

# CENTRAL WESTERN BANKER

*Omaha*

The Farm Credit Administration  
Under the New Deal

Page 4

Money And Confidence

Page 6

A. I. B. Members Hear Discussion  
Of Current Banking Problems

Page 7

The Next Step in The Emergency  
Agricultural Program

Page 9

*July*

*1934*

# “LOOK US UP”

*M*ake the First National Bank of Omaha your headquarters when you come to Omaha . . . . have your mail addressed here and get your telephone calls here.

We will be glad to see you, whether or not you are a customer of this bank.

Look us up the next time you come to Omaha . . . . we can both learn from talking to each other.

**FIRST NATIONAL BANK  
OF OMAHA**

Member Federal Reserve System

# CENTRAL WESTERN BANKER

410 ARTHUR BUILDING  
OMAHA

CLIFFORD DEPUY, *Publisher*

R. W. MOORHEAD, *Associate Publisher*

H. H. HAYNES, *Editor*

FRANK S. LEWIS, 511 Essex Bldg., Minneapolis

FRANK P. SYMS, *Vice-President*, 19 West 44th Street, New York

Subscription, 25 cents per copy; \$2.00 per year. Entered as second-class matter at the Omaha postoffice.

VOLUME 29

JULY, 1934

NUMBER 7

**"Business activity and industrial production have definitely slowed down during the past month . . . . The amount of recession so far is slight, and it would not have serious implications if it were not for the great numbers of unemployed . . . . Three factors are necessary for vigorous recovery expansion--building construction, output of durable goods, and a considerable growth of exports"**

## THE BUSINESS OUTLOOK

**B**USINESS activity and industrial production have definitely slowed down during the past month. This is the third time since the bottom of the depression that the progress of recovery has been checked by reversal. The first upturn from the bottom began in the summer of 1932 and lasted four months. The next advance began in the spring of 1933 and also continued during four months. This latest upward movement started last December and continued four months, and now production has turned downward again without equaling the volume reached last year.

**T**HE AMOUNT of recession so far is slight, and it would not have serious or even important implications if it were not for the great numbers of unemployed whose prospects for finding work are now diminished. The recovery program of the administration as explained in the budget message contemplated the rapid absorption of the unemployed by expanding business and industry during this year, with a progressive lessening of federal expenditures that would result in a genuine balancing of the budget by the middle of next year.

**I**T NOW seems clear that the vigorous recovery expansion that would make possible the realization of that program could only be attained through a combination of three powerful factors this

COL. LEONARD P. AYRES

*Vice President*

*The Cleveland Trust Company*

year and in 1935. To reabsorb into productive employment within the next 12 months most of the idle workers we should have to have a great expansion of building construction, a very large increase in the industrial output of durable goods financed by numerous important new security issues, and a considerable growth of exports.

**T**HERE IS little prospect that these developments will soon take place. Hope for a balanced budget appears to be deferred. Meanwhile recent developments make it seem likely that the drought will not become the national calamity that recently seemed threatened, and that labor dissensions will not be so serious as appeared in prospect a little while ago. Probably as a nation we shall spend the second half of 1934 as we have the first half in continued efforts to find out whether or not this detour of dependence on the public treasury will lead us back to the main road of a self-supporting economy.

**N**OW THAT we have done something for silver we should do well to read President Cleveland's message of 1895 on that subject. Two paragraphs follow.

"All history warns us against rash experiments which threaten violent changes in our monetary standard and the degradation of our currency. The past is full of lessons teaching us not only the economic dangers but the national immorality that follow in the train of such experiments. I will not believe that the American people can be persuaded after sober deliberation to jeopardize their nation's prestige and proud standing by encouraging financial nostrums . . . .

"Every dollar of fixed and stable value has through the agency of confident credit an astonishing capacity of multiplying itself in financial work. Every unstable and fluctuating dollar fails as a basis of credit, and in its use begets gambling speculation and undermines the foundations of honest enterprise."

**E**XCESSIVE building construction was probably more responsible than any other single factor for the severity of the depression in this country. Deficient building construction is now probably the greatest obstacle to recovery. During the prosperity period following the war we had a great building boom during which the costs of construction mounted far more rapidly than did prices in general. It was accompanied by country-wide real estate speculation, and it was

(Continued on page 12)



# The Farm Credit Administration Under the New Deal

**I**N PRESENTING the subject, "The Farm Credit Administration Under the New Deal," it is necessary to present some of the facts and conditions existing that brought about the creation of The Farm Credit Administration.

The Federal Land Banks organized in 1916 were controlled by the Farm Loan Board, a division of the Treasury. In 1923 the Federal Intermediate Credit Banks were placed under the same board. In 1918 President Wilson provided the first loans to drought-stricken farmers and placed their supervision under the Secretary of Agriculture. Since that time emergency feed, seed, and fertilizer loans have been made through the Department of Agriculture. The Federal Farm Board was created as another independent agency followed by the Regional Agricultural Credit Corporations which were set up under the Reconstruction Finance Corporation. This situation tended to create confusion in the minds of the farmers as to the proper agency from which to obtain required loans.

By L. OSCAR CHALLMAN

*General Agent*

*Farm Credit Administration of Omaha*

## Better Coordination

The President's executive order of March 27, 1933, which became effective May 2, 1933, provided for changes necessary to bring about better coordination. The administrative control of these existing Farm Credit Agencies and organizations above mentioned was transferred to the newly created Farm Credit Administration. In addition, the Board or Committee management was replaced by personal management, the Governor of the Farm Credit Administration being directly responsible to the President of the United States.

While this executive order coordinated and centralized the control of the Farm Credit organizations then in existence, some of these agencies could not be considered a fitting part of a completed credit system and other organizations such as the Production Credit Corporation and its associations, as well as the Banks for Cooperatives, were necessary

in order to complete a proper Farm Credit system.

The most pressing problem before the country at that time was the farm mortgage situation. Therefore, emergency programs had first consideration. As a result the emergency Farm Mortgage Act was passed and received executive approval on May 12, 1933.

## Farm Mortgage Act

Briefly, the Emergency Farm Mortgage Act (1) permits lands banks to make loans direct to borrowers in certain areas where existing National Farm Loan Associations were in financial difficulties and were not permitted to make new loans; (2) grants interest reductions to Land Bank borrowers for a five year period, the interest rate being  $4\frac{1}{2}$  per cent until July 12, 1938, on loans made through National Farm Loan Associations, and 5 per cent interest where loans are made direct to borrowers; (3) permits Land Bank borrowers to postpone principal payments on farm mortgage loans now existing or obtained before May 12, 1935, until July 12, 1938, if the loans are in good standing and deferment is sanctioned by the Land Bank; (4) makes it possible for Land Banks to grant extensions to worthy borrowers and to re-amortize such extensions; (5) and provides farm mortgage loans which may be made for as much as 75 per cent of the appraised value of the farm improvements and personal property mortgaged.

It is understood that the Land Bank loan can be made only on first mortgage security and for an amount which does not exceed 50 per cent of the normal appraised value of the farm land and 20 per cent of the appraised value of the permanent insured improvements. Therefore, in order to obtain a loan of as much as 75 per cent of the appraised value the difference must be provided through so-called Land Bank Commissioner loans which are authorized as an emergency measure by the Emergency Farm Mortgage Act. A Land Bank Commissioner loan cannot exceed \$7,500.00. An original appropriation of \$200,000,000 has



Mr. and Mrs. Van Note, residing near Cedar Rapids, Iowa, each 86 years old, were among the signers of the corn-hog contract. Mr. Van Note is this year planting the seventy-sixth consecutive corn crop in which he has had an active interest



been increased to \$800,000,000 for this purpose. This provision is intended to make it possible for farmers to remain upon the land if they can retain an equity of 25 per cent in the land after having paid all of their indebtedness either in full or by composition and compromise. The Farm Credit Administration cannot seek debt conciliation or reduction for its borrowers. Any scale-downs and debt adjustments are left to the borrowers and their creditors. State and County debt adjustment committees have been set up to assist in farm debt difficulties.

We have thus far discussed the emergency features of one unit of the Emergency Farm Mortgage Act which was signed in May, 1933, which was followed by the Farm Credit Act passed by Congress and signed by the President in June. This Act provides for the establishment by the Farm Credit Administration of a permanent Production Credit system for agriculture and for providing credit to farmers' cooperative, marketing and purchasing associations. Thus, under the Farm Credit Administration, a Federal Land Bank, a Federal Intermediate Credit Bank, a Production Credit Corporation, and a Bank for Cooperatives has been set up in each of the twelve Regional Districts.

**Intermediate Credit Banks**

The Federal Intermediate Credit Banks, organized in 1923, provided facilities for the discount of paper indorsed by responsible financial agencies such as an agricultural credit association or a livestock loan company, with maturities running from six months up to three years, maturities that should not be properly carried in a local commercial bank. In addition, they loan to co-

**MR. CHALLMAN, who is general agent of the farm credit administration of Omaha, which office has supervision over the eighth district, comprising the states of Iowa, Nebraska, South Dakota and Wyoming, tells bankers of Group One of the Nebraska Bankers Association the functions of the several governmental agricultural agencies which are included in the set-up of the Farm Credit Administration**



Many questions arise with regard to corn-hog contracts which must be answered by the committee

operatives on warehouse receipts covering readily marketable staple products.

When first organized, the Intermediate Credit Banks were authorized to discount agricultural paper for several classes of financial institutions, but really only two, the livestock loan companies and agricultural credit associations made use of this discount privilege. These were not extensively organized and were not readily accessible to the farmers. These discounting organizations needed capital structures that it was not always easy for the farmers and those interested to provide.

That was one reason why in the Farm Credit Act of 1933, the organization of Production Credit Corporations was authorized, the Production Credit Corporation and the farmers cooperating in providing the capital for the Production Credit Associations. About 650 Production Credit Associations have been organized over the country and thereby provide financial facilities to every section. The Act provides also for the ultimate ownership of the Production Credit Associations by the farmer borrowers.

**Production Credit Corporation**

Why has it been necessary to provide for the addition of the Production Credit Corporation to the financial set-up of the country?

On the first of July, 1928, we had 27,000 commercial banks in the United States. Five years later, or in 1933, this number had shrunk to 16,000 or a de-

cline of 40 per cent. During this period bank funds available for lending or investment declined from 71 billions to 52 billions or more than 25 per cent. At the same time lending policies were changed, increasing amounts being invested in bonds or held in cash. Whether or not this was done by choice or force of circumstances is not material. It is only necessary to state the situation.

In this, the Eighth District, comprising Iowa, Nebraska, South Dakota, Wyoming, the loans and discounts by commercial banks declined 71 per cent during the five years prior to last July, so we immediately charged the banker with our difficulties—it is so easy and convenient! Some time ago I read an interesting article which stated that in the fall of 1921 Thomas Edison laid aside his researches into mechanical problems and applied himself to a study of the monetary problem. As a result he wrote in part:

“The history of all waves of prosperity and depression have been accentuated by banks loaning to manufacturing and at the same time to agriculture. These are incompatible and no banking system could probably ever be devised that could take care of both simultaneously without these oscillations.”

And then Mr. Edison continues:

“Agriculture has one turnover. Manufacturing has many. One turn-

(Continued on page 13)

**"The essential problem is not one of monetary mechanics, but of integrity of leadership sufficient to command general confidence"**

# MONEY AND CONFIDENCE

By PROF. G. R. DAVIES

*College of Commerce  
University of Iowa*

ONE CANNOT but commend the sturdy common sense of the editor who recently answered the question "Where is our money?" by the pointed sentence, "We spent it." Money comes from productive work, and goes when the something-for-nothing philosophy prevails.

Money was originally chiefly gold, or gold and silver. These metals were hidden away as private reserves in times of disturbance, but were drawn into circulation when confidence in the prospects of trade revived. Finally, as confidence grew in the modern world, credit based upon comparatively small stocks of gold became the basic circulating medium. Indeed the so-called modern machine age might better be called the credit age, since it is the operation of trade and credit under the leadership of enterprising masters of finance that has made possible the triumphs of applied science.

The growth of credit systems into aggregates of national or even international scope, operating through central banks, investment banking houses, and security markets, is the chief distinguishing feature of modern industrial evolution. This tendency is collectivistic in the broad sense of the term rather than individualistic. It arises from the inevitable centralizing tendency of wealth, described in the ancient phrase "To him that hath shall be given." The growing competitive struggle of trade creates successful leaders who develop mergers, understandings, and a "community of interest" as the elder Morgan expressed it. This tendency helps to give balance and unity to the business structure. And to the degree that it serves public interests and promotes progress it is able to command a following and to create confidence.

## International Relations

Trade is normal when it profits all participants somewhat in proportion to the productive services which they contribute. Prosperity is a slow growth to which an atmosphere of confidence is es-

sential, and confidence thrives only as a spirit of good faith prevails among both leaders and followers. The severe break in confidence that marks our times has its chief source in international relations, which may be briefly outlined as follows.

In international matters, as in national affairs, leadership is essential. For the past few centuries England has occupied the predominant international position, and in large measure her banking system has furnished the currency of

---

**THIS author says that the severe break in confidence which has taken its terrible toll of banks and bankers during the past few years, had its beginning in the international relations. He says that "prosperity is a slow growth to which an atmosphere of confidence is essential. Good Faith must prevail among both leaders and followers"**

---

international trade and investment, while her navies have policed the seas and maintained some degree of order through the "balance of power" policy. It was chiefly England that perfected the gold standard credit system, and learned to regulate it through central bank operations. The small group of financial leaders that directed this system had a world perspective and built up a reputation of honor and integrity that was far more important than gold reserves in maintaining the international credit system.

It is easy to see locally that trade requires both a currency in which there is confidence, and adequate policing against fraud and banditry. In international

trade the gold standard and the London credit market furnished the former, and the balance of power policy somewhat precariously furnished the latter. On this basis during pre-war years world-wide trade developed. Nations became increasingly dependent on foreign markets, and the volume of this business outgrew its very slender monetary and police foundations.

## A Revolt

The world war was essentially a revolt against English predominance. It was led by a nation that more than any other recognized the inevitable tendency toward centralized control in credit systems and corporations, and that admitted the responsibility which such semi-monopolistic development entails. The rapid growth of Germany during pre-war years gave general prestige to their ideas of business organization. Hence, although the revolt was temporarily suppressed, the foundations of the old international order were greatly weakened.

The war disrupted both the gold standard and international trade. After the war, England worked heroically to bring the world back to the gold standard and the ascendancy of the London money market; and the League of Nations attempted to provide a new basis for international security.

By 1925, it began to look as if the attempted international reorganization might be successful.

But while the situation in 1925 appeared favorable on the surface, there was a strong undercurrent of distrust. No one was really satisfied with the war settlement. Radical doctrines created disturbing agitation. World powers with new ideas and ambitions threatened to disturb the balance of power sponsored by the weak League of Nations.

The growing distrust showed itself in two ways; first, in an inability to check the rapid growth of competitive armaments and, second, in a waning of confidence in the revised gold standard.

(Continued on page 13)



# A. I. B. Members Hear Discussion Of Current Banking Problems

Savings banking, customer relations, and commercial development, together with improved operation methods, were subjects touched upon at recent Convention in

Washington. **"Trust Departments," said one speaker, "carried on successfully throughout the darkest days, and came through with an unsullied record." Another bank official said that more attention must be given to what he called "customer cooperation"**

**A**CCUMULATION in years of prosperity against the time of adversity is the keynote of saving, A. W. Converse, vice president of the First National bank of Chicago, said in an address on "Savings in the Present Decade," before the savings banking conference, a part of the American Institute of Banking section of the A.B.A., at the convention held last month in Washington, D. C.

"In times of prosperity thrift has been ignored or scorned by many people," Mr. Converse said. "When a period of recession sets in, the savings account begins to come into its own. Certain economists point out that oversaving has been one of the chief factors in causing the depression. The desire to put men back to work and start the wheels of industry moving again results in demands for more spending and less saving. It need scarcely be pointed out that we are experiencing this attitude toward saving in this country at present. Thrift has been attacked on both moral and economic grounds. Those who criticize saving on moral grounds hold that money saved is withheld from industry and therefore retards recovery. Saving in the true sense of the word cannot be rightfully made the basis for such criticism. When a man deposits a portion of his income in a bank, he merely transfers his saving to someone else. The bank advances the money to corporations, whose bonds it purchases, or loans it, for example, to someone who in turn spends it for the hiring of labor and purchase of materials for a home. The saver therefore has not withheld his savings from industry, but has made a very definite contribution to many lines of business. Morally the saving of money has much to commend it.

"The most elementary treatises on economics point out that saving is the basis of all capital. To deny the economic justification for savings is to deny

the benefits of capital. Capital has been perhaps the most outstanding evidence of the advance of civilization. The luxuries of one generation become the necessities of the next, because thrift makes a higher standard of living possible. Civilization is stagnant unless each generation gives the next more than it received from the preceding one. Without thrift we would today be without light and water from central plants, without transportation or means of communication; in a word, without thrift we would be without most of the essentials to our present-day existence."

#### Customer Relations

A constructive relationship is one which contributes to the mutual well-being and advancement of both interests, and the bank is as necessary to the community as the community is to the bank, said Bernard Vogelsang of the Bank of America National Trust and Savings Association, Los Angeles, California, before the Savings Conference. Mr. Vogelsang spoke on "Constructive Customer Relations." Much of the criticism against the banks has been unjust, Mr. Vogelsang said, and proposed restrictive and compulsory legislation is seriously in-

terfering with the normal functioning of banking, he continued.

"But more serious than all this is the proposed new school of economics, which argues that it is only by spending on a large scale and abandoning thrift that economic stability can again be restored. There can be no sound economy which does not recognize the fact that there is no substitute for thrift, that experience of civilization bears out the fact that lack of consideration of the future has been the immediate step to eventual destruction. There is no sound economy which has not as its base the principle of thrift, applicable to community matters as well as to the individual."

Mr. Vogelsang said he believed that in the face of widespread propaganda against saving, it is expedient that bankers counteract this movement by concerted action as well as individual contacts with their depositors. "Spending of course must and will be stimulated and purchasing power must be built up, but every effort must be made to insist that any proposed plan of economy recognize the time proven principle of thrift," he said.

#### Commercial Development

In discussing "Present-Day Factors in Commercial Development," before the business development and advertising program conference of the convention, Eliot H. Thomson, publicity manager of the Washington Loan and Trust company, Washington, D. C., said that no business depends more completely upon public confidence and good will than banking. He said he believed that a bank should inform the public of its good record, its prudence governing policies of operation, how the officers study the interests of the customers and count it an obligation to the community it serves to provide credit as far as good judgment will permit, and that a bank does not expect to prosper unless it can make its customers prosper. He said the banker



has two jobs, "first, to operate his bank in such a way as to deserve the patronage of the public and, second, to obtain and hold the confidence of the public," and that the banker should take the public into his confidence by educating them to an understanding of his business, his services, practices and ethics.

"I believe every bank should emphasize," Mr. Thomson said, "that every dollar deposited in the bank provides the basis of credit and therefore every dollar kept out of a bank is depriving the community of just so much needed credit for the development of prosperity of its citizens."

Speaking on "Improved Operating Methods" before the bank administration conference, R. H. Brunkhorst, comptroller of Harris Trust and Savings bank, Chicago, Illinois, stressed an

improved operating method which costs nothing, reduces expenses, and in his opinion, has a favorable effect on customer morale, namely, "customer cooperation."

"I have always been an ardent believer in a close relationship between bank and depositors," Mr. Brunkhorst said. "Such a close relationship, of course, calls for frankness on the part of the banker. We expect the depositors to be frank with the banker, and it is entirely logical that the banker should be likewise frank. Our experience has always been that the depositor is anxious to cooperate." Especially was this true, Mr. Brunkhorst said, in regard to peak loads in various departments during rush hours which were remarkably adjusted through a customer appeal to "Bank Early; Save Time."

movement has not produced the expected results. That admission, as a matter of fact, has been made by the head of a municipal ownership league who recently said that the mass of public opinion was for private ownership.

With the single exception of Camden, New Jersey, no large city has recently authorized a bond issue for a municipal plant, though a number have voted on them. Municipal projects that have been approved are in very small towns and, according to the *Annalist*, the project turned down by the city of Cincinnati alone probably outweighs in actual importance the projects approved, with the exception noted. And Milwaukee, the only important American city which has consistently elected officials running on the Socialist ticket, has more recently turned down a municipal power project.

This trend can be attributed to two main causes: First, the fact that a large number of towns with municipal plants have sustained heavy deficits which the taxpayers had to make up; second, that the standard of service provided by the private electric industry—both as to efficiency and rates—is superior to that of municipal plants, even with their advantages of tax-freedom and public subsidies. The average American is a very practical person—and practical considerations are dictating his vote to put his town into the power business at his expense.

## Too Many Banking Laws

**Legal restrictions have resulted in confusion, complexity, and uncertainty in normal state bank operation**

THE GREAT MASS of laws relating directly to banks which have been adopted in the United States by Congress and by the various State legislatures during the past decade, has resulted in confusion, complexity and uncertainty in the normal operations of every banking institution, it was declared by D. J. Needham, general counsel American Bankers Association, New York City, before the Wisconsin Bankers association convention.

"While no doubt such legislation was honestly intended to improve the business of banking and the motive behind its introduction and enactment was characterized by sincerity of purpose, nevertheless not all of it has, under the test of practical experience, contributed materially to the improvement of sound banking practices," Mr. Needham said.

"The fact is that the bankers are enveloped in a maze of intricate and complex laws which make it necessary for every prudent bank executive to stop, look and read before taking any important step in even the daily routine work of his institution. His lawyer must be his constant daily business companion.

"More and more laws will not contribute to sound banking, but on the con-

trary a release from unnecessary legal entanglements, coupled with the exercise of sound judgment and discretion founded upon common business sense, is one of the great needs of banking today. The banker should demand from his State and Federal Legislative institutions simplification rather than further complication of the laws governing his institutions.

"Common sense in any line of endeavor, coupled with a sense of public responsibility, is essential to any business or profession and especially banking. A multiplicity of laws will not take the place of these elements. A simplification of legal conditions will aid the banking business to emerge from its difficulties.

### Waning Enthusiasm

A year or two ago it was widely believed that enthusiasm for municipal ownership of electric plants was growing. It was forecast that within a very short time there would be a tremendous increase in the number of towns trying such ventures.

Now even zealous municipal ownership advocates are admitting that the

### What Will Follow?

The trend of public thought, as the Administration enters its second year, is reflected by the multitude of newspaper and magazine articles that are now appearing, entitled, "What will follow the NRA?" or "After the AAA—What?" and so on. These bureaus have done much that is beneficial, but they haven't achieved anywhere near what an overly-optimistic public thought they would. Important changes in recovery set-up, methods and personnel are coming before many moons.

"Johnny," said the West Chicago geography teacher, as she pointed to a large map on the wall: "When you stand in Europe facing North you have on your right hand the great continent of Asia. And what have you on your left hand?"

"A wart," replied Johnny, considerably embarrassed.

"Many persons are urging that the agricultural program be placed on a FARM rather than a COMMODITY basis"

# THE NEXT STEP in the Emergency Agricultural Program

By H. R. TOLLEY

*Director Program Planning Division  
Agricultural Adjustment Administration  
Washington, D. C.*

## To Meet the Emergency

FOR ALL of us who are working from day to day with the farmers and their problems, the drought and the disaster it has brought to thousands of farm families has of necessity been our first concern. Just what the outcome will be for the corn crop depends of course on weather conditions the remainder of the season. Out in the Dakotas, where the withering hand of the drought has caused much greater damage, wells have gone dry, crops have been destroyed under the blazing sun, and livestock has grown leaner and leaner. Rains have come at last to the worst drought areas, but more will be needed, and even if it comes in plenty, the damage to small grains and hay crops can not be repaired.

A situation like that commands universal sympathy, and inspires immediate helpful action on the part of anyone who can help. Fortunately, some of us have been in position to arrange at least partial relief to mitigate the suffering. The Agricultural Adjustment Administration and the Extension Service, organized as they were to meet an emergency of a different kind, have thrown their forces into the breach. Together with the Farm Credit Administration, the Federal Emergency Relief Administration and the Civilian Conservation Corps, and using the funds which have been asked of Congress, much will be done to soften the blow.

The drought has emphasized the value of agricultural planning. In the old days the individual was left strictly to himself to cope with crop failure and other misfortunes as best he could. Now we recognize that it is the responsibility of society to share the burdens and the risks.

In several specific ways the programs under the Agricultural Adjustment Act have helped to meet the emergency. First is the crop-income insurance feature of the benefit payments. Being based on production over several years, they are not affected by what happens in a single year. Those payments are in many cases not sufficient to take care of the farmers' needs without other relief, but they do give a minimum of income—which is more than nature has done in this particular season. Second is the fact that the Adjustment Administration and the Extension Service provide vehicles for quick action. The beef cattle program which was already being prepared has fitted right in with the needs of the hour, and the marketing of large numbers of animals without ruining the price we hope will be possible. Third is the increase in the amount of acreage in feed crops as a result of the wheat and corn-hog program. The Administration had urged farmers to put the contracted acres into pasture and forage wherever possible. If there had been no reduction in the wheat acreage, this land would certainly have been planted to wheat, and the amount of forage would be even smaller than it is. Fourth, the campaign to put more land permanently into grass and woodland gives a powerful stimulus to the battle against erosion by wind and water—a battle which must be fought increasingly if the American heritage of rich soil fertility is not to be

destroyed. Fifth, the Administration is in a position to assist in selecting sub-marginal lands in the drought areas for acquisition by the Government. Land which under the prevailing arid conditions can never bring anything but impoverishment to those who farm it, might better be turned to some other use and the farmers given a chance to make a new start elsewhere.

If it were not for the stark tragedy inflicted upon large numbers of farmers, the drought might be considered as having some compensating advantage because it reduces some surplus supplies. The trouble with this kind of reduction on an acreage basis gives all the farmers a chance to keep on producing.

## Gross Income Increases

That the adjustment programs have had considerable effect is evident from the fact that the gross income of farmers from crops during 1933 was 55 per cent greater than the preceding year. Income from livestock, supplies of which can not be adjusted so rapidly, was little changed. But if prices of crops are improved, it is only a question of time until livestock prices are brought into line with them.

I think it is fair to say that considering the scope of the efforts, the vast amount of detail involved, and the relatively short period of time elapsed, the Adjustment programs have had about as much effect as most people could reasonably have expected. Whatever has been accomplished has been in large part due to the loyal and untiring service of the county agents and farm advisers, who have been the "shock troops" of the adjustment battle, and to the committees of farmers who have carried on the actual sign-up campaigns and man-

aged the affairs of the local production control association.

But along with these definite accomplishments, there have been disappointments and the programs have had some serious defects and shortcomings. In the working out of the programs, individual cases of dissatisfaction have arisen. Whether avoidable or unavoidable, these have left sore spots which everyone interested in the successful outcome of the adjustment program must deplore. Furthermore, the various programs, hastily devised to meet emergency conditions and still more hastily placed in effect, have seemed unduly complicated to many farmers. This has been true especially where farmers have signed more than one contract. Here in the Middle West, it is the interrelationships between the wheat and corn-hog contracts which have caused trouble. In other sections the cotton and tobacco contracts have figured, along with the wheat or the corn-hog contracts, in the farmers' confusion of mind. Another cause of dissatisfaction is the seeming slowness of the Government in getting the benefit payments into the farmers'

hands. These delays have for the most part been unavoidable, being due primarily to the tremendous scope of the programs, with 3,000,000 contract signers, and the necessity of carefully checking all contracts. As I said, these delays have been mostly unavoidable, and anyone familiar with the glacier-like character of ordinary governmental operations can not but marvel at the speed with which things have been done under the driving force of the AAA. Now that routine systems of handling these matters have been set up, we shall undoubtedly be able, in the future, to carry out plans with more precision as to timing.

In describing these defects and shortcomings of the programs thus far, I am not offering apologies or making excuses. I am simply considering them for the detached viewpoint we all must have if we are to chart our course clearly.

#### The Future?

Now what about the future? Is the outlook good for continued price improvement? Can we abandon all controls at an early date, and let agriculture return to *laissez faire*, for better or worse?

We must recognize that the desired balance between crops and available markets has not yet been achieved. While the buying power of domestic consumers has increased over that of a year ago, the number of unemployed is still large and the activity of many of our so-called heavy industries remains greatly curtailed. Furthermore, the trend of exports of farm products continues downward. The total volume of exports is now well below the 1910-1914 volume. The pending reciprocal tariff bill will stimulate international trade, but much will depend on whether other countries continue to insist on keeping their imports at a minimum and being as nearly self-sufficing as possible.

The labor supply on farms continues far in excess of demand. This is due to the shift of population from cities to the farms and the stoppage of the normal exodus of young people from farms to industry during the last four years. In recent years about half of the normal increase of population of most rural states — the increase of births over deaths — has been going to industrial states. But during the period of reduced industrial

(Continued on page 14)

## CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY of CHICAGO

*A more than routine banking  
service to correspondents*



# BONDS AND INVESTMENTS

Excerpts from an address by Howard O. Edmonds, vice president of The Northern Trust Company, Chicago, before a recent convention of insurance executives.

While his remarks primarily were intended to suggest ways and means for the investment of funds by insurance companies, bankers can find in them much food for thoughtful consideration

## ● INVESTMENTS ●

THE BENEFITS to the public from all underwriting business are, generally speaking, twofold. First, risks are distributed so that they can be borne more easily, and second, funds are created that can be usefully and profitably employed. I am dealing only with this last. Investments, therefore, must be secure, humanly speaking, to support the underwriting and make it secure. They must be sufficiently liquid that they can be realized upon in money, either through payment at maturity or through ready marketability. The income therefrom must be certain to come to hand at the appointed times and the liquid funds on hand at all times sufficient for the investors' requirements.

This necessitates choice of suitable securities, a good plan of diversification of investment risks and the avoidance of things which depend too much for their success on the problem of management. That is the reason why stocks, especially in business enterprises, cannot be allowed to enter into the investment scheme unless under special circumstances and only in a very small proportion.

You will readily see, therefore, that in your field, like that of the testamentary trustee, it quickly becomes a question of bonds and mortgages. If it be urged that the investor is thus cut off from all the profits of business management, from the surplus earnings that are "plowed back,"—as they used to say five or six



HOWARD O. EDMONDS

years ago,—the answer is that *this* investor's business is not to increase but to conserve. The risks of the underwriting department are the proper risks of this business,—not those risks of the general business world.

Having therefore a little narrowed the field, let us see what it now contains. Most of our ideas as to the investment of trust funds come from England. Indeed, continental Europe hardly knows at all the system of trusteeship whereby the legal ownership of property is in one

hand while the benefit and enjoyment of the incomes belongs to another,—for instance, to a widow or other dependent.

So we find the English trustee, as far as my limited knowledge goes, investing in "the funds," that is to say, the British government debt, and then in first mortgages on improved real estate with a good margin of security. If real estate is put in trust, it is probably rented and made to produce income in proportion to its value, but I think that liquid funds usually find their proper investment in the two things I have mentioned.

If we start with these things in our country, we might find the situation to be as follows. Government debt would include state and municipal debt because they are payable out of taxes, and this opens a wide field. Mortgages must be carefully classified into those which are and those which are not suitable for the conservative investment of trust funds.

Now, if you go beyond these two classes, you encounter a different kind of security, often good, and with it a new set of risks which must be thoroughly understood and sometimes avoided. Railroad bonds were and some still are regarded as prime security, but the disposition to treat them unfairly in public discussion and in political action has undermined their credit. Public utilities bring in their train questions of franchise, rate reductions and increased taxation. Industrial enterprises formerly were seldom bonded, and when they are

they bring in their train the question of good or bad management, the risks of business, competition, etc.

We have not time to go deeply into any of these things, therefore, let us turn back and devote the rest of this talk to government debt and mortgages. The bonds of the Federal Government, especially those of shorter duration have usually had an artificial value and their yield would give but a meagre income to a dependent. For funds where the principal must be made available at any time, they are, of course, the best. State and municipal debt offers a good means of employing funds, but this credit has been abused in many quarters and this abuse has brought much of the municipal debt structure into disrepute.

One of the most frequent abuses is the system of overlapping municipalities, by which cities, park districts, counties, drainage districts all have bonding power over the same property, so that taxes cannot be borne and the property presently loses much of its value. This in turn has an evil effect on the security of mortgages, which is our other outlet for the investment of funds.

In a rapidly growing country such as ours has been, it is inevitable that many things will be developed too fast; that money will be spent for improvements of many kinds which could just as well have been postponed; that capital will sometimes be invested before it has been accumulated and that many people will be too willing to go in debt and too in-

different to the matter of ultimate payment. To many of us the payment of a debt is too often merely a refunding operation and we hardly visualize at all the matter of ultimate and final payment.

It has recently been said by a writer in one of the financial publications of Europe that the American internal debt structure is the most stupendous thing of the kind that the world has ever seen. This is undoubtedly true, but it is not a matter in which we should take pride. If all the money that was borrowed had been wisely and honestly expended,—which, of course, is not the case, we would still find ourselves in possession of a lot of things which we could have done without, and for which we cannot afford to pay. At once you will think of the superfluous hotels, office buildings, city halls, postoffices, apartment buildings, too expensive homes, installment motors, etc., with which we Americans have provided ourselves during our recent false prosperity, all of them paid for with borrowed money. We are a young people, most of us or our ancestors arrived here with our two hands and nothing else, with which to subdue the wilderness and build a civilization. We were without those great accumulations of capital and savings (the two mean the same thing) which come to an old civilization by slow accumulation in times of peace. We wanted to build things before we had saved up even a part of the necessary cost, and all the

while we were paying out of our earnings the cost of a civil war ended seventy-five years ago, and on top of that the heavy burdens of pensions and bonuses that grew out of the world war.

Now, it is precisely in this vast unwieldy debt structure that we must search for our investments,—I mean those for trusts and those for insurance funds. If debts were serviced better there would be more and freer credit and far less distressed debt. There would not be such excessive premiums on good securities and there would be more good securities available to investors. There would be more homes free and clear of debt and fewer people carrying mortgages on their homes at the same time that they were buying speculative securities for a rise. A reasonable mortgage on a home would be readily obtainable at a low rate and insurance companies and trustees would have fewer losses and interest would be promptly paid.

I sometimes reflect that "Sweet are the uses of adversity" when I see mortgage loans come due in our office and the borrowers pay up their taxes and a little on the principal and get an extension with provisions for regular small further payments. Perhaps in a small way we are doing our part to inculcate thrift by cooperating thus with our borrowers. Perhaps some day we will become a nation of savers and investors slow to go into debt and thrifty about paying a debt once it is incurred.

## THE BUSINESS OUTLOOK

(Continued from page 3)

financed by a huge volume of loans. The new values that it appeared to create became the basis for immense increases in taxes which encouraged extravagant municipal spending.

When the depression grew serious the values of lands and buildings suddenly underwent severe shrinkage. Loans based upon them were largely frozen. Rents declined so greatly that many real estate bond issues went into default. Taxes fell into arrears, and municipalities found themselves in serious financial difficulties. In considerable measure these conditions still exist, and under these circumstances there is little encouragement for undertaking new building. Reluctance to build is aggravated by the fact that construction costs have recently advanced until they are almost as great as they were at the peak of the building boom. The result is that the greatest single group of the unemployed are the workers in the construction industry.

---



---

## GMAC SHORT TERM NOTES

---

available in limited amounts  
upon request

---

## GENERAL MOTORS ACCEPTANCE CORPORATION

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

OFFICES IN PRINCIPAL CITIES

---



---



## THE FARM CREDIT ADMINISTRATION UNDER THE NEW DEAL

(Continued from page 5)

over — agriculture — must have long-term loans. No banking system which loans out its deposits payable on demand should finance a farmer. It is fatal to stability."

In view of what has since transpired in the financial field, his words are interesting. His deductions may be rather severe, but we are not discussing them at this time. There no doubt are certain types of farmer financing that can still be carried on, at least in a limited way, and safely, through commercial banks.

There have been organized in this district 42 Production Credit Associations with 17 in Iowa, 14 in Nebraska, 10 in South Dakota, and one state-wide association in Wyoming.

### The Purpose

The purpose of the Farm Credit Administration is to lay the foundation for a cooperative credit system that will provide complete, coordinated and stable facilities unaffected by the ebb and flow of commercial credit. This set-up to provide stability in access of credit is one of the important measures to hasten recovery, aside from its purpose of permanency. Ultimately, it is expected that complete responsibility for the proper conduct and management will be transferred to the borrower-owners. Until that time the Government and the farmers are partners in their operation. However, it is well to make clear at this time one point on which there appears to be some confusion, and that is that the Farm Credit Administration is not designed to lend government money.

The Farm Credit Administration is not interested in entering into competition with any institution or organization that is assisting in providing credit to the agricultural interests of this or any other district. It is interested in providing the means of a dependable source of cooperative agricultural credit, available at all times on a sound, business basis. This function, the Farm Credit Administration would play in the so-called "New Deal."

### Two Types

We are in these days hearing much about so-called rugged individualism as though it were to be uprooted, and on the other hand as though it were the only open sesame of progress. I would only suggest that there may be two

types of rugged individualism. In the pioneer days of Wyoming we had the rugged individualist who went out to build with indomitable courage a home for himself and his family, but always was the latchstring out to the door of his cabin so that stranger or neighbor, even in his absence, could make himself at home, cook himself a meal, the only condition being that the dishes were cleaned up and put back in their places. Though a rugged individualist, he recognized that there were others besides himself, and as best he could he cooperated in promoting their welfare as they came his way.

On the other hand in years past we had the rugged individualist, the cattle man, and the sheep man, who would trespass upon the range of each other, resulting in bitter strife and oftentimes in bloodshed. Each was a rugged individualist who thought there was not room for both to live together as a human society in friendship and unity. Today they live side by side, cooperating with each other. So we come back again to the cooperative objective in the solution of our many problems which the Administration is attempting to solve.

## MONEY AND CONFIDENCE

(Continued from page 6)

### America Prepared

To meet the crisis thus engendered, America was the best prepared from the point of view of business organization and productive capacity, but perhaps the least prepared from the standpoint of traditions and attitudes. For the first requirement was a frank facing of the fact that the evolution of industry in its credit and corporate structures has already definitely subordinated the individualistic uncontrolled business customs of frontier days, and has substituted for it at least in its corporate and central bank policies a high degree of integration and control. If international trade was to be revived in any large degree, the leadership of some nation or group of nations, capable of setting up a basis of credit and order in which the world would have confidence, was essential. As far as the western hemisphere is concerned, and to some degree in respect to world trade, the American money market constitutes the chief resource. But for the time being a somewhat restricted foreign trade appears inevitable, until the growth of confidence makes possible



A Nation on Speaking Terms. Differences melt away when people have frequent and easy exchange of ideas. Dependable telephone service plays a part in binding together the nation. And with telephone people, the maintenance of such service is not only good business but good Americanism.

## Bell Telephone System





some relaxation of nationalistic barriers. It is the necessity of adjustment to such an outlook that is causing so much difficulty and dissension at present.

Under the circumstances now prevailing it would be presumptuous to attempt to say what modifications in the gold standard are likely to be made in the future. The essential problem is not one of monetary mechanics but of integrity of leadership sufficient to command general confidence. It is not half so much a question of gold and silver, as of the capacity and integrity of the men behind the money. Of course, traditional standards are important, for any serious break with the past tends to undermine confidence, and should be made only under the stress of absolute necessity, but those who reason merely from the past are visionary and unrealistic.

One fact, however, may be mentioned which sustains a reasonable faith that America will emerge successfully from its present difficulties into a period of greater prosperity and world leadership. This fact is that for perhaps the first time in history we live in a surplus economy rather than a deficit economy. In spite of waste, drought, and unemployment, stocks of raw materials and manufactured goods still overhang the market in abundance. Just at present there is also a widening investment opportunity in the durable goods industries which will make for profitable business as soon as political wrangling reaches a conclusion. It is not unreasonable to believe that the American spirit which has overcome so many obstacles in building up its present marvelous business system can meet the new problems of business integration and leadership.

## THE NEXT STEP IN THE EMERGENCY AGRICULTURAL PROGRAM

(Continued from page 10)

activity, those on the farm who normally would have left have been forced to remain.

In general, agriculture is still faced with a greatly reduced export outlet, a low level of domestic demand, stocks in excess of normal, and a capacity for production greatly in excess of probable requirements.

This brief summary of the agricultural outlook, to be complete, must include one factor of extreme importance—the drought. We do not yet know the full extent to which it will cause the nation to cut into accumulated supplies of foodstuffs, nor the degree of revision it will permit in our acreage requirements for 1935.

### Important Questions

In devising the program to be offered farmers in this next phase, several important questions must be decided:

- (1) Should the contract run for one year or for a longer period?
- (2) Should only one contract be offered to an individual farmer in any particular region?
- (3) Should the contract or contracts be administered and checked by a single county control association or joint compliance committee?
- (4) What inducement will have to be offered to farmers to obtain the desired participation?

Many persons are urging that the adjustment program be placed on a farm rather than a commodity basis. It has been suggested that a simple but effective way of achieving a balance agriculture would be to apply the processing tax-benefit payment system to the task of get-

ting land from cultivated crops into pasture and forage and woodland—in other words, to bring about the shift from an intensive to an extensive type of farming so urgently needed.

If enough land were put into grass and forage crops, total crop production, and in turn total livestock production, would be brought into line with available markets. There would still be the question of adjustments between commodities. But as long as we have a system of free prices, sooner or later these adjustments would make themselves in response to price changes. Farmers would naturally devote their acres of cultivated land to the crops they found most profitable. Some special restrictions might have to be placed to prevent too great shifts into minor commodities.

Such a plan might be placed on a three-year basis. The receipts from processing taxes would be merged, and a schedule of benefit payments would be worked out, depending on the productivity of the land to pasture or other approved use. These payments would be continued over the entire three-year period.

The farmer signing the contract would be free to use his pasture or forage crop land for commercial purposes if he chose.

### Advantages

Several important advantages are claimed for this idea:

*First*, it would have the merit of simplicity. It could be based on a simple contract, easy to understand. It would give the farmer a large measure of freedom in planning his individual farm operations.

*Second*, it would extend through a three-year period regardless of fluctuations in the prices of individual commodities.

*Third*, it would be extremely valuable as a soil conservation measure, since land in grass is much less subject to erosion by wind or water than cultivated land.

*Fourth*, it would avoid the unfortunate feeling of frustration at not being able to use all their acres for commercial production.

*Fifth*, it would be sufficiently flexible to meet any changes in the situation, such as increased export demand or decreased yields.

*Sixth*, it would probably result in some permanent change in our farming practice, even if the plan were not repeated at the end of the three-year period.

(Continued on page 16)

## Delayed Timelocks Are Reducing Bank Holdup Losses

Before purchasing ask for a demonstration of the new Yale Delayed Control Timelock of

# Banktrol

Fully jewelled chronometer movements Underwriters Laboratories Inspected

• In 9 months, one Insurance company paid out \$21,620.00 in cash for 21 bank robberies, but the robbers missed \$99,510.00 in cash which was in timelocked safes.

Sold By . . .

**F. E. DAVENPORT & COMPANY**

Official Experts for Nebraska Bankers Assn.

OMAHA, NEBRASKA

# INSURANCE

*Its Application to the Banking Fraternity*

## ◀ LIFE INSURANCE ▶▶

## Its VALUE to the HOME

## and to the NATION

A clear, concise picture of the many benefits afforded by life insurance, especially as it applies to women. This paper, prepared by Mrs. Welch, won first prize in District Federation of Women's Clubs, and was also awarded first in the Nebraska State Federation of that organization

By MRS. E. E. WELCH

*York, Nebraska*

**I**N THE face of disasters which have submerged the financial world during recent years, it is well to take stock and so see what, if anything, will prove a safe investment.

These financial earthquakes seem to appear in cycles, and like regular earthquakes leave in their wake, temblors and tremblings and fear.

Following such disasters confidence in business and even in the government itself is shaken, till few are left who can say "God reigns and the government at Washington still lives."

History as a record of human events shows the similarity of these disasters.

### Life Insurance Comes Through

In 1857, a time of dollar inflation, crop failure, and overstocked European markets, eighteen banks in New York City failed in one day. Bread hungry mobs paraded the streets with placards reading, "Bread or Death."

Life insurance companies came through this panic in solid condition.

In 1873 the New York Stock Exchange closed for a week. Eight stock exchange firms failed. The President of the United States went to New York to see if anything could be done to lessen

the catastrophe. Banks universally suspended for forty days; thirty-one life insurance firms in business today, weathered this terrible year.

In 1893, four hundred seven private banks failed in one month, one hundred sixty-nine railroads were unable to meet their obligations; interest rose to 300 per cent; the United States government was within a few days of bankruptcy and suspension of gold payment was feared; no sale for farm commodities; yet life insurance companies carried on, meeting their obligations and paying out nearly two millions dollars a year when money had apparently disappeared from circulation.

In 1907, the nation again faced poverty. Too much overspending, overconsuming, destroying more wealth than was created. Stock bargains, yes, but no money to buy. Not enough currency to carry on government business. Yet not a single life insurance company found it necessary to disturb its regular business of paying cash. Every obligation was met.

### The Safety Margin

In all these panicky years there is a similarity of disasters, which proves business institutions to be sound or unsound. There were frosts and hail that destroyed crops; there were overstocked European markets; there was unemployment; there was a paralysis of business from the combination of disasters, and there were consequent failures of many businesses. The fact that life insurance

companies withstood the earthquakes shows that the foundations of such companies are sound for individuals and for the nations. Life insurance companies operate on wide safety margins. Most states have very strict laws governing the conduct of insurance companies, thus safeguarding their investments. When companies fail it is because there is decay within the organization, or because public officials have been remiss in their duties.

Life insurance is a special protection of old age and to women who must provide for themselves or for others. To most of us as the years go by, old age becomes a grim specter because of the uncertainty of the future. Earning days are so soon over. Then it is dependence unless there has been thoughtful provision.

Life insurance, if placed in a reputable company, enables us to carry out plans for our children; create an emergency fund from which to borrow should misfortune strike; give a cash income for old age; keep one from living in a home where one might not be welcome; help, should the partner of our joys and sorrows fall ill, lose his job or meet with an accident.

### A Santa Claus

Enable one to take a vacation, to build a home, to travel, in short, is a Santa Claus to the policyholder who keeps premiums paid.

Ninety per cent of women are dependent after the age of sixty-five. It is an

old saying that pensioners always live longest, so insurance is a sort of "charm to longevity."

It is a safety measure—safe for rich and poor, for professional and business people; those with dependents; those with no surplus. Insurance is a certain provision for an uncertain future.

In the book, *Miss Bishop*, by Bess Streeter Aldrich, Ella Bishop is a teacher, who, for fifty-two years spend her life helping others. Then she was suddenly asked by the board to resign. She thought of the old folk's home as she has seen it. Old folks on the piazzas rocking aimlessly, their palsied hands and ill fitting artificial teeth too prominent. She thought of the years so full of living; of all those she had helped, with no thought of herself; that a time might come when she, too, would need help.

Ella Bishop said, "X equals the unknown quantity of old age." There is no answer in the back of the book or anywhere till God closes the book for such poor souls. Had insurance provided an annuity how much bitter suffering would have been spared this woman

who had given more than half a century to helping others live.

We look to Boston for "canniness" as well as culture and it is significant that it was a Boston woman who first realized the value of insurance for women—Miss Savadge, who, in 1884, took out a policy for \$1,000.00.

The proposition of insurance for men has grown slowly through the years, and more slowly for women, but if there is made a thoughtful provision for the future, old age may be faced calmly and that well-being we so long for safely reached.

### THE NEXT STEP IN THE EMERGENCY AGRICULTURAL PROGRAM

(Continued from page 14)

I doubt whether we are ready just yet for this plan. The situation with respect to various commodities is not yet sufficiently cleared up to make it entirely feasible now. But the plan is worth discussing, and possibly we can make something like it the basis for a sign-up in 1935, to run through the years of 1936, 1937 and 1938.

In the meantime we must be thinking about a composite contract which will meet the situation in 1935. This contract should be kept as simple as possible, and yet it should protect the various groups of producers from sudden expansion of their production and collapse of their prices.

Progress in perfecting the mechanisms of agricultural planning will logically follow the same line as the perfection of inventions like the automobile. Early automobile models were noisy and crude. Gradually they were evolved into the smooth, powerful and luxurious cars in use today.

After all, keeping the production of our national farm plant in balance with effective demand should be a relatively simple task. If the farmers continue to work together in the future as they have this past year, they should enjoy continued improvement in their situation. Just now the havoc wrought by the drought is on the minds and hearts of us all. But I feel sure that some day Mother Nature will smile again. She usually does her part in cooperating with man. What man needs to do is to keep on cooperating with his neighbor.

## Regular Dividend

At the meeting of the board of directors of the Northern Trust company, Chicago, the regular quarterly dividend of 4½ per cent was declared payable July 2, 1934, to stockholders of record as of June 19, 1934.

At the meeting William C. Weidert and William S. Turner were appointed assistant secretaries.

## Speed Is the Danger

The world's record for throwing the 16-pound shot, one of the regular events at all track and field meets, is 53 feet.

The amount of energy possessed by an average-sized automobile traveling at 60 miles an hour would be sufficient to throw that shot 52,800 feet—nearly ten miles.

To use another illustration, a car traveling at 60 has the same capacity for inflicting damage as if it were driven off a twelve-story building.

Those facts, brought out in a recent report of the Travelers Insurance company, give some idea of the potential menace of speed on the highway. During recent years the death and injury rate per accident has been rising—and the increase was especially marked in 1933. The chance of a person being seriously hurt or killed in an accident is substantially greater now than it would have been five or ten years ago in a similar accident. The reason can be expressed in one word: Speed.

Today's cars have better brakes, better steering, better lights and stronger bodies than those of the past. By all engineering standards, they are safer. What has happened is that the public has exaggerated the increased safety factors—and actually turned these improvements into dangers.

Watch your speed—adapt it to local conditions at all times—and you'll have taken a long step toward becoming a safe driver.

First Collegian: Gotta match?

Second Ditto: Sure.

First Collegian: Gimme a cigarette.

Second Collegian: Want me to light it for ya?

First Ditto: If ya don't mind.

Second Ditto: How ya fixed for spitt'n'?—*Carolina Buccaneer*.

## BANK CHANGES

Tens of thousands of them all  
appear in the new edition of

**The American Bank Reporter**

*The Bankers Desk Directory*  
Since 1836

### Contents

Contains a complete list of banks, bankers, savings banks and trust companies in the United States and Canada, with names of officers, capital, surplus and undivided profits, loans, deposits, principal correspondents, attorney list, etc.

**Order Your Copy Today**

**Lowest Priced Bank Directory**  
**Published**

**\$10      Delivered      \$10**

**American Bank Reporter**

420 East 149th Street  
New York, N. Y.





E. E. PLACEK, President  
Nebraska Bankers Association

# Nebraska News



WILLIAM E. HUGHES, Secretary  
Nebraska Bankers Association

## County Meeting

At a meeting of the Douglas-Sarpy County Bankers association held at Valley, H. E. Roe, president of the Bank of Bennington, was made president of the bankers' group for the ensuing year.

Other officers are Harold Killinger, of the Bank of Florence, vice president, and R. H. Hall was re-elected secretary and treasurer.

The group, which holds its meetings four times a year, will hold its annual social meeting in August.

## Move Quarters

The Security State bank of Norfolk about July 1st will move from its present location at 427 Norfolk avenue to the quarters formerly occupied by the Norfolk National bank at 315 Norfolk avenue.

This announcement was made by vice president R. E. Montgomery and cashier Robert Weidenbach of the Security State bank, after directors had approved the lease and necessary papers had been approved and signed.

## Omaha Next Year

Omaha has been chosen as the convention city for the 1935 meeting of the American Institute of Banking.

The gathering next year will bring from 1,200 to 1,500 delegates and guests to Omaha, it was estimated on the basis of this year's attendance.

Ellsworth Moser, vice president of the United States National bank of Omaha, extended the invitation to meet at Omaha. The selection was by unanimous vote.

## 81st Birthday

F. H. Davis, chairman of the board of First National bank, dean of Omaha bankers, celebrated his 81st birthday recently. Starting with the bank as mes-

senger, he gave "hard work and close application to business" as rule of success.

Present at the birthday dinner at his home were his children, Thomas L. Davis, Mrs. W. B. Roberts, Mrs. Davis Bohling and Miss Elizabeth Davis.

## Robber Apprehended

Raymond Simpson, 32, who said Omaha is his home, was convicted at Preston, Minnesota, of participation in the robbery of a Spring Valley, Minnesota, bank last October 3rd, and was sentenced to life imprisonment.

Simpson's defense during the trial was that he was in Omaha at the time of the robbery. Omaha police have no record of Simpson. He was arrested for Minnesota authorities at Las Vegas, Nevada.

## Find Money

Depositors in the closed Bank of Syracuse, Nebraska, are \$1.01 richer. When movers dismantled fixtures in the building they found that much change behind the counter.

Other articles disclosed in the wrecking process were an Omaha newspaper telling of the heat wave of June, 1910, a dance ticket good for the Fireman's dance, December 31, 1912.

## Clearings Gain

Omaha bank clearings continue their gains, figures for a recent week showing an increase of nearly \$4,500,000 over the corresponding week a year ago. Clearings for the week were \$24,89,040.69; for the same week last year, \$20,335,004.55.

## Capital Increased

The Banking House of A. W. Clarke, Papillion, is announcing it has increased its capital stock from \$30,000 to \$45,000

through the sale of preferred stock to the Federal Reconstruction Finance corporation, giving it a combined capital and reserve fund of over \$50,000. This increased capital will enable the bank to better care for its rapidly expanding business.

And at the same time the bank is announcing the payment in full of the 15 per cent waived during the banking holiday in 1933, thus repaying its patrons approximately \$45,000.

## Service Charges

A meeting of bankers of both the North and Middle Loup valleys was held in Ord recently, the purpose of the gathering being to form a clear house association and to adopt a uniform schedule of service charges.

In line with the movement which is now nearly nationwide, this group of banks has formed an association and adopted a moderate and uniform schedule of service charges which went into effect June 1st.

## To Organize

A meeting to consider a proposal to organize a community bank in Ft. Calhoun was held recently. Mr. Caldwell of Omaha, who has reorganized several banks in Nebraska under this plan, explained the method and everyone in the town and vicinity was invited to be present. One of the banks which will reopen under this plan is at Kennard.

## Vice President

John S. Van Auken, formerly manager of the McCook Production and Credit corporation, has been elected vice president of the Lexington State bank. He is to assume the responsibilities of his office immediately and his family will move to Lexington. Mr. Van Auken

was connected with the bank of Moorefield for eleven years.

### To David City

Mr. and Mrs. J. B. Wood have left Lexington for David City, where they will make their new home.

Mr. Wood, who is one of six stockholders in a newly organized bank capitalized at \$60,000, will be executive vice president of the City National bank of David City.

### Directors Meeting

A meeting of the directors of the Wilber State bank was held recently. Among other business was the election of Howard Jelinek as assistant cashier. Sidney Broz will devote all of his time to the insurance and real estate loan business of the bank. Because of the low rate of interest on first class securities, it was decided to reduce the interest paid on time deposits from three to two per cent.

### Owen Young Honored

Honoring Owen D. Young, a director of the Federal Reserve bank of New York, and the directors of the Federal Reserve bank at Kansas City and the Omaha branch, members of the Lincoln Clearing House association entertained informally at the Lincoln hotel recently.

Nearly fifty Lincoln business men and prominent out-of-town bankers attended the dinner, presided over by Edwin N.

Van Horne, president of the Clearing House association.

Those from out-of-town included: M. L. McClure, Kansas City; George H. Hamilton, Kansas City; J. W. Helm, Kansas City; E. E. Mulvaney, Hills City, Kansas; C. C. Parks, Denver; Frank W. Sponable, Paola, Kansas; L. E. Phillips, Bartlesville, Oklahoma; J. M. Bernardin, Kansas City; W. D. Hosford, Omaha; John P. Doolin, Alvo, Oklahoma; W. T. Kemper, Kansas City; L. H. Earhart, Omaha; G. A. Gregory, Omaha; D. M. Hildebrand, Seward; W. Dale Clark, Omaha; A. H. Marble, Cheyenne; D. P. Hogan, J. B. Owen, G. H. Yates, J. F. Coad, O. P. Cordill and H. S. Daniel, all of Omaha; and J. J. Thomas, Washington, D. C.

Mr. Young was guest of honor in Omaha later at a meeting of the board of directors of the Federal Reserve bank of Kansas City, and directors of the Omaha branch bank, in the branch bank building at 17th and Dodge streets.

### To Columbus

Frank W. Shonka, Jr., for the past 25 years connected with the Schuyler State bank, the last 15 of which he has served as assistant cashier, has tendered his resignation to the official board of the bank, having accepted a position with the Central National bank of Columbus, which he will assume about the first of July.

### Group Meeting

Bankers from the seventh district of the Nebraska Bankers association—125 of them—met recently in Sidney, where the annual convention of the organization was held. Morning, afternoon and evening sessions were attended and current banking problems discussed.

C. L. Countryman of Ogallala was elected president of the seventh district. G. D. Adams of Lemoyne, vice president, and Ed Prochaska of Ogallala, secretary. Ogallala was chosen as the site for next year's convention.

### Change Service Charges

The First National bank, Chadron, changed their schedule of service charges on checking accounts effective June 1st.

The principal charge is the reduction of the minimum balance subject to the basic charge of 5 cents, from \$100.00 to \$50.00, but including in a uniform scale all accounts regardless of the size of the balance, according to the activity of the account. It is felt by those concerned that this will be a fairer and more equitable charge than that which has heretofore been in force.

### Honor Student

As a reward for being a star student in her classes, Verna Binggely, stenographer in the trust department of the Omaha National bank, went on an all-expense-paid trip to Washington, D. C., New York City and Niagara Falls.

Miss Binggely made the highest average grades among the young women who attended the American Institute of Banking school that has been in progress in Omaha during the past 28 weeks, under the direction of A. J. Rhoades. With this honor went the "scholarship" trip to the national convention at Washington offered by the women's committee of the Omaha chapter, A.I.B.

### Clark Is Host

W. Dale Clark, president of the Omaha National bank, was host recently at a luncheon honoring Forbes Morgan, deputy governor of the farm credit administration; A. S. Goss, land bank commissioner; F. F. Hill, administrative assistant, and E. B. Reid, information director, all of Washington. Omaha bankers were guests.

### Heads Group

C. J. Mortensen, president of the Nebraska State bank, Ord, was elected president of Group 5 of the Nebraska



## Grain and Hay Draft Collections Given Immediate Attention

*Write us regarding*

**YOUR FEEDER LOAN REQUIREMENT**

**LIVE STOCK NATIONAL BANK OF OMAHA**

**OMAHA**

Bankers association at a group meeting held in North Platte. Also the next convention of Group 5 will be held in Ord, probably next fall.

Ord men attending the meeting were Mr. Mortensen and Frank P. O'Neal, president of the First National bank.

### Increases Capital

The First National bank of Arcadia has increased its capital stock from \$25,000.00 to \$35,000.00. This is done for the purpose of giving more protection to its depositors and being better prepared to take care of its increasing business. The \$10,000.00 preferred stock was all subscribed by its present stockholders.

### Heads Division

H. A. Penner has been named head of the closing department of the Federal Land bank of Omaha, to succeed George Bunce, according to Fred T. Wright, land bank counsel.

Bunce will return to the collection department, which "loaned" him to the legal department some six months ago.

As head of the closing department, Penner will serve as office manager in keeping the 25 thousand files continually in the closing department moving through to the farmer in an orderly manner.

### New Bank

Fifteen stockholders, composing the new corporation to be known as The Clarkson bank, elected six directors at their last meeting. Messrs. Emil Petr, Dr. F. B. Schultz, Jos. R. Vitek, Jos. F. Jivoree, George C. Novotny and J. A. Kucera are directors of the new bank. Emil Petr will head the new bank as its president. J. A. Kucera was elected as cashier; Frank Vidlak, assistant cashier, and Leon Petr, bookkeeper. The bank will have a capital structure of \$45,000.

## Colorado News

### Pueblo Clearings

Surpassing last year's mark by approximately \$100,000, clearings of the five Pueblo banks were \$502,589.25, according to the report of the First National bank at the close of banking hours.

The clearings for the second week in June, 1933, were \$409,490.23, the comparative report showed.

### Banker Killed

L. R. Probst, well known former Merino banker and who recently has been connected with a Sterling bank died in Sterling. Mr. Probst was injured on May 24. He suffered a severe wound in the fleshy part of the right leg when a pistol which he was carrying in his car was accidentally discharged, wounding him in the right leg and ranging down, shattering the big toe of the left foot.

### Much Pleased

"We are glad to say that after a careful study of the progress that has been made by all units of the Farm Credit Administration of Wichita during recent months that we feel much pleased over the job now being done in serving farmers throughout Colorado, Kansas, New Mexico and Oklahoma."

This statement was made by W. Forbes Morgan, deputy governor of the Farm Credit Administration, and Albert S. Goss, land bank commissioner of the FCA, both of whom were in Wichita from Washington to familiarize themselves with local problem, discuss these problems with the executives of the four leading units, and to lay plans for the future whereby the service to farmer-borrowers may be improved.

### Bank Debits

Bank debits for the first five months of 1934 were greater than the first five

months of 1933 by \$8,847,574.79, according to a report of the Colorado Springs Clearing House association based on figures of the five reporting banks. For the first five months of 1933 the bank debits totaled \$44,792,658.54 compared to \$53,640,233.33 for the first five months this year.

The big increase is considered by bankers and business men of the region as a good omen and indicating a healthy condition financially in the Pikes Peak region. It would indicate that residents are using their money, the debits being checks drawn against individual accounts. Apparently more bills are being paid, more goods being bought and more improvements being made.

### Heads A. I. B.

The Colorado Springs chapter of the American Institute of banking held its annual meeting recently with the following officers being elected for the years 1934-1935.

President, Elton F. Evans, First National bank; vice president, C. R. Hope, Exchange National bank; business secretary, Edith K. Ryan, Exchange National bank; financial secretary, Cathryn C. Ford, First National bank; treasurer, Herald H. Harris, First National bank.

Elton F. Evans was elected as local delegate to the national convention to be held in Washington, D. C., June 11-14. Plans for the summer picnic were also discussed.

## Offering to Banks of Nebraska

### "The Kind of Service you'll Like"

## CONTINENTAL NATIONAL BANK

### LINCOLN, NEBRASKA





### To Reorganize

A final step toward reorganizing and reopening the old South Broadway National bank, Denver, was taken when contracts approving the reorganization were mailed out to all depositors for signatures.

As soon as depositors representing 75 per cent of the deposits in the bank have signed and returned the agreements, the bank will be able to reopen.

Depositors have signed one reopening agreement but the reorganization plan has been slightly changed so that new agreements are necessary. Emmett Thurmon, attorney for the bank, said.

## Kansas News

### New in Goodland

A new banking institution opened its doors for business in Goodland.

The First National bank in Goodland, chartered recently, took over the assets of the old First National bank of Goodland and the First National bank of Kanorado.

For some time the consolidation of the two banks has been contemplated. It had first been planned that the Goodland bank would merely take over the Kanorado bank, but it was found desirable to liquidate both into an entirely new banking corporation, and that procedure was followed. The two banks, while separate, have been very closely associated in the past.

The new bank has practically the same staff of officers and directors as before. L. N. Shaw is president, H. R. Shimeall is executive vice president, L. H. Arensberg and W. J. Detwiler are vice president, R. C. Shimeall is cashier and his assistant cashiers are Helen E. Radloff, L. S. Manion and M. L. Houser.

### Consolidated

Mound Valley is now without a bank. The Labette County State bank at Altamont has assumed the deposits and taken over part of the assets of the Citizens State bank. D. W. Johnson founded the Mound Valley bank five years ago and was its president. He is serving as liquidating agent for assets not assumed by the Altamont bank.

### A. I. B. Meeting

Following a recent business session, members of the Topeka chapter of the American Institute of Banking and their guests spent the evening dancing. A. J. Kull, manager of the Dunn and Bradstreet, Inc., office, gave one of his entertaining talks, interspersing humor with his more serious remarks.

Paul Dahlstrom, retiring president, introduced Richard Fadely, his successor, who presided. A number of guests from the Kansas City and St. Joseph chapters were present.

### Named President

Dan C. Smith, president and manager of the Wichita Union Stockyards company, has been elected president of the Union Stockyards National bank. His selection was announced following a meeting of the board of directors.

Mr. Smith was selected to fill the position held by the late E. L. Hart, Jr. The fact that Mr. Smith will be president of the bank will in no way offset his connections with the stockyards company.

Dan H. Boone was given an advancement from cashier to general executive vice president and J. E. Wagner, treasurer of the Cudahy Packing company of Chicago, was elected to a vice presidency. M. R. Lee was advanced from assistant cashier to the cashiership and Dave J. Walters was given the position of assistant cashier.

### Topeka Capitalist Dies

Louis S. Hall, 45, widely known Topeka capitalist, real estate owner and investor, son of the late Horace Hall, and one of the capital city's most influential and valued citizens, died following an illness of several months at his home.

Mr. Hall who was ill most of last winter was showing a steady recovery until a sudden relapse May 22. From that day until his death he failed steadily.

Mr. Hall was most actively identified with the business life of Topeka. He was owner of the New England building. He was a director of the Merchants' National bank, or the New England Building company, the Columbian Title and Trust company, the Columbian Securities company and the Stormont Building company. He built and opened the new Central Market. He was a stockholder in many other Topeka enterprises.

### Harbaugh President

H. F. Harbaugh, for almost a quarter of a century a director of the National Bank of Commerce, Wellington, was elected president of the bank at a meeting of the board of directors.

Mr. Harbaugh, who has been vice president of the bank for a number of years, succeeds the late E. B. Roser to his new position. Roser had been president of the institution for about 25 years.

O. L. DeTurk, a director, succeeds Mr. Harbaugh as vice president. The other directors are: Dan Ratekin, W. H. Cortelyou, and George E. Harbaugh.

### Merger

The state banking department announced merging of the Seward State bank, Seward, with the American State bank of Great Bend.

## Wyoming News

### Takes Vacation

Albert Larson, cashier of the State Bank of Big Piney, has taken a leave of absence for an indefinite time, and will spend a much needed rest and vacation with Mrs. Larson at their cottage near Middle Piney lake for the benefit of his health.

## Central Typewriter Exchange, Inc.

(EST. 1903)

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

REBUILT MIMEOGRAPHS, STENCILS AND INKS

LOWEST PRICES

**ALLEN-WALES**

THE FINEST "HEAVY DUTY"  
ADDING MACHINE MADE

1820 Farnam St.

Omaha, Nebraska

**Reduce Rates**

Cheyenne's two banks, the Stock Growers National and the American National, announced reductions in the rates of interest to be paid on savings accounts and time certificates of deposit. On those amounts that were drawing 3 per cent interest, reductions have been made to the following rates:

On the amount of balance up to \$2,500, 2½ per cent per annum.

On that portion of balance over \$2,500 to \$10,000, 2 per cent per annum.

On that portion of balance exceeding \$10,000, 1½ per cent per annum.

**Purchases Building**

The Wyoming National bank, Casper, purchased the Midwest building, corner of Second and Wolcott streets.

The change becomes effective through outright purchase of the stock of the Equality Investment company, half million dollar holding corporation controlled since its organization by the Midwest Refining company and its successors, the Standard Oil company of Indiana. Sole ownership of the structure, formerly known as the Midwest Refining company building, passes to the bank under terms of the sale.

**Increases Capital**

The capital stock of the Sundance State bank is increased from \$25,000 to \$42,500, according to amended articles of incorporation on file with the secretary of state. The increase embodies purchase of preferred stock in the bank by the Reconstruction Finance Corporation under the law passed by the special session of the legislature.

**New Mexico News**

**Uniform Schedule**

A uniform schedule of charges for bank services has been adopted by a committee appointed for the purpose of arranging the schedule, and will become effective when it is approved by the New Mexico Bankers' association.

There has been some discussion about just what the schedule will do with regard to checking accounts. This section reads as follows:

"The value of a checking account is too well known to need any defense. It has no equal as a handy method of paying obligations without the interchange or carrying of cash. Most customers realize that the handling of the ordinary checking account calls for many operations and various steps requiring much exacting work and considerable expense and that the bank is warranted in asking its depositors to help meet the cost of such service. Accordingly the following metered service charge for checking accounts has been adopted.

"Checking accounts with average balances between 1 cent and \$100.00, or which are checked below \$50.00 during the month will be handled on the following basis:

"Average daily balance from 1c to \$99.99: flat base payment per month, \$1.00; number of checks allowed free, 30; additional checks to cost, each, 3c.

"If balance checked below \$50.00 any time during the month: flat base payment per month, \$1.00; number of free checks allowed, 30 (or one for each \$10.00 average balance); additional checks to cost, each, 3c.

"Average daily balance \$300.00 or over: No charge except on accounts showing exceptional activity and which appear to be handled continually at a loss shall be analyzed."

By the terms of the schedule these charges are set up as the minimum that must be charged by all member banks when the schedule has been approved.

A schedule of rates to be charged for cashier's checks, collections, and other banking services is also set up.

The maximum rate of interest payable upon savings accounts shall be two per cent, beginning at the next regular interest-paying period, or as much less as may be prescribed by the Federal Reserve Board.

**An Investment That Gained in Value**

Here is a true experience.

A man had \$65,000 of investments, about half of which were equities in life insurance policies. For the past two years he hadn't inventoried his holdings, because, being human, he didn't want to know how much more they had depreciated.

Finally he spent a few hours on that doleful duty and found his investments to be worth \$2,000 more than at the time of the preceding inventory, although securities and property values and almost everything else had turned downward. He had sustained a number of investment losses, and there were few advances—but the regular increase in value of his insurance policies was sufficient to overcome all losses, plus \$2,000.

This man's experience isn't at all remarkable. During depression a multitude of people have seen all their in-

**AUSTRALASIA**

**BANK OF NEW SOUTH WALES**

ESTABLISHED 1817

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

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

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

AGENTS—FIRST NATIONAL BANK, OMAHA, NEBRASKA

GENERAL MANAGER, ALFRED CHARLES DAVIDSON

HEAD OFFICE, GEORGE ST., SYDNEY

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

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



vestments wiped out—with the sole exception of insurance, which continued to increase in worth. That's why a legion of Americans, now that times are looking up, are giving life insurance a larger place in the family budget.

## Cramping the Bank Holdup Man

Cities and towns in the United States of less than 25,000 population need no longer fear that holdup men will clean out the local bank—if the little bankers are willing to go along with the new Bank Robbery Limitation Plan recently put into effect by the member companies of the National Bureau of Casualty and Surety Underwriters. The plan does not prevent holdups, but it does reduce the amount of money available to the great and little Dillingers to 15 per cent of that heretofore in sight.

After several years of investigation, the companies determined that the small town bank seldom requires more than 15 per cent of its cash on its counters for its routine business. As long as the other 85 per cent is kept accessible there will be no interference with business.

The delayed timelock helped to work out a plan. This is an inexpensive device which enables the banker to open his safe during banking hours only, within 15 minutes or some other prearranged period after the time mechanism has been started. A holdup takes from three to five minutes on the average. If

15 per cent cash were on the counter and 85 per cent in a vault where it would take time to obtain, the criminal would find his trade much less attractive.

The idea was put into effect in 23 middle western and southern states in 1933. The experiment was so successful that this year it was spread to the remaining 25 states.

As an illustration, if a bank taking this form of insurance has \$10,000 cash, it is permitted to have \$1,500 available on the counter, the remaining \$8,500 being, in a vault with a delayed timelock. If a depositor comes in with a large check, the bank starts the timelock to open a few minutes later. Once the money has been procured the vault is again locked and the business goes on. There is a similar ceremony at the opening of the bank in the morning and at night when it is closed.

Reports for the year's experience show that the plan has been extraordinarily successful. In Minnesota, for example, on three different days, in three different towns, robbers found, instead of \$15,000 or \$20,000, \$2,000 or \$2,500. They could not wait for the delayed timelock to operate.

## Close the Ranks

"Agriculture's cause can only be won with united, closed ranks," said Mrs. Mabel D. Ahart of the California Farm Bureau, recently. "No great battle has yet been won by a mob. Disciplined, or-

ganized action alone wins wars."

The comparison of agriculture's present fight, to a war, is a happy one. It is a war—against chaotic markets, profitless prices, disorganized and outmoded methods and economic weapons. The farmer is battling for his financial salvation—for his place in the sun.

In the last few years the farm cooperatives have done much to close the farmers' ranks. They have made progress in doing away with sectional feeling and jealousy, in bringing before the farmer the fact that all producers, everywhere, have the same fundamental problems, the same motives, the same hopes. They have worked in the face of great odds, and they have not despaired.

The cooperative movement must continue to gather strength and momentum. There are openings still left in the ranks—and they must be closed. There are misunderstandings that must be cleared away. And it is pleasant to report that every new bulletin from the cooperative front shows further battles won.

## Not the Solution

Those who are urging government ownership of the railroads as a solution to our transportation problem will find grave difficulty in obtaining widespread public support for so drastic—and expensive—a move.

If railroad service were inefficient, there might be cause for government operation. But the American railroads have provided us with as certain, as fast, and as comprehensive a transport system as anywhere in the world. They are making steady progress in promoting safety (today you are actually safer on a railroad train than in your own home); in increasing freight and passenger train speeds; in such innovations as the new streamlined trains—as a matter of fact, they are bettering service in every direction.

If railroad rates were exorbitant the government ownership advocates would have a case to present. But rates are low now, and in the case of most commodities the cost of transportation is an infinitesimal item in the final selling price. And a heavy percentage of the revenue received by the rails is indirectly returned to the public, through gigantic taxes they pay municipalities, counties, states and the federal government.

Public ownership of the railroads would require tremendous bond issues.



EVERY CITY HAS ONE  
OUTSTANDING HOTEL

*In Omaha, it's . . .*

HOTEL  
FONTENELLE

The Fontenelle is Omaha's welcome to the world! Its comfort, courtesy, convenience and service have made it known everywhere as the home of real, old-fashioned Nebraska hospitality.

Operated by EPPLEY HOTELS CO.

400  
ROOMS  
\$2.50  
UP



FINANCIAL ADVERTISERS  
ASSOCIATION

*19<sup>th</sup> Annual Convention*

PLACE ★ Buffalo, N. Y.

TIME ★ September 10, 11, 12, 13, 1934

THEME ★ "How to Meet the Public's Demand for Financial Information." PROGRAM ★ Original, constructive. Built and edited like a publication. SPEAKERS ★ Leaders with something to say—and who know how to say it. Don't look to them for bromides, platitudes and self-laudation. This convention will be long on business—short on ballyhoo. SCOPE ★ Financial Advertising, with emphasis on buying, selling, public and customer relations. SESSIONS ★ Four general; eight departmental. Reviews at a general session. INVITATION ★ This advertisement invites *you!*

For reservations and information:  
Preston E. Reed, Executive Secretary  
Financial Advertisers Association  
231 South La Salle Street, Chicago



This advertisement prepared by Edwin Bird Wilson, Inc., financial advertising, New York.



# The Omaha National Bank

*Complete Banking Service*