

CENTRAL WESTERN BANKER

Omaha

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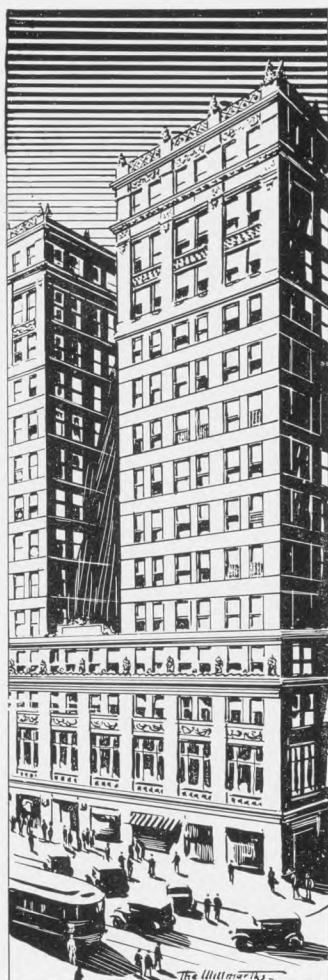
August

1933

CONFIDENCE

BUILT ON

FINANCIAL STABILITY



Financial stability of any financial institution is the most important factor during the period of economic uncertainty through which this nation has been passing.

The financial stability of our bank has been an assurance to those with whom we do business that the trust they have placed in this bank is well reposed. This confidence is expressed in the fact that many have dealt with us for twenty, thirty, and forty years — some for fifty years.



When you are in Omaha, please
make our bank your Omaha
headquarters.

FIRST NATIONAL BANK OF OMAHA

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, June 30, 1933

RESOURCES

Cash and Due from Banks	\$189,409,366.71
United States Government Securities	128,413,856.24
Other Bonds and Securities	69,788,954.88
Loans and Discounts	343,028,965.79
Stock in Federal Reserve Bank	3,000,000.00
Customers' Liability on Acceptances	11,071,804.83
Other Banks' Liability on Bills Purchased	280,116.15
Interest Accrued but Not Collected	2,080,319.45
Bank Building	14,550,000.00
Other Resources	619,414.32
	\$762,242,798.37

LIABILITIES

Capital Stock	\$ 75,000,000.00
Surplus	25,000,000.00
Undivided Profits	1,600,717.16
Reserve for Contingencies	5,000,000.00
Reserve for Taxes and Interest	10,042,172.37
Deposits	632,819,314.92
Acceptances	11,286,234.71
Other Banks' Bills Endorsed and Sold	280,116.15
Discount Collected but Not Earned	594,828.74
Other Liabilities	619,414.32
	\$762,242,798.37

The capital stock of the Continental Illinois Company, held in trust for the stockholders of the Continental Illinois National Bank and Trust Company of Chicago, is not included in the above figures.

CENTRAL WESTERN BANKER

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OMAHA

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The Teller Tells the World

By C. W. FISHBAUGH

"THE BANKING ACT OF 1933" is now passed, and bankers are waiting for its interpretation. There are a number of things we hope for: one is wiping out of the old system of paying interest on public funds. Here in Iowa the interest we pay for keeping books for public accounts amounts to a very sizable amount each year. If we can't get interest from our bank balances, why should we pay interest on public accounts? Another account that eats into our interest paid out is postal savings. With guaranteed bank deposits there is no need of the postal savings, so it should be abolished. These, of course, are little flurries that must be ironed out in this bill, and we hope for the best.



OF GUARANTEED BANK DEPOSITS, I am, of course, very skeptical. When one looks over a list of states that have tried the guarantee system and noticed the results, it makes one skeptical. Take for instance the state of Washington. A single bank failure wrecked their guaranty plan. It cost member banks \$825,000 and left depositors with unpaid warrants of about \$1,400,000 when the plan was discarded. We hope that Federal Guarantee will be more successful.



MY, MY, it isn't even safe for bank bandits now to go without liability insurance. Gus Winkler, reputed bank robber, is being sued for \$50,000 by one of the victims in a bank robbery Winkler reputedly took part in. The cashier of the Plano State Bank (Ill.) which was robbed in December, 1930, filed suit, claiming he was struck over the head and seriously injured during the robbery. That brings up the remark: "Crime *has* to pay."



A BANKER in a nearby town has a system that cures the instant-check-casher. There was one lady that every time she received a check on this banker's bank, would rush to the bank and get the money. She wanted the money right now. The banker let this go for quite a while, then one day he said: "Mrs. Blank, I'm getting tired of you coming rushing in here with every check you get on us. I'm going to pay you in currency this time, but the next time you come in I'm going to pay you in silver dollars. They are legal tender. You better bring a sack along next time." The lady has let her checks clear through the regular channels since this.

SAMBO HAD FOUND A JOB for the week on a railroad section gang, and was taking leave of his family when his dusky wife came to the door and shouted: "Come back here, Sam, you hasn't cut a stick of wood fo' de stove—and you'll be gone a week." Sambo looked very much aggrieved: "Honey," he said, "what's de mattah? You all talks as though ah was takin' de ax with me."



ANY STRANGER that opens up a checking account with a cash deposit should be investigated. Looking over a list of recent forgeries over the country I find that a great number of forgery schemes were started in that manner. The crook would deposit several hundred dollars in cash, and off and on would deposit small out-of-town checks. Finally he would deposit a check of several thousand dollars and before it had time to clear he would withdraw most of the money. The check would come bouncing back, a forgery; and by that time the crook had "bounced" away.



ADD TO THE LIST of people that will not hoard again:

An aged farmer hid \$6,000 in bills of large denomination in a bin filled with 2,000 bushels of oats. Fire destroyed the granary with its \$6,000 in cash.



THEY SAY Ed Wynn pulled this one:

"I asked a friend 'how's business?' He replied, 'Terrible, I'm cutting and saving wherever I can. I'm even taking long step to save my \$6.00 shoes.' He showed me how he did it—and split his \$8.00 pants."



ONE BUSINESS MAN says he used to go into a drug store and ask for a bottle of ink and they would give him a bottle of blue without any questions. Now he goes in and they say: "What color? Red?"



A NEW FORM OF BOND that has been suggested is meeting with favorable comment. The new bond would be made payable in gold dollars equal in purchasing power to the original amount of the loan, which would be fair. The drawback to this form of bond seems to be the fact that it is a fairly new idea and would meet with skepticism.

The Commercial Department As the Savings Manager Sees It

IN THE MAJORITY of our cities throughout the United States, and especially in the Middle West, commercial and savings banking are carried on in the same institution, the savings as a department of the commercial bank.

The question arising in a situation such as this, is just what relation can be established between the savings department and the deposit functions of such banks? Are they allied in any way? Are they in any sense dependent upon each other? If so, is there any merit in dove-tailing the activities of these two departments or shall they function entirely independent and foreign to each other?

Granted that they are closely associated, what unseen link is there, then, that tends to bind these two departments together? Surely it cannot be necessity, or because the public demands that they should be. The functions of commercial accounts and savings accounts are entirely separate and distinct. A commercial account is used to finance the day-to-day banking needs of commercial and industrial enterprises. Its chief function is to finance the movement of commodities. Savings deposits represent accumulations of capital in an interest-bearing term account. We come to the conclusion then that service, that unseen force that moves the wheels of industry, must be the binding link — it can be no other.

Controlled Service

Service, of course, is an indispensable requisite essential to the existence of any institution. However, we must take care not to become slaves of services, but instead so control them that they will not eventually become liabilities and work to our detriment.

It has been the our privilege to attend the Century of Progress Exposition in Chicago. A Century of Progress—one hundred years into the past—twenty-five years into the future. Let us consider of what significance this progress is to the commercial and the savings banker. If we look back over a period of a century or more, yes, even back into the year 1782 when the Bank of Penn-

By ROLAND PETERING
*Manager Savings Department
Mercantile Home Bank & Trust Co.
Kansas City*

sylvania was granted the first charter issued by our Federal government, we will see that through the generations of bankers preceding us, this item of service and harmonious contact of bank departments, has in no small way helped to build the many large banking establishments we have with us today. But are we now building for the future? In the early days, before the banker became the close figuring business man he is today, the customer expected his banker to be his legal adviser and general counsel on all matters, and in return, he carried practically all of his money on deposit at the bank, perhaps because he knew of no other way of investing it. Bank service, then, was richly repaid. But, today, when too many competitive institutions

"WHILE we cannot afford to carry small and perhaps unprofitable commercial accounts, we can offer them banking facilities incorporated in our savings department. A dollar or two in a savings account might eventually mean a substantial checking account, with goodwill that is worth cultivating"

of finance are invading the field of banking—we find it necessary to watch our corners a little closer and organize our banks a great deal better, so that in the future years, we might meet these competitive forces better prepared than we have ever been before.

Since service, then, is the binding link between the commercial and savings departments of our banks, it is as a general rule important that these departments work in harmony with each other, as long as services thus rendered are for

the mutual benefit of the banker and the depositor, and as long as such services shall not fall under the heading of "unprofitable business."

Commercial Department

The commercial department, as I see it, is a cumbersome piece of machinery. It demands the attention of more executives and the efforts of more employes, than any other department in a banking institution. To offset this, however, most of the banks today allow the cost of operating this department to fall on the commercial depositor in the form of a service charge. This works an undue burden upon the commercial depositor for he is forced in many instances to contribute towards the handling of transactions arising out of other departments that eventually find their way in to the deposit functions of the bank. Too often we find that our services are abused and rendered without remuneration, to parties who have no reasonable grounds for making such requests.

It is well worth the while of any bank to analyze its services, and to impose certain limitations which are just and equitable, on those extra outside or unreasonable services performed without any direct or indirect returns to the bank.

The issuance of cashiers' checks to customers carrying small savings accounts is a situation that exists in almost every bank. If the depositor carries a small and unprofitable checking account, he is, as a general rule, charged a small fee of ten or fifteen cents, but only too often a customer desiring a cashier's check will inform the teller of a savings account which he carries at the bank, and the teller issues the check without charge, presuming that his customer carries a substantial balance, and failing to bear in mind, that the customer may be carrying a very small account for the sole purpose of making it a source through which he might utilize the free services of the bank. The bank would lose less money on such depositor if it allowed him to carry a commercial account without charge. The savings depositor should be no exception when

equitable fines or fees are affixed for extraordinary and unprofitable services rendered.

Collections

A similar service of the commercial department often abused by the savings depositor is that of making collections on notes left at the bank by the customer, the proceeds of which are to be credited to a savings account. This account is oftentimes carried at the bank for no other purpose than to defeat such collection charges as a bank should be entitled to for service thus rendered. It has been my experience that frequently these funds are allowed to remain on this account for only a few days subsequent to collection, and then the greater portion of such funds withdrawn, and possibly taken to a building and loan association because a little higher rate of interest can be obtained, but where such services as his bank has so graciously rendered, cannot be offered.

Approximately two years ago the Kansas City banks, through the help and cooperation of the Auditor's Conference and the Kansas City Clearly House As-

sociation, established a uniform system of service charges. Commercial accounts are now analyzed monthly to determine the amount of profit or loss sustained on each account. A charge of three cents for every check written, three cents for every deposit made and one cent for every check deposited, plus a fifty cent carrying charge, is assessed. On the other hand, the customer is allowed as a credit, twenty-seven and a half cents per hundred dollars realized balance carried on the account. If the account shows a loss, the credit is used to diminish the cost of carrying the account over the period of one month. The important question then presented by the customer was whether or not such service charge made on an unprofitable checking account or one showing a loss, should be waived, because of a substantial savings balance, and whether such savings balance should be given any consideration at all in computing the costs of carrying the unprofitable commercial account.

The irate customer who had been assessed the charge, regardless of his savings account, often forgot that he was

being paid interest on his savings balance, and if he wished to eliminate the service charge on his commercial account he might easily transfer a sufficient sum from the interest bearing account to his checking account so that the bank might at least "break even" on it. Under ordinary circumstances a bank should not allow a savings account to carry a check account or the customer to lean on his savings for other free services of a bank.

Savings Balance

It is well, however, for those in the commercial department to be informed upon such matters as a savings balance for more reasons than one. Overdrafts we of course all try to avoid, but they seem to be one of those ever-present necessary evils with which we daily come in contact. It might, indeed, be quite embarrassing to return, because of insufficient funds, the check of some commercial depositor when such depositor carries a lucrative savings balance and has upon some occasion temporarily and perhaps not willfully, neglected to replenish the checking account. A little service under these circumstances costs so little and yet is very gratefully accepted by the customer.

What service, then, do we owe the small depositor—the man of small and moderate means, or perhaps the small business that has a possibility of some day growing into a flourishing industry? Shall we close our doors to them? Shall we bar them from our services with prohibitive charges? No, we hold ourselves out to the public as an institution willing to serve them as individuals and as a community. If we would be otherwise, we would invite ridicule and present a target for public criticism. Here we again find the solution in uniting more cleverly the savings and deposit functions of our banks.

Financial Revolution

While we cannot afford to carry these small and perhaps unprofitable commercial accounts, we can offer them our banking facilities incorporated in the savings department. Indeed, your customer might begin with a dollar or two or perhaps with a Christmas savings account, and eventually build that account to where he is able to carry a checking account, his goodwill is certainly worth cultivating. On many occasions I have witnessed that courteous treatment of these small and inconspicuous depositors, has led to their bringing friends and rel-

(Continued on page 12)

Your Association Says:-

"We have been notified that the National Bureau of Casualty and Surety Underwriters has decided to try to cure the present unfavorable experience in the bank robbery line by means of requiring the banks to keep most of their cash under timelock throughout the day.

"Happily, through the efforts of our Protective Committee, the great majority of Nebraska banks are already following this practice, so this new requirement will not mean much change in present methods to most of our banks.

"In this Association's efforts to induce the banks to apply the protection of the timelock to a large part of their cash throughout the day, we were surprised by suggestions from two member banks that they would not lock up their cash voluntarily, but if we could have the surety companies adopt such a rule, and have it universal among banks, they felt that this would remove the element of danger and that then they would gladly join in the practice. Probably other bankers are thinking along the same line.

"This new regulation by the surety companies that furnish robbery coverage to banks will very shortly become common knowledge among the fraternity of bank robbers and should have the effect of reducing the number of bank robberies, since the profit would be largely removed therefrom, and should also remove almost entirely the danger of resentful action by robbers.

"The new rule will allow but 15 per cent of the coverage to be exposed on counters. If more counter exposure is considered by the bank to be necessary, a double premium will apply upon the extra exposure. Provision is made for amounts unexpectedly received while the timelock is in operation until such money can be placed behind the timelock. At the periods when the timelock opens, all doors to the premises must be securely locked, or the bank must place two armed guards at each unlocked door.

"This new regulation is effective July 15th and it is our understanding that riders will be sent to all banks direct from the home office of each surety company."

DEPOSIT GUARANTEE

NOW That We Have It, WHAT Are We Going To Do About It?

A Discussion of the Deposit Guarantee Features of the 1933 Banking Bill and Their Effect on American Banking

FEDERAL guarantee of bank deposits! Two months ago a rank improbability—today a stark and startling reality. An ignominious failure wherever tried—is history to repeat itself now on a much grander and more catastrophic scale?

It seems almost incredible, in the light of past experiences, that a Congress of the United States has seen fit to adopt a deposit insurance plan and place an added burden upon the banks of the country. The idea has been tried in eight of our states. It failed with disastrous results in all of them.

As a matter of cold logic, however, there appears to be no good reason why bank deposits cannot be insured against loss just as intelligently and economically as any other risk. Standard actuarial principles could no doubt devise a sound and economic insurance plan, based on a study of risks and expected losses, and calling for the payment of a regular premium calculated to cover all anticipated losses and return a profit to the insurer. A paternalistic government, regulated by partisan politics rather than by sound business principles, could hardly be expected to run an insurance business on the same safe and sane basis.

For behold—the lawmakers have made the identical mistake which has made previous attempts at deposit guarantee such ghastly failures. They have taken the matter out of the realm of actuarial limits and placed it on a foundation of guesswork. That is what occurred in Nebraska, and what contributed most to the downfall of the Nebraska deposit guarantee scheme.

The big mistake has been made in determining the method of collecting the funds with which to absorb losses arising through bank failures. Instead of basing it on a premium, payable at stated

By WILLIAM E. JOHNSON

*Executive Vice President
Devlin & Bennett, Inc.
Chicago*

intervals (such as annually, semi-annually, or quarterly) Congress has dictated a “perhaps you will—perhaps you won’t” policy in regard to the necessity for paying assessments.

The revised text of the Banking Act of 1933 gives us the operating procedure which is to be followed. All member banks of the Federal Reserve System are required to join the plan by July 1, 1934. Their initial contribution shall be in the form of a purchase of Class A stock of the insuring corporation, to an amount equal to one-half of 1 per cent of the total time and demand deposits of each individual bank. Only half of this amount will be called for originally, but the directors of the insuring corporation have the privilege of calling the other half as they see fit. The stock will receive dividends at the rate of 6 per cent per annum, on a cumulative basis.

The law specifically provides for changes in the stockholding requirement on a given bank as its deposits increase or decline. The next effect of these provisions, therefore, is to maintain the bank’s share of the fund for paying losses at a more or less fixed ratio of one-fourth of 1 per cent of total demand and time deposits in banks covered by the insurance protection.

The balance of the insurance corporation’s fund will consist of \$150,000,000 appropriated from the Treasury of the United States, plus the purchase by the Federal Reserve Banks of Class B stock in the amount of one-half of the surplus of the bank on January 1, 1933, half of the subscription being payable immediately.

Although the new bill is supposed to make banking practically fool- and loss-proof, the designers of the act worked on the presumption that we would continue to have bank suspensions. Failures naturally meant depletion in the risk fund. Depletion would call for replacement if the fund were to continue to be operative. Hence the insuring corporation has been given the authority to levy an assessment on the banks to the amount of one-fourth of 1 per cent of their total deposit liabilities, whenever the amount paid out on claims, etc., shall exceed one-fourth of 1 per cent of such deposits.

Assessments vs. Premiums

Payments of “premiums” on deposit insurance will not be at stated intervals as in other forms of insurance, but on a basis of assessment as the fund is depleted. Herein lies the weakness of the federal insurance plan; the same weakness which existed in Nebraska and several other states which tried deposit guarantee. This is what happened: For some unknown reason banks continued to fail even after their deposits were guaranteed. Some unkind people even say that they failed *because* their deposits were guaranteed. Be that as it may, the result was that the funds got low. The failures took place largely during an ebb-tide in the local picture. Then came the assessments, at a time when good banks could ill afford to pay them. One assessment coming at the wrong time could make a bank insolvent. The result was more failures, and bigger ones—until the banks gave up the ghost and quit trying to make the thing work.

That is exactly what is apt to happen with the federal plan, unless something is done to make it economical and practical. The lawmakers failed to do it. Yet now that we have it, we simply can’t

afford to allow it to fail again—particularly on a nation-wide basis. Yet if it is to work at all—and it *must* work—the bankers are going to have to make it work.

The Bankers' Responsibility

The only way that we as bankers can guarantee the success of the plan is to take the aggressive in placing the scheme on a business-like basis. We must arbitrarily assume that our costs for insurance protection over a period of years will be equal to one-half of 1 per cent per annum, and we must place that amount in reserve *each year* in readiness of future assessments, and they will undoubtedly come just at the time when we can least afford to meet them. That has been the history of the assessment idea, and we have no reason to believe that it will work any differently on a national basis. To make ourselves secure we must make up for the errors of our lawmakers and place it on an annual premium basis.

Who Will Pay the Bill?

The next question is: Who is going to pay the bill? Will the banks assume cost as an added burden to their already burdensome expenses, or will the depositor pay for the protection of his own money? Who *should* pay?

As an owner of an automobile, I recognize a number of risks that must be assumed. I might lose the use of the machine through fire or theft. I might be the victim of a judgment as the result of an accident. Important risks, all of these, and for my own protection I "insure" myself against those risks with a responsible insurance company.

Who pays for this protection? Does the company who finances the purchase of the car pay for it? No. Does the insurance company provide it gratis? No. As the chief beneficiary of this risk assumption—as the one whose property is being protected—I pay the premium.

The same logic holds true in all forms of insurance, the person who insures his risk is the one who pays the premium. Hence, just as logically, the cost of deposit insurance under the Banking Act of 1933 should not be borne by the banks, but by the depositors themselves, in direct proportion to the amount of their risk which is being assumed.

The next question is: How are the banks going to pass this premium cost on to the depositors? The answer: By charging them their proportional share of the total insurance cost. The method of procuring the charge will vary in dif-

ferent departments of the bank. Checking deposits, certificates of deposit, and passbook savings, — each will have a slightly different method of approach and a different sales policy.

Checking Deposits

Let us look first at the commercial checking department. For a number of years this department has been relatively inefficient from the standpoint of profit production. Almost universal acceptance of the advantages of checking service has led to a tremendous increase in the public use of that service. Result: increased activity, increased overhead costs, and no increase in loanable balances to compensate the bank for costs incurred in providing service.

The modern, the efficient, the fair method of operating this department at a profit—as it should be run—is by the application of a measured service charge, under which each customer will pay, either in actual charges for service or in compensating balances, not only the actual costs incurred in servicing *his* account, but a fair profit as well.

Banks which are already operating on a measured service basis will encounter

"WE AS BANKERS cannot afford to let the federal deposit guarantee fail. Our only hope to salvage it, and to make of it an active instrument in the upbuilding of American banking, is to regulate our own policies in such a manner as to guarantee its integrity for all time"

no difficulty in passing the deposit insurance charge along to their checking depositors. It will simply require a slight upward revision in prices for service, to offset the increased costs for insurance protection.

Banks which do not have the measured charge are confronted with a serious problem. If they have a flat charge in operation, they may be assured that it is not large enough to pay more than a portion of actual servicing costs. They are already losing money on that arrangement. It would be possible for them to add to present flat rates a charge at the rate of one-half of 1 per cent per annum on average balances, computed monthly. That would be a make-shift at

best, however, and the wise thing—the practical thing—is to replace present inefficient and unprofitable flat charge systems with the measured charge.

The profit rate in the average country bank is currently so low that it cannot possibly permit the banks to operate at even a small profit if this insurance cost is to be added to their overhead burden.

Savings Deposits

In the savings department the necessity for passing the cost along is even more striking. The average net earning rate in country banks during recent months has been 4.28 per cent. If we deduct from this the overhead costs of maintaining departmental records, etc., averaging .61 per cent and also .50 per cent representing a fair rate for normal investment losses, we have a net available for interest and profits of 3.17 per cent.

The average bank pays an advertised rate of 3 per cent, which results in an effective rate of 2.75 per cent. If we deduct this from the operating net of 3.17 per cent, we have a resulting net profit margin of .43 per cent. It is not at all difficult to see that the average savings department will operate at a serious loss if we take into consideration *current* rather than *normal* investment losses, and if the bank is compelled to bear the entire burden of deposit insurance costs.

In those banks where the advertised rate is in excess of 3 per cent, and there are many such, the possibility of profitable operation is almost completely eliminated.

Shifting the Burden

The selling job and the method of passing on the cost of deposit insurance to regular savings depositors and to holders of deposit certificates is essentially the same. Each bank has an advertised rate of interest. That rate, incidentally, should never be in excess of 3 per cent on pass-book savings or 3½ per cent on certificates, because it is economically impossible to make a profit while paying at a higher rate under existing investment conditions. Let us assume that our bank is paying the above rates.

The Selling Job

To cover the probable cost of deposit insurance, we will deduct one-half of 1 per cent, thereby reducing our rates to 2½ and 3 per cent. This reduction should not be accomplished in any arbitrary manner. Each customer must be

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**"Take advantage of every opportunity
to keep your bank and its savings department
favorably before the public. When you have the public
behind you, you have one of your most valuable assets. Guard it zealously"**

The GREATEST ASSET of Your Savings Department

A QUESTION before many of us in the banking profession at this time is what change of policy, if any, should be made in view of the present financial and business conditions, and the new banking legislation enacted in Washington. It is perfectly natural for us to give consideration to some degree of retrenchment but present conditions should not influence us to make too serious inroads, particularly on the program of public relations work of which advertising plays an important part.

A Mistake

The sudden and substantial reduction in advertising expenditures by many banks in my opinion is a serious mistake. By this policy banks have undoubtedly suffered a tremendous loss of prestige, and their most precious asset, public confidence and goodwill, which is the basis of banking success. In a period of depression in which financial problems became peculiarly pressing, it is evitable that the banks should be the target of a great amount of misunderstanding and criticism. Some of this misunderstanding only time can cure, but it is highly important that bankers themselves should use every proper means to make known the facts about the situation and to nullify the false impressions and loose criticisms which are not based on facts. Silence is not always golden. How can the banker blame the public for misunderstanding him if he makes no effort to explain himself. To initiate, cultivate and retain confidence and the goodwill of the public, without the aid of consistent and intelligent advertising leaves only one alternative at present — aggressive, personal selling, which I believe is the greatest asset for any savings department, large or small,

and one of the most important problems facing bankers today.

With the guarantee of bank deposits which the new bank bills make possible, the public's fear as to the future safety of banks to a large extent will pass and the banker must now turn his thoughts to building up his savings business through intelligent selling, friendliness, helpfulness, courteous and fair dealing, rather than continual preaching about the safety of the institution due to its size and sound management.

All the Same

The capital structure of a bank, its strong directorate and large personnel will make little difference to John and Mary Doe. Most banks will probably

AN ADDRESS delivered by Frank Fuchs, advertising manager of the First National Bank of St. Louis, before the 1933 con- vention of the American Institute of Banking, in Chicago

be very much the same to the man in the street when he is assured that his funds are protected by the new banking laws. These depositors will be attracted and held by the personality of these banks—your bank is but the reflection of *your* personality. Your savings customers in the future will base their opinion of your bank entirely upon the treatment they receive when they contact with you. There is no way you can create public goodwill in a better manner, in the absence of intelligent advertising.

Banking today more than ever before, is essentially a relationship between the

person representing the bank and the person representing the public. I know that I have got to be a better public relations man than I have been before if I am to live up to the job that I expect will exist in my institution, because bank relationships are in a state of flux and depositors are in an unsettled inquiring state. We are entering a new banking age in which we will have to constantly sell our institution and merchandise our services at a profit instead of a loss. Contact employes must therefore be sales-minded, especially those employed in large downtown banks because there must be some incentive for the public to come any great distance to do their banking, especially when all banks large or small, as far as safety of deposits is concerns, will practically be on the same level in the public's mind.

A Different Public

Obviously you have a harder job than ever and a far more important one, for you have an entirely different public to deal with than before. If educational work on banking is to be successful, you must carry a large portion of the load, if you cannot depend upon advertising to assist you. It is imperative that each contact employe in your institution realize the value of cooperation on his part, for the benefit of all. Suggest improvements in your departments of service—give the public facts concerning your institution, its services and how it operates. Let your customers bring up the question that is troubling them. Your part is to have a ready answer to every question asked. "Come, let us reason together," is a bit of good advice as old as the prophets. It is just as potent today as the day it was first uttered. So counsel with those of your customers

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Public Relations— A Harder But More Important Job

An address by Roy Dickinson, associate editor of *Printer's Ink*, before a meeting of the financial advertisers of New York. He says that "ours is the opportunity to take a real and active part in one of the greatest decades in all history"

TO COPY the words of the man who wrote the best bank advertising copy I have read in many a year, I think the time has come to stop worrying just who it was who left the icebox door open. We all know that the milk was soured. What we want to know now, is when the milkman is coming with a fresh quart and how we can hasten its arrival.

If the last few years proved that we couldn't be ballyhooed into prosperity, it is also true that we cannot now be slandered into recovery.

There is no doubt that 1933 will go down in history as the year of the great showdown. Most men, most businesses and banks will prove solid. Some are now seen to have been hollow, empty shells. From this point on, the public will know where to pin its faith. From now on we are going to judge a man not by what he has in his safe deposit box, but what he has in his heart and in his spirit. Those individuals and industrial and banking concerns who will cave in, and those who will go forward to a better service, seem to be dividing themselves at the present moment right before our eyes. "What is darkness to some people is being seized upon by others as a swell chance to strike a light." New ideas for all sorts of merchandise such as farm implements, saws and other inventions came in the bleak uncertainties of the early '40's. In 1857 and another panic, other great leaders started. As we look back we find that every bad period was the opportunity for some men to go ahead with new ideas.

Big Boss Interested

This thought that new ideas are essential for the important job of financial advertising now, leads me quite naturally into what was handed me as the text of my talk—"Keeping MacDonald Interested."

MacDonald is the Big Boss. It comes from this. There was a round-table in an old Highland castle. A stranger came into the warmth and the light from the cold and snow outside. He had a message to deliver to the man "at the head of the table," the chief's place. The table had no head, so the stranger had to ask. Then the burly, big boss made the famous remark, first used by Emerson in "The American Scholar"—"Where MacDonald sits, there is the head of the table." Many MacGregors have protested that their name is the correct one, but MacDonald it is.

At many a present-day round-table advertising discussion in the manufacturer's or banker's office, the echo of that remark should be making history today.

The big boss ought to be on the advertising job. MacDonald should be doing his stuff. He should be sitting at the advertising table, helping. What can possibly be more important for bank heads today than their public contacts, the voice of their bank in print, the way the public feels about it, what the public knows about all banking. Roosevelt, when he used the word "mattress" over the radio gave bank MacDonalds something to think about. Why did the president of the United States have to do the job they should have done?

Most Important Job

It is my firm belief that the day is past when the president's contribution to his bank's advertising program is a somewhat guiding acceptance of the fact that some of it ought to be done. It is worthy of his best efforts and consideration. What else can be more important? Is he too big or too busy to take upon himself what the president of the United States had to do in a crisis? What can he be busy about that is more important? I'm asking you.

I wonder whether you have been able to make your MacDonalds realize that at the present moment your job namely, interpreting the banks to the public, is probably one of the largest jobs which faces any group of men and women in America today. Unless a man is a conservator he must see this point of view. A friend of mine told me the other day that his dream was to become a conservator. He said to me, "You know that is the swellest job in the world because a conservator can't lose. The bank is closed anyway before he ever gets started and he is in there all alone."

New Ideas

How orthodox is that peculiar condition where the patient can neither eliminate an old idea, nor absorb a new one. The man or woman with a new idea for bank advertising is very likely to have a new idea for the product, for the bank itself. That is how it happens in other lines. Tea kettles went along selling a certain definite amount each year until somebody in the advertising department suggested to the Rome Manufacturing Co. that they ought to be made more attractive—an idea added. So Rome produced an unusual kettle to retail at \$1. It has a molded plastic handle and a bird's head, also of molded plastic, which whistled loudly when the kettle began to boil. Whistling tea kettles. There was something different. In three months the company sold 160,000 of these kettles and was working night and day to catch up with demand.

Here is a wild idea by an outsider. How about a group of banks talking to a few insurance companies about taking over loans on policies? Why are insurance companies in the banking business? Why do they get 6 per cent for loaning a man his own money when banks will take 5? What is better collateral if a

(Continued on page 22)



BONDS AND INVESTMENTS

"We can have a degree of recovery through expansion of consumer's goods, but the real substantial volume of business must be based upon the confidence in the saving and growth of capital accumulations"

Present Problems of Investment Banking

AS WE TAKE a survey of the present investment position, we find that there are several paradoxes indicating a conflict of various forces. We find that business has turned about its course without monetary changes recommended by some financial doctors. There has been a promise of inflation of credit and currency and yet, as a matter of fact, we have prices moving upward and business moving upward with a contracting of Federal Reserve credit. Many of our industrial concerns were in such a liquid position that they have been able to finance the present degree of recovery without much, if any, additional use of credit.

In a sense we are true to history in that we have a revision of our banking law. For the first time we now have an attempt to guarantee bank deposits on a national scale. One of the paradoxes in this situation is that all of our past experience with silver, with currency, and with guarantee of bank deposits would point to the inadvisability of such a measure. The Bank Act has another provision in it very distinctly giving the Federal Reserve System the power to regulate the use of bank credit, and it separates the investment banking business from all direct contact with the commercial and private banking business of the country.

Flow of Capital

It is evident that the flow of capital into industry may very readily take two forms; first, short-term capital, essentially bank credits; and second, long-term, through the issuance of securities in the market. It becomes very difficult

By RALEIGH H. RIFE

*Economist
Guaranty Trust Company
New York*

to distinguish at any particular moment of time when the continuation of bank credit may be an anticipation of future bond issues. On account of the difficulty of segregating this flow of capital into these two categories for a good many years, it became the practice of the larger American banks to establish bond departments to help synchronize this flow of capital to industry, and in later years these bond departments became separate investment affiliate companies. In a sense, there had been developed a department-store method of banking, including commercial and short-term and long-term credit to industry. The segregation of the instrumentality for furnishing long-term capital from the commercial banks may, in a short period of time, retard the flow of capital to industry.

We also have invested the President of the United States with the authority to issue \$3,000,000,000 of greenbacks in case he is not able to arrange with the Federal Reserve Banks to purchase that many Government bonds through open market operations; to accept \$200,000,000 of silver at the price of 50 cents an ounce in payment of Government debts on the part of foreign governments; further the right to the establishment of the free and unlimited coinage of silver at a ratio to be determined by him; and further the reduction of the gold content of the dollar up to 50 per cent, which means that the existing gold supply in the country would make twice as many

gold dollars, as furnish a reserve for twice as many paper dollars under the old laws. Probably there has never been a time in the history of our country when such powers of such far-reaching consequences were given into the hands of one individual.

Provision Accomplished

Let us assume, for instance, that the \$3,000,000,000 provision is accomplished either through open market operations of the Federal Reserve Banks and the issuance of Federal Reserve Bank Notes secured by Government bonds, or else by the printing of paper money, and that we have coined \$200,000,000 of silver—it would be evident then that the token monetary supply of the country would consist of the following: We would have in circulation silver, paper money in the form of greenbacks, and government secured currency in the amount of about \$5,500,000,000, which would approximate the amount of currency that was in circulation in the boom period of 1929. In addition there would be our supply of gold and Federal Reserve Notes.

There is an old law of monetary science which is known as Gresham's Law, which states that the cheaper money will tend to drive out the dearer or sounder money. The success in having token money in circulation alongside of gold money is in the limitation of the amount of such money. If too large an amount of token money is put into circulation, it might very readily be that on an attempt at some future time to make such money convertible into gold, you will find that gold will be driven out of circulation.

New Problems

Due to the uncertainties as to what may happen in respect to currency questions, it becomes a complicated problem for the investor to know what to do. A surveyor must have his starting points fixed, and in a sense that is what the investor has to have. If the monetary program is to be inflation of the extreme type, it means that there is activity in the stock market and then eventually the effort to get out of the market and into commodities and real property. It would seem as if the experiences of history have been so definite in regard to the ultimate effects of inflation that one is surprised to find that he is confronted with it as a suggested solution of our present problems. The investor is further confronted with a good deal of uncertainty as to the application of many other programs in Washington, and it seems a safe guess to make today that only when we know more definitely what is the direction and until we know through experimentation how some of the plans are going to operate, will the investor know to what he can tie as a guiding sign. This particularly applies to the Industrial Recovery Bill and the Agricultural Bill with its processing tax.

Practically all attempts to regulate prices and production of agricultural products, as far as history testifies, have not been very successful. Probably the country that has had the longest experience in this respect is Brazil, with its coffee valorization program. This program started about 1905 whereby the government issued the plants, financed the surplus crops, and maintained a higher level of prices. This encouraged the production of coffee in Brazil and also in many other countries of the world. The Brazilian program has taken various forms, but in recent years they decided to tax the coffee grower in order to destroy part of the production. However, recent estimates show that the supply of coffee available for the next season will be unparalleled in its magnitude.

New Rules

The investment banker is confronted with an entirely new condition of affairs today, embodied in the "Securities Act of 1933." This provides new rules in the way of data and in connection with the registration of new securities. Until rules and regulations are clearly drawn, indicating the method of operation under this Act, it may have a retarding influence in supplying industry with capital, but it should generally be said that in-

vestment bankers, as a whole, are desirous of cooperating to the fullest extent and to see that the investor is given the fullest information available in order for him to arrive at a decision. I think that we may safely say that there is one basic principle that we have to tip up to in the field of investment banking and in the general field of investments. We never can supplant the element of good judgment in the selection of the proper type of securities and we cannot eliminate the factor of good management in any type of business. There is probably no other country in the world that has gone as far towards government inspection and supervision of banks as has taken place in the historical development of the United States, and yet the banking history of this country has so many dark pages that we must again conclude that in the realm of banking the safest thing to tie up to is good management.

Apply the Brakes

We have seen considerable discussion of the fact that prosperity would return if we had prices back to the level of 1926, so that on the average the debtor would be able to repay his debt with a dollar whose purchasing power would be the same as when the debt was contracted. The probability is, however, that our degree of prosperity was heightened by the flotation of foreign loans in this market, and by the creation of internal debts of various kinds for supplying long term capital needs. Until we can generate some such a program on the part of our people, we cannot expect a reasonable degree of employment. The past tells us that this takes time to accomplish and that it is slow to respond, after a serious setback. As I view the perspective today of the last few years in connection with the supplying of long term capital, I am quite convinced that what our economic organization really needs is some way of putting on the brakes when speculation in long-term capital becomes too pronounced. Perhaps if something could be done along these lines, we might not be talking so much about digging ourselves out of the depths of the valley of the depression; but when the public mind has become filled with a point of view, naturally it becomes very difficult to apply the brakes. The history of the development of this country has shown such striking waves of speculation in real estate that the Florida episode perhaps seems natural in the course of events. When such a speculative move was underway, it is per-

fectly clear that the public was not seeking conservative advice, and would not heed it when given. That is probably one of the penalties that we have to pay for one of the peculiarities of human nature.

There is an observation I would like to make on the present outlook. The country certainly speculated itself into trouble in the period culminating in 1929, and it hardly seems reasonable to assume that we should speculate ourselves out of the valley of the depression. Industrial activity must be based upon sounder grounds than speculation. We should develop these phases of our financial, monetary and economic life that encourage the investment of capital, which stress the elements of stability and security and hence encourage capital to seek real investment rather than speculation. We can have a degree of recovery through expansion of consumers' goods, but the real substantial volume of business must be based upon the confidence in the saving and growth of capital accumulations.

THE COMMERCIAL DEPARTMENT AS THE SAVINGS MANAGER SEES IT

(Continued from page 6)

atives of means to the bank with large checking accounts and sometimes their business accounts. This little item of goodwill, intangible though it may seem, is often carried at far too nominal a sum in the estimation of the banker. "Mighty oaks from little acorns grow" is an old saying you have heard all your lives. Have you ever applied this thought in the building of a bank. Not all of the acorns develop into mighty oaks, nor do all your small accounts grow into large sums, but the percentage is certainly worthy of your consideration. History has recorded and the Century of Progress will show you the results of industrial revolutions in the past. We are now in the midst of a financial revolution. Many of our customers have felt the effects of this crisis, ill effects for the most part. Some of them must begin over. Their accounts will be small at first, but it is up to us as the leaders in finance to be patient and considerate and to give crippled industry a chance to get back on its feet again, thus deriving therefrom a mutual benefit, in a speeding up of the return to prosperity and plenty.

DEPOSIT GUARANTEE —

(Continued from page 8)

sold on the idea that the reduction is solely for the purpose of providing *him* with greater protection for the safety of *his* deposits.

When the insurance coverage goes into effect, the banks should use the insurance appeal as a basis for encouraging new deposits. New as well as old customers should be advised in a carefully worded circular as to the fundamental provisions of the deposit insurance plan. Each of them should be educated in the benefits which will actually accrue to their personal selves, and educated also into the idea that they, as the beneficiaries, should pay the cost of the protection.

At the end of the interest period, the normal interest should be computed, the charge for deposit insurance deducted, and the balance credited to the account. It would simplify the procedure somewhat merely to reduce the advertised rate by one-half of 1 per cent and figure interest at the lower rate. In any event, the depositor should know that he is the one who pays the bill for the insurance protection.

Certificates of Deposit

On certificates of deposit, the customer will be notified when he enters the bank either to purchase an original certificate or to renew an old one. He should be told the current advertised rate paid on certificates, and he should be sold on the idea that the one-half of 1 per cent fee should be paid by him for protection by which he alone benefits. "Of course we will be glad to sell you a certificate of deposit, Mr. Jones. We pay 3½ per cent on these certificates when you leave the money here six months or longer. You understand, of course, that it is compulsory for us to have your deposit insured through the Federal Deposit Insurance Corporation. It is necessary for us to deduct the amount of *your* premium from the interest, hence we will write this certificate at 3 per cent."

Setting Up Reserves

Having arranged to procure from the customer the premium cost on his deposit insurance, we are now confronted with the problem of how it should be handled on the books. To begin with, savings insurance will be taken out semi-annually at interest dates. Certificates will be an almost daily occurrence, and the collection from the checking customers will be made monthly. As these payments are received they should be

credited to a "Reserve for Federal Deposit Insurance" account, where they should be held pending the time when assessments will be necessary to replenish the insurance fund.

Over a period of time this account will assume large proportions. So much the better. It will provide additional protection to our own depositors, and assure us of being able to meet any assessments without embarrassment.

It Must Not Fail

We cannot as bankers afford to allow the federal deposit guarantee to fail. It could only fail with disastrous results to the entire American banking and economic structure. Unquestionably the present guarantee bill is unbusinesslike and heir to practically all of the weaknesses which produced the failure of guarantee systems wherever previously attempted. Our only hope to salvage it,

Guaranty Trust Company of New York

140 Broadway

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

CONDENSED STATEMENT, JUNE 30, 1933

RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers	\$ 249,332,300.94
U. S. Government Bonds and Certificates	482,920,173.19
Public Securities	75,975,692.67
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	24,975,205.41
Loans and Bills Purchased	491,098,292.13
Real Estate Bonds and Mortgages	2,655,085.74
Items in Transit with Foreign Branches	6,985,873.89
Credits Granted on Acceptances	83,214,878.18
Bank Buildings	14,202,829.83
Accrued Interest and Accounts Receivable	5,954,375.91
	\$1,445,114,707.89

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	7,266,269.98
	\$ 267,266,269.98
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.	6,940,262.61
Acceptances	83,214,878.18
Liability as Endorser on Acceptances and Foreign Bills	72,102.00
Deposits	\$1,054,343,334.79
Outstanding Checks	33,277,860.33
	1,087,621,195.12
	\$1,445,114,707.89

and to make of it an active instrument in the upbuilding of American banking is to regulate our own policies in such a manner as to guarantee its integrity for all time. We can only do that by providing of our own volition the protection and the business-like procedure, which a political body failed to provide.

Unquestionably again, if all bankers were to adopt wholeheartedly all of the suggestions above, banking operations would be conducted at a fair profit regardless of economic conditions, depleted reserves would rapidly be restored, new ones would be set up for the further protection of our depositors, and guarantee of bank deposits will have a chance to work for the first time in history.

THE GREATEST ASSET OF THE SAVINGS DEPARTMENT

(Continued from page 9)

who are anxious for information concerning your bank and their account.

It is safe to say, that the majority of your depositors know very little about your bank, and what little they do know they have learned from financial advertising in the past. If you are competent, friendly, considerate, and interested in your depositors' affairs, your steady growth and popularity will reflect these facts—because you soon have the respect and confidence of these depositors and their friends. Take advantage of every opportunity to keep your bank and its savings department favorably before the public. Abraham Lincoln said, "With

the public behind you, you can do everything." When you have the public behind you, you have one of your most valuable assets. Guard it zealously. It keeps any bank flourishing in normal times and it will be a bulwark of strength and confidence in times of emergency. It is the momentum that is the invisible aid to saving banking—especially if your represent a non-advertised bank.

Severe Test

Our whole economic structure, our social fabric and governmental regime, all are undergoing a severe, searching test of their fitness to serve. The old order of things is broken; a new order is in the making in every field of endeavor. We are at the crossroads. We have passed out of the valley. We are entering a new era—we must forge ahead with new plans, new ideas and increased vigor. The different conditions through which the financial world has passed, have brought a new challenge to everyone in the banking profession. In no field of business is there greater need for vigorous and intelligent public relations policies than in finance. Know your public and get them to know you. Be enthusiastic. You must become well acquainted with the value of a smile, and know that banking is conducted as a service to the public, because banks are institutions for the public to use. There should be no air of mystery about them.

We have services that must be sold—but these service no matter what they

may be are harder to sell than tangible products. Existing systems of business development and customer cultivation must measure up to the standards demanded of them under present conditions, especially in the savings department.

It is well to remember that developmental work, (that is aggressive salesmanship), is by no means confined to the solicitation of new savings business. As a matter of fact, that is a comparatively minor part of it. A large volume of new savings business and sometimes the best type of new savings business comes through your present customers and this is particularly true with non-advertised banks.

Bank Bill Explained

The Northwest Bancorporation has gotten out a twelve page folder entitled "A Topical Digest of the Banking Act of 1933," which is the Glass-Steagall Bill, and is giving this widespread distribution throughout the northwest territory.

The bill is analyzed point by point, and the information contained therein is full and complete. Copies, of course, may be obtained direct from the Northwest Bancorporation of Minneapolis.

Serious Feed Situation

Livestock producers in the principal livestock producing states from Ohio westward to the Pacific Coast states are facing one of the most threatening feed situations in many years. As a result of the record June drought and high temperature over most of this area, pasture conditions on July 1 were the poorest for any July on record; range feed conditions in the western range states were the poorest for July 1 and in the 11 years for which records are available; and the condition of both cattle and sheep in these states was the lowest on July 1 for these 11 years.

The yield per acre of oats and barley will be the smallest since 1900, at least, if not the smallest on record, and the total production of these will be the smallest in many years, according to the July report of the Crop Reporting Board of the U. S. Department of Agriculture.

Barber: "Haven't I shaved you before, sir?"

Customer: "No, I got that scar in France."

GMAC SHORT TERM NOTES

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GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Office -- BROADWAY at 57TH STREET -- New York, N. Y.

OFFICES IN PRINCIPAL CITIES

INSURANCE

Its Application to the Banking Fraternity

When the Wind Whistles—

Do You Hear a Cheerful or a Mournful Tune?

IT WAS not so long ago that fire was considered to be an act of God rather than a mistake of man. Improved design and construction have minimized the damage by fire to a point where it may be controlled or, at least, kept within certain limits. How unlike this is the dreaded windstorm or tornado.

None knows when or where a windstorm will strike or what will be its proportion. It may select your home or it may wipe out your town or, as has so often happened, counties or entire sections of a state are leveled. The wind recognizes no master, but through the financial stability of our insurance companies, it may be insured against. We cannot prevent a loss, but we are able to replace damaged property.

Realizing the large area over which the destruction by windstorm may spread, it is the purpose of this article, not only to show how the individual may protect himself, but also how the financial institutions which hold mortgages may protect their investments.

Every section of the country has windstorms that are sufficiently severe to warrant windstorm insurance. Every property owner and every mortgagee is a prospective client. This is a field that, instead of being overworked, is underdeveloped.

The Contract

It is a universally accepted fact that, under the fire insurance contract, if a material part of the building fall, the fire insurance contract is automatically voided. If it is considered that a sufficient portion of the building does not fall to void the contract and fire ensues, only the damage done by fire will be paid. If the building were caused to fall in whole or part by windstorm, it is evident that under the most advantageous conditions only a portion of the loss would be paid under the fire insurance

By RALPH W. TAYLOR

*Examiner
Aetna - World Insurance Co.*

contract. It would be next to impossible to determine how much of the loss was caused by the windstorm and how much by the fire; this would give rise to argument and dissatisfaction. Under the old windstorm policy the loss caused by the windstorm only would be paid. Even though a fire were caused as a direct result of the windstorm, only the damage done by the windstorm would be paid under a windstorm policy. It is, therefore, evident that under certain conditions there is a gap between the coverage afforded by the windstorm contract and the fire contract.

"AS YOU GO over your list of prospects, does the wind whistle a tune of satisfaction because you have protected your clients and your business, or does it howl derision at you for not doing so?"

Complete Protection

Recognizing the need of complete protection to the assured and the sales advantage to the agent, a clause for attachment to the old type of tornado policies has been designed which bridges the fire-tornado gap. The newer windstorm policies which are in use, or will soon be in use, throughout nearly the entire country, contain the provision that a loss by fire caused as a direct result of a windstorm which, because of the voiding of the fire contract, is not covered under the fire policy, will be paid under the windstorm policy, according to the provisions of the contract. If this feature is overlooked in the scheduling of the

insurance of a client, a great injustice is being done, not only to the client but to yourself.

It is evident that both fire and tornado coverage are necessary and that only where bridging the fire-tornado gap clause provision is in some way a part of the tornado contract, will the assured have complete protection. This demonstrates another advantage of the combined fire and windstorm contract.

Real property and chattels are insured under a tornado policy with a tornado form very similar to a fire form. Tornado rents or rental value insurance may be added by endorsement or a separate policy may be issued. The combination fire and tornado policy is a convenient and painless way of selling this protection, as it involves but one premium.

Business Interruption

A business may be interrupted by damage to a manufacturing plant by windstorm which will delay the operation of the plant just as though it were damaged by fire. The same insurable interest exists as though the damage were caused by fire. Tornado business interruption forms which are attached to the standard tornado policy are no more complicated than the fire form, and the coverage should never be overlooked.

Interest rates on mortgages have been reduced in some sections. This means that the income to the mortgagee is reduced. There is just so much less to set up a reserve to meet such a contingency as would be caused by a windstorm or tornado in a section where the loan company or bank hold their mortgages. The mortgages are bound to be concentrated in an area which might be affected. The local loaning organizations operate in a small area and it is not an idle observation that it might be completely wiped out. The large national organizations operate through local agents which tends

to centralize the loans in the territories under the jurisdiction of the individual local loan agents.

Some loan companies require that the mortgagor carry tornado insurance with a mortgagee clause in their favor. Policies are liable to lapse; or through some mistake a tornado policy may not be issued to protect the individual risk. A

tornado errors and omissions policy would be a worth-while investment to such a company.

There is just as much tornado insurance of all classes to be written now as ever before, and present conditions simply tend to accentuate its need. But the rules and rates vary in different sections of the country, so let the home office

be the clearing house for the information that you need.

As you go over your list of prospects, does the wind whistle a tune of satisfaction because you have protected your clients and your business, or does it howl derision at you for not doing so and, incidentally, leaving this very fertile field as an entree for your competitors?—*Aetna Fire Group Messenger.*

Well-Known Corner Finally Turned

Excerpts from *The Business Bulletin*, edited by Col. Leonard Ayres, Vice President of the Cleveland Trust Company, indicate business is well on the road to recovery

RECOVERY from depression has come repeatedly, both in this country and abroad, by a restoration of public confidence in the soundness and integrity of the national money. Our present experiment is based on the creation of doubt concerning the value of our money, which results in a general movement to buy commodities and equities. Its justification depends on its success.

IT HAS become convincingly evident that the corner of the great depression was turned in this country between the first and second quarters of this year.

IT IS WORTH noting that the depression index and its three components turned up last summer, and in the main held their gains well to about the end of last year, when political dissensions and the banking troubles brought a decline that carried them down to new lows in March, after which the present recovery began. That recovery which began last summer appears to have been the turning point for most of the other important industrial countries. Industry continues its advance abroad, while here we are making our second attempt at recovery.

DURING the past quarter the value of our money has been declining abroad, and the prices of securities and commodities have been advancing here. So far there have been fairly close relationships between these price move-

ments. We may measure the changes in the exchange value of our money by determining the price of an ounce of gold in American dollars. If we do that we shall find that it advanced during the second quarter by about 25 per cent. Meanwhile the prices of active wholesale commodities moved up by about 50 per cent and those of industrial stocks by about 75 per cent.

IN MARCH the index of industrial production used by this bank as the current part of its long-term indexes of business activity was at the low level of 45.4 per cent below the computed normal level. The April figure was only 39 per cent below the normal level, and the preliminary May figure is only 30.8 per cent below. This is approximately the level of September, 1931. Nearly all of the 18 industrial series composing the total index, except those for coal production, showed notable advances in May.

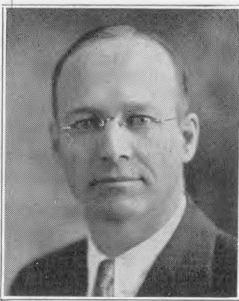
APPARENTLY more than a billion dollars of idle currency is still being hoarded in this country. Two years ago, in June of 1931, business activity was at about the same levels as it is now. At that time the practice of hoarding was almost unknown, and the amount of currency in circulation, other than small coins, amounted to about four and a half billion dollars. At the present time the amount is approximately a billion dollars greater than it was then, and since price levels are lower, and wages less, and business activity no greater, it seems clear that the amount of currency being hoarded is still be-

tween a billion and a billion and a half dollars.

BUSINESS RECOVERY is now going forward in this country at the most rapid rate ever reached in our economic history. Activity in business is increasing more than twice as swiftly as it has done in any previous period of upturn from depression conditions, and at a pace about five times as rapid as that attained in 1915 when the huge war orders poured in from Europe.

IT IS NOT NOW possible to judge whether or not so rapid an advance will prove to be undesirably swift, for there is no similar previous case with which to make comparisons. We do know that the spectacular recovery in 1838 was largely based on speculation and so-called wildcat money, and that it was followed by another period of depression. Nevertheless conditions obtaining then were so different from those existing now that the earlier instance may be of little value as a guide.

THERE CAN BE no doubt that much of the recent sudden demand for good has been caused by fear that our money will be progressively less valuable in the months ahead. In large measure people have been demanding goods to make up accumulated shortages, but in some considerable degree they are exchanging hoarded money for goods that they may hoard instead. Perhaps we could wisely moderate temporarily our efforts to stimulate business still further.



**R. H. BARBER, President
Nebraska Bankers Association**

Nebraska News



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

Unrestricted In Nebraska (As of July 25)

THE FOLLOWING is a list of National banks in Nebraska which are now operating on an unrestricted basis. This list was compiled as of July 25, and while every precaution was taken to insure accuracy, we assume no responsibility for any errors which may appear therein:

Ainsworth, Commercial National Bank
Ainsworth, National Bank of Ainsworth
Albion, Albion National Bank
Albion, First National Bank
Alliance, Alliance National Bank
Alliance, Nebraska National Bank
Amherst, First National Bank
Arcadia, First National Bank
Ashland, Farmers and Merchants National Bank
Atkinson, First National Bank
Auburn, Carson National Bank
Bancroft, First National Bank
Bayard, First National Bank
Beatrice, Beatrice National Bank
Beatrice, First National Bank
Beemer, First National Bank
Belden, First National Bank
Benedict, First National Bank
Bradshaw, First National Bank
Butte, First National Bank
Cambridge, First National Bank
Central City, Farmers National Bank
Chadron, First National Bank
Coleridge, Coleridge National Bank
Columbus, Central National Bank
Cozad, First National Bank
Creighton, American National Bank
Crete, City National Bank
David City, First National Bank
Doniphan, National Bank of Doniphan
Elwood, First National Bank
Emerson, First National Bank
Fairbury, First National Bank
Falls City, First National Bank
Fremont, Fremont National Bank
Fremont, Stephens National Bank
Friend, First National Bank
Fullerton, The First National Bank
Fullerton, Fullerton National Bank
Genoa, First National Bank
Genoa, Genoa National Bank
Gering, Gering National Bank
Gordon, First National Bank
Grand Island, First National Bank
Grant, Farmers National Bank
Greeley, City National Bank
Hampton, First National Bank
Harrison, Sioux National Bank
Hastings, Hastings National Bank
Havelock, Havelock National Bank
Hays Center, First National Bank
Hay Springs, First National Bank
Holdrege, First National Bank
Hooper, First National Bank
Imperial, First National Bank
Johnson, First National Bank
Kimball, American National Bank
Laurel, Security National Bank
Lewellen, First National Bank

Lincoln, Continental National Bank
Lincoln, First National Bank
Lincoln, National Bank of Commerce
Loomis, First National Bank
Loup City, First National Bank
Lyman, First National Bank
Lyons, First National Bank
McCook, First National Bank
McCook, McCook National Bank
Madison, Farmers National Bank
Marquette, First National Bank
Minatare, First National Bank
Minden, First National Bank
Minden, Minden Exchange National Bank
Minden, Nebraska National Bank
Mitchell, First National Bank
Moorefield, Bank of Moorefield
Morrill, First National Bank
Nebraska City, Merchants National Bank
Nebraska City, Nebraska City National Bank
Nebraska City, Otoe County National Bank
Neligh, The National Bank of Neligh
Newman Grove, First National Bank
Norfolk, Delay National Bank
North Platte, First National Bank
Oakdale, First National Bank
Oakland, Farmers and Merchants National Bank
Omaha, First National Bank
Omaha, Livestock National Bank
Omaha, Omaha National Bank
Omaha, Packers National Bank
Omaha, Stockyards National Bank
Omaha, U. S. National Bank
O'Neill, First National Bank
O'Neill, O'Neill National Bank
Ord, First National Bank
Osmond, First National Bank
Osceola, First National Bank
Overton, Overton National Bank
Pender, First National Bank
Pilger, Farmers National Bank
Primrose, First National Bank
Randolph, First National Bank
Rushville, Stockmens National Bank
St. Paul, Citizens National Bank
St. Paul, St. Paul National Bank
Scottsbluff, Scottsbluff National Bank
Seward, Cattle National Bank
Seward, Jones National Bank
Shelby, First National Bank
Sidney, The American National Bank
Springview, First National Bank
Stanton, First National Bank
Stanton, Stanton National Bank
Stromsburg, First National Bank
Stuart, First National Bank
Syracuse, First National Bank
Tekamah, First National Bank
Tilden, Tilden National Bank
Unadilla, First National Bank
Valentine, First National Bank
Wahoo, First National Bank
Wakefield, Wakefield National Bank
Walthill, First National Bank
Wayne, First National Bank
Wayne, State National Bank
Weeping Water, First National Bank
West Point, First National Bank
Wilcox, First National Bank
Wisner, Citizens National Bank
Wisner, First National Bank
York, City National Bank
York, First National Bank

State Banks

The following Nebraska banks, under the jurisdiction of the State Banking Department, are now (July 25) operating on an unrestricted basis. While the source from which the names were obtained is considered reliable, we take no responsibility for any omissions or other errors which may appear.

Adams, Adams State Bank
Alexandria, State Bank of Alexandria
Alliance, Guardian State Bank
Alma, Harlan County Bank
Alvo, Farmers and Merchants Bank
Ansley, Security State Bank
Arapahoe, Arapahoe State Bank
Arapahoe, Citizens State Bank
Arlington, Arlington State Bank
Arnold, Arnold State Bank
Ashby, Grant County State Bank
Ashton, State Bank
Atlanta, Atlanta State Bank
Auburn, Auburn State Bank
Avoca, Farmers State Bank
Axtell, Farmers and Merchants Bank
Bancroft, Citizens State Bank
Bartlett, Bartlett State Bank
Bartley, State Bank of Bartley
Beatrice, Beatrice State Bank
Beaver City, First State Bank
Benkelman, State Bank of Benkelman
Bennington, Bank of Bennington
Bennett, Citizens Bank
Berwyn, Farmers State Bank
Big Springs, Farmers State Bank
Bingham, Bank of Bingham
Bloomington, Bloomington State Bank
Blue Hill, Commercial Bank
Blue Springs, Blue Springs State Bank
Boelus, Boelus State Bank
Brady, Bank of Brady
Brainard, Bank of Brainard
Bristow, Nebraska State Bank
Bridgeport, Bridgeport State Bank
Broadwater, Union State Bank
Brock, Bank of Brock
Broken Bow, Nebraska State Bank
Broken Bow, Security State Bank
Bruning, Bruning State Bank
Brunswick, Brunswick State Bank
Burchard, State Bank of Burchard
Burr, American Bank
Cairo, State Bank of Cairo
Callaway, Seven Valleys State Bank
Cambridge, State Bank
Campbell, Farmers State Bank
Carleton, Citizens State Bank
Center, Center State Bank
Ceresco, Farmers and Merchants Bank
Chambers, Chambers State Bank
Clearwater, Citizens State Bank
Cody, Bank of Cody
Colon, State Bank of Colon
Comstock, Farmers and Merchants Bank
Cook, Farmers Bank
Cozad, Cozad State Bank

Crawford, Crawford State Bank
 Crete, Crete State Bank
 Culbertson, Culbertson Bank
 Curtis, Curtis State Bank
 Cushing, Cushing State Bank
 Dalton, Dalton State Bank
 Dannebrog, State Bank of Dannebrog
 Davenport, Jennings State Bank
 Dawson, Dawson Bank
 Daykin, Jefferson County Bank
 Deshler, Nebraska Security Bank
 DeWitt, State Bank of DeWitt
 Dickens, First State Bank
 Diller, Diller State Bank
 Dorchester, Citizens State Bank
 Douglas, Farmers State Bank
 DuBois, State Bank of DuBois
 Eddyville, Eddyville State Bank
 Edgar, State Bank of Edgar
 Edgar, Clay County State Bank
 Edison, Farmers and Merchants Bank
 Elba, Elba State Bank
 Elk Creek, State Bank
 Elkhorn, Farmers State Bank
 Ellis, Ellis State Bank
 Elmwood, American Exchange Bank
 Elsie, Commercial State Bank
 Elwood, Home Bank
 Emerson, Farmers State Bank
 Emmet, Emmet State Bank
 Enders, First State Bank
 Ericson, Ericson State Bank
 Eustis, Farmers State Bank
 Eustis, Pioneer State Bank
 Ewing, Farmers State Bank
 Fairfield, Fairfield State Bank
 Fairmont, Bank of Fairmont
 Fairmont, Farmers State Bank
 Falls City, Falls City State Bank
 Falls City, Nebraska State Bank
 Falls City, Richardson County Bank
 Farnam, Farnam Bank
 Farnam, State Bank
 Franklin, Franklin State Bank
 Geneva, Geneva State Bank
 Gibbon, Exchange Bank
 Goehner, Goehner State Bank
 Gordon, Gordon State Bank
 Gothenburg, Farmers State Bank
 Gothenburg, Gothenburg State Bank
 Grafton, Grafton State Bank
 Grand Island, Commercial Bank
 Gresham, Gresham State Bank
 Guide Rock, Guide Rock State Bank
 Hallam, Hallam Bank
 Hardy, Farmers State Bank
 Hayland, First State Bank
 Hay Springs, Northwestern State Bank
 Hebron, Thayer County Bank
 Hendley, Farmers State Bank
 Herman, Herman State Bank
 Hickman, First State Bank
 Hildreth, Franklin County Bank
 Hildreth, State Bank

Holbrook, Security State Bank
 Holmesville, State Bank of Holmesville
 Howells, Howells State Bank
 Hubbell, Hubbell Bank
 Hyannis, Bank of Hyannis
 Humboldt, Home State Bank
 Huntley, State Bank of Huntley
 Imperial, Farmers and Merchants Bank
 Ithaca, Farmers State Bank
 Juniata, State Bank of Juniata
 Johnson, First State Bank
 Kearney, Fort Kearney State Bank
 Keene, Farmers State Bank
 Kennard, Kennard State Bank
 Keystone, Bank of Keystone
 Kilgore, Farmers State Bank
 Kramer, Farmers State Bank
 Lebanon, Lebanon State Bank
 Lemoine, Lemoine State Bank
 Leshara, Leshara State Bank
 Lewiston, Bank of Lewiston
 Lexington, Dawson County State Bank
 Lexington, Farmers State Bank
 Lexington, Lexington State Bank
 Lincoln, Citizens State Bank
 Lincoln, Union Bank
 Linwood, Farmers & Merchants Bank
 Lisco, Lisco State Bank
 Lodge Pole, First State Bank
 Lorton, Bank of Lorton
 Louisville, Home State Bank
 Lushton, Bank of Lushton
 McCool Junction, Farmers and Merchants Bank
 McCool Junction, Blue River Bank
 McGrew, Farmers State Bank
 Madrid, State Bank of Madrid
 Manley, Manley State Bank
 Maywood, Farmers Security Bank
 Martell, Martell State Bank
 Mead, Bank of Mead
 Memphis, Bank of Memphis
 Merna, Farmers Bank
 Merriman, Anchor Bank
 Milford, Farmers and Merchants Bank
 Millard, Farmers State Bank
 Miller, Bank of Miller
 Miller, Citizens State Bank
 Monroe, Bank of Monroe
 Moorefield, Bank of Moorefield
 Morse Bluff, Bank of Morse Bluff
 Murray, Murray State Bank
 Nebraska City, Farmers Bank
 Nehawka, Nehawka Bank
 Nelson, Commercial Bank
 Nemaha, Bank of Nemaha
 Niobrara, Bank of Niobrara
 Nora, Nora State Bank
 Norfolk, Security State Bank
 Norman, Norman Exchange Bank
 North Platte, McDonald State Bank
 Oak, Scroggin & Co. Bank
 Oconto, Farmers Bank
 Odell, State Bank of Odell

Omaha, Bank of Florence
 Omaha, Douglas County Bank
 Omaha, South Omaha Savings Bank
 Omaha, Union State Bank
 Ord, Nebraska State Bank
 Oshkosh, Nebraska State Bank
 Oxford, Security State Bank
 Palisade, Frenchman Valley Bank
 Palmer, Palmer State Bank
 Palmyra, Bank of Palmyra
 Panama, Bank of Panama
 Papillion, Banking House of A. W. Clarke
 Pawnee City, Citizens State Bank
 Pawnee City, Farmers State Bank
 Paxton, Bank of Paxton
 Pender, Pender State Bank
 Phillips, Bank of Phillips
 Pierce, Cones State Bank
 Pilger, Pilger State Bank
 Plainview, Plainview State Bank
 Plattsmouth, Farmers State Bank
 Plattsmouth, Plattsmouth State Bank
 Plymouth, Farmers State Bank
 Polk, Citizens State Bank
 Potter, Potter State Bank
 Prairie Home, Farmers Bank
 Prague, Bank of Prague
 Prosser, Prosser State Bank
 Purdum, Purdum State Bank
 Ravenna, Ravenna Bank
 Republican City, Commercial State Bank
 Richland, Richland State Bank
 Rising City, State Bank
 Riverdale, State Bank of Riverdale
 Roca, Bank of Roca
 Rockford, Rockford State Bank
 Rockville, Farmers State Bank
 Roseland, Roseland State Bank
 Rulo, Bank of Rulo
 Rushville, Union Bank
 St. Libory, St. Libory State Bank
 St. Mary, Citizens State Bank
 Salem, Bank of Salem
 Sargent, Farmers State Bank
 Scribner, Farmers State Bank
 Seneca, Stockmens Bank
 Shelton, First State Bank
 Shickley, Shickley State Bank
 Shubert, Citizens State Bank
 Silver Creek, Farmers State
 Smithfield, Farmers State
 South Sioux City, Nebraska State Bank
 Spalding, Spalding City Bank
 Spencer, Spencer State Bank
 Springview, Stockmans Bank
 Stamford, Stamford Bank
 Stapleton, Bank of Stapleton
 Steele City, Farmers State Bank
 Stella, State Bank of Stella
 Stratton, Commercial Banking Co.
 Stromberg, Stromberg Bank
 Sumner, Security State Bank
 Sunol, Farmers State Bank
 Superior, Farmers State Bank
 Superior, Security State Bank
 Surprise, State Bank of Surprise
 Sutton, Sutton State Bank
 Swanton, Bank of Swanton
 Table Rock, State Bank of Table Rock
 Talmage, Bank of Talmage
 Talmage, Farmers State Bank
 Tecumseh, Johnson County Bank
 Tekamah, Burt County State Bank
 Thayer, Thayer Bank
 Thedford, Farmers State Bank
 Trenton, Citizens State Bank
 Trenton, State Bank of Trenton
 Tryon, Tryon State Bank
 Ulysses, Ulysses State Bank
 Valentine, Nebraska State Bank
 Valparaiso, Oak Creek Valley Bank
 Virginia, Citizens State Bank
 Waco, Farmers and Traders Bank
 Wahoo, Wahoo State Bank
 Wallace, Citizens Security Bank
 Wallace, Farmers State Bank
 Wauneta, Wauneta Falls Bank
 Weeping Water, Nebraska State Bank
 Wellfleet, Bank of Wellfleet
 West Point, Farmers and Merchants Bank
 Whitman, First State Bank
 Wilber, Bank of Wilber
 Wilber, Wilber State Bank
 Wilsonville, Wilsonville State Bank
 Wolbach, Peoples State Bank
 York, First State Savings Bank
 Yutan, Bank of Yutan

STATEMENT OF CONDITION, JUNE 30, 1933

RESOURCES

Loans & Discounts	\$1,769,059.11
Bonds & Securities	67,809.99
Stock in Federal Reserve Bank	16,500.00
Banking House	50,000.00
Furniture & Fixtures	None
Other Real Estate	1.00
U. S. Gov't. Securities	\$1,715,661.33
Cash, Sight Exch. & Due From Federal Reserve Bank.....	1,663,789.31 3,379,450.64
	\$5,282,820.74

LIABILITIES

Capital	\$ 450,000.00
Surplus	100,000.00
Undivided Profits	62,234.18
Unearned Discount	16,362.29
Reserved for Taxes, Interest, etc.	19,126.69
Dividend payable June 30, 1933	6,750.00
Deposits:	
Public Funds—Secured	\$ 239,718.22
Other Deposits	4,388,629.36 4,628,347.58
	\$5,282,820.74

Securities Deposited with Federal Reserve Bank and U. S. Gov't. to secure Public Funds, as required by law.

	Par Value	Carried on Books	Market Value
U. S. 4th 4 1/4 Liberty	270,000.00	272,495.00	278,100.00
City of Omaha 4 1/2	5,000.00	5,000.00	5,100.00
Total	275,000.00	277,495.00	283,200.00

LIVE STOCK NATIONAL BANK
OMAHA

This Bank Has NO Affiliated Companies

Member of Federal Reserve System and Omaha Clearing House Association

New in Nebraska

A. E. McLarnan, for the past twelve years with the investment department of the Bankers Reserve Life Company, Omaha, has become associated with Jackley - Wiedman & Company, Des

Moines municipal bond house, as of July 1, Winfield C. Jackley, president, has announced. A temporary office has been opened at 1313 First National



A. E. McLARNAN

Bank Bldg., Omaha. Mr. McLarnan will be in charge of the company's business in Nebraska.

Mr. McLarnan has been a resident of Omaha since his birth. He is a member of the B. P. O. Elks, Omaha Chamber of Commerce, and for a number of years was active in Ak-Sar-Ben.

In addition to the Omaha branch office, Jackley-Wiedman & Company maintain representatives at Cedar Rapids, Chariton and Mason City in Iowa.

Group Meeting

Members of groups four and five of the Nebraska State Bankers association held their annual meeting in Minden recently.

Territory in the two districts includes the area along the Burlington and Union Pacific railroads from Grand Island to the state line.

E. C. Wood of Bartley, president of the organization, presided at the meeting. Moritz Aabel of Bertrand is secretary of the group.

Hovey Resigns

Resignation of Ford E. Hovey, chairman of the board of directors of the Stockyards National bank, Omaha, was accepted at a recent board meeting, according to W. H. Dressler, cashier. The vacancy will not be filled, since J. B. Owen, bank president, will continue in a dual capacity. Mr. Hovey is now in Kansas City.

Group 2 Meeting

FRIDAY EVENING,
AUGUST 11TH
Hotel Pathfinder
FREMONT
(Dinner, 6:15 p.m.)

Personnel Changes

John Frederick, Jr., who has been cashier of the Farmers State bank of Callaway since its organization in 1906 and Geo. E. Frederick, employed at the bank as assistant cashier since his graduation from the Callaway High school, have retired from the bank. John Frederick, Jr., has accepted employment with the Live Stock Commission Co. at Omaha, with whom W. L. Frederick is associated. Geo. E. Frederick is still undecided whether he will accept an offered position in Omaha.

Selling Farms

According to H. O. Loutzenhiser and G. W. Hunter of the real estate department of the Federal Land bank of Omaha, 220 farms have been sold by the bank already this year in contrast to 350 farms sold for the entire year in 1932. As many as thirty prospects are calling at the office daily and as many as seventy-five mail inquiries have been received in one day, the men said. In many cases cash payment has been made for the farms sold this year.

Douglas-Sarpy Meeting

At a meeting of the Douglas-Sarpy County Bankers association, B. C. Whitmore of Valley was elected president of the organization succeeding George Hedelund of Kennard. Other officers elected were W. F. Ruzicka, cashier of Douglas County bank at Benson, vice president, and R. H. Hall of Bank of Florence, reelected secretary and treasurer.

Land Bank Loans

Loans totaling \$3,571,600 for 799 borrowers were approved during the month of June by the Omaha federal land bank, according to Vice President John Carmody. During the month 311 loans were completed and a total of \$1,249,100 paid out to farmers in Iowa, Nebraska, South Dakota and Wyoming.

Practically all of the money went to small farm operators, the loans averaging \$4,000 apiece. The rate of interest to the small borrower is 4½ per cent.

Mr. Carmody said 60 new national farm loan associations are being organized in the district to cooperate to the fullest extent in the reconstruction program. For the purpose of speeding the work, a force of field appraisers has been increased seven times those formerly employed.

Ample Funds

Concrete evidence of the noticeable improvement in conditions in Columbus and its business territory is evidenced in the statement of the Central National

WE KNOW NEBRASKA

OUR KNOWLEDGE of Nebraska and its industries has been gained by years of experience. It is detailed and authoritative.

As a correspondent bank you would have access to this wealth of accurate information.

May we have an opportunity to show you how efficiently we can serve you?



Continental National Bank

LINCOLN, NEBRASKA

Affiliated with NORTHWEST BANCORPORATION

bank at the call of the national comptroller, which showed resources over a million and a quarter dollars and deposits of over a million.

Of particular note is the fact that the Central National has built up a cash reserve of \$413,250.01 since the first of the year, when the cash reserve totaled \$215,598.10. Officers and directors of the bank are taking justifiable pride in this one item, since it places the institution in a position to take care of the financial demands of the community.

Optimistic

Bankers throughout Nebraska are optimistic regarding this year's future corn crop since the recent heavy rains, Ray R. Ridge, vice president of the Omaha National Bank, said recently. Mr. Ridge recently returned from an inspection trip through Nebraska and Wyoming.

"Letters received every day show the farmer and the sheep rancher are more optimistic today than in several years," Mr. Ridge stated. "In Wyoming the price of wool has given a new impetus to those who run huge flocks of sheep."

Increase in Lincoln

Statements of Lincoln's four national banks, issued in response to a national bank call, showed total deposits as of June 30, 1933, of \$23,411,686.

The figure, banking officials said represents a gain of \$2,888,862 over total deposits in the four banks on December 31, 1932.

The call issued was the first since the banking holiday in March.

Loans and discounts for June 30, 1933, showed a total of \$7,853,974, or drop of \$1,520,802 from the total of \$11,180,527 on June 30, 1931, and a drop of \$3,326,552 from the total of \$9,374,777 on December 31, 1932.

Fewer Holdups

A dearth of bank robberies in Ne-

braska recently was attributed by State Sheriff Endres to the popularity of the kidnaping racket. The practice of keeping only small sums on hand in country banks, and then penalties imposed recently for bank robbery.

"Kidnaping's more profitable," he said. "Too many people are getting shot full of holes in bank robberies. They've occurred in other states recently but not here."

Nebraska's last bank robberies were April 4 and April 7 at Fairbury and Central City, respectively.

Omaha Deposits

Omaha bank deposits at the close of business June 30 totaled \$80,266,052, a gain of approximately \$4,500,000 over deposits of January 1 and an increase of approximately \$700,000 over figures for a year ago. Total loans June 30 were \$30,381,784. This was a decline of \$2,700,000 since the first of the year and of \$7,500,000 compared with last year at the same time.

Seek New Quarters

The Omaha Federal Land bank, the Federal Intermediate Credit bank and the farm loan commissioner are negotiating for a lease on practically all of the nine-story Bankers Reserve Life building in Omaha.

The lease, if signed, will be for five years, with a five-year renewal clause. The building contains 45,000 square feet of floor space.

None of the organizations involved in the deal has a lease on its present quarters, and the business of the various groups has increased to such an extent that the present quarters are considered inadequate.

Negotiations for the new lease are being conducted by D. P. Hogan, president of the Federal Land bank, and Bert Waddell, agent of the farms loan commissioner.

Kansas News

County Meeting

The Osage County Bankers association which met in Osage City, was attended by fifty bankers and their wives. A seven o'clock dinner was served. The hosts were W. P. Randall, Mrs. V. E. Underwood, Leon Williams and Irving Youngberg of the Citizens State Bank; A. R. Wallace, assistant receiver of the Farmers State bank; M. A. Limbocker, president of the Citizens National bank of Emporia, was the principal speaker of the evening. Following the dinner and program, the visitors enjoyed the Radio Review program at the auditorium.

Electric Lock

The front door of the Farmers and Merchants State bank of La Crosse has been equipped with a new electric lock, which is just about the latest thing of its kind. The lock operates by electric buttons within the bank, and any employe of the bank can unlock the front door at will, simply by pressing the button. The electric lock is a convenient and useful contrivance and a modern invention which is worth while.

Named President

Harold C. Bodley was elected president of the Bank of Commerce, Chanute, at a special meeting of the board of directors, to succeed the late Neil S. Jones.

Mr. Bodley assumed his new duties at once. He has been a member of the board of directors and one of the vice presidents since the merger of the Peoples Home State bank and the Bank of Commerce in 1928.

The death of Mr. Jones also created a vacancy on the board of directors. The board announced the election of Harry B. Williams of the Petroleum Products company to the directorate.

Other directors are Milo T. Jones, W. H. Riley, William Gough, G. E. Bodley, T. R. Evans, E. L. Freeman, and F. L. Breyfogle.

Deposits Increase

The condensed official statements of the Citizens National bank and the First National bank, Anthony, of \$1,130,134.64 which is \$236,222.96 more than the total of \$893,911.68 on deposit in the two banks at the close of business on December 31, 1932.

Central Typewriter Exchange, Inc.

(EST. 1903)

NEW AND REBUILT TYPEWRITERS, ADDING MACHINES, CHECK WRITERS — FULLY GUARANTEED.
REBUILT MIMEOGRAPHS, STENCILS AND INKS
LOWEST PRICES

ALLEN-WALES
1820 Farnam St.

THE FINEST "HEAVY DUTY"
ADDING MACHINE MADE

Omaha, Nebraska

This increase in deposits of \$236,222.96 is possibly an expression of renewed confidence in the local financial institutions since the first of the year. The combined capital stock of the two banks is \$175,000 and the combined resources at the close of business on June 30 are listed at \$1,501,336.75 as compared to \$1,267,690.96 at the close of business on December 31, 1932.

To Move

The State Savings bank, Topeka, will move from its present location at 601 Kansas avenue on November 1. New location of the bank has not been selected, although officials are inspecting several possible sites, it is understood.

The State Savings bank was organized September 1, 1898, and for several years maintained banking quarters at 620 Kansas avenue. About thirty years ago, the bank was moved to its present location at 601 Kansas avenue and has been continuously in that building to the present time.

Deposits Gain

Wichita's five national banks show a decided increase in deposits since the last bank call by the comptroller of the currency. The total increase in six months is \$1,011,683.73.

The report made as of June 30, showed that the five banks have deposits totaling \$33,569,735.76. On December 31, last, the occasion of the last previous call, the total was \$32,558,052.03.

The national banks of Wichita never made a better showing than at this time, and all of them are much pleased with the reports they have been able to make to the comptroller.

Colorado News

State Officers

J. H. Bloedorn, head of the Farmers State bank of Fort Morgan, was elected president of Colorado State Bankers association in recent convention.

Jefferson Hays Davis, vice president of First National bank of Colorado Springs, was elected vice president; S. J. Rhodes, president of Fort Lupton State bank, treasurer; R. W. Joslyn, Boulder Mercantile Bank & Trust Co., chairman of the state bank section of the association; C. L. Stout, Ft. Collins, state vice president of the American Bankers association; W. E. Hickman, Windsor, vice president of American

Bankers association for national division; William While, Erie, vice president for savings bank division; Hugh Gleason, Burlington, vice president for state bank division.

Home Loans

Loans totaling \$573,000 have been made to Colorado home owners by the Federal Home Loan bank of Topeka, Kansas, O. A. King, Denver member of the board of directors of the bank said recently.

The loans have been made to home owners as far west as Grand Junction and Durango. They all have been through building and loan associations affiliated with the bank.

Elected President

A. J. Turner was elected president, Roy L. Hinman, cashier, and Byron Totten, assistant cashier, of the First National bank of Canon City at a meeting of the board of directors.

A. E. Wilson was elected to the board of directors, to fill the place of the late revered W. H. Dozier, to whose office as president Mr. Turner succeeds.

The board now comprises L. G. Carlton, L. W. Felter, W. H. Trout, A. J. Turner, and A. E. Wilson.

Heads Bank Board

Mayor George G. Birdsall was recently elected chairman of the board of directors of the Colorado Savings bank, Colorado Springs at a meeting of the directors. He takes the place left vacant by the death of E. J. Eaton a year ago. Mr. Birdsall will take an active part in the bank's affairs, although continuing as partner in the Birdsall Stockdale Motor company, which he founded in 1919.

Mayor Birdsall is now serving his third term on the city council, being twice reelected to six-year periods after serving a four-year term when the manager form was put into operation here.

He was first elected mayor in 1929 by the council and has continued to occupy that post since then, being reelected for his third term last April.

New Bank

The fact that Melvin Springer, president of the Colorado Bank & Trust company of Delta, and associates, have made arrangements to take over the First National bank of Paonia, provided approval can be secured from the Reconstruction Finance corporation, has been received with much satisfaction.

The depositors have agreed to waive 47 per cent of their deposits at the start in order to give the new venture impetus, but the waiver is not to be of a permanent nature.

Meet in Denver

Directors of the Federal Home Loan bank of the tenth district came to Denver for their monthly meeting July 17, preceding the two-day conference of the Southwestern States Building & Loan league there July 18 and 19.



**Modified Rates
on All Classes
of Rooms**

400
ROOMS
WITH
BATH FROM **\$2.50**

**More than 150 Rooms Priced at
\$2.50 and \$3**

Omaha's largest and finest hotel, the center of business, social and travel activity. Excellent food in the beautiful main dining room, and popular Indian Grill.

Operated by **EPPLEY HOTELS CO.**

Directors of the Home Loan bank are: Wilder S. Metcalf of Lawrence, Kan., W. R. McWilliams of Oklahoma City, Charles W. Thompson of Topeka, C. C. Gates of Denver, A. U. Thomas of McAlester, Okla., L. E. Roush of Wichita, C. T. Rice of Kansas City, G. E. McKinnis of Shawnee, Okla., L. C. Pollock of Bartleville, Okla., David Rowe of Fremont, Neb., and O. A. King of Denver.

Good Position

Banks of Colorado Springs in their report of condition as of June 30 to the comptroller of currency show that region in an enviable position in spite of the 10-day suspension of business during the "bank holiday" in March. The total on deposit in the five reporting banks was \$15,227,604.83, as compared to \$15,259,694 for the same period a year ago. There has been no call since December.

Bank Reopens

The United States Bank of Grand Junction opened its doors June 29 for an unrestricted business. The bank opened with cash reserves totalling nearly 400 per cent above the legal requirements. At the same time all of the liquid bonds and other resources remain absolutely unpledged.

The resumption of normal banking conditions, the reopening of this long established bank on a basis of unquestionable soundness, means much to the Grand Junction community in the way of improved business confidence.

PUBLIC RELATIONS — AN IMPORTANT JOB

(Continued from page 10)

man drops dead? The loan value on a policy has reserves behind it. Wouldn't the Federal Reserve and some insurance

companies listen to an idea that would give banks a new advertising story to tell?

Eliminate Statistics

When we attempt to keep MacDon-ald interested or get him interested, let's not try to feed him too many statistics. I never heard anybody ask a public speaker, "Please, Mr., give us one more statistic." But if we must have one, let's take the following one. A great many people fear that we are going into something called inflation, which one must be for or against on demand. Are you for or against inflation? they say—and one is supposed to speak up quick. Let some banks tell people that we had inflation in 1929. That in 1913 bank deposits or money we used was 17 billion—that by 1929 it had gone to 65 billion, only 18 billion of which was due to the war.

That there was a 320 per cent increase in turnover of transactions—money in use—as against a 57 per cent increase in the same period on production of goods. We had our inflation. Tell the public not to fear it now because we are trying now only to get on a level place where we can rest for a moment and get out of the deep valley we fell into.

A New Day

There is a dawn across the hills.

A true vision, the same that our forefathers had, leads us on. And "where there is no vision the people perish."

Those of us who have the privilege to live now, and who are called to that crusade, that hard journey, know that the troubles we face, mark, not the end of the world or the breakdown of civilization, but the end of stupid folly. Ours is the opportunity to take a real and active part in one of the greatest decades in all history.

We need only the vision to see it, the fortitude to share in its new adventures.

There is no standing still for nations or individuals in the times that test men's courage.

It is our lot again to start as those others started in days long buried. We must live gloriously and courageously or be left behind. Men who live in a great age must dare greatly. We are, each of us, put now to the test. It is the time of the great crusade and of the great showdown.

The real leaders of business will step up to take the places of those whose clay feet broke when they left their big chairs and were forced to walk.

The place we seek across the rivers and mountains of doubt, is a fair land for fair people. It requires a race actuated by a great common purpose, bigger than any one man, greater than the greed which one passed for ability.

It is worthy of every effort for the man who finds himself starting all over again after he thought he was safe. He gathers together the few things he has left, looks them over, throws some away, regrets no losses, marches on. Those others who came from the far-flung towns of the world started all over again. Can we do less?

Those who gave their names to us know that we, each one of us, now have the courage to carry forward the torch they handed us. It was the cowards who never started. It was the timid and the disheartened who turned back. They never came to America.

The cowards won't start now.

Let's get moving—now, this day, this hour.

The past is dead and gone, the future is this minute lengthened by our own effort. We start now toward the dawn across the hill, with Faith in our souls.

AUSTRALASIA
BANK OF NEW SOUTH WALES

ESTABLISHED 1817

(With which are amalgamated THE WESTERN AUSTRALIAN BANK and THE AUSTRALIAN BANK OF COMMERCE Ltd.)

PAID-UP CAPITAL	£A 8,780,000
RESERVE FUND	6,150,000
RESERVE LIABILITY OF PROPRIETORS	8,780,000
	£A 23,710,000

Aggregate Assets 30th September, 1932, £A 107,525,115

AGENTS—FIRST NATIONAL BANK, OMAHA, NEBRASKA

GENERAL MANAGER, ALFRED CHARLES DAVIDSON

HEAD OFFICE, GEORGE ST., SYDNEY

LONDON OFFICE, 29 THREADNEEDLE ST., E. C. 2

710 Branches and Agencies in All Australian States, Federal Territory, New Zealand, Fiji, Papua, Mandated Territory of New Guinea and London



2ND IN HOG PRODUCTION

EVERY twelfth slice of bacon eaten in the United States comes from a hog that was farrowed on a Nebraska farm. Hams from Nebraska, under America's most famous brand-names, delight epicures around the world.

Soon after the sturdy pioneers first broke the virgin soil of Nebraska, hogs became an important source of farm income for this state. Today Nebraska is second among the states in hog production.

For 77 years this bank has devoted its best energy and its full ability to helping Omaha and Nebraska develop—in industry and agriculture. In 1856 we started. Today we stand ready to serve you as the oldest and one of the strongest banks in Nebraska.

UNITED STATES NATIONAL BANK



“NEBRASKA'S OLDEST BANK”

Affiliated with NORTHWEST BANCORPORATION

*This is one of a series of advertisements appearing in national publications,
featuring the territory served by the Northwest Bancorporation*



The Omaha National Bank

Complete Banking Service