

# **CENTRAL WESTERN BANKER**

## *Omaha*

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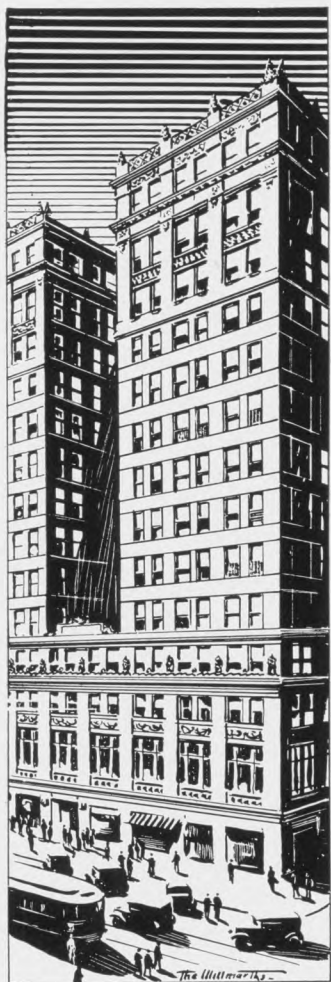
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*May*

*1934*

# CONFIDENCE

## BUILT ON A CONSERVATIVE BANKING POLICY



The First National Bank of Omaha, which was nationalized in 1863, seventy-one years ago, has steadfastly held to its policy of conservative banking. Our constant adherence to such a policy has gained and held the confidence of the people of this territory in our institution. The faith and trust displayed by our patrons are shown in the fact that many have been our customers for twenty, thirty, and forty years—some for more than fifty years.

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

# FIRST NATIONAL BANK OF OMAHA

# CENTRAL WESTERN BANKER

410 ARTHUR BUILDING  
OMAHA

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## THE BUSINESS OUTLOOK

**B**USINESS improvement has made good progress during the first quarter of this year. Industrial production has steadily expanded, employment has increased, and pay rolls have grown larger even more rapidly than the number of workers has moved up. There have been steady advances in the security markets. Bond prices have risen almost continuously. Early in April the index of all bonds had reached a new high for the year. High grade bonds have been especially strong, and by the end of the first week in April the Dow Jones price index of 10 highest grade rail bonds reached the highest figures ever recorded since the index was started in 1915. Many of the limited indexes of stock prices have seemed to reflect indecisive movements, but an index of this bank which includes all stocks traded rose early in April to a new high for this year. In securities a general and sustained creeping advance has been under way.

**A** CONSIDERABLE number of threatening labor disputes have been settled, and it now seems likely that we shall escape any period of numerous and serious strikes. This is most encouraging, but some of the accompanying developments of recent labor compromises raise problems that may prove difficult. Important wage increases have been generally granted in the three great industries of iron and steel, coal, and automobile manufacturing. In each case the settlements were shortly followed by sweeping advances in the prices of the products. Similar developments have taken place in many smaller industries, and it seems probable that important price advances for many commodities will shortly be announced. These may

By COL. LEONARD P. AYRES  
*Vice President,*  
*The Cleveland Trust Company*

operate to check demand and production, and they will complicate the difficulties of establishing desired price parities between agricultural products and industrial goods.

**M**EANWHILE our most difficult and important problem continues to be that of getting back to work the great numbers of men and women who are unemployed. It is always true in periods of recovery following depression that in-

**"There have been steady advances in the security markets. Bond prices have risen almost continuously . . . . evidences of improvement in financial and banking conditions continue to develop . . . . . unemployment can be cured by re-establishing financial and durable goods production"**

dustry expands its output far more rapidly than it increases the numbers of its workers. In the recovery from 1921 to 1923 factory production increased by over 80 per cent while employment was rising 32 per cent.

**B**USINESS has been improving steadily and rapidly during the past five months. The decline which began last July continued to November. Then the present new advance began and carried the volume of industrial production up

from nearly 34 per cent below normal in November to less than 24 per cent below in March, and the gains are continuing in April.

**E**VIDENCES of improvement in financial and banking conditions continue to develop, and to demonstrate that the turning of the corner in the business depression involves the turning of many minor corners.

**T**HE AUTOMOBILE industry has constituted the bulwark of demand for steel products, and has been chiefly responsible for sustaining the operating rate of the steel industry at a level just under 50 per cent. The automobile industry has also increased wages and these increased costs along the line are now beginning to be passed on to the consumers in the form of higher prices for automobiles. The automobile industry has been one in which moderate reductions in prices have historically uncovered large areas of demand, and thus enabled the industry greatly to expand its production. Clearly we are now entering a period in which the reverse process will be tested out, and where the enhanced costs engendered by the new deal will have to be shouldered by the consumers. This is likely to be significant in the case of automobiles, for people have discovered that the purchase of new ones, unlike the purchase of food, can be almost indefinitely postponed. The industry would undoubtedly prove vulnerable in the event of a buyers' strike.

**L**AST MONTH'S bulletin showed that there was no serious overproduction of consumption goods in the prosperity

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# The Fremont and Norfolk Group Meetings

**M**ORE than 100 members of Group Two of the Nebraska Bankers Association held an unusually fine convention last month, April 23rd, at Fremont. The meeting which was presided over by P. J. Ternus, president, who is cashier of the Farmers State Bank of Humphrey, and F. W. Shonka Jr., as secretary, who is assistant cashier of the Schuyler State Bank of Schuyler, enjoyed a fine program, which was opened by an address on "What Shall the Bank Do with Its Money" by Dr. John P. Begley of Creighton University, and followed by Captain Donald S. Leonard of the Michigan State Police, who emphasized the value of a state police system.

At the afternoon meeting, L. Oscar Challman, general agent for the Farm Credit Administration, spoke on "The FCA Under the New Deal," giving facts and figures about the amounts loaned in middle western territory, and Nebraska in particular, and told of the relief methods now being used.

He was followed by the Hon. W. B.



A. G. SAM

President, Live Stock National Bank, Sioux City, and president, Security State Bank, Norfolk, was toastmaster at the banquet held in Norfolk.



E. E. PLACEK

President, First National Bank, Wahoo, and president of the Nebraska Bankers Association. Mr. Placek addressed both the Norfolk and Fremont meetings.

Banning, Nebraska state senator, who spoke on tax problems.

J. M. Sorensen, of Fremont, chairman of the Nebraska Bankers NRA committee, made a report on the bankers code and pleaded for the cooperation of member banks in arriving at and supporting the code.

The afternoon meeting was concluded by an interesting question box conducted by William Phillips, assistant cashier of the Federal Reserve Bank of Omaha.

In an informal address at the morning meeting, former Attorney General C. E. Sorensen of Nebraska, was asked to tell something of Nebraska's law enforcement situation with reference to bank robberies. He contended that Nebraska is one of the easiest states of the country in which to perpetrate bank banditry, and spoke in favor of a state police system.

Dr. Begley, in his address, urged Nebraska bankers to invest money in their own communities, saying they do not have proper diversified loans.

In the report of the Resolutions Committee, stress was laid on recommending the establishment of a statewide law enforcement system as protection against the underworld, this portion of the resolution was as follows:

"Nebraska is in Territory No. 4 in which banks must pay \$20 per thousand for the first \$10,000, and \$10 per thousand for each \$1,000 insurance thereafter for burglary and holdup insurance, and as an agricultural state, suffering enormous yearly losses due to stolen livestock and property, has an economic situation which places the farmer shoulder to shoulder with his banker and inasmuch as twelve eastern states enjoy low insurance rates (New York state at present is one-twentieth of Nebraska), due to their state police systems, and our county sheriffs are handicapped and hindered in the pursuit and capture of criminals by county lines which in effect are legal barriers, therefore we recommend

(Continued on Page 14)



J. F. McDERMOTT

Vice president of the First National Bank of Omaha, was the principal speaker at the Fremont banquet on "Money and Inflation."

# Restoring the Purchasing Power of the Dairy Farmer



More than one-fourth of the entire gross income in the United States is attributed to dairy cows.

**T**HE Agricultural Adjustment Administration has submitted to the dairy farmers of America an adjustment program for the dairy industry. The program is in the nature of an offer which, should it be accepted, would be the seventh put into effect under the Agricultural Adjustment Act. Dairy products are the only basic commodity listed in the Act as passed which have not been covered by an adjustment program already under way.

Before describing the details of this program, I wish to tell you the story of milk as I know it and to sketch the conditions in the industry which caused this program to be devised. For years the dairy industry enjoyed comparative prosperity in this country. Under the impetus of fair prices, aided by tariff protection, and helped by growing purchasing power of consumers in the cities, production of dairy products grew steadily. The annual production of milk increased from 87 billions pounds in 1924 to nearly 102 billion bounds in 1932. The increase from 1930 to 1932 alone was 2 billion pounds.

With the growing understanding of the great nutritive values of dairy products and an increasing ability to buy, the American consumer used greater and greater quantities. Production of milk per capita increased from 768 pounds in 1924 to 812 pounds in 1932.

When the depression came, the purchasing power of the American consum-

er declined drastically. But the cow population did not decline. It has gone on increasing in accordance with a twelve-year cycle until it has now reached a total of more than 26 million cows, the highest on record.

Under the double influence of the collapse of consumer purchasing power and the growth in milk production, the dairy industry in the last two years has undergone the severest kind of punishment.

Prices of dairy products have fallen until the index of dairy prices for 1933 was 69 compared to 140 in 1928. The total cash income of dairy producers declined from 1,847 million dollars in 1929 to 985 million dollars in 1932, almost half.

Now, I hope that you will appreciate the magnitude of such a calamity, not only to the men who milk the cows, but to the whole country.

#### Establish a Balance

During the past several months the Adjustment Administration has canvassed the suggestions submitted by the dairy industry. These have been analyzed by the score. They have been sifted carefully and the best elements of the numerous proposals have been selected, studied and developed.

The underlying fact to be faced now is that when consumer purchasing power is down and production is at or near the peak, prices can not be maintained at levels which are fair to dairymen.

The method of improvement afforded

By CHESTER C. DAVIS

*Administrator,  
Agricultural Adjustment Act*

by the Agricultural Adjustment Act is clear. The policy defined in the Act is to establish and maintain such a balance between production and consumption as will reestablish farm buying power. The volume of consumption is dependent upon factors which are beyond our control, such as factory pay-rolls and employment in the cities. Therefore, pending improvement in these factors, it seems evident that farmers must place some check upon production if they are to restore a balance of supply with effective demand.

Now let me make one point clear. We are not suggesting that dairymen curtail production of milk because we like the idea. We would like to see this nation consume much more milk and butter than it is now consuming and at a fair price to the farmer. We have studied every alternative plan that has been proposed.

One popular suggestion coming from outside the Administration is that restriction be confined to the culling of low producer cows. But we find on analysis that normally four to four and one-half million cows are culled from herds in a year by the farmers. To rely entirely on a culling campaign might mean merely Government buying of cows which otherwise would be eliminated by the farmers themselves with no real effect on production. In fact, to secure any effective degree of production control by this method might require acquisition of perhaps 2,000,000 cows in addition to normal culling. The problem of Government disposal of the number of carcasses without complete ruin to the beef market would be involved.

#### The Program

I have outlined the dairy problem, some of the suggestions made to us for solution, and the reasons we thought

these alone insufficient. Bear in mind the underlying fact that the cow population is higher than ever, and still growing. All the 26 million producing units are on the farms. The flush season of production is ahead, and with spring comes the possibility that good pastures will increase the dairy output. So we have to face the prospect of a flood of milk which might beat down dairy prices.

The program we are now submitting to the dairy farmers for their consideration is designed to hold dairy production at or near the seasonally low levels of recent months. The plan provides benefit payments to farmers who agree to

cooperate. It would set aside at least 5 million dollars to finance relief distribution of surplus milk to undernourished children in cities. Five million dollars more would be allocated to finance transfer of healthy cows from surplus dairy areas to needy farm families which have no cows. These cows could not be used for commercial milk production.

A fund of at least 5 million dollars more would be established to finance a speeding up of bovine tuberculosis eradication. This would launch what we hope would be the beginning of a final drive to complete the elimination of that disease.

These additional supplementary fea-

tures, combining the best elements of suggestions which are outside of strict production adjustment measures, can be extended if Congress provides funds proposed in legislation now pending.

#### Individual Contracts

The main dairy production adjustment program would be based on contracts between individual producers and Department of Agriculture. Farmers who sign contracts would be encouraged to reduce production and would be assisted by the department in making their own choice for the best paying methods, but this will be eligible for benefit payments if they agree to restrict sales. This curb would be utilized pending an increase in consumer purchasing power. The effect of the proposed restriction would be to put a check-rein on production at or about the level of the past three months' production. But this would be a reduction below the high average sale volume of 1932-1933 base period.

In addition to higher prices resulting from balanced production, and besides saving on feeding costs, cooperating farmers would be paid benefit payments. These benefits would be at the rate of about 40 cents for each pound of butterfat *which they reduce* below their 1932-33 sales quota. Or they would be about \$1.50 on each 100 pounds of surplus fluid milk *which they reduce* below their 1932-33 milk sales quota, within the prescribed percentage limits. For individual farmers, these limits would be 10 to 20 per cent, with a 10 per cent average reduction below the 1932-33 volume as the general objective for the industry.

The first benefit payment would be made on the acceptance of the contract, with a second payment after 6 months. The processing tax would start when the program goes into effect, at 1 cent per pound on butterfat content, and under the plan proposed would be gradually advanced to 5 cents per pound as supply comes under control. The plan calls for a compensatory tax on oleomargarine.

Facilities for quick and refrigerated transportation, and the ease of conversion into canned milk are among factors which help to make such unrelated price pegging impossible. The fluid milk price must bear some sound relationship with the butterfat price. Therefore to the fluid milk producers we wish to say that our efforts to help them get higher returns will be greatly strengthened if

(Continued on Page 22)

### 36th Annual Statement, December 30, 1933

## MARYLAND CASUALTY COMPANY • BALTIMORE

#### ASSETS

*Bonds and Stocks.....	\$21,056,692.46
Real Estate (Home Office Buildings).....	2,551,132.79
Real Estate (Philadelphia Office Buildings).....	775,412.18
Real Estate (Other).....	203,758.96
Real Estate Mortgages.....	1,342,456.38
Collateral Loans.....	280,687.15
Cash in Banks and Office.....	1,409,735.69
Interest Accrued.....	83,275.09
Premiums in course of collection (less than 90 days due).....	3,664,977.37
Reinsured losses due from other Companies.....	686,054.74
Cash in suspended Banks recoverable under Depository losses paid.....	420,176.39
<b>Total Admitted Assets.....</b>	<b>\$32,474,359.20</b>

\*Valued in accordance with National Convention of Insurance Commissioners Security Valuations.

#### LIABILITIES

Premium Reserve.....	\$ 8,108,402.16
Reserve for Federal, State and other taxes.....	369,766.82
Reserve for unadjusted claims.....	14,357,114.79
Reserve for Commissions due on premiums in course of collection (less than 90 days due).....	697,563.10
Reserve for Sundry Accounts.....	24,741.04
Reserve for Real Estate Depreciation.....	634,139.37
Funds held under reinsurance treaties.....	124,260.73
**Contingency Reserve.....	1,402,344.05
Capital.....	{ Preferred Stock \$2,000,000.00
	{ Common " 500,000.00
Surplus.....	4,256,027.14
<b>SURPLUS TO POLICYHOLDERS.....</b>	<b>6,756,027.14</b>
	<b>\$32,474,359.20</b>

\*\*This reserve represents difference between values carried in assets for non-amortizable bonds and for all stocks and actual December 30, 1933, market quotations on such bonds and stocks.

\*\*\*The Preferred Stock represents one million shares issued at \$7.50 per share and redeemable at the option of the Company at the same price.

Although the sale of the First Convertible Preferred Stock had not been consummated on December 30, it has since then been completed, and this statement gives effect to that transaction.

# Reach Out— And Bring Them In

Today bankers have best opportunity in years to build new and larger accounts-- if they go after them!

By D. R. WESSLING

*President, Lytton Savings Bank  
Lytton, Iowa*



D. R. WESSLING

WITH THE inauguration of President Roosevelt there came a marked reversal of the former government policy of fostering individualism in business. During March, 1933, and the months following the banking holidays, bankers were willing to grab at straws in panic-stricken efforts to get back on a solid footing. Then came laws, codes, reorganizations, deposit insurance—and bankers throughout the country heaved a sigh of relief.

There has been a great improvement in the banking situation, but out of the conditions which brought this improvement there is growing a dangerous tendency on the part of many bankers to feel that the old individualism is gone, that now there is little difference between banks. Consequently, a good many bankers will be resting on their oars, as far as any aggressive attempt to secure business is concerned, thinking that all banks are operating on a par with their competitors.

#### A Little Resentful

But the public mind does not become complacent about the banking situation as quickly as bankers' minds do. People throughout the nation have had a resentful feeling toward banks and bankers in general. However, there is now, on the surface, a more friendly attitude. Regardless of the national changes that have been put into effect, there cannot help but continue to be that same resentful feeling—to some extent—that was developed over a period of a few years. What has been done naturally has had a tendency to place the public in a more

receptive frame of mind, and NOW, of all times, the use of the right type of publicity to build confidence and good will and to secure business is vitally important.

There is no question about the difference in the type of service being rendered by various banks. All one needs to do is to visit banks in a number of different localities (as I am continually doing), or a dozen in the same locality, stand in the lobby half an hour at each place and observe the attitude of the bank's personnel while contacting their customers.

The bank which is rendering a real service to its community and planning with patrons constructively certainly has something more to offer them than the bank which is drifting along on the assumption that all banks are on a par and offering only routine services in a perfunctory manner.

#### Banks Must Reach Out

You have probably often heard the statement that "an institution is the shadow of a man"—and so is a bank the shadow of the men who make up its personnel. There is as much opportunity now to build up the personality of a bank as ever before, and it is more essential now that this be done. There is no reason why people cannot be made to patronize certain banks, just as they are made to patronize certain stores.

Take clothing stores, for example. They all offer about the same classes of merchandise. And yet, don't you have a preference, along with many other people, for some certain store? It may be

difficult for you to analyze that preference, but it was probably due, in the beginning, to the fact that this store offered attractive values in its advertising. It carried brands of clothing that you liked, and friendly clerks have succeeded in selling you on these brands, together with the help of skillful, convincing national local advertising. You like the atmosphere of the store when you go in, you like the way they treat you—and you go back when you want something else. You get the habit of going there, even though you could probably buy merchandise just as good somewhere else.

And that is what banks must do today: reach out beyond the field of their present customers and bring in new ones who will get the habit of patronizing the bank regularly. By constructive advertising through newspapers and direct mail the public can be made to realize that there is as much difference between two banks as between two clothing stores.

#### Get the Habit

Claude C. Hopkins, one of the greatest advertising men this country has ever known, illustrates a point in his book, "My Life in Advertising," which is particularly applicable to this subject of differences between banks. He says that he was called in to handle the advertising of the Van Camp company. Van Camp's pork and beans offered no unique sales arguments, they were just like other brands. At a meeting in the fac-

tory half a dozen brands were served, and not one of the men present could decide which was Van Camp's. The problem, then, was to tell facts which had never been told, in order to *make* Van Camp's pork and beans stand out above the others *in the public mind*. Hopkins persuaded people to try Van Camp's pork and beans, though he made no great claims of superiority—and people got the habit of buying them. The advertising campaigns were a great success, as measured in actual sales increases.

Banks can apply the same principle Hopkins used so successfully. They can tell people about the services of their banks, about planning with patrons, about the safety of the institution, etc., in so many different and interesting ways that the continued publicity is bound to create a favorable impression and make one bank stand out above the others in the minds of the people to the extent that they will get the habit of patronizing that bank regularly. This is not a

mere statement of theory, for I know from long and practical experience that it can and is being done.

#### Future Progress

The future progress of any bank is going to depend to a large degree on the manner in which the bank interprets its services to the public. A man who lies in bed for a long time finds it difficult to walk when it becomes necessary for him to attempt walking, while if he remains active, walking presents no difficulties whatsoever.

Continued, progressive advertising serves a twofold purpose: it makes a favorable impression on the public, and it stimulates the bank's own personnel to keep on their toes and live up to the service the advertising offers. All of which brings business.

Today we bankers have an opportunity to build new and larger accounts, the best opportunity we have had in years. Let's make the best of it—let's not rest on our oars.

much of that material in its textbooks and pamphlets. No other institution of higher learning can act so quickly for its constituents.

To keep bankers informed is a colossal task. Banking has become so much a profession that the banker of the future must have the temperament of the scholar and the ability of the administrator. In the world of the intellect, every step counts for security. A hundred thousand men and women training their minds to move freely and securely in the world of banking and finance will approach eventual control of the economic fate of man.

### Resources Highest

Bankers Trust company, New York, in its condensed statement of condition as of March 31, 1934, shows total resources of \$901,507,480, the highest in the history of the company, as against \$737,202,420 at the end of last year. Gross deposits have risen from \$611,725,754 to \$763,759,131 during the period. For the first time, the company has segregated government from other deposits; the former show an increase of \$111,879,331 and the latter \$40,154,046 above the December figures. Cash on hand due from banks and exchanges for clearing house total \$168,169,320 compared with \$138,626,241. United States government securities come to \$404,511,611 as against \$242,478,352. Undivided profits show an increase of \$580,165 after providing for the usual quarterly dividend amounting to \$1,875,000 and now stand at \$10,610,764. Contingency fund at \$15,556,626 has decreased by \$293,267. Capital and surplus fund remain unchanged.

# Learning and Labor

A LARGE university in the Middle West adopted on its inception the maxim *Learning and Labor*. That motto has become a definite part of the consciousness of the hundreds of thousands of students who have labored in the university halls and emerged with learning.

Somehow, although it is seldom mentioned—only seen here and there as an inscription—every student on that campus is keenly aware of the apothem. In the back of his mind is the consciousness that by the fruit of the labor and the sweat of the brow of many generations of farmers and artisans, this Delphi of the prairies has become an oracle for him. And sheer pride in such knowledge makes him undertake his study with serious intent.

Through periods of storm and stress, such as the period through which we have recently passed, institutions of higher learning invariably survive. Thus colleges and universities are among our oldest surviving social institutions. A university will often outlive a nation or a dynasty or an economic system.

The University of Heidelberg is nearly ten times as old as the United Germany created by Bismarck. The Uni-

By RICHARD W. HILL

Secretary, American Institute of Banking

versity of Salamanca is 300 times as old as the Spanish Republic.

In our own country we have nearly a dozen colleges older than the United States which was born in 1789—Harvard, Yale, Princeton, William and Mary, Washington and Lee, Rutgers, Columbia, Salem, Transylvania.

While institutions of higher learning survive hardships, yet every economic crisis leaves its mark on them. Crises change men's ways of thinking; and in order to satisfy new intellectual desires, subject matter must change, methods of teaching must change.

Newton D. Baker told the Institute of Pacific Relations at Banff that youth must be trained with an eye on the actual conditions of life. The American Institute of Banking is doing just that. It is training youth, and even middle age, with an eye on actual economic conditions. Now and always it has its finger on the pulse of the banking world. It is familiar with all phases of recent banking legislation, and it is providing

### A Legislated Loss Policy

In 1933, 589 industrial corporations showed net earnings of \$391,600,000 as against a deficit of \$20,194,000 in 1932. Fifty-five railroads reduced a 1932 deficit of \$106,055,000 to \$11,199,000. The utility industry is suffering under national and state policies of discrimination and competition which do not apply to other industry. Stockholders are forced to accept losses legislated onto them, such as inequitable class taxation and tax financed tax exempt government competition.



For years bankers had been educating the people to the convenience of paying their bills by check, and were urging them to start a checking account, no matter how small. And this the people did, the theory being that some day big trees from little acorns would grow--But the trees did not grow and the acorns still remained. Within the last decade, banks throughout the country have given away in free service an amount equal to their entire capital!

## "Why A Service Charge"

OF ALL the changes that had been made in banking reform in the last ten to fifteen years, not one had aroused as much ire amongst a bank's customers as the service charge. Some of the reactions when the charge was first put into effect ranged all the way from purple speechless faces to torrents of abusive language. However, it is not my purpose to find amusement in any anger that was aroused, but rather to present to you why we feel a service charge is justifiable. The American people as a class have always had the reputation of paying for what they get, but naturally have an aversion to paying for something for which they can't see the logic.

### Operating Loss

For years individual checking accounts represented the source of one of the largest operating losses. You all know, of course, that a bank's chief source of revenue is the interest it obtains on the money it loans and the notes it discounts. During periods of normal prosperity when earnings of commercial banks were high, little or no attention was given to the cost of checking operations. The yield on bond accounts and other investment returns was so profitable that it covered up the operating losses. It was only when the demand for borrowed money decreased and the returns on investments shrank or disappeared altogether and additional losses appeared over and above what had been accounted for on investments that bankers began to sit up and take notice—in short, to dig the nigger out of the woodpile.

Business firms are now more diligent

Excerpts from one of a series of talks given before a group of Minneapolis women

By MARION E. MATTSON

*Northwestern National Bank  
Minneapolis*

than ever before in forestalling losses and we believe banks should be entitled to make a small service charge on accounts that are carried at a loss to them. We all know that an unprofitable bank is not a safe one and the service charge helps to make any bank a safer and stronger institution for its customers. In short, the security of a bank depends on its profitable operation. I am sure that we are all broad-minded enough to want our bank to operate safely and to make a fair return on its business. Banks are in business to make a profit just as well as any other corporation, partnership or individual. Take ourselves, for instance, if we continually live beyond our income in trying to keep up with the Joneses, we soon find ourselves in a predicament.

### Routine Services

It might be well to mention what some of the routine services are in connection with all checking accounts. The bank receives from the depositor cash, checks, drafts and other bills of exchange which come to him as salary, wages, fees, income, etc. It collects these items from the banks on which they are drawn regardless of where they are located, and brings the money back to the depositor's own bank. In the meantime, the depos-

itor receives immediate credit in most instances. It disburses this money to exactly the right individuals and concerns and in the exact amounts as directed by the depositor, as evidenced by the checks he draws. It renders to him each month an accurate statement covering each and every transaction. It furnishes him freely with deposit slips, pass books, check books, and other supplies. Naturally all this costs the bank money. The bank, by acting as our paymaster and fiscal agent saves us labor, risk and running around. It saves us labor by doing all the things I have just mentioned. It saves us taking risk because it safeguards our money and our cancelled checks make satisfactory receipts. It saves us running around to pay our bills because all we have to do is write our checks and mail them in payment of same. Certainly our time is worth something and shoe leather and gasoline are expensive items these days. A good many of us are penny wise and pound foolish.

Prior to the time the present schedule of charges was put into effect, the clearing house carried on a series of investigations to disclose what the minimum size of an account must be in order to permit the bank to carry it without loss and without detriment to the character of its service or to the standards of its loaning and investment policy. As a result, the clearing house found that no bank in this city could carry an active checking account properly unless there was an average daily balance of at least \$300.00. We had the choice of asking our depositors with smaller balances to either withdraw them, pay a moderate fee for carrying them without loss or to increase their balances.

**An Illustration**

Here is an account that had an average balance for the month of January of \$464.00. Against this balance, the bank has to carry a legal reserve of 10 per cent or \$46.00. This leaves a loanable balance of \$418.00, in other words, the amount which the bank can put out on interest. Now for the actual cost involved in carrying this account. The general overhead amounts to \$1.00 per

\$1,000.00 or \$0.46. This lady wrote 74 checks during the month which actually cost us  $2\frac{1}{2}$ c per check, or \$1.85. There were 3 deposits made at a cost of 7c per deposit, making a total cost of \$2.52. The most that the bank could earn on the loanable balance at the prevailing rate of interest, 4 per cent, would be \$1.44. This gain, less the total cost of the account shows a loss of \$1.08.

Now for a little more detailed ex-

planation of this analysis and how these figures are arrived at. The average balance is obtained by taking the book balance at the close of each day's business for one month and dividing it by 30 to get the average daily balance. Just what is included in the general overhead, you ask? This expense consists of those basic costs which are necessary for the bank to function as a going concern in maintaining its prestige in the community, the confidence of its depositors, the creation of new business, proper contact with the business world and economic conditions and other activities within the bank which are necessary for it to begin and continue in business. Such charges cannot be allocated to any particular class of items. They are, therefore, assumed proportionately by every dollar that tends to make up the structure of the bank and referred to as the bank's funds and include deposits, circulation, reserves, capital, surplus, etc. Under these general headings come such items as rent, heat, light, water, janitors' salaries and supplies, taxes, depreciation, insurance, legal advice, advertising, guards, etc.

How is the  $2\frac{1}{2}$ c per check and the 7c per deposit arrived at? The total cost of running the bookkeeping department enters into this — salaries, stationery, postage, telephone, supplies, telautograph service, etc.,  $\frac{7}{8}$  of the tellers' time is charged up against this cost,  $\frac{3}{4}$  of the time of the filing department is devoted to work in connection with checks and deposits.  $\frac{2}{3}$  of the stenographic work done in the bank bears relation to this cost as does  $\frac{2}{3}$  of the time of the auditing department, and so on.

**Total Cost**

These amounts in themselves are trivial, but when you take into consideration that the bank last year handled 893,096 deposits alone, the total cost mounts in a hurry. During the year 1933, 5,801,258 checks were written by customers of this bank. Add to this the cost of clearing items at 1c and out-of-town items at  $\frac{1}{2}$ c, we get a total cost of close to \$350,000.

Please do not think that we don't welcome small satisfactory accounts. Such is not the case; all we ask is a fair compensation for the service rendered. We wouldn't think of having a telephone installed in our home or subscribe to a magazine without paying for same. Service has been and always will be the keynote of good banking.

# Guaranty Trust Company of New York

140 Broadway

Fifth Avenue at 44th St.

Madison Avenue at 60th St.

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

## CONDENSED STATEMENT, MARCH 31, 1934

**RESOURCES**

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers.....	\$ 214,384,972.47
Bullion in Foreign Branches.....	2,003,821.00
U. S. Government Securities.....	484,829,280.56
Notes of Reconstruction Finance Corporation.....	20,000,000.00
Public Securities.....	62,174,083.76
Stock of the Federal Reserve Bank.....	8,400,000.00
Other Securities.....	21,740,674.22
Loans and Bills Purchased.....	628,491,774.86
Real Estate Bonds and Mortgages.....	2,382,413.09
Items in Transit with Foreign Branches.....	536.80
Credits Granted on Acceptances.....	53,008,743.26
Bank Buildings.....	14,008,778.92
Other Real Estate.....	115,198.42
Accrued Interest and Accounts Receivable.....	17,434,826.10
	<u>\$1,528,975,103.46</u>

**LIABILITIES**

Capital.....	\$ 90,000,000.00
Surplus Fund.....	170,000,000.00
Undivided Profits.....	7,660,072.81
	<u>\$ 267,660,072.81</u>
Capital Note (Payable on or before July 31, 1934).....	20,000,000.00
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.....	8,423,632.99
Acceptances.....	\$116,065,467.30
Less: Own Acceptances	
Held for Investment.....	63,056,724.04
	<u>53,008,743.26</u>
Liability as Endorser on Acceptances and Foreign Bills	874,064.00
Agreements to Repurchase Securities Sold.....	263,600.00
Deposits.....	\$1,157,667,279.18
Outstanding Checks.....	21,077,711.22
	<u>1,178,744,990.40</u>
	<u>\$1,528,975,103.46</u>

# BONDS AND INVESTMENTS

"Every case must be decided on its merits. It is the desire of all large investors and of the governmental agencies that as far as possible owners of farms be permitted to retain those farms, with as little distress to other elements as can possibly be arranged"

## The Three Elements Of Farm Financing

By F. C. WAPLES  
President,  
The Midland Mortgage Company  
Cedar Rapids, Iowa

THE MAKING of loans with real estate as security goes back into antiquity farther than any other type of investment that we know of. It has witnessed the rise and fall of nations; the rise and fall of economic and social systems. Just at present it is emerging from this evolutionary and revolutionary depression period and is coming back into demand by conservative investors as one of the available safe places to invest. In the past six months in the midwest, the situation has begun to clarify and a very marked change has been noted in the morale of those communities.

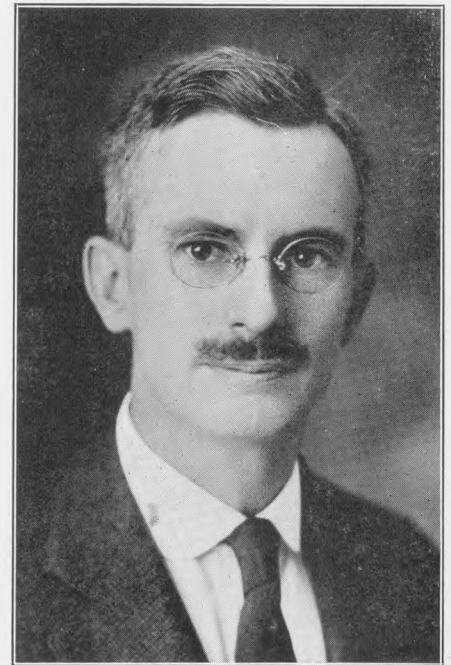
In the making of farm loans, the man who contacted the borrower has been one of the most important parts of the system, and the future of the farm mortgage as an investment will continue to be dependent upon that very vital link in the chain of such operations.

In the past twelve months, we have seen a reversal from the hopeless feeling

of so many borrowers that there was absolutely no chance of them ever saving their farms, to the hopeful attitude that we were now on the upgrade. We have witnessed a very large percentage of our delinquent borrowers, through corn loans and increased prices, demonstrate their ability to put behind them their delinquent interest and taxes and in many cases to even repossess farms which they had felt were lost either through foreclosure or through deeding away. It has given back to the man working constantly with these people a new inspiration that he is beginning to work with some definite purpose.

### Land Bank Refinancing

Three very large movements have aided in this rehabilitation of agricultural credit. The first one of these that began to be felt was the refinancing of farms by the Federal Land Bank and the Farm Loan Commissioner. It has made possible a means whereby debtors have been able to form a composition of their



F. C. WAPLES

debts under one source and be relieved of pressing delinquencies that seemed unsurmountable. The insurance companies are endeavoring to cooperate in these refinancing methods. Mr. Anderson of the Department of Agriculture spoke recently about the conciliation committees that are being formed. He made it very ities of the nited States government are clear that it was not the desire of any of the governmental agencies, nor was it to be a function of the conciliation committees that they must demand that any creditor reduce his indebtedness or accept a discount on the same; that funds had been made available through the Federal Land Bank and Commissioner's Loans whereby they could offer to a debtor as large a loan as they felt consistent under present conditions, and

that, if the various creditors deemed it wise and cared to accept the amounts that were offered, that it was absolutely a voluntary matter on their part; but that if any of the creditors or their first mortgage creditor did not feel that he cared to consider the amount available, that it was not the duty of the conciliation committee to demand that he must take a cut. He emphasized the fact that there were other methods of settlement, most of which have been followed for a number of years by the insurance companies. They could either take the deed and rent the farm back and give a repurchase option to the borrower, whereby the first mortgage holder would be protected on the income, or whereby that indebtedness was protected by an assignment of the rents or a right of possession which, as Mr. Anderson expressed, was freezing up the process whereby the other creditors would have to necessarily await the outcome of better prices in order for them to recover.

#### Corn Loans

The second element that has entered in during the past year has been the system of corn loans permitted by the Commodity Credit Corporation. This has undoubtedly had more widespread effect on decreasing delinquencies and bringing hope and courage back into the average farmer's heart than any one other thing that has been done. It has brought into Iowa better than fifty million dollars. Many farmers not only paid up their de-

linquencies but are paying their interest ahead from thirty days to six or eight months. Many principal payments on loans have been made from such corn loans, and it has stimulated the sale of farm land. The details in connection with making these corn loans, signing waivers, and handling these papers have very vastly increased the work of the field men and the office forces of investors during the past few months.

#### Corn-Hog Program

The third arrangement that has entered into the situation is the corn-hog reduction program. The effects of the bonus payments will be felt sometime during this spring and summer. The anticipation of those payments and the usage of the same by delinquent borrowers has already indicated that the aid that is being given in that respect is going to have a marked effect on the reduction of delinquencies. The government purposely made it impossible for any creditor to obtain an assignment of the bonus payments in connection with this plan. I believe this was well and wisely thought out, because it might be very easy for the purpose for which the bonus was originated to be defeated by the active demand of creditors that it immediately be applied on their own particular debt.

As you know in your experience with the corn loans, the average farmer and borrower is extremely anxious to pay up his delinquencies and has very will-

ingly applied anything he received from the corn loans toward such reductions. Outside of the very tedious and difficult work which has been thrust upon us in connection with the corn-hog reduction program, the figuring out of the acreage that must be taken out of production and the usage of that acreage, a much more difficult problem can be solved by the settlement in the next few months and in his contact with these borrowers. In many cases this borrower needs encouragement and guidance to show him that through this reduction program, if he will properly use the bonus toward reducing all of his indebtedness in a wise and careful manner so that it puts his loan in shape to avoid foreclosure, that he will be able to go forward and to retain the farm. It is going to be a time of much additional work, and if you will take his delinquent cases and go over these matters with the borrower at this time, figuring out the borrower's position, what he is going to be able to receive in the way of cash bonuses, and take into consideration his other indebtedness, it would seem that a satisfactory program could be mapped out which would give that borrower a new chance for life.

## Maryland Casualty Statement

The 36th annual statement of the Maryland Casualty Company (Baltimore) issued recently, as of December 30th, 1933, shows resources in excess of thirty-two million dollars, a surplus to policyholders of \$6,756,027 and no bills payable. The statement gives effect to recent stock subscription by the RFC to the capital stock of the company.

The statement brings out the strong financial position which the Maryland Casualty Company now occupies. Capital during the year was increased from \$1,000,000 to \$2,500,000, and after reserves were set up for premiums, taxes, unadjusted claims, real estate depreciation, plus a contingency reserve to provide for shrinkage in investments, the surplus to policyholders exceeded six and three-quarter million dollars.

In connection with the statement, F. Highlands Burns, president, also pointed out that there were no bills payable as of the year-end, compared with an item of \$5,000,000 on that account in the 1932 statement.

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## GMAC SHORT TERM NOTES

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During the year, Mr. Burns added, the company effected a reduction of \$5,672,000 in losses, loss expenses and other expenses. In its 36 years' existence, The Maryland Casualty Company has paid claims aggregating more than \$275,000,000.

## Banks Own Bonds

About half of the outstanding securities of the United States government are held by banks, reports Kenneth Stillman, economist, New York City. Insurance and other trust funds account for a large part of the balance, with the result that only a comparatively small part of the U. S. bonds and notes are held by private individuals.

Pointing out that close to a third of the total portfolios of the banks consist of government securities, Mr. Stillman regards that condition in the national banking situation as one of the chief obstacles of industry in obtaining capital. The Federal government is now issuing new securities at the rate of one billion dollars a month, thus adding further burdens to an already top-heavy financial structure.

"Under the present competition of the Federal government for capital, the door to industrial financing is being closed. Unless there is a drastic turn-about in policy, industry will be driven to governmental financing. Undoubtedly when that condition comes, and it is fast approaching, there will be regimentation and socialization of industry."

## Tax Rulings

Two important income tax rulings tied up with the new deal have been announced by the Bureau of Internal Revenue, according to J. S. Seidman, tax expert, of Seidman & Seidman, certified public accountants. Both rulings are favorable to the taxpayer. One holds that expenses incurred in connection with the initiating and approving of codes under NRA are deductible. The other permits banks to deduct payments made into the temporary Federal deposit insurance fund created under the Banking Act of 1933.

"These rulings," Mr. Seidman explained, "definitely establish the payments as ordinary and necessary expenses rather than capital items. Some doubt

was entertained about this, especially as to the deposit insurance payment, because under certain contingencies it is possible that the banks may get back part of the money. It was held that this does not affect the deductibility but if any money is recovered, it is then to be reported as income. It should be noted that the bank ruling applies only to payments actually made, as distinguished from additional amounts to which the banks are subject to call."

## Money in a Nutshell

Suppose you own a thousand houses you wish to sell. Suppose that the standard of value in your locality is wheat—and that you will trade a house for 1000 bushels of it.

Then suppose that there are a thousand persons who wish your houses—but only a hundred of them have any wheat. You'll sell a hundred houses, have nine hundred left on your hands—and nine hundred people who would like to buy them have to go without, because they lack the accepted medium of exchange.

Finally, suppose that it is discovered that these nine hundred people possess quantities of barley. This barley is likewise given a value, in relation to the value of wheat, and the result is that you sell your houses and people obtain lodging.

There is the money problem in a nutshell. One reason why international trade is languishing is that millions of people who would like to buy from other countries are unable to because they lack the present medium of exchange—gold. They live in silver standard countries—and the present low price of silver, as related to gold, has cut their purchasing power to a fraction of former levels.

The move to remonetize silver, consequently, is simply a move to put buying power into hands which now lack it—and thus send new blood through the sluggish veins of world commerce.

## Silver Question Important

The enthusiasm that followed the establishing of silver's value at 64 cents



Meeting Place of Minds—the connection is made; the bell rings; the talk begins. And this happens nearly sixty million times every twenty-four hours, over Bell System wires. "I understand," "I agree," "Okay," or however else they phrase it, mind meets mind by telephone—and often that meeting is priceless.

## Bell Telephone System



an ounce has suffered considerable abatement. Reason: The value of any money metal can be considered only in its relation to the value of gold—and, with gold at around \$35.00 the value of silver is actually less than it used to be, in spite of the higher fixed price.

Many economists believe that international recovery will be delayed until gold and silver are related—so that when gold rises and falls, silver follows it. And it is a certainty that a genuine silver revival would mean much to the United States—in providing jobs, purchasing power, and industrial and social opportunity.

### THE GROUP MEETINGS

(Continued from Page 4)

that Group 2 of the Nebraska Bankers Association heartily endorse and aid in every manner possible the forming and maintenance of a statewide law enforcement system of highly trained men immune to the infection of political influence and equipped with the latest machinery to enable them to keep abreast of the underworld."

At the conclusion of the Group Two meeting, the following officers were elected for the coming year: President, M. M. Taylor, vice-president, Central Na-

tional Bank of Columbus; vice-president, L. R. Coufal, president, Howells State Bank of Howell; and secretary-treasurer, V. E. Dolpher, cashier of the First National Bank of David City.

E. E. Placek, president of the Nebraska Bankers Association, presided as toastmaster at the Fremont banquet, having earlier in the day attended the meeting of Group Three at Norfolk, which was likewise held on Arbor Day.

#### McDermott Banquet Speaker

Bankers and their wives, in attendance at the Fremont banquet, had a real treat in listening to an outstanding address on "Money and Inflation," by J. F. McDermott, vice president of the First National Bank of Omaha.

Mr. McDermott, who has delivered this address before numerous civic clubs and trade associations throughout the Middle West, is an excellent speaker, and both through his legal and banking background has evolved a discussion on the subject of money that is a truly brilliant address.

Mr. McDermott, tracing the history of money through past centuries, says that money or a medium of exchange must be elastic. When there is a large volume of business to be transacted there

should be a large volume of money. Conversely when business is quiet there should be less money. Money, he said, must have the power to complete the exchange of commodities or services.

He pointed out that gold is a natural selection. After the primitive had experimented with various media, such as tin, wampum, tobacco and other things, gold has become the universal money. It is precious and rare and holds its value. He pointed out, however, that silver has been the universal money among the plain peoples of the world since gold is too valuable for them to use.

Mr. McDermott said that if he had the power to do so he would recall all paper money, except Federal Reserve notes, such notes he declared have elasticity and a 40 per cent gold reserve.

There are only three ways to inflate, he pointed out, through gold, silver or paper. The present administration is employing the method of thinning out our gold. In his opinion silver inflation would be of assistance only in trading with the Orient, since the Orient is silver territory.

In closing his brilliant address, Mr. McDermott delivered a eulogy on "The Economics of the West," which painted a glowing picture of opportunity in the Middle West.

An attentive audience gave him a splendid ovation at its conclusion.

### Group Three Meeting

**A**BOLITION of the present Postal Savings System and organization and maintenance of a statewide police system to quell bank banditry, and to defeat the underworld, were the outstanding parts of the resolutions passed by members of Group Three of the Nebraska Bankers Association at their annual convention on Arbor Day at Norfolk.

Ellsworth Moser, of Omaha, vice president of the United States National Bank, in his address, said that the best investment any bank can make is in his own community, through local loans which the banker knows and can watch.

Group Three bankers enjoyed a splendid banquet at Norfolk, at which A. G. Sam, president of the Live Stock National Bank of Sioux City, and chairman of the Board of the Security State Bank of Norfolk, presided as toastmaster.

Yale B. Huffman, treasurer of the Production Credit Corporation, was a Norfolk speaker.

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## Central Typewriter Exchange, Inc.

(EST. 1903)

NEW AND REBUILT TYPEWRITERS, ADDING MACHINES, CHECK  
WRITERS — FULLY GUARANTEED.

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LOWEST PRICES

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

1820 Farnam St.

Omaha, Nebraska

# INSURANCE

*Its Application to the Banking Fraternity*

## Over-Insurance— A Farm Fire Menace

By WAYNE HUDSON  
*Sheridan, Michigan*

**O**VER-INSURANCE is an amount of insurance, on any property, in excess of the actual replacement value, less depreciation and obsolescence, as applied to the terms of the policy. By reference to the terms of the policy consideration is taken as to whether that particular company insures for full value, three-quarters value, etc.

### Usual Causes of Over-Insurance

Over-selling on the part of the agent writing the business, for the purpose of enlarging his commissions. In such a case the fault rests, not with the insured, but with the company for their lax methods instructing their agents in how to determine the true insurable value. Unless such a company changes its course of instruction they are routed to sure failure.

Unwarranted, and usually sentimental, value of his property is in the mind of the insured. The fact that the building was constructed of timber cut and prepared on his grandfather's farm, perhaps a quarter of an inch thicker or the boards a few inches wider, can have no consideration in determining the true insurable value.

Unwillingness of the insured to allow sufficient for depreciation and obsolescence. The average farmer, by virtue of his profession, travels little and to him his buildings represent the same value as when originally built and the depreciation in painting and usual wear and tear is so gradual as to be unnoticed by him. To a stranger, coming to the farm for the first time, this constant depreciation is immediately noticeable and must be accounted for in determining the amount of insurance to cover.

Obsolescence is perhaps the greatest cause of over-insurance. Years ago our forefathers built large and pretentious

### Three of the usual causes of over-insurance are

1. **Over-selling on the part of the agent.**
2. **Unwarranted value of his property in the mind of the assured.**
3. **Unwillingness of the assured to allow sufficient for depreciation and obsolescence.**

homes. Lumber was cheap and labor was plentiful. To add three or four extra bedrooms, to accommodate an unusual number at Christmastime or other holiday seasons was simply a matter of cutting and preparing a few extra trees that grew plentifully on the virgin farm. Today conditions have changed. Present modes of transportation spreads out the holiday season and a few come to visit most every Sunday. Those extra rooms have been used for years as store-rooms or vacated entirely. In that day no consideration was given to modern heating and all that was necessary to heat these added rooms was to set up another stove and cut a few more cords of wood. There is no question but that if such a dwelling was built today that

the construction cost would be an enormous figure. However, it must also be remembered, that should such a building burn, a home would be reconstructed on modern principles. Those extra rooms would be left off, a furnace would be installed to heat the entire structure, modern plumbing with bath and other conveniences would be a part of the new home and in general there would be no resemblance whatever to the old and beautiful home. For these reasons the present requirements of the family for a home large enough to accommodate them in this modern day must be considered in determining the insurable value and not the dwelling that is now on the farm.

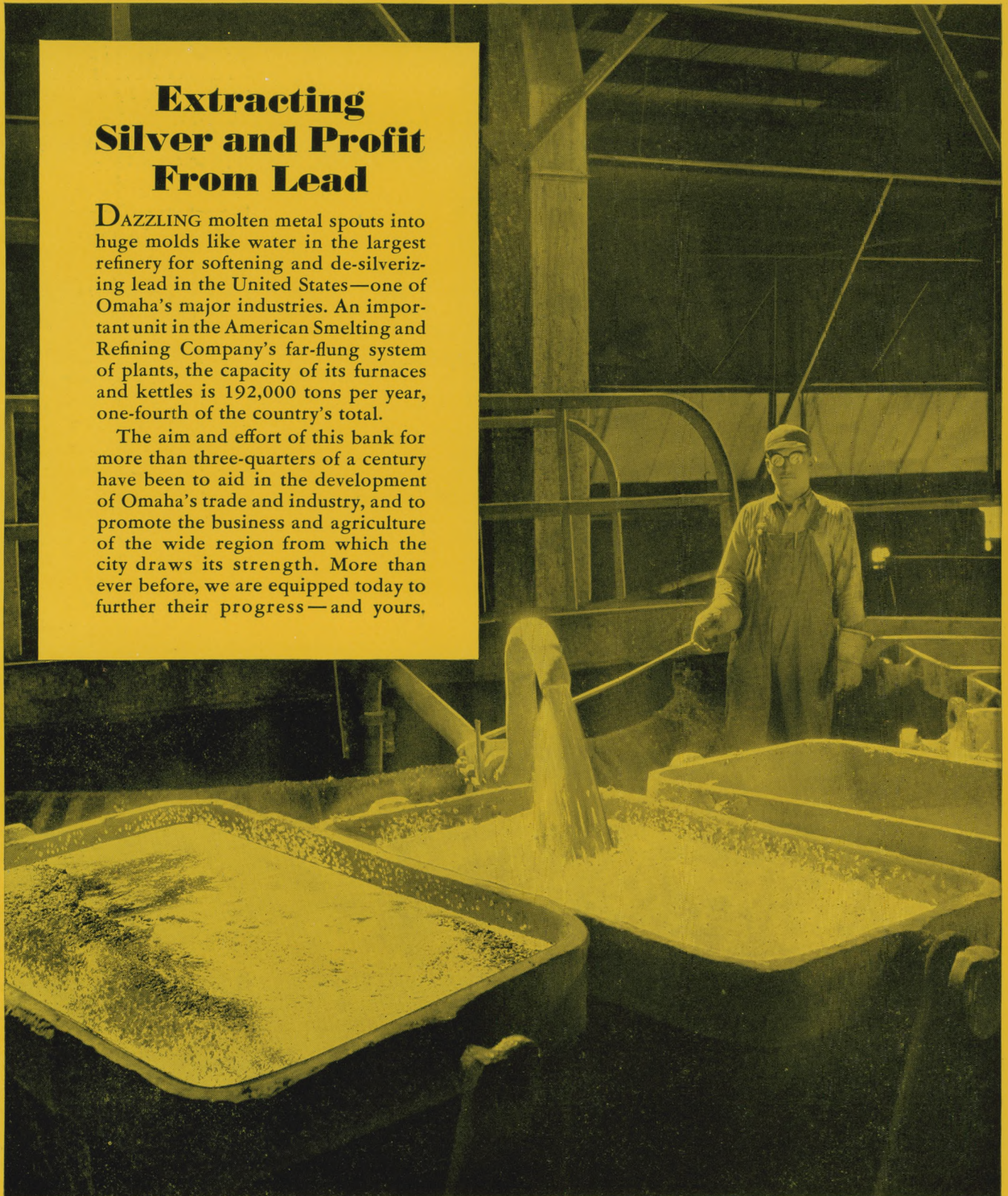
Never should the buildings on any farm be insured for more than from sixty to seventy per cent of the present sale value of that farm. This fact brings about an enormous amount of over-insurance in this present day. During prosperous times many farmers built homes costing large amounts on small farms, of comparatively small value. To produce on that farm sufficient revenue to maintain such a dwelling is impossible and hence the actual value of that dwelling must be depreciated accordingly. In other words—a farm, with a sale value of \$5,000, cannot support buildings with a value in excess of \$3,500, regardless of the fact that perhaps the reconstruction cost of the dwelling alone might be this amount.

Five year old Jane, says a writer in *Parents Magazine*, came home from Sunday school full of questions. "Is it true, mother," she asked, "that men are made from dust." Receiving an affirmative answer, she replied, "Well, there will certainly be a man born under the spare room bed, before long."

## Extracting Silver and Profit From Lead

DAZZLING molten metal spouts into huge molds like water in the largest refinery for softening and de-silverizing lead in the United States—one of Omaha's major industries. An important unit in the American Smelting and Refining Company's far-flung system of plants, the capacity of its furnaces and kettles is 192,000 tons per year, one-fourth of the country's total.

The aim and effort of this bank for more than three-quarters of a century have been to aid in the development of Omaha's trade and industry, and to promote the business and agriculture of the wide region from which the city draws its strength. More than ever before, we are equipped today to further their progress—and yours.



# UNITED STATES NATIONAL BANK

OMAHA, NEBRASKA

"NEBRASKA'S OLDEST BANK"

*Affiliated with* NORTHWEST BANCORPORATION







**E. E. PLACEK, President**  
Nebraska Bankers Association

# Nebraska News



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

## Found Dead

Oscar Dalton, 66, president of the Bank of Liberty, was found dead from a heart attack in the bathroom of his home. He had been prominent for years in affairs of the town. Besides his widow, two sons survive.

A daughter and two grandchildren were killed in a cyclone south of Liberty 12 years ago.

## Bank Open

With the opening of the Platte Valley bank here, North Bend is being served by a banking institution again for the first time in a year.

The bank, which was moved from Morse Bluff, is the same organization and under the same officers as the bank of Morse Bluff, a member of the state banking system. It will serve the people of both communities.

## Named Inspector

Henry Sass of Chalco was recently appointed field inspector of the Production Credit bank located in the Exchange Building in South Omaha. His territory includes the counties of Sarpy, Douglas, Saunders and Cass, and his duties consist largely in inspecting properties offered as collateral for loans. Loans are made on crops, feeds and seeds and also live stock feeder loans. These loans are made up to 75 per cent of the value of the security offered, run six months and draw interest at 5½ per cent.

## Rigid Banking Hours

Officials of the Scottsbluff National bank announced that in the future the banking hour schedule which was adopted some time ago will be rigidly enforced. The bank will be open to patrons at 9 o'clock in the morning and

the doors will be closed promptly at 2 o'clock in the afternoon. In the past it has been customary to let some persons in the bank before 9 o'clock when urgent business needed attention, and to allow others to go in after 2 o'clock. This practice, however, will not be followed hereafter.

The new ruling at the bank officials state, has been taken because of the increasing number of bank robberies. They also state that many of the robberies have been pulled just before the banks have opened in the morning and just after they are closed in the afternoon.

## Receives License

Officers of the First National bank, Utica, have received their license and final notice from Washington to open the bank.

The new board of directors has been elected and L. Lull will be in charge. The new board of directors are: Carl Bereuter, H. W. Busch, John P. Hanson, Wm. Langenheim, L. R. Rull, Jake Severin, Tom Wake, and A. J. White.

## Prospects Good

Byron Dunn, prominent Lincoln banker, believes western Nebraska is one of the most fortunate sections of the country today. Mr. Dunn, upon returning from a tour of the panhandle, said money appeared to be freer and that general business was better than any other section he visited. He reported a better feeling among farmers and business men and said crop conditions, so far as he could observe, were excellent.

## Named Assistant

E. C. Koniceck has been named first assistant to Leo E. Manion, a vice president of the Omaha Federal Land bank, to succeed Henry C. Hall, resigned.

Mr. Koniceck is a native Nebraskan. For a number of years he was connected with the farm mortgage department of the First Trust Joint Stock Land Bank of Chicago. He came to the Omaha Federal Land bank on September 16, 1933. At one time he was engaged in banking in Doon, Iowa.

## New State Bank

The Bank of Burwell, a new state bank organized with a capital stock of \$25,000 and a surplus of \$5,000, has been chartered by Superintendent Luitkart of the state banking department and is now in operation. It takes the place of two closed banks and is the only bank there. The incorporators were Ralph L. Walker, O. W. Johnson, H. R. Brown, F. E. DeLashmutt, L. H. Johnson, F. W. Manasil, E. E. Troxell.

## Opens in Broken Bow

The Broken Bow Production Credit association opened for business recently, headquarters being in the east rooms of the first floor of the Telephone building. C. G. Fink, secretary of the association, is in charge of the office, and is assisted by Miss Iva Mae Hanna as bookkeeper and stenographer. The appointment as inspectors of Ray R. Kosina of Ord, R. E. Brega of Callaway and Lawrence Manning of Merna has been approved by the Federal Intermediate Credit bank and the Production Credit corporation of Omaha.

## McDermott Talks

Continuing their program of addresses on monetary subjects, members of the McCook Chamber of Commerce at their luncheon recently, heard J. F. McDermott, vice president of the First National bank of Omaha, on this subject.

Mr. McDermott's address covered in a brief but concise manner the history

of money from the beginning of trade, down to the present day. He explained the manner of exchange of goods and how changing conditions made necessary a medium of exchange or to complete the exchange. But all of these methods proved failures until gold and silver were tried and have since proven the only mediums that have stood the tests of time.

#### Becomes National

The Security State bank, of Superior, has been converted into a national bank and will hereafter operate as the Security National bank of Superior. The stockholders, directors and officers remain the same.

#### New Bank

The State Bank of Decatur sold its bank building recently to H. C. Larson, who represents a group of local capital with plans for a new state bank. It is understood that the capital has been subscribed and a charter will be issued as a matter of routine in a comparatively short time. At about the same time the First National bank expects to complete arrangements by which they will pay out their depositors in full. Oscar Lang will be president and H. C. Larson, cashier.

#### Unrestricted

The Petersburg State bank that has been operating on a restricted basis since

last March, is now a going concern. Recently it opened for business on an unrestricted basis and with deposits under the new bank guarantee law.

#### Opens in Alliance

Recently the Production Credit bank opened its doors in Alliance with a capital of \$250,000 which is to be loaned to farmers and stockmen that are able to furnish reasonable security and the scope of territory of this bank will be operative in ten counties.

Those who receive a loan through this institution become stockholders in the PCA bank to the extent of five per cent of their loan.

Ray Tierney of Chadron is in active charge of the bank and Bob Graham is president and Mrs. E. Davis of Hyannis is vice president of the concern.

#### Merge Assets

The Adams County bank, a consolidation of the Prosser State bank and the Juniata State bank, opened for business recently at Kenesaw.

Charles K. Hart, formerly of the Prosser bank, is president of the new institution; Howard G. Pratt, president of the State Bank of Hastings, is the vice president; and S. H. Itzen, formerly of the Juniata bank, the cashier.

## Elected to Board

W. Dale Clark, president of the Omaha National Bank, last month was elected to the board of directors of the Chicago & Northwestern Railway for



W. DALE CLARK

a three year term. Mr. Clark fills the position on the board formerly held by Walter W. Head.

Mr. Head, past president of the American Bankers Association, was president of the Omaha National bank preceding Mr. Clark.

#### Unrestricted

The State Bank of Jansen has reopened on an unrestricted basis. The institution is capitalized for \$20,000. J. M. Nider is president and H. T. Fast cashier.

#### Named Trustee

The First National bank of Omaha was named trustee of the Loup river public power district, generally known as the Columbus project. Charles B. Fricke is president, and C. C. Sheldon, treasurer, of the district. Both men are life-long residents of Columbus. The estimated cost of the project is approximately seven million dollars.

#### Celebrates

Mason City has been without a bank for some years past. Recently the Farmers State bank of Berwyn was moved to Mason City and the town put on a big celebration the following day in appreciation of again having a home bank. A



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To finance such feeder business as  
as may be in excess of your local  
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free lunch was served, the Beechville bank did themselves proud in further spiriting up the large turnout, the woman's club presented a program at the opera house, and the day's jubilee was capped by a big dance at night.

### Business Good

A heavy increase in business was reported by officials of the National Bank of Commerce, Lincoln, at a recent meeting of the directors. "The first three months of 1934 were the best of any similar period in the last five years," M. Weil, president, said.

By transferring a part of the earnings and undivided profits, the capital stock of the bank was increased to \$300,000, and the surplus from \$100,000 to \$200,000. The undivided profits and reserves are \$125,000.

### New Bank Directory

Superintendent Luikart of the state banking department has issued a new state bank directory containing statistical material up to June, 1933. It has been several years since such a volume was printed by the department. It shows the condition of 415 commercial and savings banks at the close of business June 30, 1933, also the condition at that date of 83 building and loan associations, 16 trust companies, 2 installment investment companies and 36 cooperative credit associations. It contains a list of 124 banks which failed between June 30, 1931, to June 30, 1933. Several mergers, 17 reorganizations of banks and 3 new chartered banks are listed. A consolidated statement of the condition of state banks from 1890 to June 30, 1933, is included.

### Court Decisions

A number of interesting decisions relating to banks, public officials and private citizens were handed down by the Nebraska supreme court.

One case involved a certificate of deposit. It was held by a widow, whose heirs were apprised of its existence by the receiver for the bank. Search was made, and the certificate, then eight years old, was found.

It was not admitted as a preferred claim against the defunct bank, and a decision by Judge Day holds that the heirs lose the money. The bank, says the court, had no fiduciary responsibility to the holder of the certificate, which was negotiable and might change ownership many times.

In the case of a county judge, who had trust funds on deposit in a failed bank, the court holds that the judge is responsible for the lost money. The fact that he exercised care in the selection of a depository for the trust funds does not relieve him from responsibility.

In the case of a school district in Hall county, where the bank was approved as a depository, the court holds that the district stands with the general creditors. In a case from Dawes county, where the money was deposited before the bank was approved as a depository, the court holds that the deposit was a trust, and that the district is entitled to recover as such.

## Colorado News

### With Land Bank

H. A. Lennartz, Jr., of Sterling, has accepted a position as associate counsel of the Federal Land bank at Wichita, Kansas.

The position is regarded as a very fine one. Mr. Lennartz, Jr., has been practicing law in Sterling. He left for Wichita wishing to find out whether the position was permanent and other details before accepting.

He is a graduate of the University of Colorado law school.

### Lower Rates

Reduction in its rate of interest from 4 to 3½ per cent on merchandising loans to farmers' cooperative associations in

Colorado, Kansas, New Mexico and Oklahoma has been announced by the Wichita Bank for Cooperatives. The rate of interest on facility loans to farmers' marketing and purchasing cooperatives remains unchanged at 4½ per cent.

Merchandising, or working capital, loans are those made to farmers' cooperative associations to aid them in more efficiently marketing their products. Repayment usually is required at the end of the marketing season.

### Banker Dies

Funeral services were held in Fowler recently for A. Waddington, president of the First National bank. Mr. Waddington lived in Colorado Springs many years. He is survived by his wife, two daughters and a son.

### Plan Approved

The treasury department has approved the reorganization plan for the First National bank of La Junta, Colo.

### Service Charge

The Bank of Baca County of Two Buttes, Colorado, has joined the other banks in the county by giving notice to its depositors that commencing last month, a charge of 50 cents per month will be charged against accounts having an average balance of less than \$50 for the month, but not applicable on inactive accounts. All of the other banks in the county had previously installed the system.

## Offering to Banks of Nebraska

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## CONTINENTAL NATIONAL BANK

LINCOLN, NEBRASKA

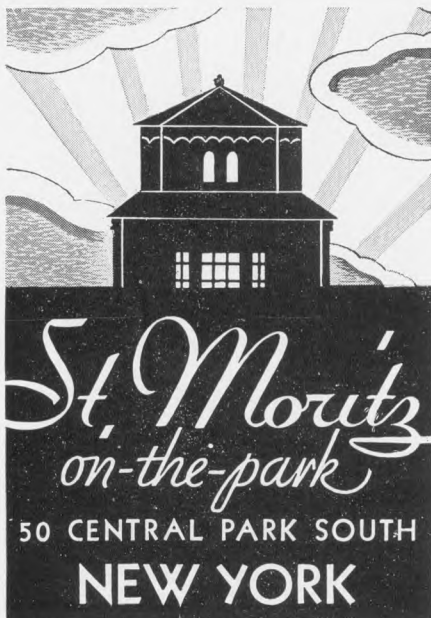


## Big Gains

Clearings of the five Pueblo banks in March were better than 23 per cent above those for the corresponding month in 1933, the First National bank reported recently.

The comparative figures show the clearings for March were \$1,973,070.13 against only \$1,591,918.64 for March, 1933.

An even greater increase, figured from a percentage angle, was shown over the corresponding week in 1933, when the clearings were \$307,355.69.



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THE NEW CONTINENTAL GRILL for dinner and supper dancing to LEON BELASCO'S alluring rhythms . . . entertainment . . . Gala Night Every Thursday.

Then there's Cocktail Hour in the BACCHANTE BAR and in America's only RUMPELMAYER, which is open from breakfast thru theatre-buffet.

For the first three months this year, the clearings were \$5,586,223.22, just slightly under the clearings for January 1 to March 31, 1933.

## Code Effective

Representatives of banks in Pitkin, Mesa, Montrose, Delta, Garfield, Rio Blanco and Eagle counties met in Grand Junction recently and agreed upon a code of charges to be collected for services rendered by banks.

The new code was effective last month, and a charge of five cents will be made for handling checks drawn on outside banks. The bank will also charge a minimum of 50 cents for accounts of less than \$50 average daily balance. This charge will permit the depositor to write five checks without charge. Three cents will be charged for each check in excess of this number.

Depositors whose average monthly balance is in excess of \$50 will be permitted to write one free check for each \$10 average balance. In other words if the average balance of the depositor is \$60 for the month, he will be allowed to write six checks without service charge.

## Returns

J. M. B. Petrikin, president of the First National bank, returned to Greeley recently. Mr. Petrikin took a 28-day cruise to the West Indies from New York. He visited Bermuda, Porto Rico, Barbadoes, Martinique, Trinidad, Caracas, Haiti and Nassau, and went through the Panama canal.

Because of domestic trouble in Cuba his vessel was not allowed to stop there. At Porto Rico the banker noted that there is a definite feeling toward the United States because of the fight there to restrict imports in favor of domestic production.

## Special Investigator

O. C. Samuel, for many years vice president of the Commercial Savings bank, Trinidad, which merged with the First National last January, is now engaged as a special investigator for the Federal Land bank of Wichita, Kansas, in the ninth district, comprising the four states of Colorado, Kansas, Oklahoma and New Mexico. He is one of two Colorado men to receive appointment in the land bank service, the other being D. E. Nickelson, banker of Canon City.

## Deposits Up

The first year of the new deal brought a sharp stepup in Denver bank deposits. Official figures covering deposits in the six banks that are members of the Denver Clearinghouse association showed that deposits of \$136,660,533.64 were on hand at the close of business March 5, 1934; the date the comptroller of the currency chose for a condition statement. As of March 3, 1933, just before the bank holiday, the same banks had deposits of \$118,578,548.49.

## Service Charges

The following schedule will be in effect on and after April 1, 1934:

Checks on all Delta county banks cashed for customers or accepted for deposit at par.

Cashing for customers or receiving for deposit checks on all banks outside of Delta county, 5c per each \$50.00 or fraction thereof. Minimum charge, 5c per item.

Checks cashed or deposited in excess of \$1,000.00, banks outside of Delta county, minimum charge, \$1.00.

No charge for cashing CWA checks.

Checking Accounts: No basic charge. Each depositor allowed to draw one check for each \$10.00 minimum balance on deposit during the month without charge. All checks charged to an account during each month in excess of one for each \$10.00 minimum balance to cost 3c per check.

Colorado Bank & Trust Company, Delta, Colo.

First National bank, Cedaridge, Colo.

First State bank, Hotchkiss, Colo.

Crawford State bank, Crawford, Colo.

First National bank, Paonia, Colo.

The above schedule is uniform in several counties in Western Colorado excepting that some banks will make a 50c charge on accounts under \$50.00 while others will have no basic charge and will allow one check free for each \$10.00 minimum balance.

## Kansas News

### New Bank

An intensive campaign has been launched to sell stock in a new community bank for Linn. The plan followed is one suggested by the federal government, cooperating with the state banking department. The department has

suggested the name of "The Linn State bank."

Under the plan approved the new bank will be capitalized for \$25,000, with \$1,500 surplus and \$1,000 undivided profits. Of this amount the government will furnish \$15,000, leaving 12,500 to be raised by the new stockholders. One hundred shares will be offered for sale at \$125 a share.

### County Meeting

Representatives of all Rice county banks met at the Chandler National bank in Lyons for their annual business meeting and election of officers. There were 29 present, including several specially invited guests.

The election resulted as follows: E. W. Farrell of Sterling was named president to succeed William Volkland of Bushton. Floyd Ross of Sterling became vice president, succeeding Mr. Farrell. W. W. Chandler of Lyons was elected secretary and treasurer to succeed A. W. Volkmann. William Volkland and John Wiggins of Geneseo were made the other two members of the directorate.

### Meet in Russell

The meeting of the Russell County Bankers association held recently was one of the most constructive meetings held in a long while, being quite in contrast to the meetings held a little over a year ago when the banks were under the national holiday. Every bank in the county was represented, and about 80 persons including the active officers and employes and wives sat down to the banquet.

At the business meeting the following officers were elected for the remainder of the year: Fred J. Smith of the Home State bank, president; Eugene Ball, of the Gorham State bank, vice president, and James J. Thoman, of the Russell-Farmers State bank, was reelected secretary. E. A. Ford of the Waldo State bank, the retiring president, served during one of the most active times of the association.

### Group Seven Meets

Group seven of the Bankers association met in St. John recently. M. M. Read of the First State bank of Larned is president and Leo Brown of the First National bank of the same place is secretary. Over 75 bankers were present from the following counties: Pawnee, Barton, Pratt, Reno, Comanche, Ed-

wards, Kiowa, Rush, Rice, Ness, Hodge-mann and Stafford.

The NRA code for banks was discussed. No action was taken, although, in a manner, it was approved.

Fred Bowman, secretary of the Kansas Bankers association, attended the meetings and outlined some of the proposals for the code.

### Elected Vice President

At a meeting of the board of directors of the Miami County National bank, Paola, W. H. Lyon was elected vice president to succeed the late H. C. Jones. Mr. Lyon has been on the board more than a quarter of a century. He is known the county over as a man of exceptionally sound judgment and one who is thoroughly familiar with Miami county affairs. Morton D. Stevenson, assistant cashier, was elected to fill the vacancy on the board caused by the death of Mr. Jones. Other officers and directors are: C. N. Emery, chairman; Frank W. Sponable, president; John W. Sponable, vice president and trust officer, and H. H. Whitaker, cashier.

### County Meeting

The Wilson County Bankers association met recently at Fredonia. Thirty-four were present and the additional guests included: Mayor Jack Bogue of Neodesha, Mayor Arthur Hollis and the city commissioners, C. V. LaDow

and Chas. Bennet, Undersheriff Roy Wyant, Sheriff J. E. Whiteside, the county commissioners, O. L. Hays, Rex Singleton and Otto Apollo and Mr. Clark, district manager of the Home Telephone company.

W. C. Cantrall, vice president of the association, was in charge of the evening and the topic for discussion was "Banditry."

### Dies in Hutchinson

Oscar S. Wespe, 72, pioneer Hutchinson resident, president of the Central State bank, and district manager of the International Harvester company for 30 years prior to his retirement in 1929, died recently at his home.

For many years Mr. Wespe was a director of the Central State bank. He had been president for the past several years.

### Change in Officers

The directors of the Bank of Horton recently advanced B. B. Norris, who for a number of years had been cashier of the bank, to the presidency. Mr. Norris completed 36 years of service with the bank on the day he became president. E. P. Trompeter, an employe for 20 years and assistant cashier was promoted to the cashiership. Mrs. Minnie Preston, an employe since 1925, was made assistant cashier.

The Bank of Horton was established March 15, 1887.



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**F. J. Atwood Resigns**

F. J. Atwood, president of the First National bank, Concordia, tendered his resignation recently. Mr. Atwood's resignation came on his 77th birthday and after more than 50 years of service as the head of the bank which he founded.

The board of directors accepted the resignation and deferred the election of a successor until the next meeting of the board.

**Consolidated**

After 36 years of successful operation the Reserve State bank of Reserve, Kansas, voted to merge with the Morrill & Janes bank, moved recently to Hiawatha.

Chester G. Jones, who for 14 years has been cashier of the Reserve State bank, will be cashier of the Morrill & Janes bank.

All the present officers of the Morrill & Janes bank will continue with the bank.

**New in Lyons**

C. Q. Chandler, well known Wichita financier and philanthropist, and W. W. Chandler, his son, have completed arrangements for the establishment and operation of a well financed national bank in Lyons. The bank will be known as The Chandler National bank.

W. W. Chandler, who is vice president and cashier of the new bank, has completed arrangements for acquiring the banking house and fixtures of the closed Lyons National bank. The new bank will open with a paid-in capital of \$50,000 and surplus of \$10,000.

**Wyoming News**

**Hold Conference**

A conference of Federal Land bank representatives in Wyoming was held in Casper recently with John Carmody of Omaha, vice president and secretary. Carmody met with 35 secretary-treasurers of national farm loan associations in Wyoming to discuss ways of speeding up the closing of a large number of farm loans granted in Wyoming.

**Banks Apply**

Six hundred banks in Kansas, Nebraska, Colorado and Wyoming have applied for membership in the federal deposit insurance corporation, it was announced by G. F. Roetzel, in charge of a branch office.

Roetzel said examination of the applicants virtually had been completed. The corporation provides insurance for bank deposits up to \$2,500.

**Dividend**

Savings account depositors in the defunct Riverton State bank are to receive a 15 per cent dividend, amounting to approximately \$7,500, it was announced recently.

The payment was made April 15.

**RESTORING PURCHASING POWER OF DAIRY FARMERS**

(Continued from Page 6)

we can support schedules of farm prices in marketing agreements and licenses by control of supply.

**One or More Years**

The plan is estimated to be a 165 million dollar program with a possible extension to over 300 million dollars, con-

tingent upon congressional approval of the pending legislation to aid the beef and dairy industries.

Intended for one year, the program can be continued for an additional year at the discretion of the Secretary of Agriculture. The plan is open to all dairy-men, with eligibility to be established by base period delivery records or other adequate sales figures. Supervision will be by county production control associations and local committees.

The plan is to have sufficient flexibility to permit future expansion of production in step with any substantial recovery that may later develop in consumer buying power.

**THE BUSINESS OUTLOOK**

(Continued from Page 3)

period just before the depression. The statistical evidence shown this month (April 16) indicates that there was no serious overproduction of durable and capital goods just before the depression, but that serious shortages have developed during the depression. Durable goods as distinguished from consumption goods are those made of the lasting materials. In the main they are not bought at retail, and in large part they are paid for by borrowed funds secured from bond issues, mortgages, and installment notes.

**T**HE ACCUMULATED shortage was four months in 1915, and nearly 22 months in February, 1934. Despite technocracy the fact is that no serious surpluses of durable and capital goods were accumulating before the depression. Present shortages are acute in durable goods. Unemployment cannot be cured by subsidizing consumer purchasing power, but can be cured by reestablishing financing of durable goods production.

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PAID-UP CAPITAL . . . . .	EA	8,780,000
RESERVE FUND . . . . .		6,150,000
RESERVE LIABILITY OF PROPRIETORS . . . . .		8,780,000
		<hr/>
	EA	23,710,000

Aggregate Assets 30th September, 1933, £ 111,512,302

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

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