

CENTRAL WESTERN BANKER

Omaha

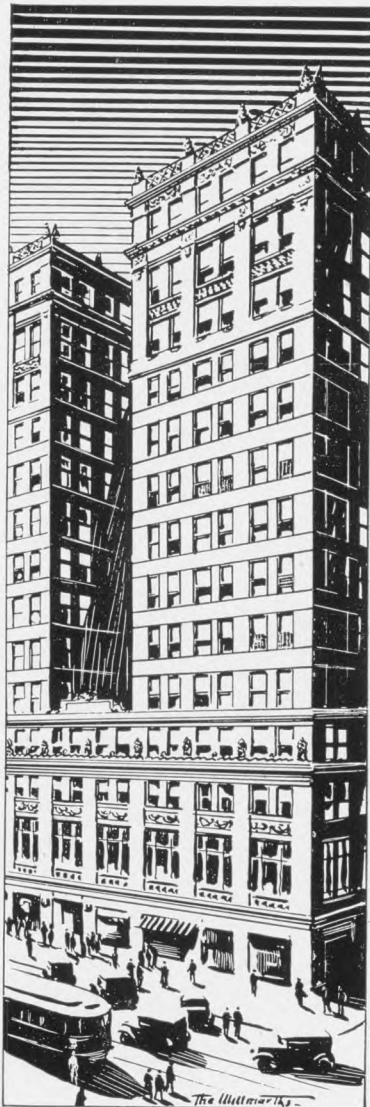


East Meets West at Omaha
(See Page 8)

October

1934

Make Our Bank Your Office When You Are in Omaha



● The First National Bank of Omaha and the banking institutions in the surrounding area have grown up side by side in a spirit of friendly co-operation.

We are interested in your problems and in the conditions in your territory. That is why we ask you to drop in whenever you are in Omaha and talk things over.

Make this bank your Omaha office. Have your mail addressed here, and use our telephone exchange, Atlantic 0500, for your calls.

Whether you are a customer or not, we are always glad to see you.

FIRST NATIONAL BANK OF OMAHA

MEMBER OF FEDERAL RESERVE SYSTEM

CENTRAL WESTERN BANKER

410 ARTHUR BUILDING
OMAHA

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"Advertising is more than blowing the ship's horn or writing the log. Advertising is a continuous voyage. It is the art of getting to desired destinations, the art of establishing permanent trade between ports, the art of projecting business objectives and then attaining them"

Right Now Is The Time to Advertise

ADVERTISING in general is an art that requires enormous grasp of technique, much more so financial advertising—and if ever, surely now. We may know how to toot the horn, even the mighty fog horn, and make a helluva lot of noise; we may know how to write cleverly and engagingly of the cargoes and of the sea serpents and mermaids along the way, to make the log both interesting and romantic; we may know the instrument board and how to maneuver the ship in all directions, *but*—

Do we know how to chart a safe and paying advertising course for our institution? Have we measured the bounds of our institution's ocean or pond? Do we know how far she can safely essay to go and where she wants to go and where she should go? Do we know which are the worth while ports and where the dangers lie?

If we don't know these fundamentals our advertising technique is not of sufficient grasp.

Safe Start

But if we do know every foot of the course and just where we should and would go—

By EDWIN BIRD WILSON

*President
Edwin Bird Wilson, Inc.
New York City*

Are we dead sure that the institution can stand a real advertising voyage? Is she *safe* and *sound* from bow to stern and from keel to tops'l? Is her crew experienced, human and loyal? What's her carrying capacity? How much power in her boilers? Is our ship of finance fouled with barnacles? Has she sprung any leaks that might menace her safety in a storm?

If the institution is not in good condition, have her put in ship-shape *before* we recommend an advertising expedition. *Don't expect advertising to save an institution that is unseaworthy.*

Now, I admit these observations are somewhat the result of hindsight, although for many years I have said, "If you are doubtful of your own integrity, don't advertise." Hindsight has magnified the importance I place on this principle. A bank, an investment house, an insurance company must be intrinsically sound before it advertises in order to profit permanently by and after advertising. Pseudo successes have been pro-

duced by able advertising, advertising which was superior to the product or service it worked for, advertising which was prostituted by some unworthy business. But in the long run and the final washout an unsound business will find its deserved level, and even advertising cannot save it.

After Business

If we have the necessary grasp of financial advertising technique, we will determine in advance whether we are really going out for real business or just on a joy ride. There may be times (I don't know of any) when advertising for the mere sake of advertising is justifiable. Advertising and publicity junkets have at times been sponsored by financial captains. Personal glorification accounts for some of them, but does not truly justify them.

Serious salesmanship is the only true justification for embarking on an advertising course—selling the institution and selling its services. And good goods are the only kind worthy of serious salesmanship. At this post-liquidation marker it is good advertising technique to size up our product, our reputation, our present ideals. It is a time when advertising

talent should refuse to help the sale of financial junk of every variety, a time when it should throw its whole force, influence and enthusiasm into the promotion of the best financial goods and services.

And let us remember that every financial institution is engaged in barter, not selling alone but also buying. What is it buying? Confidence or suspicion—reputation. One cannot sell junk without buying something just as worthless.

When we are planning to go seriously after good business, the best business for our institution, we must have in our technique outfit a definite knowledge of our customers and prospects and how worth having or getting they are. Something worth selling to worth while customers—that's a fundamental precedent to a successful advertising voyage. There must be an understanding that a fair exchange is necessary at every port of call.

Cost

What will the trip cost? That is a very important consideration to be weighed before taking any kind of a journey.

The competent and honest technician will not advise an institution to take an advertising trip that it cannot afford. Should the trip be de luxe, first cabin or tourist, or should it be undertaken at all?

More respect is due the financial house that consistently refrains from advertising than to the house that believes in advertising but is afraid to advertise consistently. More than once I have said to bankers, "Advertise adequately or not at all. If you are not willing to commit your institution to a wise advertising course—intelligently planned and executed and continuous—keep out entirely and save your money." But mere size of appropriation sometimes is a less important part of successful financial advertising. There's where the enormous



Edwin Bird Wilson

grasp of technique comes in. Making every dollar count is the result of technical knowledge. Too many appropriations are used up by rule of guess work. A nice clean, orderly, accountant-like budget sheet doesn't mean a thing, if you don't know what items are worth budgeting and how and why and wherefore. It is a good time, now, to ask some cost questions. Is my institution spending enough, or too much, for advertising? If the appropriation is of right amount, is it being spent wisely? Should we revise our allocation of expenditures? New conditions may have made our old budget obsolete.

Practical Test

And after all these preparations, it would seem about time to be on our advertising cruise, where *seamanship* will receive its practical tests. No matter how Admiral Byrd-like we may have planned before starting, we will find the operation continuously demanding our skill and alert watchfulness. Let us face the situation as it is today—and from day to day. We must know all the old ropes and not a few new ones that have come

in with the New Deal. The main channels are not changed much and, if we knew them before 1934, we will still know them. Truth and honesty are pretty much the same. Sound banking principles are unaltered. The mutual rights and duties of bankers and their customers are constant.

Experience has taught us to keep an eye on the weather and we will do that, if we are competent technicians. There are times to trim sail and times to put on more canvas. Races are won by superior technique. The advertising copy that is best for one week may not be best for another. Some of our clients have copy enough approved for many months, yet they carefully select the time of its publication, and do not schedule it too far ahead. They believe in the timeliness as well as the truth and wisdom of a statement.

Pilot and Crew

Seamanship depends upon pilot and crew. Advertising technique is dependent upon pilot and crew. Every advertising manager is a pilot, every cooperating agent or counsel is a co-pilot. There must be complete coordination and understanding between the co-pilots, and they should have complete cooperation from the whole crew, without exception. Indifference, lack of understanding, petty politics, may be as fatal to an institution's advertising success as open mutiny.

Some of you are blessed by the wholehearted support of directors, officers and staff; others, I dare say, feel discouraged at times, perhaps virtually isolated and helpless, by the lack of support. If you are competent pilots you will not only know what to do but how to get it done and that includes winning the full cooperation of your associates.

At the risk of being misunderstood and criticized for lack of good taste, because of my position in business and on this program, I am going to say a word of utter truth. Some advertising officers are hampering the progress of their institutions and actually defeating their own advertising objectives, by failing to advocate the employment of supplementary outside counsel, by being willing to assume alone a responsibility whose very nature demands that it be shared with a co-pilot.

A good ship with competent co-pilots and a loyal, hard-working crew, need not fear for the results of a carefully prepared advertising cruise, even in these times. Why did I say even in these times? It must have been an echo of

A Correction

IN AN article published in the September issue of the CENTRAL WESTERN BANKER, relative to the operation of Co-operative Credit Associations in Nebraska, the statement was made that "it is rumored that the present department head (E. H. Luikart, Nebraska Banking Commissioner) is secretly interested in the Union Credit Service Association."

Recent information from an authoritative source advises that Mr. Luikart is not directly or indirectly, secretly or otherwise, interested in the above association. We are glad to make this fact known to our readers, and offer our sincere apologies to Mr. Luikart for any injustice the previously published statement may have caused him.

banker psychology. And banker psychology is a hang-over from the big financial party which lasted all night and far into daylight. But it is daylight. Don't let's forget that. And instead of saying "even in these times," let us say "in these, of all times."

A good financial institution, with competent co-pilots and a loyal, hard-working crew, need not fear for the results of a carefully planned advertising cruise, *in these of all times.*

Blind Faith

The attitude of some bankers toward advertising is tragically mistaken. When

deposits are hard to get, they say "there's no use advertising because there are no good accounts to be had." When deposits are abundant, as now, they say "What's the use of advertising when we have so many deposits we don't know what to do." This not uncommon attitude of bankers shows at once a blind faith in the efficacy of advertising and a deep ignorance of its most important uses. They believe that advertising will accomplish direct, specific, tangible results; but they do not know that advertising is the art of establishing permanent trade, the art of projecting business objectives and then attaining them.

Fortunately there are members of the banking fraternity who do know what advertising really means and who act on that knowledge. They are on a continuous advertising voyage, with regular, scheduled sailings, founding institutional trade, establishing public reputation, growing in strength with the years. Low deposits or high, high interest rates or low, borrowers scarce or plenty, *these bankers are in business for life, not just for today and to fly by tomorrow.* They are building institutions to out-live themselves. They believe that advertising can help them to build soundly and

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78 Million Into Farmers Pockets

PRODUCERS cooperating in the corn-hog program were paid more than two and a quarter million dollars a day on their adjusted contracts during the week ending September 15, the Agricultural Adjustment Administration announced.

A preliminary report shows that up to September 14, payments totaled slightly in excess of \$78,500,000. This amount represents nearly 60 per cent of the total first installment of approximately \$133,000,000 now being paid to farmers participating in the 1934 corn-hog adjustment program. Thus far checks have been mailed to over 800,000 contract signers in 39 states. Approximately 1,200,000 corn-hog contracts were signed by farmers.

From September 8 to September 14, inclusive, corn-hog adjustment payments approximated \$15,867,259, the preliminary report shows. In one day, Septem-

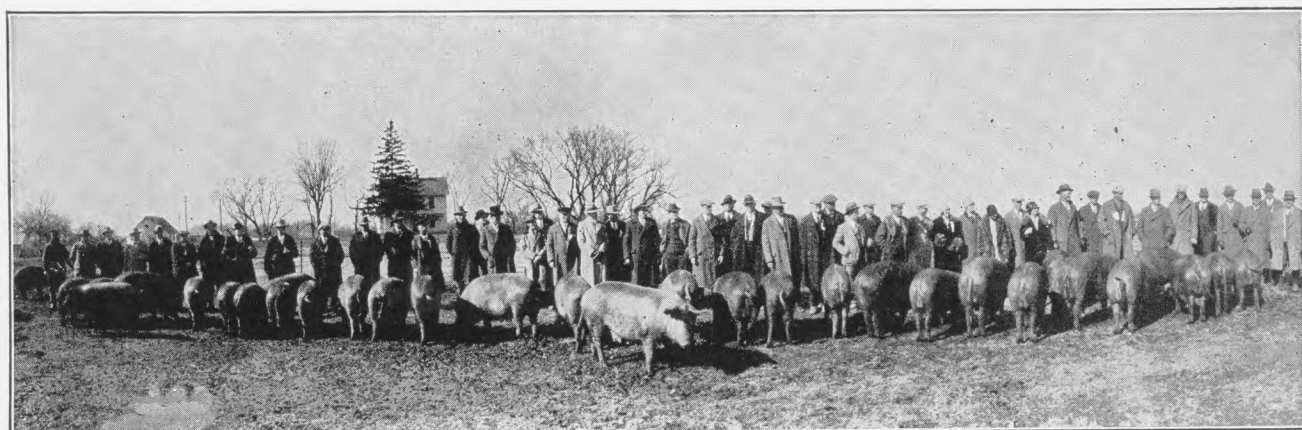
ber 12, checks totaling over \$3,700,000 were mailed to more than 38,500 producers.

Up to September 14 a total of 829,641 contracts had been received and released for payment by the rental benefit audit section of the Agricultural Adjustment Administration. Of this total number, 129,516 were early payment contracts received from 514 counties, and 700,125 were of the regular payment type approved for payment in 1,619 counties.

The 829,641 contracts received and released for payment up to September 14, represent about 70 per cent of the total of approximately 1,200,000 contracts signed by corn-hog producers in the 1934 program.

Payments up to September 13 were made to producers in 39 states as follows: Alabama, \$183,604.90; Arizona, \$17,168; Arkansas, \$301,156.30; Cali-

fornia, \$709,160.60; COLORADO, \$138,178.45; Connecticut, \$2,001.75; Delaware, \$12,883.85; Florida, \$117,257.15; Georgia, \$63,526.95; Idaho, \$34,819.10; Illinois, \$3,107,859.05; Indiana, \$6,427,190.80; Iowa, \$20,541,771.32; KANSAS, \$4,404,335; Maryland, \$119,290.60; Massachusetts, \$150,678.60; Michigan, \$153,849.45; Minnesota, \$5,072,151.55; Missouri, \$7,771,464.08; Montana, \$86,513.65; NEBRASKA, \$7,177,712.80; Nevada, \$25,079.85; New Hampshire, \$1,468; NEW MEXICO, \$83,342.10; New York, \$5,217.80; North Carolina, \$26,398.60; North Dakota, \$259,331.65; Ohio, \$6,862,953.80; Oklahoma, \$245,239.65; South Carolina, \$152.50; South Dakota, \$4,198,942; Tennessee, \$151,336.80; Texas, \$743,210.55; Utah, \$61,801.85; Vermont, \$3,698; Virginia, \$610,132.70; Washington, \$285,193.40; West Virginia, \$69,810.60; Wisconsin, \$2,330,863.05.



How Co-operative Credit Associations Operate in Nebraska

On page five of the September issue of this publication appeared an article on Nebraska Co-operative Credit Associations, prepared from the viewpoint of a banker. In keeping with our policy of presenting both

IN YOUR September issue a quite lengthy article appeared entitled "Co-operative Credit Associations Operating in Nebraska" which I have read with much interest, perhaps for the reason that I am the secretary-treasurer of one of these "mushroom" (?) banks.

At the outset, I will say that I believe your publication aims to be fair in any matter which comes under discussion in the columns of your paper, for I realize that the thoughts expressed in the above mentioned article are not opinions of the editor, but rather expresses the ideas of someone who is either prejudiced in the matter involved or has been grossly misinformed about several angles of co-operative banking as carried on by co-operative credit associations, organized under the Union Credit Service association of Lincoln, Nebraska.

Legality

Let us take a look at the legality of the organization of these Co-operative Credit associations. Any person who may be interested in this particular phase of the matter may refer to Article 13, Sections 24-1308 to 24-1329, inclusive, of the Banking Law of the State of Nebraska.

We should not lose sight of the fact that the legislative body which enacted laws governing commercial banks also enacted the law permitting co-operative credit associations to be organized in this state. For this very reason I do not understand why the writer of the above mentioned article feels that commercial banks should be given preference over co-operative credit associations, and I also know that the legislative body did not intend it to be so, for class legislation is always avoided and even declared unconstitutional by our state and federal constitutions.

sides of any controversial subject, we publish here an article written by an officer of a credit association, in which he refers to a number of statements made in the story appearing last month.

By F. W. BULS

*Secretary-Treasurer
Garland Co-operative Credit Association
Garland, Nebraska*

Banking Facilities

If citizens of a certain community, who have been deprived of banking facilities, get together and organize an institution which will take care of their needs, does it seem reasonable that someone who is not interested in the welfare of this community, should be justified in criticizing these citizens for doing what they deem best to further their interests? I am wondering whether the writer of the above mentioned article ever lived ten, fifteen or twenty miles from a banking town and knows the conditions as we have them today.

Furthermore, I know of no case where a co-operative credit association has been antagonistic toward a commercial bank or even threatened to be a menace to commercial banking.

If, as your article states, the Omaha World-Herald condemned the manner of organizing these co-operative credit associations, and if the Nebraska Union Farmer has used the term "mushroom banking" when referring to co-operative

credit associations, it is sufficient proof that neither publication has been sufficiently informed to be in a position to pass intelligently upon the advisability of creating and operating these credit associations. Have the large reserves, of which the commercial banks have been boasting, been materially reduced, due to the recent organization of these co-operative credit associations? I am inclined to believe this is not the case, and the bankers also know that is not true. The statement may be true that "banks are finding it difficult to make earnings on their investment," but every reasonable person knows this deplorable condition has not been brought about through organization of numerous co-operative credit associations. Let us take a look at the farmer. Is he reaping earnings on his invested capital at present? Does the merchant realize the dividends from his investment to which he is entitled? If not, why do we not make an effort to discourage merchants or farmers in order that their number may be reduced and thereby create a larger earning power for a few who feel they have a monopoly along a certain line? Ideas of that kind are not in harmony with Americanism.

Assignments

With reference to assignments issued by members of co-operative credit associations, the article in question states that "it is dangerous for a bank to receive the assignments issued by members of these associations and should always receive them for collection, for reason that the amount deposited to the credit of a member is subject to any fines, or loans, or other obligations to the association."

The above statement is true in so far as share deposits are concerned, but as

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How to Create A "Bank-Spirited" Public



F. N. Shepherd

WHAT, in the simplest terms, is a bank?

I define it as a place where people bring their money and leave it with the understanding that the holder—called the banker—has the privilege of loaning and investing this money at a profit, provided he holds himself ready to return it when demanded.

For this privilege the banker assumes definite obligations to the depositor.

I was a cashier of a bank several years: I have read somewhat of the theory and practice of banking; and I have talked with many practical bankers about banking; yet never have I found the thought seriously advanced that the bank owed the customer, in return for the privilege of holding and using his deposited money, any of the following:

- Maintenance of a day nursery for tired mothers
- Acting as railroad and ticket agents to customers
- Collecting fraternal dues
- Distributing bats and balls to boys' clubs
- Distributing Christmas baskets to the needy
- Distribution of seeds
- Showering customers with calendars, trinkets, and all sorts of gadgets.

Nevertheless, such practices as these entered into the customer relations theories and methods of many banks during the Gorgeous 1920's.

I do not believe that they did, or ever could, help to make anyone bank-minded or create a "bank spirited public."

Proper Methods

These practices probably did more harm in respect to creating misunderstanding in the public mind as to what was really to be expected from a bank

By F. N. SHEPHERD

*Executive Manager
American Bankers Association
New York*

than they did in respect to operating costs. The people simply did not take banking seriously enough.

We must not only get and hold business, but we must get and hold it by proper methods—methods that command respect and create confidence.

We must develop in the minds of those who use banks, or of those who think about banks, a proper conception of what a bank is and what it should do, instead of leading them to expect all manner of doubtful services.

If we had it all to do over again; if we had that money now, how would we use it to create a "bank-spirited public?"

The American Bankers Association is ready to aid banking to formulate the answer in practical cooperative assistance toward putting sounder customer and public relations policies into effect; and not at a cost of anything like three hundred million dollars a year.

**1934
CONVENTION
—
Nebraska Bankers
Association
—
Lincoln,
November 8-9**

The Executive Officers of the Association and the Headquarters staff have given consideration to the questions of publicity, public relations and customer relations for banking under the conditions that have beset the banks the last few years.

They have had before them from time to time various plans for more or less elaborate national campaigns of propaganda, radio and public addresses, and institutional advertising publicity, aimed to modify the state of public mind in regard to banking.

Each one of these plans has been given consideration. They have been studied from points of view of technical publicity policy, of political, economic and public psychological conditions, of timeliness and their adaptability to internal American Bankers Association policies. Several checkings of opinion as to various aspects of these plans were also made among members of the Association.

In view of the relationship that had developed between banking problems and political conditions, it was decided that a close coordination should be maintained between the publicity, or public relations policies of the Association and its other administrative policies under the direction of the general executive officers.

It was not felt desirable to have outside of this executive group, as some proposed, other secondary bodies for the purpose of carrying out widespread activities along lines of propaganda. There was ample reason to believe that the most powerful influences on public opinion and sentiment were coming from Washington and that it was essential to establish and maintain, so far as possible, harmony of purpose with those forces in

bringing about a banking situation that would ultimately command the confidence and goodwill of the public.

It was accordingly determined to bring about a complete identity in the Association between its executive policies and its public relations activities. Therefore, the executive officers—the president, the first vice president, the second vice president, who is also chairman of the committee on federal legislation, and the executive manager—were designated as the publicity committee of the association to exercise full direction

over the publicity department as an executive function.

Aggressive Action

Under this committee the publicity department is operating along a number of lines. One is to work with the national officers in studying and formulating policies and documents relating to contacts with the administration at Washington and proposals and suggestions for amending the banking laws. These matters all play a part in laying the foundation that should sooner or later make

possible more aggressive action tending to improve the public attitude toward the new banking structure that is emerging.

Another line of action which the publicity department is carrying on is to supply in plate and mat form to about 6,000 papers simple, constructive, non-controversial articles about banking and sound financial policies. Although these papers, nation-wide in their distribution, are largely in the country districts, many are in the towns and cities.

Another aspect of the association's activity in the field of public opinion, and one in which you are more specifically interested, has to do with cooperation on its part with banks individually, or in local groups, dealing with public relations in their own communities through their own advertising. In recent weeks we have taken a distinct new step in this connection along lines that enable us to utilize and capitalize some valuable accumulated experience, equipment and contacts.

These projects are now centralized in the advertising department, charged with the responsibility of developing broader advertising activities having to do with all types of banking, under the authority and supervision of the executive officers, rather than under any particular division. This arrangement, however, leaves full discretion as to specialized advertising, such as the trust and savings services, in their respective committees. In addition, it permits an extension of the work of supplying to such banks as desire it, a combined service of advertising copy and pamphlets of both general and specialized character for which it appears there is a real demand.

Customer Relations

Some of you are quite familiar with another line of work which the association is carrying on in the field of customer relations. I refer to the so-called "Customer Relations Program" as outlined in the book, "Constructive Customer Relations," prepared by the Public Education Commission in cooperation with certain members of the Financial Advertisers Association. This program is designed to promote better understanding and sounder viewpoints among employees both in respect to their own banks and banking in general. The book comprises eight studies as a basis for conferences to be held within each bank under the direction of an officer to enhance the ability of employees in con-

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East Meets West at Omaha

(See Cover Photo)

THE original townsite of Omaha was platted in 1854. Omaha was incorporated on February 2, 1857.

South Omaha, an independent city until 1915, and six villages, Benson, Florence, Dundee, Saratoga, Gibson and Clontarf, are now included in Omaha.

Omaha has a commission form of government with home rule charter. It is the county seat of Douglas county.

Industrial

Omaha is the second largest live stock market and meat-packing center in the world, with 7,500 persons employed directly by the combined industry.

Omaha's market pays producers \$500,000 daily and receives between 7,000,000 and 8,000,000 head of cattle, sheep and hogs annually. Since its founding in 1884, the Union Stock Yards has received 265,690,279 head. More cattle are trucked to Omaha than to any other market.

Omaha's fourteen packing plants annually produce \$150,000,000 worth of meats and by-products which are shipped all over the world.

Products of Omaha's 430 manufacturing plants average \$300,000,000 in value annually.

Omaha is a leading grain market. The Omaha Grain Exchange, organized in 1904, has received 78,000,000 bushels of grain in a single year. It has 200 individual members and 36 resident grain firms.

Omaha mills have a daily capacity of 5,000 barrels of our, 1,800 barrels of corn meal and 1,200 tons of alfalfa

meal. Nebraska has 110 flour and grist mills.

Omaha makes more butter than any other city in the world, averaging over 40,000,000 pounds annually.

Omaha has one of the world's largest lead smelters.

Omaha-made ice machines are used in 40 foreign countries.

Omaha has four large breweries, capable of producing 415,000 barrels annually.

Ninety thousand workers in Omaha normally earn \$150,000,000 annually.

Public Utilities

With 58,716 electric service connections in homes and business locations, 99 per cent of Omaha's population has electric service.

Omaha, with one telephone for every 3.5 persons, is seventh metropolitan city in the world in number of telephones per capita. The 65,000 telephones in Omaha transmit 400,000 calls daily.

Headquarters of the Northwestern Bell Telephone Company, operating in five states, are in Omaha, as are division headquarters of the Western Union and the Postal Telegraph Company.

There are 50,983 metered water accounts and 50,664 metered gas accounts in Omaha.

Omaha's municipal water plant has a daily pumping capacity of 114,000,000 gallons. The filter plant has a 90,000,000-gallon capacity daily, and the four storage reservoirs hold 44,000,000 gallons.

Training Future Bankers Through A. I. B.

Excerpts from the radio address of Honorable J. F. T. O'Connor, Comptroller of the Currency, on the occasion of the commencement exercises last month of the American

IT IS an honor to have the opportunity to extend felicitations to a group of graduates whose educational career has, in many respects, a unique place in the scheme of American education. The education you have received is not classical; it is practical. The orthodox schoolman may frown upon educational methods of the type you have experienced, which he sometimes contemptuously lumps in the *ad hoc* category; you nevertheless have the satisfaction of knowing that you have immeasurably increased your efficiency in your chosen field.

Unlike the product of most educational institutions cast in the standard mold, those who have graduated from the American Institute of Banking are already employed in banks throughout the country. Many industrialists believe that an individual should produce something of value while he is obtaining his education, and some rather well-known, though small, schools are conducted on this principle. Industry, furthermore, has felt the necessity of intensive training of men and women for their particular tasks in a manner not afforded by the ordinary college or university. Some of our large corporations have established schools in connection with their factories.

The Institute, probably the best known of its kind in the field of practical education, has performed a valuable service in bringing into more intimate relationship bank clerks and the executives. While imparting useful knowledge, it has improved the morale of the personnel and has stimulated in its members an intelligent interest in national and international monetary problems. Its courses cover a wide field in banking.

Many national bank examiners and assistants have profited by the Institute's training and are among its graduates.

Institute of Banking. Mr. O'Connor says the need for trained minds in the field of banking is daily becoming more necessary. A. I. B. not only gives technical training, but supplies that broader business vision which bankers are going to need to carry on

The national examiners are selected after written examination and satisfactory work as assistant examiners. Let me say, they are a credit to the Treasury department—efficient, tireless workers, courteous—and not one has been dismissed for cause during my term. Graduates of the American Institute of Banking may be found in all branches of the comptroller's office.

No business can permanently prosper on a philosophy of isolationist self-sufficiency. The prosperity of one is dependent on the prosperity of the other. The nation needs trained and flexible minds in banking today, probably more than ever before because of the sweeping changes that have taken place in banking practice, and the constantly shifting industrial scene.

Honest men admit that intolerable abuses crept into banking practices. The better bankers did not approve, but were powerless to prevent or correct them. Bankers have no such regulatory boards as many of the professions have established. Evils must be corrected by legislative action which could have been removed by the bankers' own regulatory boards had they existed.

Past Experience

Past experience at home and abroad is an invaluable guide. Conditions during recent years are similar in some respects to those of 120 years ago, following the Napoleonic Wars. The student of finance should be familiar with the major economic and financial movements in other countries, if he would correctly understand and solve the problem in his own. For instance, we had ample opportunity to study the results which followed the abandonment of the gold standard in December, 1929, and 24 other nations followed before the United States took a similar step on March 6, 1933. In 34 years, England has abandoned the gold basis five times. The results of the devaluation of the franc to 20 per cent of its original value by France before returning to the gold standard, and the devaluation of the Italian lira to about 25 per cent of its original value, had an important and well-known influence on trade and commerce.

We cannot close our eyes to the meaning of experiences of yesterday and their disastrous consequences. If we are to solve the problems of the moment we must have trained minds.

Real Problem

The real problem which confronts the banker and the business man, then, is not *whether* a mind can be trained, but *how* to determine in advance of actual trial whether a mind really has been trained. At this point we almost instinctively turn to the schools, and institutions like the Institute, for are they not the logical places where the human mind acquires habits and learns methods which bring out and multiply its latent powers? A high percentage of those holding academic degrees today are persons whose minds are really untrained. The time has passed, under our present non-selective method of admitting students to

higher institutions of learning, when a degree is any substantial guaranty of true mental discipline and training. It is too easy to "get through" many of our schools, if a student has a good memory and a pleasing personality, to make the certificate of graduation dependable evidence that the holder has trained his mind to function smoothly and reliably in dealing with complex problems. In short, the business man must go behind and beyond the degree and inquire into the actual record.

The intellectually trained man has learned that there is a correct and an incorrect way to apply the mind to a problem, and he selects the *correct* method. Such a mind has learned that the first requisite of sound thinking on and correct analysis of a problem is to clear the mind of extraneous matters which may bend the judgment, as scrap or junk iron deflects the magnetic needle; it has learned that in most, if not all situations, emotion of every kind must be kept in the background if a correct solution is to be reached; in short, that facts, the truth, are the only safe bases of human conduct. Through habits of discipline, acquired in the training process, such a mind has learned how to divest itself of disturbing and distracting emotions which like high winds, drive the reasoning power off the straight course that leads to wise conclusions. It has learned the value of facts; and how to take a problem apart, weigh its constituent elements, assign them their proper places in the whole, and to put these elements together again in the form of a judgment which, in the light of all the circumstances, is the best that limited human foresight can reach. It has learned, to put the matter differently, the arts of discrimination and cold analysis which keep off the scales all irrelevant considerations; it understands the supreme importance of shifting relevant from irrelevant facts. The trained mind knows that nothing endures unless it is founded upon eternal principles, the principles of justice, of fair play, of equal and non-discriminatory treatment without regard to persons.

Social Doctrines

Let us not forget that during the last fifty years the American public has spent hundreds of millions of dollars in teaching the youth of America certain legal, economic, financial, sociological and industrial theories and doctrines, all on the assumption that they were sound and were the natural deductions from and represented a correct interpretation

of human history. We are still teaching these doctrines and theories in our schools at public expense. If the men who teach these doctrines because they are specially trained and skilled in them, are justifiably maintained at public expense to impart this type of education to our young people, why should not men for the time being charged with the re-

1934
CONVENTION

Nebraska Bankers
Association

Lincoln,
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sponsibility of government, national and local, call these experts to their aid and have the benefit of their specialized learning in these doctrines and theories—governmental, economic, financial and political? Are their teachings false? If they are false, the people of America have wasted hundreds of millions of dollars. If they are not false, they are worthy of use and reasoned application in connection with the administration of public affairs. The time and the opportunity are at hand to put them to the test. Great crises confront our Government and can be solved only by the application of good judgment, of well trained minds to their solution. If the doctrines and theories which we learned when we were students, which our fathers and grandfathers learned before us, which children are learning today, prove false or unsound when put to the practical test, no better time than the present exists for finding it out. We know nothing in this country which it is wiser and better to try than the teachings which our fathers and ourselves have bought and paid for.

Trained Minds

The need of trained minds in the banking field is becoming increasingly plain. The problem of credit, appraisal of assets as a basis of credit, the separation of depository function from the purely commercial long term loan function of banks, investment counsel to pa-

trons and the like, demand the best trained minds for a proper solution. The time is coming when the banker and you, the responsible bank employee, will be regarded more as professional than business men. The banker of the future will be especially trained for the practice of his vocation, and, as time goes on, that training will give him more and more the status of a professional man. This tendency is in evidence now and inevitably will become stronger. Out of the recent crisis, out of the great depression which has paralyzed business and finance the world over, will come a clearer realization that the business of banking calls for not only the best training available, but for a highly specialized type of training. With the lawyer, the doctor, the engineer, the accountant, and others who might be mentioned, the banker of the future will be a true professional man. As that time comes, a code of ethics for bankers will evolve, supplementing but more powerful than the criminal law. The standards of the profession will rise rapidly, it will purge itself of corrupt and evil members, and the public in dealing with them will feel a security founded on the solid fact that no man can claim the honorable designation of banker until he has met certain well-known and high standards of ability, training, and character.

Regular Dividend

At the meeting of the board of directors of The Northern Trust Company, Chicago, the regular quarterly dividend of 4½ per cent was declared payable October 1, 1934, to stockholders of record at the closing of the books September 21.

What Would You Do Without Metals?

Here's one way to gain an idea of the necessity of mining—look around your home and list the articles in it which are made wholly or partly of metals, or to whose manufacture metals contributed.

You'll soon tire of the game, inasmuch as practically everything you use, luxury or necessity, would go onto that list. From lamps to silverware, from medicine to transportation, from jewelry to cooking utensils—metals run the entire gamut. That's why mining is one of the two or three basic industries upon which civilization depends for its very existence.



BONDS AND INVESTMENTS

Keep The Government Out of the Public Utility Business

Every holder of public utility bonds should be aware of the serious situation when government officials favor the use of public money to develop competition with existing properties

GOVERNMENTAL construction of utility plants which duplicate those already in existence and privately owned, is opposed in a report by the Committee on Public Utilities of the National Association of Mutual Savings Banks, meeting in annual conference. The report said in part:

"One of the most constructive things which could be done by the utility companies themselves—not only to create a better market for their bonds, but also to develop a better impression in the mind of the public—would be to adopt a comprehensive and uniform system of accounting practice. We are all familiar with the uniformity of accounting adopted by the I.C.C. as applied to steam railroad companies. Any one of us can take a report of a steam railroad and immediately be in a position to compare the break-down items of such report with those of any other railroad. It seems entirely reasonable that public utility companies through their associations and with the cooperation of the proper public commissions, should develop a standardized method.

Sinking Fund

"The next point is to develop better sinking fund methods. This would permit public utility bonds to be retired at a more uniform rate and would also provide for a more consistent and steady market due to sinking fund operations.

"Monthly or at least quarterly sinking fund purchases by the trustee would

help to steady the market. The method of fixing a certain day or week in which sinking fund operations must be conducted results in erratic price fluctuations and tends to create an artificial situation.

"The idea of shorter average maturities for public utility bonds carries great appeal. The remarkable stability of price shown by the shorter maturities of high grade public utility bonds during the last four years is too impressive to be overlooked.

"As values of every kind tend to decline, it is impossible to expect that many existing utility rates will escape criticism. By and large, the tendency of rates of the best of our operating companies have been downward for a period of years.

Operating Costs

"We must bear in mind that under the general recovery program, operating costs tend to increase while, at the same time, pressure is exerted to reduce rates. Such a situation eventually could destroy the earning power of the best properties. We must keep abreast of these tendencies and use our influence to help promote fair and equitable decisions.

"The likelihood of further heavy taxation laid upon the utilities is quite understandable, and perhaps is due to the very fact that public utilities render such a necessary service that in almost all cases the operating companies have been

able to report earnings throughout the depression. They have held up better than those of any other major industry with the natural result that this source of additional tax revenue is being increasingly levied upon.

Duplications

"By far the gravest problem which confronts not only this organization but every large investor in public utility bonds, is the serious situation brought about by the attitude of governmental officials who favor the use of vast sums of public money in developing plants which duplicate existing properties and jeopardize the safety of securities.

"No attempt will be made here to itemize the projects brought before the various lending corporations in Washington, which would more or less duplicate already existing public utility facilities throughout the country, but the list is impressive and the amounts of money involved run into gigantic sums.

"An example of justifiable apprehension is the possibility of duplication at public expense of adequate facilities already existing in a city in Tennessee.

"It is not our function as savings bankers to oppose governmental development leading toward public ownership of public utilities. It is, however, our right and our duty to insist that such action be accompanied by either the purchase of existing facilities at a fair price or payment of just compensation for the resulting losses to bona fide investors."

Large Investments in Property

FIVE years of economic readjustment have wrought many changes in the financial and social order, but the average man still holds substantial property investments, Frazier Jelke & Co. show in the firm's current Investment Survey of life insurance and savings bank holdings.

Of the 93,249,042 life insurance policies in force with forty-four principal companies, the average face value is approximately \$1,100, and it is estimated that about 65,000,000 persons carry insurance, behind which there are admitted assets of \$18,227,686,544. Pointing out that the person insured is essentially a capitalist, the survey shows that insurance funds are invested in real estate to the extent of about 37 per cent of admitted assets and in obligations secured by governmental credit or by corporate properties to the extent of 36 per cent.

Each of the 13,686,947 savings bank depositors has an average of about \$700 with total deposits amounting to \$9,720,377,072, the survey continues, citing the fact that New York state's 138 savings banks hold real estate and mortgages to the extent of \$3,562,095,000 in addition to \$1,853,702,000 bonds of governmental divisions and corporations.

"Policyholders and savings bank depositors have been educated to believe they may withdraw their savings in cash at any time," the survey says. "For this reason they seldom are conscious that their funds are not held in cash, but in fact are invested to earn the interest allowed at regular intervals. They are not likely to realize how political policies and economic conditions may influence the value of the resources in which their savings are invested, or the credit standing of those who have borrowed indirectly from them.

"The average citizen who understands how closely security is linked with the welfare of mutual financial institutions has ample cause for demanding assurances of protection for reasonable property rights, and he should know that his elective representatives in federal, state and municipal assemblies have the power to re-establish confidence.

"Prosperity neither seeps down through the social structure from above, nor rises to the capitalist from the average man below. Simultaneously, it moves in or out of the whole warp and woof of the economic fabric. The possessors of great wealth cannot be harassed without injuring the average man. There is no clash of interest. In the last analysis, what helps the capitalist helps the average man."

HOW CREDIT ASSOCIATIONS OPERATE IN NEBRASKA

(Continued from Page 6)

signments are not issued against share deposits, neither are checks issued against capital stock in a commercial bank.

The banker who made the statements in this recent article seems to be willing to accept any check, although there is always the possibility of the check being refused by the payee bank for various reasons. Where is the banker who has not had hundreds of checks returned to his bank unpaid, bearing notations "insufficient funds", "payment stopped", "account closed", etc. The checks I am referring to were drawn on commercial banks and were the regular check form. You bankers have all had them, so have I, through my twenty-one years of banking experience in a commercial bank. The procedure of collecting the proceeds of an assignment would be just the same as collecting the proceeds of a regular bank check. Just where would the difference be?

Unfair Criticism

The criticism aimed at the Union Credit Service association of Lincoln, Nebraska, is unfair, and some of the statements made disclose the fact that the informer had evidently not been properly informed. Referring to the contract between the Union Credit Service association and the local associations, it may be news to this banker that it is optional with each association as to the number of years this contract shall cover. If preference is given to a five year contract the associations have the privilege of specifying this in the contract. The statement that the services rendered amount to nothing casts a reflection on the good judgment of all those who voluntarily have signed these contracts within the past few months, and I would not undertake to say that bankers are the only class who exercise good judgment. Personally, I am not connected with the Union Credit Service association, but do possess some knowledge of their purpose, which is to organize co-operative credit associations and use their best efforts in keeping them sound, and help them function in a way which will make them an outstanding success in their community.

Another unfair statement is made to the effect that E. H. Luikart, superintendent of banking of the State of Nebraska, is secretly interested in the Union Credit Service association. He may be interested to the extent that every community should have banking facilities, and only the selfish feel otherwise, but aside from this, I know Mr. Luikart as a man who tries to be fair and impartial in all matters pertaining to banking.

A "Bank-Spirited" Public

(Continued from Page 8)

tacting the public. The foreword says: "The process of forming an intelligent public opinion on banking begins with the proper training of the bank staff in the handling of their patrons and customers." As you can see this is in harmony with the tenor of the advertising service just described.

Service

I defined the bank of which I am speaking as a place where people bring their money and leave it with the understanding that the banker has the privilege of loaning and investing this money at a profit and that, for this privilege,

the bank owes to the depositor some very definite things in return. I said that the distribution of gifts and unbank-like services, or the rendering of "necessary services" at a loss, are not things that the bank owes the depositor in return for using his money; nor do such things aid in building up "a bank spirited public."

What then should the bank offer? The answer is inherent in bank operations themselves.

Is it not true that when a bank accepts deposits, it assumes obligations of trustee to safeguard the funds with all

possible diligence? When deposits are accepted there immediately comes into operation in behalf of the depositor all the bank's physical facilities, experience, and legal requirements—an array of safeguards that can be found nowhere else.

When a bank handles a community's deposits, the cashing of its checks, the financial arrangements connected with the interchange of its products and services, the paying of its multitudinous bills, the accumulation of its savings and the loaning of money to its constructive business enterprises and public requirements, it thereby renders indispensable economic service to the people in its community. Does this, therefore, not constitute one of the major returns which a bank gives to its depositors for the privilege of loaning and investing their money at a profit? Every depositor directly or indirectly as a business man or a resident in his community benefits from the economic and social progress which these banking functions make possible.

When a citizen in a bank's community places his funds on deposit, is it not true that the increase mobility and economy, which banking facilities give his money, substantially enhance its real value to him because of its increased utility?

Is it not true that the highly developed technical equipment, scientific methods and inter-bank cooperative relationships existing in the American banking system enable it to perform these services and many others with the maximum of efficiency and minimum cost?

Finally—not to take your time further in mentioning innumerable services which the banks inherently render in return for deposits—is it not true that honestly and skillfully managed banking, through employing these deposited funds profitably for itself and at the same time so as to defray the cost of the banking mechanism to the public, renders the people economic services obtainable through no other channel?

These are merely suggestions as to the type of messages which should be given both to the banking and the general public. Our theme should deal consistently with the essential line of service all sound banking inherently render the depositor and the public.

Facts, such as I have cited, can be simply told; and in a way that the public will know that banking is not made

safe through laws and political interference, but through honesty and skill in management under private initiative.

Properly told messages embodying this philosophy of banking constitute the best sales argument not only to get customers into the bank but to get them into the bank in the right frame of mind.

THE TIME TO ADVERTISE

(Continued from Page 5)

permanently. They believe that now, with daylight here after darkness, is the time of all times to advertise—not for deposits, not for loans, but for public understanding, good will, faith, confidence, hope and expectation for the years ahead.

If we expect to stay in business, our reputation means more than immediate sales. If we are a good, sound, reliable house, we can build permanent good will and the finest lines of business, by the right kind of advertising. And these of all times are opportune.

When Industry Starves

In 1913 the cost of all governments in the United States was slightly under \$3,000,000,000. The national income was \$35,500,000,000. Taxes thus took around ten per cent of our earnings. In 1933, according to a recent estimate, the cost of government was about \$20,-

000,000,000. The national income had sunk to the abnormal low of about \$60,000,000,000. At that ratio taxes required 33 per cent of it, said J. B. Johnson, Vice-President of the Ohio Public Service Co., Elyria, Ohio.

In brief, the cost of government has risen 700 per cent while the national income has risen less than 100 per cent. The probability is that figures for 1934 will show still further distortion of the relationship between income and cost of government.

Here is one of the main reasons why we are finding it so difficult to effect recovery. Money that, if taxation were reasonable, would go for jobs, dividends, purchasing of supplies and industrial expansion, goes instead to government. It is kept out of the normal channels of trade. Bureaucracy eats it and grows fat—business starves.

Based on the above estimate, one-third of the average family income is now taken to pay the cost of government, directly or indirectly. The price of everything purchased, from a lead pencil to an automobile, is made higher because of the tax burden.

The seriousness of this problem cannot be overemphasized. We are reaching the point where government must adjust its cost to a reasonable percentage of the national income, or business will continue in the doldrums.

GMAC SHORT TERM NOTES

available in limited amounts
upon request

GENERAL MOTORS ACCEPTANCE CORPORATION

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

OFFICES IN PRINCIPAL CITIES

More Business-- Less Profit???

The greatest problem faced by private electric utilities today is not how to stimulate demand for power. Recent statistics show that consumption, for both household and industrial purposes, is rising steadily.

This is going on, however, without profit to the utility in most cases. Reason: Taxes, regulatory and other expenses are increasing so fast that they are outrunning even substantial increases in gross operating income.

That is a menacing situation. Unless it is soon corrected it will do irreparable harm not only to utility investors but to utility customers. For twenty years the cost of power has been declining due to the industry's intensive and continuous work in opening up new territories and finding new customers and in developing better generating and transmitting. The industry is struggling to continue that work and to effect further reductions in charges for power—but it

cannot do it if it is starved for funds. Without reasonable earnings, progress, in all directions stops and more expensive and inferior service to the public results.

The electric industry has always been able to finance its developments at low interest rates because its securities have been regarded as conservative and safe investments. If we make the utilities profitless, they cannot get capital. Reasonable profits are indispensable to the best interests of the power users, as well as investors.

from 20 to 25 per cent—about \$1,500,000,000. Standard Statistics believes the rise will amount to \$2,000,000,000. Government experts unofficially say that the increase will be around \$1,000,000,000. Thus, there is considerable difference of opinion as to how much more the farmer will have to spend when 1934 closes—but every agency is certain his pockets will be better lined than before—and principal credit for this improvement in the financial condition of the great majority of farmers goes to old Mother Nature's system of adjusting supply and demand.

Farm Income

The drought wiped out the crops of some of our richest farming states—but the national farm income this year will total up considerably more than last. Reason for that is the sharp rise in the value of what crops remain. Corn will which constitute the bulk of the farm income, will bring in \$700,000,000 more than they did in 1933.

Dun and Bradstreet forecasts that the increase in total farm income will be

A Hard One to Answer

The editor of the Wilder, Idaho, Herald says: "The point that is worrying ye editor is why our government should want to enter into any more business ventures at the expense of the taxpayers.

"We believe that if our lawmakers would exert more effort in reducing taxes and less in meddling with legitimate business, we would all profit thereby."

IT is the constant purpose of this bank to transform an otherwise routine business connection into a mutually profitable and pleasant relationship.

**CONTINENTAL ILLINOIS
NATIONAL BANK
AND TRUST COMPANY
of CHICAGO**

INSURANCE

Its Application to the Banking Fraternity

Answering PRESENT DAY OBJECTIONS

By IRVIN BENDINER

Philadelphia Clearing House

THE INSTITUTION of life insurance in the past five years has merited and received the confidence of the public. But has the agent for himself developed that degree of self-confidence in himself and his institution which makes him regard the future with an increasing optimism and makes him regard the present as an opportunity for achievement?

To the individual agent, nothing can be as helpful in a program of constructive thinking as a further development of his confidence in his own ability to render a high type of intelligent life insurance service to his clients.

Present-day sales efforts require intelligent effort. *The public will listen to any presentation which provokes and stimulates thought.* What effort is the life insurance man making to stimulate the average man to think of his problems and to provide a *sound method* to solve those problems? If the life insurance man himself is floundering because of objections raised by the public, it is obvious that the life insurance man cannot suggest a solution to the public.

Solves Problem of 'Uncertainty'

One of the objections to life insurance today is the "uncertainty" of the future. And yet, the more "uncertain" the future, the greater the need for life insurance, and the greater the opportunity for the life insurance salesman who will recognize, in this objection, the largest possible service that life insurance can render.

Were the average man able to predict with certainty, economic, social and financial trends, he could in some measure meet the problems of life without life insurance. It is, in truth, the very uncertainty of the economic problems of life, as well as of life itself, that gives

to life insurance its great field for development.

This objection can be turned into a valid sales argument if the fieldman visualizes life insurance as an offset to possible inflation, as a means of stabilization, and as practical a solution as one can get to insecurity.

Business will not and cannot improve for the average underwriter until he does. He is spending too much time and effort in trying to find prospects, without recognition of the fact that most prospects are *formed* rather than *found*. The effort of the life insurance man to *form* and build a prospect file will more than repay the effort, not alone in financial remuneration but also in the satis-

Mr. BENDINER says that today's life agent should visualize the policy he is selling as a contract which carries present day benefits. He thinks many prospects are aware only of remote benefits. He also suggests some unusual approaches

faction of developing a plan of action which he can successfully use.

Is the life insurance man of today visualizing the policy he is selling as a contract which carries *present-day* benefits, as well as benefits which meet the hazards of retirement, emergency and death? A life insurance policy brings to its owner a *present-day* sense of security, *present-day* peace of mind, *present-day* optimism, a *present-day* plan of savings

and thrift, and *present-day* safety for the modest moneys he is able to set aside.

Are not these present-day benefits of life insurance sufficiently tangible and imposing to meet the arguments of the public as to the remote benefits of life insurance? And is it not proper to inquire if the life underwriter realizes and uses the *present-day* protection of life insurance as the basis of a selling plan?

Some Unusual Approaches

With a view toward presenting some ideas which may be thought-provoking as well as in answer to some present-day objections, there are set forth below a few approaches which may have appeal.

1. You have a picture of your daughter on your desk. May I present one of your daughter ten years from now?

2. Would you be interested in insuring the enjoyment of life by your whole family at no greater cost than protecting yourself?

3. Would you be interested in a plan by which your business in the event of your death could be sold at your own price with cash guaranteed?

4. If you are able to save as much in the next five years as you did in the last five years, where will you be five years from now?

5. If price-fixing and business regulation under the NRA were carried to the extreme of measuring the usefulness of men, and a code book were brought out on the trade-in value of used business men, what price class would you be in?

6. The only effective reply by a prospect to a life insurance man is a program of life insurance which satisfies every economic need of the prospect. Would you be interested in such a plan to answer effectively all of your problems?

7. My plan cannot make you wealthy in dollars and cents now, but it will

make you rich in contentment and the satisfaction that your responsibilities are met, regardless of what happens to you.

8. Have you thought of the premium that you pay, in terms of worry and fear, for not facing the future with life insurance?

9. Many have talked to you of the services of annuities in meeting the problems of advancing age, but do you realize that an annuity may "keep you from getting old"?

Selling the 'Institution'

10. I represent one of the unique institutions in the world. It has paid out to its policyholders and their beneficiaries more than it has collected from them, and built up an enormous surplus and confidence which permits it to make an unusual offer to you. It will sell you an "immediate cash estate" of such amount as you determine. It will permit you to pay for it on the installment plan, and provide that if you die before you complete the payments, it will administer this estate, provide for your obligations, save you taxes, keep your brother-in-law from getting his hands on the money, give your wife enough to live on, educate your youngsters, keep their home for them, liquidate your business, make your youngsters proud of their Dad and see to it that you are remembered.

The only danger you run is that if you live, it will return to you money at the time you will need it the most and make you regret that you didn't have more. . . .

The difficulty, agents say, is that they cannot find the people who want these things done.

The thought is ventured that the future of the life insurance man lies in a

recognition of the problems of the day, and a conviction that these problems may be solved if the enthusiasm of the salesman will take him to the prospect. As life insurance men and women you have before you an opportunity and a responsibility. Long since, you have been admonished never to do anything unless and until you believed in it.

Do not sell life insurance if you do not believe in it. Do not stay in the life insurance business if you do not believe in it. But if you do believe in it, why not do something—and in order to do something, realize, in the vernacular of the day, that you *must* "go and see 'em"?

Fire Prevention Week Comes Again

Between October 7th and 13th—Fire Prevention Week will be observed again. The week, which has become a national custom, will be formally initiated by proclamations by the President, governors of states, mayors of cities and other prominent persons in public and private life.

During the week every citizen will have a splendid opportunity to learn the fundamentals of fire prevention and control. Through speeches, newspaper and magazine articles, exhibits and other means, an intensive effort will be made to enlist the citizen's interest. He can blame no one but himself if he fails to learn.

Fire prevention is a civic duty which every citizen owes to himself and to every other person. We all pay for fire—we pay for it in lost business, destroyed jobs, higher taxes and insurance rates. On the average, each family contributes

\$4 a year as a tribute to Moloch—dollars which are destroyed as surely as if we tossed them into a stove. Worse still, three people—two adults and a child—out of each 39,000 of our population, are sacrificed to the pagan god—because we are ignorant and careless when it comes to fire.

In the past, it has often been the experience that fire losses dropped during the week and for a short period thereafter, only to rise again as the public gradually forgot the information gleaned. This year we should look forward to the week and devote a little time during it to really learning the fundamentals of fire prevention, then remember and practice them in the future.

Government Behind Home-Building

The next major activity of government will be an attempt to stimulate heavy industries—which normally provide the bulk of employment, were hit hardest by depression, and have been the most lethargic in recovering from it. And the first step in doing that will be to unloose capital for home-building and repairing, through Federal guarantees of mortgages. Mr. Roosevelt has sent a special message to Congress to expedite such legislation.

Experts estimate that it is possible to unloose credit to the tune of \$1,500,000,000 or more in this manner. That money would go to painters, carpenters, masons, plumbers, contractors. It would buy cement, steel, paint, lumber, roofing, electric fixtures. It would pass through a hundred great industries, creating jobs and opportunities as it went. It doesn't take much imagination to visualize the extent of its influence in pulling businesses of all kinds out of the doldrums.

Here's a thought for the wise property-owner to start considering right now: If building is greatly accelerated, prices for everything involved are going to rise. They're going to leave depression levels behind and return to the normal average—that, in fact, is one of the cardinal aims at this time. Those who can afford to repair and build now have an opportunity that may never be repeated in their lifetimes.

YALE VARIABLE DELAY PERIOD DAY TIMELOCK

The timing of the Yale Day Timelock is controlled by two 11-jewel movements of marine-chronometer quality, which are automatically wound, stopped, and started. These movements are independent; either one is capable of controlling the lock. This feature assures long life and freedom from trouble. Especially designed for Yale Day Timelocks, the movements are the last word in accuracy and dependability.

SOLD BY . . .

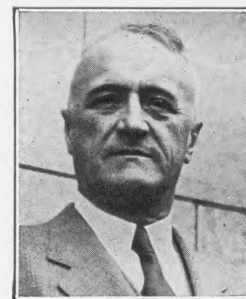
F. E. DAVENPORT & COMPANY

OFFICIAL EXPERTS FOR NEBRASKA BANKERS ASSN.
OMAHA, NEBRASKA



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

Nebraska News



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

Donates Land

Gwyer H. Yates, president of the United States National bank, Omaha, has donated 4.74 acres of his farm near Peony park on West Dodge street to the county, to be used as a right of way in connection with the improvement of the highway.

In the event the ground is not used for road purposes, then it shall revert back to the donor, the county board agreed.

Mr. Yates, members of the board said, is the only property owner along the proposed route to donate property.

Banker Dies

C. W. Wagner, 56, former Giltner resident, died last month at Grand Island. He had been ill more than two years.

Funeral services were held at Grand Island, and the body was taken to McLean, Ill., for burial.

Formerly a banker at Giltner, Wagner moved with his family to Grand Island in 1923 and became district manager of the Northwestern Mutual Insurance Co.

Talks at Schuyler

J. F. McDermott of Omaha, vice-president of the First National bank of Omaha, was the principal speaker recently at the Chamber of Commerce in Schuyler. Mr. McDermott gave a talk on money and inflation, tracing the history of money to the present time. Harry Byrnes of Omaha also spoke briefly.

Preceding the speaking the regular business session was held and plans were discussed for the Fall Festival to be held in Schuyler.

Housing Loans

In a telegram received from Roger Steffan, director of modernization cred-

its at Washington, D. C., the First National bank of Scribner was notified that its application for contract of insurance was approved and authorization given to extend property modernization credits immediately according to regulations of the federal housing administration.

County Meeting

The bankers of Saline county were in Wilber recently and held a very interesting meeting at Sokol hall. After talking shop for an hour or so they went to the Wilber Diner where they were served barbequed hamburger sandwiches.

Wed in Omaha

Ben Evans, for many years president of the First National bank at Decatur, Neb., and Mrs. Ida Hanson, also of Decatur, were married in Omaha recently in the Log Cabin room of the Y.M.C.A. Rev. R. W. Taylor officiated, using the ring ceremony. They will live at Decatur.

Meet in Wayne

Nine bankers of the region were represented recently in a bankers' dinner meeting at Wayne. The number included men from Wakefield, Hartington, Randolph, Laurel, Pender, Belden, Coleridge and two Wayne banks.

Co-operative

L. Willie, vice-president of the Co-operative Credit Association of Lincoln, and H. Meyer, a representative, were in Winside recently trying to interest local business men in organizing a co-operative bank.

These banks are started with a capital of \$1,500 and each depositor automatically becomes a shareholder at the rate of one \$10 share for every \$100 deposited or fraction thereof.

Building Loans

The two Wahoo banks have announced their complete co-operation with the Federal Housing Act by making loans for modernizing business and home property under the federal housing administration.

It opens the way for one of the most hopeful projects of recovery and offers a means for reviving the basic building industry with all its allied branches. It will put many laborers back to work. It will stop the decay of property through lack of paint and repairs which has proceeded during the depression and will assist in getting the piled up deposits of banks into the channels of industry and into circulation.

Convention Plans

Several of the nation's foremost industrialists and financial authorities are scheduled to address the annual convention of the Nebraska Bankers association in Lincoln, November 8 and 9.

Acceptances have been received by the committee in charge from W. J. Cummings, chairman of the board of the Continental Illinois National Bank & Trust company, Chicago; Charles S. McCain, president of the United Light & Power company of Chicago and former chairman of the board of the Chase National bank, New York; Phil S. Hanna, editor of the *Chicago Journal of Commerce*; J. F. T. O'Connor, comptroller of currency, Washington; L. E. Phillips, president of Phillips Petroleum company, Bartlesville, Okla., and a director of the federal reserve bank at Kansas City, are other headline speakers.

Negotiations are also underway to have Ralph Budd, Burlington president, and Fred Sargent, president of the Northwestern, on the convention program.

The convention will be held the two days preceding the Nebraska-Pittsburgh football game and it is expected that many of the outstate bankers will stay over for the contest. The general committee in charge is composed of Carl Weil, Stanley Maly, E. N. Van Horne.

Dies in West

A. V. Kouba, 72, former president of the Verdigre, Neb., State bank, and one time resident of Omaha, died recently at the home of a daughter in Santa Barbara, Cal. He was one of the organizers of the Western Bohemian fraternal lodge.

He leaves a son, Richard, and another daughter, Mrs. F. J. Kulhanek, of Omaha.

Re-opened

Scribner's main street hailed with welcome banners and flags the re-opening of the First National bank on an unrestricted basis. Floral offerings from city banking houses and other business institutions brightened the interior of the bank. Banks officials from Fremont and Omaha also called to offer congratulations and best wishes.

County Meeting

Members of the Cherry County Bankers' association met in Valentine recently for a conference. It is understood that the chief topic for discussion was a schedule of charges to make the public pay for the various duties performed by the banks, many of which in the past

have been done without charge, as a courtesy to depositors and borrowers.

Since Chairman G. W. Derry of the county organization has retired from the banking business, E. C. Davenport has been acting chairman, and F. L. Colburn is secretary-treasurer. H. L. Sevrens of Cody and H. L. Campbell of Kilgore were the out-of-town bankers in attendance at this meeting, Merriman being unrepresented.

Dividends

Checks amounting to \$30,103.96 and representing 20 per cent have been mailed to depositors of the closed Winside Citizens State bank. This is a second dividend, the first being 25 per cent, and brings the total paid to 45 per cent.

Accept Applications

The First National Bank of Holdrege will receive applications of Phelps county people who wish to apply for credit to make housing improvements under the Federal Housing Act, which was passed by the last congress and was recently signed by President Franklin D. Roosevelt.

An amount from \$100 to \$2,000 may be asked for improvements on any one property, depending upon the applicant's income. All applications received at the local First National Bank will be referred to the district supervisor, who is Guy H. Harvey at Sioux Falls, S. D. Holdrege is in the ninth region. The state FHA director is Richard L. Metcalfe of Omaha.

Interest Reduced

Omaha banks will reduce the rate of interest paid on savings deposits and certificates of deposit to a maximum of 1½ per cent beginning October 1, W. B. Hughes, secretary of the Omaha Clearing House association, said. Most banks did pay 2 per cent.

The action was agreed upon at a meeting of the Clearing House association.

A Year Ago

A year ago arrangements were completed for the purchase of the Bank of Paxton from its former holders and the present board of directors took charge.

The present officers of the bank, Carl Hendricksen, president; Pete Eginton, vice-president; H. L. Stoll, director, and John Doherty, cashier, have successfully managed the bank through a most difficult year.

Co-operative

Arrangements are completed for the organization of the Chester Co-operative Credit Association, and when this association is ready to operate, the state banking department will refund the money on deposit in the present Chester State Bank, and this bank will cease to function.

During the period the present bank has been in operation, dividends amounting to 50 per cent have been paid to depositors of the old Chester State Bank. The banking department will appoint a receiver now for the failed bank and continue with the liquidation of the bank's assets.

The Co-operative Credit Association, while not a bank, will render service to this community much like that of a bank.

Bank Moves

All assets of the State bank at Farnam were moved to the First State bank at Gothenburg last month.

The State bank at Farnam was started 32 year ago by Mr. and Mrs. Hugh Ralston. Mrs. Ralston passed away in May, 1930, and Mr. Ralston died July 22, 1933, and since that time the bank has been operated by Mrs. B. R. Kittenbrink, vice president, and C. E. Davidson, cashier. It became necessary to liquidate the bank in order to close the estates of Mr. and Mrs. Ralston.

A. I. B. Rally

Omaha members of the American Institute of Banking attended a dinner and

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pep rally recently at the Elks club. Vocational instructors spoke briefly about courses to open this fall.

Members heard J. F. T. O'Connor, comptroller of currency, in a radio address on "Trained Minds," broadcast from Washington. The program was part of national commencement exercises for more than 200 chapters throughout the country.

Fifty Years

The Farmers Bank of Nebraska City passed the half century milestone when the institution became 50 years of age. It was founded September 1, 1884, by the late J. H. Catron, father of the president in 1934.

The four officers of the bank have a combined banking experience of 115 years. They are: J. H. Catron, president; James T. Shewell, vice president; J. R. Stevenson, cashier, and Mark Fullriede, assistant cashier.

Co-operative

The Weston Cooperative Credit Association started business last month in the brick building formerly occupied by the Weston postoffice. The large safe from the Swedeburg Bank was installed in the building.

Board of directors are as follows: Frank J. Dolezal, president; J. P. Svoboda, vice-president; Joseph Kacirek, secretary; Emil Wonka, and F. E. Woita.

Credit Committee: Edward Turnwall, Charles Dolezal and H. P. Greeley.

Supervisory Committee: Tony Kriz, Dr. F. J. Woita and J. J. Machacek. Treasurer, Anton Fisher.

Remodeled

The interior remodeling and decorating of the Banking House of A. W. Clarke, Papillion, is completed and presents a more roomy and airy appearance than heretofore. Working space has also been rearranged with a light and roomy office space in the rear of the building, looking out through casement windows on the landscaped garden. A private consultation room in the front of the building furnishes accommodation to persons who may wish to complete transactions, or to examine the contents of their safety deposit boxes.

Visits Cozad

A daughter of William Dale, founder of the first bank of Cozad over forty

years ago, was in Cozad recently. She and her two children, after a trip through the Panama Canal, were en route from New York to their home in Los Angeles.

Anniversary

The Carson National Bank of Auburn came into existence August 28, 1882—52 years ago. It was first known as John L. Carson & Co. and then as the Carson Bank and in 1887 became the Carson National Bank. On November 22, Robert C. Boyd, present cashier, will have been connected with the bank for 50 years.

Deposits Increase

State banks in Nebraska, although their number decreased from 415 to 328 during the July 1, 1933, to July 1, 1934, twelve-month period, have nonetheless shown an increase of over \$3,000,000 in aggregate deposits during that time and their reserve position is the strongest in history, the state bureau of banking reports.

On July 1, 1933, deposits in state banks stood at an aggregate total of \$61,622,000 as compared with \$64,803,000 on July 1, 1934. Their cash reserve on July 1, 1933 was 53 per cent of a total of \$39,485,000 in loans and discounts totaling \$26,299,000.

Huge bond holdings—mainly government issues—acquired during the year—bring the liquid reserve position to a his-

torical high. On July 1, 1934, the liquid reserve was 71 per cent as compared with a 53 per cent figure for the same date a year ago.

County Meeting

Twenty officers from eight banks in Keith, Perkins, Garden and Deuel counties attended a meeting in Ogallala recently.

Following a turkey dinner at the Ditto Cafe, the business session was held in the Citizens bank. Officers were elected as follows: M. B. Keller of Grant, president; Dale Contryman, vice president; G. D. Adams, Brule, secretary-treasurer.

Kansas News

Doubles Capital

The First National bank of Parsons announces that it has increased its capital to \$100,000 through the sale of \$50,000 of preferred stock to the Reconstruction Finance corporation. This increase of capital is made to conform to the provisions of the bank act of 1933 which act made many changes in the federal statutes affecting national banks.

Enlarge Office

Remodeling of the office of G. W. Snyder, Jr., assistant cashier of the Topeka State bank, Eighth and Kansas avenues, is completed. This remodeling



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OMAHA

was part of the revamping of the bank's home.

Snyder's office has been enlarged, the level of the floor dropped to the main level of the bank and a new floor and linoleum covering installed. The Kansas avenue display window of the bank has been enlarged and will be used for display purposes of the bank's customers.

New Officers

The board of directors of the National Bank of Commerce, Wellington, at a recent meeting, elected the following new officers: O. L. DeTurk, president; W. H. Cortelyou, vice president; and D. E. Flower, director to fill the unexpired term of the late E. B. Roser.

Heads Clearing House

Joe J. Flynn of the State bank was elected president of the Parsons Clearing House association at a recent election. He succeeds Luther Cortelyou of the First National bank. Other officers selected were W. O. Haubold, vice-president; Harold Reece, secretary-treasurer, succeeding H. H. Bryant and R. R. Wilson, manager.

The association is made up of the four Parsons banks, the State, First National, Commercial and the Exchange State. It was organized in Parsons about 20 years ago.

Meet in Axtell

The Marshall County Bankers association met in Axtell recently with John Mollinger, cashier of the Citizens Bank, Marysville, presiding. The session was attended by practically all of the Marshall county bankers and many from Nemaha county were present as guests.

W. W. Moller, vice-president of the stockyards, St. Joseph, and chairman of the St. Joseph Clearing House, gave a thorough explanation of the bankers code, presenting facts and figures why the new code was created and should be observed.

Colorado News

Clearings Up

Clearings of the five Pueblo banks the first week in September soared to over the half-million dollar mark and surpassed the clearings for the same week in 1933 by nearly \$100,000.

The First National bank, at the close

of banking hours September 8, reported the clearings were \$516,067.24 during the past week, compared with \$402,231.58 during the first week in September, 1933.

Bright Spot

Colorado Springs was one of the bright spots in the business picture of the tenth federal reserve district in July, with gains recorded in new construction permits and in bank clearings, the monthly review of the federal reserve bank shows.

Construction estimates for July, 1934, totaled \$415,479 compared to only \$10,885 for the same month a year ago. The gain is represented by the building permit for the new Civic Art center, a gift to the Broadmoor Art academy.

Debits by Colorado Springs banks to individual accounts in July this year totaled \$11,121,000, compared to \$10,726,000 for the same period a year ago, a gain of 3.7 per cent, compared to a loss of 0.2 per cent as the district average for the month.

Housing Program

The two Canon City banks, the First National and Fremont County National, have signed contracts of insurance and are eligible to make loans under the federal home modernization credit plan.

At the same time it was learned that plans were underway to name a Canon City committee to pass on application for loans. It was expected that this committee would be named shortly, and the setup would then be completed to go ahead and make loans.

Open Again

With business once more going on as usual at all three corners of the bank square in Lamar and practically all of the old officers at their desks the city looks as if it were practically back to normalcy and the people seem to be fused with new spirit. The only new face is that of Gale A. Lee, former postmaster of Pueblo, whom the new board of directors of the Lamar National elected as cashier.

To Manitou

R. J. Pendergrast, in the banking business in Colorado Springs since 1909, has been elected executive vice president of the Bank of Manitou. He and his family have moved to Manitou from Colorado Springs.

Making Loans

A number of Colorado banks already have made loans for improvement of homes under the new national housing program and other loans are expected to be closed rapidly from now on.

As yet none of the loans have been closed in Denver, although hundreds of applications have been received by banks and other lending agencies. It is expected Denver institutions will begin approving applications shortly.

Demand for Loans

Denver bankers report that there have been indications recently of a revival of commercial borrowings. While the heavy loaning period in the area is in October, for the purpose of aiding livestock men with lambs and cattle in feed lots, there has been a sprinkling of demands for other loans of late. Whether loans in the area during the fall months will be heavier than last year, bankers pointed out, is dependent upon the prices of feed prevailing at that time.

Vice-President

A. F. Grimmell has accepted a position with the First National bank of Durango as acting vice president, and his many Durango friends will be glad to greet him there. Mr. and Mrs. Grimmell, during their relatively short residence in Durango, became attached to the city, both from a business standpoint and from a standpoint of social ties.

Reduce Interest

Another slash in savings deposit interest rates will be made by Denver banks on October 1. On that date, accounts carrying a balance of more than \$2,500 will be paid at the rate of 1 per cent a year. This is the lowest rate ever paid in Denver for such accounts. Accounts of under \$2,500, which make up 96 per cent of the savings of Denver citizens, will continue to receive 2 per cent a year, also a record low rate for Denver.

Wyoming News

Heads State Bankers

John A. Guthrie, president of the First National bank of Laramie, is the new president of the Wyoming Bankers association.

Mr. Guthrie was elected at the concluding session of the bankers' convention in Lander. He succeeds Harry R.

Weston, state treasurer, a former Laramie man.

Other officers chosen were Ray F. Bower, Worland, vice president; C. W. Erwin, Lusk, treasurer; and Miss Kathleen Snyder, Casper, reelected secretary.

Laramie has extended its invitation to the association to hold its 1935 convention there. The choice of a city will be made by the executive committee during the winter. Cody is also in the field.

The convention went on record in a resolution vigorously opposing the discontinuance by railroads of emergency drouth area freight rates.

Join New Plan

The federal housing administration announced the following banks had accepted contracts of insurance under the modernization plan.

Wyoming:

Basin—Security State Bank.

Buffalo—First National Bank.

Greybull—The First National Bank.

Rock Springs—North Side State Bank.

Adopt FHA

The Albany National bank is one of several commercial banking institutions in the Rocky Mountain region which has accepted contracts of insurance under the modernization program outlined by the federal housing administration.

Blanks have been received upon which local property owners may apply for insured loans, of which 20 per cent of the liability in case of default is underwritten by the federal government.

Increased Capital

Wyoming banks have strengthened their capital structure nearly a million dollars since the special session of the legislature, State Examiner A. E. Wilde announced recently.

Wilde said that an increase in capital through the sale of preferred stock to the Reconstruction Finance corporation now totals \$890,000.

This means of strengthening the banks was made possible through legislation enacted at the special session. Examiner Wilde assisted in getting the laws through the legislature and then assisted the banks to get into condition to take advantage of the RFC purchases.

New Mexico News

To Buy Assets

John Emmons, president of the First State bank and of the closed First National bank of Gallup, announced a newly formed Southwest Credit corporation, composed of the depositors committee, has submitted to Receiver Charles E. Mann, an offer to purchase the remaining assets of the First National bank.

The amount to be paid for the assets is to be face value of deposits remaining after payment of the proposed 50 per cent dividend estimated at \$100,000, plus \$3,000 for costs of winding up the receivership.

Roughly Emmons estimated the offer would involve \$100,000 for unpaid deposits and \$3,000 for receiver's expenses. The money is to be paid in cash and receiver's certificates.

The amount offered, it was explained, will be sufficient to pay depositors of the bank 100 cents on the dollar, an accomplishment never before achieved in New Mexico without a stockholder's assessment.

Housing Loans

The federal housing administration has announced the following acceptances of contract of insurance, under the modernization credit plan by financial institutions:

New Mexico: Deming—Deming Federal Savings and Loan association; Las Cruces—First National bank of Las Cruces, and Mesilla Valley bank; Roswell—Equitable Building and Loan association.

Remodeled

The First State Bank of Taos underwent a number of alterations recently. All of the walls were re-kalsomined, and the entrance into the "inner sanctum" was changed, so that the door is now more conveniently located at the north end of the dividing wall.

The Transportation Ideal

"What we want is a transportation system that will adequately perform the transportation service required at a given time, expand or contract to meet the varying needs of commerce, and also provide, in so far as possible, the stability which is required in the interests alike of shippers, investors, laborers and the taxpaying public," said Harold G. Moulton, president of the Brookings Institution, recently.

It is to be regretted that our present system hardly resembles this ideal. As many authorities have pointed out, there is a vast amount of waste in the operation of our various common carriers—a vast amount of duplication of facilities, for which the public, in the long run, must pay. The fault lies in our transportation policy.

The Interstate Commerce Commission has said that all carriers should pay

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

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comparable wages, render reliable service and bear equal tax burdens. Leading authorities believe they should likewise be regulated by one agency. Achieving these things would give us a fine start toward solving the growing transportation problem.

Building Costs

The long awaited lift in the construction industry began to take tangible form at the end of last year. The Federal Reserve's adjusted index of contracts for November was at the highest point since October, 1931.

The principal impediment to a residential building boom of any moment, is the problem of finance. And that problem is on its way to solution. Private and public agencies have been studying it, and machinery is in motion to loosen money, at lower interest rates, for home construction. When that time comes, it will mean that prices of materials and supplies—which have been advancing slowly for some months—will jump.

It is not an exaggeration to say that the future of residential building is no longer problematical—every sign points to substantial gains. If a word to the wise is sufficient, those who need new and improved housing, will build and repair now, paying less for what will soon cost much more.

Money . . . Hard and Soft

The growing complexity of the money problem found its echo lately in the resignation of two high government officials.

The subject of monetary standards is very likely to be the hottest of subjects when Congress convenes. And, unless the

public pulse changes its beat materially, the bulk of sentiment will be in favor of a reasonably conservative stand. Most businesses and individuals believe that gold should remain the backbone of the system—and there is a strong demand that monetization of silver be adopted, in order to provide gold with an ally in doing essential work.

Not since the days of Bryan has money so excited the electorate—nor caused so much dissent among a multitude of experts.

In The Interest of All

The farm cooperative movement is, first and foremost, designed to help the agricultural producer—to obtain for him a larger share of the final selling price of his product, and to make his production methods more profitable and efficient.

In carrying out this purpose, the consumer is not "stung," he is, on the contrary, immensely benefited. It is necessary to him that a constant supply of first-grade farm products be always at his beck and call. He wants food of quality, sold at a fair price. And that is what the cooperatives strive to give him. When a farmer gets more for what he raises it does not mean that the consumer is the victim of profiteering—it simply means that the money he pays to the retailer has been fairly distributed between those who produced the products, those who handled them between farm and market, and those who sold them to the public.

From another aspect, the farm co-op is aiding the urban resident. Farmers of the country normally provide the largest single consuming source for the products of our factories. The drop in farm income is one of the most burning problems of depression. As the co-ops gradually make progress, and farm income rises, all classes of American cit-

izens will reap the benefit of stimulated buying and increased purchasing power.

Today farm cooperation is one of the greatest social and economic forces in our national life. It has done much in its brief lifetime and its period of greatest achievement still lies in the future.

The Railroads Maintain Service

No industry has suffered greater economic difficulties in recent years than the railroads. For them, the depression did not begin in 1929—it started just after the war, and in not a single year since have they been able to earn the legal "fair return" upon their investment of $5\frac{3}{4}$ per cent permitted by law.

Nevertheless, the efficiency of the lines has been scrupulously maintained and improved. Not so many years ago car shortages were a commonplace—today there are no shortages. Train speeds, both freight and passenger, have been increased, spoilage of perishable goods in transit has been reduced to a minimum, and standards of safety have reached the point where you are safer on a train than in your own home.

The railroads have cut expenses to the bone. But it seems impossible for them to effect further economies of importance—and it is inevitable that service will suffer unless measures are taken to give the rails a fair chance to earn a reasonable profit, even if rate increases are necessary. Hundreds of thousands of jobs, millions of invested capital, and the very existence of the nation's principal means of transport are at stake.

The Answer Is Easy

A hard-headed California editor, who publishes the Oakdale Leader, wants to know who is going to pay the California taxes when the politicians put the existing power companies out of business, with duplicate, tax-exempt, publicly-subsidized plants.

He asks the question after noting that one gas and electric company alone, in his state, pays into the state tax coffers \$847 an hour, or \$7,427,678.64 a year.

There is only one answer: Those taxes, plus the additional taxes required to finance unnecessary tax-exempt competing plants, would be added to any remaining taxable property.

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