

CENTRAL WESTERN BANKER

Omaha

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JANUARY

1932

OLDEST BANK IN NEBRASKA



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The Teller Tells the World

By C. W. FISHBAUGH

1932—a year in which to beat depression. And just as an extra help instead of the usual 365 days, there are 366 days. Another advantage is the 1932 election, when the people can again make their wants known. Bankers have been the goats of 1931. Will they remain the same in 1932? It's up to the bankers. Let's go!

ONE BANKER tells a story about three brothers. Two of the brothers were fairly well off. The other one was next to zero. He owed some money at the bank and the first brother signed the note with him. When he came in to renew the note he asked if it would be all right if the other brother signed with him this time. The banker said it was all right but wanted to know the reason. "Well," he said, "John signed the note last time, and I don't want to seem partial to him, so I'll give Charlie a chance to sign this time."

F. W. WOOLWORTH CO. has a store on Fifth Avenue in one of the most select locations. Folks thought it would be a failure, that people would be ashamed to be seen entering it. The first day 45,000 people made purchases. Every day the store opens it makes a profit.

I guess it's true that Fifth Avenue is just Main Street, with a few more stores.

THERE'S A BANKER who received a letter from his son who was away at college, which said in part: "Dear dad, I know you're awfully busy, but if you're too busy to write, just sign your name to a blank check and mail it. . . ."

THE HOLDUPS in Iowa have averaged about one a week since June 1. Which reminds me, have you joined your own local "holdup-of-the-week club"?

ONE OF THE FUNNY incidents told about a recent bank run was of a farmer who came racing into town as soon as he heard there was a

run on the bank. He came to the window breathless and said: "Say, I want to pay my note, by gosh, I thought I wouldn't get here in time."

THE UNITED STATES BUREAU of Engraving and Printing destroys annually about \$10,000,000,000 in old paper currency. Two methods are used, both methods of course being thorough. In one method the paper is reduced to pulp, in the other it is destroyed in a furnace.

Wonder what the man who throws the money in the furnace thinks about it?

HOTELS have printed on their customer checks: "Guest check." Oscar says that's right: "Guest whether it is good or not."

IT IS ESTIMATED that the savings deposits in this country are twice the size of our national debt.

Looks like banks are still useful, after all.

JOHN P. MEDBURY mentions that one bank president hired a mind reader to work in the bank and twelve cashiers quit their jobs.

The latest report says the bank president has quit now.

CAVE-IN-ROCK on the Ohio River in Hardin County, Illinois, was the home of the first crude counterfeiters of pioneer days. It was here that Philip Alston in 1870 issued his spurious five dollar gold pieces. He sold his counterfeit products to the river pirates and boatmen who in turn passed it on to others. Later Alston became a common river pirate, became acquainted with a Spanish official who took a fancy to him and gave him a diplomatic post in Mexico.

But don't be misled, Alston was very lucky. If there's one crime the Federal government goes after in a big way, it's counterfeiting. And they generally get their man.

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Just a Few TESTS OF MISMANAGEMENT

By JAMES JAY JONES

IN THE old and well established large city bank we usually find several of the personnel who have been with banking all their lives, directors and officers who know banking. Men who know business and know the application of business to banking and vice versa. Such men know that in order to maintain a sound bank they must use sound business methods. And banks thus operated will stand the test of good and bad times with but very, very few exceptions. Therefore, for the present let us assume that the old reliable bank in some large city has been "tried and tested and found not wanting" mostly because of management.

In the other side of the question let us consider the country bank. Is it possible that some of these country bank difficulties can be accounted for under the heading of mismanagement?

We Go Visiting

Let's go visit some of the banks and perhaps we will find out something about what is happening on the inside. First, we go to this medium-sized bank in an outlying district of one of the larger cities. Its president has had no particular training or actual experience in banking, but he had a lot of extra money and thought it would be nice to be known as a bank president, so he organized a bank. He had brothers, nephews, nieces and cousins who also had some money to invest, so he let them into the leading positions in the bank. They did not get their jobs on account of good banking ability, but merely because they were "in the family." Can a person successfully repair a watch merely because he happens to have enough money to buy a watch factory? The answer is NO, in big letters, and the same is true in banking. The type of bank we have just been visiting probably will not stand, for the simple reason that the personnel in charge does NOT KNOW BANKING.

Politics

On our next visit we find a bank in which the leading stockholder is a big politician, probably one who by virtue of his office handles large amounts of money. That makes a nice combination, for you see if I own a

bank I will use it as a depository for nearly all the funds passing through my office. No, of course, if I am the president or leading stockholder of the bank I will pick out a personnel who will be favorable to me politically, and in my deep desire to build up a good political organization, I will naturally pick politicians rather than bankers. I and all the "help" in the bank will naturally give a lot of time to politics, but that doesn't matter now because I am in public office, and I'll see that plenty of money is kept on hand to make smooth sailing for the bank and everything goes well.

"Our depositing customers are the ones we should look after. Their safety should be our first thought. We are sorry to say, however, that our depositing public is getting wise to some of the things which happen in our country banks and they are beginning to demand a change in affairs. If we, as unit banks, are to survive, we certainly will have to change our ways!"

It's just a matter of bookkeeping and we are getting along fine, deposits increasing every month,—but—Oh! Oh! here it is election time and some one else is elected. He takes the public funds over to his bank and of course, it's a hard blow to us,—and—the bank we have just been visiting may be in difficulty soon. Most politicians can't even run politics successfully,—much less banks.

And so on and on we go, visiting various banks and in so many of them we find the managing officers do not know banking; merely running a bank as a side line.

Now we get down to the small bank; the one in the rural community. The directorate is usually made up of people in the immediate community and how can these persons have actual knowledge or experience in banking? This is not intended as any unfavorable reflection on our country bank directors, but it is, we believe, stating facts nevertheless, so we find most of our country directors are in this very responsible position simply

because they happened to have the money to buy the required amount of stock, and not because they know banking.

The One-Man Bank

This sort of situation usually resolves itself into the hiring of a cashier who has had actual banking experience and so we have what is sometimes called a "one-man bank." If this one man has full charge, and he is a good banker, and actually operates the bank according to the best of his knowledge and belief, the bank will prosper. But supposing he does have full charge and he is inclined to be selfish and proceeds to operate the bank for his own personal interests? That will usually result unfavorably for the bank. In many a "one-man bank" that one man finally gets to the place where he is running an office for investments, real estate and insurance;—and the bank as a side line.

Suppose this one man would lend to anyone, regardless of whether they were good or bad risks, merely to pay for insurance sold by him and on which he personally would get a nice commission. Is that good for the bank? Or supposing he would solicit the bank's best depositors to buy bonds and securities and retain the commissions for his personal use. Will the deposits increase from such practices? Certainly not! But from our observations we believe these plans have been practiced to more or less extent in certain small banks, and the poor innocent, misled, non-suspecting directors thought that cashier was just the very best man they could possibly get for the place. They finally "woke up" to the true situation, but t-o-o l-a-t-e.

On the other hand this "one man" may be well qualified and doing his level best in every way to have a good bank, but if the president of some director (who doesn't know one thing about banking) tries to tell him how everything should be done,—well—there's going to be trouble sooner or later, that's certain.

The Gentleman Farmer

Now let's concentrate. Get down to business and pick out a certain bank to visit. The Century Limited National bank of Imagination City, Illinois.

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Adjusting Ourselves to THE NEW BUSINESS ERA

Business can operate successfully at the new and lower price levels when once it has adjusted its operations to them. The immediate job of every business man is to make these adjustments without unnecessary delay.

THE DECLINE in commodity prices that has taken place since 1920 has not been especially rapid, but the way in which it has come about has been exceedingly disrupting to business. We have had three great price inflations in the history of this country, all caused by great wars. After the World War it has taken wholesale prices 11 years to drop back to their pre-war levels. It took somewhat longer than that for them to make the same relative decline after the Civil War, and not so long for them to do it after the War of 1812.

The important characteristic of this price decline is not its rapidity, but the fact that it has come in two sudden installments, the first in 1920 and 1921, and the second in this depression, with a nine year plateau of stabilized prices and prosperity in between. The two post-war deflations of our earlier history were not of that sort. On those occasions the price movements after once getting well under way followed irregular but almost continuous declining trends until the bottom levels of relative stabilization were finally reached.

Wholesale Prices

During the period of the World War wholesale prices more than doubled. They then dropped sharply in 1920 and 1921, and became stabilized at about one and one-half times their pre-war levels. Then they moved sideways as on a plateau at about that same level for nine years, and then in this depression dropped the rest of the way down to where they started from when the war began in 1914. The two drops were sharp and decisive, but during the nine-year plateau in between, the price levels seemed so stable, and so definitely established, that the peoples of all countries had confidence in them.

During those nine years all other prices became adjusted in working relationship to those of commodities at wholesale. Wages and salaries, rents and the cost of living, retail prices and family budgets, taxes and

By COL. L. P. AYRES
Vice President, The Cleveland Trust Co.

land values, the costs of transportation, and the charges for services furnished by public utilities, all became adjusted to the prevailing, and apparently stabilized levels of wholesale commodity prices.

"Two principles appear valid as guides in the formation of policies, whether personal or corporate, in 1932. The first is that operating budgets should be balanced. This means that income should be coaxed up, and outgo should be pared down, at whatever cost of thought and effort, until the two accounts overlap and leave at least a little margin on the credit side. It involves calling a halt to the piling up debts and making progress in paring them down. This policy is the valid objective for the national government, the state, the municipality, the corporation, the church, the club and the family!"

Results of Price Declines

All these working relationships are now thrown out of adjustment. When commodity prices fall fast and far they cause a long series of economic disturbances of which there are three groups that are specially important. The first and most far-reaching result is that business slows down and depression prevails. The earliest and most drastic declines usually appear in the prices of raw materials, and the countries and corporations producing them find that they can neither operate at a profit, nor exchange their products for manufactured goods. This causes trade to slow down, and unemployment to increase, and the business paralysis spreads from the raw material regions like South America and Australia, to the manufacturing countries such as Germany and the United States, and finally to the trading nations of which Great

Britain, the Netherlands, and Sweden are examples.

A second important result of a general price decline is that if it lasts long, it forces reductions in wages and salaries. If manufactured articles can be sold for only two-thirds or three-quarters as much as they brought two years ago, it is clear that either the wages of the workers must be reduced or the output per worker per day must be increased, or there must be brought about some combination of lower wages and increased efficiency. The experience of the past indicates that lower price levels do result in both lowered wages and increased productivity per worker, with the advances in efficiency absorbing most of the price shrinkage, and the decreases in wages taking up the remaining and smaller part of them.

Burden Increased

The third result of a general decline in price levels is that the burden of all debts is increased. Farmers readily recognize the validity of this economic law, for among them it operates simply and visibly. It operates just as surely in the cities, but it works more obscurely. The farmer who had a mortgage of \$2,500 on his farm when wheat sold locally for \$2.50 a bushel could pay off his debt with 1,000 bushels of wheat. When the price at the farm fell to 25 cents he could have paid off the debt, not with 1,000 bushels, but with 10,000 bushels. The law applies everywhere. In proportion as the levels of prices decline, the burdens of debts increase. The law operates against debtors whether they be individuals, families, corporations, municipalities or nations.

If commodity prices should promptly regain much of their recent losses the problems of readjustment would largely disappear. Probably it would be unwise for us to expect that even a good measure of business recovery and increased industrial production will be accompanied by important general advances in the average levels of commodity prices. Such a general

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advance would have to be an international advance to prove durable, and there is little in the history of the past to lead us to hope that a general world-wide price decline following a war inflation is likely to be promptly followed by a world-wide peace-time price inflation.

Our New Dollar

If price levels of commodity prices remain for a considerable period about as low as they are now, we shall have to accept much of the shrinkage in land values as being relatively permanent, instead of merely temporary. Moreover, if prices of building materials stay low and wages de-

cline, the costs of new construction will fall, rentals will sink, and the worth of existing leases, mortgages, and real-estate bonds will be affected. If these things happen local taxes will have to be reduced so that real property can sustain them, and we shall face the grave social problems of reducing the costs of our schools, and our police and fire departments, and of cutting down our expenditures for roads.

The principle that price declines increase debt burdens promises to play an important part in the business developments of 1932. The nations of the world have already learned that

governmental debts increase in weight when prices fall. Municipalities are rapidly finding it out. Next year the same realization will be forcibly borne in upon industrial corporations having bond issues outstanding. Organizations having much city real estate under lease, such as chain stores, theater chains, and gasoline distributors, will find that new competitors will have the advantage of lower land rentals and smaller building costs.

Railroads and utilities will be less seriously affected, if they can get adequate volumes of business, than will manufacturers and distributors. The railroads and utilities sell services at rates that were previously fixed by commissions, and which fall slowly, and they buy commodities and carry through construction projects at new and lower levels of prices. If they could get back the old volume of business, the lower price levels might actually aid them instead of hurting them, just as they help people receiving fixed incomes as, for example, government employees.

Looking Forward

Two principles appear valid as guides in the formation of policies, whether personal or corporate, in 1932. The first is that operating budgets should be balanced. This means that income should be coaxed up, and outgo should be pared down, at whatever cost of thought and effort, until the two accounts overlap and leave at least a little margin on the credit side. It involves calling a halt to the piling up debts, and making progress in paring them down. This policy is the valid objective for the national government, the state, the municipality, the corporation, the church, the club, and the family.

It will not do to think that we can wait until business recovery makes possible the adoption of this policy. The order of events is the other way around. Prosperity will return when millions of individual men and women resolutely grapple with existing conditions, and use them as a foundation from which to build for the future. Business recovery cannot be conjured into being by the enactment of some all-inclusive legislation. The volume of employment will increase in proportion as individual business units so re-order their affairs as to enable them to operate at a profit. Business can operate successfully at the new and lower price levels when once it has adjusted its operations to them.

The second guiding principle is that in a time of readjustment to lowered price levels hopes for speculative profits should be relegated to very subordinate positions. This applies

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BONDS AND INVESTMENTS

OUR FOREIGN INVESTMENTS

By ALLAN M. POPE

President, Investment Bankers Association of America

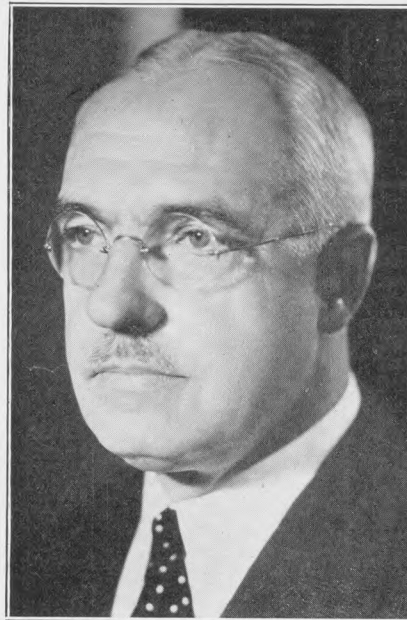
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AT A TIME when grave problems of international finance are putting handicaps on world trade and industry, and affecting the interests of thousands of American investors, it is well to consider the causes of these difficulties, together with the effect, and the remedial measures that have been and are being taken. Before the World War, the United States was a debtor nation. We owed more money to foreign countries than they owed us, because we had been greatly in need of capital in order to develop our natural resources. England and France at that time were the great creditor nations. Today this country has taken its place as the leading creditor nation of the world. Any nation predominating in world trade inevitably become, and so long as her trade lasts, remains a creditor nation. It therefore behooves us to examine the credit of individual countries and the general principles of international finance, to more fully understand present conditions and better cope with future conditions when the inevitable continuance of foreign loans by American capital takes place.

In the United States, the entire foreign bond market has been in a state bordering on hysteria because of the lowering of the credit of some important foreign countries. This has brought about an extraordinary decline in the prices of many foreign bonds payable in American dollars. The investing public has failed to recognize that the current prices of the securities of many foreign nations today do not represent actual values. They simply reflect the absence of any market demand whatever for the bonds. Just as in the commodity markets, when prices fall steadily, as they recently have done in the case of foreign securities, the public simply does not buy, but waits in the hope or fear of still lower prices. The result has been an almost total demoralization of the United States market on many foreign dollar bond issues.

This evening, therefore, I wish to summarize for you the report of the Foreign Securities Committee of the

Investment Bankers Association of America, as presented to the Board of Governors of that Association for the year 1931. The most important part of this report deals with the reorganization of and the new and additional duties to be undertaken by the Institute of International Finance.



ALLAN M. POPE

The Institute is now conducted by the Investment Bankers Association of America, in cooperation with New York University and with the Committee on Inter-American Relations, which is a committee composed of representatives of the leading American manufacturers, power and light, and transportation companies with Latin-American interests, although for the most part their individual interests are likewise generally international in scope. The Institute is an unbiased organization, run without prof-

it, that has issued since 1926 technical bulletins on foreign countries primarily for the use of bankers. Now its governing council has been greatly expanded to include business men, commercial bankers, international lawyers and others, as well as investment bankers, all of whom are constantly in touch with current developments in foreign finance. Anyone can become a member of the Institute, and the bulletins are now designed to be read by anyone and are not too technical.

The immediate undertaking of the Institute is the dissemination to the investing public of information regarding countries in default and others where their credit is in question. When this is accomplished, it is equally important to inform the public on countries of unquestioned merit. Its recent bulletin on Chile gives the latest information in concise, readable form. Another bulletin on Peru is about to be published. One on Bolivia and on Brazil and other countries will follow. Details regarding membership, which entitles a person to all bulletins, and information regarding the additional scope of the Institute's activities can be obtained by application to the Director, Institute of International Finance, 90 Trinity Place, New York City.

I shall now endeavor to present to you a summary in non-technical language of the Foreign Securities Committee report which explains the general principles involved in the causes of present day international economic conditions, their effect, and the remedies that have been applied.

The existing world condition is that certain countries have had increasing difficulty in meeting the obligations which they owe to foreign countries or the nationals thereof, and which are payable in the currency of the nations to which they owe this money. Certain common factors are responsible for the difficulties in which most of these affected countries have become involved. From 1923 until 1929, the world consumption of raw materials increased, with only a few exceptions. This rising demand made

it profitable to expand production and as increased production became still more profitable, the trend toward further expansion continued. Manufacturers of finished products demanded raw materials to meet the consumer's demand for articles made from them. However, in 1929 the demand for manufactured goods gradually began to decline, and it became evident that all over the world there had developed a rate of production which far exceeded the natural consuming power of the market. The manufacturer and the consumer then began to curtail their purchases even more heavily, and buyers held off in the hope of still more favorable price levels.

The net result was a rapid, drastic reduction in raw material prices, and

a sudden decline of manufacture and trade in general. Of course, there is only one remedy for such a condition. That remedy is in the eventual limiting of the production of raw materials, which is automatically brought about sooner or later by prices falling below production costs. Then after a little while, the gradual consumption of existing supplies of such raw materials leads to a point where the fundamental demand exceeds the remaining supply, and a rising scale of prices begins at about that point.

The economic principles which I have outlined apply to domestic quite as much as they do to international commerce, but there are certain other factors which do not exist in the domestic economy of any nation. Bear

in mind that any country which borrows from other countries, either directly or through the citizens thereof, must meet such obligations through payment in the currency of the country to which the money is owed. This foreign currency can be obtained in one or all of three ways: first, by selling more goods to foreign countries than are purchased from them, thus creating a credit balance in foreign currencies; second, by shipment of gold; and third, by borrowing from a foreign country or its citizens in their own currency.

When a country's imports exceed its exports and the value of its internal currency has declined in terms of foreign currencies, and when gold, as a result, has been shipped abroad in excessive amounts, the natural tendency is a lowering of that country's international credit position, and at that point two general developments are likely to take place.

In the first place, the citizens of a country whose credit position has declined become afraid that their internal currency will continue to fall lower and lower in value. To safeguard their own capital against such a possibility, they try to exchange the currency of their own country for that of some foreign nation whose currency is more stable. This step aggravates the very difficulty which prompted it, and is commonly referred to as the "flight of capital."

Then, second, when the credit of a given country becomes unstable, foreign bankers who hold credits there naturally become alarmed, and begin to withdraw those credits, and the repayment of such loans requires additional foreign currency of the shipment of gold, which makes the situation still more critical for the debtor country.

Within recent months a number of the leading commercial nations of the world have faced all of these various adverse factors in quick succession. Naturally, they have taken or are about to take corrective measures, and fortunately there are several remedies available. One of them is to stimulate exports. This creates foreign exchange. Another is to curtail imports, either by prohibition or by increased tariffs. Still another is to confine the exportation of gold to the payment of basic essentials, under strict regulation. The last two measures tend to conserve foreign exchange or gold. A final, rather drastic, step is to mobilize the foreign balances, foreign currency and foreign securities owned by private citizens and corporations of the country adversely affected.

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Most nations which engage to any extent in international trade have been on what is called the "gold basis," meaning that their citizens use a national paper currency, which can be freely exchanged for gold at a specified rate, thus stabilizing the purchasing power of the paper currency. However, when the exportation of gold from such a country takes place in excessive amounts and corrective measures fail to halt the difficulty, a condition develops similar to a run on a bank. The flight of capital takes place, and the country may be forced to go off the gold standard. Its paper currency is then no longer convertible into gold at a fixed rate, and its value in terms of foreign currency and even in internal purchasing power is reduced. This is simply another word for inflation of its currency. When a financially strong country is only temporarily embarrassed, such inflation can usually be checked before complete disaster occurs through utter devaluation of the paper currency. An instance of complete devaluation took place in Germany in 1924 when the mark, which had been worth about twenty-four cents before the War, sank so low that a dollar would buy *over four trillion marks*. On the other hand, an example of the way inflation has been checked and currency stabilized occurred in France in 1926 when the franc, which before and during the war had been worth about nineteen cents, fell to approximately two cents, rose to about four cents, and was then stabilized at that point.

An international trade depression brings about a situation in debtor countries, illustrated by the following symptoms and conditions. Unemployment increases. If the country has had a dole system, its public expenditures become increasingly heavy. If the country has an import tariff or customs duty, the revenue from that source falls off heavily as buying diminishes, and so do its license taxes, sales taxes and income taxes. The result of all these conditions is that the nation's budget becomes unbalanced and shows a deficit. This condition may be corrected by reducing expenditures, increasing taxation, and borrowing internally and externally.

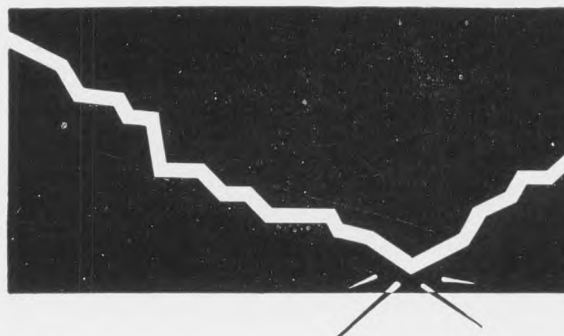
I have briefly described the various handicaps that have recently been encountered in certain instances by foreign countries in meeting the obligations on their external public debt in the face of adverse trade conditions. It is obvious, moreover, that a nation with a treasury deficit and a depreciated currency automatically finds it more expensive to pay its foreign obligations out of its own depreciated

currency. In the past, such nations have usually taken care of their temporary deficits or currency depreciation by borrowing abroad, but in the past two years, the bond markets of the principal creditor nations, which have been the United States, England and France, have not been receptive to foreign loans, for a variety of reasons.

When a country's available internal currency is inadequate to buy foreign exchange needed to pay its foreign debt service, and when such a country finds that it is either impossible to export sufficient gold or to borrow abroad, that country must inevitably

default upon payment of its foreign obligations. The important point to which I would call your attention, however, is that a foreign country in default nevertheless continues as a going concern, whereas a domestic corporation, under such circumstances goes into receivership and is often liquidated or completely reorganized.

The recent world-wide trade disturbance has brought about actual defaults on the part of only a few foreign governments. In most such cases, financial experts are now at work regulating the application of various remedies, and in no case has there been



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195 Broadway, New York City



any responsible expression of an intention in any country except possibly Russia to repudiate the foreign obligations which have defaulted since the beginning of the War period.

While it naturally takes time to overcome the unfavorable effects of a world-wide trade depression, the remedial steps already put under way in countries which are in default should surmount these difficulties more rapidly than would otherwise be the case. The reason for this is further evident from the fact that the development and maintenance of its own share of world trade absolutely require a nation to keep its international credit position sound. The necessity for re-establishing its credit by meeting ob-

ligations that have been past due is now, to a greater extent than ever before, of urgent importance to any nation whose foreign obligations are now in default.

ADJUSTING OURSELVES TO THE NEW BUSINESS ERA

(Continued from Page 8)

alike to hopes for speculative gains in land, in commodities, and in stocks. It is not equally true of bonds. Even in periods of rising commodity prices stock speculation is the most laborious form of acquisitive enterprise. When general readjustment to lowered commodity price levels is under way successful speculation is rendered doubly difficult. This country is over-equipped

with speculative facilities, and its people are overimbued with the speculative spirit, both ill-adapted to present conditions.

Prospects for 1932

Custom sanctions attempts at this time of the year to forecast probable business developments of the new year. This time it seems possible to make such forecasts only within closely restricted limits. This depression and this business cycle are so exceptional in character in so many diverse respects as to make it quite unsafe to assume that serious forecasts can be made concerning such concrete matters as the output of automobiles, the production of steel, the volume of new construction, and the probable trend of security prices. There still remain too many unsettled situations abroad that are highly important, darkly obscure, and thoroughly unpredictable.

It does seem probable that a year from now industrial production, railroad loadings, and factory employment will be recorded in greater volumes than they are at present. Gold exports will probably be smaller, money in circulation less, and bank failures fewer in 1932 than this year. Commercial failures will probably be more numerous. Dividend payments are likely to be less, and the cost of living and the average earnings of industrial and railroad employes lower. Among series likely to advance may be included brokers loans, and the production of electric power.

Here's one reason for selling travelers checks. If the customer draws out \$500 in cash it's gone, but if he buys \$500 in travelers checks the commission on the sale is equivalent to keeping the money an extra thirty days.

The average life of the Bank of England notes is only 63 days, while some of the large notes remain in circulation only 10 days. The reason for this is that all notes when returned to the Bank are kept and destroyed. (The notes are held five years before destroying.) The daily accumulation of notes averages twenty pounds, in weight. The habit of the banks to keep records of the number of these Bank of England notes has often made it very unpleasant for crooks.

Favor World Court

Life and fire insurance executives numbering approximately 150 individuals, recently came out in favor of the entrance of the United States into the World Court. Edward D. Duffield, president of the Prudential, made this announcement. Mr. Duffield is a member of the National World Court committee.



The January Horoscope . . .

People born in the first 19 days of January come under the influence of the zodiacal sign Capricorn. They are generally high-minded, exceedingly proud, and strong of will. Men born in this period are possessed with keen business instinct and make ideal leaders.

Sir Isaac Newton, Gladstone, Richelieu, Alexander Hamilton and John Hancock are famous men born under the influence of Capricorn.

Aquarius rules over the period from January 20 to 31. Men born in this period are of an affectionate disposition which frequently makes of them philanthropists and statesmen. Faithfulness to duty and determination are other predominant qualities.

Famous men born under the influence of Aquarius are Mozart, McKinley, James G. Blaine, Lord Byron and Francis Bacon. The Garnet is your lucky stone. Your birth flower is the Carnation.

The virtue of January is constancy.

1931 has gone its way. But the stars in their age-old cycle are bringing back improved conditions throughout the globe. Prepare yourself for better times.



ROYAL UNION LIFE INSURANCE COMPANY

DES MOINES, IOWA

A. C. TUCKER, *Chairman of the Board*
J. J. SHAMBAUGH, *Pres.*
B. M. KIRKE, *V. P. and Field Mgr.*
W. D. HALLER, *Sec'y*

INSURANCE

Its Application to the Banking Fraternity

Life Insurance—and Recent INVESTMENT LESSONS

WHAT would you do if you had struggled throughout your life with never more than enough money for bare necessities, and then suddenly came into possession of five hundred thousand dollars?

Such an experience, like a page from a fairy story, has actually fallen to the lot of an Illinois inventor whose new machine has given him unexpected wealth. The man has just completed a thorough study of money, and his reactions are significant because here is the unusual situation of an educated and intelligent person absolutely free to sample the entire investment field and put his funds wherever he chooses. He is using the whole fortune to finance ordinary life insurance and a single payment ten-year endowment policy. He points out that with a wife and two daughters he cannot afford to lose his capital because he may never have another "windfall." And life insurance won his confidence over all other investments, for he finds in it

Security of principal,
Stability of income,
Reasonable yield,
Perfect marketability and
Freedom from care.

In this period of reduced capital, new wealth like this inventor's is met less often than is the opposite. Investment news lately has been mostly of losses rather than of gains, because the losers have been not only more numerous but also more vociferous. One of the commonest remarks around the stock ticker today is, "Insurance is all that most men have left."

Many Victims

Among the tragic victims of the stock market are many whose suffering has given them a new appraisal of financial values. One friend of mine was worth three hundred thousand dollars in 1928. Just as a small hedging in case the glorious "Coolidge prosperity" might not be perpetual, he bought a life income policy. With the

By DWIGHT INGRAM

*General Agent, Chicago, Equitable
Life of Iowa*

market crash he was forced to let it lapse. But now a year later he has found that the cash value will prepay three years' premium on thirty thousand dollars of ordinary life insurance and he has sworn to keep away from speculation until his family protection is guaranteed.

In 1928 we sometimes had to defend our wares against rich men who seemed to be smarter than the life insurance companies. My partner tried

we wanted him to in 1928, he would be worth over six million six hundred thousand dollars today.

After being tested through eighteen months of business depression, every form of investment except life insurance has to make its apologies to the public. The rank and file of bonds are hardly worth seventy cents on the dollar. Even Liberty bonds have "stung" their purchasers, for one Equitable agent tells of having bought Liberties at 103 and sold at 87. The face value of first class bonds is certain only if they are held until maturity; the current market price has no such guarantee as the cash value and benefits under a life insurance contract.

Real Estate

Real estate, well thought of as being profitable over a long term of years, has been over sold in most communities. The market is "frozen" and the only value that can truly be placed on land is a forced sale price. Public confidence has also been shaken as regards real estate mortgages, though the blame should fall on certain abuses rather than on the fundamental theory of mortgages. If you buy a conservative mortgage on well situated property and investigate the facts personally, you almost always have a safe investment. But so many excessive loans were floated during the "boom" years, many of which have defaulted on interest or principal, that the whole mortgage field has suffered in reputation. The fact that mortgages cannot be sold freely or used as collateral for loans in hard times has made them less attractive to private individuals.

Common stocks, having gone up and down with the dizzy speed of a roller coaster—and bank savings accounts, when so many banks have failed recently—form a striking self-explanatory contrast to the guaranteed cash values and solid legal reserves that stand behind life insurance contracts.



DWIGHT INGRAM

Editor's Note: The article on this page by Mr. Ingram, won third prize this year in the 1931 Kirk Memorial Cup Essay Contest.

to sell our one-year endowment policy to a wealthy client. But our claims of safety, stability and a good interest return of four and eight-tenths per cent under our current scale were swept aside, for the client was putting his funds into the call money market at 12 per cent. That "wise" capitalist has seen his assets dwindle from six million dollars to two million dollars. If he had put the entire six million into one-year endowment as

The emergency strength of life insurance has stood out constantly. How many homes have been saved from foreclosure and how many families fed, all because the head of the household owned life insurance? And how satisfying it was to us last year when we were able to assist in getting a policy loan for an unemployed clerk to feed his wife and baby until he found a new job and repaid the loan!

Through a year and a half of economic stress life insurance has emerged as the best all-around investment; perfect as collateral for policy loans, immediately marketable for its guaranteed cash value, yielding a good return in dividends and increases in reserve, while at the same time continuing its fundamental public service of insuring future income for wives, children, partnerships and corporations.

Life Insurance Day

Life Insurance Day will be observed on Thursday, January 21, 1932, throughout the United States and Canada in connection with National Thrift Week, which begins with Benjamin Franklin's birthday, January 17th. A series of special days during the week will be given over to the consideration of various phases of financial independence such as the family budget, the making of a will, home ownership, savings and investments.

Life Insurance Day this year will have the sponsorship and active support of the Life Agency Officers Association, the Canadian Life Insurance Officers Association and the National Association of Life Underwriters, thus giving "the day" the benediction of the home office executives as well as the blessing of the men and women agents in the field.

The National Life Insurance Day committee is headed by Albert G. Borden, second vice president of the Equitable Life Assurance Society of

the United States, and is composed of thirty of the familiar figures in life insurance in the United States and Canada.

The Life Insurance Day committee has adopted for its slogan, "Give More Thought to the Life Insurance You Now Own," and has taken as a central theme for its activities the premise that "life insurance is the country's most effective leverage for prying loose 'fear-frozen' assets and thereby releasing surplus funds for timely spending."

Molinaire's Department Wins

In the special Reliance Life Caritas Cup Race, a production contest staged by the Reliance Life, the Iowa-Nebraska department, under Manager W. B. Molinaire, won first place. The contest is staged on the order of an airplane race, on a country-wide hop. The Caritas Cup Race is an annual event with the Reliance Life and always attracts a great deal of interest.

Big Bond

E. W. Snyder, Omaha agent for the Hartford Accident & Indemnity Co., has written a \$3,315,000 bond for the Cargill Grain Co., which operates a large elevator at Omaha and other storehouses in Nebraska. The bond guarantees the payment to persons storing their grain that they will be paid for it. The Nebraska law requires that these bonds be filed with the State Railway Commission, which supervises the operation of the grain storage warehouse law. The bond is the largest ever filed with it.

Files Papers

Reynolds Brothers Company of Fremont, Nebraska, has filed articles of incorporation giving it authority to operate an insurance agency and a real estate loan business. It has taken over the business of Reynolds Brothers. The capital is \$100,000, with \$75,000 paid in.

"At Age Sixty"

"Independent at Sixty." The chief reason why so few men are independent after a lifetime of work is that they have neglected to follow any investment program at all. Most men of moderate income could be independent at sixty if they adopted a sound investment program fairly early in life and then stuck to it. The years between thirty-five and fifty are the most productive of the average man's life, what bankers call the period of financial opportunity. This time, therefore, is clearly one of making provision for age sixty and beyond. The trouble is that most men at thirty-five either procrastinate or compromise. They provide some measure of emergency protection for their families with life insurance, which is excellent, but investment of surplus earnings is left almost entirely to chance.

The two chief sources of investment for income, from the standpoint of the small investor, are insurance and sound bonds. Insurance, which has various forms, has the advantage of protection in the event of death. Bonds offer the greater return. Both should be a part of the estate at sixty if possible.—*Saturday Evening Post.*

Why not displace old people's homes with "senior clubs"? Now that old age pensions are coming in, each one will eventually be provided with money to pay at least the cost of living and thus will have a sense of independence. It should be a real club with opportunities for all kinds of activities, and its purpose should be to provide, not simply for a living, but for a life. The trouble is that people "stop living" at a certain age, largely because they are expected to. Provisions should be made for the last years of life, so that it will not be the wasted period that it is.

Seniors are a nuisance because society does not provide for them in any way as it does for every other period, even middle age.—*Harper's.*

AUSTRALIA
BANK OF NEW SOUTH WALES

ESTABLISHED 1817

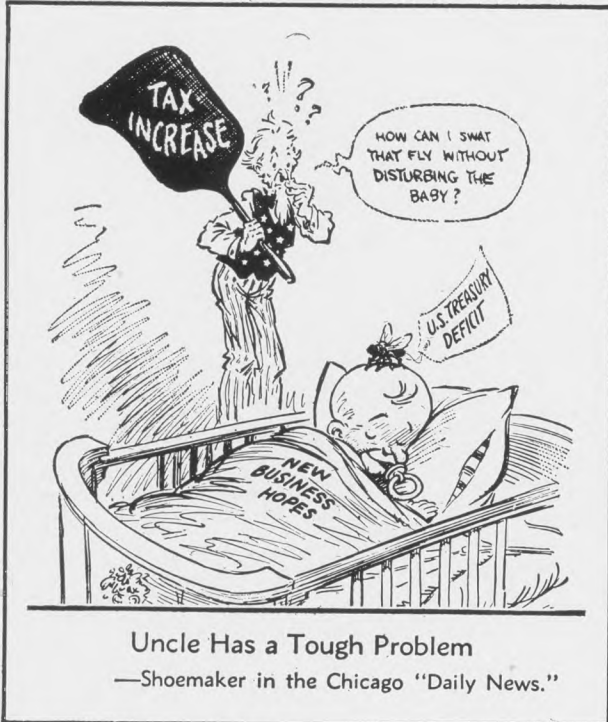
(With which is amalgamated THE WESTERN AUSTRALIAN BANK)

PAID-UP CAPITAL	7,500,000 £s
RESERVE FUND	6,150,000 £s
RESERVE LIABILITY OF PROPRIETORS	7,500,000 £s
	21,150,000 £s

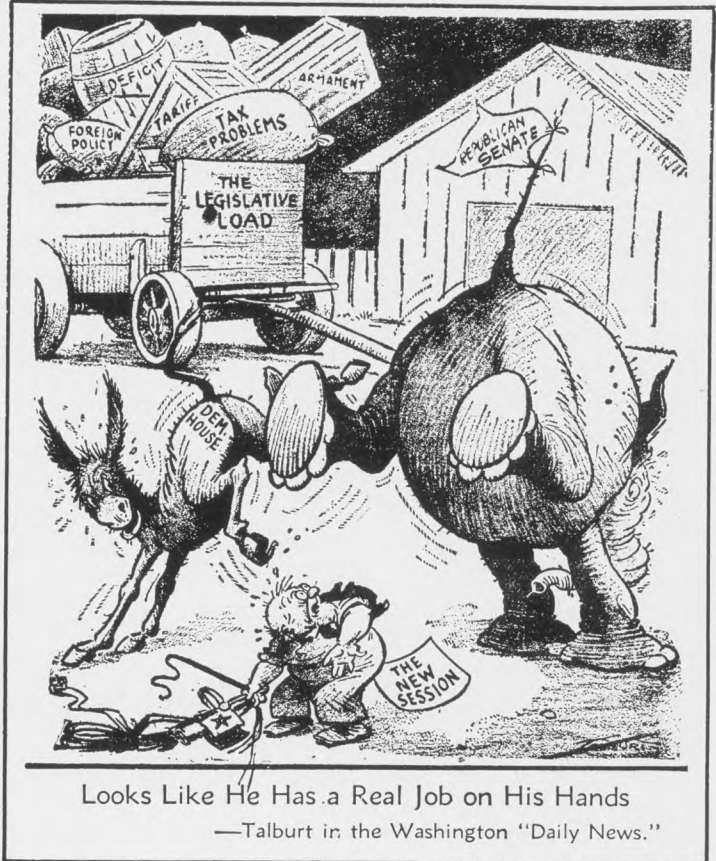
Aggregate Assets 30th September, 1930, 89,228,378 £s

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.

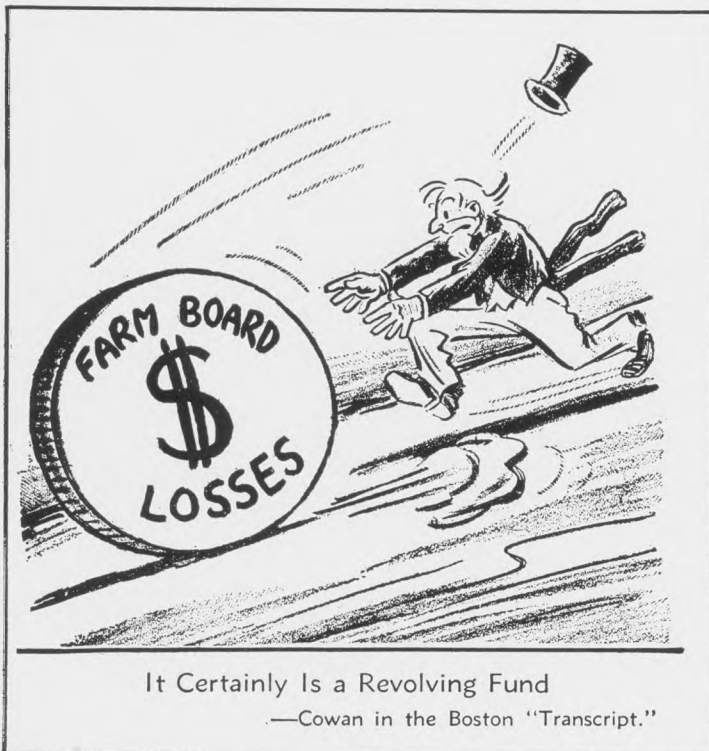
Cartoons of the Month



Uncle Has a Tough Problem
—Shoemaker in the Chicago "Daily News."



Looks Like He Has a Real Job on His Hands
—Talburt in the Washington "Daily News."



It Certainly Is a Revolving Fund
—Cowan in the Boston "Transcript."



It's Getting Harder to Stay on the Fence
—Thomas in the Detroit "News."



**E. N. VAN HORNE, President
Nebraska Bankers Association**

Nebraska News



**W. M. B. HUGHES, Secretary,
Nebraska Bankers Association**

Talks on War Debts

Gwyer Yates, president of the United States National Bank of Omaha, believes that cancellation of the foreign war debts as a practical measure for the restoration of trade would repay the United States.

Talking recently in Omaha, Mr. Yates said:

"The fall in commodity prices is affecting debtor and creditor nations alike. Every debtor nation finds that its burden of debt, measured by commodities, has increased by not less than 25 per cent over the past eighteen months, and creditor nations have had their external trade seriously restricted by the decline in the purchasing power of the foreign customers. We have a loss, so why not take it and cancel the obligations?"

Mr. Yates also urged the paving of highways by long-term bond issues, "in order to employ our surplus of cheap labor and avoid the dole."

Heads Mortgage Bankers

Louis S. Clarke, head of the Klope Investment Company of Omaha, has been elected president of the Nebraska Mortgage Bankers Association. The vice-president is H. B. Reynolds of Lincoln. Mr. Clarke succeeds J. B. Wadsworth of Council Bluffs.

Another Dividend

Another dividend of 15 per cent to the depositors of the failed South Omaha State Bank, for a total of \$106,286, was scheduled for early in January by the Nebraska department of trade and commerce. Claims of \$708,453 against the bank have been allowed.

A Former Nebraska Banker

Allen R. Thompson, former president of the Nebraska National Bank of Hastings, Nebraska, has become second vice-president of the Illinois State Bank, Quincy, Illinois. He was

president of the Hastings bank 15 years resigning to take the Illinois position.

Some Valuable Advice

"How to Get Along with Your Banker" was the subject of a talk made by Victor B. Smith, vice-president of the Omaha National Bank, at a dinner meeting of the Beatrice, Nebraska, chamber of commerce recently.

"More than they have known for some time," said Mr. Smith, "the bankers now know the importance of the ability of the customer to pay his loan when due. They also know the significance of frozen assets—loans which may be good in time but which are not liquid."

Mr. Smith discussed general business, citing instances where failing business had been nursed back to prosperity as the business man learned more about his own affairs, discovering what percentage of his accounts are receivable and overdue, and how far in arrears. He urged the payment of enough salary to cover the worth of his own services.

Eighty-Seventh Birthday

James L. Slocum, who has been president of the Richardson County Bank at Falls City, Nebraska, for more than half a century, celebrated his eighty-seventh birthday last month by attending to his work at the bank, as usual.

Mr. Slocum went to Richardson County with his parents, Mr. and Mrs. Samuel E. Slocum, 66 years ago. He was born at Linesville, Pennsylvania. He is an extensive land owner and a member of the Christian church and the Masonic lodge.

Nebraska Banker Dead

Wilson S. Weston, 58, former vice-president of the Peters Trust Company of Omaha and of the Omaha National Bank, died suddenly in his office one afternoon in early December. Before coming to Omaha Mr.

Weston was president of the First National Bank of Hartington, Nebraska, where he had lived for 30 years. He also had served a term as president of the Nebraska Bankers Association.

Addresses Pawnee City Meeting

Seeing a decided change for the better in general condition in Nebraska, E. N. Van Horne, president of the Continental National bank of Lincoln and president of the Nebraska Bankers' association, recently told members of the fourth regional clearing house that the bottom seems to have been reached and that the nation as a whole has started to climb back.

Mr. Van Horne, spoke at a meeting of the clearing house association held at the Park hotel in Humboldt. The association includes all the banks of Pawnee, Richardson, Nemaha and Johnson counties.

In his 18 or 20 years of banking had never seen anything like the conditions through which the country has just passed. He predicted, however, that better times are in store for the near future as the result of better grain prices and restoration of confidence. The recovery might be slow, he said, but all indications are that the bottom has been reached.

At the election of officers, which followed the speeches, Frank Dafoe of Tecumseh was elected president of the regional association. T. R. Richardson of the Bank of Lewiston was elected a member of the executive for Pawnee county.

Becomes President

Paul Buol has been elected by directors of the Security National bank of Randolph, Nebraska, as its president, and has accepted the responsibility. Mr. Buol has been connected with the Security almost since its organization some thirty-five or more years ago. He has previously served as president, vice president, and cashier, and brings to the office long years of banking experience.

Hold Annual Meeting

Burt county bankers met recently at Oakland, Nebraska, to choose officers for the coming year. W. C. Heintzelman of the First National bank, Lyons, was elected president; W. H. Harding, of the First National bank, Oakland, vice president, and Lawrence Young of the Farmers bank of Lyons, secretary-treasurer.

Beatrice Banker Killed

Hugo W. Ahlquist, 50, Beatrice, Nebraska, banker, died last month of injuries received when his automobile crashed into a concrete bridge railing fourteen miles south of Lincoln on the Cornhusker highway.

Mr. Ahlquist, who was vice president and cashier of the Nebraska State bank of Beatrice, was returning alone to Beatrice from a business trip to Lincoln.

Makes Eastern Trip

W. Dale Clark, president of the Omaha National bank, returned last month from a short trip to New York City.

Consolidation

After operating as competing institutions for many years, the Farmers State bank and the First National bank of Bradshaw, York county, Nebraska, have been consolidated.

Is Elected President

Due to the death of E. E. Good, president of the Citizens State bank at Peru, Nebraska, on November 18, a rearrangement has taken place in the officers of the bank. M. E. Good, a brother, has become president, and Mrs. Ida Church Good, wife of E. E. Good, is now the vice president of the bank. The other bank officials remain the same, Carroll Lewis as cashier and Ann Farley, assistant cashier.

M. E. Good has been a resident of Peru for the past 48 years and when the bank was organized in 1891 he was cashier for the first four and a half years. When he left the bank in 1895 his brother Ellis became cashier then when the father, Jacob Good, died in 1913, Ellis E. Good took his father's place as president.

Reopens at Spencer

The Spencer State bank, Spencer, Nebraska, which closed its doors last month, has opened for business under new management. The depositors took over the institution and put \$18,750 of new money into it. One hundred and fifteen depositors became

stockholders. Hans Storjohann became president, Henry Woidneck, vice president, and J. M. Pucelik, cashier.

Visits Dan V. Stephens

Fred Shepherd of New York City, executive manager of the American Bankers association, was in Fremont, Nebraska, recently, for a few hours' visit with Dan V. Stephens.

Mr. Shepherd, who has been acquainted with Stephens a number of years, was in Iowa on business and decided to make a call in Fremont while in the west. He is interested in animals so Mr. Stephens took him to the "Cottonwoods," where deer and buffaloes are kept.

THE TELLER TELLS THE WORLD

(Continued from Page 4)

THE BOWERY SAVINGS Bank of New York City heads the list of the hundred largest mutual savings banks with \$457,822,318. The total amount of the hundred largest ones is \$6,716,357,949. Which at any time is a lot of money.

A SWISS SCIENTIST once had the idea of indestructible money. Bills that never wear out. It was a process of spraying molten tin on paper in a way to make it wear, tear and fire proof.

We don't care about the bills wearing longer, but we do want them to last longer. Sounds like a paradox.

A GROUP OF BANKERS were returning from a bankers' meeting, one banker jocosely remarked: "I think it would be a good idea to have a ticket to give each borrower. Every time he paid a note on time, punch the ticket. That would be called his ticket of good conduct."

One of the others remarked: "That's a good idea, but I don't believe we would have to buy any punches."

THE FINANCE COMPANIES of this country are trying to have their paper made rediscountable by the Federal Reserve. The Federal Reserve was organized to help banks, not competitors. Right now the Federal Reserve has more to do than it can take care of. In fact the Credit pool had to be organized to take care of good paper that could not be rediscounted at the Fed. Yet finance companies are advocating that their paper be rediscounted too!

THE WINNESHIEK COUNTY State Bank, Decorah, is the oldest bank in the state of Iowa. It was founded in 1855. The oldest banks in Nebraska are the First National Bank, Omaha (1857), and the United States National Bank, Omaha (1856). In Missouri the oldest is the Boatmen National Bank in St. Louis (1847). The Exchange National Bank of Atchison is older than the state of Kansas. It was founded in 1859 while Kansas was not a state until 1861. The oldest National bank in the two

SPEED

in handling your transactions

WERE you to ask one of our correspondent banks the most important point about service, they would most probably state the speed with which we handled their transactions.

As your correspondent bank in Lincoln, we pledge this same speed and efficiency. We would welcome an opportunity to serve you.



Continental National Bank

LINCOLN, NEBRASKA

Affiliated with NORTHWEST BANCORPORATION

Dakotas is the First National Bank & Trust Co. at Yankton (1872). Now who's going to be the first to say: "What of it?"



A BANKER tells me the funniest incident of the year was when a school teacher came in and asked their president to play Santa Claus at a school program. He says he never heard so many excuses in such a short length of time. That's the price of getting fat and portly.

The president said he had played Santa Claus to most of the grown-up people around the town, but he'd be dog-goned if he was going to be Santa Claus to the kids.



A BOND SALESMAN came in the other day. Said he could always tell the president of a bank, because the president was the only one in the bank allowed to chew tobacco.



A BRANCH of the Commonwealth Savings Bank, Australia, is built underground. It is located in the

"Never-Never" land and is buried under the dirt, as are the homes of the miners and stores. It is so hot there that on the surface it would be unbearable. The mining of opals is the industry. Once a week the colony is in receipt of news from the outside world.

This must be the bank the wag means when he speaks of the "Sand Bank."



TWO NEW YORKERS have more than a million dollars in cash in their safety deposit boxes, and have had for four years.

The employe who is earning twenty dollars a week and spending it to live on, is of more actual value to the country than those two.



THE IOWA BRANCH OFFICE plan seems to be working. Since the law was passed 70 branches have opened, and only four of these have surrendered their charters and two of these were on account of banks opening in that territory. The average an-

nual upkeep of a branch is \$1,500, meaning the parent bank must have \$50,000 worth of deposits earning 4 per cent to pay the upkeep of the branch.



A new simile: Some checks are getting so much float they need water wings.



Recently I wrote in this column about the chattel mortgage that was recorded reading: "Mules and increase." R. P. Galt of the Farmers State Bank, Silver City, Iowa, sends the following clipping from a Council Bluffs paper:

"For Sale: 36 head of breeding mules. Phone 289." Evidently that is the same herd on which the chattel mortgage was drawn.



There's the joke told on the small country banker who went to the city. He asked to use the telephone. The city correspondent all hospitality showed him a phone. The visitor looked the instrument over thoroughly then stood back and studied it, and finally picked it up and shook it. The city banker came over and inquired: "What seems to be the matter, doesn't it work?" "I don't know yet," answered the small townner. "Where the heck do you grind the thing?"

Talks at University

Congress should change the federal reserve act to make borrowing easier for member banks, R. R. Ridge, vice president of the Omaha National bank, stated at the annual dinner of the Creighton university college of commerce last month.

Mr. Ridge explained the organization of the National Credit Corp., President Hoover's plan to provide relief for banks.

"Although the organization can do much to aid banks," Mr. Ridge stated, "it cannot solve the problem of improper management."

Mr. Ridge declared that the hoarding of money from circulation is one of the most depressing factors of the present financial situation.

Bank Reopens at Hildreth

The Franklin County bank of Hildreth, Nebraska, which was closed October 19, last, has been reopened.

The institution was restored to solvency by the stockholders and a group of depositors. Depositors agreed to limit their withdrawals upon the stipulation they will eventually be paid in full.

Ed Van Steenberg is president and H. S. Kirkbridge, cashier, of the reorganized institution.

The NEW YEAR

Let us hope that your problems will diminish, and your *profits increase* in 1932.

If we can help you *solve your problems* so that your profits *will increase* we shall be most happy to do so.

THE FIRST NATIONAL BANK
AND
THE FIRST TRUST COMPANY
OF
LINCOLN, NEBRASKA

"Since 1871"

Central Typewriter Exchange, Inc.

(EST. 1903)

TYPEWRITERS, ADDING MACHINES, CHECK WRITERS

LATEST MODELS AT BIG DISCOUNT

ASK TO SEE

ALLEN-WALES THE FINEST "HEAVY DUTY"
ADDING MACHINE MADE

1912 Farnam St.

Omaha, Nebraska

News of the Omaha Stock Yards

Winter Pig Rations

The returns which pork producers may expect from next spring's pig crop may depend to a much larger degree on the feed received by the brood sows throughout the winter than is generally believed. "The feed sows get before the pigs are farrowed is almost as important as that which they receive afterwards," says A. G. Hogan, of the Missouri experiment station.

The results of recent experiments show that if brood sows are to be good milkers and wean high quality pigs, they should have the run of good pasture during the winter and spring before farrowing. If the weather is bad for long periods of time, clover or alfalfa hay should be placed before them in racks where it will be available all the time. After farrowing the pigs and sows should have sanitary quarters, and if a clean pasture is available so much the better. No elaborate feeding or minerals is required, and no elaborate feed mixture will produce heavier or healthier pigs at weaning time. The ration of the sows should contain a liberal amount of protein, such as linseed meal or tankage.

Trend in Farm Mortgages

A steady decline in farm mortgage loans by 40 selected life insurance companies the last four years is reported by the Bureau of Agricultural Economics, United States Department of Agriculture, in a new statistical service on the agricultural credit situation inaugurated last month.

Farm mortgage loans by these life insurance companies, outstanding at the end of August, aggregated \$1,533,000,000 which represents a progressive decline from the \$1,618,000,000 in mortgages outstanding at the end of the year 1927.

Farm mortgage loans by Federal land banks at the end of October aggregated \$1,171,000,000, a progressive decline from the \$1,197,000,000 in loans at the end of the year 1929. Loans by joint-stock land banks have decreased since 1927, the loans outstanding at the end of October this year being \$540,000,000 compared with \$667,000,000 at the end of the year 1927. Loans by member banks in the Federal reserve system aggregated \$389,000,000 at the end of June this year as against \$489,000,000 at the end of June, 1926.

Production and marketing loans by Federal intermediate credit banks to farmers' co-operative associations totaled \$45,058,000 at the end of October this year, compared with \$62,984,000 in October a year ago. The peak in these loans was reached in November, 1930, amounting to \$68,406,000, and representing a sharp increase from the beginning of that year, when loans aggregated \$26,297,000. Federal intermediate credit bank loans to financing agencies totaled \$78,470,000 in October this year, compared with \$63,119,000 in October a year ago.

Canadian Crop Smaller

The wheat crop of Canada in 1931 was provisionally estimated at 298,000,000 bushels, a decrease of 99,872,000 bushels compared with the crop of 1930. Of the 1931 yield, the three prairie provinces—Manitoba, Saskatchewan and Alberta—contributed 279,000,000 bushels. The year's production of oats is placed at 331,243,000 bushels, nearly 100,000,000 bushels less than in 1930; barley at 67,920,000 bushels is 67,000,000 bushels below the 1930 output; rye at 5,888,000 bushels is 16,130,000 bushels less than the previous year.

Up to November 12, 1931, approximately 155 million bushels of wheat had been delivered or shipped in the three prairie provinces since August

1. Both Manitoba and Saskatchewan have marketed their wheat briskly and a good percentage of the estimated production of each province is now visible.

Colorado Wins Honors

To Colorado went the honor of showing the grand champion steer at the Great Western Live Stock show in Los Angeles when a Hereford senior calf exhibited by Banning-Lewis ranches, Colorado Springs, took the coveted honor, which always assures not only liberal prize money, but a substantial price at the fat cattle auction sale. Raymond Lewis wore a broad smile when his great season of showing his Herefords was culminated by the winning of grand champion steer honors here. It was the strongest individual steer show ever witnessed on the Pacific coast, with every class filled with outstanding individuals.

Grand Champion Steer

The grand champion steer of the International exposition in Chicago last month sold at auction to Arbogast & Bastian, Allentown, Pa., for \$1.27 a pound.

The grand champion carlot sold to McCann & Company, Pittsburgh, Pa., at \$20.25 per hundred.

"Briarcliff Thickset," the champion, weighed 1,070 pounds and brought

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Your account placed with the Stock Yards National Bank would be served by an institution whose long experience insures maximum efficiency.

Stock Yards National Bank of South Omaha

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\$1,358.90 to his owner, Oakleigh Thorne, retired Wall Street financier now raising blooded cattle near Pine Plains, N. J.

The 1931 champion, an Aberdeen Angus, did not approach in sale price the \$8.25 a pound paid for "Lucky Strike," the Aberdeen Angus grand champion three years ago.

Resistance Waning

Proceeding on the basis that "seeing is believing," officials in charge of bovine tuberculosis eradication in Iowa are inviting persons who are not in sympathy with the test to see reactor cattle slaughtered and witness the post-mortem examinations, according to the United States Department of Agriculture. The results have been so convincing that in some cases cattle owners, who were formerly objectors to the test, have signed statements expressing their confidence in the tuberculin test and the official method of eradicating tuberculosis. This procedure has been used in parts of Iowa where military protection was provided for the veterinarians in making their tests in the face of serious opposition.

In one instance a delegation of farmers, high school students, nurses, and business men witnessed the slaughtering of several reactors at an establishment where federal meat inspection is conducted. A generalized case of tuberculosis in a cow that had been milked up to the time of slaughter dispelled doubts concerning

the reliability of the tuberculin test. Hundreds of nodules of the disease were visible.

Another lot of reactors consisted of registered animals, apparently in good health, but post-mortem examination here again revealed extensive lesions of tuberculosis. The farmer and his wife who owned them were present during the slaughter of their animals and expressed surprise at the obvious symptoms of disease. The wife, a graduate nurse, stayed at the plant even after these animals were slaughtered and proved to be an ardent spokesman in favor of the work. She cited their animals and pointed out their tuberculous lesions.

Sets New High Mark

The depression has ended in the creamery butter field, one of the first of the major industries to announce an upturn in business. Production and consumer demand for 1931 are the largest in history, J. M. Harding of Omaha, president of the American Association of Creamery Butter Manufacturers, reports. He declared 1932 will be marked by further increase.

The association members will be advised to extend advertising efforts for increasing consumer demand, which he asserted, can be filled with present plant capacity.

"With the major farm crops not profitable in the past two years, the farmer is going to milk more cows," he said. "Keeping step with this larger production must be ever greater consumer demand, the other principal factor in any live, up-to-date industry.

"This year's record breaking sales will reach a total of more than 1,600,000,000 pounds, as a result of the advertising work that has been done. Consumer demand will be at least 3 per cent above any previous year. Creamery butter in storage is less now than in any previous year."

New Freight Rates

Interior Nebraska points gained a new advantage in freight rates last month when the new class rates became effective, according to G. J. Olson, traffic adviser of the Hastings Chamber of Commerce.

"The new schedule," Olson said, "will eliminate what is known as 'differential territory' which has worked to the disadvantage of interior cities of the state and has been a great disadvantage to Hastings in the development of wholesale business."

The advantage which certain eastern Nebraska cities had in the matter of rates has now been equalized, Olson said. Hastings and other interior towns have now been put on a mileage basis. Combination rates are eliminated.

Omaha, Lincoln, Fremont and Beatrice were named by Olson as the cities having advantage under the old rates. The territory around Lincoln, Fremont and Beatrice, he explained, was that known as differential.

A FEW TESTS OF MISMANAGEMENT

(Continued from Page 5)

It is a small town in a strictly agricultural community. One of the directors has charge of operation of three or four farms other than his own, and in order to make a good showing on these farms he is especially interested in "taking care" of the tenants. In order to do this we find it has been "arranged" to make certain loans so that some certain objectives might be accomplished. The loans we now find are not, and never were, well secured—but of course, that matter is now up to the bank to work out the best way it can. Another person on the directorate has a son, a daughter or two, and other relatives who need financial assistance. In fact, they need more than they can put up security for, but in some mysterious way the loans were "approved" and now the bank has them to work out in any way it can. Another director is in business, and a certain fellow owed him a big account, and as there was no way of him paying it we find "arrangements" were made and the bank



WITH WISHES

FOR

YOUR HAPPINESS AND PROSPERITY
THROUGHOUT THE NEW YEAR

LIVE STOCK NATIONAL BANK

UNION STOCK YARDS OMAHA

loaned that fellow money to pay that account. The banking department now insists the loan should be charged off as worthless. Still another director is to be considered. He owns several hundred acres of land and he is a big farmer and trader, but for some reason or other he gets farther and farther in debt each year and can't meet his obligations. He is considered "good," however, and we just don't like to ask him to make out a complete, sworn, financial statement because he might not want to do it, so we just let him drift along and take the interest once in whenever he wants to pay it. Then once in a while let him borrow some more, etc., until we wake up one fine day and find some one else closing a mortgage on his land (we thought all his land was clear, in fact he told us so), and hear talk of him taking the bankrupt law. We don't know what to do in this case 'cause that farmer has an excess loan in the bank we have just visited.

The Insurance Salesman

Then we find out a certain official in a certain bank is interested in insurance and there is one certain customer who has a lot of personal property, and so he is a good insurance customer. He keeps all his personal property insured so of course, if he wants a loan we just nearly have to let him have it in order to keep "on the good side" of him. By granting him a loan occasionally we'll keep him sweet and he will come to this "certain bank official" when in need of insurance.

Now there happens to be another certain bank official who "got in bad" financially with Mr. X. In fact that official has been on a note with Mr. X as security for a long time and now we find again "arrangements" have been made to let Mr. X have a loan at the bank. Of course, the loan is very doubtful and no doubt will result in a loss some time, but the loan was made so Mr. X would feel better toward that certain bank official, and maybe he will pay that other note off so the security will not have to pay it. We don't know as yet just what the result will be in that matter, but we do know the bank will take a loss for the amount loaned Mr. X.

Now the foregoing, dear reader, may seem foolish, but in all seriousness it is given as an illustration of some of the "transactions" we find in some of the smaller banks and we have written all this merely to say that many of this class of banks have been operated not as a safe, sound, conservation bank should be operated, but apparently just as an accommodation to the public.

Kansas News

In Anderson County

The Kansas state banking department has announced the merging of the Lone Elm State bank with the Bank of Kincaid, both in Anderson county.

The Lone Elm bank's October 10 statement listed \$50,000 deposits, \$20,000 capital and \$3,400 surplus.

Banks Merge

The National Bank of Chetopa, Kansas, and Chetopa State bank were merged last month.

In New Quarters

The removal of the National Bank of Pittsburg, Kansas, to its newly remodeled building at the northeast corner of Fourth and Broadway was completed last month.

County Bankers Elect

C. O. Davis, vice president of the National Bank of Pittsburg, Kansas, was elected president of the Crawford County Bankers association at a recent meeting in Pittsburg.

O. F. Meyer, cashier of the State Bank of Brazilton was elected vice president; Clyde B. Crumb of the First National Bank of Pittsburg, was reelected secretary-treasurer.

W. B. Millington of the First National Bank of Girard is the retiring president and C. O. Davis the retiring vice president.

Norman Heads Bankers

Officers elected at the group one of Kansas Bankers' association, at the annual meeting in Seneca, are: Charles Norman, of Troy, president; E. Dowdy, of Troy, secretary; Frank Geary, of Seneca, member of the committee of state nominations. Next year's annual meeting is to be held at Troy.

State Bank Mergers

The Kansas state banking department recently announced two bank mergers.

The Security State bank, Harper, was merged with the First National bank, Harper, and the Navarre State bank with the Dickinson County bank, Enterprise.

Latest statements on file with the department showed the Security State had \$233,000 deposits and \$40,000 capital and surplus, and the Navarre State \$57,000 deposits and \$20,000 capital and surplus.

Declared Insane

John M. Smith, Perry, Iowa, manufacturer, charged with attempting to defraud insurance companies of \$60,000 carried on his life, has been adjudged insane. He will be sent to a state institution, but will be prosecuted later if he recovers his reason.

THE CHASE NATIONAL BANK *of the City of New York*

Capital \$148,000,000 . . . Surplus \$148,000,000
Deposits (September 29, 1931) . . . 1,670,000,000

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

General Banking . . . Trust Department
Foreign Department

Colorado News

Steamboat Springs Banker Dead

Richard Jones, president of the First National bank of Steamboat Springs, Colorado, died of heart trouble last month. He was 72 years of age and had been in poor health for some time. He came to Routt county twenty-two years ago and was unmarried.

In Europe

Walter W. Stewart, son of A. A. Stewart of Colorado Springs, has gone to Europe to represent the United States at a meeting of delegates from seven countries to discuss Germany's ability to pay reparations.

The special advisory committee will convene at the Bank of International Settlements at Basle, and will be composed of representatives from banks of the United States, Germany, France, England, Japan, Italy and Belgium.

Mr. Stewart was economic adviser for the Bank of England for more than two years and cooperated with Owen D. Young in forming the Bank of International Settlements.

Eaton Consolidation

Two Eaton banks, the First National and the Eaton National at Eaton, Colorado, have been consolidated.

All business of both banks will be transacted in the First National bank, the name of the consolidated institution.

Officers of the consolidated bank follow: B. L. Lorenzen, president; T. H. Wilson, vice president; Fred H. Moore, vice president; R. L. Ritchey, cashier; R. L. Zike, assistant cashier; and the following directors: B. L. Lorenzen, T. H. Wilson, J. D. Wilson, Fred H. Moore, Ralph Clark, K. W. Bellrose, and Rex C. Eaton.

Floyd Tyson, teller, and Ruth Waddell, bookkeeper, will be with the new First National.

The resources of the new institution will approximate \$700,000. The deposits will total approximately \$600,000.

Denver Banker Honored

H. E. Parks, trust officer of the Denver National bank of Denver, has been appointed a member of the trust development section of the Financial Advertisers association, representing the Western division.

C. H. McMahon, president of the association, made the appointment.

The Financial Advertisers association is an organization of banks and financial institutions throughout the United States and Canada. Its object is to bring about better advertising. Through its central office in Chicago, files and portfolios of newspaper and other forms of advertising are made available to members.

The executive committee of the trust development section, to which Parks was appointed, is composed of four divisions—Eastern, Western, Central and Southern.

Cities and Towns About Alike

CONTRARY to popular opinion, business and financial conditions in the smaller cities and towns throughout the United States are on the average no worse than in large metropolitan centers, it was declared in an analysis of municipal finances issued recently by Moody's Investors Service.

These findings are based primarily on replies to more than one thousand questionnaires sent to counties, cities and towns in the south, southwest and midwestern sections of the country. Among the states included in the compilation were Alabama, North Carolina, South Carolina, Mississippi,

Delaware, Arkansas, Texas, Michigan and South Dakota.

The principal causes of complications in municipal finances are listed as poor crops or low prices for farm products, real estate booms, over-expansion of industrial activity, and civic vanity.

"These influences have affected small cities as well as large," the analysis comments. "Yet many of the less spectacular communities have been highly fortunate in the present depression. Instead of emulating their more progressive neighbors, they have left things much as they were and now find tax collections and bond retirements no great problem. This is particularly important when it is considered that the drop in construction costs has already reduced by a large fraction the value of improvements completed in the last few years."

Returns from certain sections of the country generally believed to be suffering especially from the depression were surprisingly good. Delinquencies of more than 10 per cent on 1930 taxes were exceptional and arrears on the current year seldom exceeded 20 per cent, the survey discloses.

"Most replies show tax anticipation warrants and floating debt of reasonable proportions, and special assessment bonds seem well in hand," the report finds. "This creates the distinct impression that abuse of these three forms of finance has been most pronounced in large cities and surrounding suburbs.

"Answers to the question on the business outlook indicate that watchers on inland hilltops have not seen signs of returning prosperity any sooner than the rest of us."

Wyoming News

Merger in Crook County

The merger of banking interests of two communities in Crook county, Wyoming, took place recently when the Hulett State bank was consolidated with the Sundance State bank. All business of the former will be carried on at the local banking institution.

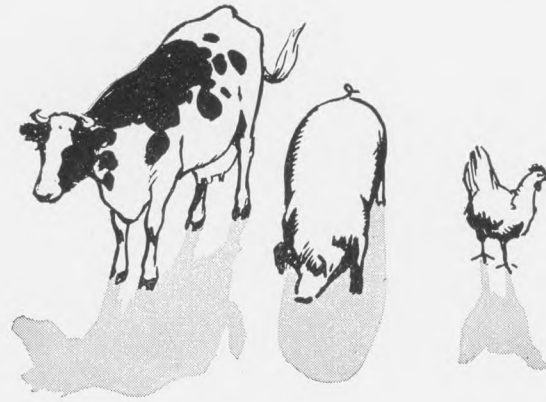
Robert B. MacKenzie, cashier of the Hulett bank, in announcing the consolidation, said the move had been made with the approval of the state bank examiner and was in line with the state banking department's policy of fewer and stronger banks.

Heads Newcastle Bank

Charles W. Dow, prominent Newcastle business man and state senator from Weston county, Wyoming, was recently elected president of the First State Bank of Newcastle. He succeeds H. G. Weare, who recently resigned because of ill health.

A recent announcement of the reorganization affecting a change in officers and directors of the bank named Hugh Updike of Osage vice president and R. Hurtt, cashier. Three new members of the board of directors include Charles W. Dow, Hugh Updike and Judge Harry P. Hsley. Other members are M. C. Roberts and R. Hurtt.

This MENAGERIE PAYS Northwest Farmers



**7 TIMES MORE
INCOME THAN WHEAT**

ON FERTILE Northwest plain and valley, King Wheat has been slowly, steadily, surely dethroned in the last ten years. "The cow, the sow and the little red hen" have zoomed into first place as largest income source for Northwest farmers.

In 1921, 17,431,000 Northwest acres in the states of Minnesota, Montana and the Dakotas went to wheat; 142 million wheat dollars went into Northwest pockets.

This year, the same Northwest farmers, cow-sow-hen-wise, planted 1,829,000 less acres to wheat, went in for cow-sow-hen raising to such an extent that the little red hen alone will produce more than the total income of wheat.

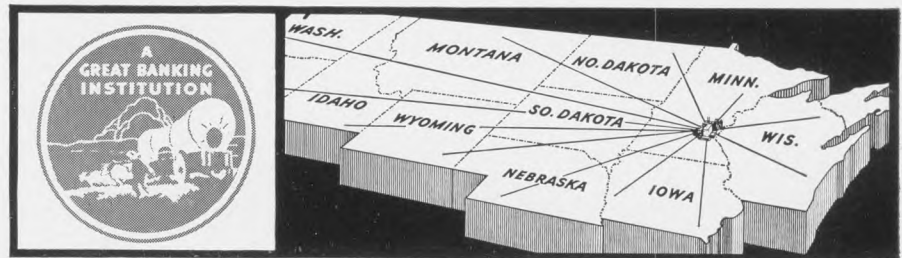
To one idea goes the credit for this amazing *volte face*—the idea of "the cow, the sow, and the little red

hen." A decade now, unceasingly, through farm organizations, lectures, newspapers—Northwest farmers have been bombarded with this threefold production policy. In these concrete, farmer-understood terms, the corporation creed of diversification has been broadcast, with more emphasis on the finished products of agriculture (chickens, butter) less on raw materials (wheat, small grains).

Result: the Northwest farmer now cashes an annual check of \$150 million for dairy products, \$67 million for poultry, \$172 million for hogs, under \$50 million for wheat.

As a leading banking institution of the Northwest, we solicit your inquiry about the particular market cow-sow-hen-wise Northwest offers for your product, and our facilities for handling your financial transactions through the 127 banks and trust companies affiliated with us.

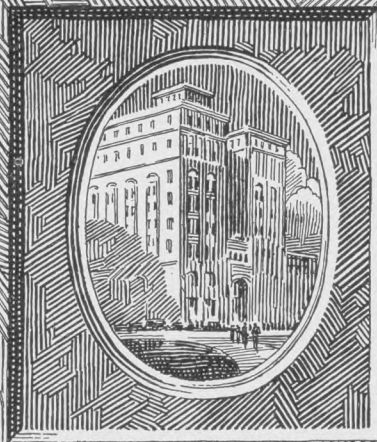
Territory Served by the Northwest Bancorporation



NORTHWEST BANCORPORATION

MINNEAPOLIS, MINNESOTA

The Omaha National Bank



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