

# CENTRAL WESTERN BANKER

*Omaha*

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JUNE

1931

K E E P I N G P A C E W I T H O M A H A



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**First National  
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*the illustration*

# CENTRAL WESTERN BANKER

410 ARTHUR BUILDING

OMAHA

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## Intimate Glimpses of Successful Bankers

### WAYLAND MAGEE

*Farmer Member, Federal Reserve Board*

WAYLAND MAGEE of Bennington, Neb., who had been a director of the Federal Reserve Bank of Kansas City, has been appointed by President Hoover to be the farmer member of the federal reserve board.

The appointment is important to the middle west, giving representation on the reserve board to the agricultural interests in the person of a man whose farming experience is extremely practical, and whose business and banking experience is broad.

Mr. Magee is also a lawyer.

He has taken his place on the board and will actively take part in its deliberations and decisions, although his appointment will not become final until confirmed by the senate at its next session.

Mr. Magee is the first representative of the tenth federal reserve district, on the federal reserve board. He takes the place made vacant by the death of Edward H. Cunningham of Cresco, Ia.

"I have no policies and no program for the relief of agriculture," Mr. Magee said in his first statement after his appointment. "But I shall be in a position where I can speak effectively on any issue which involves the welfare of the west."

Mr. Magee was born in Chicago in 1881. He was educated in the Chicago public schools. He then attended the Northwestern and Harvard law schools and took special courses in botany at Bonn, Germany. He took agricultural training

at the University of Nebraska and at the Iowa State college at Ames, attended the University of Chicago, and was admitted to the practice of law in Chicago in 1908.

Mr. Magee came to Nebraska in 1910 as executor for the estate of his grandfather, a Nebraska pioneer, Colonel James H. Pratt. Since then the 1,200-acre Summer Hill farm about, thirteen miles west of Omaha, has been his home.



WAYLAND W. MAGEE

He has been a leader in agricultural affairs in Nebraska, and active in politics as a republican. He has co-operated with the college of agriculture in experimental work in grains and in live stock raising, and is a director of the Nebraska Dairy Development society. He has been active in the Omaha Chamber of Commerce as a member of its agricultural committee. He has also been president of the Douglas county farm bureau and the Nebraska Crop Growers association.

In September of 1927 Mr. Magee was appointed a director of the Omaha branch of the Federal Reserve bank of Kansas City, and later to the Kansas City board. He has traveled extensively, leaving his college studies and law practice in 1908 for a wandering trip around the world that consumed two years, and in which he made his own way. He is married and has four children.

# The Importance of Merchant Loan Analysis

By E. N. VAN HORNE

*President, Continental National Bank  
Lincoln, Nebraska*

IT IS not my purpose to define any particular business or industry operating in this territory yet a cross section of the average town will usually include merchants representing the following lines that transact a major portion of the business—general stores, drugs, groceries, dry goods, furniture, hardware, lumber, automobiles and accessories, radios, oil and gas, produce and grain.

This does not take into account the manufacturers, wholesalers or distributors who are located principally in the large centers and who come under a somewhat different classification. Their business is dependent in the main upon the problems of distribution confronting the retailer in the successful operation of his business; however, the extension of credit to the larger and more complex enterprises is based upon the same fundamentals that apply to small concerns.

THE VARIOUS classes of business require the application of different ratios in making our analysis and it is impossible to establish a hard and fast rule that would apply to many lines. Some are more staple than others and much less subject to depreciation and price fluctuations; then too, the most important factors in making credit commitments to any concern are the integrity, the record of continuous management and the earnings of the concern.

We should always bear in mind that we need the merchant more than they need us. Many towns are doing business today without banking facilities but no banks are operating in towns where they are not properly supported by other lines of business.

By the application of sound business methods we can assist a merchant in maintaining a proper financial structure that will result in his becoming a larger and better customer of the bank and thus contribute to the growth and stability of our town or city. It often takes courage to perform this necessary function that we owe to business but we certainly have a very definite responsibility and obligation that cannot be discharged merely by refusing credit if it can be safely extended with the assurance of re-

*(From an address delivered before the  
Mid-West Bank Management Conference  
at Kansas City.)*

payment at maturity or within a reasonably certain period of time.

I have never known a banker with parasitical tendencies to be permanently successful. If he expects to live with a community rather than on it he must perforce extend a sufficient amount of credit to his customers to justify his existence and to insure theirs. I do not mean to convey the



MR. E. N. VAN HORNE

thought that we should conduct a bank "a la cafeteria" by collecting all the pocketbooks in town and spreading them on the counter with a self-service sign displayed above them. However, we can so distribute our funds that we always have our finger on the purse string which insures seasonable liquidation and a proper degree of liquidity in our note case.

THE PRESENT evolution of business necessitates a degree of caution on our part that is often hard to explain to the average merchant. It is not enough merely to get his financial statement showing proper ratios, but to find out what his inventory consists of, how long he has carried it in stock, and what the actual physical value is on today's market.

There is an apparent trend or epidemic of multiple lines of merchandising perhaps best evidenced by drug stores. Some clothing stores are branching out into ladies ready-to-wear; the hardware dealer is selling household equipment of the latest style and color on the installment plan; music dealers are retailing electric refrigerators and everybody is handling radios at a dollar down. While this is supposed to be an era of specialization, I cannot see that it applies to commodity merchandising—that appears more complex than ever before.

The relation of turnover to inventory should also be given consideration since the actual sales of merchandise prove its liquidity and market value. If the customer has a slow-moving stock or one that possesses an element of risk through style changes or consumer demand, we cannot place our estimate of it as high as the figures shown in the statement. Sales volume is therefore important and inventory should at all times conform to the amount of business transacted.

The general decline in prices during the present year together with poor business conditions makes it almost impossible to move merchandise in liquidation regardless of price. We are therefore confronted with the necessity of checking closely all inventory assets and taking into account the shrinkage or cost of replacement. If the merchant has not taken his inventory at the market value, or at cost if lower, then he has not cleaned house and his operations for the current year will reflect this situation. Certainly he has not put himself in shape to take advantage of improved conditions when they appear on the business horizon.

Second in importance to the inventory item are accounts receivable. This item is an increasing hazard to the average merchant because of the fixed or slow class of accounts and the tendency toward increase. It is quite apparent that the average merchant does not understand or properly manage the extension of credit and collection of accounts.

COMPETITION in many lines and a desire for volume are encouraging installment selling to such an ex-

tent that we cannot easily estimate the collectibility of such accounts or the shrinkage in their value.

In a recent conversation with a state bank examiner I was told that merchants throughout his territory were obliged to "carry" their customers longer and in larger amounts than heretofore, due to the low price for farm produce affecting the customers' ability or willingness to pay. This condition was forcing the merchants to increase their lines at the bank when ordinarily a seasonable liquidation was in order and should be expected.

To offset this situation I find that several towns have adopted already a strictly cash basis and the merchants

are highly pleased with it. Announcements are being received regularly of this new form of business practice which will eliminate loss through the abuse of too liberal credit policies.

After checking the basis of inventory and determining the value of accounts receivable we should investigate the account in the trade and see how wholesale accounts are being paid the number owing. I feel that a distinct weakness is shown in scattered accounts and that a concentration of purchases with fewer creditors is very helpful in carrying on during such an unprofitable period as many merchants are now experiencing.

Increasing importance should be

given to operating figures of all commercial accounts to see that the statement reveals in detail actual earnings and progress from year to year. A close analysis of earnings is essential to see how they are used, and whether a sufficient amount is retained in the business to insure its growth and permanency.

The continuity of many credit lines is the result of distributing practically all the earnings during periods of prosperity; therefore, when confronted with a year of depression such as the year just closed, the merchant finds his cushion of profits and surplus account insufficient to absorb cur-

(Continued on page 17)

## A. G. Becker Ad Wins Award

THE ADVERTISEMENT of A. G. Becker & Co., reproduced here, was selected by the Jury of the Harvard Advertising Awards as the individual advertisement of 1930 effective for its use of typography. This is one of the five awards for distinguished individual advertisements of the year, each of which carries a \$1,000 cash prize and certificate of award. The Harvard Advertising Awards were made possible by the generosity of the late Edward Bok, who desired to give recognition to meritorious advertising work. The awards are made each year under the supervision of the Graduate School of Business of Harvard University upon recommendation of a jury composed of leaders in the advertising world. Over 10,000 individual advertisements were examined and considered by the judges this year.

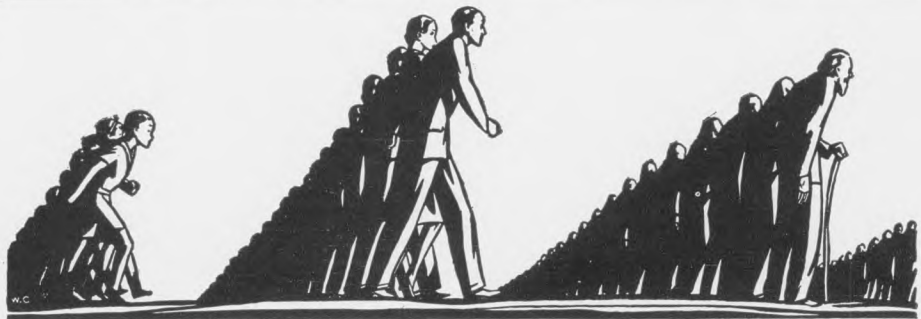
While the recognition accorded the prize-winning advertisements specifically covers one phase of advertising technique, all phases have an influence in the decision. In other words, an advertisement must have all around merit in order to be eligible for consideration for an award.

The A. G. Becker & Co. advertisement was one of a series which has been appearing in national magazines of general circulation. The theme of this series is the importance of the management factor in the success of business enterprises and, therefore, in the continuing worth of securities, which are based on such enterprises. The reason A. G. Becker & Co. develops this point is that it has been particularly concerned with and interested in management ever since its establishment in 1893. From its inception, it has been a large factor in the commercial paper field and has, therefore, made continuous loans in large amounts to outstanding industrial concerns. In its early years, the

complete financial reports of corporations which are now available were unheard of. As a result, the firm had

to base its decisions very largely on its appraisal of the character and

(Continued on page 21)



### MARKETS ON THE MARCH.

- They march along—out of one market into another. Children growing up, marrying, making new homes. Men and women passing into old age, leaving behind the varied needs of active life.
- The markets of business are never fixed. Today's market is today's possession only. Tomorrow's army of buyers is but now massing forward—largely unaware of the products and services industry offers them.
- In this endless procession there is the key to every manufacturer's sales problem and a challenge to his resourcefulness. His success in gaining and holding these changing markets is measured by his knowledge of them, and by his ability to supply what people want at the time they want it.
- The alertness of a company's management in meeting this problem is of prime importance to the

investor. Plants and inventories lose their value quickly if markets disappear. Earnings diminish when management fails to maintain that constant flow of new customers which replaces those lost, in the natural order of things, each year.

• Since its inception, 37 years ago, A. G. Becker & Co. has been particularly concerned with the management factor. Long before detailed financial statements were available, this company was financing American industry in large measure on the basis of its appraisal of management. And today, our estimate of management is still the determining factor in our recommendation of securities.

• The nature of the comprehensive investment service built up on this basis is described in a booklet, copy of which will be sent you upon request. Ask for T108.

BONDS · STOCKS · COMMERCIAL PAPER · 54 PINE STREET, NEW YORK · 100 SOUTH LA SALLE STREET, CHICAGO

### A. G. Becker & Co.

Above, is reproduced the advertisement of A. G. Becker & Co., which won the Harvard Advertising Award for 1930. The award carried with it a \$1,000 cash prize and certificates of award.

# How to Bring Prosperity Back

IF WE compare periods of prosperity with periods of depression, we find that in periods of prosperity debts run high, that credit is easily available and is used to the fullest extent. On the other hand, in periods of depression, debts are reduced, because creditors want their money and because debtors see no advantage in borrowing. Prosperity is a period of expansion of credit and depression is a period of liquidation.

Now the question we may ask is

By I. J. MCGINITY  
President, Citizens State Bank, Lebanon,  
South Dakota

this: is inflation of credit a cause or an effect of prosperity and is deflation a cause or an effect of depression?

To find the answer we may study some periods of prosperity and depression of the past.

The "wild cat" banks of Jackson's time inflated credit, made it easy to borrow money, and caused a period of

expansion. The demand of English merchants for payment from American buyers precipitated the crisis of 1837. The paper money of the Civil War times inflated credit and caused a period of over expansion following the war. The panic of 1873 had several factors but it was started by the contraction of credit abroad. The panic of 1892 was caused by the contraction of credit occasioned by the hoarding of gold by banks and individuals. The period of expansion beginning in 1907 had its inception in the discovery of gold in the Klondike and its culmination in the late war period aided by the rediscounting privileges offered by the Federal Reserve Bank. The deflation period beginning in 1920 was started by the Federal Reserve Bank calling its loans.

In all the foregoing events briefly enumerated, other elements entered in, but the controlling factor in each instance was the contraction or the expansion of credit or of the currency which amounts to the same thing.

There are those who contend that the present world depression has been augmented by the demonetization of silver in several foreign countries and by the failure of gold production to keep pace with the increase of population.

Modern business is founded on credit. Credit operates not only in the form of long term credit such as bonds and mortgages and shorter term credit such as notes and open accounts but in current business transactions, it takes the place of gold currency in the form of checks and drafts. A bank is an institution built entirely on credit. The depositor extends credit to the bank and the bank extends credit to the borrower. When credit stops, business fails, and we have a panic. The word credit comes from the Latin word *credo*: I believe. It is a belief, a confidence in people and conditions. It really is a state of mind. When we are optimistic, business is good. When we are pessimists, we have hard times.

REALIZING that the contraction and expansion of the currency and credit was the cause of our economic ups and downs, the Federal Reserve System was established to provide an elastic currency that would expand and contract to meet the ordi-

## CORPORATE TRUST SHARES

✦ ✦ **F**ARSIGHTED investors today are making their dollars do double duty. At present low security price levels, current return is increased. And as America emerges from its present depressed condition, today's principal will become tomorrow's profit. Corporate Trust Shares offer a desirable means of accomplishing this. They combine the security of diversification with marketability, convenience and freedom from substitution.

SMITH, BURRIS & CO.  
Central Syndicate Managers

120 SOUTH LA SALLE STREET, CHICAGO  
DETROIT NEW ORLEANS OMAHA

ASK YOUR INVESTMENT HOUSE OR BANK

nary needs of business and to meet those extraordinary demands that come in case of a crisis. The Federal Reserve System has done this, but, instead of preventing the ups and downs, it has accentuated them rather than modified them. It contributed to our expansion in 1916 to '20 and it has done nothing to prevent the present drastic liquidation. It was too positive when it should have been negative and too negative now when it should be positive. It has failed in its function. It might even be said that the Federal Reserve Bank has done more harm than good by preventing a postwar panic. A panic would have brought about a sudden, precipitous readjustment. The industrial and commercial east and agricultural west would have gone down together and by this time all would have recovered and conditions now would be back to normal. The Federal Reserve Bank, however, is a commercial bank designed to handle commercial credits and was able to assist the commercial interests while agriculture took the toboggan.

In this, as in every period of prosperity or depression, credit is the controlling factor, and in this respect, the Federal Reserve Bank holds the key to the situation. Conditions will naturally adjust themselves in time but the Federal Reserve Bank could put an end to this depression immediately by expanding credit where deflation has been the greatest, viz., in the agricultural sections.

One of the consequences of deflation of credit is price reduction. When credit is good, there are more buyers and prices rise as buyers overbid each other. When credit is withdrawn, prices fall because there are fewer buyers and sellers undersell each other. Supply and demand governs prices—but credit governs supply and demand. Prices rise and fall as credit expands and contracts.

In the present depression, however, the manufacturer, the railroads and the union laborer have refused to take reduced prices and wages. They have been able thus far through organization, to defeat the law of supply and demand meanwhile the prices of agricultural products have gone to the bottom. For a time, it looked as if the manufacturer, the railroads and the union laborer were going to get away with it, as if they had a little world of their own. But it now appears that this is not true.

Prices and wages can be held up artificially for a time but there can be no permanent prosperity until there is an equality in trade. If the manufacturer in one day makes goods which exchange for products that it takes the farmer five days to produce,

the manufacturer must remain idle four days waiting for the farmer to catch up. The manufacturer, the railroads and the union laborer are fighting deflation but the deflation of agriculture has been the most drastic in history.

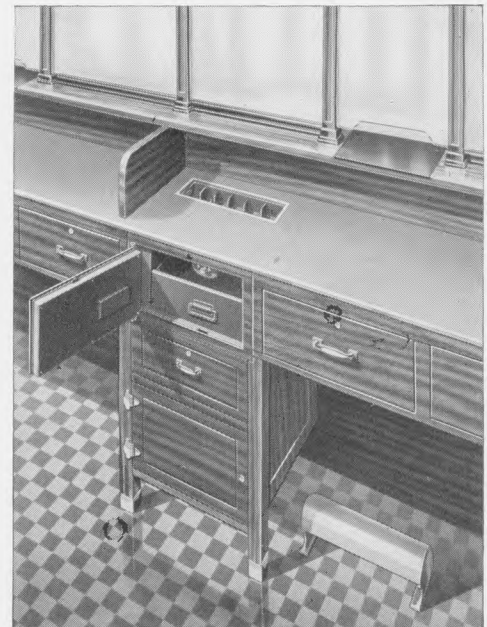
**S**OUTH DAKOTA may be considered typical of the agricultural states. On June 30, 1920, its state banks had loans amounting to 158 millions. On June 30, 1930, their loans had been reduced to 53 million and on December 31, 1930, they had been reduced another 10 million. Not only have banks curtailed credit but every loan company, every business house and every individual has done the

same. Foreclosures, bankruptcies and bank failures have been numerous. There has been deflation with a vengeance.

The credit structure of the agricultural sections has been almost annihilated. There was a time when a farm mortgage was considered the best security in the world. Now no one wants a farm mortgage. A loan on live stock and equipment is taboo. It is a "capital loan." The farmer needs capital loans as does the manufacturer. The manufacturer, however, can mortgage his plant and sell bonds on the open market. He can even sell his plain note on the open market at a low rate. There is no mar-

(Continued on page 15)

● The bill trays in the counter are for exposed currency. Surplus funds are dropped through a slot into the locker below. Whenever a teller leaves his window, a steel cover protects cash in the bill trays. When the tear gas is released, the lower door locks for a predetermined period. The metal hood below the counter conceals the foot control for the tear-gas.



## When Banks Become BEDLAMs

During the confusion that follows a hold-up . . . even an unsuccessful one . . . money exposed at tellers' windows can become lost, strayed and often stolen.

The Teller's Safety Locker, recently developed in the Diebold Research Laboratory, works in conjunction with the Diebold-Lake Erie Tear Gas System as the final provision for safety in banks. As soon as the tear gas is released, it automatically places all exposed currency under immediate protection.

Sufficient money is kept at hand for the transaction of daily business. All surplus funds are dropped through a slot into the interior of the Locker, where they remain until the teller balances his day's accounts. After banking hours, the large inner tray

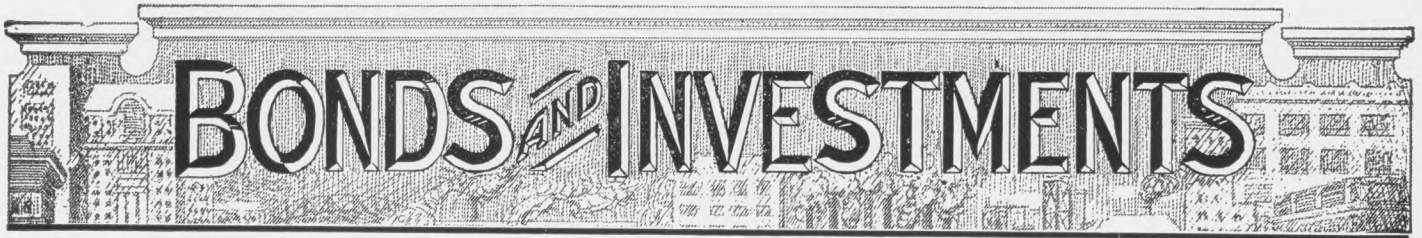
containing the accumulated cash is removed to the teller's locker in the bank vault, for the night. The handling of money is thus systematized . . . it is never away from immediate protection.

While the Diebold-Lake Erie Tear Gas System automatically operates the Diebold Teller's Safety Locker, the daily use of the Locker in no way interferes with the Tear Gas System.

Diebold Vaults and Vault Doors prevent burglary. Diebold-Lake Erie Tear Gas Systems foil and discourage hold-up attacks. Now the Diebold Teller's Safety Locker (patents pending) offers protection for exposed cash in any emergency. Diebold service is available in any part of the United States within twenty-four hours—in metropolitan areas immediately. Write for information.

# DIEBOLD

SAFE AND LOCK COMPANY . . CANTON, OHIO  
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# BONDS AND INVESTMENTS

## Long Term Railroad Outlook Favorable

*Despite the rather gloomy aspect which clouds the view of many people on the ultimate recovery of the bond market, there are many favorable factors which are contributing to the certain resumption of activity, as is evidenced by the data presented in the following article. It is reprinted from the April 20th issue of BOND BRIEFS, a house organ of the Northern Trust Company of Chicago.*

**R**EPORTS of declining railroad earnings, dividend reductions, and constant discussion of the threat of competition from newer forms of transportation have tended to create a feeling of uncertainty regarding the outlook for the railroads. This feeling has naturally been reflected in the prices of railroad bonds, and has given rise to doubt, in the minds of some investors, as to the suitability of such securities for conservative investment.

A large part of the decline in railroad earnings this year and last has been caused by the diminished volume of trade as a whole. Much of this loss will undoubtedly be recovered when improved business conditions restore the volume of traffic to normal. Unquestionably, a considerable amount of business has been lost to competing forms of transportation, but we believe that the present difficulties of the railroads have been greatly exaggerated so far as the long term outlook is concerned.

Since 1920 the railroads have lost to competing carriers more than one-third of their passenger business. After enjoying a practical monopoly of passenger business for many years, they are now confronted by the necessity of adjusting themselves to meet this new competition. The passenger service of the railroads is being constantly improved, with satisfactory results in many cases. The Chicago suburban service of the Illinois Central, formerly a source of loss, has, since electrification and consequent speeding up of service, become distinctly profitable. It is being recognized that considerable waste could be eliminated by pooling the passenger service of several roads running competing trains between such cities as Chicago and St. Louis.

Fundamentally, the basis of competition between railroads and bus lines is that of fares. Most people who have to travel any considerable distance prefer the greater comfort and speed of a train. This is especially true of journeys of several hundred miles or more, which are the most profitable to handle. The railroads are now experimenting with various fare reductions designed to meet the rates charged by busses. In certain cases fares are graduated according to whether the passenger is to occupy a standard Pullman, tourist sleeper, or day coach, the rate for the latter approximating that charged by bus lines.

**I**T MAY be doubted whether private automobiles will make serious further inroads into the passenger business of railroads. The novelty stage of the automobile has passed, and many people who use their cars for local transportation and for short trips prefer the relaxation and freedom from responsibility offered by trains for longer journeys.

The railroads are showing a growing disposition to supplement their passenger service by the use of motor busses and airplanes. Service on branch lines is being replaced in part or completely by motor busses, owned by the railroads either directly or through their interest in bus lines, many of which are already owned or controlled by the railroads. Similarly, on transcontinental business, the railroads are cooperating with the air lines in supplying combination rail-air service, and in some cases have a direct interest in the air transport companies.

In 1929, freight revenues of the Class I railroads amounted to 76.8% of their total operating revenues, compared with 13.9% accounted for by passenger revenues. In 1928, the railroads handled 77% of all freight traffic in the United States, while the Great Lakes handled 14%; pipe lines, 5%; inland waterways, 2%; motor trucks, electric railways, and airplanes, 2%. Corresponding figures for 1929 and 1930 are not available, but when published will no doubt show a

somewhat larger percentage handled by motor trucks. Gross ton miles of freight handled by the railroads increased only 8.8% from 1920 to 1929, compared with an increase of 62.2% from 1910 to 1920.

In facing the new competition for the freight business which is their life blood, the railroads are favored by three factors: the growing recognition of the necessity of subjecting the competing agencies to regulation similar to that under which the railroads operate; the efficiency and economy of rail service, which can be further improved; and the indirect benefits which accrue to the railroads from the operations of their competitors.

**N**OT ONLY are the railroads demanding regulation of their competitors, but there seems to be an increasing disposition on the part of the government and the public to grant the need for such supervision as will place the railroads on an equal competitive footing with the other agencies. Legislative relief should, and probably will in time, include extension to railroads of the right to operate inland waterway barges and coastal steamships; removal of the government from ownership and operation of barge lines, placing the latter on their own feet as a private enterprise, properly taxed to pay their fair share of the cost of developing and maintaining waterways; regulation of the rates and services of truck and bus lines; the imposition of sufficiently heavy taxes upon the operators of trucks and busses to defray their just proportion of the cost of constructing and maintaining highways; and the extension to the railroads of the right to make special rates, such as trainload rates for petroleum, to meet competition.

Sixty per cent of the \$11,500,000,000 of railroad bonds outstanding with the public are owned by individual investors whose average holding is small, and the other 40% are held by insurance companies and banks who have thus invested a substantial part of the savings of the American people. Approximately one million



stockholders own \$7,212,000,000 of railroad stocks in small average units. It is clear, therefore, that the stake of the public in the \$25,000,000,000 railroad industry is too great for the American people to allow that vast investment to be jeopardized for lack of proper governmental restraint upon newer transportation mediums.

But the railroads are by no means entirely dependent upon governmental protection for their survival and prosperity. They have important natural advantages which they are constantly striving to improve and utilize to the fullest extent. The principal advantage is their low cost of operation in handling long haul, carload freight, which is the largest and most profitable part of their business. It has been estimated that the operating expenses of a company operating five-ton trucks are from 18 to 25 cents per truck mile, compared with an equivalent cost of freight service of five leading railroads of less than 3.3 cents. While many truck operators do not charge high enough rates to cover all their costs, including administrative and selling expenses, insurance, etc., there is very frequently, contrary to general opinion, a marked rate saving to the shipper using the rails rather than trucks. For example: a recent study of the University of Illinois Agricultural Experiment Station showed that the live stock shippers of Illinois would have saved over \$400,000 in 1927 if the 1,115,606 head of live stock shipped by trucks to the three leading markets, Chicago, East St. Louis, and Peoria, had been shipped by rail.

**F**OR SHORT hauls, especially of less-than-carload lots, trucks probably have the advantage in costs, and railroads can very well afford to surrender this business to them. In fact, some of the roads are operating their own trucks for this purpose and discontinuing or curtailing local freight service by rail. The railroads are also using trucks or cooperating with truck operators in improving store-door delivery and pick-up service to shippers. The trucks gather the freight from manufacturers and jobbers and take it, either to the regular freight house or to a special freight concentration yard, where it is loaded into cars. At the other end of the rail haul the process is reversed and the goods are delivered to the consignee by trucks. Some roads use containers in which small shipments can be combined in single packages for greater convenience in handling. Others use special box cars whose bodies can be detached and placed on trucks, thereby permitting shipment of carload lots by rail and truck with only one

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The Southern Pacific Company, which is a holding company controlling the Southern Pacific and Central Pacific Railroads and many other enterprises, has important interests in coastal steamship lines and pipe lines. When legislative authority is given, many of the railroad companies themselves will undoubtedly acquire and operate their own barge lines, lake and coastal steamers, and pipe lines, thereby sharing directly in the profits of what are now competing forms of transport.

The present operating efficiency of the railroads, which is generally conceded to be at the highest point in their history, will be gradually increased as the consolidations now contemplated by the roads and authorized

in general terms by Congress are completed. While the plan proposed by the Interstate Commerce Commission will undoubtedly be considerably modified in practice, the final result should be improved service to the public and increased profit to the railroads.

The railroads are also in a position to profit, indirectly, from the progress made by their competitors. For example, it is generally conceded that the automobile industry has been, and still is, one of the greatest factors in the railroads' prosperity. The vast quantities of steel, glass, rubber, lumber, textiles, coal, and other materials employed in the manufacture of automobiles, as well as the finished products, furnish the railroads with a very substantial part of their total traffic.

Pipe used in the construction of pipe lines is another important source of railroad revenue. In many cases, also, the railroads lease part of their right of way to pipe line companies, who thereby obligate themselves to contribute to the railroads' earnings for a long period of years.

WHILE the extension of natural gas pipe lines and electric transmission lines tends to reduce the industrial demand for coal, one of the principal factors in railroad traffic, the cheaper fuel and power made available by these agencies encourages the development of industries, which in turn will become customers of the railroads. Furthermore, coal must be transported by rail to supply the needs of central electric generating stations. The electrification of the railroads themselves will gradually relieve them of the non-revenue producing and expensive hauling of coal to supply their own locomotives.

We believe it is reasonable to expect, from the facts and tendencies we have cited, that the railroads, by virtue of their inherent strength and the indispensable position which they occupy in our economic life, will be able to solve the problems confronting them and continue to grow and prosper. From an investment standpoint, it is necessary to exercise discrimination in selecting railroad bonds, as in any other field. Among the railroads of the country, the great trunk line systems are in the best position, because of their greater diversity of traffic and territory, the long haul character of most of their business, and their larger financial resources and earning power. In considering the obligations of a given railroad, those in an underlying position are, of course, to be preferred, from the standpoint of safety, to junior and unsecured issues. At the same time, the general credit of a railroad is of the utmost importance in determining the desirability of any of its obligations.

#### Plan Increase in Service Charges

Proposals to increase service charges on all checking accounts with member banks of the Salt Lake Clearing House Association, are being considered by members of the association, F. M. Michelson, president, announced recently.

The proposed changes, it is understood, will increase the monthly service fee on all personal accounts under \$200 with an additional charge for more than four checks cashed during a month.

Attorneys for the clearing house association are now working on the proposals, Mr. Michelson said. They probably will go into effect June 1.

## Good Will

GOOD WILL has been defined as the desire created in the mind of a customer that causes him to return to the firm that has given satisfactory value and service.

THE BANKERS LIFE INSURANCE COMPANY OF NEBRASKA through its almost half century of operation has created a tremendous force of good will that has placed us in a favorable position in the minds of the insurance buying public.

Good will is of vital importance to the sales force of any organization. If you are interested in a connection with a life insurance company either part or full time it will pay you to investigate our proposition. Write us.



## Bankers Life Insurance Company of Nebraska

*Founded in 1887*

LINCOLN - - - NEBRASKA

# INSURANCE

## *Its Application to the Banking Fraternity*

### Rent or Rent Value Insurance

**D**URING this period of retrenchment, so-called, that the entire country is passing through, insurance of all types is interesting every one of us because of numerous losses that have occurred with greater frequency during this period than seemingly during the era of prosperity.

A form of insurance that can be developed by most bank insurance agencies is the rent, or rent value insurance—that is, protection against loss of rents or rent values, as a result of a building or buildings being rendered untenable by fire, windstorm, explosion, riot or civil commotion.

The term "rent" is the amount of money paid by tenants for the use of a building, and the "rental value" is the term used when the owner occupies the building, and it repays him the amount which he would have to pay for the use of a building of similar dimensions and equal in all other respects.

Policies protecting the hazards of rent loss or rent value are written in favor of the property owner and in the event his building is rendered untenable, pays the owner the rental value of his building during this period of untenability caused by the various hazards for which his property is insured against such losses caused by fire, windstorm, explosion, riot or civil commotion. If the owner occupies the building himself, he would be reimbursed for the rental value lost, even though he did not rent temporary quarters.

**I**NSURANCE of this nature is usually written with a one-twelfth limitation clause, which is similar to the co-insurance clause in that it encourages full insurance to the annual rental income or value. If the rental income from a building is \$1,200, and the one-twelfth limitation clause is used in the form, the insured must carry \$1,200 of insurance in order to receive \$100 for each month that his building is rendered untenable. If the one-ninth limitation clause is used, the owner should carry insurance equivalent to nine months rental income to be fully protected, because he can only collect one-ninth of the

By HY SCARBOROUGH, JR.

amount of the policy for any one month of untenability. On a non-fireproof building, the limitation clause is restricted to one-ninth or one-twelfth whereas with a fireproof building the limitation clause may be written for one-sixth and up, of the annual rental income.

The probable length of time that it will take to restore the building to a rentable condition is the determining factor for the amount of limitation to be applied. The rate is reduced to correspond with the limitation clause and is lower for a policy with the one-twelfth clause than it is for the policy with a one-sixth clause.

The two principal forms under which rent or rent value insurance is written are Forms No. 1 and No. 2. Form No. 1 should be used for buildings occupied by either tenants or owners or both. Form No. 2 should be used for dwellings whether occupied by owners or tenants, or both. Both of these forms are used whether the building is vacant or not. The main difference between them is that the dwelling form includes coverage on rental losses due to inherent explosion (with the exception of steam boilers and fly wheels) and Form No. 1 does not.

**R**ENT or rental value insurance written without a limit of loss per month is usually not encouraged simply because it is only necessary to carry insurance equivalent to a property owner's rental income for the period required to restore his building. If, for instance, a property owner can restore his building within three months, and you solicit his rent or rental value insurance under a form without a limit of loss per month, he will only carry enough insurance to protect himself against loss of rents for three months. Therefore, all rent or rental value insurance written without a limit of loss per month will result in a total loss possibility to the company, and at the same time the premium secured will be less and the same as regards the commission paid. Under the rules governing this sub-

ject it will be noted that a substantial reduction in premium rate is given where the insurance is written with a limit of loss per month as against insurance written without a limit of loss per month.

The reference to "actual loss sustained," as noted in the rent forms, is placed therein for the express purpose of preventing an insured from making a profit out of a fire (windstorm, explosion or riot and civil commotion). It simply means this—If an insured's rental income is \$12,000 a year and \$3,000 of that is paid out to maintenance such as elevator service and janitor service, if then the expense of elevator service does not continue after the fire (windstorm, explosion or riot or civil commotion), the insured cannot recover more than \$9,000 for 12 months of untenability. Without the form being limited to "actual loss sustained," the company might be called upon to pay \$12,000, thus making the fire (or other casualty) profitable to him rather than reimbursing him for his actual loss sustained. Of course if the property is not rented, there is no loss under the contract.

In determining the amount of insurance to be carried in the case of a large apartment building, for instance, where certain apartments remain unrented for short periods of time, caused by the continual changing of tenants, obtain from the landlord or building manager's records the total yearly income for all the buildings, just as though it were rented in its entirety. Deduct from this amount the total of his yearly loss of income as a result of the short periods of vacancy caused by continual changing of tenants, and you have the amount of insurance to be carried with the one-twelfth limitation clause. If the one-ninth clause is used or solicited, carry nine-twelfths of that amount. If the owner can restore his building in a short time he should use a form that does not contain the limitation clause, provided the premium will be less than would be secured under a form with a limitation clause. This form of insurance should be considered by the property owner and its presentation by the banker will result in helping your customer elim-

inate one more hazard from the many avenues of possible loss.

### Has Good Record

The Bankers Reserve Life Insurance Company of Omaha, one of the Middle West's best known life insurance institutions, is continuing its splendid production record. This strongly intrenched life insurance company is feeling the impulse of better times, particularly in the Iowa-Nebraska territory which has withstood

the adverse siege of depression in greater degree than any other part of the country. The Bankers Reserve has business in force of over \$133,000,000. Its president, R. L. Robison, expects 1931 to be one of the best years in the company's history.

### Loan Company Formed

Announcing organization of Northwest Livestock Loan Company, to be affiliated with Northwest Bancorporation, President E. W. Decker of the latter company said he believes it will prove to be one of the most import-

ant moves for years in the livestock industry of the Northwest and Middlewest. The new company has authorized capital of \$1,000,000.

Alex. Highland, vice president, Northwest Bancorporation, Minneapolis, will be president of the Northwest Livestock Loan Company. John E. Wagner, treasurer, Cudahy Packing Company; H. G. Black, assistant treasurer, Armour and Company; A. G. Sam, president, Live Stock National Bank, Sioux City, Iowa; F. A. Birch, president, Stock Yards National Bank, South St. Paul; J. C. Thomson, vice president, Northwest Bancorporation, Minneapolis; Ford E. Hovey, president, Stock Yards National Bank, Omaha; L. K. Moore, assistant to the president, Stock Yards National Bank, Omaha; and A. T. Hibbard, vice president, Union Bank and Trust Company, Helena, Montana, will be directors.

Northwest Bancorporation has 135 affiliated institutions in eight states. It finances the live stock industry principally through its affiliated banks at Omaha, Sioux City, South St. Paul, and other points, and through the Cattle Feeders Loan Company, Omaha, and the Montana Loan Company, Helena.

President Highland said, "The Northwest Livestock Loan Company will not only finance the livestock business but will be prepared at such times as conditions warrant to enter into plans for increased production of livestock, improvement of grades, and encouragement of farmers who may desire to put more animals on their farms."

## OMAHA LIFE INSURANCE COMPANY

CAN PLACE MEN IN  
MISSOURI

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STATE AGENT

or

Will give General Agent's Contract  
in certain parts of Iowa or Kansas

W. E. McCANDLESS,  
*Vice-President and  
Manager of Agents*  
OMAHA

## Life Insurance-- the Banker's Friend

Banks are the medium through which modern business of all kinds is carried on. They, in turn, are dependent on general business activities for their own prosperity.

Life insurance does much to stabilize business operations. It safeguards mercantile and industrial enterprises against loss occasioned by the death of their managing heads. It steps in and meets the financial needs of a family whose breadwinner has been taken. It provides steady incomes for people who have taken forethought for their later years.

The beneficiaries of life insurance are customers of the banks in their home communities, and the money paid them soon finds its way into deposit accounts, investments, and the channels of everyday business.

For his own self-interest and the general good of those who rely upon him, every banker should protect his own institution and family with adequate life insurance and encourage his patrons to do likewise.

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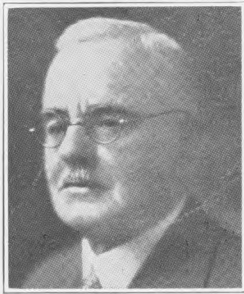
### CONTENTS:

A complete list of Banks, Bankers, Savings Banks, Principal Loan, Investment, Safe Deposit and Trust Companies in the United States and Canada, with names of Officers, Capital, Surplus, Undivided Profits, Loans, Deposits, Principal Correspondents, Attorney List, Banking Laws and other general Banking Information.

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**J. G. LOWE,**  
President, Nebraska Bankers Association

# Nebraska News



**WM. B. HUGHES, Secretary,**  
Nebraska Bankers Association

### Elected Cashier

At a recent meeting of the Board of Directors, Fred H. Wackel was elected cashier of the First National Bank of West Point, Nebraska. The election of Mr. Wackel fills the vacancy caused by the death of Wm. Gentrup.

Mr. Wackel has had several years' banking experience at the former Nebraska State Bank in West Point.

### Heads Association

W. F. Wenke, Pender, was named president of the Northeast Nebraska Bankers association at the annual convention held in Norfolk, succeeding Rollie W. Ley of Wayne, who served as head of the organization the past year. S. D. Thornton, jr., Neligh, is new vice president; Fred Muller, Norfolk, secretary; and George H. Haase, Emerson, treasurer.

### Heads Creighton Bank

At the annual meeting of the board of directors of the Creighton National Bank, George Wright was elected president to succeed J. F. Green, who died recently. Mr. Wright has been actively identified with the institution as vice-president. M. F. Harrington of O'Neill was chosen vice-president in Mr. Wright's place. Mrs. Rene Rodgers was made assistant cashier.

### Buys Creston Bank

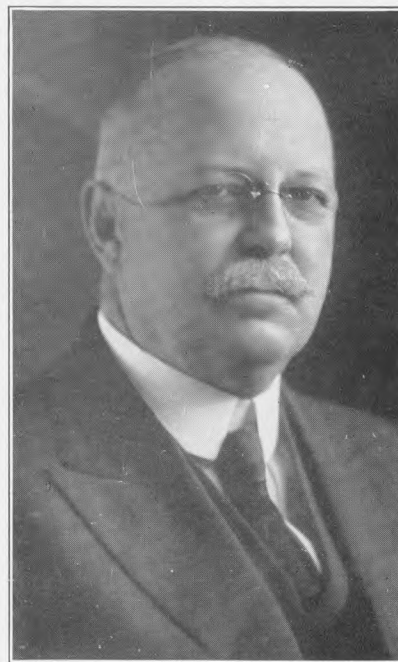
The Citizens State Bank of Creston, Nebraska, which has been under the control of C. C. Sheldon and R. M. Campbell of Columbus, has been sold to Fred Rabler of Leigh, who has taken possession last month. Mr. Rabler and his son, Fred Jr., will conduct the bank hereafter though Ralph Barrett, who has been in the bank for several years, will remain with it.

O. W. Hahn, who has been with the bank since its consolidation with the Farmers State Bank about seven years ago, and Charles Hook will remain with the bank for about thirty days.

### Congratulations!

On May 11, Mr. and Mrs. Fred H. Davis of Omaha celebrated their fifty-fifth wedding anniversary. Mr. Davis is president of the First National Bank of Omaha, and dean of Omaha bankers.

The anniversary was marked by no departure from his business rou-



FRED H. DAVIS

time, which keeps him at his desk daily from 10:30 A.M. until 5 P.M.

Mr. Davis said:

"My advice to a young man would be to get hold of a good job, work hard and keep it. Make few changes. Remember the old adage about the rolling stone. Hard work and close application to business are the only means toward success that I know about. The rearing of children is the only way toward happiness in a family."

Mr. and Mrs. Davis were married in Trinity cathedral, Omaha, May 11, 1876. Mr. Davis will be 78 years old, June 10.

### Gresham Banks Merge

Two banks, the First National Bank of Gresham, Nebraska, and the Gresham State Bank have merged and will operate under the name of the Gresham State. David Young is president; Arthur Walford, cashier, and Robert Heinke chairman of the board of directors.

### Heads Omaha Chapter

Milton Barlow of the United States National of Omaha, was re-elected president of the Omaha chapter of the American Institute of Banking at a meeting of the board of governors.

Other officers elected by the institutes are: Vice-president, Jess Billings, Occidental Building and Loan association; secretary, Ernest Tanner, First National Bank; treasurer, Wallace Johnston, Stock Yards National Bank.

Mr. Barlow has been transferred from the savings department of his bank to teller in the commercial department.

### Pays 70% Dividend

The State Bank of Madison, Nebraska, which was closed last December and put in the hands of a receiver, has paid depositors a dividend of 70 per cent of the money due them. This was the first dividend to be paid.

Prospects appear to be good that the bank will ultimately pay depositors 100 cents on the dollar.

### Assistant Cashier

At the regular monthly meeting of the board of directors of the Farmers and Merchants Bank of Omaha, Mr. Isaac G. Watson was elected assistant cashier.

Mr. Watson has been in the employ of the bank for the past 10 years.

### Returns from Trip

Gwyer Yates, president of the United States National Bank of Omaha, after a three-weeks business trip through the south and east, end-

ing in May, returned to Omaha to say:

"Little change is to be noted in the business situation. One hopeful sign, however, is that factories are receiving a few more orders."

Mr. Yates attended a meeting of the executive council of the American Bankers association at Augusta, Ga., as a member of its bankruptcy commission; a conference of reserve city bankers of Richmond, Va., and then went to New York.

### Orders Savings Plan Dropped

The Omaha board of education in May ordered the school savings plan dropped. The more than 40 thousand children depositors, after several years of the thrift savings, had accumulated more than 360 thousand dollars in the First National Bank.

In ending the system, the school board gave as a reason the burden of work the plan placed upon teachers, which seemed too much in view of the larger classes that each teacher will have next year.

According to Walter L. Pierpont,

president of the board, the banking plan had also, in some cases, proved embarrassing to the pupils from homes where even the minimum deposits had been hard to get.

Before the plan was abandoned, a rule had been made that 25 cents would be the minimum deposit accepted, and pupils had been given envelopes in which to keep smaller coins until 25 cents were raised. Several hundred accounts at the First National Bank, however, contained only from 1 to 5 cents.

### Loan Company Official

Ford Hovey, president of the Stock Yards National Bank of Omaha, and L. K. Moore, assistant to the president of the Stock Yards National, were elected vice-presidents of the Northwest Live Stock Loan Company, organized at Minneapolis with an authorized capital of one million dollars. Edward W. Decker, president of the Northwest Bancorporation, said the new company would finance live stock operations. The president is Alex Highland, a vice-president of the Northwest Bancorporation.

NEW MEMBERS of the board of governors of the Omaha chapter of the American Institute of Banking, elected for two year terms, are Wallace Johnson, Stock Yards National Bank; Ernest Tanner, First National Bank; Richard Gash, Live Stock National; Milton Barlow, United States National; and Ray Nelson, the federal reserve bank.

THE SIXTH ANNUAL land valuation and management course sponsored by the Mortgage Bankers association of Nebraska and the department of agronomy and conservation and soil survey division of the Nebraska university college of agriculture, was held during May. The course included a field trip from Norfolk, to study different soil types of nearby farms; and a banquet when Dr. George E. Condra and Dean W. W. Burr of the state university talked. Talks during the field trips were by Henry Hall of E. H. Lougee, Inc., and Charles Mead of the Omaha National Company, and others.

CHARLES T. KOUNTZE, chairman of the board and vice-president, and Denman Kountze, vice-president of the First National Bank of Omaha, attended a meeting recently in New York of the Kountze Brothers banking house.

THE FARMERS AND MERCHANTS BANK opened its doors for business in West Point, Neb., April 25. It was formed by taking over 50 per cent of the deposits of the former Nebraska State Bank, and began business with assets of \$193,401.72. G. J. Collins is president; Gerhard Stalp, vice-president; W. T. Knieval, cashier; Dorothea Reppert, assistant cashier. Directors are G. J. Collins, Gerhard Stalp, Earl Reppert, Joseph A. Jerman, W. T. Knieval.

MILTON BARLOW, of a banking family long known in Omaha in connection with the United States National Bank, is the new president of the Omaha chapter of the American Institute of Banking.

The vice-president is Jess Billings, Occidental Buildin & Loan association; secretary, Ernest Tanner, First National Bank; treasurer, Wallace Johnson, Stock Yards National Bank. Mr. Barlow has been transferred from the savings department to teller in the commercial department of the United States National Bank.

W. DALE CLARK, president of the Omaha National Bank, according to usual custom of the Omaha Chamber of Commerce, was to be advanced to the presidency June 9. Mr. Clark

# 60 YEARS EXPERIENCE

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(EST. 1903)

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Omaha, Nebraska

has served during the past year as chairman of the executive committee of the chamber. Mr. Clark succeeds H. H. Hoel as president of the chamber.

MRS. P. J. LANGDON, 60, president of the Bank of Gretna, Neb., is dead. She had succeeded to the presidency after the death of her husband. She had lived in Gretna nearly all her life, and had been active in civic affairs. Three sons and five daughters survive.

THE RECENT SESSION of the Nebraska legislature was marked by the passage of few laws relating to banks or banking procedure. House bills that were passed and became laws were:

H. R. No. 39, by Davis of Weeping Water: Provides for payment by state and county treasurers of a service charge of not more than one per cent to banks in which are deposited public funds.

H. R. No. 130, by Blackman of Tilden: Requires state banks as well as national banks to give bond for safe-keeping of public funds deposited by city or village treasurers.

H. R. No. 141, by Nuenberger of Wakefield: Provides for deposit of money of school district or town treasurer in banks designated by the governing board. Treasurer not liable on bond for deposits thus made.

Senate bills that became laws were:

S. F. 108, by Wellensiek of Grand Island: Provides for restoration of capital stock of state banks by assessing stockholders; provides for sale of stock of individuals if assessment is not complied with.

S. F. 137, by Wellensiek: Provides that capital, invested in state banks shall be determined on amount invested rather than on assessed valuation of such banks.

S. F. 143, by Bowring of Merri-man: Provides for giving by banks of surety bonds or approved securities for safety for public deposits.

THE NEXT STATE convention of the Nebraska Bankers Association will be held at Lincoln, October 22 and 23, the dates asked for by the Lincoln bankers.

GROUP THREE of the Nebraska Bankers Association, at its meeting at Norfolk, elected the following officers:

President, W. F. Wenke, cashier, Pender State Bank; vice-president, S. D. Thornton, Jr., president, Security State Bank of Neligh; secretary, Fred W. Muller, cashier, Security State Bank, Norfolk; treasurer, George H. Chase, cashier, Farmers State Bank, Emerson.

Senator Bulow of South Dakota was a speaker at the group's banquet.

## HOW TO BRING PROSPERITY BACK

(Continued from page 7)

ket for farmers' notes anywhere at any rate.

Country banks are even boasting in their statements of how little farm paper they are carrying and how much they are loaning other lines of business on commercial paper and bonds, a sad commentary on the depths to which agricultural credit has fallen. The only lines of business that do any considerable volume of business with the farmer, such as the

motor car industry and the implement business have set up their own credit machinery. Agriculture is rapidly approaching a cash basis.

The prime cause for this state of affairs is the fact that the Federal Reserve Bank has locked the door against agricultural credit. It has practically destroyed agricultural credit. This has made it necessary for banks to reduce agricultural loans. Even the depositors of country banks have withdrawn deposits to buy bonds. The city is therefore flooded with money at the expense of the country.

Agriculture is the largest business

## Complete Facilities

THE Continental National Bank has complete facilities to render correspondent banks a modern, efficient banking service. These facilities, plus officers with many years of banking experience, have earned a reputation for the **Continental** as

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T. B. STRAIN, *Vice-President*  
EDWARD A. BECKER, *Cashier*



W. S. BATTEY, *Asst. Vice-Pres.*  
R. C. JOHNSON, *Asst. Vice-Pres.*  
C. W. BATTEY, *Asst. Cashier*

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J. C. MCCLURE, <i>Vice President</i>	H. E. ROGERS, <i>Assistant Cashier</i>
T. F. MURPHY, <i>Vice President</i>	A. L. VICKERY, <i>Assistant Cashier</i>
P. B. HENDRICKS, <i>Vice President</i>	H. W. YATES, <i>Assistant Trust Officer</i>
	J. F. RINGLAND, <i>Assistant Cashier</i>

in the nation today. There is a third more invested in agriculture than in manufacturing and over twice as much as in railroads. Yet agriculture is paralyzed for lack of credit and this paralysis is creeping over the entire nation. Not only is more capital invested in agriculture than in industry or in commerce but one third of the population is engaged in agriculture and at least half our population is directly dependent on it. When you ask the farmer to pay up, he stops buying. When half the nation stops buying, what happens to the other half? They stop selling and therefore stop buying also. Buying is an endless circle and the circle has been broken.

**B**UYING will not start until the purchasing power of the farmer's

dollar is commensurate with the purchasing power of those engaged in other industries. This can be accomplished in either of two ways. By reducing wages, freight rates and prices of manufactured articles, or by raising the price of farm products. The first method would inflict a hardship upon debtors who contracted their debts in the period of high prices and it will be a slow wearing down process strenuously resisted by those affected. The second method could be brought about in two ways: (1) By opening up a better market, by in some way increasing the demand or reducing the supply of farm products or (2) by restoring agricultural credit. The first of these is now being tried, viz., reducing the supply but nothing has been or can be accomplished as there

is no way of controlling the farmer's acreage. The only method that remains is simply to reverse the process that has brought about the present state of affairs—by expanding instead of contracting agricultural credit.

An increase of agricultural credit will start things the other way just as surely as effect follows cause and it would be a very simple thing to accomplish. All that would be necessary to do would be for the Federal Reserve Banks to solicit rediscounts from country banks as they did in 1916. A mild inflation at this time would be the leaven that would lighten the whole loaf. It may be urged that more debts will not aid the farmer, but it must be remembered that agricultural indebtedness is less than a fourth of what it was ten years ago, and debt in itself is not necessarily undesirable. The place to start an enlargement of credit is where deflation has been greatest. There values are lowest and consequently buying can be started easily and loans will be safe.

The first effect it would have would be to stop further liquidation. This will remove part of the visible supply. The next thing it would do would be to start buying. With funds easily available some farmer will buy up some of this cheap feed, others some of these cheap cattle and sheep or other commodities. This will remove some of the visible supply. The bargains now offered in agricultural communities were never better than they are today.

How an increase of credit would work out can be illustrated as follows: Suppose a bank loans a farmer \$1,000 to buy some cattle. The man who receives the \$1,000 for his cattle may buy a car or some farm machinery or some other things that he needs and the men from whom he buys will be able to buy still other things. That \$1,000 will pass through many hands and as it goes it will open a stream of buying. When 60,000,000 people start buying, the factories will open up and when the factories open up and the workers are getting three square meals a day, prices of farm products will advance.

We have been much concerned over the foreign market for our surplus of grain while here at home there are 120,000,000 people to feed. Give them all a job and they will help take care of the surplus. We have been waiting for our foreign markets to improve but the foreigners are waiting for our markets to improve. The world is waiting for its greatest commercial nation to lead the way.

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# News of the Omaha Stock Yards

## Good Producers

Nebraska dairy farmers receive from 6 to 79 cents an hour for milking their cows, according to a study of thousands of yearly records recently completed by Jay Pierson, student in the college of Agriculture.

Pierson bases his analysis upon butterfat production per cow and used 20,407 yearly records in his study. The average time spent in caring for each was calculated to be 170 hours annually.

From the figures compiled in the report, the average cow entered in the dairy herd improvement associations over Nebraska produces 305 pounds of butterfat each year and returns \$93 above feed costs. The average Nebraska cow, in contrast, produces but 180 pounds of butterfat. The cow tested in the dairy herd improvement work returns a labor wage of 46 cents an hour for milking, while the average Nebraska cow returns but 16 cents an hour.

## Butterfat Production Increases

Butterfat production in Nebraska dairy herd improvement associations during the month of April advanced eight-tenths of a pound per cow over that of March, according to the monthly dairy letter as issued from the agricultural college by E. C. Schneidhelm, extension dairyman.

The average production for each cow on test for the month was 29.4 pounds as compared with 28.4 pounds for March. In addition, the letter shows the average production for April of this year was more than for that of the corresponding month last year.

Despite the fact that butterfat prices over the state have steadily declined during April, due to several factors, Scheidhelm says there is a constant demand for dairy cattle capable of profitable production. The dairy department at the college of agriculture receives many inquiries each week asking where cows and heifers can be purchased.

With an average production of 3.59 pounds butter for each cow tested during the month, the Hamilton-Hall-Merrick association led the state in production during the month. Clyde Baldwin is the official tester. The Washington county organization was second and Republican Valley, third.

## Dates for Ak-Sar-Ben Show

Directors of the Omaha Ak-Sar-Ben Live Stock Exposition and Horse

Show have decided on the week of October 31 - November 6 as the dates for the 1931 event.

It is necessary to select dates that do not conflict with other important shows and that permit exhibitors to take their stock to other points and the above dates seem to meet this requirement.

The show is now so well established that it is largely a matter of detail, although the management is planning several new and attractive features.

## THE IMPORTANCE OF MARKET LOAN ANALYSIS

(Continued from page 5)

rent losses without impairing his capital.

Many statements for 1930 are showing losses in varying amounts. We are not so much concerned, however, about the business that has a good earning record and a proper retention of profits in spite of last year's operations. Some lines that need careful attention are those showing a large inventory but top heavy with debt. Like riches and poverty they seem to be present at the same time, or one immediately following the other.

Just what policy should we pursue when some of the foregoing weaknesses are displayed? I think we should analyze each case very care-

fully and thoughtfully, just as does a doctor called in for consultation. This is not a time that we should become panicky and try to enforce to rapidly the liquidation of loans where liquidation is desired, for that would bring disastrous results.

Intelligent analysis and handling of such cases is not an easy task but a very important one and deserves real consideration on our part as bankers. To bring orderly liquidation, it is first important that we should have a thorough understanding with our customer, shorten the maturity of his obligation to 30-day intervals if necessary and set up a definite program of payments at each maturity. Such a program is not always accepted in the proper spirit and we may have the pleasure of seeing the line retired and placed with a friendly competitor. This point brings up the advisability of taking on a new account with a loan which usually proves embarrassing if not disastrous to the accepting bank.

ANOTHER question that seems pertinent at this time is the one of extending credit to branch or chain stores that may be located in your city. I have in mind a merchant who is located in a sizable county seat town. He has branched out during the past few years until he now has five stores located within a radius of 50



### OFFICERS

FORD E. HOVEY, President L. K. MOORE, Asst. to Pres.  
 JAS. B. OWEN, Vice-Pres. H. C. MILLER, Asst. Cashier  
 F. J. ENERSON, Vice-Pres. C. L. OWEN, Asst. Cashier  
 W. H. DRESSLER, Cashier HENRY A. HOVEY, Asst. Cash.  
 T. G. BOGGS, Auditor

**B**Y VIRTUE OF our location we are able to secure immediate information regarding shipments of live stock to this market.

We urge that you take advantage of this branch of our service by telephone or telegraph.

## Stock Yards National Bank of South Omaha

Affiliated with the Northwest Bancorporation



The Only Bank in the Union Stock Yards

miles. He not only has a continuous line of credit in his own bank but is borrowing at each of the towns where he maintains a branch store.

As I view his situation he is in an over-extended condition, having used a considerable amount of his current assets for investment of a fixed character in establishing other stores. He is relying upon his bank to carry him continuously on a capital loan. Unless a merchant has adequate capital to finance properly outside operations, we definitely should discourage any extension or expansion program that

might involve payments against future earnings or change his financial position to the point requiring bank credit. Such stores all should be financed at the source.

The benefits of affiliation in Northwest Bancorporation become more apparent when one thinks along these lines. We have the advantage of advice and consultation, experience and information concerning conditions in various industries. It is possible for us to know if there are borrowing duplications at other banks and to learn the general condition of credit affect-

ing any particular business. We are able to proceed more intelligently.

There is a great strengthening of confidence resulting from our contact with other banks that are operating successfully. We receive the advantage of information that enables us to decide policies in the interests of our customers, our community, and ourselves, and that takes us farther away from a condition to which I alluded in a preceding paragraph, when I said this is not the time that we should become panicky and try to enforce too rapidly the liquidation of loans.



# LIVE STOCK NATIONAL BANK OMAHA

invites you to visit them  
when in Omaha

“THE BANK OF PROMPT SERVICE”

### OFFICERS

W. P. ADKINS, *President*      ALVIN E. JOHNSON, *V. President*      HOWARD O. WILSON, *Cashier*  
R. H. KROEGER, *Asst. Cashier*      L. V. PULLIAM, *Asst. Cashier*  
W. S. HOGUE, *Asst. Cashier*

## AUSTRALIA BANK OF NEW SOUTH WALES

ESTABLISHED 1817

(With which is amalgamated THE WESTERN AUSTRALIAN BANK)

PAID-UP CAPITAL.....	\$37,500,000
RESERVE FUND.....	30,750,000
RESERVE LIABILITY OF PROPRIETORS.....	37,500,000
	<hr/>
	\$105,750,000



Aggregate Assets 30th September, 1930, \$446,141,890

AGENTS—FIRST NATIONAL BANK, OMAHA, NEBRASKA      GENERAL MANAGER, ALFRED CHARLES DAVIDSON

HEAD OFFICE, GEORGE ST., SYDNEY      LONDON OFFICE, 29 THREADNEEDLE ST., E. C. 2

595 Branches and Agencies in all Australian States, Federal Territory, New Zealand, Fiji, Papua, Mandated Territory of New Guinea, and London.

# South Dakota News

## Association to Meet in Huron

Plans are practically complete for the fortieth annual convention of the South Dakota Bankers association in Huron June 24, 25 and 26. The three day meeting will attract nearly 350 bankers, George A. Starring, secretary has estimated.

The Huron Country club will entertain delegates at a golf tournament the first day, with competition expected among 75 banker-golfers. The executive council will meet in the evening. The convention proper will get under way the morning of the second day, Thursday.

Five South Dakota cities and three outside states will contribute speakers, who will include:

B. F. Patton, president Huron chamber of commerce; J. W. Bryant, Mitchell, vice president state bankers association; A. B. Cahalan, Miller, association president; Don W. DeVey, Westport, treasurer; I. A. Churchill, Huron, counsel for the association; L. G. Troth, Pierre, state secretary of agriculture; Harold E. Wood, Chicago, vice president Foreman-State corporation; Governor Warren Green; James E. Clark, New York, editor *American Bankers Association Journal*; Theodore Christianson, Minneapolis; former governor of Minnesota; E. A. Ruden, Pierre, state superintendent of banks; Bruce Barnes, Pierre, state sheriff; Herbert V. Prochnow, Chicago, representative of First National Bank; and William E. Perrenoud, Sioux Falls, representative American Institute of Banking.

Special entertainment features are being planned for the wives of the bankers, with the social climax being a dancing party at the Huron Country club Thursday evening.

The program is so arranged that the convention will be concluded at noon the final day instead of late afternoon, to permit delegates to drive home after the last session if they desire.

## Banks are Consolidated

The Hillsview State Bank of Hillsview, South Dakota, has been consolidated with the Farmers State

Bank of Hosmer, the state banking department has announced. All assets and liabilities of the Hillsview bank have been taken over by the Hosmer institution.

## Group Four

Watertown was selected for the 1932 meeting place of group four of the South Dakota Bankers' Association at the annual meeting in Milbank.

George K. Burt, Watertown, was elected president; J. A. Anderson, Pierpont, vice president, and Bert Morgan, Watertown, secretary-treasurer.

## Aberdeen Consolidation

The Aberdeen National Bank and Trust Company, Aberdeen, South Dakota, and the First State Savings Bank were merged last month under the name of the former, giving Aberdeen a national bank with resources of more than \$4,000,000.

Terms were agreed upon by the boards of directors of the two institutions at a recent meeting. It was announced that the personnel of both banks will be retained.

## Issues Reward Poster

The South Dakota Bankers Association has issued a two-color reward poster offering "\$1,000 Reward for Bank Robbers, Dead or Alive." The posters have been issued to each member bank of the association with the request that they be displayed in a conspicuous place in the bank lobby.

It is believed that this will have a tendency to discourage would-be bandits. For it is a fact that robbers are prone to avoid those places which offer a large reward for their dead bodies.

## Group Holds Meeting

Harmon Kopperud of Lake Preston was named president of Group Five of the South Dakota Bankers association at the annual meeting held at Huron, to succeed Russel Bard of Miller. Theo. H. Meyer of De Smet was named chairman for Kingsbury county.

Mr. Kopperud is vice president of the Community State bank of Lake Preston.

# New Mexico

## Heads New Mexico Bankers

Dan H. Otis of Madison, Wisconsin, director of the Agricultural Committee of the American Bankers Association, was the principal speaker at the final session of the New Mexico Bankers Association convention at Carlsbad. Otis praised the farmers of the nation and discussed their financial problems with the New Mexico bankers.

Other speakers were C. A. Pierce, mine superintendent of the United States Potash Company at Carlsbad, and Antone Snyder, assistant superintendent of Carlsbad Caverns National park.

P. P. McSain, president of the First National Bank of Las Cruces, N. M., was elected president of the New Mexico Bankers Association. Other officers elected were Arthur F. Jones, Portales, vice-president and A. E. Hutsinger, cashier of the Citizens State Bank at Vaughn, treasurer, Mrs. Margaret Barnes of Albuquerque, was re-elected executive secretary of the association.

## Heads Bankers' Association

W. P. B. McSain, president of the First National Bank at Las Cruces, was elected president of the New Mexico Bankers' Association, succeeding G. K. Richardson, president of the Carlsbad National Bank.

Arthur F. Jones, of the First National at Portales, was elected vice-president.

Mrs. Margaret Barnes of Albuquerque was re-elected executive secretary, and A. E. Huntsinger, of the Citizens' State Bank at Vaughn, was re-elected treasurer.

## In National Contest

W. C. Brinker Jr. of the International Co. of Denver, Colorado, will participate in the national public speaking contest of the American Institute of Banking, to be held June 9 at Pittsburgh during the organization's annual convention.

Brinker qualified for the national contest by winning the preliminary contest of the institute's ninth district at Salt Lake City last month. The ninth district includes the states of Colorado, Utah, Arizona, Wyoming, Idaho and Nevada.

The subject of the speeches this year is "The Banker as a Stabilizer of Business." Prizes are offered for the national competition by the A. P. Giannini Foundation.

# Colorado News

## Cut Interest Rates

Three Greeley, Colorado, banks that constitute the Greeley Clearing House Association will reduce interest on deposits from 4 per cent to 3 per cent, effective June 30, the interest paying date, T. C. Phillips, president of the Clearing House, announced last month. The interest rate on certificates of deposit will be changed as they mature.

Greeley banks have taken this step to adjust their charges to the gradually lowering interest rates on the only securities available for them to invest safely their own reserves, Mr. Phillips explained. Interest rates paid on deposits by banks over the state and nation have been lowered for the same reason, and the action brings members of the Greeley Clearing House Association more in line with banks elsewhere, he added.

Greeley banks, he said, are now keeping a much higher percentage of their funds in liquid assets, and consequently at a much lower rate of interest, thus making the institutions absolutely safe against any eventuality.

Members of the Clearing House Association are: First National, Greeley Union National, and Weld County Savings.

## Depositors Get Checks

Three hundred and eighteen dividend checks, amounting to \$20,627.58, were mailed last month to depositors of the defunct People's State Bank of Wray, Colorado, by the State Bank Commissioner Grant McFerson. This was a 20 per cent dividend and makes a total of 89 per cent paid creditors since the bank was closed September 9, 1930.

## Elects Officers

Colorado Springs chapter of the American Institute of Banking held its annual election of officers at the American Legion hut recently. J. Otis Bymaster of the First National Bank was made president. The other officers are:

Paul L. McDaniels, State Savings Bank, vice president; Mrs. Hal Harris, Colorado Title and Trust Company, corresponding secretary; Jer-

ome Kovarik, First National Bank, financial secretary; G. D. Rose, Exchange National Bank, treasurer.

The newly elected president is the official representative of this chapter to attend the national convention of American Institute of Banking to be held in Pittsburgh, Pennsylvania, June 8-12.

## Colorado Banker Dies

Loring C. Lennox, 50 years old, prominent banker and son of William C. Lennox, Colorado Springs millionaire, died recently at his home, probably from a heart attack.

Physicians said Mr. Lennox's heart probably was affected by a rheumatic attack.

Mr. Lennox was educated at Colorado Springs high school, Colorado college and Harvard university.

Active in athletic circles during his student days, he was captain of both high school and Colorado college football teams.

He is survived by his widow, Mrs. Lucy S. Lennox; his father, and three sons, Loring C. Lennox Jr., William Orin Lennox and Robert Berwick Lennox, all of Colorado Springs.

## Cashier Resigns

After twelve years' association with the Larimer County Bank and Trust Company and with its successor, the Loveland State Bank of Loveland, Colorado, Chauncey O. Winton has tendered his resignation as cashier of the latter institution to take effect June 1. Mr. Winton will retire from active participation in the banking business.

The vacancy has not yet been filled, it being reported that his duties will be divided among other employes of the bank.

## Group Names Officers

P. K. Yonge of Cedaredge, Colorado, was elected president of the Delta County Bankers' Association at a meeting of the organization in Paonia. R. C. Raber of Delta was elected vice president of the organization. Other officers were elected as follows: Harry Addams of Hotchkiss, secretary; Charles Parker of Delta, treasurer.

There were about 40 bankers from various parts of Delta county present at the meeting. The session was devoted mainly to matters of business, although there was a short program during which Weldon Hammond, a pioneer resident of Paonia, told some interesting facts about the history of western Colorado in the 70's.

## THE CHASE NATIONAL BANK

*of the City of New York*

PINE STREET CORNER OF NASSAU

»«

<i>Capital</i>	. . .	\$ 148,000,000
<i>Surplus and Profits</i>		211,000,000
<i>Deposits</i>	. . .	1,883,000,000

The Chase National Bank invites the accounts of banks, bankers, corporations, firms and individuals.

»«

*General Banking · Trust Department*  
*Foreign Department*

# Wyoming News

## Buy Controlling Interest

J. Boatsman and his son J. S. Boatsman have acquired the controlling interest of the Union State Bank of Upton, Wyoming, as a result of their purchase of the stock of four leading stockholders. The official lineup was reorganized by the election of the following officers: J. S. Boatsman, president; Albert Cellers, vice president; J. Boatsman, cashier; chairman of the board, M. L. Snow. A. D. Calkins, cashier, will retain his present position until the end of the year.

## Institute Members Complete Work

The Casper, Wyoming, branch of the American Institute of Banking completed its first year's work with a final written examination of the subject matter covered. The final examination papers are submitted to the American Institute of Banking in New York City for review and certificates of proficiency in the fundamentals of banking will be issued to the members successfully passing the course requirements.

The members completing the full course and taking final examination are as follows:

H. J. Clare, P. W. Comer, Carl Hewlett, C. H. McFarland, Richard Niles, Margaret O'Brien, W. O. Ratcliff, C. O. Stout, H. J. Walters and Freda H. Weinberg, of the Casper National; Paul Bartling, L. F. Davis, George Rafferty, A. C. Riker, Carl F. Shumaker, Rachael Snyder, Mabel Val Dez and Myrtle Schreffler of the Wyoming National Bank; W. M. Barbee, Leo A. Dunn, M. K. Ellison, Jessamine H. Freeman, E. S. Holmberg, Kathleen Snyder, Monica Snyder of the Wyoming Trust Company; Juliette Flint of the Commercial Investment Company and L. M. Kyner of the Equitable Life Assurance society.

The officers of the Casper class are H. J. Clare of the Casper National Bank, president; W. M. Barbee of the Wyoming Trust Company, vice president; Miss Kathleen Snyder of the Wyoming Trust Company, secretary, and R. C. Cather, instructor.

## A. G. BECKER AD WINS AWARD

(Continued from page 5)

ability of the management of the concerns whose paper it purchased and offered to its clientele. This point of view has persisted and forms the basis for the investment service offered.


Individual advertisements in the se-

ries touched upon specific problems of management. The one presented here has to do with the nature of the market served by all business concerns. The composition of every market is constantly changing and it is necessary for a business to appreciate that fact and to conduct its operations accordingly. The essence of the message is contained in the illustration and headline, "Markets on the March."

It is of particular interest that this is the first investment house advertisement which has ever received a Harvard Advertising Award, and it is indicative of the growing interest in and the rise in importance of such advertising.

In the first annual contest and exhibit of Chicago newspaper advertising sponsored by the Advertising Council of the Chicago Association of Commerce, awards which were made recently gave A. G. Becker & Co., first in two out of the six classifications into which the exhibit was divided. The advertising won the award for the best local campaign, and for the best illustration.

*The Morrison is the tallest hotel in the world — 46 stories high — with 1,950 rooms.*



*When completed, the Morrison will be the world's largest hotel, with 3,450 rooms.*

**Chicago's**

# MORRISON HOTEL

*Tallest Hotel in the World*  
*46 Stories High*

**1,950 Rooms -- \$2.50 Up**  
**500 Rooms Being Added**

Every guest room is outside, with bath, running ice water, bed-head lamp and Servidor. Each floor has its own house-keeper and the hotel's garage has extensive facilities for car storage. Rates are extremely moderate — \$2.50 up — because valuable subleases at this location pay all the ground rent and the saving is passed on to the guests.

*Closest in the City to Stores, Offices, Theatres and Railroad Stations*

## Bankers Wants

This Bankers Wants Department is for the free use of Central Western Banker subscribers. To all others a charge of five cents per word per insertion will be made. We reserve the right to edit all copy or to reject such advertisements that we deem unsuitable. Address all communications to the Bankers Wants Department, Central Western Banker, Omaha, Nebraska.

**Position wanted.** Married man, 40 years old, with 15 years' practical experience in country banks, seeks employment with bank in Nebraska. Can furnish the best of references. Address Box 1002, Central Western Banker.



**HOTEL  
FONTENELLE**

OMAHA'S WELCOME  
TO THE WORLD  
**400 Rooms  
with Bath from  
\$2.50**

100 Rooms Priced  
From \$3 DOWN!  
150 Rooms Priced  
From \$3.50 DOWN!

Luxurious Accommodations  
Popular Dining Rooms  
OPERATED BY EPPLEY  
HOTELS COMPANY

**IN OMAHA**

**IN LINCOLN....**

**HOTEL LINCOLN  
HOTEL CAPITAL**

**IN NORFOLK....**

**HOTEL NORFOLK**

*Maximum Comfort at  
a Minimum Rate*

# Kansas News

## Assistant Cashier Resigns

Mrs. Martin Zwanziger has resigned her position as assistant cashier of the Alma National Bank of Alma, Kansas. She has been doing banking work for the past eighteen years, thirteen of which have been with the Alma National.

## Joins Lawrence Bank Force

George Docking has accepted a position as cashier of the First National Bank of Lawrence, Kansas. F. C. Whipple, who formerly held the combined position of vice president and cashier, has relinquished the duties of the latter position and will continue as vice president.

Mr. Docking was cashier of the Kansas Reserve State Bank of Topeka before its consolidation with the National Bank of Topeka.

The officers of the First National Bank of Lawrence under the new arrangement will be: William Docking, chairman of the board; V. K. Hoover, president; W. F. March, vice president and trust officer; F. C. Whipple, vice president; George Docking, cashier; Carl Antrim, assistant cashier, and E. B. Martin, assistant cashier.

## Kansas Banks Merge

The state banking department has announced the merging of the Burlingame State bank with the First National bank, Burlingame, Kansas, effective last month.

The State bank's latest statement showed \$81,000 deposits.

## Reorganized Bank Opens

The reorganized Blaine State bank, which merged with the State bank of Lillis, Kansas, commenced business last month with M. O'Connor as president; Ed Malone, vice president; W. J. Harrington, first vice president and manager; J. P. Redmond, cashier, and Wilma, Crevan, assistant cashier.

## MacLennan to Board

Frank P. MacLennan, publisher of the *Topeka State Journal*, has been elected to the board of directors of the National Bank of Topeka, Carl W. McKeen, president, announced recently. Mr. MacLennan, who helped organize the Kansas Reserve state bank, was president of that institution until it was purchased by the National Bank of Topeka.

## Disposes of Interests

R. A. Newman, president of the First National Bank at Sterling, Kansas, has resigned, and sold his interest in the bank to A. L. Burgert and E. W. Farrell, who have been associated with the bank for the past five years. Mr. Burgert becomes president, and Mr. Farrell, cashier, under the reorganization.

Mr. Newman has been president of the Sterling bank for the past eleven years, and has been with the bank for nearly a quarter of a century.

## Heads Wichita Association

Horace J. Dunn was elected president of the National Savings & Loan association of Wichita, Kansas, to succeed W. C. Coleman at a meeting of the board of directors. C. M. Jackman was chosen vice president replacing Mr. Dunn.

Other active officers and directors of the association are R. E. Hangen, Wellington, vice president; L. E. Roush, vice president and secretary; O. K. Wertz, assistant secretary and treasurer; Charles Rummel, assistant treasurer; S. G. Hatfield, cashier; Robert C. Foulston, general counsel; J. W. Garrott, Frank S. Rose, L. W. Mayberry, A. H. Webb, P. L. Brockway, W. A. Dye, Dr. E. S. Edgerton and Claude E. Neil.

## Group 1 Meets at Beatrice

One hundred seventy-five members of Group One of the Nebraska Bankers Association, meet in annual meeting at Beatrice on May 19th.

The noon luncheon, which was given through the courtesy of the Beatrice banks and financial institutions, was addressed by C. Petrus Peterson, of Lincoln, counsel of the Nebraska Bankers Association. Over two hundred attend the luncheon.

The entire program was filled with most interesting and instructive addresses on all phases of banking operation, including loans, investments, profit producing policies and bank management.

Officers elected for the ensuing year were: Otto Kotouc of Humboldt, president; Earl Wilkins, Geneva, vice president and W. W. Heim of Dawson, secretary.

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Securities Analysis  
For Correspondent  
Banks

Central Hanover is equipped to analyze security lists of banks and make impartial investment recommendations. Central Hanover has no securities for sale.

The charge is moderate. Correspondence is invited.

**CENTRAL HANOVER**  
**BANK AND TRUST COMPANY**  
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*Representatives in London, Paris, Berlin and Buenos Aires*

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AT YOUR SERVICE