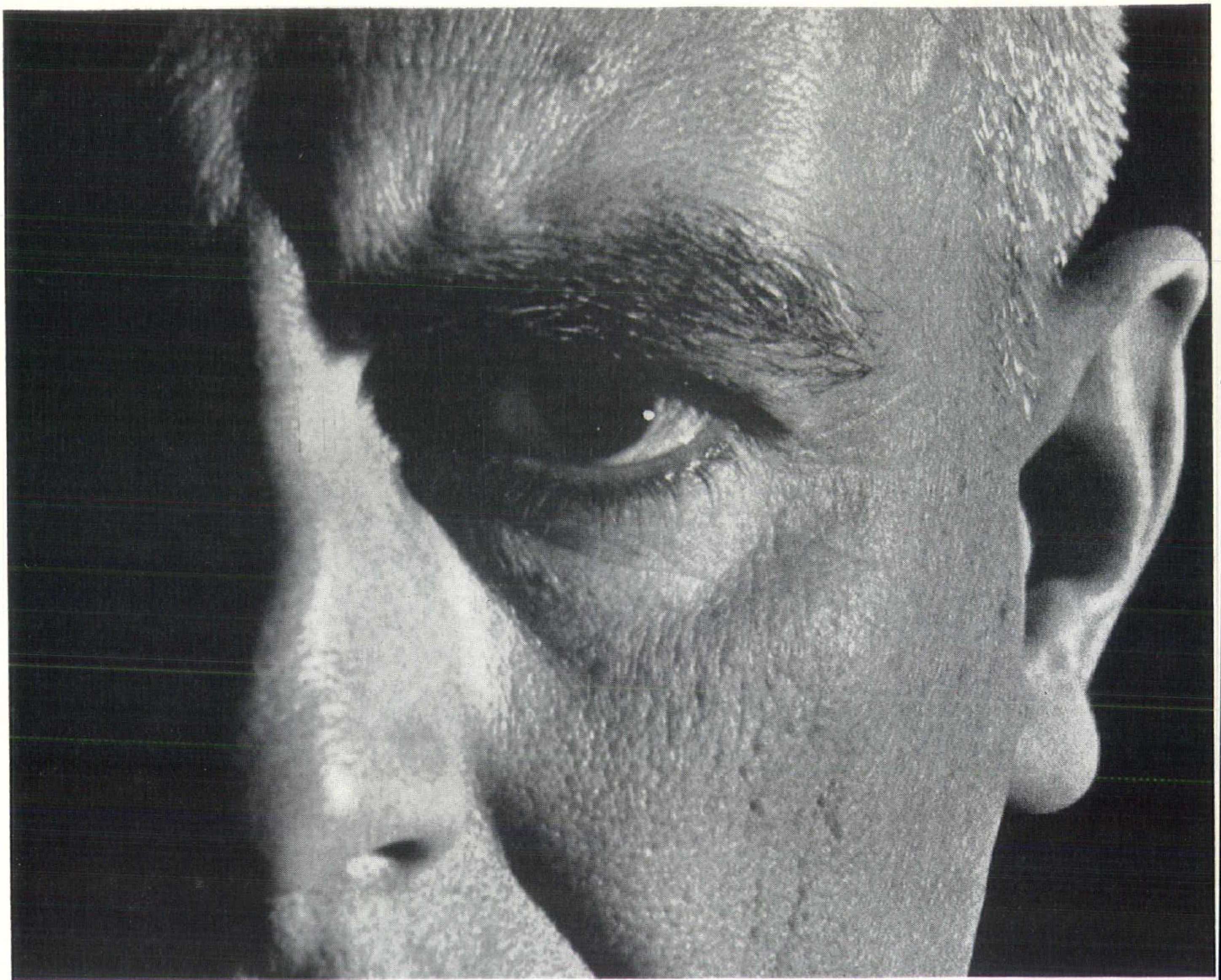

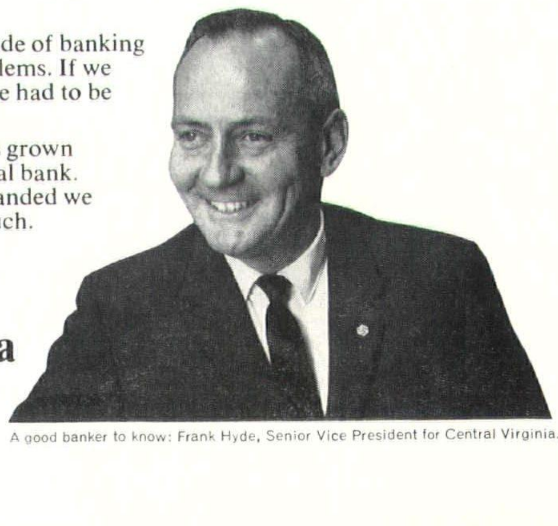

"AN INDEPENDENT PUBLICATION—FOUNDED 1878 TO TELL THE VIRGINIA STORY"

Virginia RECORD

Published Monthly at the State Capital
By Virginia Publishers Wing, Inc.

EDITORIAL OFFICES: 109 NORTH 8TH STREET
Phones: 644-2722 or 644-6717

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Address All Mail to:

VIRGINIA RECORD
P. O. Drawer 2-Y, Richmond, Va. 23205

"Second-class postage paid at Richmond, Va."

VIRGINIA RECORD is an independent publication cooperating with all organizations that have for their objectives the welfare and development of Virginia. While this publication carries authoritative articles and features on statewide and local industries, business, governmental and civic organizations, they are in no other respect responsible for the contents hereof.

Vol. 89—No. 10 1 year $3—2 years $5—Per Copy 35¢ OCTOBER 1967

The Dodo-bird Flies Again

There is one kind of poll I'd like to see taken in the nation, and that would be the question *"Do you ever feel that you are living in a world gone mad?"* Sub-questions would be, when the answer is in the affirmative: "What proportion of the time—(a) more than half the time? (b) less than half the time? (c) most of the time? (d) infrequently?" This would be divided into regions of the country, sex, age, degree of education, nature of work and income bracket. A computation of the answers would provide a potentially useful guide to political leaders at all levels, educators and those in charge of disbursing Federal funds.

It must be confessed that I would not hope the "potential" of such a guide to be realized, since most likely commissions would be appointed to make a report of their findings and that would be the end of *that*. However, if the figures could be made public, at least those individuals who experience the frightening sensation of living in an asylum being run by the inmates would be somewhat comforted by the assurance that they were not alone.

As it is, a few other individuals will, with glum expressions and head-shakings, admit that what's going on around them now seems incomprehensible and what lies ahead seems too fearsome even to contemplate; but there is always the inner suspicion that the terrified are merely a few vestigial characters of another era who are not conditioned to comprehend the operations of the experts.

As an example, most of us over thirty were deeply conditioned by our parents, school, church and general environment to believe that it was economically dangerous—if not morally unsound—consistently to spend in any considerable excess of what one could reasonably expect to earn. The late Senator Byrd was an advocate of this principle in state and national governments. Men in finance and state government whom I respect have explained to me that the Senator grew somewhat rigid in applying this principle in all details, and that changing times necessitated a flexibility in the general principle.

Then I read several years ago an article in *The Atlantic Monthly* which derided any aspect of the "fiscal sanity" with which The Senator was identified. This article was written by a real expert, who had amassed a fortune in a private enterprise by modern manipulations of finance, and he made a convincing argument to the effect that what applied to an individual's or a family's economy had no relation to the economics of large-scale industrial or commercial enterprises, or large-scale government operations. Since he was an expert, I was troubled to think that either Senator Byrd might be more old-fashioned than my acquaintances in state government had let on or that they themselves were not cognizant of the advanced modern techniques in money.

Then, when Senator Byrd died, the elegies in all the Northern publications paid respect to his integrity in defending an obsolete principle. Some of the elegies treated him with the reverence that might be extended the last of any breed, like the dodo bird, and several intoned that with him passed the era of out-dated balancing of books. This made me sad because I'd still held some reservations about the expert in the *Atlantic Monthly*, on *(Continued on page 39)*

IN THIS ISSUE

THE VIRGINIA BUREAUS OF INSURANCE AND BANKING

by

JAMES E. POWERS

ON OUR COVER

This issue of the Record features banking and insurance in Virginia. Pictured on the cover are the to men who are in a position to know the most about those businesses in the Commonwealth—on the left, Commissioner Thomas D. Jones, Jr. of the Bureau of Banking, and at right, Commissioner T. Nelson Parker of the Bureau of Insurance.

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THE VIRGINIA BUREAU OF BANKING

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"If some of the old-time bankers could see what's going on now, they would be spinning in their graves."

That was the comment of one Virginia banker, who could qualify as an old-timer himself, but he is very much alive and kicking. His reference was to the modern innovations that have made banks aggressive competitors in today's commercial world, in contrast to the stodgy aloofness that characterized the business a generation ago.

On the other hand, those looking in on the insurance business from a generation ago would not find very many fundamental changes. True, they would be startled by the astronomical growth of the business in Virginia, one of the leading states in per capita insurance written, but its forms remain generally the same.

Banking and insurance, traditionally linked in many college textbooks, is under the wing of the State Corporation Commission in Virginia. Through its Bureau of Insurance and Bureau of Banking, the SCC exercises a degree of control and supervision over these business fields that is not matched anywhere else in our economic life.

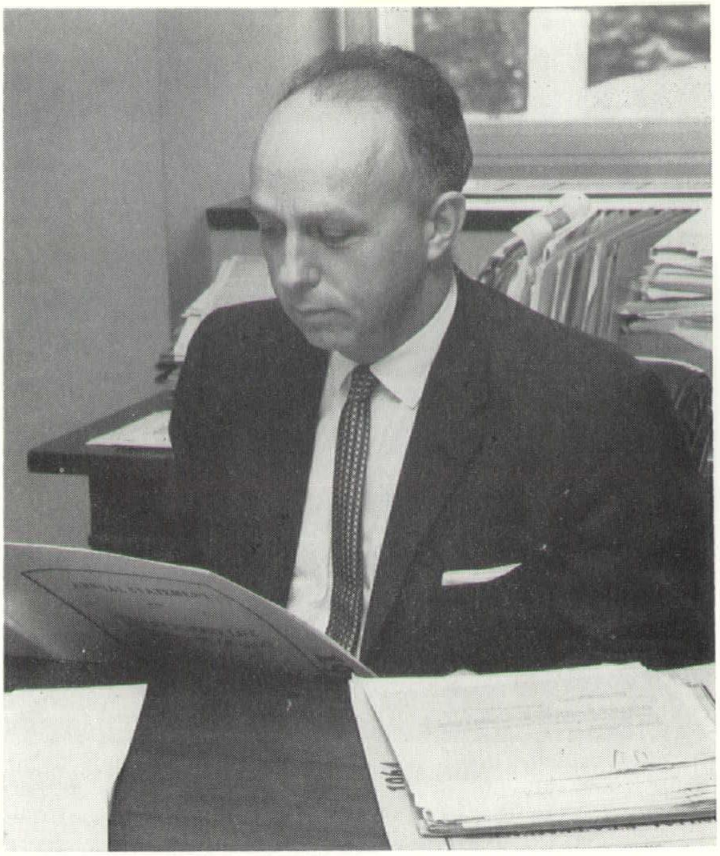
In separate articles on the following pages, the *Virginia Record* takes a look at the status of the insurance and banking businesses in Virginia, their backgrounds and the regulatory agencies to which they must answer.

STATE INSURANCE BUREAU

Works Both Sides of the Street and the Middle, Too!

By

JAMES E. POWERS



EVERETTE S. FRANCIS, *1st Deputy Insurance Commissioner*

THERE'S AN OLD SAW about a person not being able to work both sides of the street, but like most such bromides there is always a large exception or two. The Virginia Bureau of Insurance, which protects insurance companies doing business in the state from themselves and each other, while also guarding the public's interest, is a striking example, for it not only works both sides of the street but the middle, too.

For the individual insurance company the Bureau plays something of a Big Brother role, without the connotations that phrase usually implies. All its actions are directed toward preserving the financial integrity of the company so that the insurer will be able to live up to the promises of its policies.

But of course the Bureau's objective is not necessarily to promote the interests of the company's stockholders, though such investors can rest easier because the Bureau is there. The goal is to protect the insureds, the policyholders, the citizens of Virginia, corporate or private.

On that score, everyone must agree, the Virginia Bureau of Insurance has an exemplary record.

"All of our Virginia companies are in very good shape," is the way T. Nelson Parker, the Bureau's commissioner, puts it in his confident, mayoral voice. That's an air easily put on by the intense, dignified former practicing attorney, for his rich background includes a stint as Mayor of Richmond.

Unfortunately, his statement carries a qualifier—"Virginia companies," i.e., companies incorporated in Virginia.

The Bureau, which issues licenses to firms doing business in the state and may revoke the privilege at any time for cause, is not able to exercise the same degree of control over "foreign" firms, i.e., those incorporated in other states. Their home states have the primary responsibility for the soundness of those companies and while Commissioner Parker would not want to demean the job being done by comparable agencies in other states, the fact remains there have been failures in other states and obviously the policyholders are hurt no matter where they live.

There were 864 companies writing some form of insurance in Virginia last year. It takes no knowledge of the complexities of the insurance business to readily understand that no one state agency, no matter how efficient its staff or how thinly spread its work load, could possibly keep an adequate check on that many companies. Besides relying to some degree on the initial responsibility exercised by a company's home state, the state insurance commissioner is aided principally through the various cooperative services of the National Association of Insurance Commissioners.

The NAIC, which Commissioner Parker has served in various leadership capacities, exercises its surveillance of insurance companies on a regional basis through committees of insurance commissioners. This technique is called an Association examination, to which each company is subjected periodically and at any time when circumstances come to light that warrant a special inquiry.

In examining a company's affairs, the Insurance Bureau and the NAIC have the power to assemble detailed information from company officials and its records on financial condition, policy on payment of claims, compliance with all insurance laws and "any matters that *might* have to do with the proper operation of the company," in Commissioner Parker's words.

Bluntly put, the Bureau can stick its nose into an insurance company's business anywhere and anytime it sees fit.

Meeting in the Insurance Library room are four of Commissioner Parker's top assistants. From left to right they are: C. S. Mullen, State Fire Marhal; G. L. Hazelwood, Jr., Sr. Rate Analyst; W. G. Flournoy and John N. Parker, Deputy Commissioners.

The only other area of our "free" economy that is subjected to such strict surveillance is the banking business. In both cases, however, the need for close monitoring seems obvious because of the extreme vulnerability of the public.

Automobile insurance is the chief problem area insofar as company failures are concerned, particularly among firms writing so-called substandard risks. This difficulty has been largely overcome in many states by a provision in the uninsured motorist law that declares a motorist uninsured if his insuring company has become insolvent.

Virginia insurance officials expect such a clause to be inserted in this state's law by the 1968 legislature.

Besides trying to insure the soundness of the insurance companies doing business in Virginia, the Insurance Bureau acts as a referee between companies, making sure that competition is fair, clean and free.

The chief sin in this category, attributable more to the over-eagerness of the insurance agent than to any deliberate practice of the company, is referred to as "twisting" and like the dancing by the same name, it involves a lot of slithering around.

The twisting abhorred by the Insurance Bureau means misrepresentation by the insurance agent, either of the benefits and advantages of his own company's policy or of the merits of a competitor's policy. Since all persons selling insurance must be licensed by the state, the Bureau has a great deal to say about how an agent must conduct himself.

Not only must the agent have a license, but he must have it renewed each year and a few complaints would make such renewal more than a routine matter.

Throughout all its activities the Insurance Bureau serves the public interest, but it really gets caught in the middle between the public and the insurance companies when it comes to rates and complaints. Here again the problem area is automobile insurance.

Constantly increasing auto liability rates, which the companies attribute to high damage awards and increased hospital and auto repair costs, have been the subject of recent heated hearings before the State Corporation Commission, under which the Insurance Bureau operates. Despite the opposition of a group of attorneys who intervened in the hearings, the SCC approved rate increases just short of the levels sought by the companies.

Most complaints from the public concern cancellation or failure to renew auto insurance. Many such cases result from very simple causes—such as the policyholder's agent no longer writing insurance for a particular company—but at any rate Virginia law entitles a policyholder to be given an explanation.

Complaints over cancellations and rates and the problem of some company failures have led to discussion in certain quarters — and rumblings in Congress—on the possibility of some form of federal action in the insurance field. But this idea gets a cold shoulder from Virginia insurance officials. Jesse W. Dillon, the SCC member charged with particular responsibility over the Insurance Bureau, expressed it this way:

"The trouble we are now experiencing in the automobile insurance business will be dissipated without Federal intervention, and at considerably less cost and trouble to policyholders and the insurance industry."

It is a dynamic, rapidly expanding industry over which the Insurance Bureau presides, one that merits a string of superlatives. Here are some interesting facts gleaned from Insurance Bureau statistics:

►The amount of premiums collected by insurance companies in Virginia has more than tripled in the last eight years, $824 million in 1966, compared to $268 million in 1959.

►At the same time, life insurance in force in Virginia has grown from an approximate total of $8.6 billion in 1958 to a whopping $21.2 billion at the start of this year. This compares with only $163 *million* in force in 1907, which is just about half of the total collected in life insurance premiums alone last year.

►Virginia, incidentally, ranks high in the density of insurance on a per capita basis, having risen from 19th to 17th place among the states in premium volume between 1959 and 1966, while ranking only 30th in per capita income and 19th in population.

Obviously, Virginians believe in insurance. So much so that they have made it one of the state's leading industries, and as indicated in the figures above this has been a fairly recent development.

Creation of the institution of insurance is credited to Italian merchants in the Middle Ages, who combined to insure themselves against the hazards of overseas trade. Its beginning in America dates from 1752 when Ben Franklin established the Philadelphia Contributorship for the Insurance of Houses from Loss by Fire. Seven years later, also in Philadelphia, the first life insurance company was founded under the name of "The Corporation for Relief of Poor and Distressed Presbyterian Ministers and of the Poor and Distressed Widows and Children of Presbyterian Ministers." Both companies continue in existence today.

With the formation of new companies in the fire and life fields and the resulting competition for business, problems began to arise that required some regulation. New York enacted the first insurance law in 1814, a very modest beginning, but as the insurance business spread so did the state laws governing it.

Virginia laws gave rise to a landmark decision in 1869 of the U.S. Supreme Court, in the case of *Paul v. Virginia,* wherein the Court decided insurance was not a transaction in interstate commerce in the constitutional sense and thus not subject to congressional control.

For 75 years after this decision the principle of state regulation was challenged seldom and never successfully. However, in the 1944 case of *U.S. v. South-Eastern Underwriters* the Court reversed itself and held insurance was commerce and, in its interstate aspects, subject to congressional control, specifically to the Sherman Anti-Trust Act. This could have played havoc with the state regulatory machinery developed over the years had not Congress come to the rescue with legislation exempting insurance from Federal laws under certain conditions.

Chiefly, the conditions were that the Federal laws would apply only to the extent that insurance is not regulated by state law. Under this formula the states have continued to regulate and tax the insurance industry with undiminished authority.

In the early days insurance laws evolved, as is the case in practically every legal area, after the exposure of abuses within the industry. These malpractices ran the gamut from rate rigging and unfair competition to bribery and assorted financial shenanigans.

Regulation of the industry as we know it today really had its beginning around 1906 when the states began setting up separate insurance departments. Heretofore, this responsibility had been the part-time duty of various state officials.

With the creation of independent agencies to preside over the insurance field came a new sense of professionalism and pride that has led to the es-

(Continued on page 30)

The Top 50 Insurance Companies in Virginia Based on Premium Income for 1966

The following listing shows the ranking of the top 50 insurance companies in Virginia for 1966 based on the total premiums written on all lines of insurance. Insurance firms that are members of the same corporate family are treated as one company. These groupings were obtained from *The Insurance Almanac* for 1967. The figures refer to millions of dollars.

	Companies	Premiums In Million $
1.	Metropolitan	52.4
2.	Aetna Life & Casualty	48.2
3.	Travelers	44.9
4.	State Farm	33.3
5.	Prudential	27.4
6.	Equitable	25.5
7.	Nationwide	20.7
8.	Life of Virginia	20.6
9.	Home Beneficial	19.4
10.	Government Employees	15.1
11.	Continental	14.7
12.	Allstate	13.8
13.	Liberty Mutual	12.8
14.	Hartford	11.9
15.	New York Life	11.6
16.	Peoples Life of D.C.	10.9
17.	Connecticut General-Aetna	10.8
18.	John Hancock	9.7
19.	U.S. Fidelity & Guaranty	9.4
20.	Insurance of North America	8.7
21.	Southwestern	8.5
22.	Provident	8.5
23.	Southland	8.5
24.	United Insurance	8.2
25.	United Services Auto	8.0
26.	Continental National	7.7
27.	Kemper	7.6
28.	Lincoln National	7.5
29.	Mutual of Omaha	7.3
30.	Royal-Globe	7.0
31.	Interstate Life	6.6
32.	Pilot	6.5
33.	Fireman's Fund	6.4
34.	Northwestern Mutual	6.4
35.	Home Indemnity & Insurance	6.3
36.	Maryland American National	6.1
37.	Combined Insurance	5.2
38.	Va. Farm Bureau	5.0
39.	Massachusetts Mutual	4.8
40.	Acacia	4.5
41.	Selbels, Bruce & Co. (Glen Falls, etc.)	4.4
42.	MacArthur Group (Bankers Life & Cas. etc.)	4.4
43.	Shenandoah Life	4.3
44.	Citizens Home	4.3
45.	Great American	4.2
46.	Mutual Life of N.Y.	4.2
47.	New England Mutual	4.1
48.	Motors Insurance	4.0
49.	St. Paul	4.0
50.	Connecticut Mutual	3.9

THE BANKING BUSINESS
IS A
"QUIET AFFAIR"

By
JAMES E. POWERS

DESPITE the considerable competition for the public's patronage, banking is relatively a quiet business. Appropriately, the business of regulating and policing the banking system is a quiet but effective affair and little is heard from the two quiet offices in Richmond which are responsible for that task in Virginia.

To give the word one final twist, that is *quite* all right with everyone concerned.

While it is true that little of what goes on beyond the teller's window ever comes into public view, appearances in this case are indeed deceiving. Behind the curtain of silence and traditional dignity surrounding banks, the banking business is undergoing the most careful scrutiny given any phase of our economic life.

For example, whereas an examination of an insurance company consists primarily of auditing numerous reports, the examiners actually go in and count the pennies in a bank.

But it would be a mistake to assume from all this that there is anything staid or stagnant about the banking system in Virginia. For, in fact, banking is in a state of ferment and change that has been going on more than two decades and continues unabated. There is more difference between banking today and a generation ago than there is between the T-model Ford and the Rockett 88 or 98, or what have you among today's sleek models.

In order to put the Virginia banking story in perspective, it is necessary first to consider the origins of modern banking and its development in the United States.

The money lenders and money changers, it seems, have been with us always, but suffice it to say that a rudimentary form of banking was in existence many centuries before Christ. However, early banking was largely a matter of private financing, dominated by wealthy families, the Medici of Italy being the most famous.

Financiers of the Mediteranean cities, especially Venice, Genoa and Barcelona, were the direct ancestors of modern commercial banks. In the 14th and 15th centuries they were accepting deposits which were regularly transferred from one account to another in payment of commercial debts. The normal method of transfer was by an entry inscribed by the banker in his books in the presence of both debtor and creditor.

As economic life became more involved, it became necessary to bring some uniformity to financial transactions and provide a convenient means of barter. There was also a need to finance the many wars and banks became, in effect, the national treasuries. Out of these developments grew the great national banks, of England, France, Italy, and other countries. tries.

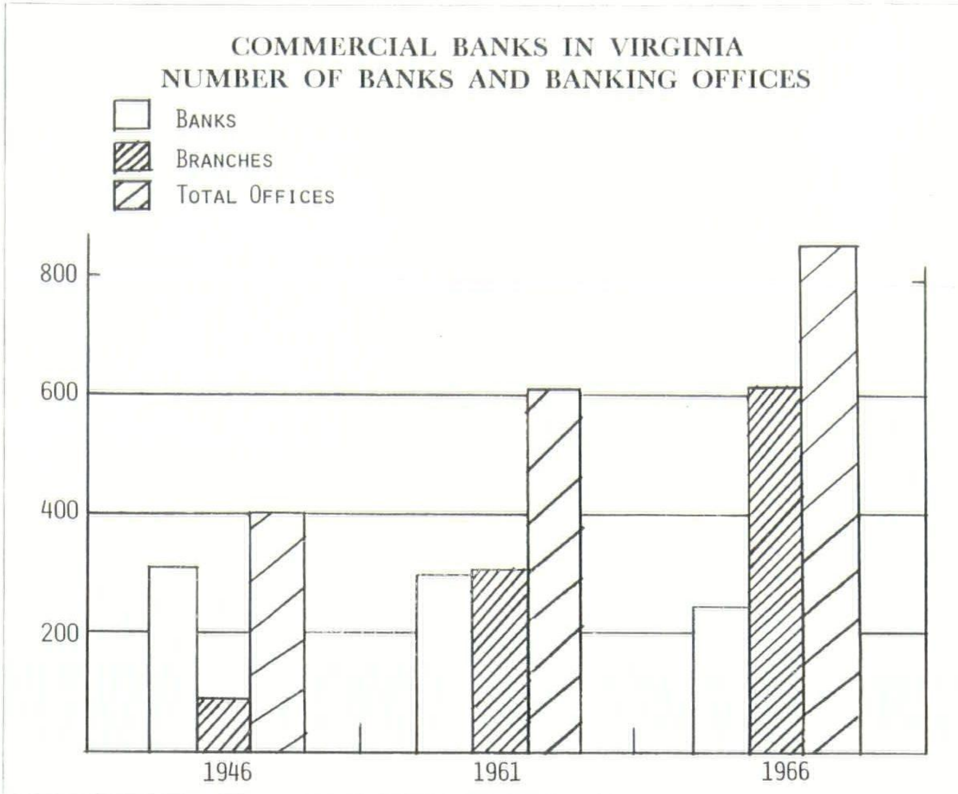
Banking in the United States had its formal beginning with the chartering of the Bank of North America in 1781. Because there were doubts about the legal authority of the Continental Congress to grant a banking charter, the bank applied to and received its license from the state of Pennsylvania, later adding New York, Massachusetts and Delaware to its licensed area.

The legal doubt about the authority of the Continental Congress, with the initiative in banking thus passing to the states, accounts for the present dual system of banking in Virginia and the rest of the country. The Bank of North America was quite successful and established the dominant pattern of bank development. With banks chartered by the individual states filling the needs, there was no good reason for the national government to become too involved. That is, up to a point.

Inevitably, so many different states and so many financial institutions of varying fiscal integrity led to a great unevenness in the state-chartered banking system. Since the individual banks issued their own notes—money—there was also much instability in American currency. A person receiving a $100 bank note in San Francisco might find it worth only $80 in New York, for example.

The first attempt to provide some national coherency to the banking system was the establishment of the First Bank of the United States in 1791, but it failed, largely for political reasons, in 1816. This was followed four years later by the Second Bank of the United

Shown conferring in the Bureau's Blanton Building office are: left to right—Walter Whiteman—Supervisor Small Loan Licenses, Ralph S. Jesse—Deputy Commissioner and David E. Hudgins—Review Examiner.



States, but it too ran into political obstruction and folded in 1836.

The object of these national banks was not only to stabilize the currency but also to provide a central banking system—a bank for banks—a function which was otherwise performed, if at all, by large private banks or groups of banks.

Fundamentally our present banking system was created by two developments—passage of the National Banking Act of 1863 and establishment of the Federal Reserve System in 1913.

The first created the national banks, which were authorized to issue currency backed by the Federal government and were under Federal regulation. They were clearly intended to put the state-chartered banks out of business. When the state banks failed to seek national charters and continued in business, a 10 per cent tax was imposed on private bank notes.

This, however, did not affect the state banks significantly, for the issuance of bank notes was only a small part of a bank's business. It simply put them out of the note-issuing business.

The great shakedown of the banking system after the Depression of 1929 and the early 30's resulted in many reforms, tighter regulation and establishment of the Federal Deposit Insurance Corporation to protect the depositor, up to $10,000 at first and now up to $15,000.

These, then, constitute the basic elements of our banking system: two types of banks, with the chief difference being whether they are state or nationally chartered and regulated; a reserve system which includes all national banks and many state banks, and deposit insurance in which all national banks must participate and in which all state banks in Virginia participate by choice.

As can be seen, our dual system of banking evolved as a result of conditions that existed at different points in American history, rather than through any master plan of the country's founders. But now that it has evolved, it can be said that the plan it follows is an excellent one.

If doubts had not existed over the authority of the Continental Congress when the first bank organized, chances are a single system of national banks would have developed.

The only substantive difference between state and national banks is the amount of money they can loan in proportion to their assets—with those state chartered limited to 15 per cent of assets and the national banks to 10 per cent. But even this difference is blurred by the fact that the base on which a bank's assets are figured can be and has been changed from time to time.

Otherwise, the difference is that the two types of banks are covered by separate sets of regulations and separate sets of examiners, all having the same goal—to guarantee the fiscal soundness of the banks they cover.

A definite fringe benefit of the dual banking system is the check and balance each system provides for the

The behind-the-scenes force that keeps the Bureau of Banking ticking is headed by Mrs. Thelma Greenwood (seated), Adminstrative Assistant. Members of her staff (standing, left to right) are, Miss Joyce Porter, Miss Harriet Tignor, Mrs. Ann Arritt and Miss Gail Payne.

other. With the national banks alongside state banks, the latter could not afford to stray from acceptable standards if the expect to stay in business.

Similarly, the central authority (Office of the Comptroller-General) cannot be too authoritarian or restrictive on national banks because it would put them at a competitive disadvantage. Neither is there danger of a bureaucratic financial dictatorship because of the counter-pressure of the state-run banking system.

Rather than being considered confusing or wasteful, the dual banking system receives general approval from the standpoint both of economic efficiency and fiscal soundness and there is little sentiment to combine the state and national banks.

As noted, the national banks are regulated through the Comptroller's Office. Most regular reports, statistical services and call reports on a bank's condition are handled directly by the office in Washington, but the heart of the Federal regulatory setup is the regional bank examiner's staff.

National banks in Virginia are examined by the regional office in Richmond's Federal Building, which also has authority over North Carolina, West Virginia, Maryland and the District of Columbia. The Federal examiners visit each national bank three times in every two years, with some very few "problem banks," i.e. those in financial difficulties, being checked as often as monthly.

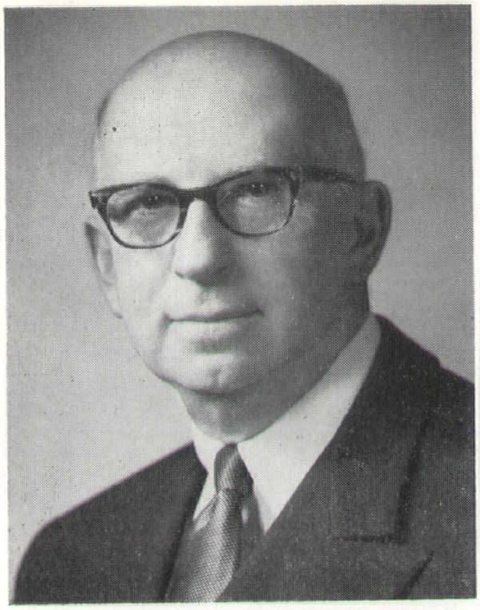
In addition to the examinations, the regional examiners also conduct investigations of applications for bank branches or mergers. Generally, Federal rules on bank mergers and branching conform to state laws, so that neither type bank will have an undue advantage in this important area of bank growth.

The staff of 75 persons attached to the regional examiner's office is headed by a youthful team—Page Cranford, the regional administrator, is 35 and his deputy, Charles Atkins, in 39. Both began their careers with banks in the region; Cranford, who is an attorney, began with a bank in Washington, then served on the legal staff of the Comptroller-General before being named to his present post last year, and Atkins worked for a Hampton bank before going into government service.

Regulation of state-chartered banks in Virginia is under the Bureau of Banking of the State Corporation Commission, which was established in 1910. Before the Bureau came into

(Continued on page 31)

Some Bankers Frowned on Banking's "Democratization" says Boushall



THOMAS C. BOUSHALL

THOMAS C. BOUSHALL, who has lived through the "democratization" of banking and, indeed, has played a key role in that process in Virginia, is quick to note that a great many bankers ushered in modern banking "with a good deal of distaste."

Bankers of the old school were quite content to "talk only with the Cabots," performing their banking services primarily for the wealthier class of people and loaning money on blue chip security. If someone had gone to a banker back then to borrow money and offered his automobile as security, not only would he have not received the loan, "they would have thought him nuts," notes Boushall.

Around the turn of the century banking services were utilized by only about 20 per cent of the adult, wage-earning population, Boushall commented, while the other 80 per cent, who needed banks as much if not more, were, in effect, discouraged from using them. Even the physical facilities, with the tellers in barred cages and bank officers behind imposing doors, were enough to keep the average man away.

Today the situation is reversed, with only 20 per cent or less of the potential users not dealing with a bank.

There have been several developments in the 20th century that have democracized banking, but unquestionably the big breakthrough came in 1910 when a man named Arthur Morris came up with a new idea at Norfolk, Va. Until then banks loaned money only through the note process, with the borrower repaying the principal plus interest at the end of a specified period, 90 days being the common note.

Morris decided that if loan repayments could be scheduled to match a man's income limits, many people could borrow money who had never used banks before. His idea, of course, was simply the present installment loan, but its impact on banking was powerful.

To carry out his plan, Morris organized the Fidelity Savings & Trust Co. at Norfolk, the first financial institution dedicated to the idea of making loans to the ordinary wage earner. In 1914 Morris moved to New York and formed a holding company to start more such banks and, of course, no one needs to be told what has happened to his idea since.

Boushall himself picked up the idea and organized the Morris Plan Bank of Richmond in 1922, which later became the Morris Plan Bank of Virginia and in recent times, the Bank of Virginia. His bank was the first to establish branches, Boushall remarked, a fact that upset many in the Virginia Bankers Association and led to legislation in 1948 severely limiting branching.

Now in semi-retirement as honorary chairman of the board of his bank, Boushall certainly qualifies also as dean emeritus of bankers in Virginia. Tall, gray and trim-looking, he still maintains regular hours in his office-study on the second floor of the bank's headquarters at Eighth and Main Streets in Richmond and gives the impression of being very much still in the banking business. But he does have time to reflect with amusement on some of the modern innovations of banking that would startle colleagues of the old days out of their seats.

Referring to a recent advertisement of a competing bank that said "we will loan you money for *anything*," Boushall said, "I can just see old .... (former president of the bank) shaking his head now!"

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"I AM A CONTRACTOR"

By
ROBERT B. WOODWARD
Executive Director
Virginia Branch, A.G.C.

President Aaron J. Conner (front row, second from left) heads the 1967-1968 Virginia Branch, AGC. Pictured with Mr. Conner during the recent Mid-Year Convention at Virginia Beach are (front row, left to right) First Vice-President Harold I. Miller; President Conner; Second Vice President Samuel H. Shrum; National AGC President B. B. Armstrong; (top row, left to right) Director of Services Thomas G. Booker; Associate Division Chairman Rex L. Smith; Immediate Past-President Marvin W. Lucas; Convention Chairman Joseph W. Creech; and Executive Director Robert B. Woodward.

SPEAKERS at the 1967 Mid-Year Convention of the Virginia Branch, Associated General Contractors, echoed the convention theme "I am a contractor", referring to the countless facets that constitute today's modern and successful contractor.

"A contractor," said one convention speaker, "wears more than just the hat of a builder. He wears a business hat, a scholar's hat, a pioneer's hat, and an array of other hats, each signifying the complex atmosphere in which a contractor must operate in this 'instant age.' "

The 1967 Mid-Year Convention, held at The Cavalier Hotel at Virginia Beach on July 23-26, was a "farewell song" in that it signified the last "summer" convention of the Virginia Branch AGC. After more than a decade, the Virginia Branch modified its policy of two conventions per year, electing to hold only one "annual" convention in February of each year.

Presiding over the three-day Virginia Beach program was **Aaron J. Conner,** President of the Virginia Branch AGC, and a general contractor from Roanoke. His fellow-officers for 1967-1968 include **Harold I. Miller,** First Vice-President (Arlington); **Samuel H. Shrum,** Second Vice-President (Harrisonburg); **J. A. Kessler Jr.,** Secretary-Treasurer (Charlottesville); and **Robert B. Woodward,** Executive Director, Richmond.

Speakers included **Dr. Austin E. Grigg,** Dean of Richmond College (University of Richmond) who discussed" "Psychology in Action"; **B. B. Armstrong,** National AGC President (Roswell, New Mexico), who described construction legislation pending in Washington, D.C.; **Charles B. McFee,** Executive Director, Virginia Automotive Trades Association (Richmond), who outlined "A Contractor's Many Hats"; and **Dr. Edward R. Towers,** Chairman of the Industrial Arts Curriculum Project at Ohio State University (Columbus, Ohio), who announced the results of a government study which will revamp many aspects of traditional high school curriculum across the nation.

Immediate past-president **Marvin W. Lucas** (Norfolk), who served July 1, 1966 through June 30, 1967, was presented a plaque symbolizing his leadership through a twelve-month period of fluctuating construction volume and highly unusual conditions reflecting the war in Viet Nam and the increased need for housing, schools, factories, hospitals and highways.

President Conner, in his innaugural address to the Convention Assembly, complimented those AGC members who have shown an acute awareness of the drastic need for an improved safety record. "Over twenty-five per cent of our members are currently participating in the AGC's **Disabling Injury Tabulation** (D.I.T.) program, five members have qualified for the nationally-acclaimed **Safety Certification Program** (signifying an "accident frequency ratio" of less than 20), over two hundred Virginia Branch members have participated in the AGC's **Safety Training Course for Construction Supervisors,** and over seven hundred **Hard Hat Safety Signs** have been purchased by the membership. This," commented President Conner, "signifies outstanding acceptance of safety awareness on the part of the contractor members, and is proof that the industry will act on its own initiative, without prodding from either the Commonwealth of Virginia or the Federal Government."

The 1968 Virginia Branch AGC Convention will be held at The Homestead (Hot Springs,) on February 18-21, and will be highlighted by a **Labor-Management Panel and Clinic** designed to present a frank appraisal of the contractor's role in labor-management harmony, emphasizing the drastic need for Labor Law reform.

(More AGC on pages 20-23)

CONSTRUCTION TECHNOLOGY CURRICULA

AGC AND THE COMMUNITY COLLEGES SYSTEM

A United Effort for Education

By
ROBERT B. WOODWARD
EXECUTIVE DIRECTOR
VIRGINIA BRANCH, AGC

"Apprentice training," said an industry leader, "needs to take a serious look at its outmoded approach to education." These words were spoken at the conclusion of a two-day **Manpower Conference** in Washington (D.C.) where a cross-section of construction industry spokesman were assembled in an attempt to unravel the maze and tangle of obsolete apprentice training programs.

What was their implied solution? No specific recommendation between the programs sponsors was reached, but important observations and criticisms were voiced by the chairman. They include: (a) crash study of existing apprentice training programs, (b) realistic appraisal of education goals, (c) major modifications of present-day apprentice training courses, and (d) reducing four and five-year training programs to one and two years.

The consensus of those in attendance was expressed in the words of one panel participant who said: "We've learned there are misconceptions about how this industry is organized, how it functions, and how it recruits its labor supply. We've learned that the need for skilled labor will double during the next fifteen years. We've learned there is a growing lack of mobility in our construction work force and that our apprentice requirements are outmoded and ineffective. In fact, I think we've learned to question the entire manpower and recruiting program in our industry."

Where does the Virginia Branch AGC propose to launch its share of improvement? One approach will be through the **Virginia Community Colleges System.** Although "apprentice training" and "college" do not appear to be synonymous, nor do they normally find themselves in the same classroom, the educational programs being designed by the Virginia Community Colleges System do indeed encompass "apprentice training."

To insure that apprentice training for the construction trades does not get overlooked, the AGC spearheaded the recent formation of the **Construction**

Advisory Council of Virginia, a group composed of nineteen industry organizations interested in furthering educational programs for their respective trades and professions.

Among those present at a "kick off" luncheon in Richmond were representatives of the Associated General Contractors, American Institute of Architects, Virginia Society of Professional Engineers, Construction Specifications Institute, Home Builders Association of Richmond, National Electrical Contractors Association, Oil Heat Institute of Mid-Virginia, Plumbing-Heating-Cooling Contractors Association, Virginia Road Builders Association, State Highway Department, Virginia Brick Association, Virginia Building Material Association and other allied groups.

Primary purpose in establishing the **Construction Advisory Council of Virginia** was to seek a united front in presenting a detailed analysis of construction education curriculum needed throughout the Community Colleges Program, with emphasis on the apprentice trades. Agreement was reached among the groups represented that a "single" spokesman for the construction industry was preferable to dozens of organizations, each making individual studies, analysis, presentations, etc.

Originally formed to evaluate "education" goals, the **Construction Advisory Council of Virginia** voted to expand its scope of coverage to include legislation, business management, labor relations, and other subjects of mutual interest.

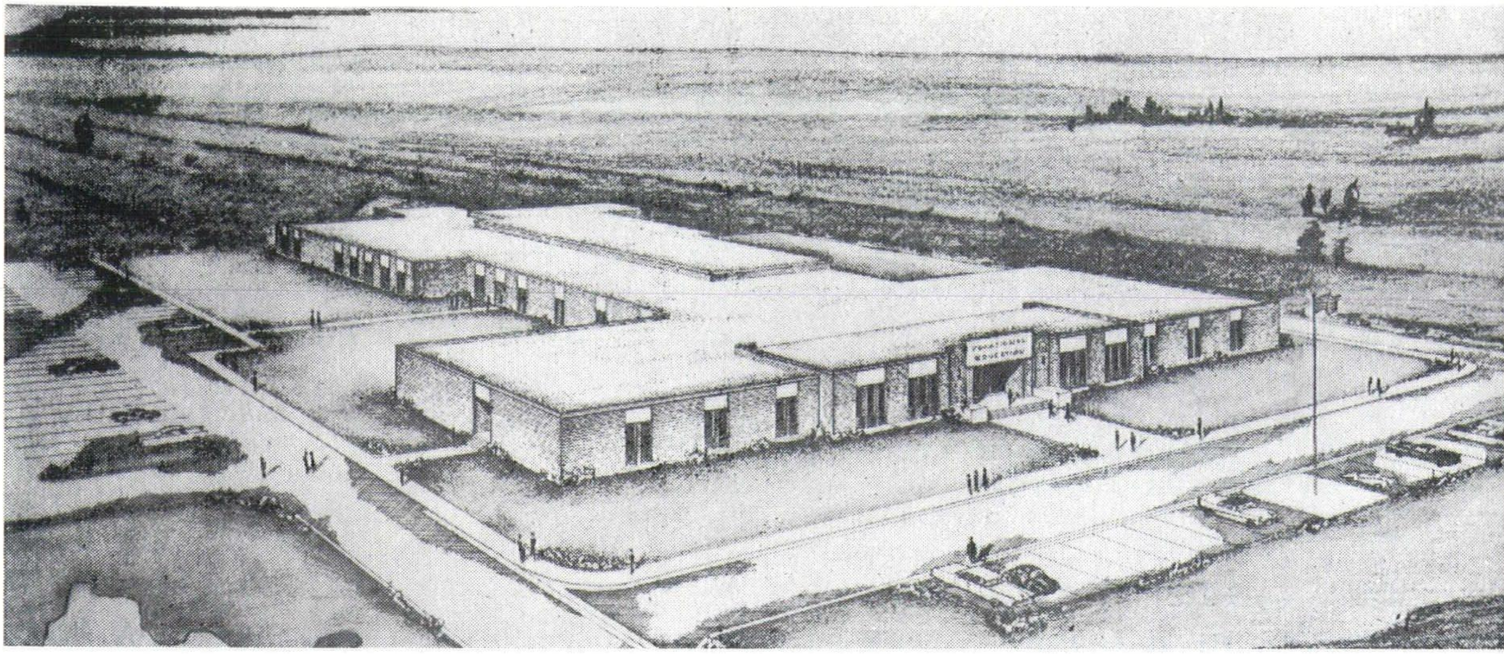
Constantinos Doxiadis, one of the worlds renowned architects and expert in the development of metropolitan areas, made a number of earth-shaking projections at the 1966 National AGC Convention in Washington (D. C.), one of which was that all buildings existing now will be duplicated by the year 2000. In other words, in a period of approximately thirty years, more construction will take place than has occurred in the past several centuries.

Where will the skilled (and semi-skilled) craftsmen come from to build these buildings? Many, we trust, will come from the Virginia Community Colleges System.

From a *Richmond Times-Dispatch* (September 11, 1967) editorial we note ". . . a recent survey in Ohio showed that employers in that state need more than five times as many trained craftsmen or technicians as college graduates, and yet only 19% of the high schools in Ohio offer any vocational training. Obviously, only a small fraction of Ohio's high school graduates are being prepared for the largest category of jobs available." It continued ". . . throughout the United States vocational education has for too long been a stepchild, considered less prestigious or inferior to a college preparatory education. Many youngsters have been forced to study too many academic subjects for which they have neither the qualification nor interest."

A recent National AGC survey, conducted among its membership, stated in part: ". . . the need for the technical school graduate in the construction industry is growing at the rate of approximately fifteen times the growth of the need for the college graduate.

This "united effort for education" is, in many respects, in its infancy. For an industry to band together in a common cause is unique. Many people talk about "group action," but few actually participate. In the case of the **Construction Advisory Council of Virginia,** there is a spirit of teamwork that permeates its existence. Only time will determine if our efforts will be productive.



Robert R. Marquis, Inc. Presents . . .

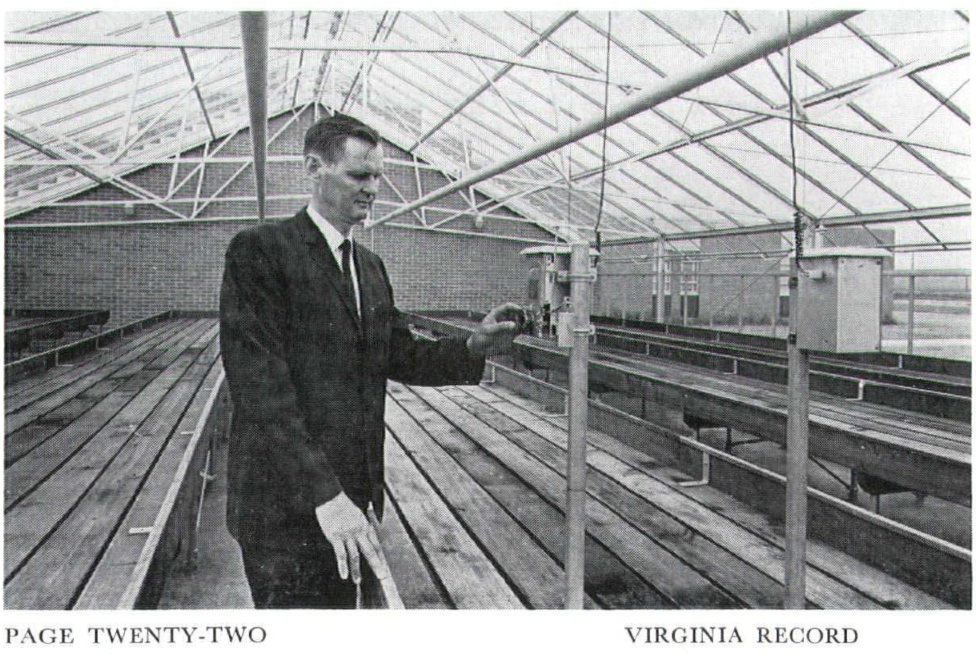
The Vocational-Technical Center for the City of Chesapeake

PENTECOST, WADE & McLELLON — Architects

VANSANT & GUSLER
Mechanical Consultants

FRAIOLI-BLUM-YESSELMAN
Structural Consultants

NEAL THOMAS
Interiors



THE CHESAPEAKE Vocational-Technical Center completed in August 1967, is located on a 30 acre site three miles west of Great Bridge at the intersection of Highway 104 and Cedar Road. This building is an air conditioned structure, covering 61,164 square feet.

ALL HIGH SCHOOLS in Chesapeake will be served by the vocational-technical center. Total costs of the project approximate $1,500,000, including building, site, equipment, furniture, and sewage. The building will

At Left—Frank Clemmons, Director of the new Vocational-Technical Program, shown standing in the Greenhouse which is used for the Horticultural Program. (This photo and those on the opposite page by Jim Walker.)

accommodate 450 day students and an equal number of adults in evening vocational-technical classes. If classroom space is utilized for general adult work, the building is expected to handle about 1500 students per day.

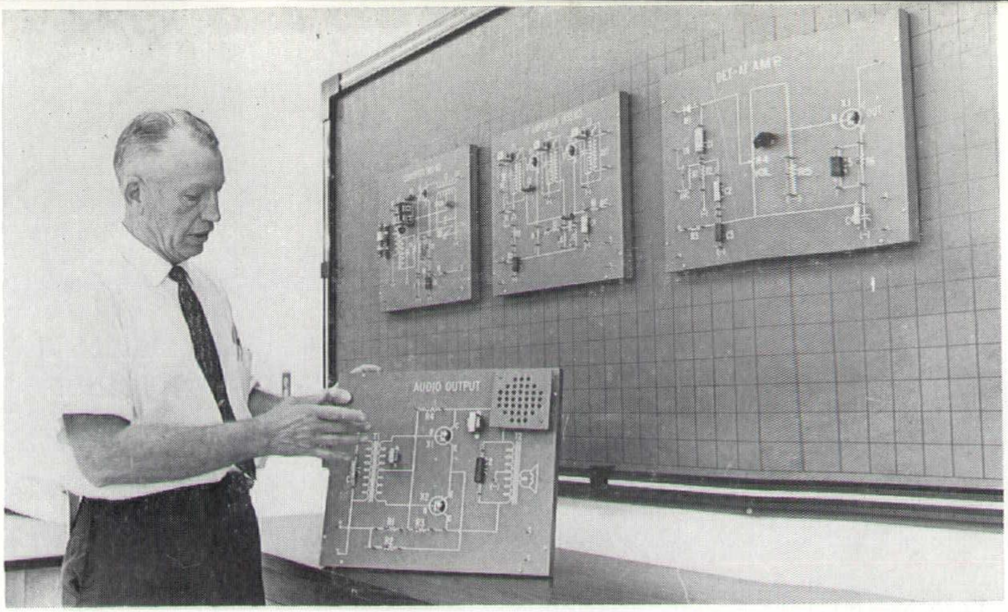
THE FOLLOWING AREAS are offered in the new facility: air conditioning and refrigeration; automotive mechanics; carpentry and cabinet making; cosmetology; data processing; electronics; horticulture and agriculture; masonry; metals (machine, sheet metal and welding) and practical nursing.

BUS TRANSPORTATION will be provided for day students attending the vocational-technical center. They will be picked up at home school centers and carried to the vocational-technical center and returned to "home" schools at the end of the period. Two groups of students will be transported daily, most will come primarily from the junior and senior high school classes. Student eligibility will be determined by occupational objective and aptitude for the occupation chosen.

Robert R. Marquis, Inc. of Portsmouth was the general contractor and also did the excavating, piling, foundations, concrete work, wood flooring and carpentry. Among the subcontractors and suppliers, other Portsmouth firms were: W. T. Stowe, Inc. masonry; Burgess Bros. Painting Contractors, Inc., plastic wall finish, structural (glazed) tile, paneling, waterproofing, weatherstripping and insulation; Joshua Swain & Co., Inc., tile (ceramic) and terrazzo.

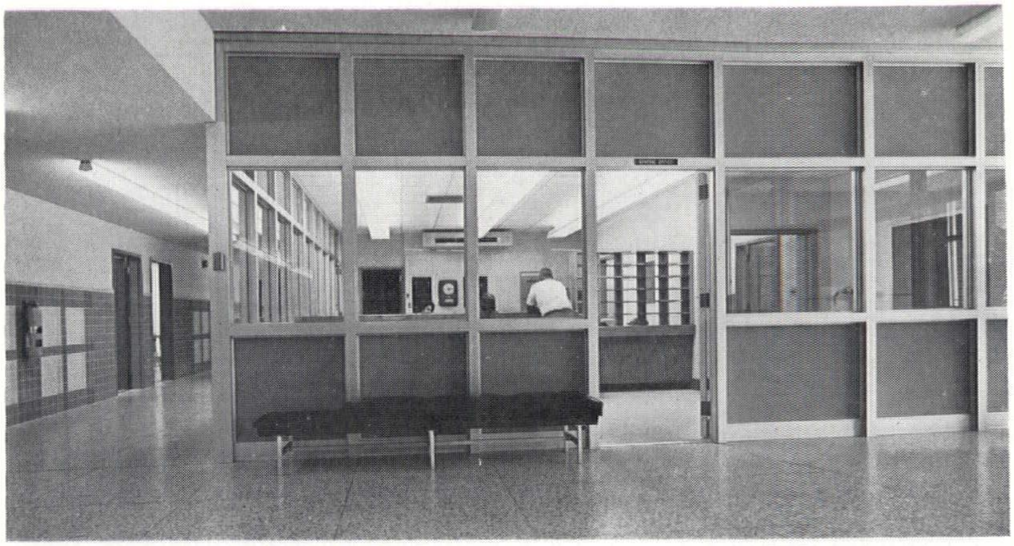
Also, from Norfolk: Tidewater Steel Co., Inc., steel; Republic Steel Co., steel roof deck; A. W. Hughes Sheet Metal Corp., roofing; Overmyer & Ennis, Inc., stone work; Building Supplies Corp., glazing; Hampton Roads Plastering Co., Inc., acoustical and plaster; L. R. Brittingham, tile (resilient); Powell McClellan Lumber Co., Inc., millwork; Withers, Clay Utley, Inc., steel doors & bucks; Virginia Carolina Electrical, Inc., lighting fixtures and electrical work.

Kirk-Reid Co., Inc., Virginia Beach, furnished the plumbing fixtures, plumbing, air conditioning, heating and ventilating. Complete greenhouse by Lord & Burnham, Div. of Burnham Corp., Irvington, N. Y. Windows by Catawba Metal Products Co. •

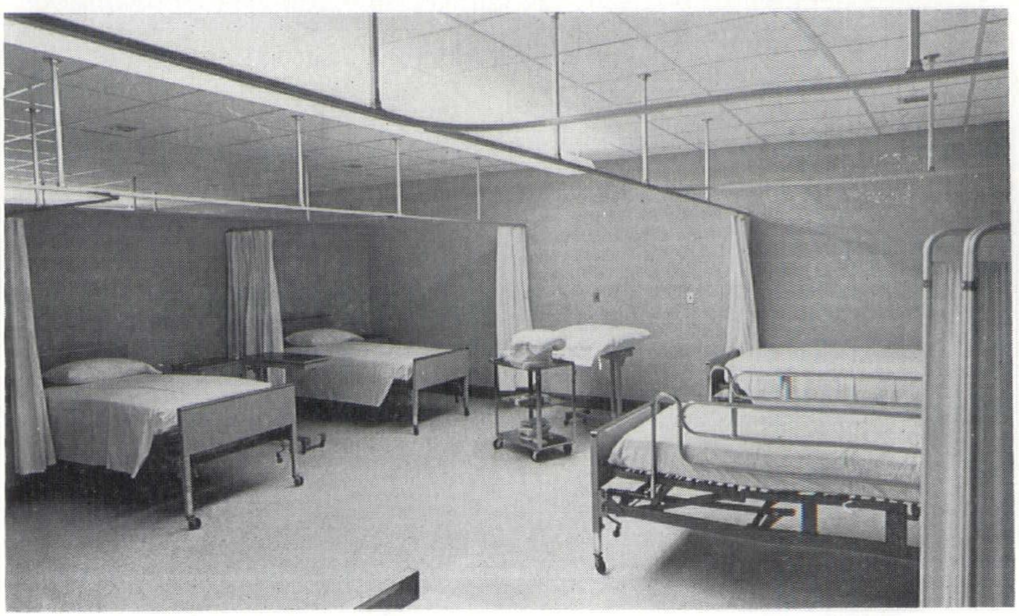


Above—Electronics Instructor demonstrating new teaching methods and material for Electronics Lab. Each board illustrates a different phase of audio functions.

Below—General Office Area, of aluminum. This area, along with all other classroom areas, is air conditioned.

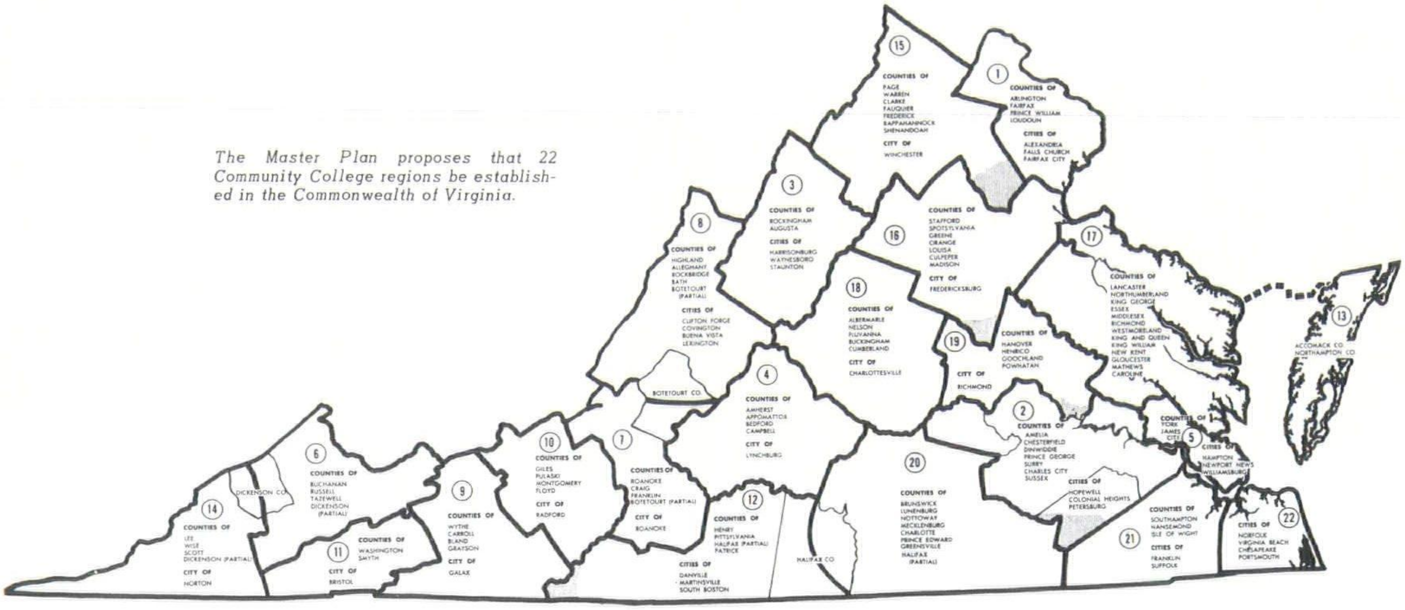


Below—Practical Nursing Lab, considered the newest and most modern in the city of Chesapeake.



FOR VIRGINIANS ON THE MOVE

THE COMMUNITY COLLEGE



The Master Plan proposes that 22 Community College regions be established in the Commonwealth of Virginia.

By CHRIS BRENNAN—INFORMATION OFFICER—DEPARTMENT OF COMMUNITY COLLEGES

THE STATE LEGISLATURE of 1966 was considered by many Virginians to be a milestone of both endeavor and action. In retrospect, this opinion continues to appear sound. As a result of General Assembly initiative, Virginia today is pushing ahead in a variety of fields.

Education, for example, is entering a new era of growth and influence.

Below, Community College Presidents meet with Coordinator of Curriculum Development, Dr. H. F. Marco, and Associate Director, Dr. F. L. Wellman. Presidents are (background) Dr. Charles R. King and Dr. Thomas M. Hatfield

On January 15, 1966, Governor Mills E. Godwin, Jr., said in his inaugural address that "ignorance is a handmaiden to poverty and failure." The General Assembly responded to this challenge; the Virginia System of Community Colleges was approved and a forceful bulwark established in the path of ignorance.

As planned at its inception, the Community College System offers post-high school education for up to two years. Arranged on the quarter system, the Colleges are hopefully expected to number 22 by the mid 1970's and they will be located across the length and breadth of the Commonwealth. At present, there are eight Community Colleges open. Tuition fees have been set at $45 per quarter.

Just what is a community college? One definition outlines the System as a group of institutions "which shall include, but not be limited to, courses in occupational and technical fields, the liberal arts and sciences, general education, continuing adult education, pre-technical and pre-college preparatory programs . . . special training programs to meet the economic needs of the region, and specialized services to help meet the cultural and economic needs of the region." What this means, simply, is that the Community College program is aiming for a blanket, comprehensive coverage of standard and specialized post-high school instruction.

A 22-region master plan, adopted by the State Board for Community Colleges, defines each region as having at least 100,000 population and 1,000 high school seniors. The Colleges must be located on or near major highways to assure no more than 45 minutes driving time for students.

A person not associated with the educational needs of today might well question such an ambitious program. The query is answered by one unequivocal fact. By 1970 it is estimated that 68 per cent of all jobs in the nation will require an education beyond high school. With this fact in mind, the System sheds any glitter of luxury and adopts the mark of necessity. Opportunities are increasing, but so are the skills required to meet them. It is the role of the Community College to educate and train young people and adults to challenge those opportunities.

Here is an example of an individual College and how it will serve its area: John Tyler Community College opens its doors to the first students of the Chesterfield region this month. The College will serve the counties of Amelia, Chesterfield, Dinwiddie, Prince George, a portion of Surrey, and all of Charles City and Sussex. It will also serve the cities of Hopewell, Colonial Heights, and Petersburg.

The location of the Institution reflects the necessity of centralization. The College can be reached by I-95, Routes 301 and 460 — all major arteries. Because of the rapid growth rate of the region, expansion of the campus will be considered through a projected timetable. The population of the Chesterfield region is around 240,000, including over 3,000 high school seniors. In that county alone, employment figures stood at 15,097 in 1950 and 27,164 by 1960—an increase of 12,067 far surpassing the combined decrease in employment in several areas of the region.

After being in operation for two years, it is estimated that, with adequate classroom facilities, John Tyler could carry 1,740 full-time students. Evening (part-time) enrollment could reach 3,000 students. Taking into account normal growth and anticipated increase in both high school graduates and older persons, five years after completion the college should have 2,400 full-time students, and 4,200 evening students.

Northern Virginia Community College, temporarily located at Bailey's Crossroads, has already experienced a rapid growth rate. The first permanent building will open this month

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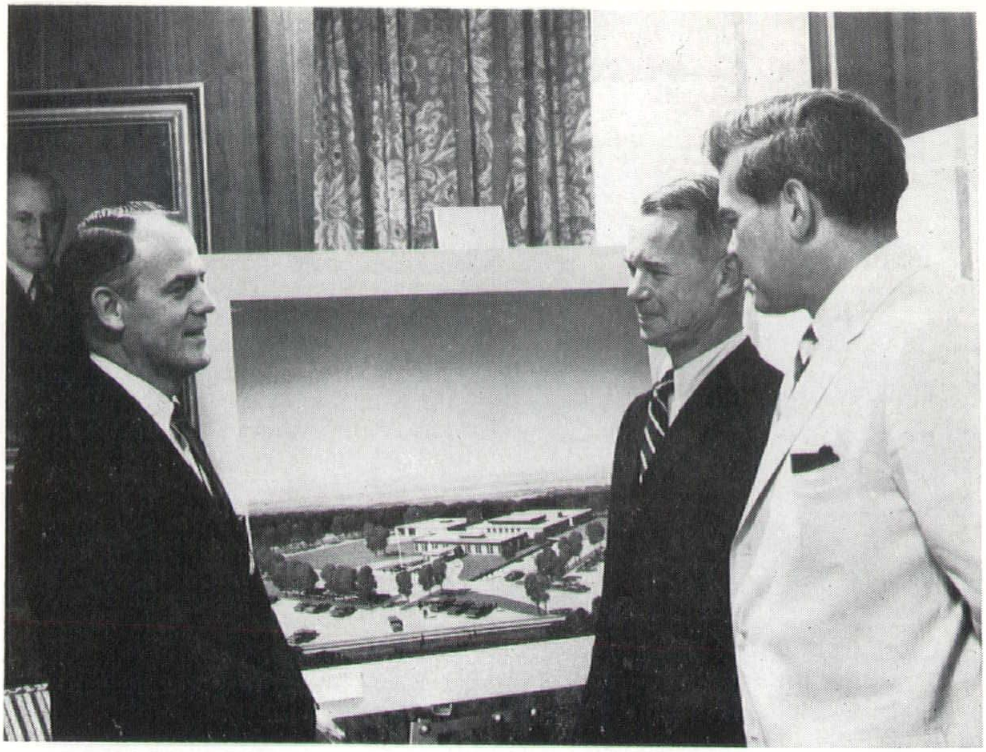


Above, Director of Community Colleges, Dr. Dana B. Hamel, left, discusses architectural prototype for States' Community Colleges with Eugene B. Sydnor, Jr., Chairman of State Board for Community Colleges, and Thomas R. Glass (far right) Vice Chairman.

Below, Community College Presidents meet in Richmond to discuss the plans for their respective schools. Presidents are, (L. to R.) Mr. Robert L. McKee, Dr. Thomas V. Jenkins, Dr. S. A. Burnette, Dr. Travis M. McKenzie, Dr. Donald Puyear, and Dr. Douglas M. Montgomery.

(Continued from page 25)

at Annandale. Enrollment is expected to be 3,300 full and part-time students.

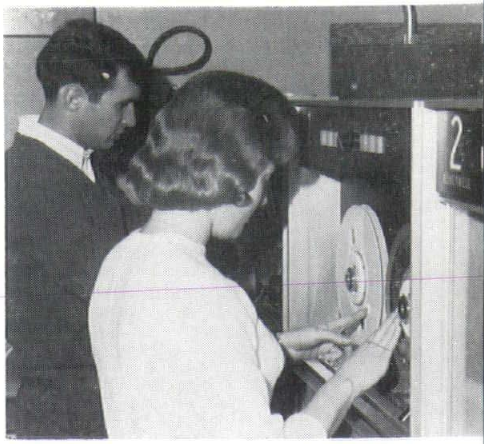
The College has more than doubled its full-time faculty and staff. Classroom space has also been doubled by renting additional space and even the use of portable buildings has been employed. And the demand will continue. Studies show that by 1970 Northern Virginia will be called upon to provide education for 5,500 full-time students, and 11,000 part-time students. Except for its highly urbanized location Northern Virginia meets the same criteria and standards as the state's other functioning Community Colleges.

If a young person or adult were to become interested in entering a Community College, what sort of program opportunities might he find? Here is a typical example if a student were to enter John Tyler Community College: He would have the opportunity to work toward three types of two-year degrees—Associate in Applied Science, Associate in Arts, and Associate in Science. Curriculums leading to a degree of Associate in Applied Science are in the occupational and technical fields. The Associate in Arts and Science Degrees offer programs that include college freshmen and sophomore courses meeting standards generally acceptable for transfer to baccalaureate degree programs in four-year institutions.

These programs are designed to meet the increasing demands of business, industry and the professions. The curriculums are planned primarily to meet the needs of employers in the region being served by the individual college.

Adult education programs are offered to enable adults to continue learning. This work includes both degree credit and non-credit work during the day and evening hours.

A student at Virginia Western Community College in Roanoke, aiming for an Associate Degree in electrical engineering technology would need a background of English, mathematics, laboratory science, and social studies. Upon completion of his admission requirements, the student would find that one-half of his curriculum was composed of electrical engineering courses, the remaining courses being in related subjects, general education and electives. The student's instruction would include theoretical and practical work in electrical engineering. He would also consult with his faculty advisor and with the professional counseling department to plan his overall program. This aspect of the student's



Program opportunities include the important field of electronics.

entire program is vital, as counseling and placement plans are offered before, during, and even after the student has completed his two-year period with the College.

In his second year, the student would specialize in an optional field of electronic engineering. By the time he had completed his two years, he would have behind him six quarters and 27 classes. To receive his Associate in Applied Science Degree, he would need a total of 102 course credits.

Finally, Virginia's Community Colleges will be in full operation 12 months a year, six days a week from 8 a.m. to 11 p.m. Through this year 'round operation, the colleges are able to provide education for more students of more ages—and likewise gain full use of each facility. The need for such a program was recognized, and the action taken.

Today, the educational future for young and adult Virginians is more promising than it has ever been in the past.

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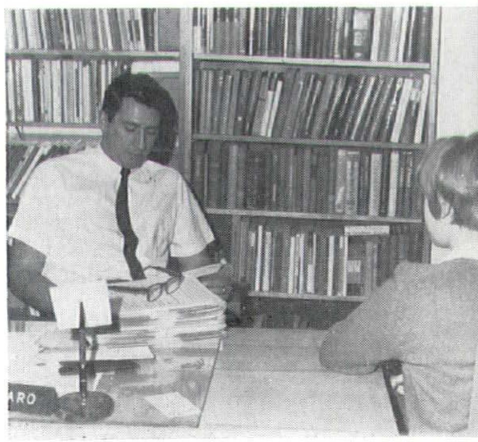
Counseling is a vital part of the College program.



Tales of A Virginia Village

A Veteran Postmaster

by

M. Clifford Harrison

Mr. Bennett Palmore, postmaster of Cartersville, Virginia, half a century ago, had interest-compelling memories of his youthful service in the Confederate army.

A CLERGYMAN FRIEND OF MINE who is a native of Cumberland County, tells me that the village of Cartersville in that county is disappearing house by house. It has been a long time since I last laid eyes on that tiny community, but, even if it were erased from the map, I would retain vivid recollections of it. Not that it ever had any claim to beauty or to much distinction; but, when as a novice in the teaching profession I lived there for one school session, its kindhearted, friendly folk made it unforgettable.

The day I arrived at the hamlet was Saturday, August 29, 1914. A local train on the James River Division of the Chesapeake and Ohio Railroad had crawled forty-odd miles westward from Richmond, stopping, it seemed, at every crossroad and pig path, until at last it deposited me, near noon, at Pemberton station, in Goochland County, on the north side of the James River. It had been at Pemberton landing on the James River and Kanawha Canal that General Robert E. Lee, his wife, and their daughters disembarked from a packet-boat near the end of June, 1865, to live for two months and a half at "Derwent," a simple, secluded farmhouse close to the county boundary line between Cumberland and Powhatan. When I had stepped from the train at Pemberton, I could see on a low bluff across the river a few small buildings that constituted Cartersville. A large, one-armed colored man with an old-fashioned, horse-drawn vehicle offered to convey me to the village. Over the wooden-floored bridge that spanned the James we rattled and soon pulled up at a dwelling where I could board and lodge. That evening as I sat on the front porch, with pollen-laden, hay-fever-provoking dust whitening the prosaic landscape, nostalgic depression assailed me.

Within a matter of days, however, my initial lonesomeness was mitigated, as new acquaintances became true friends. Among them was the Cartersville postmaster, elderly Mr. Bennett Palmore. In his vest and gartered shirtsleeves, with a tobacco quid bulging his cheek, he made me welcome whenever I chose to loaf in his rustic post office. As weeks passed, I became his fairly frequent companion in whiling away leisure hours. Especially was I pleased when he entertained me with reminiscences of *the war,* in which he had fought as a teen-age Confederate soldier. He asserted that General Lee had received his mail through Cartersville in the summer of 1865 before the peerless, idolized Southern chieftain had departed from the vicinity to become president of Washington College at Lexington. Mr. Palmore was undoubtedly correct, for an examination of General Lee's letters of the period reveals that their writer repeatedly headed them "Near Cartersville."

On Saturday mornings, when my time was as free as Mr. Palmore's, I used to inquire for my mail and then by invitation accompany the old gentleman to the middle of the bridge over the James, where one of his duties was to gauge and record the river's level. He did so by unlocking a long wooden box affixed to the bridge railing and lowering from it a chained plumb bob to the surface of the water. Back at the village post office atop the hill from the river I would listen raptly to the veteran's narratives.

First, though, a word about Mr. Palmore at the time I knew him. One of life's joys for him was almost incessant tobacco chewing, although it was alleged that his inseparable wad on one occasion had worked him woe. A devout member of the Cartersville Methodist Church, he regularly attended divine services. One Sunday morning, the story went, as he innocently munched his tobacco in church, he was unexpectedly called on to pray. The situation was alarming. He thought of only one solution, and he used it: *he swallowed the tobacco!* It was said that the experience cured him forever thereafter of chewing in church *unless* he could sit by an open window or close to the stove.

Mr. Palmore owned many white Leghorn hens, which provided him with an extra modest income. He sold their eggs to a Richmond bakery on a contract of twenty-five cents a dozen the year round, regardless of market price fluctuations.

The good old gentleman was supersensitive about comic valentines, with the result that a few of the young fry of Cartersville on February 14 found questionable fun in slipping into his own post-office slot, undetected, envelopes addressed to him which contained garish absurdities and trite illustrated insults.

How well I recall a few of his graphically related tales of the War for Southern Independence!

During the defense of Richmond and Petersburg in 1864-65 Mr. Palmore was stationed in the Confederate line near Drewry's Bluff and Dutch Gap. He told me that one of his comrades from his home area decided to desert. The discouraged soldier asked young Palmore to slip away with him. "It's all up with us, Bennett," he said. "The war's lost.

Editor's Note: *The author is professor Emeritus of English, Virginia Polytechnic Institute. He resides in Blacksburg. In addition to his Tales of a Virginia Village, the first of which we present above, his published works include several short stories for* Virginia Cavalcade. *Professor Harrison has also, by request, written introductions for four of Harper & Row's* Perennial Classics.

and we don't know what's happening to our homefolks. I'm going home to find out."

The fire of cherished patriotism, pride, and principle shone in Mr. Palmore's old eyes and echoed in his voice as he recounted to me his answer. "I'm just a boy," he replied to the tempter, "but I'm in this thing to the bitter end!"

The loyal old veteran added that, when the deserter, who had served gallantly under Stonewall Jackson and whose military record was unblemished until despair had overwhelmed him, reached his home, an old blind man in the neighborhood castigated him. "All your previous fine service as a soldier is wiped out!" the sightless patriot exclaimed in righteous wrath.

On the awful retreat toward Appomattox Courthouse in April, 1865, Mr. Palmore was in General Custis Lee's command. At Sayler's Creek that unit and other troops were cut off from the main body of the dwindling Confederate army. Mr. Palmore remembered how desperately he and his comrades held out during the greater part of a day. He quoted the quick orders of an officer or a sergeant: "Step out! Step out, Palmore! Step out!" as a skirmish line was hastily formed in front of the Confederate position.. A Yankee bugle would bray and a horde of blue-coated cavalry would gallop thunderingly forward. The Southern infantry would blaze away with sharp-shooting accuracy and drive the enemy back, only to hear a bugle peal again and feel the impact of another charge. "That went on all day," Mr. Palmore explained, "and *I've never had any use for a bugle since!*" Once during the fight a Federal bullet hit Mr. Palmore's blanket roll over his shoulder and knocked him backward, but, since it did not touch his flesh or bone, he was actually unhurt.

As could be expected, the inevitable happened. Surrounded, Custis Lee and his men were at length forced to yield. The order to cease firing was given and they were made prisoners. A sergeant in Mr. Palmore's decimated company drew from their Northern captors rations for the dozen or so survivors of his little group. Literally starved, the handful of ragged gray-jackets greedily and speedily devoured the food, and the sergeant, unrecognized by the Federals as one who had already received rations for a company, successfully drew a second supply.

The exhausted, footsore Confederate prisoners were marched away from Sayler's Creek toward City Point down a country road. Inasmuch as captured officers of the rank of brigadier general and higher were permitted to ride in Northern ambulance wagons, Major General Custis Lee was sitting in one of those vehicles. The colonel who had commanded Mr. Palmore's regiment was a much older man than Custis Lee, and, when the latter caught sight of him plodding along on foot, he jumped down from his seat, saying, "Colonel, get up there and take my place." Custis Lee then trudged down the road like a private.

Delighting in telling that story, Mr. Palmore would conclude enthusiastically, *"All of the Lees were gentlemen!"*

THE VIRGINIA BUREAU OF INSURANCE

(Continued from page 11)

tablishment of efficient departments such as the Virginia Bureau of Insurance, staffed by able administrators who specialize in a type of regulation that keeps trouble from developing in each company and therefore in the industry as a whole.

On the face of it, a company doing business in a number of states would seem to face utter confusion and conflict from trying to operate under the separate laws and separate agencies, but in fact this proves hardly any problem at all. The reason is a basic uniformity of laws in the states and territories with reasonable state variation, and this condition has been brought about largely through the efforts of the National Association of Insurance Commissioners, with the help of about a dozen other associations in the field.

Commissioner Parker came to the Insurance Bureau in 1956 from a Richmond law partnership where he had, among many other things, served as counsel to the Virginia Association of Insurance Agents. He heads a staff of 70 persons centered in the Blanton State Office Building in Richmond and has five principal assistants whose primary functions reveal the outline of the Bureau's work.

John H. Parker, no kin to the Commissioner, heads the examination and auditing section, conducting detailed examinations of Virginia companies every three years and auditing the yard-long reports companies are required to file periodically.

Deputy Commissioner William G. Flournoy heads the agency group, conducts agents' exams and investigates complaints against agents and companies.

Thomas B. Redd Jr. is chief of the rating section. Rate regulation applies to all insurance except life coverage, which is based on mortality tables.

Everette S. Francis is first deputy commissioner, with direct responsibility for the licensing of new companies in the state, annual renewal of licenses, merger and related matters.

The State Fire Marshal is C. Sutton Mullen Jr. His office investigates possible arson cases, conducts various fire safety programs and enforces fire safety regulations that apply to public buildings used by 10 or more people.

One other aspect of the insurance industry in Virginia deserves particular attention. That is the impact of insurance funds on the economic life of the Commonwealth, for insurance companies, of course, are heavy investors. Where they invest their money has a tremendous effect on the economic well-being of the areas they choose.

While no precise figures are available, reliable indicators show that Virginia attracts more than its proportionate share of these investment funds.

This is no doubt greatly influenced by the fact that Virginians are very insurance minded, by the soundness of Virginia's government and economy, and most certainly by the able and fair manner in which the Virginia Bureau of Insurance administers the insurance laws, rules and regulations.

The Virginia Bureau of Banking

(Continued from page 17)

being, banks had come under the purview of various state officers and at one time reported directly to the General Assembly.

Basically, regulation of the banks consists of requiring and checking countless reports to assure they are complying with regulations and maintaining the sound fiscal policies set forth, but the key to the whole process is the periodic visit of the bank examiners, whether they be Federal or state.

The Bureau, which is required to examine each bank once a year, always takes great pains to make sure its examiners are unannounced and, as much as possible, unanticipated. The only predictable thing is the examiners will not appear until after (or before) banking hours, so as to disrupt normal transactions and the depositors as little as possible.

Care is also taken to examine all the branches at the same time as a bank's main office and sometimes to cover the larger banks the examination is made in cooperation with FDIC or Federal Reserve examiners.

Though there are infinite complexities involved, the bank examination in principle is a comparatively simple matter. The examiners merely verify every cent the bank has on hand, audit its deposits with other banks, its "paper" (notes and other evidence of loans) and thereby obtains an accurate accounting of the status of the bank's business at the instant the examination begins.

Once this raw data is collected, it is assembled into a statistical profile of the bank's operations. Application of the proper criteria will reveal any inconsistencies or irregularities. Whatever action that is called for by the seriousness of any discrepancies is then taken, but generally it is only a matter of calling such things to the attention of the bank's management.

Of course, now and then a case turns up of a little old lady who has managed to steal a fortune under the eyes of the bank's officers and the examiners. But it is as certain as taxes that such shortages will be found out, usually sooner than later.

Presiding over this operation from an upper floor of the Blanton State Office Building in Richmond is Thomas D. Jones, Jr. It is perhaps typical of the profession that one veteran banker referred to him as "fairly new" on the job, although he has been Commissioner of the Bureau of Banking for more than two years and was deputy commissioner for nine years before.

Jones, attended Randolph-Macon and was graduated from the University of Richmond's T. C. Williams School of law, had 11 years of related experience before that, in the examining field with the SCC's Bureau of Insurance.

With pipe-smoking paraphernalia in evidence, conservative dress and a quiet, calming voice, Jones exudes a professorial aura but his office, spacious but nonpretentious, would be more befitting a college president than a professor.

He also exudes an air of confidence when discussing the banking business in Virginia. He considers its condition "quite healthy" and approves of the dual banking system, which he considers a normal outgrowth of our Constitutional processes, primarily because of the check and balance feature.

"Yes, it works," is the way Jones summed up.

In his words, Virginia has a proper "banking mix" and the goal should be to maintain it. By that, he means a balanced mixture of national and state banks, and large and small banks.

With the powerful trend toward merger, or consolidation in some other form, there are many who wonder how long Virginia, or any other state, will be able to maintain a good "bank mix." However, although Jones may share that concern to some extent, he is confident competition will remain keen in the banking field.

One of the primary reasons Jones

believes the banking field will remain competitive is that all mergers or new branches have to be approved by appropriate regulatory agencies and the chief criteria used to determine approval is how the merger or new branch will affect competition. If it enhances competition, the proposal has a good chance of approval, but if it destroys or lessens competition, it is almost certain to be disapproved.

Jones' chief assistant at the Bureau of Banking is Ralph S. Jessee, a 16-year veteran of the Bureau whose principal responsibility is supervision of the bank examiners. A native of Cleveland, in Southwest Virginia, Jessee joined the Bureau in 1951 as an assistant examiner after working with an accounting firm and the Veterans Administration.

Other key personnel are Everett M. Brown, chief bank examiner; D. E. Hudgins, review examiner; R. C. Collie, supervisor of savings and loan associations; B. C. Garrett III, supervisor of credit unions, and Walter Wightman, supervisor of small loan companies.

The above titles indicate that there is more than banking in the business of the Bureau of Banking, and that it also regulates savings and loan associations, credit unions and small loan companies. They are subject to the same type of control as the banks, although the specific rules will vary. But the objectives are the same; to insure the fiscal soundness of the institution, protect the depositors and, in particular for small loan firms, to make sure borrowers are charged at the proper rate of interest.

Banks in Virginia as of December 31, 1966 had assets totaling $5,984,-175,991.69. Of that, the 137 state-chartered banks had assets of $2,309, 909,744.41 and the 114 national banks had $3,674,266,247.28.

Both state and national banks have followed a trend in recent years of fewer banks and more branches. For example, at the end of 1947, there were 183 state-chartered banks with 57 branches and two facilities. Last year there were only 137 banks but they had 220 branches and operated 7 facilities.

Of more significance has been the dramatic jump in resources—the $2.3 billion last year comparing to only $807 million in 1947.

In five years—1961-66—the number of banks, both state and national, had declined from 302 to 251 but the number of banking offices increased from 622 to 863.

Other figures from the Bureau of

Banking's 1966 report show that savings and loan associations regulated by the state had assets of $402,530,101.79; credit unions' resources were $58,122,809.24, and small loan companies had assets of $137,086,754 and a gross income last year of $30,621,934.

If you ask where the action is on the banking front, the answer is uncontested—the action is in mergers, branching, and holding companies. Although banks aggressively push their growth through vertical expansion in their present locations, the really important area of growth is in the establishment of branches in different locations.

Prior to 1948, Virginia law permitted the establishment of branches within the limits of a bank's home locality or in other cities with a population of at least 50,000. This permitted statewide branching but only the Bank of Virginia chose this path of growth to any noteworthy degree. The law also permitted merger of banks located in the same locality or within 25 miles of the parent (or surviving) bank.

In 1948 new legislation restricted branching to the locality's limits, but the merger rule was retained. In effect, statewide branching was blocked.

This restriction spawned the bank holding company movement, by which any number of banks can combine their facilities and operations through the medium of a separate corporation in which they all own stock.

In 1962, the legislature approved another change in the law which permitted banks to establish branches within the limits of the city, town, or county of location, with the added proviso that if the parent bank is located in a city, branches are permitted in the contiguous county within five miles of the city limits. Also, where the parent bank is located in a county, it is allowed to establish branches in any contiguous city. The law also authorized branches through merger with banks in any other location in the state.

The way was thus opened for statewide branching and for significant change in the banking structure in Virginia, spurred also by the bank holding company movement. (There are now four bank holding companies in the state, with a fifth in the process of beginning operations.)

In the five years since the liberalized legislation was passed in early 1962, 77 banks have merged. This compares with only 20 banks involved in merger in the 14-year prior period. As would be expected, this reduced the total number of banks in operation (see 1961-66 figures above), but it is interesting to note that the merger and

holding company activity in Virginia since 1962 has tended to stimulate the formation of new banks. In the 4½ years to the end of 1966, 28 new banks were formed, compared to 20 in the previous like period. The bank holding company also has enabled some weak banks to strengthen themselves and become more competitive by being able to call on the resources of a holding company.

The banks of Virginia are obviously in quite a competitive struggle and the picture is changing from month to month. As noted before, this has caused concern in several quarters that the movement will eventually lead to the stifling of bank competition and development of a monopoly situation. In opposing a recent merger application, the Attorney General of the U.S. said, "It is part of a trend toward concentration of banking resources in a few hands which will have an adverse effect on competition."

How far the movement will go or be allowed to go is unknown. Right now it can be said that Virginia banks are in a spirited fight for banking business in the state, a struggle which is benefitting Virginia citizens through efficient, innovative banking services.

And there are many people, such as Commissioner Jones and Regional Administrator Cranford, who can be expected to blow the whistle when the bank fight looks like it might be getting out of hand.

Community Colleges

(Continued from page 26)

Perhaps the concept—the image—of the Community College System can best be found in the statements of two men vitally involved in the program: Governor Mills E. Godwin, Jr., and Dr. Dana B. Hamel, Director of the System.

The Governor has said that "in Virginia we have as many varieties of talent as can be found anywhere . . . our only need is to develop them along their individual lines. This the community colleges can do."

Dr. Hamel has stated that "the community colleges are stepping stones that often lay below the surface of attainment. Today—and even more so tomorrow—Virginia's youth may look to the future and see there a great variety of opportunities."

These statements reflect most realistically the drive and purpose of Virginia's efforts to give to her citizens the gift of knowledge.

The Dodo-bird Flies Again

(Continued from page 5)

the basis that "fiscal sanity"—however outmoded The Senator's application might be—could not be *totally* wrong, and nothing so opposite of our early teachings could be *totally* right. Yet, all the experts said this was so. Times had changed.

Sometimes I would read editorials or syndicated columns which pointed out the dangers of the heavy deficit spending of the U.S. government, citing the tax-burden of the increasing carrying charges of the debt, but as nobody in authority paid any attention to these Cassandras, I concluded that they must be a little old-fashioned too. Other writers commented on the threat of rising prices to the elderly and to those with fixed incomes, but the financial experts in Washington seemed to feel no such fears. Almost every day news stories cited millions and billions of dollars allocated to remedy various evils in contemporary society, and I felt reassured that the experts in their wisdom would in time get around to everybody. Occasionally, when I read some story of wanton waste of millions and millions of dollars—squandered through stupidity and cupidity on some program of dubious purpose, not well organized in the beginning—I remembered the ancient maxim of "willful waste brings woeful want." But shucks, I said to myself, that belongs to another era, along with "a penny saved is a penny earned."

Then suddenly I read that our President wants to impose a 10% surcharge on our taxes for the reason that increased taxation was needed to head off "an unsafe and unmanageable deficit." At this my head reeled. I had just convinced myself — talking down my fears as out-of-date—that deficits could *not* be unsafe. I thought we had assumed that illimitable deficits were our life-style. Now our President said that without taxes this fiscal year's deficit would go as high as $29 billion. I couldn't understand why this should worry him, as he has been deliberately creating ever-increasing deficits for his four years as national chief economist. $29 billion has no more meaning to me personally than 29¢. Why stop at this arbitrary figure of deficit for one year if the whole idea of deficit spending is the modern way to do things?

The reason he gave for selecting this figure of $29 billion was even more bewildering. He said that this figure would cause "a spiral that would rob the poor, the elderly, the millions with fixed incomes" . . . along with . . . "brutally higher interest rates and tight money that would cripple the home builder and the home buyer, as well as the businessman."

This seemed to me the point of what The Senator had started saying thirty years ago. In my ignorance of high finance (or low finance too, for that matter), I am absolutely dependent on the observations of experts, and I imagine there were other aspects of The Senator's "fiscal sanity" that made him antedeluvian. Yet, there were these *current* commentators who have been calling attention to these dangers for some years.

For our President *now* to present the same dangers to the country makes it look as if these alarmists—and Senator Byrd *fundamentally*—had been right all along. If this is so, then it follows that the experts' principle of deficit spending was based upon some unstated limitation of the deficit. This raises a most unsettling question: if there always was an implicit limitation on the workable extent of a deficit, why has our government spent as though there were no limit on the workable deficit? And, if this arbitrary figure of $29 billion for this fiscal year will dangerously exceed the workable limit, why was money spent at such a rate as to reach this $29 billion deficit?

These questions—remote from the financial areas of the experts—tend to reawaken my early convictions that there *is* some relation between the amount of money expended in excess of the amount earned. Just as I had become convinced that there was no relation, and billions could pour out like a drunk's coins in a slot-machine, now I must try to make another adjustment to the reality that the United States government deliberately ignored any relation until more taxes were required to prevent the deficit from creating the disorders long prophecied by the antiquated advocates of some "fiscal sanity."

If a government would permit the financially uninformed, like myself, to adapt themselves to the notion that deficits were limitless and healthful, and then by taking an arbitrary figure to admit tacitly that deficits had reached a dangerous limit, this pulls the rug out from under any sense of assurance in the responsibility of the government. Whether our President and his advisers believed that deficits were limitless and discovered they were wrong, or deliberately ignored the limit until heavier tax burdens were required to ward off the dangers, the effect on the tax-payer's sense of security is the same. Once it has been admitted that danger lies at a certain limit of deficits, *and nothing is done to curtail expenditures,* then we are entering an era of continuing dangers and continuing increases in the tax-burdens. While the obsolete concepts of balancing budgets belong to a vanished era, to continue on a course of recognized danger is lunacy.

This is the key element in all the goings-on that give me at times the sensation of living in a world gone mad. For every evil known in this nation has been presented as soluble by more expenditure of money. Since all the present commitments grow like snowballs, and more evils curable by money will be continually discovered, there must be *some* limit when the whole structure will collapse. I used to believe this before Senator Byrd was exposed as a quaint specimen from a vanished age, and now I believe it again— and what will be done about all the evils when money can no longer be ciphoned off?

I don't remember who said, "Those who are ignorant of history are doomed to repeat it," but it certainly looks as if those in national political authority are determined to prove the point.

Reams have been written recently to demonstrate that more money is not the answer to the racial disturbances which manifested themselves in insurrections in the cities. Our President and his advisers, incapable of looking beneath the surface remedies of more money and more legislation, appointed a commission (with six politicians and no sociologists or experienced men in urban problems) and declared a day of prayer. Jefferson Davis, as president of the Confederacy, shared President Johnson's inability to give priority to any objective, and, when he found himself unable to make men and women act the way they did on his charts, he also declared a day of prayer. However, it must be said for President Davis that he did not cover his bet on prayer by appointing a commission.

Clifford Dowdey

FOR THE RECORD

White and Graves Represent Virginia in Europe

TWO VIRGINIANS left Kennedy International Airport, New York, on October 2, in company with other travel industry representatives from several Southern states, for a three-weeks tour of Europe to promote the South as a travel destination for foreign visitors. They will return to New York on October 23.

J. Stuart White, of Richmond, Commissioner, Virginia State Travel Service, and H.T.N. (Ted) Graves, of Luray, President, Luray Caverns Corporation, are the Virginians. They will visit eight cities—Hamburg, Copenhagen, Brussels, Munich, Rome, Madrid, Paris and London.

The "Travel South USA" mission, composed of about 30 persons—state travel directors and other travel industry representatives—is sponsored by the Southern Travel Directors Council, an 11-state group organized three years ago to promote the South for travel. Cooperating with the mission are the United States Travel Service and the Lufthansa German Airlines.

Travel seminars and receptions will be held in each of the cities for travel writers, travel agents and representatives of newspapers, magazines, television and radio stations. The program includes a 20-minute slide presentation featuring outstanding travel attractions in each of eleven Southern states—Virginia, North Carolina, Georgia, Florida, Alabama, Tennessee, Kentucky, Arkansas, Mississippi and Louisiana.

State travel literature, maps, photographs and travel articles will be distributed, including a new, all-color travel folder printed in English and five foreign languages. Entertainment will be provided by a five-piece Dixieland jazz band which will play at receptions and will be available for radio and television appearances and at schools, hospitals and orphanages. ●

Tourism in Loudoun County

The business community of Leesburg together with the Loudoun Chamber of Commerce has organized a pilot project to encourage tourists to visit Leesburg and Loudoun County. The project is three fold — the Loudoun Museum, the Leesburg Walking Tour and the Loudoun Chamber of Commerce and Information Center.

Giving recognition to the 18th century discoveries (1707) of Swiss explorers who were sent here by a Swiss syndicate interested in establishing a colony of German immigrants in the area, the Museum and Walking Tour were officially dedicated on June 19, 1967, in ceremonies at which Dr. and Mrs. Lukas B. Burckhardt were the guests of honor. Dr. Burckhardt is Cultural Consular of the Embassy of Switzerland and Secretary of the Swiss-American Society.

The Museum, located in the oldest log cabin still standing, was built in 1764 by Steven Donaldson as a silversmith shop. It features a collection of items representative of the area dating from the period prior to the county's founding in 1757 right up to the present time. There are many historical items as well as personal treasures on loan.

The Walking Tour is a leisurely 40 minute walk through tree-lined portions of the old town, highlighted by a visit to the original site of the first church property ever owned in America by the Methodist Church.

Both the Walking Tour and the Museum are free of charge to visitors The Museum is open 7 days a week, 10 a.m. to 6 p.m. Monday through Saturday and from 1 p.m. to 5 p.m. on Sunday. General information is also available there concerning other points of interest for visitors and residents in Loudoun County and the adjoining Northern Virginia and Shenandoah Valley areas. ●

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION (ACT OF OCTOBER 23, 1962: SECTION 4369, TITLE 39, UNITED STATES CODE)

1. Date of filing: October 1, 1967.
2. Title of publication: *Virginia Record.*
3. Frequency of issue: Monthly.
4. Location of known office of publication: 109 North Eighth Street, (P. O. Drawer 2-Y), Richmond, Va., 23205.
5. Location of headquarters or general business offices of the publishers (not printers): 109 North Eighth Street, (P. O. Drawer 2-Y), Richmond, Va., 23205.
6. Names and addresses of publisher, editor and managing editor: publisher, Virginia Publishers Wing, Inc., 109 North Eighth Street, (P. O. Drawer 2-Y), Richmond, Va. 23205; editor, Clifford Dowdey, 2504 Kensington Ave., Richmond, Va.; managing editor, Joe H. Young, 6500 Hagueman Road, Richmond, Va.
7. The owner is: Virginia Publishers Wing, Inc., 109 North Eighth Street, (P. O. Drawer 2-Y) Richmond, Va., 23205; S. L. Goodman, Martinsville, Va. 24112; D. E. Goodman, Martinsville, Va. 24112.
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10. This item must be completed for all publications except those which do not carry advertising other than the publisher's own and which are named in Section 132.231, 132.232 and 132.233, Postal Manual (Sections 4355a, 4355b and 4356 of Title 39, United States Code).

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A. Total No. Copies Printed (Net Press Run)	5,034	5,600
B. Paid Circulation		
1. Sales through dealers and carriers, street vendors and counter sales	103	114
2. Mail subscriptions	4,648	5,165
C. Total Paid Circulation	4,751	5,279
D. Free distribution (including samples) by mail, carrier or other means	118	127
E. Total Distribution (Sum of C and D)	4,869	5,406
F. Office Use, left-over, unaccounted, spoiled after printing	165	194
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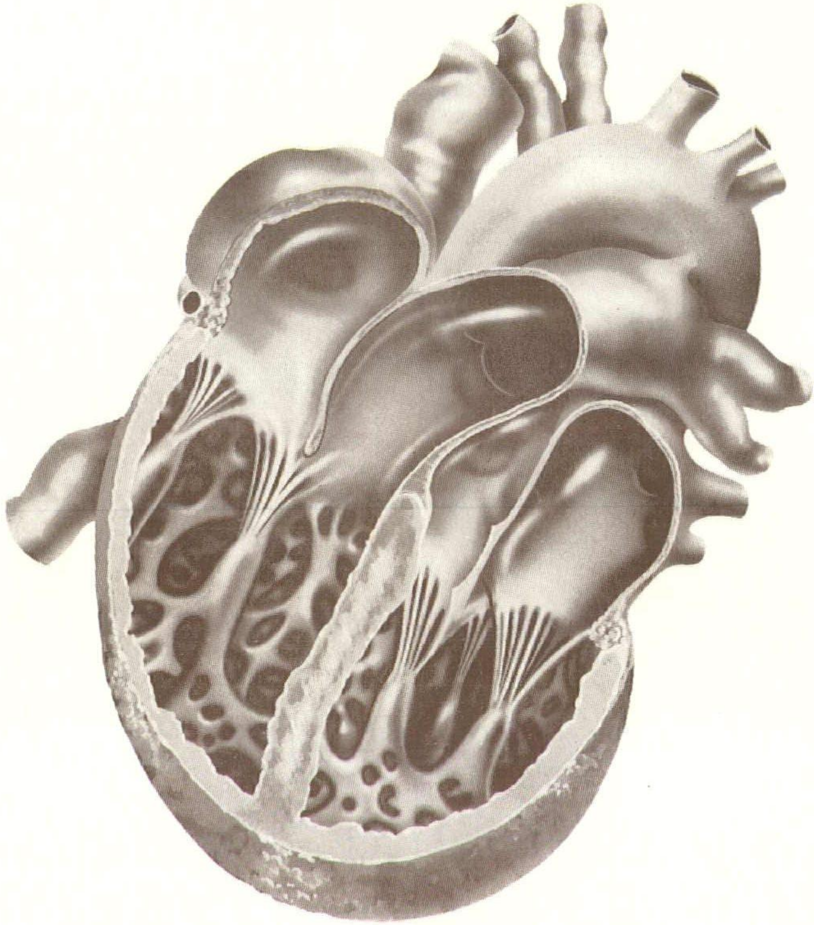

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