CENTRAL WESTERN BANKER

Omaha

The Business Outlook

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The Credit Field
in the General Business Picture

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THE BUSINESS OUTLOOK

"THE present prospects are that business will continue to be increasingly active during the first half of the year, unless serious labor troubles should check automotive production"

By COL. LEONARD P. AYRES
Vice President
The Cleveland Trust Co.

"THREE factors appear to be responsible for the business uplift: Increased activity in auto industry—building construction trend upward—increased purchase of coal, electricity, and wearing apparel"

BUSINESS activity has continued through February the vigorous advance which began last November. In that month the volume of industrial production was nearly 34 per cent below its computed normal level, and the subsequent improvement has lifted it until in February it was only 27 per cent below normal. That is an advance of seven points, but since the November figure, stated the other way, was 66 per cent of normal, and the February one 73 per cent, the increase of seven points from the base of 66 becomes an advance of over 11 per cent, which is a rather impressive improvement for a three months' period.

THREE factors appear to be most immediately responsible for the current lift in general business. The first, and probably the most influential, is the increased activity in the automobile industry, which is an important customer of a long list of other industries, and which has been largely responsible in recent weeks for the greater output of steel. The second of the three stimulating factors has been a large increase in building construction, which is mostly the result of heavy federal expenditures for public works. Finally the generally prevailing severe winter weather has increased coal shipments, and the use of electricity, and has stimulated the sales of clothing and footwear.

THE PRESENT prospects are that business will continue to be increasingly active during the first half of the year unless serious labor troubles should check production in the automotive industries. Expenditures for publically financed construction will increase rapidly up to the middle of summer, and they will be large, for the entire appropriation of 3.3 billions has now been allotted, but only a little more than one-tenth of it has so far been spent.

BONUS payments to farmers will average about 100 million monthly through April, and continue at half that rate through the rest of the year. Total treasury disbursements have been running this year at about 30 million dollars a day, and while that continues business will respond to the stimulus. We are now fully launched upon a great social experiment which will demonstrate whether or not public expenditures can generate a business revival which private enterprise can subsequently sustain.

THIS bank's index of industrial production was 33.6 per cent below normal in November, 31.8 in December, 29.0 in January, and the February estimate is 27.0 per cent below.

THE SECRETARY of Agriculture has recently published a pamphlet entitled "America Must Choose," in which he discusses the course of action open to this nation with respect to its farm problem and its foreign trade. He offers three choices. The first is national isolation, under which we should withdraw from use from 50 to 100 million acres of farm land so as to reduce crops to amounts we can consume at home. The second course would be internationalism, by which we should lower our tariffs so as to admit about a billion dollars more of foreign goods annually in order to increase our exports of our own goods by corresponding amounts. The remaining alternative would be a middle course by which we should lower tariffs less drastically, and withdraw fewer acres from use.

THE FACT is that the volume of our agricultural exports has been decreasing ever since the war. Moreover the purchases of agricultural goods which we make abroad are more than sufficient to enable foreign countries to buy from us all our farm exports. In every year but one since 1922 the value of our agricultural imports has been greater than that of our agricultural exports. In the main there is little competition between them. Our great exports are cotton, wheat, and tobacco, while our most important imports are coffee, sugar, silk, and rubber. Our purchases of these four import staples are greater than the foreign purchases of our three leading export staples.

APPARENTLY there was no very serious overproduction of consumption goods in the prosperity period just before the depression, and the shortages accumulated during the depression are not so large as might have been expected. Consumption goods, as distinguished from durable goods, are those usually bought directly by consumers at retail, and used up and replaced relatively quickly. The most important classes consist of food and clothing. Other components include tobacco, and articles made of textiles, paper, leather, and rubber.

IF PRODUCTION has been above normal by 10 per cent for 10 consecutive months the accumulated surplus would be equal to the total normal output for one month. The accumulated theoretical surplus so measured in terms of normal monthly output was nearly two months at the end of the war period, and almost two months in 1929.

The accumulated shortage was one month just before the war, almost one month in the following depression, and six months in January, 1934. These computations are useful aids toward understanding conditions, but not accurate measures of surplusses and deficits. The indicated surplusses do not tell just how much overproduction there has been, nor do the indicated shortages all have to be made up. Nevertheless it is important to know that at the end of prosperity the theoretical accumulated surplus of consumption goods was not more than that normally produced in two months, and that present accumulated shortages do not exceed normal production of six months.

Farmers Are Signing Many Corn-Hog Contracts

MORE than 750,000 farmers have signed corn-hog adjustment contracts, it was announced last month by the corn-hog section of the Agricultural Adjustment Administration.

Reports from extension officials in 20 of the states where the campaign is under way show that approximately 780,000 "first signatures" to contracts have already been listed at headquarters in these states. The reports are incomplete and they do not represent final figures for any state.

Nine leading corn-belt states, which produce nearly three-fourths of all the country's corn and hogs, have reported more than 700,000 contracts signed to date, with indication that the total from this section will be considerably higher before the campaigns close. This evidence of high percentage sign-up in the major producing states is regarded by administration officials as assurance that a large proportion of the entire United States corn and hog production will be brought under the adjustment program.

Iowa, with 155,000 contracts, continues to lead all states in the sign-up. Others of the corn belt states have reported as follows: Illinois, 90,000; Missouri, 84,000; Indiana, 79,000; Nebraska, 74,000; Minnesota, 65,000; Kansas, 63,000; Ohio, 55,000; South Dakota, 48,000.

Texas has reported 19,000 contracts, the highest sign-up to date outside the corn belt proper. Tennessee, with 15,000, and Arkansas, with 8,000, are other states where the total of signers is climbing. Many of these states are just getting into the active sign-up phase of their campaigns.

Farm Income on the Rise

Farm income in 1933 was $1,240,000,000 greater than in 1932—a jump of 24 per cent.

The chief reasons for this, according to the Department of Agriculture press service, were increased prices for crops, and benefit and rental payments by the Agricultural Adjustment Administration. And it should likewise be remembered that the farmer's great allies in raising and stabilizing prices, and in framing governmental farm legislation, were the farm cooperatives.

The co-ops entered 1933 after one of the worst years in agricultural history—a year in which farm income was at the bottom. They went forward courageously and undismayed. They fought the farmer's battles with the middleman—they brought his point of view before the public and won its sympathy—they conferred with governmental officials on all manner of matters directly and indirectly affecting agriculture. They were a steadying factor when the farm strikes broke out, and they stood solidly on the side of the law and order and reasoned action as distinct from violence.

The cooperatives deserve a world of credit. They did much in 1933. And now, with the new year well started, they are going on to greater, more permanent achievements.

Dr. J. Seymour Disease, after a decade of intensive study and research, now presents to the world his daring picture (in center of circle) of a germ on a germ: O.

Proposed Fair Trade Practice Schedule

Adopted by the Banks of the

State of Nebraska

Under Article VIII of the Code of Fair Competition for Banks

TO EFFECTUATE the purposes of the National Industrial Recovery Act, the following fair trade practice provisions are established in accordance with the provisions of Article VIII of the Code of Fair Competition for Banks, approved by the President of the United States, October 3rd, 1933.

Section I — APPLICATION OF SCHEDULE

The provisions of this Schedule shall be binding upon every bank subject to the Code of Fair Competition for Banks in the State of Nebraska except banks located in the cities of Lincoln and Omaha.

No bank operating under this Code may solicit nor accept accounts or business outside of its own Code territory on terms more favorable than those of the Code of the territory in which the account or business originates; provided, however, that banks operating under this Code may meet terms of competitive Codes should they find it necessary to do so. Such exceptions must be reported to the Secretary of the Nebraska Bankers Association.

Section II — MAXIMUM HOURS OF BANKING

All banks in Nebraska operating under this schedule shall be open for business with the public for a period not to exceed forty-two hours per week.

Section III — INTEREST

The maximum rate of interest on time deposits and certificates of deposit shall not exceed 3 per cent per annum, compounded semi-annually.

Interest shall be computed and credited semi-annually. All withdrawals shall be deducted from the earliest amount on deposit during the six months interest period. No interest shall be paid on withdrawals during the interest period. Deposits made after the first of each month will draw interest from the first of the following month. No interest shall be credited at the end of the interest period when balance is under $5.00. If more than two withdrawals are made within any calendar month, the account shall be subject to the same service charges as though it were a checking account and interest be eliminated.

Section IV — SERVICE CHARGES

A charge of 50 cents per month shall be made on all checking accounts that do not maintain a daily average balance of at least $50.00. Accounts having no checking activity may be exempted from the 50 cents charge. This charge may be waived to officers, employees, and stockholders of bank or to ministers and institutions supported by public contributions except that in the latter case only one check shall be allowed for each $10.00 average balance. Additional checks shall be charged for at 3 cents each.

All accounts, excepting those of banks and trust companies, shall be charged 3 cents for each check drawn in excess of one check for each $10.00 of daily average balance for the month in excess of $50.00. Checking accounts assessed the 50 cents service charge may be allowed five checks free.

All accounts shall be analyzed as to activity and float — the following analysis formula to apply on all accounts indicating a loss under activity analysis.

CREDIT

Daily average book balance	$............
Less: Float per Federal Reserve Schedule (plus one day)	$............
Less 20% Reserve	$............
Loanable Balance	$............
Earnings at 4½%	$............
Charges collected	$............
TOTAL	$............

DEBIT

Each out-of-town check deposited	at 3c	$............
Checks deposited, drawn on other banks in same town	at 1c	$............
Checks drawn by this account	at 3c	$............
Cost of other services rendered		$............
Payroll orders on Treasurer's drafts	at 1c each	$............
Administrative Expense—83c per M per month on book balance		$............
TOTAL		$............

The loss, if any, as shown by this analysis must be charged to the customer's account, except that such loss may be waived not more than two months during any one calendar year.

A direct charge shall be made for all out-of-pocket expense, such as exchange, collection, and other charges arising out of specific transactions for specific customers and actually paid or credited by the bank in behalf of such customers.

Section V — TRUST SERVICE

Uniform schedule of Trust Department charges shall be as adopted by the Corporate Fiduciaries of Nebraska, October 30, 1933.

The Statement of Principles of Trust Institutions, adopted by the Trust Division of, and approved by, the Executive Council of the American Bankers Association on April 6th, 1933, which is appended as Schedule A of the Code for Banks, is hereby affirmed for the operation of all trust departments of banks and trust companies within the territory of this Association.

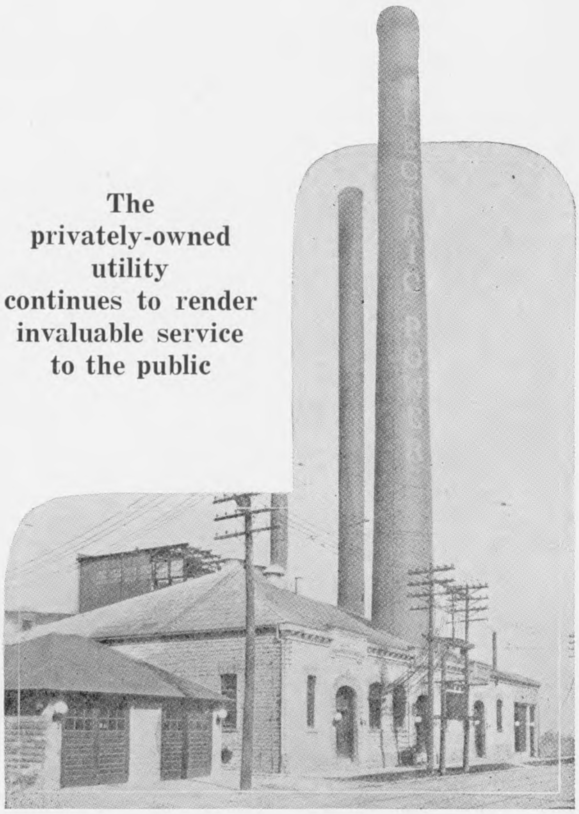
Section VI — EFFECTIVE DATE

This Schedule shall become effective Thirty (30) days after approval by the Administrator.

The above Code was prepared under what Nebraska bankers hope were final instructions from Washington. It follows in great part the agreement of the co-ordinating committees of the seven groups in the state.

Municipal vs. Private Ownership of Utilities

The privately-owned utility continues to render invaluable service to the public



THE KIND of racket I am discussing, and the kind which our advertising agency fights with advertising is "the money-making activity disguised as a public benefaction." I will describe some of these activities and let you decide if the term is correct. But we call them rackets, and fight them with advertising.

In the list of our company's accounts are a number of electric light and power companies and gas companies in various parts of the country. This list also includes the publicly owned gas plant in Omaha, where the management spends from $25,000 to $30,000 a year in advertising to increase the sale of gas.

In passing, may I say the bookkeepers of this property probably have not heard about the depression because they sold more gas in 1931 than they sold in 1930, more in 1932 than they sold in 1931, and the 1933 figures, based upon the first nine months, will be the high mark of all time. I refer to this particular situation for two reasons; first, to show that well-planned advertising can be and is used by publicly-owned as well as by privately-owned utilities, but more specifically as an example of what has been done under the most trying business conditions with the aid of well-planned advertising.

The Weapon Used

Since fighting the racket that I am talking about is a tough job, it is well to have concrete evidence that the weapon we use in this battle is a weapon which has proven its metal.

By LEO B. BOZELL
Public Relations Counsel
Omaha

To be specific, the thing to which I refer as a racket is the activity for the past few years which has been going on in many localities throughout this country looking toward the construction or acquisition of municipally-owned electric light and power companies and gas companies. When I describe these activities to you, I think your opinion will be that I am very conservative and generous when I say that they are "money-making activities disguised as public benefactions." You yourselves will agree with me that they may be referred to as rackets.

I want it to be definitely understood at the outset in saying that not all of the municipal ownership activities fall in the class of rackets or of disguised money-making activities. Some of them are actually fostered in the beginning by well-meaning but usually misguided citizens who believe honestly they are attempting to render a service to their communities. But generally, the activity is stirred up and started by those who will make large profits out of the undertaking and who don't have the slightest interest in the ultimate price of gas or electricity to the voters who are asked to authorize the enterprise. When the private money-making purpose is hidden, the thing becomes a racket.

So that you may see what I am driving at, let me remind you that in the building of a municipal electric light plant, comprehensive surveys must be made by engineers who know, or at least claim to know, how to appraise accurately the light and power or gas needs of a city. These surveys, of course, cost money. If they are made, they should be and are paid for. And then, if a plant is built there must be competent engineering supervision, which also costs money. You will appreciate also that very expensive machinery must be purchased. These machinery sales net splendid commissions to the salesmen and good profits to the manufacturers. And then there are financing charges ranging all the way from 6 per cent to 25 per cent. And then, if the thing is started by someone who is neither engineer nor machinery salesman, there is an additional promotion fee. With these apparent money-making possibilities in the construction or acquisition of municipal utilities, I think you begin to see why we are bold enough to dub them as money-making activities in the guise of public benefactions. Since in most cases the voters of a city must authorize these activities in the final analysis they would, of course, not be interested except for the fact that they believe in their city and that they themselves will be benefited. Obviously the voters will not interest themselves in paying engineering fees, profits and commissions on machinery, financing charges, promotion fees, etc., unless they are convinced they themselves are to receive a benefit. The fertile field for such activities is a city or town where the private utility has done very little or no advertising to acquaint the public with its problems, its services, and its value to a community.

Promoters

If you analyze in your own minds for only a moment, you will readily conclude without my telling you that the rank and file of the people never initiate these municipal undertakings. These citizens have something else to do. They are usually initiated by a promoter or a promotion engineer who drops into a city council meeting some night and says he has been looking around, that he has made some preliminary studies, and that he is convinced that the city should go into the public utility business. Of course, his studies are not complete, but he has faith enough in his preliminary observations that he will recommend that he be employed to complete the surveys and studies at which time give them the true facts. The completed survey will cost money.

Or on other occasions, the machinery salesman, who is always looking for prospects, goes into a city where there is some fancied, possibly real complaint about the service being given by the private utility and begins to talk with some of the public officials. He paints a glowing story of municipal profits and low rates, a story that is truly interesting and intriguing to mayor and councilmen whose chief purpose is to serve their cities well. And the story is also intriguing and interesting to the mayor or the councilman who has political ambitions and who feels quite certain that his political stock will be enhanced if he can find some excuse to attack a public utility.

Generally, however, the public officials are entirely honest in the response they give to these promoters. These public officials are not familiar with utility business and they have no reason to believe the promoters are giving them incorrect information about the remarkable money making possibilities of municipally-owned utilities.

An Illustration

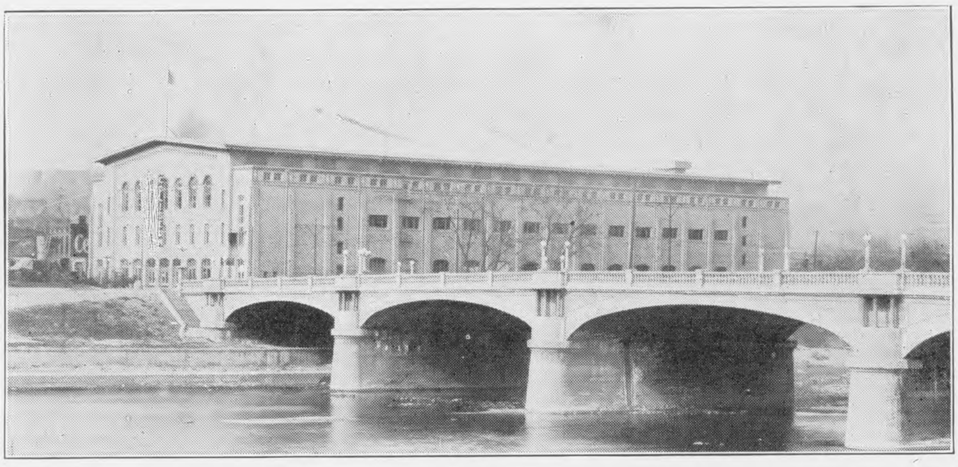
Let me cite to you a situation we had to contend with in Belvidere, Illinois, about a year ago. The city council a year ago last December voted one night to hold an election on January 9, 1933, on a bond issue of $370,000 to build a light plant to compete with the private plant. All sorts of Utopian promises were made. They said they would lower rates and that possibly the city's taxes could be lowered or eliminated, although the so-called "taxless town" is a pure myth. They were going to light their own streets. The privately-owned utility, knowing that the municipal plant would take at least part of its business, asked us to help them defeat this proposal.

In our study of the situation we found a number of interesting facts that would lend themselves to advertising. We found that the mayor had entered into a contract with the Burns & McDonnell Engineering firm of Kansas City, without a vote of the council, to pay this engineering firm 5 per cent on the gross cost of the plant. We advertised this fact until the Burns & McDonnell firm finally sent a telegram releasing the city from the contract, but the fact remained that there had been a secret contract—made public by advertising.

The Blank Company, manufacturers of Diesel engines, was to supply the principal machinery and was to take in payment therefor so-called income or revenue bonds, signed by the city. But the Blank attorneys were wise, and in making the deal with the city council, had insisted upon a deed of trust, which was, in effect, a mortgage upon what the mayor called a municipal plant. It was an easy thing for advertising to point out, accurately, that if the people of Belvidere voted to accept this proposal, they could not expect that it would eventually be municipally-owned. In order to meet the payments required on the bonds, it was shown that it would be necessary to charge a rate at least as high as that charged by the private company. With no rate advantage, the so-called city plant could not hope to meet the payments on its bonds. The Blank Company would thus exercise its rights in the deed of trust and foreclose on the property. Then there was the further fact that the Blank Company was financing the campaign for the election. We also advertised that fact.

Continued newspaper advertising of the secret contract with the engineering firm, of the deed of trust which had been insisted upon by the Blank Company, and of the fact that the Blank Company was financing the expenses of the campaign, convinced the voters that the entire activity was a money-making program. It was a money-making activity disguised as a public benefaction, and the people recognized it as such. It is quite true that the engineers and the manu-

The voters of some municipalities feel it is their duty to punish the private utility for what they believe is an injury to their city



facturers finally admitted their interest in the effort, but they had started the thing as a public benefaction. Advertising painted the thing in its true light, and before the campaign was finished the mayor's position, in effect, was that of an agent for the engineers and the manufacturers. He was not doing anything dishonest and in the beginning, no doubt, believed that he was going to perform a service for his fellow citizens.

Another Illustration

In Brazil, Indiana, an election was held last May asking the people to vote a bond issue to build a municipal light and power plant.

The amount of money asked for in the election was $555,000. The voters were asked to authorize bonds, and they were told the R.F.C. would supply the money, although the R.F.C. had already turned thumbs down on the request. The amount of money was not to appear, and did not appear on the ballot. Just the title of a contract.

But far down in this voluminous contract which the promoters had with the city were items providing for vendor's fees, engineering fees, attorney's fees and brokerage fees. The amount of dollars was not set forth but the percentage figures were, and they figured to the interesting total of $123,000. We bought advertising space and lots of it to acquaint the people in Brazil with this situation. This naïve proposal was conceived and born in the brain of a couple of well-meaning gentlemen in Indianapolis. They appeared on the scene very little during the campaign but the city officials and others who advocated the plan continued to point out great benefits that would accrue to the city of Brazil.

The rates they agreed to charge on this Brazil plant were the same as those charged by the private utility, so no rate advantage was offered to the people. We pointed that out with advertising, along with the fact that if the city lost its private utility, it would lose $21,000 a year in taxes, and this at a time when a good taxpayer is a mighty desirable fellow. These things were pointed out in advertising. We also used advertising to make frequent reference to the fact that the original plan of the promoters called for the expenditure of more than $800,000. This knowledge, coupled with the fact that under the lower price more than $100,000 was to be paid in fees, naturally caused the voters to be curious as to what the original ambitions of the promoters might have been.

This whole thing was an attempt to make money, big money, by playing upon what they believed to be the prejudice of the people against a private utility. The thing was not conceived in the mind of any citizen of Brazil. The promoters merely thought Brazil was a fertile field. But they did not reckon with the force of straight-from-the-shoulder advertising.

Having these Brazil facts in mind, I submit that you will believe I am justified in saying that it was a money-making activity in the guise of a public benefaction. We didn't tell the people of Brazil that it was a racket, we merely told them the facts through advertising and let them call it by any name they chose. There was nothing illegal about the effort. No statutes were being violated. It was just that the real purpose of the undertaking was not disclosed by those who were to be the real beneficiaries. It was claimed to be a public benefaction. Advertising pointed out the error in the matter of beneficiaries.

Condemnation Nor Praise

In my discussion of the value of advertising as a weapon in combating the campaigns that are being waged against private utilities in the name of municipal ownership, I am neither condemning nor praising the private utility in connection with these campaigns. Neither am I condemning nor praising the manner in which public-owned utilities are operated. I am very eager not to be misunderstood in either of these statements. Fundamentally, I do not believe in the public ownership of utilities or of any other business. I think all business should be conducted by private enterprise. I think you will agree with me that any and all advancement ever made in any and every line of endeavor has been due to private enterprise. But that does not mean that publicly-owned utilities are never operated efficiently.

The public utility industry, during the last two decades, has become an immensely large industry and of necessity has become very largely impersonal. In a country of free speech, which I hope will never be abrogated, in a country of frequent political campaigns, it is reasonable to expect that any business which is impersonal and of immense size will be subject to criticism and attack. This is especially true where the business derives its revenue from millions of small customers. In the first place, it is human nature, to enjoy and approve an attack which is being made on the big fellow. What would be more entertaining and draw more applause than the sight of a 125-pound prize-fighter trouncing the great Carnera.

Private utilities, while their size is immense, have performed tremendous and, may I say, invaluable service to the country. Imagine, if you can, the chaos which will exist in every village, town and city if all the electric and gas service should stop for a couple of hours this evening. As a matter of fact they could never have grown great had they not been performing highly desirable and needed services, because otherwise they would have had no customers, no patronage.

Rates

I do not blame the present-day politician for seeking to make political capital by attacking public utilities. While he probably is not interested personally one way or another in utility rates or utility stock sales, nevertheless the utilities by failure to keep the public informed have allowed him to believe what he says is the truth. So if the politician or public official makes misstatements it is usually not his fault but the fault of the utility for not keeping him informed and for not keeping the public informed. I will take any ten politicians attacking utility rates and bet that not one of them knows the rate he is paying for his electricity or gas. I will win nine out of the ten bets. But I don't blame them, because the public believes that rates are too high and in most cases the utility has made no effort to show them otherwise.

In Iowa, as in other states, nine out of ten of the people probably believe that municipally-owned electric light plants receive less for their kilowatt-hours than the privately-owned plants receive.

How the Trust Officer and the Insurance Salesman Can Cooperate

Two institutions, both working toward the same end, should be mutually helpful to each other if they would be most helpful to their customers

RELATIONS between life underwriters and trust men were the subject of discussion at the fourth session of the Mid-Winter Trust Conference held under the auspices of the Trust Division, American Bankers Association. The discussion was opened by Joseph M. White, trust officer Mercantile-Commerce Bank and Trust Company, St. Louis, and chairman of the Committee on Insurance Trusts of the Division, who outlined the work of his committee in bringing about cooperation with representatives of the National Association of Life Underwriters.

Mr. White presented a statement on "Guiding Principles for Relationships Between Life Underwriters and Trust Men," recommended to the National Association of Life Underwriters and to the Trust Division of the American Bankers Association for adoption as a joint statement. This statement said in part:

"Life underwriters and trust men are both engaged in the processes of estate-creation, estate-conservation, and estate-administration for the same customers. They should be mutually helpful to each other if they would be most helpful to their customers. Mutual helpfulness implies that both life underwriters and trust men will refrain from making detrimental statements about one another's institutions or services. The best interests of the customer and his beneficiaries should be the paramount consideration in all cases. In promoting the best interests of the customer, the life underwriter and the trust men find themselves working together in mutual respect and helpfulness."

Following Mr. White, Dr. John A. Stevenson, chairman executive committee, Association of Life Agency Officers, and manager of the John A. Stevenson Agencies, the Penn Mutual Life Insurance Company, Philadelphia, spoke on "Life Insurance-Trust Relationships in Practice—From the Life Underwriter's Point of View." He said in part:

"After a period of uncritical enthusiasm about the advantages of life insurance trusts, we find that some problems have arisen which ought to be ironed out before we can feel satisfied that the plan is functioning as smoothly as it should. As I see the situation from the insurance point of view, I think there might be closer cooperation between the two institutions in the future:

BOTH sides of the question presented in a discussion of the subject at a recent A. B. A. Trust conference held in New York

"1. If the advertising material issued by some of the trust institutions did not imply that insurance estates are ordinarily dissipated unless the funds are administered by a trust institution.

"2. If trust institution representatives did not minimize the importance of the guarantees lying behind the settlement options of life insurance companies.

"3. If the representatives of trust institutions suggested plans for tax saving purposes only after carefully considering all the factors of the individual case.

"4. If trust men pushed the insurance trust plan only when they were familiar with all the problems involved.

"5. If trust representatives offered technical advice on the options of settlement or on policy forms only on the basis of adequate information.

"6. If trust men were always punctilious about protecting the interest of the underwriter who originated the insurance trust.

"7. If bankers used extreme caution in suggesting loans on policies.

"8. If trust men would not urge the living trust as preferable to the life insurance method of building estates when additional protection is needed.

"9. If trust men kept an open mind on the annuity question.

"10. If trust companies would evolve some plan of commingled funds giving beneficiaries greater investment security."

Gilbert T. Stephenson, vice president Equitable Trust Company, Wilmington, Delaware, discussed the topic "From the Trust Man's Point of View." He said in part:

"In life insurance-trust relationships life underwriters and trust men are in accord with each other upon the principles. Whatever problem there is over these relationships arises, not out of basic, underlying, incontrovertible principles, but out of little, thoughtless, occasional practices. Not all life underwriters and trust men indulge in these practices, not even a majority do, but just enough on both sides to produce the irritation that even now disturbs and, if persisted in, will eventually impair the relationships. Let me mention ten things that I wish the life underwriters would not do. I wish life underwriters would not:

"1. Confuse commercial banking and trust business.

"2. State or intimate that trust institutions in general are motivated by self-interest in the selection of trust investments.

"3. Create the impression that the investment practices of the trust institution are basically inferior to those of the insurance company.

"4. Create the impression that trust-company administration of the proceeds of life insurance is more expensive than insurance-company administration.

"5. Represent that the insurance company offers trust service unless it actually does so.

"6. Upset existing life insurance-trust arrangements in making contacts to sell additional insurance.

"7. Emphasize the guaranty-feature of insurance-company income without making a complete statement about the trust-company income.

"8. Discourage people from making wills by over-emphasizing the possibility of contests and the expensiveness of probate procedure.

"9. Undertake to give technical advice on trust matters.

"10. Represent the insurance trust and the policy options as being competitive modes of settlement."

Wyoming News

Deposits Increase

Deposits in the thirty-seven state and twenty-five national banks in Wyoming increased $799,710.50 during 1933, according to a report of A. E. Wilde, state examiner.

On December 30, 1933, when the data for the report were compiled, total deposits in all Wyoming banks were $41,900,094.53, although there were less banks than at the same time on December 31, 1932, when deposits totaled $41,100,384.03.

Segregated, the deposit totals show $12,208,283.99 in state banks and $29,691,810.54.

An increase of $3,030,662.13 in cash and due from banks is shown in the comparative statement, and loans and discounts decreased $4,138,874.72.

Compared with Wyoming combined banking resources on December 31, 1932, a decrease of $637,927.75 was reported. Combined resources on December 30, 1933, were $50,776,154.08.

The combined reserve was 33.4 per cent, an increase of 6.5 per cent. Reserve of state banks was 25.6 per cent and national banks 36.6.

Credit Association

The Wyoming Production Credit Association, which at a recent meeting of stockmen and farmers completed its organization, has requested Governor Myer of the farm credit administration to grant it a charter.

When the charter is granted, officers and a permanent secretary-treasurer, who will serve as a manager, will be elected by the board of directors and headquarters will be established here.

Nine directors were named to serve until the first annual meeting. They are J. W. Williams, Douglas; Paul A. Rothwell, Gillette; F. Perry Williams, Granite Canon; Charles A. Myers, Evanston; Fred W. Hesse, Buffalo; Charles J. Belden, Pitchfork; John Quealy, Elk Mountain; J. B. Fuller, Huntley; and M. J. Burke, Casper.

The authorized capitalization is $1,000,000.

Robbers Sentenced

James O. Costin, convicted of grand larceny in connection with the robbery of the First National Bank of Green River in April, 1933, was given an eight to ten-year sentence.

Costin broke out of the Sweetwater county jail February 12 and was apprehended in Denver.

Charles Stoddard, also convicted in connection with the robbery, was given a five to eight-year sentence. He occupied a cell with Vostin in the Sweetwater county jail but did not take advantage of his opportunity to escape.

A third man involved in the case, Harold E. Bradbury, was acquitted.

New in Riverton

Organization plans completed and all requirements of the comptroller of the currency fulfilled, Riverton's new bank, the First National, is ready to begin business.

After months of effort by the local bank committee, headed by C. Wimpenney, this community will once again have banking facilities. W. J. Otto, formerly of Lyman, Neb., is president of the new institution. Other officers are Wimpenney, vice president; Carl Hee of Alliance, Neb., cashier, and C. B. Tonkin, C. E. Deardorff and A. J. Kirch complete the board of directors.

The bank is capitalized at $50,000, with $2,500 as surplus.

Official Salaries

Salaries and compensations received for services by officials of Wyoming banks announced by the senate committee on banking and currency included:

First National of Laramie—John A. Guthrie, president, $4,356, drew $4,616.50; George J. Forbes, $4,104, drew $4,346; H. R. Butler, cashier, $3,336, drew $3,531.

Albany National of Laramie—C. D. Spalding, president, $3,450, drew $3,675; R. G. Fitch, cashier, $2,875, drew $3,087.

American National of Cheyenne—John W. Hay, president, $3,000; Charles J. Ohnhaus, vice-president, $3,000; Don H. Wageman, vice-president, $5,100; D. T. Morris, cashier, $3,802.50.

Stock Growers National Bank of Cheyenne—John Clay, chairman of the board, $2,300; A. H. Marble, president, $13,150; Albert Cronland, vice president, $4,770; Harold Kerrigan, $3,000.

Rock Springs National—John W. Hay, president, $5,000; Robert D. Murphy, vice-president, $5,760; C. Elias, cashier, $5,200.

Casper National—J. W. Ouderdick, executive vice-president, $7,020, drew $7,605; R. C. Cather, vice-president, $6,000, drew $333.50; C. H. McFarland, cashier, $3,780, drew $4,095.

Wyoming National of Casper—B. B. Brooks, president, $2,160; drew $2,340; Carl F. Shumaker, vice-president-cashier, $6,480.

First National of Sheridan—R. D. Wash, president, $4,590; W. C. Anderson, vice-president, $4,050; D. C. Meyer, cashier, $2,808.

Beg Pardon

In a list of Nebraska banks operating on an unrestricted basis, published in a recent issue of the Central Western Banker, the name of the First State Bank of Gothenburg was unintentionally omitted.

We regret this error, and are glad to correct it here.

Committee Chairman

Alvin E. Johnson, president of the Live Stock National Bank of Omaha, has been appointed chairman of the advisory committee of the Omaha loan agency of the Reconstruction Finance Corporation to succeed Shirley S. Ford, who has become vice-president of the Northwest Bancorporation.

BONDS AND INVESTMENTS

"Credit and The New Deal"

The Credit Field In the General Business Picture

Preferential advantages and treatment are being eliminated in the larger economical and social processes of the nation

By CHESTER H. McCALL
Assistant to the Secretary of Commerce

IN THE past fifteen years, one of the most difficult problems of the credit executive has been the lack of agreement, standardization and conformity in credit terms and discounts. This unhealthy condition led in a wide variety of cases to competition in terms, instead of a competition in merchandise. Obviously, such a situation had a very deleterious effect upon commercial credit practices.

With the inauguration of the NRA and codifying of industry, there was a general expression of hope and approval throughout the country, for the code process offered the first definite promise of a standardization of sound and ethical terms among the various industries. This hope has been to a large extent fulfilled.

In the pre-code business era, trade terms were a matter of ethical agreement and conduct among the members of a trade or industry. But now, whenever a code specifies definite terms and discounts, such terms and discounts are legal requirements. They are law. To break the credit-terms provision of a code is just as much a legal offense as defying the wages-and-hours provisions of a code. There is no doubt in my mind that the legalizing of trade terms and discounts is one of the most salutary benefits that can come to the credit fraternity.

Lumber and Timber

We may get some conception of the stabilizing effect of this establishment of uniform terms through NRA codes by considering one or two industries from the viewpoint of their code terms and pre-code terms. In the lumber and timber industry, for example, no definite trade standards as applied to credit terms or practices had been established previous to the codifying of this industry under the NRA. At the time of the adoption of the lumber and timber products code, a chaotic condition existed in the industry. Manufacturers, that is, mills, sold lumber to wholesalers based upon their knowledge and personal contact and, between them, they arranged credit terms as satisfactory as possible to both parties. Department of Commerce information shows that during the depression manufacturers tightened up on credit, but, nevertheless, in order to move their lumber, many sales were made which were below the cost of production and on the best terms that could be arranged. Lumber manufacturers' terms were generally net cash, thirty to sixty days from date of shipment, or 2 per cent discount on net amount of invoice after deducting freight, if paid within ten to twenty days from date of invoice. There was, however, a widespread abuse of these terms and, in order to sell their products, many mills accepted ruinous terms and discounts. In the retail division of the lumber industry, many offers of special trade discounts were made to contractors and other large buyers. This practice had, of course, a very demoralizing effect upon the industry.

Now let us turn to the terms provisions in the lumber and timber products code. The maximum terms allowed in this code for wholesalers is eighty per cent of the net amount within fifteen days from date of invoice, balance less two per cent of total after deducting actual freight, within sixty days from date of invoice. The maximum terms allowed in this code for retailers are two per cent, five days, after arrival of goods, sixty days net from date of invoice.

Determine from these comparisons the stabilizing effect upon this industry of legally established terms and discounts. Competitions in terms and discounts will no longer be allowed. The credit executive in this industry will no longer have the difficult problem of terms that he has had in the past. His job will be with his customers and not with other sellers whose exorbitant or unjust terms provide a credit advantage over the ethical practices of the company adhering strictly to customary terms.

Boots and Shoes

The boot and shoe manufacturing industry gives us another pertinent illustration. The customary pre-code terms of sale and the terms of sale specified in the boot and shoe code are the same, that is, five per cent for payment within thirty days, with a fifteen day tolerance for shipments west of the Rocky Mountains, provide for in the code. The great difference, however, lies in the fact that the terms set forth in the code must be adhered to legally, where there was nothing but ethical practice and responsibility to guarantee adherence to terms under pre-code practices.

The pre-code terms of sale, even though stated as five per cent, thirty days, were subject to great variance, because of the extremely complicated and competitive system of distribution in the boot and shoe industry. Wherever possible, an attempt was made to get small buyers to adhere to the five per cent, thirty days, but six, seven, and even eight per cent was granted to various buyers as dictated by the size of orders placed, the insistence of the buyers, and the desire of sellers to keep their business. In many cases, buyers demanded and were given cash discounts on the basis of sixty and ninety days' settlement. Maximum terms were probably extended on about 30 per cent of the number of orders received, but it must be remembered that these orders amounted to perhaps fifty per cent of the boots and shoes sold. It requires but a moment's reflection to conclude that the stabilization of terms on one definite basis in this industry will give credit executives a sound and constructive basis upon which to proceed.

Financing Retailers

This matter of terms naturally brings up the old question of the wholesaler and manufacturer financing their retailers through undue credit extensions in terms and discount privileges. Under the provisions of the code in these industries where definite terms are specified, the supplier can on longer serve as a banker to his customers. I know that some complaints have been received by the NRA from retailers who allege that, without special terms and extensions which they were able to secure prior to the NRA, they have insufficient working capital to maintain their operations. Of course, such a situation works a hardship upon the retailer, who has heretofore depended upon his suppliers to serve as his bankers. The development of this situation has brought to the fore-front the need of smaller businesses for adequate credit and banking facilities. It proves that wholesalers and manufacturers should be relieved of a function which they should not have been forced to perform in the past. It brings to the forefront the need of small merchants for adequate credit facilities. It does not mean, however, that, as this plan may be developed, credit aid will be available simply because it is needed. The small merchant and business man must put his house in order. He must run his business on a sounder and more efficient basis.

Good management will become a requisite for credit privileges. As long as the wholesaler and manufacturer were financing the retailer, he was not in many cases subjected to the fulfillment of a prescribed requirement and status without which this aid was not forthcoming. As plans are developed to provide credit aid when it is needed among small businesses, a standard of operating efficiency and capital requirements will be set up as an objective which the small business must strive to attain.

Decentralization

Throughout the entire recovery program we find a red thread principle of decentralization. Decentralization of industry is bound to go hand in hand with the redistribution of wealth and population. Seven government agencies are now devoting careful study and attention to the objectives of decentralization and redistribution of population, business and industry. This objective is a fundamental principle of the New Deal. It will be accomplished, though gradually in some cases.

The experience of the ten years following the World War has taught us that concentration and centralization in business and industry in large centers were a contributory cause to the depression. Great congestion and complexity resulted, increasing materially our economic and social problems. The corrective process of curbing this situation constitutes also a preventive measure safeguarding the nation to a considerable extent against the occurrence of another catastrophe of such tragic proportions.

This decentralization and redistribution of industry and population is of prime importance to the commercial credit executive. It means that his debtors in smaller outlying centers will now be aided by a gradual influx of new customers and business, thus strengthening the debtors' cash position. You can readily see, without my developing this idea step by step, that the decentralization of population in industry will work gradually toward strengthening the credit status of retailers and small merchants in suburbs and smaller centers within the trade areas and adjacent to larger cities.

Summarizing the points which I have discussed, we find, on the basis of this hurried analysis of factors, that the New Deal is definitely aiding the field of commercial credit in five major ways: Definite standardization and legalization of terms of sale and discounts in various industries; relieving the wholesaler and manufacturer from the unsound responsibility of financing their customers through undue credit extensions; the improvement of business management and efficiency among the small businesses who must meet a prescribed standard of operating efficiency and net worth before they are entitled to credit aid; the consequent reduction through these different factors of business failures; and, finally, a general improvement in the credit status of small industries and small businessmen through the decentralization and redistribution of industry and population.

New Mexico News

In Best Condition

New Mexico has the smallest number of closed banks and the smallest amount of money tied up in defunct institutions of any state in the Union, R. L. Olson, special representative of the United States Home Owners Loan Corporation, announced recently.

Land Bank

A plan for the Denver chamber of commerce to enlist the aid of similar bodies throughout Wyoming and New Mexico in a movement to get a federal land bank for that district has been considered by chamber directors.

A bill providing for creation of a land bank for Colorado, Wyoming and New Mexico is pending in congress. A special land bank committee of the Denver chamber met and decided to suggest to the directors that chambers in other towns and cities be interested in the bill.

At present Colorado and New Mexico are in the Wichita land bank district and Wyoming is in the Omaha district.

Resigns Position

Miss Cozy Burk, who has been acting assistant cashier of the Security State Bank of Texico for several years, has resigned her position on account of eye trouble. Her many friends regret very much the misfortune that has befallen Miss Burk.

1934 Convention Dates

April 16-18—A.B.A. Spring Executive Council Meeting, New Arlington Hotel, Hot Springs, Ark.

April 20-21—New Mexico Bankers Association, Franciscan Hotel, Alberquerque, N. M.

May 8-9—Oklahoma Banners Association, Tulsa, Okla.

May 15-16—Missouri Bankers Association, Elms Hotel, Excelsior Springs, Mo.

May 15-17—Texas Bankers Association, Baker Hotel, Dallas, Tex.

May 17-18—Kansas Bankers Association, Wichita, Kan.

May 21-22—Illinois Bankers Association, Abraham Lincoln Hotel, Springfield, Ill.

May 23-25—California Bankers Association, Hotel Del Monte, Monterey Peninsula, Cal.

June 11-14—American Institute of Banking, Washington, D. C.

June 8-9—Minnesota Bankers Association, St. Paul Hotel, St. Paul, Minn.

June 15-16—Colorado Bankers Associa- Hotel Antlers, Colorado Springs, Colo.

June 18-20—Iowa Bankers Association, Des Moines.

June 19-20—Wisconsin Bankers Association, Schroeder Hotel, Milwaukee, Wis.

June 21-22—Michigan Bankers Association, Pantlind Hotel, Grand Rapids, Mich.

July 2-4—Joint Convention, North Dakota and South Dakota Bankers Associations, Deadwood, S. D.

July 20-21—Montana Bankers Association, Yellowstone National Park.

September 10-13—Financial Advertisers Association, Hotel Statler, Buffalo, N. Y.

October 22-25—American Bankers Association, Willard Hotel, Washington, D. C.

Business Indexes Show Rise

For a number of consecutive weeks, standard business indicators have shown advances.

Car-loadings, steel output, electric power production, life insurance sales, construction contracts, the wholesale commodity price—all are up. An encouraging sign is that the advance has not been sporadic and erratic—it has been gradual and is apparently the result of a general strengthening of the nation's economic foundations.

Much remains to be done—industrial convalescence isn't here. But recovery seems to have started.

We Need A "Moratorium" On New Governmental Interference

The irregular course of our recovery is a necessary result of government planning, but such planning involves inflationary risks

"THE IRREGULAR, saw-toothed course which our recovery is pursuing is due partly, though perhaps not altogether, to the fact that ours is a planned recovery," declares Moody's Investors Survey in its current Monthly Review and Outlook. "Probably most unfavorable to a smooth recovery has been the fact that business has not as yet had a period of several months in succession in which it could see clearly ahead, at least so far as the Government's policies were concerned. What is needed at the present time is a 'moratorium' on new Governmental interference."

The history of both our monetary and other policies in 1933 plainly shows that the planning for recovery is by nature experimental and it could not have been otherwise. It would have been impossible to repeat the "back to normalcy" movement of the Harding administration, for in addition to recovery and relief, reform also had to be included in the Government's program.

The analysis points out that the main factors tending to discourage businessmen include monetary uncertainty (for the present removed); growing demands of labor, supported and encouraged by the Government; strict regulation of new investments and the impression that the Government is against profits; the unfriendly attitude toward public utilities and the growing control of Government over various phases of economic activity.

"On the other hand," Moody's continues, "businessmen have been encouraged by the rising business cycle throughout the world; by the upward trend of commodity prices, sponsored by the Government; greater buying power of agriculture and increased consumer spending through relief and Government-sponsored public works; suspension of anti-trust laws and curbing of unfair trade practices as well as the Government's interest in a revival of the capital goods industries; and finally, support of bonds and mortgages by Government lending agencies.

"The apparent inconsistencies on the part of the Government which have tended to confuse the business community are the result of experimentation and are unavoidable, for no plan is possible without experimentation.

"However, since planning results, in the course of the process of experimentation, in violent pushes and pulls upon the business structure and since it involves the injection of huge doses of credit expansion via the budget deficit, it necessarily involves a serious risk of uncontrolled inflation in the longer run.

"At the present time the net gain in manufacturing employment has been relatively small, in spite of NRA codes, because of the upsetting effect of the July-December business reaction. Another such reaction, which might be furthered by the current higher wages-shorter hours policy of the Government, would retard the progress of recovery still more. At the same time, credit is being poured into banks and purchasing power is being distributed lavishly through the emergency budget. The result may be an inflationary rise of prices of industrial goods, with its familiar vicious circle of rising prices, lagging wages, labor disputes, lagging production more credit or currency to revive it, still higher prices and so on.

"It is to be hoped that this will not be allowed to happen," concludes Moody's. "But it is not too early to begin thinking seriously. The Government should consider its responsibility toward the people, and toward the budget, lest real recovery be unnecessarily retarded. It might also consider whether it would not be wise to soften somewhat the emphasis on the reform phase of its program (now that the most essential safeguards against capitalistic abuses have been taken) and to concentrate instead on recovery measures."

INSURANCE
Its Application to the Banking Fraternity

The Life Insurance Business in 1934

The quarterly statement of Francis V. Keesling, President of the American Life Convention, relative to the business of life insurance during the early months of 1934

LIFE insurance disbursed a total of eleven billion dollars to policyholders and beneficiaries during the past four years, and this in addition to the great volume of policy loans, Francis V. Keesling, president of the American Life Convention, said in discussing the business outlook for the early months of 1934. In 1933 the payments exceeded three billion dollars.

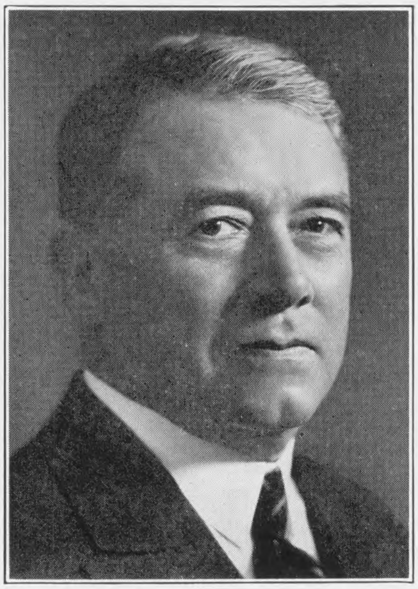
Major Keesling, who is also vice president and general counsel of the West Coast Life Insurance Company of San Francisco, took a very hopeful view of the future of general business and life insurance in particular, pointing out that confidence is the chief essential of normal, healthy conditions, and that confidence is increasing.

Touching upon the gold standard, he said that even authorities on money as a medium of exchange admit uncertainty, but generally agree that sooner or later the dollar must be stabilized and a lower content fixed. In this connection, he stated there has been management to vary the effect of economic laws from the time of earliest social relations, and that without it conditions prevalent in some parts of Europe and in Asiatic countries would be simulated here if the laws of supply and demand and survival of the fittest were given entire free play.

His statement follows:

Indices Are Favorable

"This is the season of prognostication. Some speak with authority; others speculate. Only those who have access to and understand relevant statistics should be given any consideration. And even such authorities find their conclusions torn asunder in the whirlpool operations of economic laws in these days.



FRANCIS V. KEESLING

"Probably the more accurate estimate is to be based upon what is actually happening. The indices are favorable. For instance, the president of the Southern Pacific Railroad reports a steady improvement during the last few months and he believes it may be reasonably anticipated that better conditions will prevail during 1934. This seems to be based upon improved freight and passenger returns and a revised program, particularly in the west.

"Here and there are evidences of better returns from agriculture. Industrial output and earnings assume healthier proportions. The thoughtful have concluded that the low point in the depression has been passed and business is on the upgrade.

"A banker considers another factor as he quotes: 'Nothing is either good or bad but thinking makes it so.' We recall the estimate of a distinguished president that a depression was psychological. Confidence is an essential of normal, healthy conditions. There is an element of psychology and it is an important element.

"These factors have made a subconscious impression and we note that the business man treats of the depression in terms of the past tense. The crisis is regarded as something past. He is convinced of improvement by facts.

"Doubters are apprehensive. They view with alarm an unstabilized dollar, managed economics and the administration's financial program.

Money Problems

"Those who consider themselves authorities on money as a medium of exchange admit that there are but few who understand that problem. My search for light on the subject would seem to verify that conclusion because, like the ordinary individual, I continue almost hopelessly in the dark. Some features appear to be obvious. The United States could not continue on the gold standard with other nations off that standard because foreign competition was destructive of domestic business. The gold content as stabilized had become an unfavorable medium of exchange which was profitable to the money manipulator and, as an exchange medium, it had become speculative and produced unjust results in trade. Sooner or later the dollar must be stabilized and a lower gold content fixed in an effort to produce a more just medium and to eliminate difficulties in exchange in foreign commerce transactions. In the meantime, we are hopeful of a scientific solution by those charged with the responsibility.

"Casual reflection makes it manifest that there has been management of economic laws from the time of earliest social relations. This great country of ours has established a standard of living by process of management which varies the effect of economic laws. The tariff as it has operated as a national program is an example. Without it, conditions prevalent in places on the European continent and, generally, in Asiatic countries might as well have prevailed in this country. As efforts have been directed from general welfare, there has always been artificial interference with the operation of the laws of supply and demand and survival of the fittest. Perhaps in ages the rule operating from without may overwhelm a nation, but in the meantime the nations will do well.

Long-Range Solution

"The tremendous proportions of the Presidential program necessarily command attention and we adjust our standards to the program of a long-range solution. The terrible destruction of the World War was bound to be far-reaching; its ramifications were international. Industry, business and agriculture, affected by abnormal conditions during war times and immediately thereafter, were not adjusted to conform to the required return to normal conditions but proceeded in high, either failing to recognize or disregarding the operation of natural laws, until the existing structures crashed from the strain of over-loading. Perhaps in the course of time, by natural readjustment, normal conditions would have resumed, but who can visualize what might have transpired during the transition?

"Certainly the Public Works and AAA programs have a stimulating effect and should be regulated, as we believe it is intended, to decrease as normal industry resumes. The CCC program, in conjunction with others, may have the effect of affording a means of transition from city to country while immediately providing means of sustaining self-respect. It should be demonstrable within a reasonable period that real estate values, particularly agricultural, constitute the real, substantial security for investments.

Confidence Increasing

'A man experienced in the writing of life insurance predicts that those who are engaged in placing that protection are entering an era of the greatest progress in the history of the institution. The individual cannot but be impressed with the security of that protection and value of benefits incidental to life insurance contracts. While the government has embarked on a campaign involving tremendous expenditure, during the year 1930, life insurance companies in addition to a stupendous volume of policy loans, disbursed $2,247,000,000 to policyholders and beneficiaries; during the year 1931, $2,607,000,000; during the year 1932, $3,087,000,000; and during the year 1933, $3,100,000,000, a total of $11,041,000,000. In 1933, $2,175,000,000 was disbursed to living policyholders and the remainder as death claims to widows, orphans and others. It is difficult to visualize what the distress might have been but for the institution of life insurance. As events are viewed in retrospect, there stands out with definite strength and stability, arising from the wreckage about it, the great structure of life insurance."

A PLACE IN THE SUN

By RICHARD W. HILL

National Secretary
American Institute of Banking

"A PLACE in the sun." The phrase brings to my mind two rather vivid pictures — one, the courtyard of the New York Public Library, that massive structure, with its broad, inviting white steps and pillars, and the wide walks where the myriad-colored pigeons prune themselves and peck at the peanuts the "people in the sun" throw to them. Walking past there almost any spring day, one may find many scholars, sitting with books in their laps or talking earnestly with others about the world's weightiest problems, while the water gushing out from the sides of the building trickles into blue pools at the base. There is much thinking and planning done there — in the sun.

The other picture is that of Diogenes, an old wrinkled philosopher, sitting under a tree in the glory of the noonday. The king of the country, Alexander, wishing to honor him, came and stood before him, saying: "What reward can I give thee, Diogenes, for the great work thou hast done for thy people?" Diogenes, aroused for the moment from his deep reflection, looked up into the regal face and said: "Sire, only step from between me and the sun."

At the beginning of the World War, when Germany was endeavoring to build her railroad through southern and eastern Europe to Bagdad, she was thwarted by the offended nations and questioned as to her ambitions. Her response was that she was seeking her place in the sun. Perhaps she was thinking of Great Britain, whose boast for centuries has been that on her land the sun never sets.

It is said that worries fester and grow in the dark. They shrivel and vanish in the light. There are times in every man's life — whether he be strong or weak, brave or cowardly — when he needs to give himself a good sunning.

It is only the untrained man who worries over his work. He has cause to worry, because he never knows when something will happen that he can't put right, when he will face some new problem that he can't handle, when he will have to stand aside for the man who knows. The trained man wastes no time in worrying. If he doesn't know exactly how to do the thing expected of him, he does know just how to go about finding out.

When you catch yourself worrying, pitch in and study instead. Worry accomplishes nothing; study will enable you to do anything.

Sometimes in your daily striving in the bank, stop and think on these things. Keep your face toward the sun.

Youngster—It's booze to beer that if liquor ever does come back, it will come back on the run!

Oldster—Su-re. Didn't think you had to squeeze it out of a bottle—like toothpaste—did you?

E. E. PLACEK, President
Nebraska Bankers Association

Nebraska News

WILLIAM B. HUGHES, Secretary
Nebraska Bankers Association

Resigns

Henry C. Hall, assistant to Leo E. Manion, vice president of the federal land bank, has tendered his resignation to D. P. Hogan, president, effective April 1. Hall will become assistant supervisor of farm loans for the Connecticut Mutual Life Insurance Co., at the home office in Hartford, Conn. He came to the land bank from the E. H. Lougee Loan Co., Council Bluffs, in August, 1933. He had been with the Lougee firm 13 years.

Crime Doesn't Pay

Capture of Charles Cotner, Oklahoma desperado, clears up identification of all bandits who took part in Syracuse and Nebraska City bank hold-ups last year with the exception of one man, Sheriff Carl Ryder said.

Identification of all the bandits, with the exception of the driver of the automobile that figured in the Merchants bank job, was secured by Sheriff Ryder. The driver of the automobile didn't obtain a good look at him. Several photographs have borne marked resemblance to the man but identification has not been perfect.

Here are the men identified and what has happened to them:

Merchants bank robbery:

Wilbur Underhill, slain by police in Oklahoma.

Ford Bradshaw, slain by police in Oklahoma.

Clarence Eno, serving 50-year prison term in Kansas for bank robbery.

Edward "Newt" Clanton, killed by officers.

Automobile driver, identity unknown.

Syracuse bank robbery.

Ford Bradshaw, dead.

Clarence Eno, in prison.

Charles Cotner, held in McAlester, Okla., and badly wanted by Otoe county officers to face trial.

Clearings Up

Omaha bank clearings for the week ending March 17, $30,708,476.76, were twice those of the same week last year, $15,349,906.73. The week last year, however, contained only five business days, due to the bank holiday.

A gain of more than one million dollars was shown by these clearings over the same day in 1933. The figures were $5,251,307.11 and $3,196,043.88, respectively.

Land Bank Appraiser

R. V. Newcomb, Los Angeles consulting engineer, formerly in the same profession in Nebraska, Wyoming and South Dakota, has been named assistant engineering appraiser for the Federal Land bank to determine land values for loan purposes along rivers and drainage ditches along both sides of the Missouri and particularly in Iowa. Announcement was made by Engineering Appraiser Lloyd.

Bond Survey

The wisdom of Nebraska lawmakers in frowning on the practice of issuing bonds is seen in a survey completed in Omaha by James T. Wachob, investment banker.

The survey showed that only 24 of the state's 93 counties have bonded indebtedness and the total amount involved is but $6,000,000 of which 71 per cent is issued and owed by Douglas county.

Scotts Bluff, Red Willow and Kimball counties are the next largest debtors. The balance is spread out among the other 20 counties in small amounts.

Mr. Wachob said the survey demonstrated that Nebraska is unique among the states in the matter of bonded indebtedness. The state constitution prohibits issuance of bonds and as a result Nebraska is low among the nation's commonwealths in their issuance.

Situation Better

A considerable expansion of credit for business in Nebraska will result from creation of the new "banks for business" system now being pressed by the federal reserve board and Secretary Morgenthau of the treasury department, J. J. Thomas, Nebraska member of the board, said recently.

At the same time, Thomas said, the banking situation in the state has improved greatly within the past few months.

Code Discussed

Twenty-one members and guests of the Lincoln Clearing House association, representing banks from Lincoln, College View, Havelock and University Place attended a meeting at the Cornhusker hotel last month, when the preliminary phases of a banking code were discussed. The association voted to support the 1934 Nebraska state fair and members decided to order 100 books of tickets for the association. President E. N. Van Horne presided.

Unrestricted

The Heartwell State Bank, which has been operating since the fourth of last March under restrictions of the bank moratorium, has mailed out noticed announcing the lifting of all restrictions, and that it is open, ready to do a general banking business.

Those having deposits in the bank will be permitted to use all or any amount of their balance.

The Heartwell bank has been accepted as a member of the Federal Deposit Insurance Corporation and depositors of the bank will be guaranteed under the temporary Federal Deposit Insurance act.

Two New Banks

Two Nebraska towns were removed from the list of bankless communities when the state banking department chartered institutions at Staplehurst and Scotia, E. H. Luikart, banking superintendent, announced.

The new Staplehurst Bank will take the place of the old Bank of Staplehurst. President of the new institution, which is organized with a capital of $25,000 and $5,000 surplus, is Fred Ritterbusch. Thomas Dahl is vice president and director, and Laurids Jorgenson is cashier and director. Ritterbusch also is a director. Other directors are John C. Meyer, Nell Dahl, Henry Richters and Ira E. Peary.

Harry L. Miller is president and a director of the new State Bank of Scotia, capital $25,000 and $5,000 surplus. Elmer W. Larson is cashier. Other directors are J. V. Maddox, Frank Miller, L. M. Clark and E. L. Vogeltanz. Scotia formerly was served by the Bank of Scotia.

Large Corn Loans

What are believed to be the largest corn loans made in Antelope county were handled recently by the Brunswick State Bank. Vic Hoffman took a government loan on 17,000 bushels, Lou Hoffman, his brother, took one for 11,000 bushels, and Albert Johnson one for 8,000 bushels.

The Brunswick bank has been taking the loans for some time as an accommodation to its customers and is one of the few banks in this section offering such service, which entails extra work for the bank.

Through this service the borrower usually is enabled to obtain either the cash or a deposit slip for the full amount of the loan within three days after inspection of the corn has been made. The Brunswick bank, according to Leonard Hales, cashier, has handled about 125 thousand dollars in corn loans to date.

New Cashier

Frank Farr, former resident of Kimball, moved from Paxton to Aurora recently to be on hand when the First National Bank of that city, of which he is cashier and director, opened. Since leaving Kimball, Mr. Farr has been a resident of Paxton, where he was cashier of the Paxton State Bank until last fall, when he sold his interests and resigned.

Opens in Ashland

The National Bank of Ashland has been granted permission to reorganize and will open in the near future.

The necessary funds for the reorganization have all been subscribed by local capital and local men will be the new officers. It will take a little time yet to get the necessary arrangements all made, as the government has to pass on every move made.

Omaha Wins

One hundred and fifty employees of federal and local banking institutions and their wives attended the American Institute of Banking banquet and debate at the Paxton hotel in Omaha.

Lou Barta, Harry Pratt and Frank Cronin, representing the Omaha chapter and upholding the affirmative of the question: "Resolved: That the commodity is more desirable as a monetary standard than gold," won a two to one decision over the Minneapolis chapter negative team.

Deposits Up

Lincoln's banks have shown a steady increase in deposits since the bank holiday a year ago and at the close of business one day last month, the amount was the highest in years. The three downtown banks had deposits of $30,140,000 as compared with $18,636,000 a year ago.

Bankers said the greatest increase came in the past three months. Federal funds were believed to have brought about the gains.

Production Control

More than 150,000 acres of land, included in the farms controlled by the Omaha Federal Land bank, will be subject to the government crop production control program, it was announced recently.

G. W. Hunter, manager of the bank's real estate department, said the bank has 1,437 leases covering farms under their control. Every farm which raises corn or wheat will be signed up for the program. The land not included in this program is located in the range territories of Wyoming, western South Dakota and Nebraska.

Big Gains

The First National Bank of Wahoo reports a phenomenal gain in deposits in the past year, according to an announcement made recently. Deposits on March 2, 1934, were $1,243,638.89 or a gain of over 81 per cent since March 4, 1933. Individual deposits subject to check have increased 123 per cent; time certificates of deposit, 20 per cent, and savings deposits, 24 per cent, according to the report.

"Restored confidence under the New Deal, increased volume of business and the fact that deposits are insured up to $2,500, have contributed to this unusual gain," state the bank officials. "Continued progress in this direction will bring the deposits over any previous high mark within a few months," it is stated.

Discuss the Code

Representatives of banks in the Omaha territory met recently to discuss adjustments and revisions recommended by the administration in the state banking code and the joint code that has been submitted by clearing house associations of Omaha, Lincoln and Council Bluffs.

Instructions from the banking administration concerning the procedure necessary to make the needed changes in the proposed codes, were explained.

J. A. Changstrom, vice-president of the Omaha National Bank and chairman of the Omaha code committee, presided at that portion of the meeting at which the joint code submitted by the Omaha, Lincoln and Council Bluffs banks was discussed.

J. M. Sorenson of the Stephens National Bank at Fremont presided over a meeting of the code committee of the Nebraska Bankers' Association, which was held after the discussion on the proposed code for the three cities.

No Promoters

Jerry H. Mason, new president of the Omaha Bank for Co-operatives, has declared the purpose of his institution was to "better the co-operatives now operating" rather than promote new co-operatives.

"If the demand comes from farmers who are willing to put up 40 per cent of the capital, we will make a survey and help them if the proposition is sound, but we're not interested in seeing any promoters," he said.

Now Open

The Overland National Bank at Grand Island opened for business last month in the former location of the Nebraska National Bank. The opening of this bank means the release of about $500,000 of deposits that were taken over from the Nebraska National. The latter institution had operated on a restricted basis since last March.

Grand Island now has three going banks.

Want Board Member

The bar association of the fourteenth judicial district made public recently a resolution urging that a resident of Southwestern Nebraska be named a director of the Omaha land bank, and that loan applications from this region not be rejected until values have been determined by appraisers familiar with local conditions.

New Bank

Peru is to have a new bank. Sufficient stock has been subscribed to comply with the government requirements, and it now only awaits the approval of the state and federal authorities to make it a certainty. The local people feel that there is every prospect of securing such approval.

Important Decision

A number of people in Elgin and vicinity who were stockholders in the Farmers and Merchants Bank, which closed in 1931, are affected by a decision handed down by the Nebraska Supreme court.

The court says that stockholders liability cannot be collected until all assets of the bank have been exhausted in the case of stockholders who purchased stock in state banks prior to 1930.

The state constitution was changed in 1930 to provide that stockholders were to be immediately liable when a bank failed. The court holds that this cannot be enforced against those who bought stock prior to the change in the constitution, since the law cannot change or impair the original contract which was entered into before the change was made.

Stockholders in the Farmers and Merchants Bank bought their stock in March, 1929, when the bank was reorganized, and under the finding of the court these stockholders need not pay their liability until all of the assets of the bank have been exhausted.

Form Association

Preliminaries to the organization of a production credit association were taken up at a recent meeting of representative farmers from eight Southwest Nebraska counties. Nine men were named to a board of directors.

Another meeting is to be held and at that time details will be cleared away permitting the acceptance of loan applications.

The directors of the organization to be known as the McCook Production Credit corporation, are: LeRoy Smith, Lamar, for Chase county; C. D. Mason, Benkelman, Dundy county; L. N. Elson, Curtis, Frontier county; Ray Coay, Oxford, Harland county; E. A. Nott, Arapahoe, Furnas county; O. E. Nutzman, Palisade, Hayes county; Norval Diehl, Stratton, Hitchcock county; Edward Sughroe, Indianola, Red Willow county; Thomas Jones, Trenton, director-at-large.

Y. B. Huffman, treasurer of the production credit corporation at Omaha, was present to assist with organization of the regional agency.

The authorized capitalization of the corporation was set at $175,000, it was stated. Borrowers must take out 5 per cent of the amount of loans in stock of the institution.

Meet in Cozad

A general meeting of the Dawson County Bankers' Association was held at the Cozad State Bank recently. J. B. Wood, of the Lexington State Bank, was chairman of the meeting and W. T. Thompson, of the First National Bank, Cozad, was secretary. General banking topics were discussed during the evening. Eight banks of the county were represented as follows: E. J. Loutzenheiser, Gothenburg State Bank; J. H. Broadhurst and Elmer Swanson, First State Bank, Gothenburg; G. E. Stuckey and J. B. Wood, Lexington State Bank; John Roberts, Peter Jensen and James O'Donnell, Farmers State Bank, Lexington; Mr. Carter, Overton National Bank; G. E. Stuckey, Eddyville State Bank; C. T. Young, Emil Barta, Jim Stuckey and Bill Young, Cozad State Bank; and T. J. Brownfield and W. T. Thompson, First National Bank, Cozad.

Colorado News

Now Open

The Alamosa National Bank opened recently on an unrestricted basis, and will pay all depositors 100 cents on the dollar.

This bank was closed following the bank holiday declared last March 4. The bank was always considered one of the best banks in the San Luis Valley, and its re-opening without borrowing any money from any source speaks volumes for the integrity of its former and present managers.

The bank is now ranked one of the strongest banks in Colorado.

Opens in Boulder

The opening of the First National Bank of Boulder was occasion for rejoicing on the part of the citizens of Boulder at large as well as the depositors in the two banks which were closed, who found their money available for use. The officers of the new bank also had occasion for rejoicing in the friendly and optimistic spirit in which their patrons met them on the occasion. The bank has been very busy the first day and every succeeding day.

Named Director

Harry C. Stephens of Denver, who has been general manager of the Colorado Grain Growers Association, was confirmed recently as treasury by the board of directors of the Wichita Bank for Cooperatives, a unit of the Farm Credit Administration.

Mr. Stephens is an experienced farmer and has had a leading part in organizing the Colorado Wheat Growers Association—now the Grain Growers Association—and the Colorado Bean Growers Association. This work with cooperatives and his banking experience at Yuma and Otis, particularly fit him for his new duties.

To Open Soon

A representative of the Mercantile Bank and Trust Company of Boulder has gone to Washington to work out final details with the Federal Deposit Insurance Corporation. As soon as this is done the bank will be ready to open on an unrestricted basis, Cashier Robert W. Joslyn stated.

Due to the fact that the officers of the bank are in some doubt as to the exact requirements of the Deposit Insurance Corporation it was decided Saturday that the best thing to do would be to have some one go direct to Washington and take the matter up personally with the officials instead of depending on correspondence to get the matter adjusted.

Want New Bank

Steadily and hopefully the work of organization of a new bank in Golden is going forward under the direction of the banking committee of the Golden Chamber of Commerce assisted by several citizens who have the interest of Golden and Jefferson county at heart and have volunteered their services.

The public meeting called recently at the court house was largely attended by citizens from practically all sections of the county who demonstrated their interest in again establishing a bank in Golden, and while no particular effort was made to secure signatures for the purchase of stock in the new institution, there were many expressions of willingness to do so. The meeting was more for the purpose of acquainting the people with the importance of banking facilities in Golden and to inform them upon the prospects and method of procedure in organizing a new bank.

Branch Office

The Routt County Bank, formerly the Oak Creek Bank, has established business connections with Craig, opening an office of the A. H. Dake agency, with F. M. Pleasant in charge. The agency was established through the efforts of a committee of Craig Lions and will cash checks without discount, accept deposits and other like banking transactions, thus saving the people of Moffat county the inconvenience of transacting banking business by mail or making a long auto trip.

Bank Salaries

Salaries of bank officers in Colorado in no instance were above $25,000, it was shown in a salary report made public by the senate committee on banking and currency.

Salaries of top officials in Denver banks included: Colorado National, George B. Berger, president, $22,500; Denver National, George B. Harrison, chairman of executive committee, had a salary rate of $15,000 last year and drew $17,888.85 from the bank for services performed; United States National, W. A. Hover, chairman of the board, $1,-800 and drew $4,306.25; First National, John Evans, president, $18,000; American National, Frank Kirchoff, president, $8,100 and drew $9,225.

Other Colorado banks listed included: Poudre Valley National, Ft. Collins, Claude L. Stout, executive vice president, $5,900, and drew $6,350.

First National of Greeley, J. M. B. Petrikin, president, $9,600 and drew $10,800.

First National of Longmont, W. E. Letford, president, $4,999.90 and drew $5,753.70.

Longmont National, A. H. McKeirman, cashier, $2,400.

Approve Code

Investment bankers of Colorado, Wyoming, New Mexico, Utah and Arizona gave formal approval with minor exceptions to the new national code of the business, which recently has been formulated.

The meeting, held in Denver, was one of the twenty-six throughout the country.

Based on the results of this meeting, the final form of the code will be drafted for submission to NRA authorities.

Opened

Deposits during the first day of business exceeded withdrawals by more than $100,000 when the First National Bank of Englewood reopened after being closed for a year.

Thomas A. Sullivan, new president of the bank, who was largely responsible for its reopening, received many bouquets and congratulations from other banks and many businessmen.

Fifty new accounts were opened in the first two hours.

Elected President

C. R. McCarthy was re-elected president of the First National Bank in Glenwood Springs at the annual meeting. Other officers are: J. F. Benedeck, vice president; J. F. Gregory, cashier; Irwin Cramp, assistant cashier. Directors are Benedeck, McCarthy, Gregory, J. R. Weir and Frank Zaitz, Jr.

Heads Eagle Bank

At the recent meeting of the shareholders of the First National Bank of Eagle county, J. D. Allen, former cashier and manager, was elected president of the bank.

Mr. Allen succeeds C. R. McCarthy, president of the First National bank of Glenwood and for many years president of the Eagle bank, who was obliged to resign in accordance with the new banking law which prohibits interlocking directorates.

Other officers were named as follows: H. K. Brooks, cashier; Doris Johnson, assistant cashier. The position of vice president is vacant. The board of directors was reduced from seven to five.

Deposits Increase

Figures of increased deposits in the two Fort Collins banks have been reassuring to business man and people generally as indicating the return of better times. Figures from the Poudre Valley National show that bank's deposits have reached the highest point in recent months, the total recently being $1,996,441.15.

Those of the First National Bank, which is operating under restrictions, with the old bank's deposits not immediately available in the reckoning, give the deposits as $320,059.94.

Eads Banker Dies

Grover C. Anderson, prominent citizen of Eads and president of the State Bank, died at his home in Eads, following a short illness.

The deceased suffered a paralytic stroke on February 19, and up until that time seemed to be in perfect health. He was 46 years old.

Besides being president of the bank, Mr. Anderson was one of the leading cattlemen of Eads.

Kansas News

Now Open

The Chandler National Bank at Lyons, Kan., successor to the Lyons National Bank, opened its doors for business Monday, March 12, in the building formerly occupied by the Lyons National. The new bank is incorporated with a capital of $50,000 and a surplus of $10,000.

The officers of the bank will be C. Q. Chandler of Wichita, chairman of the board and president; W. W. (Billy) Chandler, vice president and cashier. These with the following are the directors: Earle W. Evans, Wichita attorney; H. K. Kindsley, president of the Farmers & Bankers Life Insurance Company of Wichita, and C. J. Chandler, vice president of the First National Bank in Wichita.

Elects Officers

The Quindaro State Bank has elected the following board of directors: F. S. McGonigle, W. W. Smith, E. B. Rasmussen, Robert A. McAnany, E. W. Goebel.

The officers are F. S. McGonigle, president and cashier; W. W. Smith, vice president, and Robert A. McAnany, secretary.

During the past three months the bank lost three of its members of the board of directors—J. M. Ewell, George Bishop, and P. W. Goebel.

Gets Bank Job

Paul W. Woods of Kingman has been given a post in the Intermediate Credit Bank of Wichita. Mr. Woods was reared in Kingman and completed a business course at the University of Kansas.

For a time Mr. Woods was employed in the First National Bank in Wichita, and later employed in the First National Bank at Kingman. His father was the late P. S. Woods of Kingman.

Cashier Resigns

W. O. Brooks, who resigned as cashier of the Peoples National Bank to become secretary-treasurer of the Baughman Investment company, began his new duties recently. Bert Dubois succeeds Mr. Brooks as cashier of the Peoples Bank.

County Meeting

R. B. Langley, cashier of the Olpe State Bank, was elected president of the Lyon County Bankers Association at its annual meeting and dinner. W. Max Harris, vice president of the Commercial National Bank and Trust Company, was elected vice president, and C. V. Morris, assistant vice president of the Citizens National Bank, was reelected secretary-treasurer. W. J. Musch, cashier of the Hartford State Bank, and F. H. Arnold, president of the Commercial National Bank and Trust Company, are the retiring officers.

Twenty-five bankers from over the county attended the dinner, the group representing most of the banks. Carl Howard, county agent, was the principal speaker.

Consolidation

It is announced that negotiations which have been under way for some time between the directors of the Guaranty State Bank, Beloit, and the Beloit State Bank for a merger of the Beloit State Bank with Guaranty State Bank have been successfully concluded.

As a result of this merger, deposits of the Beloit State Bank were transferred to the Guaranty State Bank and are incorporated in the regular banking operations of that bank, their being no restrictions on withdrawals.

It is stated that in acquiring this business, the Guaranty State Bank takes only assets that have been first approved by the directors of the Guaranty State and then passed on by the State Banking Department as having an adequate margin of safety, the greater part of which consists of cash and Kansas Municipal bonds.

Although the Guaranty State Bank takes the building now occupied by the Beloit State Bank, for the present, the business will be conducted at the present location of the Guaranty State Bank.

Assets Transferred

Announcement is made that the business of the Peoples State Bank of Homewood has been transacted at the Peoples National Bank of Ottawa, and that the Homewood institution will be absorbed by the Ottawa bank. The banks have been closely related in that several directors and officials are the same for each institution.

The Peoples State Bank of Homewood was organized in December, 1920. It succeeded the Homewood State Bank, which had failed after several years of operation. At that time the state guarantee law was in effect and the depositors of the old bank were given credit in the new institution for the total amount of their deposits. All these certificates were paid in full. At present the total deposits amount to approximately $40,000 and the bank has cash on hand equivalent to about 80 per cent of the total deposits.

Business Purchased

The First National Bank of Quinter has completed a deal whereby it purchased the business of the Quinter State Bank. Deposits in the Quinter State Bank have been transferred to the First National Bank.

Two bank examiners from the National banking department and two from the State banking department examined the banks.

No change will be made in the directorate of the First National Bank, according to a statement made by the cashier, C. B. Pearson. The bank will make every effort to give the same courteous consideration to the Quinter State Bank depositors, as they have been receiving.

Officers of the First National Bank are: president, M. S. Coberly; vice president, N. C. Lewis, Topeka; John Starkey, Earl Phelps, J. A. Miller and R. E. Lewis, directors. Miss Eda Schlicher is assistant cashier and Leland Reinecker is bookkeeper.

Officers of the State Bank are: president, C. M. Hutchison, WaKeeney; vice president, J. H. Long; cashier, M. K. Mathews; assistant cashier, M. F. Crissman.

Opens in Wichita

The Kansas State Bank was opened recently in Wichita under most auspicious circumstances.

Hundreds of Wichitans went to the bank during the day to congratulate the officers on the successful reorganization of this financial institution. Although completely reorganized, it carries on as a successor to the old Merchants Reserve State Bank, closed a year ago.

In the lobby, tables and counters were buried under baskets of flowers, sent by people wishing the officers good luck.

Where Farm *and* Market Meet

CHIEF outlet for Nebraska's 130,000 farms—and almost as many more outside its borders—Omaha ranks high among the primary grain markets and milling centers of the country. A large part of the 300,000,000 bushels of wheat, corn, oats and other cereals grown annually in Nebraska flows through its elevators, mills and railroad yards to consumers in the East and over-seas.

For 78 years this bank has had a share in developing Nebraska's volume of farm products and facilitating their movement to market. It has been our privilege to grow up with our city and state and to provide facilities and resources to meet the banking needs of their trade, industry and agriculture. As the oldest and one of the strongest banks in Nebraska, our effort today, as in past years, is to serve them and you.

UNITED STATES NATIONAL BANK

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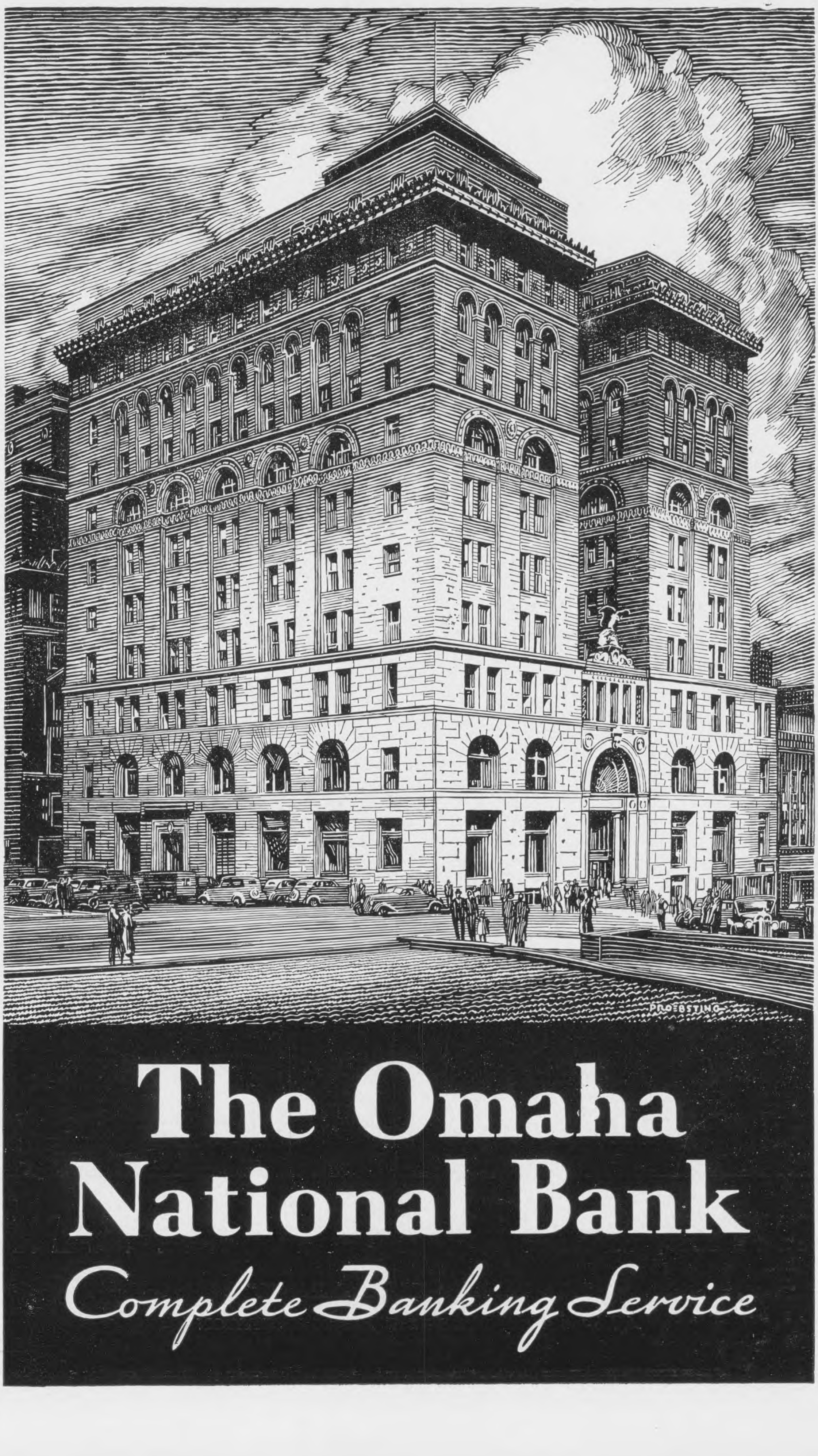
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