

# **CENTRAL WESTERN BANKER**

## *Omaha*

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**August**

**1934**

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**FIRST NATIONAL BANK  
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# CENTRAL WESTERN BANKER

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OMAHA

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**"If we could restore and retain moderate activity in the durable goods industries, and especially in building industries, the major part of our depression problems would be solved"**

## THE BUSINESS OUTLOOK

**B**USINESS activity entering the second half of the year may well be likened to an automobile half way up the hill of recovery, but making slow progress because of a slipping clutch. There is no immediate danger that it will slide backwards into the valley of deep depression, nor is there present prospect that it will promptly move upwards to prosperity. The slipping of the clutch is the failure of private enterprise to take hold with sufficient vigor to carry the load of providing employment to all who wish work, and so to relieve the federal treasury of the burden of supplying relief.

**A**T PRESENT time stock prices are a good deal lower than they were a year ago, and market activity much smaller. Bond prices are distinctly higher. Employment and payrolls are greater than they were last July, but the volume of industrial production is considerably less. Rail freight traffic is about the same now as it was then. Probably business earnings are lower, but the records are not yet fully available. The federal debt is far greater, and current governmental expenditures are much higher.

**T**HE PROBLEM of creating conditions that will encourage private enterprise to expand business operations sufficiently to absorb most of the existing unemployment is the central problem of the depression. It has become impressively evident that the task is too great to be ac-

COL. LEONARD P. AYRES

*Vice President*

*The Cleveland Trust Company*

complished by public expenditures, and the hope that the outpourings of federal funds can stimulate private business to normal activity is becoming dim. The alternative experiment of making profits might well offer greater hopes for success.

**I**T DOES NOT seem probable that there will be any great change, either for better or for worse, in the volume of general business activity during the second half of the year. The high level of federal expenditures for general expenses, for public works, and for agricultural relief will tend to sustain consumer purchasing power and so to support retail trade and the production of consumption goods. On the other hand production of durable goods remains far below normal, and that continues to be responsible for most of the industrial unemployment.

**T**HE FEDERAL Government has become our greatest borrower, our greatest lender, and our biggest business. It is the best customer of our banking system, but it is disquieting to note that as its activities in the banks increase, those of the other customers tend to diminish. The evidence that this is happening is provided by the reports showing conditions in banks that are members of the Federal

Reserve System. They show that since the beginning of the depression the volume of federal securities held by reporting member banks has much more than doubled, while in the same period the business loans have been nearly cut in two.

This change means that borrowings from the banks by the government are rapidly increasing, and that the use of bank credit by business is declining. The process is continuing and apparently gaining momentum. The changes are almost directly complementary to each other, for from the autumn of 1929 to the summer of 1934 government borrowings from these banks have increased by just over four billion dollars, while in that same period the borrowings by business from the same institutions have decreased by almost four billions.

**T**HE National Housing Act is perhaps the most important new element in the program of the National Administration for aiding recovery this year. It sets up elaborate new machinery for granting short-term loans to pay for repairs and improvements in existing dwellings, and long-term loans to finance the construction of new homes. The funds are to be borrowed from banks and other private lending agencies, and new insurance corporations are to be organized to protect the lenders from loss and so to stimulate a free flow of money into renovation and new construction.

(Continued on page 8)



# A School Savings System That Saves Work For the Banker

EVERY person's economy program should include the cutting down of overhead expenses. Since the school savings program has as its motto: "We Are THRIFT Boosters," it should encourage economy in the handling of the clerical work involved in taking care of money after it is banked. Usually such clerical work falls on the local bank which handles the school savings. Here at Sturgeon Bay, however, we have devised a scheme which has eliminated the necessity for a full-time employe at the bank.

## Creating Interest

Wednesday is our regular bank day. We create interest in banking by different methods, at the present time we are using the plan adopted at Waterloo, Ia.\* In order to be members of the NRA, each grade and home room group must bank as good as the school. The previous week's percentage of participation is used as the basis for this week's goal of each room. Thus if the percentage of participation for the entire city is 50 per cent this week, individual groups which do not reach or exceed 50 per cent in participation will not be permitted to display the NRA sign. The plan, incidentally, has created much friendly competition and enthusiasm among groups and participation is gradually climbing as a result.

It is our custom to have our students take as much part as is possible in the actual details of banking. In upper grades and home rooms the students handle all the banking. In lower grades, only, do the teachers take care of it.

\*At Waterloo West High School pupils decided to adopt an NRA code to help them build up their banking recovery program. Each room voted to "do its part" in a program to boost the school average participation. It was decided that the terms of their code would be to make each room as good as the school. Rooms with an average banking participation which equalled or bettered the school were to have the right to display the Blue Eagle. Monday morning cashiers write on the blackboard significantly "We Do Our Part." If the room's participation is as good or better than the school, the Blue Eagle perches above the slogan on Tuesday. If not, the slogan is sorrowfully removed.

Walter B. Calvert, author of this article, is head of the commercial department of Sturgeon Bay, Wisconsin, high school. A phase of his treatment which has proved successful has been the training of commercial students to handle most of the clerical detail in connection with banking, both in the schools and in the bank

Thus in most rooms throughout the city the money is received by students who receive it, record it and figure percentages. After all this is done and the envelopes for all grade schools and high schools are turned in, a committee composed of four bookkeeping students check over each envelope to see if the slips check with the money inside, and to make sure that the money denominations correspond with the denominations listed on the envelope. In case of mistakes they are traced immediately by one of the committee. This eliminates the necessity of sending slips back from the bank to be corrected the following week. In most cases errors are traced and checked in a few minutes. When this was done down at the bank it often took weeks before an error was completely wiped out.

The students take a great deal of interest in this work. Thirty-five individual envelopes are handled each week. Over 250 slips are taken care of by this committee. All of the work is usually done during one 45-minute period. In case it is not finished during this time, two students complete it during the next period.

## Practical Training

It is good practical training for the students. It gives them experience in handling money, checking, clarifying, in "chasing down" errors and in figuring out difficulties. It involves character development and training, for a large

amount of money — money which belongs to someone else — is handled by them. They realize their responsibility, and conduct themselves accordingly.

The duties of the four members of the bookkeeping committee are as follows: One opens the envelopes and checks the slips with the money. A second stamps the slips and all papers included in the envelope. The stamp indicates the number and date of the banking group. There are 35 different groups, so 35 different numbers can be found on the slips when they are taken to the bank.

The third student arranges the slips in numerical order. This is also a great time saver to the bank.

The fourth committeeman takes care of the money. He stacks the different coins and wraps them. After all the envelopes have been opened, the amounts on the outside are added and the money is counted to see if the two sums coincide.

When this is complete all individual slips are added on the adding machine. The paper on the adding machine is an accurate record of the individual items of every amount that has been banked, in the same order as the sums were arranged.

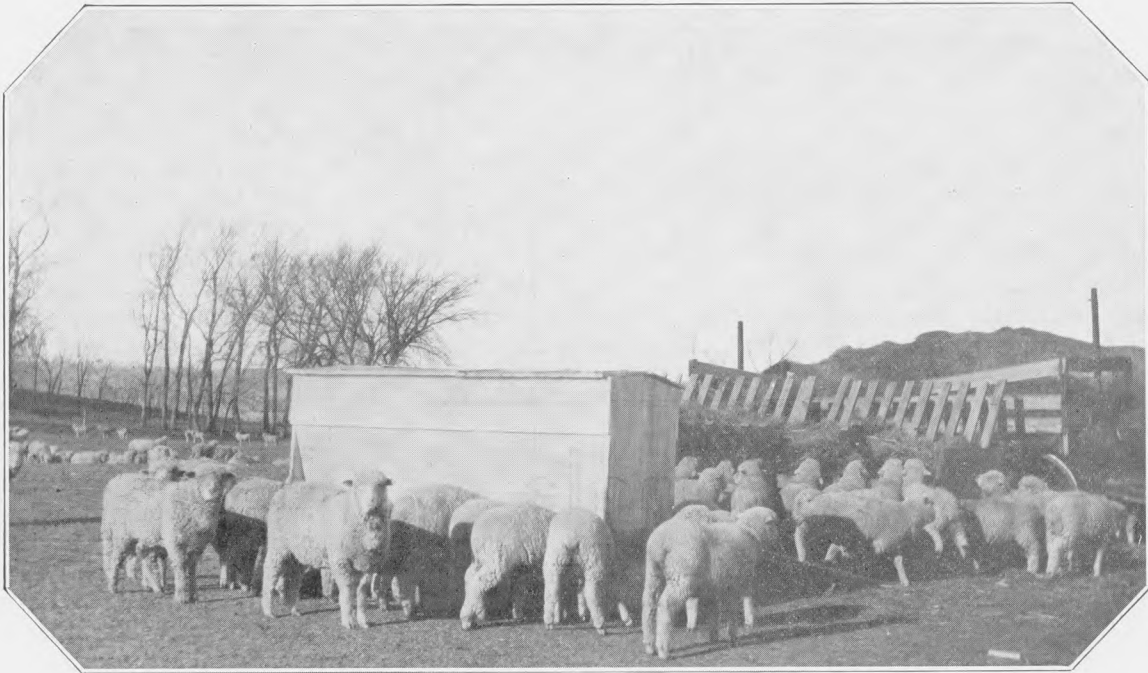
Last of all the grade school, high school and city percentage are figured, and all material is sent to the bank. When the material reaches the bank the money is already wrapped, the slips are arranged in numerical order, and the percentages are figured. All that is left for the bank to do is to file the slips, count the money, and make the report.

Two deaf old folks met at a reunion and were talking about their childhood. Said the old lady to the old man: "Do you remember how we used to play together when we were young, and how I used to spank you when you didn't behave?"

"Heh? Oh, yes, you would hardly recognize the old place, would you?"

—Carnegie Tech. Puppet.





The sheep industry has grown to great proportion, adding wealth to western states

# Banking in the Cow and Sheep Country

**I**NASMUCH AS the livestock industry is the backbone of banking in the cow country, it may be of interest to outline briefly the origin of the range cattle business in the West.

About 1867, shortly after the Union Pacific had built its great railroad across the arid plains and over and through the Rocky Mountains, it was found that cattle could winter upon the open range grazing the native grass, without shelter other than that afforded by the underbrush and brakes. Weak, thin, work oxen which had been turned loose in the fall to die, showed up sleek and fat in the spring, much to the astonishment of their owners, and it was not long before men realized and began to take advantage of the opportunity thus afforded. In Texas, vast numbers of cattle had been held back during the Civil War, but with the opening up of the free range in the West, soon buyers appeared. Herds of cattle, with cowboys, horses and chuck wagons, pushed north from near the Gulf of Mexico, along the Texas trail, fording streams, a long weary drive to the Kansas line, thence to western Ne-

By LOUISE S. SMITH

*Assistant Cashier  
Stock Growers National Bank  
Cheyenne, Wyoming*

The following article  
appeared in a recent issue  
of the "News," published  
by the Association of  
Bank Women

braska, Wyoming and far Montana. Thousands of cattle, a rider on each flank, singing as he rode, "Git along little dogie, git along."

#### Rapid Growth

The range cattle business rapidly developed, and Cheyenne, Wyoming, a little town lying like a mirage on the desert, became the center of the cow country. The year 1882 saw cowpunching in all its glory, it had become fashionable.

Men saw before them the fresh green grass, free to all, cattle roaming at will over valleys and divides, bringing wealth and happy days. In the spring, at Cheyenne, cowmen found a meeting place—cowboys looking for a job, bronzed young figures, their ponies "snubbed" to the long hitching rail in front of the hotel or saloon along Seventeenth Street. Freighters, with their four- and six-horse teams, wagons loaded with supplies for far off Powder River, cracking their whips as they started on their long and often perilous journey. Roundups were laid out and the spring work started, gathering the cattle which had strayed far and wide from their home range during the winter. Calves were branded—summer came, followed by the fall roundup when the beef was cut out and shipped to market. This was the cattleman's harvest, and the balance of overdraft at the bank told the story of the year's business. It was this devil-may-care spirit that carried men on, across arid prairies, raging streams, up mountain valleys and steep canyons, which made the West.

### Hard Winter

The winter of 1886-1887 was one of unprecedented severity, it came early and stayed late. It was not until the spring roundups that the real truth became known. Many a man who had counted his cattle by the thousands, found that his entire herd had been wiped out by the cold and blizzards, which had swept the range during the winter. But out of the wreck a reconstructed industry soon appeared. Poverty and disaster developed men of sterling character and

ability, who by their courage, example and "rugged individualism," (we still believe in it in the West), rebuilt and reorganized the range cattle business. Although,

"Twas good to live when all the sod,  
Without no fence or fuss,  
Belonged in partnership to God,  
The government and us,"

the pressure of the present day calls for changes, and in no industry have they been greater than in the livestock busi-

ness. With the coming of the settler and homesteader, the open range has disappeared. Herefords and Shorthorns have replaced the long-horned Texans. Large herds no longer range over the prairies, but in their stead we find small bunches of cattle numbering from 500 to 2,500 head, all under fence, hay fed in the winter, with cotton-cake and grain as an additional ration, insurance against winter loss. The sheep industry has grown to great proportions, adding wealth to the western states.

### Loan Bases

Thus the banker in the cow country makes his loans on both cattle and sheep, not based on the "book count" as of old, but on actual tally as to classification and brands, and mortgages include the increase and the wool. Cattle loans are adjusted in the fall, after the beef has been shipped. The sheepman disposes of his wool in the summer, and his lambs and old sheep in the fall, giving him a turnover twice a year.

The public lands of our country are intimately connected with the range livestock business, as these grazing lands should furnish the great reservoir for cattle and sheep which can be shipped to the feeding districts in the central states. We are a meat-eating, wool-consuming nation, and the problem before us is to supply food and clothing to our ever-increasing population, and the cheaper we can supply it the better for the state. A law which applies to the rich agricultural lands of Iowa, Kansas and Nebraska is not applicable to our semi-arid region and the lands should be entrusted to the states in which they are located.

Our cattle and sheep raisers must also be protected against the entrance of cattle from Argentine and sheep and wool from Australia, as they cannot hope to compete with the cheap labor and other conditions which prevail in those countries.

The West, like all other section of the country, is confronted by many serious problems, but her people have the spirit and courage of the pioneer whose children they are, and they will go on fighting the brave fight for God and country, until their ride on the range is over and the last roundup gathers them in to their resting place at the home ranch.

"I hear the president of the company made quite a speech at the conference the other day."

"What was he talking about?"

"He didn't say?"—V.P.I. Skipper.

## How to Handle Salary and Promotion Problems

"WHEN AN organization becomes as large as our company," states an executive as quoted in *Salary Standardization and Administration*, a new report issued by the Metropolitan Life Insurance Company, "the administration of salary and promotion ceases to be the function of a proprietary individual, and becomes a problem to be handled scientifically." This new report is the result of a survey that was made by the Policyholders Service Bureau of the Metropolitan to determine the details of such scientific methods as now are in effective use.

Although considerable progress has been made in developing scientific control of the pay of wage earners, few organizations, according to the report, have attempted to evolve similar procedures with reference to salaried positions. The outstanding reasons for such control vary from that of obtaining a complete, accurate and impersonal description of the work done by each employe, to the determination of fair minimum and maximum salaries for each position or kind of work done throughout the organization.

Because of the importance of promotion to the employe and the employer, the report states that many companies that have established salary limits have placed the responsibility for standardization high in the organization. In one company contributing to this report, for example, the president kept in direct contact with every important detail and the development of the schedule. A certain industrial firm places the responsibility

upon the operating committee. In this connection the report discusses the pros and cons of using "home talent" in making such studies.

With reference to the question: What positions will come within the scope of the plan? the report points out that in some cases supervisory position up to the rank of department heads have been included but that most of the companies cooperating in this study limit standardization to those positions paying up to a maximum of about \$300 a month. A few companies have extended the plan to include all salaried employes receiving up to \$5,000 and \$6,000 a year.

The report states that it is generally recognized that the success of salary standardization depends to a considerable extent upon the intelligence with which jobs are evaluated and classified. The list of grades used by a number of organizations are given in detail in the report and the methods of making evaluations are discussed. The next step, according to the report, is the determination of salary limits for each group. Pointing out that actual methods of determining salary methods differ considerably, the report quotes the actual practices of several companies.

The report is illustrated with reproductions of a number of forms used by the contributing companies and, in an appendix, sets forth the classification of jobs used by three organizations. Copies of *Salary Standardization and Administration* may be had by addressing the Policyholders Service Bureau, Metropolitan Life Insurance Company, One Madison Avenue, New York, N. Y.

# One Hundred and Two Million IN BENEFITS

## Agricultural Adjustment Administration Announces Program for 1934-1935

**F**ARMERS of the United States participating in the adjustment program for wheat during the coming marketing year will receive total benefit payments of not less than 102 million dollars, according to details of the program announced by the Agricultural Adjustment Administration.

In a proclamation issued by Secretary of Agriculture Henry A. Wallace, the acreage permitted to be planted by contracting farmers for harvest in 1935 was set at not less than that planted for harvest in 1934 or 85 per cent of the average seeded acreage of the base period. The payments were announced at the rate of 29 cents per bushel of the domestic allotment. The benefit payments will be obtained from the proceeds of a processing tax of 30 cents a bushel on wheat. The new marketing year began July 9.

### Installments

Adjustment payments to cooperating growers will be made in two installments. The first installment, which it is planned to make during October, 1934, will be at the rate of 20 cents per bushel on the growers' domestic allotments. The second installment will be distributed after proof of compliance with the terms of the contract has been submitted to the Secretary of Agriculture by growers, and will be nine cents per bushel. Each grower's pro rata share of local administrative expenses of the wheat production control associations will be deducted from the second payment.

### Acreage

The permitted acreage to be planted by cooperating farmers for harvest in 1935 will be not less than 85 per cent of the seeded acreage of each farm during the base period 1928-32, as already determined for each farm under contract. It is announced definitely that no reduction will be required below the amount

of planting allowed for harvest in 1934. The conditions as to acreage will be left open until early August, however, to provide for an increase in acreage above the 85 per cent of the base acreage, if this should appear advantageous. This, in effect, continues the 1933-34 reduction of 15 per cent below the five-year base acreage, with the possibility that a smaller reduction may be required.

In arriving at the amount of planting necessary to maintain a balance between wheat supplies and effective demand, Administration executives have been considering carefully the wheat supply condition of the United States and the international wheat situation. Continuation of the present International Wheat Agreement, which expires on August 1, 1935, will be discussed at a meeting of the International Wheat Advisory Committee in August of this year.

If at that time it is found that other countries have not yet prepared to continue into next year the adjustment of wheat production which they agreed to make this year, then the present requirements of wheat acreage in the United States may be modified. While it is expected that at the end of August wheat farmers will be notified definitely as to the final amount of planting, which in any case will be not less than 85 per cent of the base acreage it is felt by officials that those farmers in the Great Plains region, who are now getting ready to plow their land for fall planting, should have an indication of planting to guide them in making preparations. If the requirement should be changed, these growers would still have time to plow and plant additional acreage.

### Present Acreage

In considering the wheat situation in the United States, officials stated that under normal conditions a continuation of the present acreage would provide a

crop of sufficient size to meet normal consumptive demands, to provide full carry-over reserves, and to leave more than 100 million bushels for export. Continuation of the present acreage does not mean, officials state, that the United States will retire from world wheat marketings, but means that with normal weather conditions and average yields, sufficient wheat will be produced during the coming season to more than supply our world wheat trade, as based on average exports prior to the depression. In any case, the final decision as to adjustments in the coming year will be made when the International Wheat Agreement is taken up in August.

### Tax Rate

The processing tax rate, under the Agricultural Adjustment Act, is based upon the difference between the parity price and the current farm price, and is to be changed in conformity with this difference at such intervals as the Secretary deems necessary to carry out the purposes of the Act.

The difference between the parity price and the farm price, according to the current data, is substantially what it was when the tax was first announced a year ago, and the wheat adjustment program is to be continued for 1935 on substantially the same basis as was followed in 1934. Therefore, the Secretary has decided that the rate of the tax will remain at 30 cents a bushel for the present.

Over 575,000 wheat producers, producing over 77 per cent of the nation's wheat, are parties to adjustment contracts through which they have received adjustment payments of approximately \$68,000,000 in the first installment for the 1933-34 program, and will shortly be receiving checks for the second installment of that program, expected to amount to more than \$30,000,000.



# A \$1200 Mortgage On Every Family

THE BILLIONS of dollars now being spent by the United States must sometime be paid off by taxes, Prof. Herbert D. Simpson, of the School of Commerce of Northwestern University, points out.

"The federal debt now amounts to over 24 billions of dollars, and on the basis of all present indications will reach somewhere around 32 billions. This means," says Prof. Simpson, "a mortgage of approximately \$1,200 on every family in the United States.

"Government funds and government credit mean taxes—taxes to be paid now or some time. What we are really doing is buying recovery with taxes. All the costs and liabilities that are now being transferred from various private groups to the government will ultimately fall on the shoulders of the taxpayers. The costs of the Reconstruction Finance Corporation and the losses that it eventually suffers from worthless debts or impaired collateral must be made up from government revenue, which means taxes.

"We are coming out of this depression in different shape, in one respect at least, from all our previous experience. Formerly we have come out of depressions much as one comes out of bankruptcy, where one may have sacrificed his assets, but at least he comes out free of liabilities and ready to start again with a clean slate. In this case we are coming out of the depression heavily bonded to the depression in the form of unprecedented amounts of taxation to be paid for in years to come," continues Prof. Simpson. "We will be fortunate if this does not retard the scope of recovery itself.

"We are gathering up a motley collection of liabilities that have been carried over from the previous boom days or have accumulated during the depression—frozen assets, deflated mortgages, impaired bank collateral, excess farm acreage, overbuilt urban development, unemployment and poor relief—all liabilities of the depression. We are now in the process not of liquidating or wiping

out these liabilities, but of converting them into another form of liability, namely, taxes. We are at the present moment converting depreciated bank collateral into federal income taxes, excess farm acreage into processing taxes, unemployment and poor relief into sales taxes, and so forth."

## Six Hours Daily

Grandma may have hired her servants at three dollars a week, but her granddaughter in the twentieth century has many servants who work for her in terms of a penny.

Day and night, every day in the year, electricity is at your service, ready at a snap of a switch to perform any number of duties, many of which are interestingly shown in the Electric Light and Power Industry Exhibit at Chicago's World's Fair.

Did you ever stop to think how easy it is to put these servants to work.

This same servant lights the home, sweeps the floor, keeps the food safe, washes the dishes, does the family laundry, brings amusement and a multitude of other things. And when the task is done, your electric servants are dismissed as easily as you called them to work.

The working code for the housewife should be not to exceed six hours a day. If you are spending more time than that, take inventory on your electric servants. You will be surprised how proper planning, efficient arrangement of working centers and the use of modern electric appliances will increase your leisure hours.

## The Money Structure

In a recent article in the New York Herald-Tribune, Walter Lippmann, one of the best known of American economists, says that the most effective instrument of recovery has been the monetary policy, rather than efforts designed to stimulate purchasing power through industrial regulation.

Mr. Lippmann thus adds his voice to those of other economists, both here and

abroad, who believed that well-considered changes in the money systems of the great powers are necessary both in conquering depression, and in achieving stability afterwards. Before long a number of international conferences will probably be held on the general subject of "What Shall We Do About Money?"—and the results achieved will have a great bearing on the future prosperity of all the peoples of the world.

## Tomorrow

"It is not a question of getting back to yesterday, but of taking care that we make tomorrow what it should be, that confronts the people of our great nation now," says William G. Everson, D.D., of Portland, Oregon.

"During times of unrest, subversive movements of all kinds tend to thrive. That is to be expected. What should not be expected is that schools and churches use their influence to stimulate them—a thing that has occurred time and again during the past few years.

"Using religion and education as a cloak, some teachers and ministers have consistently attacked American principles. They have sought, directly or indirectly, to destroy our traditions, and to change our fundamental democratic system of government. They have contributed nothing to the work of recovery—nothing to making the future a happier time for the great masses of the people. Their schemes, if followed, must inevitably bring us to disorder and chaos.

"Change in this country comes through rationalized, orderly progress. We must not lose sight of the great achievements of the past, and the principles which made those achievements possible."

## THE BUSINESS OUTLOOK

(Continued from page 3)

DURING depressions the demand for many sorts of consumption goods remains almost as great as it was in the preceding prosperity, while that for durable goods may be greatly curtailed. For that reason the depression unemployment in the manufacturing industries is found almost wholly among the workers in the durable goods lines. This is notably true in this country in this present depression. If we could restore and retain moderate activity in the durable goods industries, and especially in building construction, the major part of our depression problems would be solved.

"The Public can have full confidence in the integrity and competence of the bankers of the country"

# What the Banks Are Doing to Aid American Business



F. M. LAW

FRANCIS Marion Law, president American Bankers association, in a recent broadcast in discussing "the all important question of the granting of credit by banks," declared that two things are necessary to increase bank credit, first, that the banks must be liquid and confident of their own strength, and second, that "business men must further lay their fears and regain confidence to the point where they will dare to think and plan ahead." The first requisite, he said, is already accomplished and the second is in process, adding that the number of "good credit risks is increasing daily."

Mr. Law spoke under the title "What the Banks Are Doing to Aid American Business," and presented a statement of the various concrete methods by which the banks are cooperating with both public and private agencies in aiding recovery. He said in part:

"The banks of the nation are providing the machinery through which pass daily many millions of checks and drafts, aggregating hundreds of millions of dollars.

"They are largely financing the Federal Government in its Recovery Program, likewise the current credit needs of states, counties, cities, public schools and other political subdivisions, all of which have intimately to do with the daily affairs of all of the people.

#### New Loans

"Each week banks throughout the country are making hundreds of thousands of new loans and renewing and extending old loans for a vast number of individuals, corporations and partnerships, incident to agriculture, industry and trade in every community.

"Through their trust departments they are continuing the work which they have faithfully carried on throughout the depression and are protecting trust funds placed in their care against the worst shrinkage of values ever known. Included in this activity is the service the banks are performing in connection with administering the affairs of widows and orphans. Through their savings and thrift deposit departments they are furnishing safety for the accumulations of many millions of people and on this class of deposits reasonable interest is paid.

"The banking structure has been greatly strengthened and the process of strengthening still goes on. The system we had was not good enough and I earnestly believe that an able and non-partisan commission should be set up to make a study of our numerous banking laws to the end that a properly correlated banking system might be worked out and submitted for consideration to the next Congress.

"Hoarded money is returning to the banks and deposits are showing a vast increase. Banks everywhere are super-liquid, meaning that they have an unusually heavy proportion of their deposits in cash. There are two kinds of unemployment in this country — unemployment of men and unemployment of dollars. Men and dollars must be put to work. Banks in strong and highly liquid condition are prepared and determined to do their proper part in putting money to work.

#### Credit

"That brings me to the all important question of the granting of credit by banks. Two things are necessary to in-

crease bank credit: first, the banks must be liquid and confident in their own strength; second, business men must further lay their fears and regain confidence to the point where they will dare to think and plan ahead. The first requisite is accomplished. The second is in process.

"Bank credits will increase and money will go to work as soon as business men get over their disinclination to borrow and this will be when they begin to see profits within their reach. The number of good credit risks is increasing daily. Not in my time have good borrowers been so warmly welcomed at banks as they are today. Never before has there been such competition for good loans, nor has the interest rate ever been so low. Every sound business in the country today can get what money it needs. Bankers are viewing the credit needs of business with serious and sympathetic consideration. Applicants for loans are not always familiar with the rules governing bank credit and constructive and interested help on the part of the banker will bring about the making of many additional loans, and without doing violence to any principle of good banking.

"Certainly no one would advocate the making of unsound loans by banks. The creation of a large volume of unsound loans would not only weaken the banks — it would prolong the depression and wipe out some of the gains already made. It is to be earnestly hoped that no banker will yield under the pressure of his desire for earnings, or for any other reason, and make loans of the wrong sort.



### Services

"It is clearly the duty of every banker in the country to perform certain services. The most important of these are: 1. To afford perfect safety for deposits. 2. To grant credit to those who deserve it. In the matter of credits the public must in fairness remember that commercial banks are not lending their own money, but the money of their depositors, represented very largely by the earnings and savings of the people. These depositors have the right to call for their money at any time, or at most on short notice. Deposits constitute a sacred trust.

"Repeated assurance has been given by the Administration that there is no desire on its part to continue government landing a moment longer than is necessary and that at the earliest possible time the government will gladly give way to the banks and other lending institutions. This, of course, is as it should be and we are all earnestly looking forward to the time when private initiative and enterprise shall have recovered its vitality sufficiently to throw government crutches away.

### Definite Improvement

"There is definite improvement in America. Conditions are vastly better than they were early in 1933. One of the most substantial advances toward real recovery has been the enormous liquidation of debt. Another forward step is in the evident resolve on the part of a great many people to profit by lessons of the past and throughout the future to live within their own incomes. Still another aid to the return of confidence is the faith on the part of business men that the men and women of this country unalterably believe in the sanctity of contracts and in the fulfillment of obligations.

"Many people see bankers as always being reactionary and in the objecting mood. Look at the record of the past six months. With regard to the measures pertaining to banking that have been before Congress just adjourned, more of these have been approved and defended by the American Bankers association than have been opposed. The policy of the banker is not summed up in the word 'No.'

"The American Bankers association is now engaged in a nation-wide campaign to promote closer and more intelligent customer-relations. As a part of this program it might be worth while for bankers to say again, and keep on saying, that good borrowers are welcome at the banks today.

"The country can have full confidence in the integrity and competence of the bankers of the country. Out of the lessons of the last few years has come experience that will be valuable to the banker and to his community. He can be counted on to show a proper appreciation of his responsibilities and obligations and to take his place among those who are making earnest and unselfish effort to promote recovery. He is not infallible, but with every power that lies within him I believe he may be depended upon to fulfill his duty as a custodian of the people's money, as a dispenser of credit and as a God-fearing American citizen imbued with a sincere respect and regard for the common good."

## Investing in Better Living

To buy a modern home, small or large, expensive or inexpensive, is to make an investment in better living.

Construction has stood still the past few years, ever since it tumbled to the depths with depression, but contractors, designers, builders and equipment manufacturers have continued to improve their services and commodities.

They have given us not only more comfortable, but more efficient homes—homes in which four or five rooms do the work that six rooms used to do. They have given us new ideas of heating, ventilation, air-conditioning, furnishing, designing.

They have given us mechanical equipment which can be adequately described only by the word "marvelous"—equipment which is more-than-human in doing work inexpensively and quickly, that used to take back-breaking hours before a furnace or over a washboard.

And, to cap the climax, building costs are still well below normal levels. There are plenty of skilled and unskilled workmen. When we build we give men jobs and not only get a bargain for ourselves, but advance recovery by stimulating purchasing power and industrial production.

There are few better slogans than "Build Now — Repair Now!"

## The Strength Behind Silver

There is great significance in the growing strength of the "silver bloc" in the Senate and the House. Not many

months ago a proposal that would have stabilized the metal and increased its worth was overwhelmingly defeated. Today it is believed that there is a majority in both houses for similar legislation.

There is unquestionably a vital need for the jobs, the investments, the purchasing power, the taxes, that stimulated mining activities would create. And the slowness with which farm prices have risen, in spite of aggressive work on the part of the government and private farm groups, has led to the belief by many that a change in monetary policy is essential.

"X", the unknown factor in the case, is the President. He is seeking a middle road between the friends and enemies of more valuable silver—a road that will escape the danger of uncontrolled inflation.

## Wheat Surplus

There's one way to get rid of the wheat surplus—chemically treat it so that it is unfit for human use!

To most readers, that will seem very much like burning down the forests to lower the lumber supply. But it's the serious recommendation of the world wheat advisory commission, which met in Rome, and was attended by 35 representatives of 15 wheat-producing countries. Low-quality wheat would be denatured and removed from the world market. It is said it could be made poisonous or unpalatable to humans, and still fit for animal food.

If the recommendation is accepted by the interested powers, there will have to be extensive revision of the wheat export quotas, determined at the London conference last August, which control all the large exporting countries.

Wife No. 1: My husband never knows what I go through when he snores.

Wife No. 2: Yes, my husband doesn't miss his small change, either.

—Chicago Phoenix.

Two students were uncertainly flivvering their way home.

"Bill," says Henry, "I wancha be very careful. Firs' thing ya know you'll have us in a ditch."

"Me?" said Bill astonished, "Why, I thought you was driving."





# BONDS AND INVESTMENTS

## How Inflation Pinches The Little Fellow

**A**DDRESSING a dinner gathering of more than 1,500 people, James P. Warburg, New York banker, said that nobody ever had been able to tell him where the man of average means could get the money to pay increased prices. Speaking before the annual banquet of the National Association of Mutual Savings Banks, he added that about 15 cents of every dollar saved in the United States already had been sacrificed and further sacrifice might be expected.

Mr. Warburg said that no group of men in the country had better opportunity to serve the people by opposing inflation because of the confidence reposed in mutual savings bankers by the people.

"The mutual savings banks represent more than nine and a half billions of dollars entrusted to your care by some thirteen and a half millions of people. You are the guardians of the little fortress that each one of these millions of hard-working people has erected against old age, sickness or accident. In your hands lies the hope-chest of every one of your depositors.

"We are living in a time when strange things are being done to the economic order, and many strange ideas are being tried. Much of this is a necessary consequence of the admitted failure of our past leaders. Much of it is a natural revulsion against the excesses committed under the old order. But much, too, is an unnecessary and unwise emotional jettisoning of anything and everything that had to do with the traditions and beliefs of the past.

"Upon you, the savings bankers, who are immune from popular disfavor,

**James P. Warburg tells savings bankers that depreciation of the dollar works a great injustice on their depositors. He wonders where increased incomes are coming from to pay increased prices**

there rests all the more heavily, it seems to me, the duty to make your voices heard, wherever and whenever you see injustice being done to the interests of the millions whom you disinterestedly represent.

### Great Injustice

"Let me say quite simply and clearly that I do believe an injustice—a great injustice—is being done to every man and woman who has money deposited in your care. That is a strong statement and requires a bill of particulars.

"I shall confine myself to two major reasons for this statement: Because the savings depositor is actually being deprived of a part of his savings, and because the savings depositor is in the process of being denied the opportunity to receive a fair return on his savings because we have embarked upon a monetary policy which, though in many ways obscure, is quite clear in one respect at least, in that:

"It is a policy of deliberately depreciating the dollar in order to raise prices

and lighten the so-called 'burden of debt'. I do not hesitate to affirm my conviction that a savings depositor is damaged directly and immediately to the extent that such a policy is successful. Reducing the value of \$100 to \$60 is the same thing as taking away \$40 out of every \$100.

"The dollar probably is still about an 85 to 90 cent dollar in internal purchasing power. Therefore, the savings depositor—unless he intended to spend his money abroad—so far has lost, at most, only a sixth of his savings. But it seems to me that for the great majority, if not for all of your depositors, a loss of \$15 in every \$100 is a very serious loss indeed.

"Nor is that the worst of it. Frank avowal by the government of its intention to seek a considerably higher price level—which is the same thing as seeking a considerably lower dollar—is a very definite threat of greater loss still to be inflicted upon the savings depositor.

### An Honest Dollar

"The government itself has not to my knowledge defined the exact extent to which it seeks to debase the purchasing power of the dollar—or, to use the polite phrase, to what extent it seeks to 'reflate' the price level. Some of the proponents of this policy have been more specific than the Government. They have advocated the restoration of a 1926 'honest dollar'. Why the 1926 dollar should be any more honest than the 1913 dollar, or the dollar of any other particular year, is something which, to me at least, remains shrouded in mystery. I only know the 1926 price level means that a housewife would have to

pay 18 cents for a yard of gingham as against 10 cents today; that a man would have to pay \$5 for a pair of shoes as against \$3 today; that a pound of butter would cost a little more than 53 cents as against a little more than 27 cents today; and that potatoes would cost more than twice as much as they do now.

"No one has ever explained to me what is to give people the increased incomes, which they would need in order to pay those prices—which they would need if the 'honest dollar' of 1926 were restored.

"Now, as to the second point. I believe that the savings depositor is in the process of being deprived of the opportunity to receive a fair return on his savings in the future. I say this because of a general philosophy which is being pursued by our government, and because of certain specific legislation.

"The general philosophy to which I refer is the philosophy that government is the mainspring of national life—a view which is being carried to its logical conclusion in several European countries at the present time, and which leads to the complete suppression of the individual in favor of the all-powerful state.

"The essence of our present system is that the hope of reward for work and enterprise makes the wheels go round. If the heavy hand of bureaucracy takes away from us that fundamental desire for achievement in some line or other by means of one of our variegated capacities, the human machine slows down and the system for which it supplies the motive-power tends to become paralyzed.

#### Destroyed Investment Machinery

"Specifically, the Securities Act of 1933 and the proposed National Securities Exchange Act of 1934 have expressed this philosophy in a way which directly affects the savings depositor. In its anxiety to prevent a recurrence of the unfortunate experience of investors in the past, the government has practically destroyed the investment machinery, and thereby destroyed the channels through which the savings of the people in the past have found their natural employment in supplying the capital needs of business.

"If the government is to be the one great spender, the one great employer of men, the one great borrower of funds—if private enterprise is to be unable to find capital to replace outworn

plant and machinery except by going to the government — if bankers are no longer to perform their traditional function of bringing together the accumulators of savings with productive enterprise, which legitimately requires capital, and if that function is henceforth to be exercised by the government—

"Then, it is difficult to see how you gentlemen are going to be able to find investments which will provide safety for your depositors and at the same time enable you to pay them a reasonable rate of return.

#### Can Still Turn Back

"We have gone far down the road which leads to the abandonment of an economic order based upon the hope of reward for work or enterprise. We have done this, to my mind, because, in our perfectly proper desire for reform, we have not fully realized the dangers of going too far in the direction of government planning and control. But we have not gone too far to turn back.

"If you agree with me that the American people do not want a further debasement of the dollar, do not want an alteration of their basic form of economy, and do not want the change in the form of government which such an economic alteration would involve, then I know of no group of men who can exercise a greater influence in helping the American people to face the fundamental issues which are at stake. I know of no group of men who can state their convictions with so little fear that they will be accused of serving any other interest than that of the masses whom they represent."

### England Gives U. S. Tips on Taxes

Here's some rich food for thought, as served by Leslie Gould, Financial Editor of the New York Evening Journal:

"An interesting comparison with American methods of business recovery and government finances is provided by the budget speech of England's Chancellor of Exchequer, Neville Chamberlain. His job compares with that of the United States Secretary of Treasury.

"England is winding up its fiscal year with a surplus for the government over expenditures of 39 million pounds or slightly better than 200 million dollars.

The American deficit this year will be around four or five billions of dollars.

"While this country is talking about piling more taxes on its citizens, the British Chancellor announced a reduction in income tax rates of 2½ per cent to 22½ per cent.

"England's income tax is still the highest in the world, so it is not time yet to emigrate, but the significant thing is that the rate is coming down instead of going up as threatened here.

"That tax reduction pays and sometimes increases the Government's revenues was proved in the case of Britain's levy on beer drinkers. The tax on beer last year was cut a penny, but the revenue from that source increased this year 25 millions of dollars.

"On the income tax reduction, Chamberlain made this pertinent comment:

"I have no hesitation in saying that the relief which would confer the most direct benefit to the country and have the greatest psychological effect and impart the most immediate stimulus to trade and employment would be a reduction in the standard rate of the income tax."

"American legislators should take notice."

### Wanted: Millions of Homes

The gravity of the housing problem in America can be simply illustrated by a comparison of the number of families provided with new residential units in recent years.

In 1922, some 370,000 families secured new homes. In 1925, when the all-time high was reached, close to 500,000 home structures were built. The ten-year average from 1921-30 was 361,000 units each year. In 1933, new home construction dropped to less than 30,000.

Making the problem still more severe is the fact that during depression depreciation and obsolescence of existing homes were more than normally great. Thousands of houses literally went to pieces, due to lack of upkeep.

The result is that a heavy percentage of our people live in sub-standard dwellings. Doubling up, with several families occupying one home, is commonplace. It was recently estimated that 4,000,000 families lived in this manner. And population shifts have



gone on, depression or no depression, creating tremendous home shortages in various localities.

Better times are the herald of stimulated construction. A jump in building is coming as certainly as the tides, and it is going to advance building costs—both for materials and for skilled labor. The wise property owner, with money to spend, is beginning to realize that this is really the time to build and repair, while bargain prices still exist.

## They All Depend On the Railroads

One of the best ways to look at the railroad problem is in the light of its influence on other industries and on employment.

No industry, in normal times, is so heavy a purchaser of materials and supplies as the railroads. The bulk of their purchases are from the heavy industries—those which provide the most jobs which touched the deepest lows of depression. Steel, iron, coal, lumber, chemicals—all of them have depended on the railroads for a heavy percentage of their total sales. By the same token, many employes of these industries have been dependent on the railroads for their jobs.

The railroads themselves are among the heaviest employers of the nation. In addition, much of their labor is highly skilled, and commands wages that are far above the average. No class of workers is better paid, and most of the great lines have pension systems whereby the rail workers are assured of an income in their old age. Not the least menacing factor in the rail problem is that the very existence of the pension system has been imperiled—no business can pay out money it hasn't got.

These few facts serve to indicate why so many believe that legislation which will give the rails a fair deal is absolutely vital to the recovery of all basic industries. We can't starve our great basic industries and expect to have good times.

## The Magic Key

In commenting on problems faced by agriculture, particularly those concerning international exchange of farm products, C. O. Moser, vice president of the American Cotton Cooperative association, said that cooperation is the magic key to success—"cooperation in produc-

tion, cooperation in moving products into market, and cooperation in regulating their exchange value."

The best proof of that lies in the experience of the immediate past. It is not an exaggeration to say that agriculture, a year or two ago, was faced with complete chaos. Markets were disorganized and prices had fallen far below the cost of production. There were tremendous surpluses of almost every agricultural commodity—and more were constantly being produced. At that time the cooperatives started a determined and aggressive campaign to cause farmers to pull together for the common good, and to urge the passage of essential legislation.

That campaign was a success. Prices are low—but they are rising, and are substantially better than they would have been had the cooperatives not existed. Markets are becoming stabilized. And the work of the cooperatives finds its reflection in federal legislation designed to carry the farmer through the present period of stress.

The cooperative movement is the farmer's insurance for the future. It deserves the support of every citizen interested in bringing and keeping good times.

## Hit Depression On the Chin

One reason why revival of the construction industry is regarded as being

so vitally important to recovery by most authorities is that the bulk of the employment it would provide is where it is most needed—among skilled and unskilled laborers.

In 1930, 2,500,000 persons were employed by the building industry. About 1,000,000 more were employed in construction work in other industries, bringing the total to 3,600,000. Managerial, professional and office workers constituted less than 12 per cent of these. The ratio was 7 or 8 wage earners to 1 "white-collar" employe.

Again, it is reliably estimated that for every worker actually employed on a building job, another worker is employed behind the line in industries supplying necessary supplies. The upshot is that, in normal times, more than ten per cent of all the workers of the country are directly or indirectly dependent for their livelihood upon the building industry. The terrific drop in construction work that came with the depression was as a result, very possibly the largest single factor in causing unemployment.

Today American industry is expanding as rapidly as it can. And the individual should follow that lead, by building and repairing his own property now, while prices are still down. A national movement among home-owners to renovate their property would be a blow directly to the chin of depression.

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## Life Insurance and Business Recovery

In a recent magazine article, A. B. Wood, President of the Sun Life of Canada, points out that life insurance is destined to play an important and constructive part in general business recovery. Every increase in employment and every improvement in the financial situ-

ation of the average family opens a potential market for the sale of insurance. And, as times get better, men turn to insurance to repair past losses, to protect their families against the exigencies of the future, to educate their children, to provide against emergencies, and to make provision for financial independence in their old age.

During the depression, those with ade-

quate insurance have, as a spokesman for the industry recently said, slept more easily because of their confidence that their policies would be paid, one hundred cents on the dollar, when they fell due. Life insurance does not offer gigantic profits—it is not designed to be a “get-rich-quick” nostrum. It is designed to provide the highest attainable degree of safety and security—and that, in these times, is what the average man wants above everything else.

The recovery we have experienced during the last year has been reflected in heavy gains in the sale of life insurance policies of all kinds. Gains have been especially noticeable in policies which contain investment, as well as protection features. That fact assures greater national financial stability in the future.

# Guaranty Trust Company of New York

140 Broadway

Fifth Avenue at 44th St.

Madison Avenue at 60th St.

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

### CONDENSED STATEMENT, JUNE 30, 1934

#### RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers .....	\$ 240,360,145.29
Bullion in Foreign Branches .....	8,164,481.00
U. S. Government Securities .....	456,980,759.15
Notes of Reconstruction Finance Corporation .....	20,000,000.00
Public Securities .....	85,337,942.74
Stock of the Federal Reserve Bank .....	8,400,000.00
Other Securities .....	21,500,432.57
Loans and Bills Purchased .....	635,002,053.98
Real Estate Bonds and Mortgages .....	2,315,818.54
Items in Transit with Foreign Branches .....	1,862,844.25
Credits Granted on Acceptances .....	30,526,647.91
Bank Buildings .....	13,945,482.92
Other Real Estate .....	97,954.67
Accrued Interest and Accounts Receivable .....	14,726,879.57
	<u>\$1,539,221,442.59</u>

#### LIABILITIES

Capital .....	\$ 90,000,000.00	
Surplus Fund .....	170,000,000.00	
Undivided Profits .....	7,466,151.53	\$ 267,466,151.53
Capital Note (Payable on or before July 31, 1934) .....		20,000,000.00
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc. ....		17,624,076.98
Acceptances .....	\$82,446,994.67	
Less: Own Acceptances Held for Investment .....	51,920,346.76	30,526,647.91
Liability as Endorser on Acceptances and Foreign Bills Deposits .....	\$1,183,188,475.86	129,155.00
Outstanding Checks .....	20,286,935.31	1,203,475,411.17
		<u>\$1,539,221,442.59</u>

## The Problem of Plenty

The Year-Book of Agricultural Cooperation shows a progressive and far-sighted spirit when it says: “Our age is witnessing the extraordinary spectacle of a world fleeing from plenty. It is for the cooperative organizations to show that they can face plenty and that their ideal of social justice is a light by which they can deal out plenty with an even hand, so that it neither piles up for want of claimants nor ceases for lack of recompense to those from whose labor it has sprung.”

It has often been said that the troubles of the present lie in the fact that the machinery of distribution has been inferior to the machinery of production. There is no lack of people who want wheat, cotton, fruit, dairy products and all the other things our farmers raise—and these people constitute a vast market which the progressive cooperatives are trying to reach. The cooperatives are not seeking to obtain extortionate prices—they are seeking fair prices that will bring the producer a reasonable profit and allow him to sell the maximum amount to the consumer.

The mere routine of buying and selling is among the least of cooperative activities. Cooperatives are great educational institutions, so far as both their members and the public are concerned. They are going forward on firm ground meeting and grappling with great social and economic problems. And they are making headway.

# INSURANCE

*Its Application to the Banking Fraternity*

## What to Say When the Prospect Objects

**A**N ACCIDENT and health prospect may say to you—"My salary goes on even if I am hurt." All right, then, let us pay the doctor, nurse, hospital and druggist. If you will go to any hospital you find the majority of the patients were never sick in their lives and all are sorry that they have no insurance. "I have no money to pay this premium." Suppose you knew in a month you would be seriously disabled, would you then find the premium?

Or, insurance costs too much. Does he feel that the seven or fifteen cents a day he is saving by not carrying insurance is making him rich? Ask the prospect to hand you a contract giving you the benefits your company offers and you will give him double the premium. He will say he is not in the insurance business. When you carry your own protection, you are doing something the company could not do, carry one risk; it is the number the company has that enables it to do business.

### Can't Afford It

Or, "I cannot afford any more insurance on my salary." Suppose he didn't have any salary. Say his firm posted a notice that payday had been postponed and no salaries would be paid until further notice. If he could not find another job, what would he do? He usually does not know, and you follow, if "you should become sick or hurt tonight your salary would stop. You don't expect your wife to get along without your salary, now how do you figure she is to do it if you should become disabled?"

Or, "I am not ready now, later on I will take it." All right, I'll just fix it up now and we will provide in the policy that in case he is ill or injured in

BY L. B. PINKNEY

*Boston Branch Office  
United States Fidelity & Guaranty Company*

**THE OBJECTING prospect, if you want to sell him, must have an answer that will meet his objections. Mr. Pinckney, a veteran in the accident and health game, presents here some arguments and the correct replies**

any year between June and September, including the time he desires it postponed, we will not pay anything. He does not want a policy that way.

### Never Sick

Or, "I have never been sick or disabled from injury." That is fortunate, yet it is no guarantee as to the future. Supposing it were in my power to guarantee him that it would be impossible for him to be disabled from injury or sickness for the next ten years. If I could he would pay liberally for the guarantee. I cannot do it, but what means just as much, I can guarantee his income will not suffer if such a contingency should occur.

Or, "I am single and do not need it; I have no one dependent upon me." It is not a question of whether he has anyone dependent on him or not. The question is, whom is he dependent upon? Here is an example. A man hurt his foot. The bruise developed into tuberculosis of the bone and later into meningitis. He spent all his own money, including what he received from a \$2,000 auto, all his mother's money and all his sister's money, all that his firm paid him and died in fifteen months.

### Have Property

Or, "I have property and do not need insurance." The fact that he has property is the one big reason why I went to see him. My company wants thrifty, prudent people as policyholders. People like him appreciate the value of protection. This form of insurance will protect his family against the loss of this property by making it unnecessary to part with any of it to meet obligations arising in connection with an injury or sickness.

Or, "I carried a policy for several years and never had an accident." Hundreds of men went through the World War without a scratch and came home to meet death or serious injury in the most simple and unexpected way. Would he drop his fire insurance because he never had a fire? Would he leave his safe unlocked because he never had a theft?

When a man tells me he never has bought insurance, I can show him he has. If I can do this my bet is that he will buy my policy. I tell him our year is divided into four seasons. In summer a man puts on light clothing, wears low shoes trying to conform with the season and trying not to violate the law of nature by becoming overheated, etc. With the passing of summer he dons heavier clothing, etc., again taking no chances with nature; then during the winter real heavies go on, overshoes are in evidence. He puts on all these extras again, taking no chances with nature. Following comes the spring, when he again begins to remove.

Insurance is protection pure and simple. During the various seasons of the year, you are buying, in the form of clothing, protection so that you will not violate the laws of nature; the water you drink, the food you eat, are fuel for the body's protection, in other words.—*U. S. F. & G. Bulletin.*

## Where Faith Is Justified

The face value of life insurance in force in the United States today is estimated at around \$100,000,000,000—more than seventy per cent of all the life insurance in force in the world. No other country comes anywhere near to our record.

The gigantic investments that "insure the insurance" are literally a cross-section of all that is sound, productive and necessary to American life. A survey made at the end of last year showed that mortgages on first-class rural and urban property accounted for 24.7 per cent of the investments. Foreign and domestic government bonds, backed by the entire credit of great nations, amounted to about 10 per cent. Railroad and public utility bonds—mortgages on great and vital industries providing us with invaluable services—totaled 24.4 per cent. Policy loans and premium notes, which are secured by the policies outstanding themselves, came to 17.7 per cent. Real estate holdings accounted for 5.8 per cent. Other stocks and bonds came to 3.1 per cent, with miscellaneous assets making up the remaining 6.5 per cent.

Stocks and bonds and real estate values go down—but they come back, and the setup of life insurance companies, with their gigantic cash reserves, obviates the necessity of selling when prices are too low. If investments of that kind aren't sound in the long run, nothing in the world is.

It is good to know that faith in the institution of life insurance is justified.

## Offsetting the Summer Decline

If present hopes materialize, much of the seasonal decline in general business that always comes with summer, will be offset by stimulated residential construction. It is an unquestioned fact that a sizable part of the public is in dire need of more and better housing, and that every month makes the need greater.

Today we can build a home in the middle-priced bracket for about sixty per cent of what a similar home would have cost four or five years ago—and today's home will be superior in such matters as utilization of space, labor-saving equipment, and resistance to heat and cold. It is probable that, once the construction industry gets back to somewhere near normal, prices will rise, and the opportunity now offered us may never be offered again in the future.

## Solving the Compensation Problem

A plan for determining workmen's compensation insurance premium rates, which may obviate controversy among employers, insurance companies and state authorities, has just been approved by the New York State Superintendent of Insurance, and will be proposed, it is expected, in numerous other states within the year.

If it is accepted and successfully administered, the plan should do much to solve serious problems. America's outstanding adventure in social insurance has been full of struggle. Employers have chafed at increasingly high rates. Work-

men have fought for more liberal treatment. State compensation administrators have been under heavy pressure, both from labor and the general public, to construe doubtful points in favor of the injured workman or his dependents. Courts and juries have become more liberal, often awarding settlements on bases not only outside the scope of the compensation act itself, but admittedly, even beyond the intentions of the legislators who drafted it. The upshot has been a constantly rising cost of claims which has left insurance companies with no other alternative but to urge state supervising officials to authorize higher rates. Since 1921, casualty insurance companies entered in New York State, where most of them operate, have suffered national underwriting losses of nearly \$160,000,000 on their compensation business, according to the National Bureau of Casualty and Surety Underwriters.

There are many avenues in the proposed plan by which the compensation insurance business may be improved. Chief among these is the elimination of controversy over the rate level on which premiums for various classifications of compensation insurance are developed. This has been done by framing in the plan itself a formula which fixes a specific method for determining such levels. If this formula is followed consistently from year to year it will provide adequate and reasonable premium rates and automatically raise or lower the level as experience indicates. In addition, a new combination of policy year and calendar year statistics will enable rate makers to base their findings on the latest and most significant data available. In short, the proposed plan will remove all elements of guesswork and prophecy and should create a feeling of confidence and stability in the minds of those engaged in compensation dealings.

If the new plan succeeds, workmen will be assured of proper protection, employers will be satisfied they are paying fair and reasonable charges, and insurance companies will be assured that money collected in premiums will be sufficient to pay just claims.

"Er-I-er-am seeking your daughter's hand. Er-have-you any objections, sir?" asked the trembling suitor.

"None at all," replied the parent. "Take the one that's always in my pocket."

### 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.

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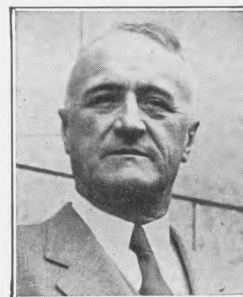
OMAHA, NEBRASKA





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

# Nebraska News



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

## In New Building

The Security State bank of Norfolk, affiliated with the Northwest Bancorporation, has recently moved into its new building. Officers of the Security State are A. G. Sam, president, who is also president of the Live Stock National Bank of Sioux City, Iowa; R. E. Montgomery, vice president; Robert Weidenbach, cashier, and Edgar Scheips, assistant cashier.

## Special Price

The F. E. Davenport Safe & Lock company of Omaha, are offering a special price for all deposit box lock and key work during the summer months.

All keys are delivered postpaid and member banks of the Nebraska and Iowa State Bankers associations are entitled to a 20 per cent discount.

They offer a prompt service by bonded locksmiths and all work is guaranteed.

## Deposits Increase

The regular quarterly statement of the Arnold State bank shows that during the past three months deposits have increased by almost \$10,000, while loans have decreased by nearly \$17,000. The local bank maintains its remarkable standing by having 85 per cent of its total deposits immediately available in cash, in addition to several thousands of dollars' worth of warrants.

## Adds Equipment

New style safety deposit boxes were installed in the vault of the Central National bank, Columbus, to replace older type of boxes as soon as renters make individual transfers. The new tiers of 312 boxes conform to the requirements of the national banking laws, which demand that there be a master key for each box as well as a key for the individual. The master key is held by the bank and

must be used before the individual can remove his rented depository.

## District Meeting

The bankers of the Fourth Regional Clearing House association recently attended a meeting of the organization at Humboldt. Richardson county is a part of the district.

E. E. Placek of Wahoo, president of the State Bankers association, and others prominent in banking circles over the state attended the meeting.

## Elect Officers

A meeting of the stockholders of the Litchfield Cooperative Credit association was held recently for the purpose of electing the necessary officers for the new association and to officially receive the charter for the institution.

After a thorough explanation by Mr. Harris, of Lincoln, A. L. Arnett was elected temporary chairman and H. I. Lang, secretary of the meeting. Nominations were made for a board of directors and resulted in the following five men being elected to the offices: A. L. Arnett, president; C. H. Givens, vice president; H. I. Lang, secretary-treasurer; D. L. Morgan, and J. W. Thompson.

A credit committee consisting of three members were elected as follows: C. A. Potter, C. E. Lang, and Albert Heapy.

## Dividends

Depositors in failed Nebraska banks were paid dividends totaling \$327,676 in June by the state banking department, the money being obtained through RFC loans as well as through liquidation of assets. There are now 30 state banks operating under restrictions and efforts are being made to get them on their feet as soon as possible, according to E. H. Luikart, chief of the department.

## C. C. Hansen Dies

Christian C. Hansen, 77, a former president of the Grand Island National bank, died at the home of his daughter, Mrs. L. R. Brininger. He is also survived by his wife and one son, T. J. Hansen, of Omaha. A pioneer in the field of chain banking in Nebraska, Hansen first established banks in the vicinity of Dannebrog and later in western Nebraska. He was a large operator in Nebraska, Iowa and Colorado farm lands and had real estate interests in Florida and Cuba. He moved to Omaha in 1920 to establish an investment company.

## Open in Decatur

The Citizens State bank opened for business at Decatur by authority of the state banking department. The seventh new state bank established in Nebraska this year, it has \$25,000 capital and \$5,000 surplus. Arthur Gourley is president, George B. Eagleton, vice president, and H. C. Larson, cashier.

## Deposits Increase

An increase in bank deposits in Nebraska totaling many millions is shown in the national and state bank statements. The mounting bank deposits, increased employment and a revived spirit of optimism is speeding Nebraska business along the road to recovery, according to reports from some of the larger cities.

## New Bank

The business men of Bee have been working for some time in an effort to again have a bank, and according to the latest report their efforts seem about to be rewarded with success. The new bank will be modeled somewhat on the plan adopted in Garland. It will be open for business soon.

### Liquidating

Liquidation on the basis of 95 cents on the dollar is announced for Central City National bank by Phil L. Hall, receiver, who adds that few investments of late years will show as large a liquidation. It was made possible, he adds, by a plan of the comptroller of the currency, which involved borrowing \$30,000 from the RFC and setting up all assets of the bank as collateral to the receiver's note.

### Cooperative

After being without a bank for five years, Belvidere citizens have organized a Cooperative Bank in conjunction with the Union Credit Service association of Lincoln, and are now open for business.

The plan on which this bank is built permits fifteen persons with capital of \$10 each to start a credit association. Every depositor is required to invest ten per cent of his deposit in capital stock. If he later increases his deposits he must also acquire more stock. Thus the capital stock is constantly kept at one-tenth of the deposits.

H. L. Leslie is manager of the Belvidere Cooperative association, which is located in the old bank building.

### Pioneer Dies

Beecher Benjamin Baldwin, Newcastle, Wyo., early Nebraska railroad man and banker, died recently at an Omaha hospital following a brief illness.

Fifty years ago Mr. Baldwin was the Union Pacific station agent at Elkhorn,

serving in that capacity for fourteen years. He founded the Elkhorn State bank, remaining with it for 28 years. He then farmed near Elkhorn and Dunning for some time, living for a year also in Omaha. Later he ran a hotel in Los Angeles for several years, and three years ago bought a ranch near Newcastle, Wyo., where he had lived since.

### Finis

Nebraska's 25-year experiment with guaranty of bank deposits was being brought to a close last month by the state banking department.

It wrote checks for \$115,934 against the final settlement fund to pay depositors of the closed Royal State bank in full, including 7 per cent interest, and made ready to pay the \$18,074 remainder of the fund to cover \$4,595 in claims against the First State bank of Bazile Mills, plus interest, and as much as possible of the \$110,224 claims against the Farmers State bank of Rosalie.

The money is being distributed in this manner under court order, instead of on a pro rata basis among depositors of all the banks that failed before further assessments for the fund were declared unconstitutional.

The state system of bank guarantees started in 1909 with passage of the guaranty fund law during the administration of Governor Shallenberger.

A court attack was made on the law immediately, but in 1911 the United States supreme court upheld it.

Nearly 20 years later, after the guaranty fund had become insolvent because of bank failures, a new court attack was started, known as the Abie case. It, too, was unsuccessful.

Sentiment against the system had been growing, meantime, and a special legislative session repealed the law in 1930, substituting the final settlement fund law which provided for payments by the banks into a final settlement fund over a period of 10 years, to reimburse depositors of failed banks.

In 1932, the United States supreme court, hearing a guaranty fund case for the third time, decided in the Hubbell bank case that the final settlement law, as successor to the guaranty fund law, was unconstitutional because of altered conditions in the country.

### Business Gains

Omaha bank clearings and bank debits, building permits, grain shipments and livestock receipts showed substantial gains for the 12 months ending June 30 over the corresponding period of 1933, according to business indicators compiled by the chamber of commerce industrial bureau.

Bank clearings increase 32 per cent over 1933, debits 13 per cent; building permits, 19.9 per cent; grain shipments, 63.2 per cent; livestock receipts, 10.6 per cent. Grain receipts declined 1.7 per cent and postal receipts fell off 3.5 per cent. Livestock consumed in Omaha increased 14.3 per cent over 1933.

### Ends First Year

Showing a gain of approximately three times its deposits in the past year, the Washington County bank celebrated its first year in Blair last month. The bank was removed to Blair from Kennard the first of July last year and the institution at that time had deposits totaling \$148,720.75. Recently the deposits in the bank passed the half million mark.

The steady growth of deposits in the bank the past year is not only significant of the strength of the banking institution but it also shows a remarkable comeback for a community that in a year's time of stringent conditions and a less than average crop, has been able to show a big increase in bank deposits.

### To Consolidate

According to a statement by officials, Central Nebraska National bank waivers over the legal requirement have been signed and filed, and it is expected that

## Offering to Banks of Nebraska

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

**CONTINENTAL NATIONAL BANK**  
LINCOLN, NEBRASKA



authority to consolidate with the First National bank, David City, would be given for July 20.

### Deposits Climbing

Lincoln's six banks, four national and two state, showed total deposits of \$33,423,795 for June 30, 1934, in response to a national bank call. This is the first time the state banks have been included in the national call.

The six banks showed total loans and discounts of \$7,637,746 and total resources of \$37,478,896 and a total U. S. government bond account of \$15,563,509.

Figures for the four national banks as compared to the bank call for March 5, 1934, show that deposits have gained \$2,191,851 from the total of \$30,770,221 of that date. Loans and discounts have dropped from \$8,178,447 to \$7,178,408, a total of \$1,000,039. Resources of \$36,947,217 for the four national banks on June 30 represents a gain of \$2,602,081 from the \$34,345,081 total on March 5.

In the period of a year, from the 1933 bank call for June 30, the national banks have gained \$9,520,387 from the \$23,441,685 total on that date in deposits. Loans and discounts dropped from \$7,855,441 in 1933 to \$7,462,986 on June 30, 1934, a total of \$392,455.

Resources have gained \$9,968,417 from the total of \$26,982,900 in June, 1933, to the total of \$36,951,317 June 30, this year.

### County Meeting

A very interesting meeting of the Franklin County Bankers association was held recently in Franklin. After the usual fine dinner subjects of interest to country bankers were discussed, with all taking a part in the matters presented. Everyone felt that a very profitable evening had been spent and that the discussions had brought about a better understanding of the many changes made in the business of banking during the past year.

Officers for the ensuing year were elected as follows: President, Ellis Lester of Franklin; secretary-treasurer, Earl Van Steenberg of Hildreth.

## Kansas News

### Resigns

Ed. Moulton, vice president of the Neodesha National bank, announced that he had resigned his position at the bank and with his brother, Ralph Moul-

ton, will be associated with his father in farming.

Moulton, who has been with the Neodesha National for nine years, has been in the banking business here for 14 years, having at various times been connected with the First National bank and the former Union State bank, before joining the staff of the Neodesha National bank. Before that he served as city clerk and was also employed at the refinery.

### New Bank

A new bank in Linn is no longer a myth, since the completion of the stock selling campaign when the sale of the one hundred shares of stock was completed. It has been a hard battle due to crop conditions and other difficulties under which the country is laboring but the spirit of cooperation finally triumphed and it is now only a question of a short time until there will be a bank in Linn.

R. D. Oltjen, assistant cashier and director of the Farmers' Bank of Leona, Kansas, will be the cashier of the new institution, capitalized at \$25,000 with \$2,500 surplus. The new bank will be a member of the Federal Deposit Guarantee Corporation.

### County Meeting

A meeting of the Ellsworth County Bankers association was held recently in the director's room of the Citizens State bank, Ellsworth. One representative from each bank in the county was pres-

ent. A discussion of interest rates on time deposits and services charges on out-of-town checks was held. No definite schedule was drawn up, but as the bankers' code has not been adopted by the Kansas Bankers association the county bankers are more or less marking time until some definite action is taken.

### Meet at McCracken

A special meeting of the bankers of Rush county was held at McCracken recently. The Farmers and Merchants State bank, La Crosse, was represented by W. A. Hayes, the La Crosse State bank by B. F. Krause. A. H. Young represented the bank at Alexander, C. J. Ryan the McCracken bank, and the Nekoma State bank was represented by F. J. Goetz.

### Merger

The Kansas banking department announced merger of the First State bank, Kansas City, with the Merchants Kansas State bank, Kansas City. The merger was effective recently. They have combined deposits in excess of \$700,000.

### County Bankers Meet

Due to the hot weather the attendance was small at the dinner meeting of the Wilson County Bankers association, held at Neodesha. Members from Fredonia, Lafontaine and Neodesha were present. After a short business session the asso-



## Grain and Hay Draft Collections Given Immediate Attention

Write us regarding

YOUR FEEDER LOAN REQUIREMENTS

LIVE STOCK NATIONAL BANK OF OMAHA

OMAHA



ciation adjourned for the summer. The next meeting will be held in September.

### On Utility Board

Election of Frank L. Carson, president of the First National bank in Wichita, as a member of the board of directors of the Kansas Gas and Electric company, was announced recently. The election took place at the annual meeting of the directors.

Mr. Carson succeeds the late Chas. H. Smyth, the widely known Wichita capitalist.

### Committee Chairman

C. E. Snyder, president of the Manufacturers' State bank, has been elected chairman of the legislative committee of the Kansas Bankers association. He will succeed M. A. Limbocker, Emporia, president of the Citizens National bank of that city.

The committee's function is to give advanced consideration to important legislative proposals; to promote legislation in connection with better methods of crime suppression, and to generally watch legislation, both state and national, that will affect the banking business.

Associated with Mr. Snyder on the committee will be M. A. Limbocker, Emporia; J. R. Burrow, Topeka; I. J. Meade, Lawrence; Ben S. Paulen, Independence; C. W. McKeen, Topeka; W. H. Burks, Wellington; H. S. Busick, Sylvan Grove; W. T. Wright, Concordia; F. O. Benson, Iola; F. L. Carson, Wichita; H. W. Koeneke, Topeka; Wayne P. Randall, Osage City; W. A. Hayes, La Crosse; W. J. Breidenthal, Kansas City, and J. R. Geis, Salina.

### Elected Director

Bruce Hurd, Topeka attorney and solicitor for the Santa Fe, has been elected a director of the Merchants National bank, succeeding the late Louis S. Hall.

Hurd is a widely known attorney and formerly was with the legal staff of the Union Pacific System. Hurd's election was announced by W. Laird Dean, president of the bank.

## Colorado News

### Name New Officers

Jefferson Hayes Davis, vice president of the First National bank of Colorado Springs, was elected president of the Colorado Bankers association at the closing business session of the organization's thirty-third annual convention.

Davis, who succeeds J. H. Bloedorn of Ft. Morgan, has been vice president of the association for the last year. Bloedorn, president of the Farmers State bank of Fort Morgan, was named Colorado vice president of the American Bankers association. At the closing meeting, the state association voted to have both a first and a second vice president and to combine the officers of secretary and treasurer.

Melvin Springer, president of the Colorado Bank & Trust company of Delta, was elected first vice president, and Claude L. Stout, executive vice president of the Poudre Valley National bank of Fort Collins, was named second vice president.

L. F. Scarboro, publisher of the Mountain States Banker, Denver, who has been secretary of the state association several years, was named secretary-treasurer.

### Elected Cashier

Grover E. Totten, president of the First National bank of Strasburg and a widely known Colorado banker, was elected cashier of the Central Savings Bank & Trust company at a meeting of directors. He is chairman of the agriculture committee of the Colorado Bankers association and also is vice president

of the Colorado Title & Trust company of Colorado Springs.

### New Bank

"First National Bank in Eads is the name of a new bank which opened there Saturday, July 7. This brings to a climax constant efforts that have been made by progressive citizens of Kiowa County since the banking holiday last year, when every banking institution in the United States was closed by executive order of the President.

### To Organize

It looks as if Castle Rock would have a bank by September.

If the depositors of the old First National will waive \$10,000 in deposits, and the stockholders put up \$10,000, then the government will put in \$30,000 for a new bank. Mrs. A. P. Weston is the moving spirit in the reorganization.

The First National at Castle Rock has been closed since the moratorium in March, 1933.

### Clearings Increase

Clearings of the five Pueblo banks recently exceeded the clearings for the corresponding week in 1933 by nearly 33 per cent, the First National bank's report disclosed.

Where clearings during the first week in July, 1933, were only \$409,490.23, they soared to the high mark of \$604,533.07.

### Oldest President

The National State bank at Boulder celebrated the 88th birthday of its president, C. A. Buckingham, by declaring a dividend of 3 per cent for the stockholders, the first since the moratorium of March, 1933. Buckingham has been president of the bank ever since it was organized, 60 years ago, and is the oldest bank president in years of service in the United States.

### Denver Clearings

Deposits in Denver's clearing house banks, reflecting improvement in business conditions in this territory, jumped \$16,432,585 in the last year. This was disclosed when the comptroller of the currency issued a call for the condition of all national banks as of June 30, 1934.

On that date the clearing house banks here had total deposits of \$138,315,487.72. On June 30, 1933, the same banks had deposits of \$121,882,902.49.

## 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

**New Bank**

The old South Broadway National bank, Denver, probably will be reopened under a reorganization plan approved by the depositors.

The new bank, of which W. L. Johnson will be president, will be known as the Union National bank.

Advices from Washington are that the reorganization plan is approved.

The new bank will have a capital of 50,000 shares of common stock and 50,000 shares of preferred stock which will be purchased by the RFC.

Under the plan approved those with deposits will receive 70 per cent in cash and 30 per cent in stock of the new bank.

**Deposits Up**

Deposits in the four Colorado Springs banks, as reported in response to the comptroller of currency's call for figures on June 30, show an increase of over \$610,000, the largest increase seen in several years. The total deposits on June 30 were \$15,726,045.59 as compared to the March 23, 1934, total of \$15,111,219.99.

**Resigns**

Mrs. W. W. Gillen, who has been a prominent figure in the First National bank, La Junta, for many years has resigned her position as stenographer and secretary.

Mrs. Gillen, considered by her employers and those who have had contact with her through banking and insurance business as one of the most capable and efficient workers in La Junta, has been with the First National for 17 years.

**Teller Dies**

Fred W. Reed, for 26 years teller at the First National bank, Pueblo, died

recently at his home. He had been ill about a year.

He is survived by his widow, Mrs. May Reed, of the family home, and by his mother, sister and brother, all of whom live in Los Angeles. Mr. Reed, who was 50 years of age, was a member of the First Presbyterian church.

**Oldest Bank**

Colorado Springs' oldest financial institution—the First National bank—begin its sixty-first year of existence recently.

Only three years younger than the city itself, the First National bank has done business at its present site, Pikes Peak avenue and Tejon street, throughout its life.

With \$50,000 in capital stock, the institution was incorporated in 1874. It has shown a steady growth through the years, its capital stock now being \$300,000, its surplus, undivided profits and reserves \$376,337 and its deposits \$6,210,716.

Irving Howbert, well known historian and pioneer of the Pikes Peak region, is the only one of the bank's founders that remains active in affairs of the organization. He is one of the directors.

**Wyoming News**

**Check Rules**

Member banks of the Cheyenne Clearing House, which are the Stock Growers National and the American National, have instituted a new system of checking account privileges of their depositors. Service charges for handling checks will be predicated on the amount of a depositor's balance. If the minimum balance drops below \$100 during the month there will be a flat service charge of 50

cents and the depositors will be allowed to draw not to exceed 10 checks without increase in this charge. If more than 10 checks or debit items are charged during the month there will be a charge of four cents for each additional check or debit item.

For accounts that do not drop below \$100 during the month, there will be allowed one check or debit item to be charged against the account for each \$10 of the minimum balance for the month, and there will be a charge of 4 cents for each additional check or debit item over this limit. That is, if the minimum balance on an account for the particular month is \$250, 25 checks or debit items will be handled without any charge. If more than 25 checks or debits are made against the account during the month, a charge of 4 cents will be made for each item more than 25.

If no checks have been paid against an account during the month, the charge will not be made.

The schedule does not apply to accounts of merchants and firms.

**Casper Merger**

A merger uniting two of the oldest banking institutions in Central Wyoming was effected when the Glenrock State Bank was merged with the Casper National Bank.

Business in Glenrock will continue as usual and the merger will in no way effect the daily routine of business there. The combination is expected to enlarge the field of operations and enable material expansion. In recent years, it has been found unprofitable to operate the Glenrock bank because of the reduced amount of loans and small volume of business.

The Casper National was established in 1889 and the Glenrock bank, organ-

**AUSTRALASIA**

**BANK OF NEW SOUTH WALES**

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(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

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ized by the late John E. Higgins, was established in 1903.

Other stockholders of the Glenrock institution are M. Anderson, president; F. O. Carson, vice president; J. O. Underwood, R. R. Berryman and Fred D. Grant, directors; and Darrel J. Smith, David J. Smyth, George D. McDonald and Kirby L. Payton.

Carson will be associated with the Casper National and will spend his time between Glenrock and Casper.

## New Mexico News

### To Release Funds

Excellent prospect for early release of more than a third of a million dollars by the First Savings Bank and Trust company, Albuquerque, are seen.

Application of receivers for a loan from the Reconstruction Finance Corporation to facilitate early payment of depositors has been approved by the advisory committee of the Denver branch.

The Denver committee has recommended the Washington RFC board to make the loan.

The committee estimated that the loan will enable an advance of 40 per cent to depositors.

If this estimate is correct, the amount released when and if the loan is granted will be \$337,600.

### Promotions

The board of directors of the First National Bank of Roswell have announced the election of Floyd Childress as assistant cashier and auditor, and the election of Fred W. Blocksom as assistant cashier.

In a statement accompanying the announcement, officers of the bank stated that the promotion of Mr. Childress and Mr. Blocksom is the result of their fine service and fidelity to the institution throughout their years of service.

### Savings Branch

Organization was completed recently of a Federal Savings and Loan association in Gallup which it was hoped would attract a large portion of the \$300,000 now deposited with the U. S. Postal Savings system and encourage additional investments by local people in government guaranteed securities.

Funds of the association will be used to finance first mortgage loans on residential property for improvements, home building and other purposes as a spur for building trades under the recovery program.

In addition to the deposits from local sources, made in form of stock purchases, the federal government makes available \$3 for every \$1 invested locally.

### Deposits Gain

The Citizens State Bank of Springer has issued a statement concerning the

funds in their bank at the close of business on June 30th.

Their resources are listed as follows: loans and discounts, \$79,701.61; furniture and fixtures, \$2,691.25; other assets, \$318.00; bonds, \$55,716.84; purchased paper, \$45,533.36; cash on hand and due from other banks, \$55,956.77. The total current assets are \$157,206.97. The complete total is \$239,917.83.

An increase in deposits from the March statement to the June statement shows a gain of \$40,266.12.

### American's Bank Book

The figures in America's bank book are growing larger.

As bank statements began appearing in response to the June 30 call of the comptroller and the federal reserve board, officials predicted that they would show an important gain in deposits over the last tabulation.

The total, though, will remain far below the prosperity levels of 1929.

All bank deposits—including state institutions not subject to the federal reserve system's calls—stood at \$38,646,000,000 on December 30, compared with a 1929 peak of \$55,289,000,000.

The difference of about \$17,000,000,000 represents bank credit which has been liquidated. When business activity creates more bank credit, deposits will be correspondingly built up.

More actual money is in America's pockets today than during the boom years. The amount in circulation on June 27 was \$5,301,000,000, where it was below \$5,000,000,000 during most of 1928 and 1929.

### The Inadequacy of Gold

The growing agitation for monetization of silver develops from the fact that the world's supply of gold has proven itself insufficient to carry on the increasingly complex operations of international commerce. All the monetary gold in the world is not sufficient to pay off the foreign gold bonds held by the people of the United States, and the debts owed to the American government by other nations.

The world's monetary gold, outside of that held by France and the United States (which two countries control \$7,000,000,000 of a world total of \$11,000,000,000), if divided among the peoples of all other countries, would amount to but \$2.30 per capita.



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400  
ROOMS  
\$2.50  
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# CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

*Statement of Condition, June 30, 1934*

## RESOURCES

Cash and Due from Banks . . . . .		\$207,696,407.91
United States Government Securities:		
Pledged . . . . .	\$ 21,437,346.16	
Unpledged . . . . .	229,800,995.48	251,238,341.64
Other Bonds and Securities:		
Pledged . . . . .	\$ 49,301,068.08	
Unpledged . . . . .	67,572,461.02	116,873,529.10
Loans and Discounts . . . . .		259,029,412.85
Stock in Federal Reserve Bank . . . . .		3,000,000.00
Customers' Liability on Acceptances . . . . .		2,909,501.56
Other Banks' Liability on Bills Purchased . . . . .		8,141.67
Income Accrued but Not Collected . . . . .		3,576,860.24
Banking House . . . . .		14,250,000.00
Real Estate Owned other than Banking House . . . . .		1,447,679.88
Other Resources . . . . .		248,775.39
		\$860,278,650.24

## LIABILITIES

Deposits:		
General . . . . .	\$653,146,084.19	
Public Funds . . . . .	92,409,453.42	\$745,555,537.61
Acceptances . . . . .		3,591,933.68
Other Banks' Bills Endorsed and Sold . . . . .		8,141.67
Reserve for Taxes and Interest . . . . .		4,399,024.61
Income Collected but Not Earned . . . . .		372,917.92
Capital Account:		
Preferred Stock . . . . .	\$ 50,000,000.00	
Common Stock . . . . .	25,000,000.00	
Surplus . . . . .	10,750,000.00	
Undivided Profits . . . . .	8,101,094.75	
Reserve for Contingencies . . . . .	12,500,000.00	106,351,094.75
		\$860,278,650.24



# STATEMENT OF CONDITION

JUNE 30, 1934

## RESOURCES

Loans and Discounts . . . . .	\$11,635,631.99
Overdrafts . . . . .	3,360.82
U. S. Bonds to Secure Circulation . . . . .	1,000,000.00
U. S. Government, Municipal and Corporation Bonds . . . . .	14,663,080.06
Banking House . . . . .	1,075,000.00
Furniture and Fixtures . . . . .	1.00
Customers' Liability Under Letters of Credit . . . . .	19,000.00
Interest Earned But Not Collected . . . . .	79,994.65
Due from U. S. Treasury . . . . .	50,000.00
Cash on Hand and Due from Federal Reserve Bank and Other Correspondent Banks . . . . .	13,859,563.70
Temporary Federal Deposit Insurance Fund . . . . .	13,151.86
	<hr/>
	\$42,398,784.08

## LIABILITIES

Capital Stock, Common . . . . .	\$ 1,250,000.00
Capital Stock, Preferred . . . . .	1,225,000.00
Surplus . . . . .	50,000.00
Undivided Profits . . . . .	269,641.60
Reserves . . . . .	138,081.93
Circulation . . . . .	1,000,000.00
Customers' Letters of Credit . . . . .	19,000.00
Special Deposits . . . . .	3,462,097.48
Deposits . . . . .	34,984,963.07
	<hr/>
	\$42,398,784.08

# The Omaha National Bank