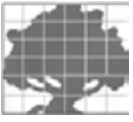


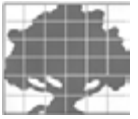


ROUNDTABLE

A RETROSPECTIVE ON A.P. GIANNINI AND THE GIANNINI FOUNDATION

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INTRODUCTORY COMMENTS

Cornelius “Corny” Gallagher

Corny Gallagher is senior vice president and agribusiness executive for Bank of America.

Agriculture was and has always been a key economic sector in California. Historically, California was world-renowned for its climate, its wide variety of agricultural products, and its ability to ship state-grown “exotic” products to many parts of the country even during the middle of winter.

In the early part of the twentieth century, the Bank of Italy’s success as a powerful institution was significantly based on its role in helping California’s agricultural industry through its branch banking network. The ability to pool its resources from its network of branches and provide ample financing to different geographies and different operations proved highly successful. Indeed, the success of both the agricultural sector and the bank were intertwined.

Beginning as early as 1909, the Bank of Italy was financing agriculture—from vineyards in Napa to grape and raisin production in Fresno to lima bean crops in Ventura and citrus in Southern California. The bank was also there with loans provided from the beginning of the agricultural process—financing irrigation and field preparation, harvesting, marketing, and even canning and preserving of agricultural products.

The Bank of Italy proved to be unique in its ability to finance California agriculture. Through its network of regional branch banks, it was able to amass more capital than its competitors and was able to move it throughout its system as needs arose.

Historically, many regional banks based their success on the success of their locally financed crops. It was not uncommon for many to close due to the fact that most of their assets were heavily invested in the local economy. When those economies collapsed due to crop failures or market pressures, so did the banks that invested in them. The Bank of Italy, with its strength based in its branches, was many a time asked to take over the failed assets of a local bank. The bank would come through and help to salvage the local agricultural community. Many times, it would be able to lower the existing interest rates for growers, take over bad loans, and act in an advisory capacity to help growers manage their products more like a business. It also helped in the formation and financing of many grower cooperatives and always placed stabilization of a crop above all else in its efforts to make them a success.

A.P. Giannini was always helping farmers and rural communities. It started from his experience on the family farm and with his stepdad’s fruit and vegetable business. A.P. went to his customers. He rode the combines, visited the milk houses, and tasted the wine in their homes.



Today, we at the Bank of America are proud to continue this tradition in the modern field of agriculture. The Bank of America is one of the largest commercial bank lenders to the agribusiness and food products industries with more than \$18 billion in commitments. We continue to be personal and offer customized solutions to all of our customers. Our services for success are broad and far-reaching—revolving lines of credit for crops and livestock operating funds, year-end tax planning, equipment financing, real estate, and facility expansion and land acquisition services. Our leasing program is the largest in the United States and our specialists work with our clients to update old technology, replace worn assets, and add new equipment to expand their capabilities.

A.P. made business management practices important from the beginning. In this copy of the Farmer Account Book the bank gave to farmers in 1917—yes, A.P. was also a cash flow lender from the beginning—it asks: “Is it worthwhile for the farmer to keep business accounts?” The response is that the “time has come when the farmer must manage his farm upon a systematic basis just as the business owner manages a factory or a store.”

Then, as now, one of the challenges that the agricultural industry faced is the need for improved financial management information. It was A.P.’s idea to establish a Foundation at the University of California to assist the industry.

It is reported that A.P. was entitled to receive \$1.5 million in 1927. The bank’s board, without A.P.’s attendance, approved the compensation.

One day at lunch in Charlie’s Fashion Restaurant near No. 1 Powell Street in San Francisco, A.P. remarked that he was going to take no such money as that. A.P. was visibly annoyed and made it clear that under no circumstance would he accept the money. “I already have half a million. That’s all any man needs.”

During another noon hour when the bank’s agricultural problems were under discussion he said he was going to ask the bank to divert some of his commissions to help California’s farmers. He recommended that the board donate the money to philanthropy and he had in mind the creation of a research institute “to rehabilitate and assist agriculture in California.” That was the origin of the idea that established the Giannini Foundation of Agricultural Economics, the celebration of which brings us together today.

We all have a story to tell that involves A.P. Giannini.

My story happened on the night in 1975 when, as members of Chairman Clausen’s Junior Advisory Council, we visited A.P.’s home, which was called Seven Oaks, to visit his daughter, Claire Giannini Hoffman. She showed us the hole in the fireplace where A.P. hid all of the bank’s money following the earthquake and fire of April 18, 1906. A.P. took three canvas bags with \$80,000 in gold and silver from the bank in a fruit wagon borrowed from his old fruit and vegetable warehouse, L. Scatena and Company. He hid the bags of money under crates of oranges and apples to avoid discovery and took them to his home in San Mateo.

Each of today’s speakers has his or her own stories to tell. We want to hear yours after they tell us their stories.



RETROSPECTIVE COMMENTS ABOUT A.P. GIANNINI

A.W. “Tom” Clausen

Tom Clausen entered Bank of America’s executive training program in 1949 and in 1970 was elected president and chief executive officer of BankAmerica Corporation. He led the bank through dramatic growth from 1970 through 1981 and then served during the Reagan administration as president of the World Bank from 1982 to 1986. In 1986, he returned to Bank of America as chairman and chief executive officer, retiring in 1990.

I never had the opportunity to meet A.P. Giannini, the founder of Bank of America and contributor of a \$1.5 million grant to the University of California in 1928. But I did attend his Rosary a few weeks after Bank of America hired me as an employee.

I became an employee of Bank of America in March 1949. A.P. Giannini died in June 1949. I didn’t know much about A.P. in those days. Bank of America was just reaching \$7 billion in size then. The bank gave me a job counting cash in the vault of the Los Angeles main office. My title was probationary assistant cashier. I didn’t have signing authority. I was just one level above the rank of janitor.

The economy of California was growing very rapidly during A.P.’s early days as a banker. Agriculture was the principal contributor to Bank of America’s growth. A.P.’s gift to agricultural research truly accelerated and enhanced the bank’s growth from \$300,000 in 1904 to \$1.8 million in 1914 and \$5.6 billion in 1945 when it became the largest bank in the world. By 1955 it had grown to \$9.5 billion in size.

Above all, A.P. was a visionary. He deserved to be in the initial group of members of the National Business Hall of Fame established by *Fortune Magazine* in 1975. A.P. was among the first group of Hall of Famers, which also included Andrew Carnegie, Thomas Edison, Henry Ford, J.P. Morgan, John Rockefeller, and Cornelius Vanderbilt. His passion was to build a bank for the man in the street. No customer was too small or too poor for his bank.

The School Savings program was nurtured in his early years. In the 1920s, 1930s, and even in the 1940s, a bank officer would collect student savings from school premises and carry them to the branch closest to the grade school. There are still current customers who began banking with A.P.’s bank in the 1920s and 1930s, starting their banking with small deposits to their school savings accounts. That program and Christmas Club accounts were very popular. Christmas Club accounts still bring in hundreds of millions of dollars in savings accounts.

A.P. had a fantastic memory for names of employees. He was always visiting branches, talking to bank employees, bolstering their morale. It is said that on these visits he could remember the names of employees he had not seen for years. Employees were enamored with the “boss.” They worked hard for him because they loved him and because he gave his employees the credit for the bank’s success.



After he died in 1949, he was honored every year for decades in each branch by Bank Americans who, on his birthday, May 6, would gather around an enlarged photo of A.P., together with red roses and a recording from the chief executive officer in San Francisco, giving thanks for the sound principals established by A.P. and for the diligent work and efforts of all staff members around the world. Now that we have expanded into many states and countries, that ceremony is no longer practiced. But for the early decades after his passing, it was a very sincere and lovely way to pay our respects to his memory.

A.P. was also an internationalist. In the early 1930s, a London branch was opened. After World War II ended in 1945 and before he passed away, Bank of America branches were opened in Japan, the Philippines, and Singapore. The bank had almost a monopoly on providing banking services to the wine industry in California in A.P.'s days.

In recent decades, the bank has continued to grow and, with mergers, has grown to more than \$1.3 trillion in size. Its profits last calendar year were \$16.5 billion, the fifth largest of any corporation in the world. A.P. created a fantastic legacy for the future from which we in California still reap the benefits. Thank you Amadeo Pietro Giannini for your vision and creative energies.

A.P. paid particular attention to agriculture even before he became a banker. He was in the wholesale produce business and was well known by many in the agricultural segment of California business. He was a natural salesman. People liked him and trusted him; he became a popular banker. In those days, Italians were much discriminated against and banks were stuffy and not very eager to take poor customers. A.P. had just the opposite plan for his bank. He is given credit for introducing branch banking in the United States.

A.P. had entrepreneurial vision so Bank of America became an early provider of banking services, not only to agriculture but also in taking on unknown areas of financing such as motion pictures, bridge building, and so forth. There were many Italians in the motion picture business and he obtained the lion's share of financing for the production of motion pictures in Hollywood. In the 1930s, he agreed to finance the building of the Golden Gate Bridge. It was completed in the mid-1930s and stands today in all its beauty—still one of the longest suspension bridges in the world. Bond securities became a specialty of the bank. There were very few bonds issued in the 1930s and 1940s that were not underwritten by A.P.'s bank. Both Disneyland in Southern California and Disneyworld in Florida were financed by Bank of America. He knew how to assess risks.

Yes, the world owes a lot to A.P.'s ingenuity. His vision. His integrity. His leadership.

He was in the forefront of modernizing banking in the United States and a pioneer in financing all aspects of agriculture. He truly deserves being commended by the university that he loved so much.



REFLECTIONS ON THE GIANNINI FOUNDATION

Kenneth R. Farrell

Ken Farrell is vice president emeritus of the University of California Division of Agriculture and Natural Resources (1987–1995). From 1957 through 1971, he served in several positions at the university, from Cooperative Extension specialist to associate director of the Giannini Foundation. In the intervening period between university appointments, he served in several positions at the U.S. Department of Agriculture, including administrator of the Economic Research Service and the Economics and Statistics Service (through 1981) and director of the National Center for Food and Agricultural Policy (1981–1986), all in Washington, D.C.

My association with the Foundation dates back nearly fifty years to 1957 when I was appointed Agricultural Extension specialist in the Department of Agricultural Economics at Berkeley and thereby a member of the Foundation. As I reflect on Foundation activities and accomplishments in the dozen or so years before I departed for Washington in the late 1960s, I am struck by the prominent roles that the Foundation played in the economic affairs of California agriculture in that era.

In many ways, California agriculture was an ideal laboratory for the application of applied economic analysis in the 1950s and 1960s.

- Prewar and postwar stalwarts such as those enumerated by Johnston, Dote, and McCalla had demonstrated the relevance and value of economic theory and empirical analysis to the practical production and marketing problems then facing commercial agriculture in the state. The paths between Berkeley, and later Davis, and commercial agricultural organizations were already well-worn in the late 1950s.
- Both federal and state budgets for agricultural research and extension were growing rapidly, thus supporting major growth in faculty and support staff. Many of those hired during this period brought with them strong interests and skills in applied research and quantitative methods.
- Agriculture also was expanding rapidly and aggressively seeking expansion of markets and amelioration of short-term and cyclical instability that characterized some markets of that time. Well organized along commodity lines, these industries turned readily to the Foundation and formal economic analysis for assistance.
- There was extensive use of collective action marketing mechanisms that included cooperatives, trade associations, federal and state marketing orders and agreements, and commodity bargaining associations. Those institutions enhanced the scope and quality of data for analytical purposes and, at the same time, created a demand for analysis.
- There was limited capacity in agricultural organizations themselves and in other public and private organizations to conduct formal empirical economic analyses. The University of California, specifically the Foundation, was the logical source of information and analysis to which agriculture turned.



- The California Department of Agriculture had substantial marketing, regulatory, and data gathering programs and a cadre of specialists who encouraged and complemented the research and outreach programs of the Foundation.

By the time I arrived in 1957, the Foundation had already established itself in agricultural circles as the “Mecca of California agricultural economics.” It was said by some agricultural leaders that input and analysis by the Foundation was a prerequisite to any successful industry or group action. The modest income from the Foundation endowment had been parlayed into a “larger than life,” somewhat mythical external image in California agricultural circles—an image that extends even to the present.

By today’s standards, the programs of that era were rather narrowly focused on domestic commercial agricultural production and marketing topics. At Berkeley, research focused on commodity price and demand analyses, organization and development of marketing cooperatives, marketing plant and firm efficiency studies, commodity market structure and performance, and selected public policy issues that included milk regulatory policies, farm labor policies, international trade, and some natural resource issues. Later in the 1960s, as the faculty at both Berkeley and Davis grew, the research agenda broadened substantially to include production, consumption, and development economics and additional emphasis on resource economics. Organizations such as Sunkist Growers, Diamond Walnut, Allied Grape Growers, Tri-Valley Growers, California Canning Peach Association, Blue Anchor, the Rice Growers’ Association, several dairy cooperatives, marketing orders, and numerous trade associations became prominent constituents for economic information and analysis at the Foundation.

Although Extension economists were administratively and programmatically independent of the departments in the 1950s and 1960s, their programs substantially paralleled the research agenda in the departments and featured both applied research and the more traditional extension education and outreach functions. At that time, the explicit inclusion of applied research as a function of Extension economists represented a significant departure from Extension traditions. Despite informal program arrangements, the research-extension linkage under the umbrella of the Foundation functioned generally in a collaborative and complementary manner even though it was not fully integrated.

As even a cursory review of publications in the Foundation monograph, research report, and information series would reveal, this was an era of remarkable productivity and achievement in Foundation research programs. That productivity was even more remarkable considering the laborious nature of research at the time—banks of Marchant calculators and statistical clerks, ditto and mimeograph machines, and, in the late 1950s, a quantum leap forward with a department IBM card reader and computer that occupied the equivalent of a large office on the second floor of Giannini Hall.

Beyond those contributions, Foundation resources were deployed strategically, then as now, to support development of the Giannini Foundation Library and the graduate studies programs at both Berkeley and Davis. The library was and is still one of the most valuable assets in agricultural economics to be found anywhere in the



world. The marginal investments of the Foundation in graduate student support have likewise yielded large returns in the development of human capital in the agricultural economics profession as evident in the numerous alumni present here today.

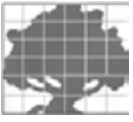
Administration of the Foundation in the 1950s and 1960s was the responsibility of the chair of the Berkeley department—Ray Bressler in the mid-1950s, George Mehren in the late 1950s and early 1960s, and, later in the decade, Loy Sammet and Dave Clarke. Mehren in particular was extensively involved in outreach activities to agricultural organizations.

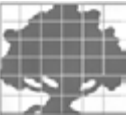
Beyond issues related to the allocation of Foundation resources between Berkeley and the rapidly growing Davis department, administration of the Foundation followed rather routine procedures. In the late 1960s an effort was made to establish the Foundation as a program-planning and coordination body between the two departments, an effort that was short-lived in part because of the paucity of resources to provide appropriate incentives to faculty and staff for such joint ventures.

As Johnston, Dote, and McCalla illustrated, the research and outreach functions of the Foundation have evolved in several dimensions in recent decades. The applied, commodity-centered agenda of the 1950s and 1960s has given way to issues evolving from the changing nature of agriculture and, to some extent, to the changing orientation of the agricultural economics profession itself. Economic and public policy issues related to the interdependencies of agriculture and its resource base, environmental quality, and global development and trade are now in the forefront of the agenda. Capacity of the private sector to conduct applied research of the type conducted by the Foundation in the 1950s and 1960s has grown substantially.

Today's agricultural economists are more thoroughly trained in economic theory and mathematical applications than a generation ago, many with interests in disciplinary and methodology-centered research more so than the applied research on which the Foundation agenda was centered in the 1950s and 1960s. This does not imply that the current products of the Foundation are of any lesser or greater social value than those of a generation ago. The agendas of then and now are simply different, as are the environments of agriculture and agricultural economics.

In summation, the Foundation during the 1950s and 1960s was a vibrant, productive organization dedicated to the mission envisioned in its charter: “promote and support research and outreach functions in agricultural economics and rural development relevant to California.” As a banker, A.P. Giannini would have been impressed by the public image of the Foundation in that era, by its leveraging of public funds in support of research and extension, and the apparent high rates of social returns yielded by the modest flow of income from his endowment.





A.P. GIANNINI: CHARACTER IN ACTION

Duncan Knowles

Duncan Knowles is a retired historian for Bank of America.

The images shown here were provided by the Bank of America Historical Collection.

In 1999, as the last century drew to a close, *Time* magazine did a series on the world's one hundred most important people of the twentieth century. On the list were names like Mahatma Gandhi, Winston Churchill, and Franklin Delano Roosevelt. It also had a number of legendary business leaders. But it had only one banker. Who do you suppose that was?

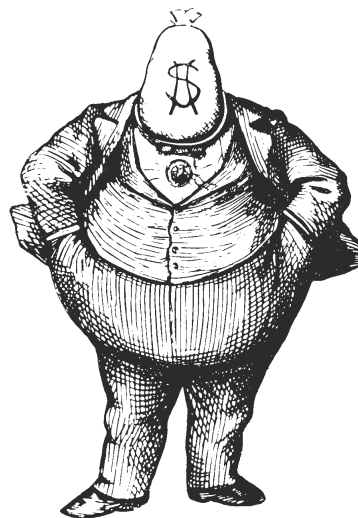
A.P. Giannini.

To me, there is a difference between the words “history” and “heritage.” Every organization has a history. But not every organization has a heritage—a background of accomplishments and contributions in which people connected with the organization can take pride. The Giannini Foundation has a heritage—a heritage of character. And it begins inside the man who made it possible: Amadeo Peter Giannini.

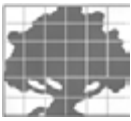
A.P. was born in 1870 in San Jose as the child of immigrants from Italy. At this time, waves of immigrants were coming to this new American West from all over the world. Some of them may have been your great-great-grandparents or your ancestors. Some were mine.

Land was accessible out here and you could get ahead with your brains and energy and hard work.

But what the working man and woman did not have access to was capital and economic power. Banks of A.P.'s youth did not want to do business with them. This is how bankers were seen at that time:



Because A.P. was the son of immigrant parents, when he found out how banks treated immigrants and working people, he got so angry he said, “I’ll start my own bank! A bank for the little fellow.”



He found a great location—a saloon in San Francisco’s North Beach—and he converted it into a bank that he opened in 1904—The Bank of Italy. A.P. pioneered the use of advertising to get his messages out. “Small accounts welcomed!” was one of his early ads.

Looking back on this time, A.P. said “There isn’t any good reason why a bank should have the temperature of a fish market. When you walked into some of them years ago, you felt as if you’d got into an undertaking parlor.”

Isn’t that a great statement? And it was written eighty-five years ago.

Right after the great San Francisco earthquake and fire in 1906, merchants met with the bankers. Buildings were still smoldering. The business people said they needed loans to rebuild but the bankers replied that they wanted to stay closed for six months—to see if the city was going to be rebuilt at all.

A.P. was there. He stood up and said,

Gentlemen, to follow the course you are suggesting will be a vital mistake. We cannot afford to make mistakes like this—we’ve got to fight our way out of this spot. If you keep our banks closed until November, you may as well keep them closed. In November there will be no city or people left to serve. Today is the time they need you. The time for doing business is right now.

Tomorrow morning I am putting a desk on Washington Street wharf with a Bank of Italy sign over it. Any man who wants to rebuild San Francisco can come there and get as much as he needs to do it. I advise all you bankers to beg, borrow, or steal a desk and follow my example.

A.P. did just that. And people came. As a result, the North Beach area of San Francisco was the first to be rebuilt.

For A.P., his experience with helping people at the time of the earthquake was an epiphany. He came to see that a bank wasn’t just a building—it was a living thing—a creative connecting of capital to people’s potential.

A.P. said later, “At the time of the San Francisco fire, I was almost a millionaire. I was trying to make money for myself. But the fire cured me of that. I have worked most of my life without any thought of making money.” This is why—later, when the bank’s board of directors wanted to give him more than a million dollars as a way of saying thanks for all he’d done, he didn’t want it—he had them give it to the

THE SMALL DEPOSITOR OF TODAY OFTEN BECOMES THE RICH MAN OF TOMORROW

small accounts WELCOMED!

THE savings of wage-earners, and salaried people in all walks of life, comprise a large portion of the funds deposited with California’s largest bank. For over a quarter century this institution has welcomed small accounts, firm in the belief that in encouraging the great wage earning class to save, it is doing constructive work, not only for the individual, but for the entire state. Bank of Italy, through its statewide advertising and publicity, has helped to make California one of the thriftiest communities in the world.

Bank of Italy
NATIONAL SAVINGS ASSOCIATION

Convenient Installment LOANS ON REAL ESTATE
This bank makes installment loans, repayable on monthly or suitable periodic basis

~ the bank that took the “ice” out of service

California’s largest bank is notable for the friendly, cooperative, accommodating spirit that pervades the entire organization.

There are no barriers of formality here. The president and all other executives are as easily accessible as the receiving teller or the new-account man—to even the smallest depositor.

We specialize in interested human service, and we endeavor to treat every depositor just as we would like to be treated.

Capital and Surplus \$12,500,000.00

Bank of Italy
Savings—Commercial—Trust
Head Office—San Francisco
Los Angeles Branches
Broadway at Seventh
Spring and Temple Sts.
Pico and El Molino Sts.

Everyone rich or poor, gets friendly service here.




We study the interests of our patrons

"—around the state-wide circle with the Bank of Italy."

The *Nation's Bank* movement at Market and Mason Sts., San Francisco.

Capital and Surplus \$11,500,000.00
 37 Banking Offices in 25 California Cities
 Member Federal Reserve System.

Ask or write for our interesting booklet on "Banking by Mail."

The growth and success of this bank is due in a large measure to a policy of regarding every depositor as an *important* patron. We believe that *everyone* who enters this bank is worth talking to.

The boy or girl who deposits a dollar and the man or woman who deposits ten thousand receives the same courteous consideration. We study the problems and requirements of our patrons in order that we may render them intelligent cooperation.

Practical common sense and consistency—not ultra-conservatism—characterize the methods of California's largest bank.

Resources over \$180,000,000.00

Bank of Italy
 Savings—Commercial—Trust
 Head Office—San Francisco
 Los Angeles Branches

Broadway at Seventh
 Spring and Temple Sts.
 Pico and El Molino Sts.

University of California to create the Gianni Foundation of Agricultural Economics.

After the earthquake and fire, A.P. saw banking as a noble calling and devoted the rest of his life to it.

A.P. was all about filling people's real needs—through banking. Out of this came a cornucopia of new services. To be even more responsive to the thousands of new immigrants, A.P. created special banking departments just for their ethnic groups.

Here we see brochures for the Italian department, the Spanish department, and the Russian department.



In the first month of business, A.P. made substantial loans to women. In 1920 women got the right to vote, and the very next year A.P. opened a Women's Banking department.

A.P. said one time, "I am for the people, and what is good for the people is right." Years ago, A.P.'s secretary, Margaret Dickson, said, "A.P. loved people. He liked to see them happy. He liked to do as much as he could for them." A coworker of A.P.'s said, "He wanted them to have the more abundant life, and more than any one man of his time, he consciously engineered. A.P. himself said:

A banker—just like everybody else—wants people to come to him because they believe, and know him to be a mighty good friend. A customer doesn't need to be impressed by a banker's room or his desk or his rug. He does need to feel: This is a true friend of mine, and I am a true friend of his, and we can speak to each other as friend to friend. (1925)



"—meet me at the Women's Banking Department of the Bank of Italy"

HERE you will find those practical conveniences in which Business Women are particularly interested.

Freedom from crowds, confusion and delay—a restful atmosphere to punctuate the bustle of work-day affairs—characterize the smooth, efficient attention you will receive here.

Every banking facility—savings, commercial, trust, exchange and investment service—is available. You find a complete bank in a single department.

The Women's Banking Department is yours! We invite you to use it.

Open Saturday from 9 a.m. to 8 p.m.

Women's Banking Department
 FOURTH FLOOR
 Market, Powell and Eddy Streets

Bank of Italy
 Savings—Commercial—Trust
 Head Office—San Francisco

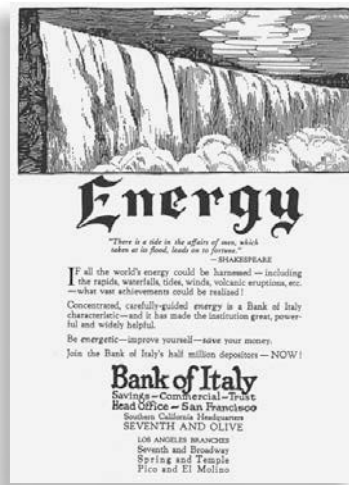
We believe in making friends and taking care of them—because we know that—the real assets of a bank are its friends

Resources over \$200,000,000
 52 Banking Offices
 28 California Cities
 Ask for our booklet on "Banking by Mail"

Bank of Italy
 Savings—Commercial—Trust
 Head Office—San Francisco
 Los Angeles Branches
 Broadway at Seventh
 Spring and Temple Sts.
 Pico and El Molino Sts.



The theme I feel compelled to talk about here is A.P.'s human character and values. And in the early years, his bank's advertising is almost exclusively about human values.



VISION: It takes vision to save money. And it takes vision to create a great bank for the people.

COURAGE: It takes courage.

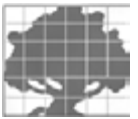
ENERGY: And it takes energy. A.P. came to look on money itself as frozen energy. He wanted to put it to work—to help individuals save money, start businesses and expand farms, and build homes.

He brought low-cost loans to farmers and ranchers. He violated the old banking dictum, "Never loan money on anything that eats." A.P. helped practically all wine-makers in California. He saw them through crises that could have put them out of business. He was also a tireless booster. He sent cases of California wine to the White House where it could be served at the President's table.

The "build a mountain" ad from 1924 says, "One bank's ambition . . . To build a mountain of goodwill by giving cheerful conscientious and efficient service to everyone in California who enters its doors—is the ambition of the executives of the largest financial institution in California."

And at the bottom of the ad are even some environmental messages: "Help prevent forest fires" and "Don't waste water."





“Trade goes where it is treated best.” And A.P.’s bank was welcomed by working people in towns throughout California.

A.P. created America’s very first statewide branch banking system to bring the capital of a big city bank to small towns and local neighborhoods. He gathered up small deposits and moved them around the state to help everyone. If a peach crop was bad one year, the local bank was out of cash. But with a branch system, A.P. could take deposits from the timber industry or the fishing industry and lend it to that community.

The energy in the early bank was so strong, they even invented words (everywhere-ness)!

Through these branches, A.P. pioneered personal loans for autos, homes, farms—and eventually gave millions of people access to capital.

In 1928, one East Coast banker said of A.P.: “We simply can’t have this Sicilian peasant fruit vendor at the head of this nation’s banking!”

In 1925, A.P. tried to get the state banking superintendent to approve more branches for Los Angeles. The Los Angeles bankers did not want him there and the applications were declined.

About branching, A.P. said, “Once we started in branch banking, we enlisted in a cause from which there could be no withdrawal. We had to fight on and on, no matter what the cost.”

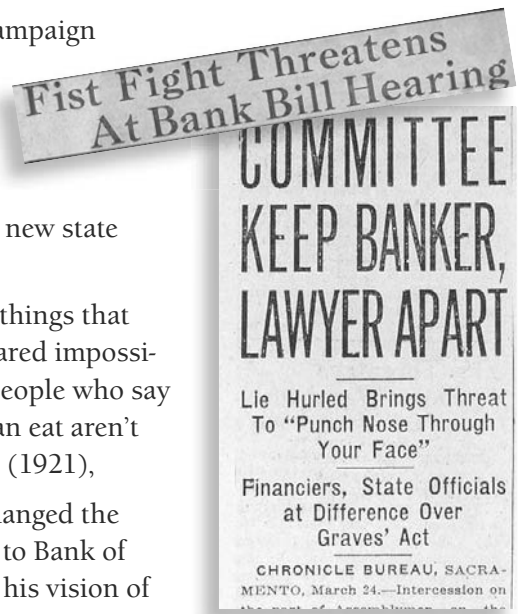
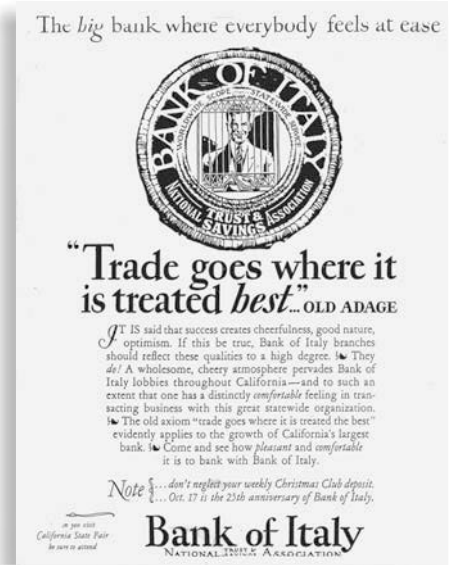
A.P. had a bill introduced in Sacramento to let the people in the community decide. I want to show you a few newspaper headlines when the bill came to hearings.

A.P. got nowhere in Sacramento so, when a gubernatorial campaign was coming up, A.P. supported a replacement candidate for governor. Bank employees joined in and went out knocking on doors asking for votes for “fairness in banking.” When the Los Angeles opposition heard about this, they went nuts.

Nevertheless, A.P.’s candidate won and a new governor and new state banking superintendent approved the new branches.

A.P. said once, “The best fun I’ve had in life has been doing things that other people declared impossible. Perhaps the people who say I’d rather fight than eat aren’t altogether wrong” (1921),

In 1930, A.P. changed the name of the bank to Bank of America to reflect his vision of





its future. He was ill and retired but roared back to take over again in the depth of the Depression. He immediately put \$400,000 into a promotional campaign called “Back to Good Times.” He took out ads in newspapers, ran radio programs, and posted messages on billboards like this one (see right). His goal was to put a “can-do” spirit back in the air.

Just at this time, Joseph Strauss came to A.P. Strauss was an engineer who wanted to build a bridge across the Golden Gate. He said, “I have been all over the world. There is no money to buy the bonds to build this bridge. You’re my last hope.” A.P. said, “People say this bridge will come down in the next earthquake or the tides will rip it out at its base. Now you tell me, how long will this bridge last?”

Strauss replied, “Forever. As long as people take care of it, the Golden Gate Bridge will last.” A.P. looked him in the eye and said, “California needs that bridge. We’ll buy the bonds.” And the very next year construction of the Golden Gate Bridge was begun.

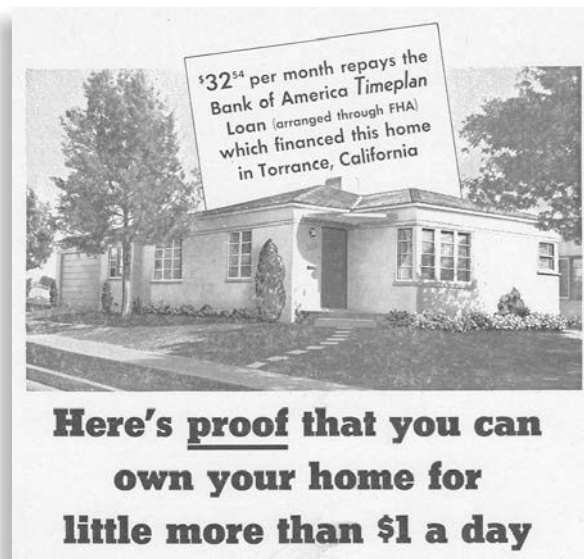
A.P. also built the Hollywood movie industry. When Walt Disney wanted to make the first full-length animated movie, he was practically bankrupt. He came to A.P.’s bank and he got the money to finish the movie. It was called *Snow White and the Seven Dwarves*. From then on, Walt would only do business with Bank of America. The bank went on to finance *Fantasia*, *Pinocchio*, *Dumbo*, *Cinderella*, and *Bambi*. Later, the bank would finance a little project of Walt’s called Disneyland.

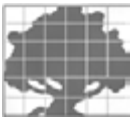
Frank Capra Jr. told us that when his father made the movie *It’s a Wonderful Life*, he based Jimmy Stewart’s character on A.P. Giannini.

The bank financed Charlie Chaplin, Douglas Fairbanks, Cecil B. DeMille. A.P. came up with the money to finish a film on the Civil War. It was called . . . *Gone With the Wind*.

A.P. pioneered home financing for all individuals. This (see right) is to show you that there were some “good old days” in the good old days.

In 1938, you could pay a mortgage on this house in Torrance, California, for \$32 a month. In summary, A.P. said once, “I think what I am most proud of is anything I may have done to help with the humanization of banking” (1928).





This ad (see right) is labeled “Pioneers in Unselfish Banking.” There is a key statement here that summarizes A.P.’s philosophy: “No bank can achieve the highest degree of real success unless it functions primarily to help others succeed.”

And here’s a critical point for history—A.P. was so successful in his desire to build a helpful bank for “the little fellow” that other banks began to change. Eventually, practically every bank in every town across America was modeled on A.P. Giannini’s bank—making banking available to the people. And you know what happened?

Because working people now had access to capital, they used it to expand their farms, start businesses, buy and build homes. As a result, democracy itself was strengthened at its very roots. America became stronger. And that changed the world.

“A bank with a background.” And what we’re celebrating today is a Foundation with a background—of pioneering, originality, and achievement. And it is rooted in the man whose name it bears . . .

A.P. Giannini.

Thank you so much.

A last comment from A.P. himself:

If I had my life to live over again, I believe I would be a farmer. . . . Man is identified directly with the land in definite creative work. He is conscious of this each day as he looks about his lands, and feels pride in the growth of his products.

From the Banking News "New York" by Editor in American Banker Journal

Pioneers in Unselfish Banking

No bank can achieve the highest degree of real success unless it functions primarily to *help others succeed*. To be helpful, constructive and sincerely human in all of its activities has been the dominating thought in this institution since its inception. The policies, purposes and methods of Bank of Italy reflect the unselfish character of its founder and his associates. The institution has always been operated primarily for the benefit of its patrons and shareholders. Unselfish banking practices—a demonstrated success in 165 cities of California—have helped to make it the great bank it is today.

National Bank

 Created, Owned and Managed by Californians

Bank of Italy
 NATIONAL TRUST & SAVINGS ASSOCIATION
 National Bank Italy Company
 (INCORPORATED IN CALIFORNIA)
 2,000 MILLION DOLLARS

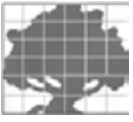
PIONEERING ORIGINALITY ACHIEVEMENT

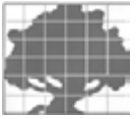
a bank with a background

THE romance and struggles of pioneering—the far-reaching effects of original banking methods—and the rich rewards of empire-building achievement—constitute a part of the picturesque background of California's largest bank—the Bank of Italy. This institution has made brilliant banking history during the past two decades. Its outstanding success and influence has virtually “re-styled” banks and banking methods throughout the nation. Its founder—internationally famous as one of the most original and constructive geniuses of the world of finance—has *built strong*. He built not merely for today—but for the decades to come. In addition to a wonderful *background*, a promising *foreground* confronts the Bank of Italy—a future brilliant with promise. Pioneering—originality—achievement—will continue to characterize this institution's forward march.

National Bank


Bank of Italy
 NATIONAL TRUST & SAVINGS ASSOCIATION





RETROSPECTIVE ON A.P. GIANNINI AND THE GIANNINI FOUNDATION

Len Richardson

Len Richardson is the editor of California Farmer magazine.

It is always fun for an editor to stop and look back at history as we are always caught up in the moment.

A.P., as Giannini liked to be called, has been referred to in many ways: the Little People’s Banker; the Great Quake Banker; the Cow Banker; the father of home mortgages, auto loans, and installment credit; and the father of branch banking and the Giannini Foundation. Like the Empire State Building, which also is turning seventy-five, he was a giant of a man who changed the shape of California, banking, farming, and the nation.

A native of San Jose, his father died in a fight over a dollar when A.P. was seven and his mother married a fellow that went into the produce business. By nineteen he was a partner but sold the business to employees at age thirty-one. By 1904 Giannini had raised \$150,000 from his stepfather and ten friends and opened the Bank of Italy. Like they say, the rest is history.

I especially like that he never forgot his rural roots, made a career out of lending to out-of-favor industries, and shunned greed. “Money itch is a bad thing,” he is quoted as saying. Have you heard any industry CEO or UC administrator say that lately?

Indeed, as you will hear many times today, that is how the Foundation got its start—when, in 1927, he was offered a bonus of \$1,764, 755. That was the origin of the \$1.5 million given to the university to start Giannini Hall and the Giannini Foundation of Agricultural Economics. He wanted to help California farmers, his original customers and the backbone of his banking empire.

SERVING NICHES

In 1916 A.P. Giannini made public his desire to lend money to Central Valley farmers—“the bank is ready to lend \$1 million.”

In 1928, the Bank of Italy organized the Bank-America Agricultural Credit Corporation to lend to livestock producers, becoming known as “the Cow Bank.”

Giannini helped the California wine industry get started.

His motion-picture loan division helped Mary Pickford, Charlie Chaplin, Douglas Fairbanks, and D.W. Griffith start United Artists.

From the beginning, the Giannini Foundation has been dedicated to a study of the economic problems of California agriculture.



The Giannini Foundation's brain power plus members' ability to actually visit in the field have provided a unique (land grant) opportunity to be pioneers in subjects where problem-solving is now taken for granted.

The Foundation produced leading economists whose voices have been heard in major policy discussions starting with Howard R. Tolley, who became head of the U.S. Bureau of Agricultural Economics. A junior appointee from Canada named John Kenneth Galbraith who authored three Experiment Station bulletins and taught two years at Davis, served various U.S. administrations, and became the U.S. ambassador to India. Some have become undersecretaries of agriculture for USDA and one became director of California's Department of Food and Agriculture.

In the early years, Foundation members made extensive studies of milk marketing to determine formulas for fair pricing under different cost and distribution arrangements. They also investigated marketing and storage of eggs, optimal organization of cooperatives, the effects of market control programs for various fruits and vegetables, and raisin pooling operations.

Additional accomplishments in later years include:

- A tomato study showing the contribution of technology with job replacement in other phases of the food system as field jobs were reduced.
- Quality control work on walnuts, tomatoes, citrus, and other fruits, nuts, and vegetables.
- Use of economic impact models showing how much agriculture benefits communities and the state.
- Developments in land use regulation—Herb Snyder from UC Davis, for example, wrote most of the Williamson Act bill.
- Alex McCalla, Kirby Moulton, and Leon Garoyan did outstanding work showing the interactions of international trade with domestic economic growth.
- Many individuals have provided primary testimony at trials concerning the food industry, including anti-trust issues.
- Leadership in the application of theory and its creation. George Judge, who, I am told, remains prolific at eighty-plus years, pioneered econometrics.
- Pioneering resource-use analyses working with water and agricultural land groups, areas of special interest to Giannini. Westlands Water District set up, with Giannini help, one of the first water markets in the state.

And the work goes on and is often practical, perception to the contrary. Recent examples include Warren E. Johnston and Alex F. McCalla's *Whither California Agriculture: Up, Down, or Out?* and *California Agriculture: Dimensions and Issues* by Jerry Siebert. Also helpful is Dan Sumner and Hayley Boriss' article titled "Bee-economics and the Leap in Pollination Fees." Thus, as we say in the press, the buzz about the Giannini Foundation continues.