

A History of Banking in Arizona

ISSN 0003-4827

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Recommended Citation

"A History of Banking in Arizona." *The Annals of Iowa* 47 (1984), 486-488.

Available at: <https://doi.org/10.17077/0003-4827.9059>

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THE ANNALS OF IOWA

a Democrat, was an unsuccessful candidate for the United States Senate while Foster, a Republican, was elected to that body. George Browne, secretary of the company, was responsible for much of the planning and development of Tacoma's park system.

The Mill on the Boot is well researched and the illustrations complement a fine narrative text. The only significant flaw is a photograph purportedly taken in 1924, in which clothing and equipment suggest a more reasonable date within the 1950s. Murray Morgan has provided a valuable history of the St. Paul and Tacoma Lumber Company and early Tacoma.

IDAHO STATE HISTORICAL SOCIETY

M. GARY BETTIS

A History of Banking in Arizona, by Larry Schweikart. Tucson: University of Arizona Press, 1982. x, 253 pp. Photographs, tables, appendixes, notes, bibliographical essay, acknowledgements, index. \$16.50 cloth.

Larry Schweikart of the University of California at Santa Barbara has written a traditional narrative and institutional history of the development of commercial banking in Arizona from the 1860s to 1980. Reflecting the banker's viewpoint, the book focuses primarily on the internal evolution of banking, institutional strategy and structure, leadership, and links with the state's emerging economy. The story divides into five eras.

The first era (1860s-1900) was one of evolving laissez faire banking. Early Arizona bankers came from mercantile firms which performed semibanking functions, from other banks, or from on-the-job training. By 1900 Arizona contained twenty-one banks, some of which were unorthodox in their policies, experimented with branch offices, and practiced close cooperation with other local businessmen. The years from 1900 to 1920 were an age of innocence and naivete. Many new banks (chartered and unchartered) and mergers were created. The boom peaked during World War I, saw only brief interruptions with the 1907 panic and the 1914 failure of the Valley Bank of Phoenix, and caused loans to agriculture and mining to increase significantly. The Arizona Bankers Association began in 1903 and was symptomatic of growing cooperation among financiers as they helped create new regulatory laws for their industry.

The interwar years composed a third era. In the 1920s "overbanking" by too many banks and economic crises in agriculture (where loans were heavily concentrated) brought many bank closings and mergers. Institutions formerly run by individuals ("one-man

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banks") came increasingly under the guidance of boards of directors. These trends accelerated during the Great Depression and by 1939 three large banks—Valley National, First National, and Southern Arizona Bank and Trust—controlled 81 percent of the state's bank assets. Thus, financial institutions had finally stabilized and begun to expand again under a third generation of leaders.

The fourth era included World War II and the postwar boom through the 1950s. The war brought military bases, defense industries, and many new residents. Arizona's banks prospered and after 1945 continued to diversify their numbers and types of services in areas such as consumer and industrial loans, public relations, drive-through windows, and new branch offices. By 1956 the holding companies and affiliates of the First National and Valley National banks were linked to 93 percent of the state's bank assets. Although the Federal Reserve Board and federal district court subsequently forced divestitures on both of the giant firms in order to restore more competition, most of the state's banks continued to create new mergers.

In the final era, the 1960s and 1970s, small banks consolidated into new larger banks (Great Western, Arizona, United) to become more competitive through increased assets and services. Service wars ensued, but banks abandoned much of the unnecessary gimmickry by the mid-1970s. They introduced bank-credit and check-guarantee cards as well as data processing and computers. Phoenix became the state's financial capital and banks subsequently built skyscrapers there. All of the firms joined to create the statewide Industrial Development Fund to stimulate the growth of manufacturing through loans. In the 1970s the trend toward electronic banking continued with the introduction of automated tellers and other devices. Banks achieved greater efficiency by departmental specialization, management restructuring, and a new generation of leaders. Despite a new spate of robberies, white-collar crime, and competition from other financial institutions, Arizona's banks enjoyed unprecedented growth of business, assets, and profits. Schweikart sensitively ends his study with 1980 as banking was entering a new era of deregulation, diversification, "superbanking," and cutthroat competition with other financial organizations.

Three problems in the book tend to reduce its utility to readers and scholars. The author does not systematically treat information about bank leaders. Without a collective biography—such as Ather-ton, Gressley, and Peterson use in studies of ranching and mining entrepreneurs—only a blurred image of bank leadership emerges in the book. The study also lacks an adequate comparative dimension. For instance, use of Mansel Blackford's and Lynne Doti's works on

California banking and statistics, compiled by the Federal Reserve System, would have focused the part of the study about individual banks and regional and national trends. Finally, the author treats the highly significant theme of colonialism too casually; he needs to identify as precisely as possible magnitudes and trends of outside ownership and influence throughout the history of Arizona banking. Nevertheless, the book synthesizes the extant literature, corrects some errors, analyzes many bank records, and is the best study of the topic to date.

Future students of the history of banking in Arizona and elsewhere should focus on such topics as biographies of individual banks, collective biographies of bankers, personnel and labor policies of banks, comparisons of banking in states with regional and national trends, nonbank financial institutions, and economic analyses of the qualitative hypothesis that banks played major roles in the growth of various states' economies. Schweikart's interesting book will be a useful reference for those topics.

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LARRY A. MCFARLANE

Using Local History in the Classroom, by Fay D. Metcalf and Matthew T. Downey. Nashville: American Association for State and Local History, 1982. x, 284 pp. Illustrations, notes, appendixes, index. \$17.50 cloth.

Using Local History in the Classroom is a practical guide for teachers introducing high school and college students to the discovery and interpretation of local historical materials. Access to resources, methods of research, recent scholarly trends in local history, and the organization of classroom activities are among the topics considered. The authors, Fay D. Metcalf of Boulder High School and Matthew T. Downey of the University of Colorado, set out to produce "a how-to-do-it manual for developing the semester-long course and for incorporating local history projects into a variety of other classes." In so doing, they have collected information about archival procedures and historiographical techniques. The result is a readable, handsomely designed volume that should be of interest not only to teachers but to anyone interested in the burgeoning field of local history.

The book begins with a chapter-long discussion of the rationale for local history, with much attention to academic historians' criticisms of the field over the years. The authors admit local history has leaned toward the parochial and filiopietistic and insist its current practitioners must strive for intellectual rigor if they wish their work to be taken seriously. Teachers will strengthen the field as a whole to

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