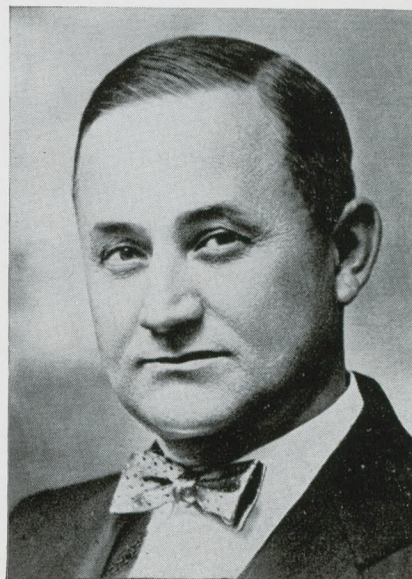


CENTRAL WESTERN BANKER

Omaha



OTTO KOTOUC
President
Nebraska Bankers Association

GREETINGS TO NEBRASKA BANKERS

(See Page 7)

December

1934

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, October 17, 1934

RESOURCES

Cash and Due from Banks		\$202,315,255.08
United States Government Obligations, Direct and Fully Guaranteed:		
Unpledged	\$291,462,349.37	
Pledged*	<u>59,514,698.72</u>	350,977,048.09
Other Bonds and Securities:		
Unpledged	\$ 66,973,382.86	
Pledged*	<u>249,311.72</u>	67,222,694.58
Loans and Discounts		252,805,565.38
Stock in Federal Reserve Bank		3,000,000.00
Customers' Liability on Acceptances		1,739,042.88
Income Accrued but Not Collected		3,715,267.83
Banking House		14,175,000.00
Real Estate Owned other than Banking House		1,300,888.00
Other Resources		<u>123,775.39</u>
		<u>\$897,374,537.23</u>

LIABILITIES

Deposits:		
General	\$699,719,136.56	
Public Funds	<u>84,713,239.13</u>	\$784,432,375.69
Acceptances		1,821,387.69
Reserve for Taxes and Interest		5,441,665.53
Income Collected but Not Earned		338,322.85
Capital Account:		
Preferred Stock	\$ 50,000,000.00	
Common Stock	25,000,000.00	
Surplus	10,750,000.00	
Undivided Profits	7,090,785.47	
Reserve for Contingencies	<u>12,500,000.00</u>	<u>105,340,785.47</u>
		<u>\$897,374,537.23</u>

*To secure public, trust department and bank receivers' funds.

CENTRAL WESTERN BANKER

410 ARTHUR BUILDING
OMAHA

CLIFFORD DePUY, *Publisher*

R. W. MOORHEAD, *Associate Publisher*

H. H. HAYNES, *Editor*

FRANK S. LEWIS, 511 Essex Bldg., Minneapolis

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

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

VOLUME 29

DECEMBER, 1934

NUMBER 12

Nebraska Bankers Hold Thirty-Seventh Annual Convention

THOSE who are more or less regular attendants at bankers conventions are likely to place such gatherings into three classifications—optimistic, pessimistic, or just so-so. We believe any one who attended the Nebraska Bankers Convention held in Lincoln last month will agree that it was the most optimistic and successful bankers meeting which has been held in Nebraska for the past few years. The severe business tension, generated by lack of public confidence and generally depressed conditions in banking, has been relieved by the FDIC and an improved business outlook. With a broader application of service charges and the lifting of a number of credit restrictions, bankers feel that they again have a chance to make a little money.

WHILE the attendance at several previous Nebraska conventions has been larger, the percentage of registrations in Lincoln, compared to the number of member banks, was unusually high. Lincoln banks, cooperating with Billy Hughes, secretary, put over a mighty fine meeting, and both are to be congratulated. More than seven hundred registration cards were turned in. Not only was the attendance large, but the convention hall was crowded at every session, due to the excellent program arranged by Secretary Hughes, and to the personal interest every delegate took in the proceedings.

OMAHA, Minneapolis, Chicago, and New York were the cities claiming a number of banker guests. The Omaha

By H. H. HAYNES

Editor

The Central Western Banker

NEW OFFICERS

President

OTTO KOTOUC
Humboldt

Chairman Executive Council

J. M. SORENSEN
Fremont

Treasurer

F. W. THOMAS
Omaha

Yards National was represented by J. B. Owen, president, and Clarence Owen and Henry Hovey, assistant cashiers.

ROLAND C. Irvine, second vice president of the Chase National bank, represented that New York institution at the convention, and from Chicago came William H. Miller, vice president of the City National Bank & Trust company. Another representative from a well-known Chicago institution was Charles L. Kluss, of Shea & Company, investment counsellors.

HAROLD BRENTON, vice president of the Northwest Bancorporation, and Willis Wyard, assistant secretary attended the convention from Minneapolis. Carl Fredricksen, vice president of the Live Stock National bank, Sioux City, Iowa, was also registered.

E. F. FOLDA, formerly with the Stock Yards National of Omaha, and now with the Federal Housing Administration, attended the convention with several of his associates in the same organization. Mr. Folda says housing loans are among the best a bank can have. The Housing Administration makes loans of two types—on repairs and remodeling, and on the building of new homes.

THE COMMITTEES on resolutions and nominations were appointed as follows:

Resolutions: Group 1, H. V. Jelinek of Wilber. Group 2, H. J. Wragge of Tekamah. Group 3, S. J. Weekes of

National Bank was represented by Dale Clark, Ray Ridge, J. R. Cain, and John Changstrom. From the First National of Omaha were T. L. Davis, president; J. F. McDermott, vice president; Fred Thomas, vice president; and E. F. Jepsen, assistant cashier. The Live Stock National of Omaha had four representatives at the convention—Alvin E. Johnson, president; H. O. Wilson, vice president; R. H. Kroeger, cashier; and Paul Hansen, assistant cashier.

GWYER YATES led the delegation from the United States National of Omaha, accompanied by H. M. Bushnell, Perry Hendricks, Ellsworth Moser, and Milton Barlow. The Stock

O'Neill. Group 4, I. G. Danly of Funk. Group 5, C. H. Ryan of Loup City. Group 6, E. C. Davenport of Valentine. Group 7, D. F. Enevoldsen of Potter.

Nominations: Group 1, Earl H. Wilkins of Geneva. Group 2, L. R. Coufal of Howell. Group 3, J. O. Peck of Creighton. Group 4, Frank C. Crone of Aurora. Group 5, G. J. Taylor of North Platte, Group 6, C. F. Coffee, Jr., of Chadron, and Group 7, A. J. Jorgensen of Sidney.

J. J. THOMAS, formerly of Seward, and now acting governor of the Federal Reserve Board at Washington, spoke briefly at a morning meeting.

In a plea for confidence in the Roosevelt administration Thomas declared that economic theories look pretty on paper but usually go wrong because the factor that is always unknown is human behavior.

"The country is sound," said Thomas, "we have plenty of everything except a little confidence. I am satisfied conditions are better than the psychology is."

Thomas blamed an unbalanced economic structure for the depression, caused by the decline of farm prices with the resultant decrease in farm purchasing power. He declared that the Roosevelt administration had checked the downward trend.

Also at the meeting was A. M. McAdams, assistant federal reserve agent for this district from the Kansas City bank.

WIVES of the bankers were entertained one noon at a luncheon at the Cornhusker hotel. "Nebraska Capitol Through the Natural Color Camera" was the subject of a talk by R. W. Hufnagle. Flavia Waters Champe, accompanied by Miss Marguerite Klinker, presented a group of dance numbers.

J. M. SORENSON, vice president of the Stephens National bank, Fremont, was named ABA vice president from Nebraska. J. R. Cain, Omaha National bank, was placed on the ABA nominating committee, with Edwin Van Horne, Lincoln, as the alternate. Other ABA Nebraska officers elected were J. V. Webster, Chadron, vice president of the national bank division; M. M. Taylor, Columbus, vice president of the Savings bank division; J. E. Conklin, Hubbell, vice president of the State bank division; and Sam Waugh, First National, Lincoln, vice president of the Trust Company division.

OFFICERS of the Missouri Bankers association paid a nice tribute to their Nebraska brothers by attending the convention in Lincoln. W. W. Alexander, president; W. F. Keyser, secretary, and the treasurer, Mr. Major, complimented Nebraska bankers on their fine attendance and excellent program, and extended an invitation to "come to Missouri," for their convention next year.

NEW OFFICERS elected by the Nebraska Association are Otto Koutou, president, president Home State

bank of Humboldt; J. M. Sorenson, chairman of the executive council, vice president of the Stephens National bank, Fremont; William B. Hughes, reelected secretary, and Fred Thomas, treasurer, vice president of the First National bank of Omaha. The executive committee is composed of Stanley Maly, Lincoln; J. A. Changstrom, Omaha; R. I. Stout, Tekamah; Carl D. Ganz, Alvo, and H. D. Miller, Stanton.

THE SEVERAL speakers at the convention were outstanding individuals—both bankers and men interested in many other fields of business activity. Many of the talks are published in full or in part in this issue of the Central Western Banker.

Thank You, Mr. Maly

Stanley Maly, vice president of the First National bank, Lincoln, Nebraska, and chairman of the general committee in charge of the recent convention of Nebraska bankers, held in that city, writes to the Central Western Banker as follows:

"Allow me to take this opportunity, on behalf of the general committee in charge of the convention, to express to you and your associates our sincere appreciation of all the assistance you gave us in making the convention the success which everyone assures me it was. We were glad to have you with us, and trust that you will come back to Lincoln many times."

At the Nebraska Convention



Reading from left to right — Roland C. Irvine, vice president, Chase National Bank, New York; W. B. Allen, second vice president, Continental Illinois National, Chicago; R. E. Cocklin, vice president, Wauneta Falls Bank, Wauneta, Nebraska; Harold E. Brenton, vice president, Northwest Bancorporation; Arch W. Anderson, vice president, Continental Illinois National, Chicago; Frank Crone, vice president, First National Bank, Aurora, Nebraska; L. R. Coufal, president, Howells State Bank, Howells, Nebraska; J. J. Klima, cashier, Farmers and Merchants Bank, Milligan, Nebraska; M. J. Cox, cashier, Stockmens Bank, Seneca, Nebraska; E. F. Jepsen, assistant cashier, First National Bank, Omaha.

THE PRESIDENT'S MESSAGE

By E. E. PLACEK

President

First National Bank

Wahoo

IT BECOMES necessary for me, as your president, to give you a report of the activities of your association; the things we attempted to do, what we accomplished, and what remains to be done.

During the past year numerous complaints reached the officers from member banks, to the effect that the classifications of notes by the examining authorities, were unfair, not only to the bank but to the borrower as well, and a committee was, therefore, appointed, headed by John Green of Wauneta, as chairman, to interview the State Banking Department, with the view of securing proper modifications of classifications, and the result was that material changes in classifications were promised.

Public Funds

The matter of interest on public funds was another activity which required a great deal of effort on the part of your officers, and it is pleasing to be able to report that fifty-six counties in the state now pay no interest on county funds, or interest on a very limited amount only, and some of the individual banks in the other thirty-seven counties are also on the basis of interest on a limited amount, with no interest on any excess deposits. This has resulted in a great saving to the banks, and banks that are still paying one per cent interest should get together in each county and eliminate all of the interest, or pay only on a very limited amount.

Credit Associations

About 45 Co-operative Credit Associations have been organized in this state under a special provision of the statutes since our last annual meeting, and have not made any material progress or growth, and there is no doubt that an effort will be made at the next legislature to modify and to eliminate some of the restrictions under which they are now operating and extend and broaden their powers, with the object in view of giving them checking privileges. Opposition to broaden and extend the pow-

ers of co-operatives will be voiced by a faction of the legislature, whose efforts will be directed to permit the organization of commercial banks with \$10,000 or \$15,000 capital in towns of 500 inhabitants, or less, and with possible restrictions both as to deposits and loans, basing such deposits and loans on a definite ratio of say five or six to one.

Another faction will attempt to pass a branch banking law without restrictions as to territory. Others will try to modify and restrict such branch banking to a definite trade territory.

Service Charges

A strong effort was made by your officers to put into effect a fair schedule of service charges based on the charges adopted by the coordination code committee at Grand Island. The results were not entirely successful nor satisfactory. The trouble is that too many bankers are willing to adopt a schedule of service charges, provided they can make some exceptions or reservations, and what one banker considers a proper charge, the other banker wishes to exempt, which results in confusion and charges of bad faith and recriminations by one banker against another. Personally, I cannot conceive why one man should set himself up as superior in wisdom against the combined business experience and intelligence of the whole group, but this is the attitude some members assume, and we have, therefore, accomplished much less than we had anticipated.

Second Mortgages

Second mortgages were considered a fairly good investment during boom times, but no banker or investor would so consider them today. When should a banker take a second mortgage? My opinion is that he should never take a second mortgage, unless he is compelled to do so because of a debt previously contracted, and then only where the question of homestead is involved. If the debtor has property, which is not his homestead, it is much better to bring suit and obtain judgment. There are two definite advantages in this procedure. You can have execution issued at any time against any personal property the debtor may have, or that may come into his possession by inheritance, or oth-



E. E. Placek

*Retiring President
Nebraska Bankers Association*

erwise. You can attach growing crops on his land or rented land. In other words, you are in a better position to take advantage of any and all new developments than you would be with a mortgage taken for a definite period of time.

Another question affecting second mortgages arises in cases of foreclosure, which the courts will be called upon to determine, and that is whether the law prohibiting deficiency judgments applies to second mortgages. If the court should so hold, you would be better off in case of foreclosure by a first lien holder, to release your mortgage, keep the note, and when desirable, place it in judgment.

Insurance Policy as Collateral

In taking an insurance policy as collateral, it is essential that you get an absolute assignment on a form provided by the company. Such assignments should be in duplicate and one copy filed with the company, together with a request that receipts for payment of premiums be mailed to you, otherwise you would not know if the premium has been paid, and in case of default in payment of premium, the policy automatically becomes an extended insurance policy, and cannot be turned in for its cash value. Your security is gone, and it is a ques-

(Continued on page 22)

"Restore the Income of the American Farmer"

Is the suggestion of Fred W. Sargent, president of the Northwestern Railway Company, in his general observations on the causes and cure for the business depression. Given here are excerpts from Mr. Sargent's address before the recent convention of the Nebraska Bankers Association at Lincoln

NOW THAT election is over it no doubt will be possible to settle down to a discussion of our common problems on a basis uninfluenced by the heat and passion of a political campaign.

Most men are anxious to find a solution to the worst economic depression in history, and to find it on an honest and permanent basis. Most men, I believe, are more concerned about the welfare of their country, and that means the welfare of their fellowmen, than they are about the welfare of party politics.

I would not presume to suggest that I have the ability to throw any light or to say anything that may be especially wise to aid in extricating us from the morass of despair and pressure in which we find ourselves. I am, however, convinced that we will stumble through this situation as we have stumbled through in the past, and by the process of trial and error will ultimately come out in a brighter and more cheerful atmosphere. I am also satisfied that the reason it can be truthfully said that history repeats itself is generally found in the fact that each generation refuses to learn from history, and insists upon carrying on its own experiments in the social laboratory. Nevertheless, it is possible that by common and understandable discussion we may be able to somewhat alleviate the severity of the shock and expedite the return to normal conditions. It is because I entertain such a hope as this, and further because I believe we must exercise every possible care not to destroy basic principles of social justice if we are to ultimately suc-

ceed, that I have been willing to make some little effort, in common with the rest of you, to see if together we might not help point the way to better times, and upon a reasonably permanent basis.

Process of Elimination

In casting about for a solution of our difficulties it has seemed to me that we might well reason first by the process of elimination.

We find most of the discussion hinges on money, about inflation and deflation, and the necessity of having a larger volume of money for the use of our people.

Our per capita circulation of ordinary money, as we know the term, is slightly higher than in 1926. By ordinary money I mean, of course, the eight kinds of money that are issued by the federal government under authority of the Constitution. In regard to the numerous kinds of money issued and used, exclusive of credit and bank deposit money to which I have referred, Professor Kemmerer claims the United States is unique. He says that no other country in the world has so many kinds of money as are in use in the United States, and then he enumerates and defines the various eight kinds, to-wit,

- Gold coins
- Gold certificates
- Standard silver dollars
- Silver certificates
- Greenbacks
- National bank notes
- Federal reserve notes
- Federal reserve bank notes

The amount of this kind of money combined now in circulation is, as stated,

greater per capita than the combination of all kinds of such money in 1926, and it is considerably higher than it was in 1929.

I, therefore, concluded that the disease from which the patient is suffering is not due to a lack of money, since the volume, per capita, is as great as it was during the more prosperous years.

Over-Production

Much has been written and said in learned circles and by learned men about over-production, over-expansion, in plant facilities, goods, agricultural products and credit during the prosperous years of the late twenties, and having reached the conclusion that there was vast over-production away beyond the capacity of the people to consume, they then concluded that there had to be a letdown in business until consumers could overtake production, and the demand for goods and things became so great that it would in and of itself restore prices, and thereby prosperity.

First, let us consider the alleged over-production of plant facilities, and of goods and of things, and in so doing I refer to the sum total of all goods and things without separating as between certain individual items here and there, for in the most prosperous times we will find over-production in certain individual items.

The facts clearly demonstrate that with all our advances in technical and mechanical appliances taken into consideration, if the average want of the masses of our people, even in basic requirements could have been met in the great

production year of 1929, it would have required all the plant facility available, and something like 20 per cent in addition thereto, and full time work for all those who had employment in 1929, at the full number of hours then in effect.

In other words, it is shown that the actual production of 1929 was accomplished on an average working week of fifty-one hours.

It is, therefore, quite apparent that with existing plant facilities, and with all our technical and mechanical advances, it would be utterly impossible to satisfy even the basic wants of the American people, with all the labor available, if that labor worked only thirty hours a week. Indeed, on the fifty-one hour a week basis, as stated, it would have required 20 per cent greater production even in 1929 if we were to have enough goods to reasonably satisfy the desires of the masses of our people in the basic commodities.

I, therefore, have reached the conclusion that we can eliminate in our diagnosis the allegation of over-production as a cause for the existing economic maladjustment.

If you have had the patience to read thus far you have observed that we have reached the point where we can eliminate two of the commonly supposed causes of the depression. In other words, it cannot be because of the lack of volume of money, nor because of over-production, except that where there was an over-production of credits in those fields where credits were not properly balanced, or, in other words, not used for production purposes.

Maladjustments

Since, therefore, we have reached the conclusion that neither lack of volume of money, nor lack of credit, nor over-production is the cause of our trouble, it seems to me that we are driven to the conclusion that the difficulty lies in maladjustments, and we should search and critically analyze the facts in an effort to find out where these maladjustments exist, and what, if anything, can be done to correct them.

The mere putting up of prices will not restore prosperity. High prices only distort the ability of the masses to acquire the things they want, unless at the same time these high prices are offset by corresponding increases in wages, salaries and incomes, and if they are then we have gone around in a circle and are right back at the starting point.

We cannot become a wealthy nation and have goods and things distributed amongst the people that need and want them by an economy of restricted production. We need all we can produce, but we need to find a way, if possible, to correct maladjustments as between different classes of producers and to bring about a situation where the vast majority of our people can meet their wants through improved income. History tells us that this is a slow, tedious and sometimes even disappointingly cruel process.

Getting back, however, to these maladjustments, and based upon the studies and analyses made and disclosed in the volume to which I referred, we find that even in 1929 if family incomes that were below \$2500 per year could have been raised to the \$2500 level, and with no changes above that level, and if the families with incomes below \$2500 would have consumed on the basis that those who had \$2500 incomes had consumed, it would have increased actual consumption by more than 16 billions of dollars, and this refers to families alone, and ignores the increased consumptive demand beyond the productive capacity of the nation in the year 1929.

We should, therefore, not take as our starting point the lack of volume of money nor the thought of over-production in our efforts to find a way out of the present unprecedented depression.

What then is the solution, as some of us who are neither politically minded nor claim to have scholastic learning, see it?

Agriculture

In analyzing the source of income amongst our people and our industries

I find that one of our greatest industries is that of agriculture, and I also find that if those engaged in producing real wealth from the soil could have had their incomes held to a comparative level with those in other lines it would have gone far toward reviving other lines of industry, thus giving more employment throughout the nation as a whole.

This situation as to agriculture is not new, nor peculiar to the depression itself. The decline in purchasing capacity of agriculture has been gradual and constant through a period of years, and even in the period of our supposed prosperity. In fact, the Brookings Institute points out not only by statistics but by charts this significant fact, to-wit, that the percentage of the national income received by farm enterprises, except for the war years, has declined almost steadily since 1909.

We hear a great deal about the national income, and some of our people point with pride to the great increase in the national income up to and including 1929. Personally, I am not so much concerned about the national income as I am in its equitable distribution, with the qualification, of course, that the greater the national income, measured by production of goods, the better off will be all of our people, provided along with increase in the national income we do not permit a maladjustment as to any one large and important class, for in so doing we ultimately reach the time when that maladjustment reacts against all classes, and brings about a state of economic depression.

Personally, I, therefore, have reached the conclusion that if the share of the

Greetings to Nebraska Bankers

(See Cover Photo)

HAVING assumed the duties and responsibility of president of the Nebraska Bankers Association, I most earnestly solicit the splendid cooperation you have accorded your officials in the past. Much constructive work lies ahead. With the able assistance of the Executive Council and your sincere support, the task will be accomplished.

OTTO KOTOUĆ,
President

national income for the farmers of the country could have been held to its proper proportion, or if the maladjustment now existing could be corrected, that the purchasing power of the farmers would go a long ways toward restoring and maintaining a national prosperity, creating as it would a demand for goods, and through this demand employment for labor, all of which would redound to a better distribution of the wealth of the nation.

The Correction

The question then arises: What is the cause of this maladjustment, and how may it be corrected?

Personally, I do not feel that it can be corrected by restricting production. At least I am convinced this is not the permanent remedy.

I think the farmer is entitled to produce from his investment all that he can. I think we need all he can produce. Instead of buying and storing his surplus in this country as a constant threat to his future market; instead of curtailing his production, thereby allowing the farmers of foreign countries an open field in the world market; instead of keeping the American farmer out of the world markets, I would direct my efforts along the lines of securing for him these world markets, and I would do this temporarily at any cost, which from any standpoint would be no greater than the costs already endured.

An effort has been made to help the farmer by the processing tax. Many

people are convinced that this is a charge against the federal treasury. The fact is, in my opinion, that the farmer is paying this tax himself, and that the processing tax will have to come out of the price of the things against which it is applied, unless it is at the same time applied to all kinds of competitive food products.

I do not criticize the effort that has been made. Something had to be done. What the government has done for the western farmer has saved the situation thus far, not so much through the processing tax as through the loaning of money upon corn under seal, the purchase of distress cattle, loans to farmers in distress, and other activities which I approve most heartily, as temporary measures. But in the long run the only real help the government can give to the farmer is to utilize its great resources and its great ability to find for him markets for the things that he can produce. This I believe can be done, although the process will be somewhat slow through the reciprocal tariff route. It might also be done through some plan of giving credit to our foreign debtor nations, measured by a percentage of our agricultural products that such debtors would be willing to take, and then helping the farmer to help himself.

The second way to help the farmer in a long range plan is to finance him, and where willing to accept it to instruct him in ways and means of treating his land more as a chemical laboratory than

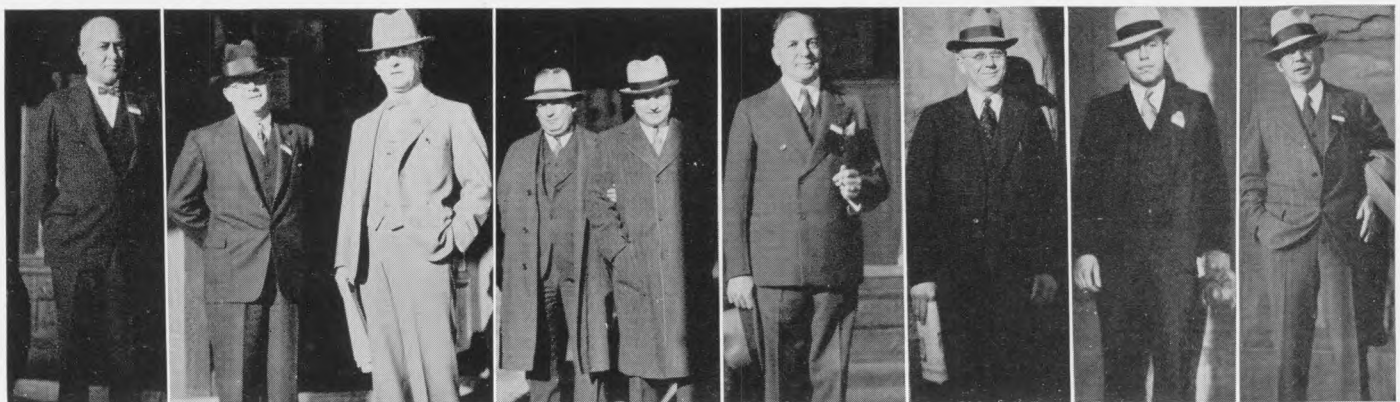
as merely a piece of ground upon which to produce surplus food products.

The government is doing well to give to the farmer every conceivable assistance in this period of his greatest distress, but, as pointed out, his difficulty is not something that is peculiar to these depression years. It has been coming upon him gradually and constantly since 1909, during all of which period he has been receiving a constantly diminishing share of the national income, and I would, therefore, suggest that the bankers and businessmen of the nation address their thought, first, to a plan for increasing the share of the national income that goes to the farmers that produce the real wealth of the nation, and to this end I would not undertake to restrict his production, except as we could well afford to take out the submarginal or unprofitable acres, and attempt to give back to the nation a system of forestation that would inure to the great benefit of the generations yet to come.

I would undertake through the resources and power of the federal government to restore and raise the water table that has diminished so alarmingly in recent years by a systematic and well conceived plan to hold back the waters that are constantly flowing to the sea. I would buy up the low lands, and fill up the ditches. I would attempt to dam up the rivers and streams. Some of this is being done now with the hope of transporting commerce on these water-

(Continued on page 16)

At the Nebraska Convention



Reading from left to right — T. L. Davis, president, First National Bank, Omaha; W. S. Rodman, chairman of the board, American National Bank, Kimball; O. R. Ivins, president, Crawford State Bank, Crawford, Nebraska; Carl Fredricksen, vice president, Live Stock National Bank, Sioux City, Iowa; W. D. Wyard, assistant secretary, Northwest Bancorporation, Minneapolis; Stanley Maly, vice president, First National Bank, Lincoln, Nebraska; R. H. Kroeger, cashier, Live Stock National Bank, Omaha; Milo Blazel, Howells State Bank, Howells, Nebraska; and Fred D. Stone, manager service department, First National Bank, Lincoln, Nebraska.

Banks And Recovery

An address by Hon. J. F. T. O'Connor, Comptroller of the Currency, at the recent convention of the Nebraska Bankers Association, held in Lincoln



J. F. T. O'Connor

YOU WILL be interested in a review of the main problems confronting the office of the Comptroller of the Currency, which is a Bureau of the Treasury Department, after the banking holiday in March, 1933, and the solutions of these problems. Two of the problems were entirely new, and it was therefore necessary to travel into unexplored territory without the guidance of experience or precedent. The first problem was the reopening of 1,417 unlicensed national banks, with deposits of \$1,971,960,000, which are under the jurisdiction of the Comptroller of the Currency. The second was the approval of the sale to the Reconstruction Finance Corporation and to local interests of preferred stock in national banks. The third problem was the distribution of dividends to depositors in closed banks. The distribution of dividends has been an activity of the Comptroller's Office since the first bank closed, but new methods have been employed during the past twenty months.

The work accomplished could not have been done without the cooperation of the Congress of the United States. At the request of the President, ample provision was made by Congress for reopening the closed institutions and giving much-needed relief to depositors.

New Division

At the close of the banking holiday, an entirely new division of the Comptroller's Office was put together and several floors of an adjoining office building were taken over for this work. Examiners were called in from different parts of the country; clerks, auditors, stenographers, typists—all worked early and late, under great pressure. We received as many as 7,000 letters in one week. Each and every one of the 1,417 banks had to be carefully examined, the

assets appraised, and a plan prepared for its reopening. On November 1, 1934, 1,075 banks had been reorganized, representing \$1,792,899,000 in deposits, while 30 banks had voluntarily liquidated and paid their depositors in full \$11,204,000, and 297 banks had been placed in receivership, representing \$153,336,000 in deposits. The depositors in these particular receivership banks have received \$42,328,657. When a bank is placed in receivership, it does not mean that it has no chance to be reopened or reorganized, as we had on November 1st approved plans for reopening 10 of these receivership banks with deposits of \$4,754,000.

It is indeed a great pleasure to state to you that there (November 8) are only 15 banks in conservatorship, representing \$14,433,000 of deposits, and of these, 13 have plans approved for reorganization, with deposits of \$13,653,000 which will be released shortly. In other words, twenty months after the banking holiday, there remains undisposed of less than three-fourths of one per cent of the deposits in the 1,417 unlicensed banks as reported at the close of the banking holiday.

Values Depressed

A careful survey of the banking situation of the nation showed that values on property of all kinds have been greatly depressed, and our banks contain numerous items which debtors could readily have paid under ordinary conditions but were not able to pay because of the financial collapse. The President appreciated this situation and realized the importance of the banking institutions to the country. To avoid further distress to depositors, he requested the Congress of the United States to permit the government to purchase preferred stock in these banks. Let me use

his words, "To accept the government's offer to purchase preferred stock does not mean that a bank is weak, but that it is eager to cooperate in the recovery effort to the fullest possible extent, and thus undertake to put this additional capital to work. We are not thinking of idle capital. We are thinking of working capital—capital working for recovery."

It is unnecessary to call your attention to the tremendous amount of detailed work in connection with applications for preferred stock—waivers, consent of stockholders, resolutions of the Board of Directors and of the Reconstruction Finance Corporation, as well as a careful check in the Comptroller's Office and approval by the Secretary of the Treasury. If you will keep in mind these various complicated steps, you will have some idea of the task involved in the sale by 1,835 national banks of \$473,353,550 in preferred stock to local interests and to the Reconstruction Finance Corporation by November 1, 1934.

Depositor Relief

The third important problem referred to was the relief given to depositors in closed banks. Since March 16, 1933, there has been distributed through the Office of the Comptroller of the Currency to depositors in closed national banks over half a billion dollars, or to be exact \$555,160,062.

In Nebraska at the end of the banking holiday, there were 21 national banks unlicensed, with deposits of \$6,503,000. It will interest you to know

(Continued on page 20)



Phil S. Hanna

THE MOST important business before the people of the United States today is to keep the banking business in the hands of private enterprise. This transcends every other problem. Upon the decision of Congress as to whether the Federal Reserve System will be managed by politics or managed by the member banks depends the future solvency of the government itself; upon this decision rests the future value of every life insurance policy, to say nothing of the value of all investments that are likely to be harmed by too much politics in banking. As an inflation threat there is nothing on the horizon equal to it.

To propose now that the government of the United States can take over the Reserve System and avoid trouble is to assume that human nature is different than it always has been. There is no one instance on record that I can find where political management has been successful and there are literally hundreds of instances where political management has brought not only bankruptcy to government but ruin to investments of the people. Private management of credit is the only efficient check on political expediency that the world has ever known, and yet there are those in our country who are actively working for elimination of this check in the United States.

I dislike exceedingly to find myself criticizing the President of the United States, but when he implied over the

Have We Seen Anything Yet?

"The most important business before the people of the United States today is to keep the banking business in the hands of private enterprise"

By PHIL S. HANNA

Editor

The Chicago Journal of Commerce

radio September 30th that the American bankers had done less for their government than the British bankers, he completely overlooked the most important fundamental in all debtor-creditor relations. The American bankers as a whole, by filling their banks two-thirds full of government bonds, in the face of a spending policy by the government which is open to severe criticism, have done more for their government than the British bankers have ever done. It is time the bankers of America got their nerve back and awakened the people of the United States to that fact.

Who Is Demanding

Let us first try and find out who is behind this demand for a nationalization of credit. Is it the public, the customers of the banks, or the stockholders? Are the bankers themselves asking the government to take over the Federal

Reserve? The answer in every case is "no." But when you look to politics you find those who are demanding nationalization.

These can be divided into two classes—those believing with Senator Thomas that credit has been artificially restricted and that business would revive if the government owned the Reserve banks; and there is a much smaller but, in my opinion, a very vicious group that wish to nationalize credit because they know the power that goes with the control of credit.

I can tolerate the ignorance of those who mistakenly think that more devaluation and control of credit by the government will be a means to recovery for they are out in the open, they are property owners and they differ honestly; but if the same rubber-stamp methods prevail in the coming Congress as prevailed in the last Congress, a bill to nationalize credit, drawn in secret by Harvard brain trusters whom you and I never had a chance to vote for, can become the law of the land.

Your Own Hands

If the danger of nationalization of credit is to be safely avoided, the bankers must take it into their own hands in every community to educate their customers as to what political banking means. I would first obtain the October bulletin put out by the Girard Trust Company of Philadelphia, and then go to the editor of my local newspaper and

(Continued on page 14)

**Address before the recent
annual convention of the
Nebraska Bankers Association,
held in Lincoln**

BONDS AND INVESTMENTS

What the Government is Doing To the Utility Business

WHEN ONE looks back over the period of the last eight or nine years, it is almost impossible even now to imagine through what we have passed. Through the period from 1924 to 1929 we had constantly advancing prices, not only in stocks and bonds, but in real estate, commodities, farm products and every conceivable thing upon which you lend. These prices advanced so continuously and so rapidly that the people of the country lost their balance and sense of proportion until the majority felt there was no end to where prices and values might go.

This, of course, was stimulated by profits as a result of a tremendous export business which in turn was paid for by what we realize now were unwise foreign loans. There seemed no end to the investments of the people, not alone in stocks and bonds, because there was just as great a speculation in real estate, cattle and farm commodities as there was in securities sold on the exchanges.

It was not until the crash in October, 1929, that we were brought to a realization that an end had come to what was then called the "new era." And when that crash came in '29, I venture to say that there was no one in this country, no matter how wise, who could realize the depth of the depression into which we were entering. If mistakes were made during that period, not only by you but by the people of the country as a whole, we were entering a period in which we would pay very dearly for them.

You have been accused from time to time of being responsible for the depression in which we have found ourselves. I think any fair-minded man well realizes that you were merely a part of the

By CHARLES S. McCAIN

*President
The United Light and Power Co.
Chicago*

Address at the Nebraska Bankers Convention held in Lincoln



C. S. McCain

depression and not the cause of it. If there were those among you who, through lack of integrity, brought ruin to their institutions, they should pay the penalty as prescribed by law. If there were among you those who, through poor judgment, caused the failure of their institutions, they should also suffer whatever consequences fall upon them.

But, for the large majority of you who kept the faith, who maintained your trust, and who protected your depositors, I think you are entitled to all the praise to which such actions entitle you, rather than being criticized and reproached as one class.

Profound Changes

While it may not have been intentional, the Government, during the last eighteen months, has apparently held aloof from the banks and has been critical of them, so that the most profound changes ever made in our entire financial structure have been made without the consultation of bankers. The heads of the largest institutions of New York and Chicago have known no earlier than the head of the smallest institutions in Iowa and Nebraska when the gold embargo was placed in effect; when the gold clause was abrogated; when the gold content of the dollar was decreased; when silver was monetized; when new tariffs were placed into effect; and the first news that any of you had of these actions was when you read about them in the morning newspapers. And yet, the bankers, as custodians of the funds of their depositors, were more intensely interested and had a greater responsibility than any other one set of individuals in the country.

Unquestionably, both the bankers and the Government have been at fault in not working more closely together, although I cannot help but feel that the Government has been less inclined to do this than the bankers. However, the recent convention of the American Bankers' Association at Washington has paved the way for a much better understanding and much better cooperation be-

tween the Government and the banks. Jackson Reynolds, in his speech, undoubtedly voiced the sentiment of practically every banker in the country, and it was the more forceful and more telling because it came from a man of well-known conservatism and sound thinking. The President also evidenced his desire for cooperation, so that a great opportunity has been established. I know that you will do your part to the fullest extent, as you should do, and I hope the Government will do its part.

New Conditions

You are confronted today with almost a new condition in your business. Due to legislation, you have been restricted in many classes of loans and, due to the present condition of industry, there are few demands upon you for loans to finance trade. As a result of this, you find yourselves unable to invest in anything except Governments, or, as an alternative, to carry your surplus funds in cash, which forces you to consider the question of return on the money of your stockholders.

I do not know when this condition will change. As a matter of fact, I do not believe it can change until we get back to a normal method of business where capital is unafraid and the business institutions of the country are willing through restored confidence to take reasonable business risks.

The Utility Business

If you have had your problems, however, those of us in the utility business, I think, have had equally as grave problems to face, because the banking business and the utility business have been centered upon for political attacks almost since the inception of the present Administration.

I do not think the utility business is entirely free from criticism. Yet, when one looks back and realizes that, in the short space of fifty-four years, since the first central lighting plant was established by Thomas A. Edison in New York City with an investment of less than \$1,000,000, we have become the most electrically-minded people in the world, with an enormous increase in facilities, with numberless central power plants, water power developments, and transmission lines criss-crossing the country, furnishing the best of service to the smallest hamlets and farms, with a total investment of \$12,700,000,000, one must admit that great energy, great foresight, and great research have been put into this business.

The whole tendency of the development of the electric business has been to render better service at a cheaper price, because we have learned from experience that we do not make money at high rates but out of large consumption at low rates. So every utility executive is just as much interested in reducing your rates as you are in having them reduced, with the one proviso that, in every instance, the matter of satisfactory service comes first, because we have been so educated in this country that we will absolutely not tolerate poor service.

The Holding Company

Much of the criticism of the utilities has been centered upon the holding company and I think part of that criticism is justified. In the development of this business, however, it was necessary to attract capital which was difficult to do for plants in isolated communities. In almost every instance where plants were built or acquired, it was necessary to carry them through a period when there were no earnings on the capital invested and until earnings could be created by business obtained and reduction in cost of production. That was primarily the reason for the beginning of the holding company, because, through it, a diversity of risk could be obtained and a pooling of earnings could be made until the entire group could be put on a self-sustaining basis. I do not believe that we could have had the development, which has taken place in the electric industry in this country, without the holding company.

It had a further advantage in the furnishing of efficient management to even the smallest community, because you can well see that it could not employ the best talent unless it had sufficient business to justify it in doing so. By bringing a group of companies together through a holding company, the very best talent can be employed and the benefit of that talent given to the smallest company in that group.

The most unfair attack which the Government has made against the utilities was the provision of the Public Work Administration that they would grant a community, desiring to build a municipal plant in many cases already served by a private utility, 30 per cent of the cost of the plant as a free gift and lend the remaining 70 per cent at 4 per cent interest on income bonds. It is needless to say that no private utility, or few other businesses, has ever obtained money at as low a cost as this.

In addition, a municipal plant would be free from taxation. This would mean confiscation of the private utility. This, I think, is unpardonable on the part of the Government and absolutely unwarranted in view of the protection to which its citizens are entitled for property which they own.

Tremendous Sums

The other great attack which the Government has made against the utilities has been the appropriation of tremendous sums for the development of various projects throughout the United States to vastly increase electric output in territories which already have capacity far in excess of their demands. It is hard to justify these projects even on the basis of emergency employment, because they are so far-reaching in their effects and put such a burden on the people for generations to come in paying for them. Certainly, any temporary employment, lasting one, two or three years, for a small group of men could not justify the burden which will follow through taxation on all the people for many generations.

The TVA, one of the best known, if carried to its ultimate goal, will cost more than one billion dollars. It is developing power in a territory which already has twice as much power as can be sold. It is both a power development and a social experiment. But I think it is so wrong in its conception and magnitude that the project will never be completed, because, before it can be finished, a reaction will set in on the part of the people of this country against the unwise expenditures involved.

It seems to me that the only instance in which the Government would be justified in spending its funds for the development of such projects would be where the cost involved would be so great that a private company would be unable to finance it and carry it through the period while business was developed sufficiently to pay the interest on the investment and where, at the same time, there was such an obvious demand for the power developed that the public interest would be well served by the expenditure. But most of these projects have not been conceived in that spirit but have been recommended by various groups, who had selfish interests in the particular communities where they were to be built; and one of the principal recommendations apparently has been the amount of money involved. The

larger that amount the more favorable the project has been regarded.

Poor Leadership

I tell you these things because I feel that you are just as much interested in this as I am. We do not ask any favors, nor should we ask any favors, which would give us an advantage over our fellow-citizens; but, at the same time, we are entitled to the same protection which any other business receives.

I think that during this period we have suffered poor leadership, not only in the banking and utility businesses, but in industry as well. We have taken practically all criticism without endeavoring to answer it. We have offered very little that has been constructive. I think the time has come when you must impress your opinion upon the thought of the country and we must impress ours and industry theirs. If we are confident of the security of our position, the rightness of our purpose, we should frankly state it and stand for it.

We should wholeheartedly support the Government in every move which we believe sound; offer constructive suggestions of our own and oppose in the proper spirit those things which our thought and experience convince us are unsound.

Pays 1% on Savings Deposits

Gwyer H. Yates, president of the United States National Bank of Omaha, announces that his institution is the first one in the United States to reduce their interest rates to 1 per cent on savings deposits.

On October 1st, the bank sent out the following notice to its customers:

Notice

"The following changes will occur in Savings Department Rules effective October 1, 1934.

The interest rate allowed on present savings deposits up to \$2500 will be 1 per cent.

Balances in excess of \$2500 will draw no interest.

Balances averaging less than \$100 will draw no interest.

Interest at 1 per cent will be paid on new accounts up to \$500.

No interest will be paid on any account where the amount of interest earned during any interest period is less than 50c.

Until January 1, 1935 the advice or service of our investment depart-

ment is available to Savings Customers without charge."

The Omaha Clearing House banks are paying 1½ per cent on savings deposits up to \$2500 with the exception of the United States National which is paying 1 per cent.

The United States National Bank has deposits of \$25,000,000, with savings deposits of \$4,000,000. The capital of the bank is \$1,100,000, surplus of \$700,000, with undivided profits and reserves of \$450,000.

Timelock Protection

History of the bank holdup business has proved one thing these days and that is that it is wise to provide oneself with adequate underwriter's approved timelock protection.

A half century ago, the installation of night timelocks put a stop to the practice of kidnapping a banker in his home, marching him to the bank and by means of force, made him open his safe or vault.

Insurance companies, conservative bankers and underwriters now realize that the only way to put a stop to the day holdup is to also place a physical barrier around what the holdup is seeking, namely, the banker's money. Many banks have already equipped themselves with this new means of protection and until a good many more do, there is very little hope of getting any reduction of insurance rates.

The Yale & Towne Manufacturing company are applying the same old reliable type of delayed timelocks as they did over a half century ago, applying it only in a new form. They have designed a fully jeweled timelock of double safety construction that has proven very effective during the past ten years in eliminating the visit of a day holdup man. One of the main features besides their reliability to give an uninterrupted service, is the matter of its variable nature of delayed time control. In fact, they can be varied from any period of three minutes up to providing a seven hour delayed opening. It has always been felt that a longer delay period should be used for the first opening of a safe in the morning and this can be accomplished by the banker himself, a feature, we believe not obtainable in other types of delayed control equipment.

The F. E. Davenport & Company of Omaha, Nebraska, are the agents for the Yale Variable Delayed Timelocks and they report that bankers through the territory that already have this type of equipment would not be without it. In order to place an opportunity for every banker to become familiar with the operation of the equipment in his own bank, they are making a special offer of a thirty-day free trial of the equipment. As one of the officers of the Davenport company remarked, "We have never believed in trying to sell a banker anything, we would rather have him buy

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

it, for in only this way can he be thoroughly satisfied with the equipment."

Their willingness to have a banker sell himself on the Yale Variable Delayed Timelock equipment by using it in his bank, seems to be a very fair proposition, though usually unheard of.

HAVE WE SEEN ANYTHING YET?

(Continued from page 10)

ask him to publish the story in that bulletin on central banking. I would then publish as a bank advertisement one illustration at a time showing how political management has worked in the past.

Tell your customers about the First Bank of the United States and the Second Bank of the United States. Tell them how much chance they would have of getting a loan if they belonged to the wrong party or were "in Dutch" with the local political leader, and also point out how those in the favor of politics would have free access to bank funds.

I would cite the recent case of the Bank of North Dakota, and then turn to the history of the Bank of the State of Alabama. The Alabama bank increased its discounts from half a million dollars in 1826 to over 20 million dollars in 1837, of which more than 6 million turned out to be worthless. It is recorded in the history of that undertaking that "a director could not afford to refuse a discount requested by a member of the legislature," and that "candidates for the General Assembly were compelled to promise their supporters liberal loans in case of election, and to exact pledges from candidates for directorships that loans would be granted."

Interestingly, it is recorded that after the election of a Tuscaloosa hotel-keeper to the Board of the State Bank in 1832, his hotel was crowded with members of the legislature desiring to borrow money, and that when four of his competitors in the hotel business realized they were losing trade they also secured their election to the Board of the State Bank. The State of Alabama wound that enterprise up in 1844 with the loss of over 14 million dollars.

Thus I repeat that to assume that today the elected representatives of the people are any more likely to run a bank efficiently and to refuse favors to politicians is to assume that human nature has changed. For one, I want to register an emphatic "no." The form of things has changed, science has advanced, but human nature in a nationalized credit system which is proposed for the United States today would react just the same as it did in France ten years ago, and as it reacted during the period that the various states were experimenting with public control of credit.

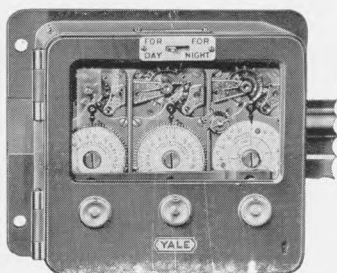
A Commanding Voice

It is not as if the government did not already have a commanding voice in our credit system. By the Gold Act of a year ago the Secretary of the Treasury has what Carter Glass has called "a rival central bank." The Treasurer was given title to the entire monetary gold stock of the country, of which 2 billion dollars was set aside for him to use as he sees fit to buy and sell securities, foreign exchange, and to operate in the money market in about the same manner that the British banks operate. The difference is that those who control the manipulations in Great Britain

have an eye to the well-being of the credit of the bank as well as the credit of the country, whereas the chief interest of the Secretary of the Treasury these days is to sell government bonds. In addition, the Thomas amendment has given the Treasurer the power to issue 3 billion dollars in greenbacks.

With those facilities entirely at their disposal, what reason is there for proposing a nationalized credit system? Well, the answer of those who are working in the open is that the bankers have not been liberal enough in credit and that an increase in the circulating medium would raise prices. To men who believe this way in spite of all the evidence to the contrary, reason and debate are of little use, but to the smaller group working in secret who are nursing a desire to nationalize credit as part of a scheme to perpetuate a political dynasty, or for the purposes of overthrowing democracy, the only answer is to educate your public while there is still opportunity to do so.

There are literally hundreds of instances of poor banking, for that is what is involved when government goes into construction enterprises like irrigation, Muscle Shoals, and the like, form the record of the kind of credit man the government really is. The history from the beginning of the union is just one case after another of faulty estimates of costs of projects, disillusionment when in operation, and then a write-off to the tax account. Now we are being asked not only to give Uncle Sam all the money he wants to carry on experiments but to give him the control and the say-so over all of the private bank deposits in the country. I have every confidence in the long pull future of the United States. I do not fear in the least that we are not going to come out of this experimental mania eventually, but if we increase rather than decrease the control of politics over banking and credit sources of this country there will be a short space of time when it will be proper to ask: "Have We Seen Anything Yet?"



Protect Against An Early Morning Raid!!

● It is essential that a longer than a 30 minutes delay period be used to discourage the Early Morning Holdups.

● The Yale Variable Delayed Period Timelock can be varied to meet each Banker's individual requirements.

● Let us explain our plan of demonstrating this modern Underwriter's Approved Holdup Equipment in your own bank on a thirty-day free trial.

F. E. DAVENPORT & COMPANY

OFFICIAL EXPERTS FOR NEBRASKA BANKERS ASSN.

OMAHA, NEBRASKA

Usual Dividend

Alvin Johnson, president of the Live Stock National Bank, Omaha, announces that his bank on September 29 declared the regular quarterly dividend of one and one half percent to its stockholders.

INSURANCE

Its Application to the Banking Fraternity

Sell Life-Income Contracts To Your Prospects

FROM an agent's standpoint the first or most important factor with this or any other form of coverage is securing the correct type of prospect. There are two types of people to whom life income has a definite appeal. First. Those without a sufficient surplus to secure investment income, who must set aside a small amount monthly during their present salaried period in order to secure themselves an income, however small, at retirement age. Since this retirement age may be forced on them sooner than contemplated, they must have a contract with a cash value after the first few years exceeding, or at least equal to the amount of their deposits. All salaried people, under \$300 monthly income, are in this class, which also includes professional men and women, not on a salary. A savings of \$10 monthly at an average age, say 35, builds up at the age of 60 or 65 a guaranteed income of approximately \$40 per month. The insured's liability to meet premium payments through physical incapacity may be taken care of by the waiver of premium feature. In the event of loss of employment or some inability other than through physical causes, the policyholder receives after a reasonable number of years the entire amount of deposits plus interest.

The second class of prospects most likely to be interested in life income are those who are at present financially well fixed; who have their money invested at a good rate, but who wish to guard against the possibility of investment loss and to spread the risk, so to speak.

In the past twelve months, on account of the increasing number of people who are becoming annuity minded, the sale of life income contracts is tremendously increasing. During the past

By WILLIAM O. REED

*Aetna-izer
Oakland, California*

thirty days the public has become apprehensive because the larger insurance companies are moderating their annuity forms to such an extent as to considerably decrease the amount of money pouring in each day through annuity applications; the investment of these moneys is difficult.

Most annuity prospects become, after a brief explanation, very enthusiastic about life income contracts, which may be termed "Insured Deferred Annuities."

During the month of August no less than five people daily made telephone inquiries to the Oakland agency for information regarding annuities. I stress this point to particularly bring to your attention the prospects that are now available to an agent. Most of these people are not infrequently shopping for the best contract available, so that competition is more frequent than in the past.

Mutual companies estimate that with the accrual of dividends the prospect, age thirty, will not have to pay for the entire thirty years which elapse before he reaches the age of sixty, but will pay up the contract in twenty to twenty-five years. Using the Aetna Life Income at 60, on the Twenty Pay Plan, we are able to give the prospect a contract

guaranteeing to be paid up in full in twenty years.

I completed, recently, a synopsis on an attorney, age thirty-five, whose wife is thirty-three. At sixty, they will be guaranteed \$100 per month for life at a cost of \$11,357.50. Compare this with a joint and survivorship annuity at the male's age 60—female 58—and we find that the annuity cost is \$19,298.40. In the event the insured takes a cash settlement of \$13,700 at 60, a profit of \$2,342.50, the wife in the event of the insured's death will receive an income of \$100 monthly either starting at the end of the 100 month certain period, if the insured dies prior to that time, or starting at insured's death if it occurs at any time after the 100 months certain period.

The extended insurance and pure endowment features of life income make a real impression on the prospect who objects to the high premium—who says "Suppose I lose my position or meet with business reverses and am unable to continue to meet the payments. Would I not be better off with ordinary life insurance?" Take again the man at age thirty-five. (He's been taken so often, once more can't possibly hurt). On the life income at sixty contract, his net cost, any time after the third year, is less than ordinary life. At the 10th year he has paid \$4,061 for each \$10,000 and if he stops paying then, the extended insurance feature will keep the in-

Two types of people buy life income--those without a sufficient surplus to secure investment income and those who are well fixed, but who wish to guard against the possibility of investment loss

surance—\$10,000—in full force for another fifteen years (to completion of contract) and then he will receive \$4,220, \$159 more than he has deposited with the company. He could then purchase a single premium annuity or leave the surplus under mode settlement. This would not give him his originally desired income but would give him a few of the necessities of life that he would

have gone without.

May I call your attention to the definite advantage given us by the life income contract where we are dealing with substandard risks. This point has been brought before but repetition cannot help but be valuable. The most difficult type of substandard rating to be placed is an increase in rate on account of occupation. In writing three

life income contracts for men employed on the San Francisco Bay bridge, I was successful in placing all three contracts, which were "B" rated, due to the fact that by stepping up the maturity age five years, the company issued contracts calling for an endowment over the same period of years as with a standard rating, with a deposit requirement practically the same.

Business Should Use the R. F. C.

JESSE H. JONES, chairman of the board of the Reconstruction Finance Corporation, feels that solvent industries which are in need of funds for the payment of labor or for the purchase of materials incident to the normal operation of the business are not making the fullest possible use of the facilities offered by the Corporation.

Mr. Jones comments as follows:

"Industrial concerns, eligible to borrow funds from the Reconstruction Finance Corporation for the purpose of maintaining and increasing employment, have not yet taken full advantage of the assistance which the Corporation is prepared to extend.

"Congress provided that such loans might be made to industrial and commercial businesses subject to the following requirements:

1. That the business must have been established prior to January 1, 1934.
2. That such loans be adequately secured.
3. That maturity of loan must not exceed five years.
4. That borrower must be solvent at the time of disbursement of the loan.
5. That credit at prevailing bank rates for loans of the character applied for not be available at banks.
6. That reasonable assurance of increased or continued employment of labor be given.
7. That the aggregate of such loans to any one borrower made directly or indirectly shall not exceed \$500,000.
8. That such other provisions as the Reconstruction Finance Corporation may impose be complied with.

"The Directors of the Reconstruction Finance Corporation feel that these loans should be made in such a way that the available funds can be utilized as fully as possible for the advance of permanent business recovery. This objective can be accomplished best if the

moneys loaned by the Corporation are used principally to supply funds for the payment of labor and the purchase of materials incident to the normal operation of the business, rather than for the payment of existing indebtedness, though in exceptional cases a small part of the loan may be used for payment of existing debts or for the financing of construction, improvements and/or repairs that do not materially increase capacity. When a loan is to be used primarily for labor and materials, a small portion of the loan may be applied to these latter purposes when necessary to assure ordinary and efficient operation.

"The Corporation will make loans in cooperation with banks, or by the purchase of participations in loans made by banks. In cases of national banks, only the bank's participation in such loans, rather than the full amount of the loan, must be within the legal limit which may be loaned to any one customer, and accordingly this plan will allow substantially greater credit to be extended through such channels to borrowers who are already borrowing up to their legal limit.

"The depression years have left many enterprises in very much involved and weakened positions, but our experiences has led us to believe that where present creditors are willing to cooperate by a proper adjustment of existing debt structure, many such enterprises may be safely supplied with additional funds that will enable continuing operations on a sound basis.

"Accordingly, we suggest to industrial concerns, to which credit at prevailing bank rates for loans of such character is not available but which can offer adequate security (even though such security may be frozen and therefore not generally acceptable to banks) and which can profitably use additional funds for labor and materials, that they communicate with the local loan agency

of this Corporation serving the territory in which such concerns are located.

"Each Loan Agency of the Corporation will, when requested, assist and advise with applicants in determining their eligibility and in the preparation of applications."

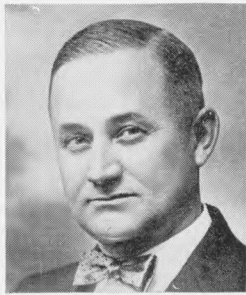
"RESTORE FARM INCOME"

(Continued from page 8)

ways. My prediction is that thirty years from now our new waterways will be as much in the discard as the earlier canals that were built a few generations ago. I would not undertake to hold back the waters with the thought of manufacturing electrical energy, for we know that electrical energy in nearly all instances can be produced cheaper with steam than with water, but I would continue the policy of improving the rivers and streams, and aiding the meteorological conditions, and along with this utilize the funds going to emergency relief as the State of Wisconsin is doing by producing fertilizer for the soil, such as lime, for the acid soils of vast stretches of our land in the Mississippi Valley.

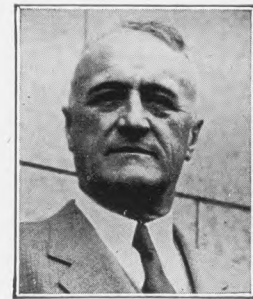
In fact, if I were doing it, if I were a dictator, I would immediately center all of my attention on restoring the income of the American farmer to a point where it would be somewhat commensurate with that going to other channels.

In conclusion, I would band every effort to open up the markets of the world for the American farmer, by subsidy if necessary, where this could be done without bringing retaliatory measures. I would keep him in the markets of the world instead of adopting ways and means of keeping him out of the markets of the world and turning these markets over to his competitors in foreign lands. I then would undertake to help him help himself by some of the processes and means which I have herein so briefly and poorly sketched.



**OTTO KOTOUĆ, President
Nebraska Bankers Association**

Nebraska News



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

Fire Damage

Fire originating in a desk caused a blaze at the Smith National bank building, St. Edward. When first discovered the blaze appeared to be flaring up in the middle of the room.

Firemen had to force the front door and in so doing badly damaged the marble entrance.

The fire was confined entirely to the desk, which with a radio on it was destroyed. Other damage was from smoke and chemicals used to extinguish the fire. Walls and woodwork are damaged to exceed \$500.

Vice President

M. E. Isaacson of Marquette has been elected vice president of the Association of Secretary-Treasurers of the Eighth Federal Land bank district.

There are 509 associations in the district, which comprises Nebraska, Iowa, South Dakota and Wyoming. Mr. Isaacson states that more organization work is contemplated during the coming year, with group meetings in the various states.

Depository Bank

Thurston residents, about 15 in number, have subscribed for bank stock in a nominal amount for the purpose of creating a depository bank. No permanent organization, however, has yet been effected.

According to the program, the bank would be affiliated with a Lincoln institution, which would handle loans, which had the approval of the three elected members of the Thurston board. There would be eleven officers, elected by stockholders, according to the plans outlined.

New Equipment

Recently the Farmers State Bank of Humphrey added some new equipment

to its bank fixtures to take care of its fast increasing business. New safety boxes, all steel in construction, were added as were two steel chests. Some minor equipment such as filing cases and the like were also added.

Earlier Closing

The Security National Bank at Laurel has decided to join with many other banks in this territory in closing an hour earlier each day. This move is being made so that the time may be devoted to the numerous amount of detail work that accumulates at this season of the year and makes a lot of night work.

Co-operative

At a meeting of the business men of Hemingford a cooperative bank plan was explained by T. A. Myers of Lincoln. As suggested by the title the plan is one in which the members of the institution own and operate the bank. General favor was expressed by a majority of those present and fifteen men signed the application for a charter, three of whom will appear before the state banking commission.

Joins Federal Reserve

The Farmers State Bank of Scribner has been admitted to membership in the federal reserve system. Affiliation with the great federal system will permit the local bank to enjoy all the benefits and facilities afforded to its members.

Carl Weil Dies

Carl Weil, Lincoln banker many years, died at Omaha recently following a long illness. He was 52. Taken to an Omaha hospital several weeks ago, he underwent an abdominal operation.

Born at Burr Oak, Kan., April 28, 1882, he later came to Lincoln with his

parents and attended the Lincoln Business college and the University of Nebraska college of law.

His early experience in the banking business was with the American Exchange National Bank of Lincoln in 1899. At the time of his death he was president of the Commerce Trust Company and vice president of the National Bank of Commerce and of the Bankers National Life Insurance Company of Jersey City, N. J.

Big Business

The Federal Land Bank of Omaha reported recently it has done a quarter billion dollar business in the last 18 months.

Loans closed since May 1, 1933, hit the 250 million mark, representing a flow of credit with which farmers of Iowa, Nebraska, South Dakota and Wyoming have been able to clean up old debts and readjust obligations on a long-term repayment plan at lower interest rates.

In the 18 months since the farm credit administration started to function, farmers have been extended more credit than during the preceding 16 years, the report stated.

Loans closed between 1917 and May 1, 1933, totaled \$244,290,290. Since May 1, 1933, loans totaled \$249,957,950.

Loans by states show \$124,163,150 credit to Iowa in the last year and a half, \$80,346,750 to Nebraska, \$40,287,100 to South Dakota and \$5,161,950 to Wyoming. Ninety-three cents of each dollar has gone to refinance debts, bank officials said.

Credit Association

Final plans for a co-operative credit association were made at a recent meeting of Battle Creek business men, when

a state charter was delivered and a board of directors, a supervising committee and a loan committee were elected. The directors are W. C. Traub, W. C. Gregory, C. C. Zimmerman, H. E. Reavis and E. P. Scott. Supervisors are W. L. Boyer, Elmer Doering and George Scheerger. The loan committee is comprised of C. E. Tillotson, M. G. Doering and Dr. M. W. Hunt.

At Meadow Grove

A large group of interested citizens gathered at the school auditorium in Meadow Grove where an explanation of the procedure of the co-operative credit association was explained.

Following the discussion the people expressed themselves as favoring the plan and proceeded to organize. This organization necessitated the electing of three committees, as follows:

Board of Directors—Gray McCarroll, W. S. Crook, G. C. Rouse, J. W. Warrick Jr., and H. W. Botsford.

Credit Committee—F. C. Werner, J. E. Hauge and C. E. Rouse.

Supervisory Committee—M. Hicks, G. E. Warrick and J. G. Wiese.

In Dunbar

Without banking facilities for the past three months, Dunbar is now served by a co-operative credit association.

Articles of incorporation for the association were filed with the Otoe county clerk. The new institution occupies the building which formerly housed the

now defunct Farmers' State Bank of Dunbar. Carl Weiler was organizer of the co-operative. Members of the board are Henry Schutte, E. R. Ferguson, J. A. Dunbar and Oscar Weiler.

Kansas News

County President

Henry Viets, assistant cashier of the First National Bank of Girard, was elected president of the Crawford County Bankers association at a meeting at Girard. He succeeds W. E. Chambers of the Hepler State bank.

Ray Hankins, assistant cashier of the McCune State bank was elected vice president. Rex W. Crawley of the National Bank of Pittsburg, was reelected secretary-treasurer.

Among the speakers were J. T. Fowler of Arcadia; Ed Munday of McCune; E. A. Sellsmanberger, of Pittsburg; C. O. Davis of Pittsburg and I. E. Clark of Walnut.

About 30 bankers were present, representing all the banks in the county.

Consolidated

The Bank of Hamlin has been consolidated with the Citizens' State bank of Hiawatha. Ezra Lichty has been cashier of the Hamlin bank, with Mrs. Ezra Lichty assistant cashier. L. N. Reid, of Morrill, has been the bank's president. C. B. Berkeley, of Hamlin, vice president.

Capital Increase

The statement of the First National bank of Overbrook shows that they have conformed with the ruling of the Federal Reserve system by increasing their capitalization to \$50,000. Total assets of the First National bank as published are \$238,523.84.

Pioneer Dies

Fred Taintor, 79, whose cattle once roamed a domain of 200,000 acres died recently after an illness of two years. His home was in Wichita.

Upon his retirement from his ranch in 1909, he established a bank at Englewood and upon retirement from business in 1916, he moved to Wichita. He still retained his financial interests in Clark county and in Wichita at the time of his death.

Anniversary

The Kansas State bank, Newton, celebrated its thirty-second anniversary in business recently.

On November 1, 1902, the bank opened for business with C. F. Claassen, Charles W. Goss and A. L. Snoeberger standing in their cages ready to receive their patrons.

Mr. Claassen is the only one of the three left.

There are now nine bank employees.

Banker Dies

F. B. Fullington, aged 81, long time business man of Clay Center and for more than half a century a resident of that city, died recently at his home. He had been in poor health for some time.

Born September 25, 1853, in Vermont, he spent his boyhood there, coming to Clay Center more than 50 years ago. Mr. Fullington was a prominent Clay Center business man for many years, having been associated in the Fullington and Held Drug store, in the loan business and later become president of the Peoples National bank, resigning that position about six years ago.

Reserve Director

Frank W. Sponable, Paola, has been unanimously nominated for reelection as a member of the Board of Directors of the Federal Reserve bank of Kansas City. This nomination insures unanimous election for the term of three years starting January 1, 1935. Announcement that nominations were closed was made by the Federal Reserve bank recently.



**CASH and COLLECTION
ITEMS
GIVEN
SPECIAL ATTENTION**

TRY OUR SERVICE

**LIVE STOCK NATIONAL BANK
OMAHA**

County Meeting

Forty bankers of group four of the Kansas Bankers association spent the night in Manhattan recently before going to Junction City for their annual meeting.

Manhattan was represented at the Junction City meeting by Carl Floresch, John Cords, James T. Ryan, William Good, W. D. and Roscoe Womer, and J. C. Ewing.

Counties in the group are Jewell, Republic, Washington, Mitchell, Cloud, Clay, Geary, Riley, Salina, Lincoln Ellsworth, and Dickinson.

Colorado News

Resigned

George A. Gribble, cashier of the First National bank of Boulder, since its recent reorganization, resigned to accept a government position at a higher salary. The bank's board of directors appointed William Loach, president of the bank, as acting cashier until a permanent cashier is chosen.

Healthy Gain

An increase of more than \$18,500,000 in deposits in Colorado's 142 licensed commercial banks from December 30 last year to June 30, 1934, is noted in a report issued in Washington by the Federal Deposit Insurance corporation.

Total deposits of these banks as of June 30 were given at \$234,266,000 as compared with \$215,702,000 on December 30, of last year.

Move Quarters

John Richert, president of the La Junta State bank, announced that his bank has moved into the location formerly occupied by the First National bank in the Simonton block, corner Colorado avenue and Second street.

The La Junta State bank has been doing business in the old Masonic building for the past 25 years.

Gain in Springs

In line with national banks throughout the country, the four reporting Colorado Springs banks, members of the Colorado Springs Clearing House association, responding to the call of the comptroller of currency for condition at the close of business on October 17 showed a gain in deposits of \$1,660,332.28 compared to the deposits at the last call on June 30 last. The total of

deposits was \$17,386,377.88, compared to \$15,726,045.59. It was the largest total since the report of July, 1930.

Pioneer Dies

Charles F. Jordan, 69, early Colorado banker and until 14 months ago a member of the city auditor's staff, died recently in Denver.

Mr. Jordan had been ill for more than a year and had been confined to the hospital since last February.

He was born in Iowa Falls, Iowa, in 1865, and came to Colorado with his family when a boy of four. His father, the late Jacob O. Jordan, settled in Pueblo and was one of the first merchants in that city.

When he grew to young manhood he went into the banking business. He became cashier of the Miners & Merchants bank at Ouray, Colorado. He was widely known in banking circles throughout the state.

Good Increase

Two of Alamosa's leading banks have shown substantial increases in deposits in the past three months, it is revealed in their statements.

The American National bank shows deposits of \$1,002,469, marking the first time that institution has reached the million-dollar figure in four years. It is almost double the amount of money on deposit at this time two years ago. Approximately three-fourth of the assets of the bank are liquid, it is disclosed in the statement.

The Alamosa National bank at the same time has shown an increase of 20 per cent in deposits, and officials of the institution are highly encouraged by the recent turn for the better.

Pueblo Gains

Clearings of the five banks of Pueblo during October were more than half a million dollars greater than for the same month in 1933.

The October clearings were \$2,301,516.64 against \$1,661,873.47 for the corresponding month last year, the First National's report showed.

Clearings for the first 10 months of the year are more than \$2,000,000 ahead of those for the same period in 1933, this year's total being \$20,738,732.97 against only \$18,592,402.18 for the corresponding 10 months of 1933.

Christmas Savings

Denver banks, in the role of Santa Claus, will put nearly a million dollars in the stockings of approximately 20,000 Denverites on December 1, when the annual Christmas Savings club payments will be made.

The payment will be approximately 5 per cent larger than it was a year ago.

Wyoming News

Deposits Gain

A report issued by the Federal Deposit Insurance corporation shows deposits in 63 of Wyoming's licensed com-

Offering to Banks of Nebraska
"The Kind of Service you'll Like"

CONTINENTAL NATIONAL BANK
LINCOLN, NEBRASKA



mercial banks increased by nearly \$2,500,000 from December 30 last year to June 30, 1934.

Total deposits in the banks as of June 30 were \$44,083,000 as compared with \$41,674,000 on December 30. The total of capital stock and other items of capital account in the banks was shown to be \$7,152,000.

Leo T. Crowley, chairman of the Deposit Insurance corporation, said he believed "the confidence engendered by deposit insurance has been an important factor in promoting this substantial increase in bank deposits."

The report also showed loans and investments totalling \$34,824,000 and cash and due from banks, including balances with the Federal Reserve bank of the district, amounting to \$15,801,000.

Banking houses, furniture and fixtures of the state were valued at \$1,561,000.

Crowley's report showed more than 460 employes, including officers, directors and persons employed on a part-time basis, are engaged in the banking business in Wyoming.

School Savings

In the fifteenth annual report on "school savings banking" during the school year 1933-34 Green River schools were the only ones in the State of Wyoming to have a deposit savings system.

Charles W. Garfield of Grand Rapids, Michigan, is the founder of school savings in the United States. While in France, Mr. Garfield noticed that the French people had begun the teaching of thrift in the school. Upon returning to this country, with the cooperation of American bankers, Mr. Garfield was able to start training people toward thrift.

New Mexico News

Deposits Up

The deposits of 42 of New Mexico's commercial banks increased more than two and one-half million dollars from December 30, 1933, to June 30, 1934, according to figures obtained from an abstract released by the Federal Deposit Insurance corporation.

The report covers all but one of the licensed banks of the state. Commenting on the figures, Chairman Leo T. Crowley of the FDIC, said:

"I believe the confidence engendered by deposit insurance has been an important factor in promoting this substantial increase in bank deposits."

Among other significant figures shown in the reports of condition of the insured commercial banks of New Mexico were loans and investments totaling \$21,208,000 and cash and due from banks, including balance with the Federal Reserve of the district, amounting to \$12,152,000.

Silver City Increase

Silver City bank deposits have increased since June 30, according to a statement issued by the American National bank in response to a call from the comptroller of the currency.

Also, the statement reveals, loans are up, compared with those shown on June 30, indicating increased financial activity.

On June 30, the American National bank's total resources were \$982,559.14, while on October 17 they were \$833,017.76.

Loans and discounts June 30 were \$239,388.35 and on October 17, they were \$255,594.02.

Banking conditions throughout New Mexico are reported improved in the past three months, indicating a general upturn in the state in all lines of industry.

Upward Trend

The statement of the First National bank, Portales, shows considerable up-trend in business.

The statement one year ago showed a total deposit of \$409,405.00 against a total of \$663,727.15 for this year, or an increase of \$254,322.15.

A year ago the total loans amounted to \$246,031.29 against \$169,949.19 this year. A decrease of \$76,082.10.

BANKS AND RECOVERY

(Continued from page 9)

that every one of these has been disposed of. Fourteen were reopened, representing deposits of \$5,462,000; one bank with deposits of \$99,000 has gone into voluntary liquidation; and six banks representing deposits of \$942,000, have been placed in receivership.

The combined deposits of these 14 reopened institutions and the one now being voluntarily liquidated amounted to \$6,128,000, or 85.5 per cent of all the deposits tied up in unlicensed Nebraska national banks on March 16, 1933.

Steady Progress

In most respects, recent bank "calls" by the Comptroller of the Currency have indicated that national banks in your state are making steady progress. The one exception is the matter of loans and discounts, which declined 6.8 per cent during the first half of the current year.

However, with an increase of only 7 per cent in the number of licensed national banks, investments of Nebraska national banks rose 31.8 per cent between the end of 1933 and the middle of 1934; total deposits increased 30.9 per cent, and total assets gained 26.7 per cent.

Government Aid

The remarkable record which has been made in rehabilitating the banking structure of the Nation would have been impossible without Government assistance. That this aid has been given in gigantic proportions, in the interests of the people of the United States, is indicated by the following figures.

Through October 31, 1934, the Reconstruction Finance Corporation had authorized loans to banks and trust companies—open or closed—in the sum of \$2,222,815,803. Of this amount, \$1,698,906,340 had actually been disbursed to those institutions by that date. Moreover, in an effort to rehabilitate the capital structure and to make possible a greater extension of credit, the Reconstruction Finance Corporation had authorized the expenditures of \$1,128,794,295 through October 31, 1934, in loans on preferred stock of banks and trust companies, subscriptions for the preferred stock of such institutions, purchases of capital notes and purchases of debentures. Of this amount, \$906,764,407 had then actually been disbursed.

Without these huge disbursements by this Governmental agency, it is certain that hundreds of banks which have been reopened since March of last year still would be closed, and depositors would be clamoring in vain for their funds.

The banks of your state have not been overlooked in this rebuilding movement.

Through October 31, 1934, the Reconstruction Finance Corporation had authorized loans to Nebraska banks and trust companies—open or closed—in an aggregate of \$6,926,349. Of this amount, \$5,586,651 had actually been disbursed up to that time.

However, your Government did not stop there. So as to rebuild the capital structures of your banking institutions, the Reconstruction Finance Corporation had authorized the expenditure of \$8,675,000 in subscriptions to preferred stock and loans on preferred stock of Nebraska banks—state or national—through the close of business October 31, 1934. Of this total, \$7,594,450 had then actually been disbursed.

Receiverships

We hear a great deal of talk these days about the "heavy costs of receiverships," and there is considerable attempt to make the public believe that receivers, their attorneys and assistants charge such large fees that nothing is left for the poor depositor. The picture commonly portrayed is a pitiful one, but it has one drawback—it isn't true.

Receiverships—at least national bank receiverships—are conducted with a maximum of efficiency and a minimum of expense. From the date of the first failure of a national bank in 1865 to October 31, 1933, national banks placed in receivership numbered 2,514. Of these, 1,155 have been entirely liquidated and their affairs closed. Expenses incident to the administration of these 1,155 closed trusts, such as receivers' salaries, legal and other expense—amounted to 3.90 per cent of the book value of the assets and stock assessments administered, or 6.65 per cent of collections from assets and stock assessments.

In other words, about 94 cents out of every dollar collected by receivers went to depositors.

There are, today, 32 national banks in receivership in your state, including 6 placed in receivership since the banking holiday of last year. At the time of suspensions, these institutions owed their depositors \$10,383,543. Today, depos-

itors in these 32 defunct banks have coming to them, according to the books, \$5,420,797. In other words, depositors in closed national banks in Nebraska have received on the average 50 per cent of their funds, with more to come.

No Opposition

Much has been said about the opposition of the Administration to bankers generally. It is not necessary to point out the fact that this is not true. From time to time suggestions have been made as to how this or that particular group could assist in the recovery program, and these constructive suggestions can hardly be construed as an opposition policy. Probably the most generally circulated report is that the bankers cannot make loans because the national bank examiners are too critical and harsh in their examinations. This problem has been a matter of serious concern to the Comptroller's Office. It was the opinion of all fair-minded men that assets should not be appraised at a figure which could be realized in a distressed market, but that assets had an intrinsic value or, if you please, a recovery value. It was agreed, therefore, to have bank examiners appraise assets on this basis. The Comptroller of the Currency sent, on October 26, 1933, to each of the twelve Chief National Bank Examiners in the United States, instructions to this effect:

"After the 'Bank Holiday,' National Bank Examiners were largely engaged in the examination of banks which did not receive a license for the purpose of reorganization. It appears that some examiners in making examinations of licensed national banks have become what might be termed 'Reorganization-minded' and have lost sight of the President's recovery program and its relation to licensed banks. It is the Administration's

desire that credit channels be opened through licensed banks and this policy cannot be accomplished if examiners follow a deflation policy in examinations. We are all concerned in having solvent banks, but there is a wide distinction between the potential and intrinsic value of assets of a going institution, and liquidating values. Examiners in appraising and classifying assets of licensed banks will not apply liquidating values but will appraise on the basis of fair values on a recovery basis. As an example—in dealing with bank buildings, the examiner must realize that a bank building of a going bank has an intrinsic value, as distinguished from present depressed values, which, combined with the element of recovery, may fully substantiate the carrying value given to it by the bank. The same is true of mortgages, and in this connection the examiners should familiarize themselves with the instructions given with respect to real estate mortgages by the Federal Deposit Insurance Corporation to its examiners.

"You will advise examiners who are examining licensed banks of this policy and see that it is carried out. Any examination now in progress, or any future examination, will be governed by these instructions and where an examination has been completed, the examiner making the report will review the report on the above basis and rewrite such report if found necessary. If the examiner is not now available, it may be necessary to make a new examination on the proper basis."

Further Instructions

Again on March 13, 1934, the following instruction was sent to all Chief National Bank Examiners:

"Reports of examinations received by this office recently clearly indicate that

AUSTRALASIA

BANK OF NEW SOUTH WALES

ESTABLISHED 1817

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

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

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

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

HEAD OFFICE, GEORGE ST., SYDNEY LONDON OFFICE, 29 THREADNEEDLE ST., E. C. 2

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

some few of the examiners throughout the country have not fully grasped the meaning of instructions communicated to the Chief Examiners under date of October 26, 1933, and are making more drastic classifications of assets of the banks examined by them than is necessary under the circumstances and more severe than is contemplated by the instructions contained in office letter referred to above.

"If there are in your Federal Reserve District any examiners who, in your opinion, are making unnecessarily drastic classifications of assets, please confer with them promptly, looking towards having their classifications as lenient as circumstances in each case will permit and in order that they will be in accord with the policies of this office.

"While you are familiar with the character of examinations made by your examiners, it is suggested that in determining whether or not any of them are too severe in their classifications, you give particular attention to their appraisals of banking houses, furniture and fixtures and loans secured by real estate."

No Perfect System

No system is perfect because men are not perfect. Here and there isolated cases appear where examiners have been too harsh. These instances are sometimes called to the attention of the proper officials; but where examiners are too lenient, that fact seldom appears. The instructions which I have cited have never before been made public. However, I believe the time has come to clarify a criticism which is unfair. The question naturally arises—what were the results obtained under the instructions? Again, for the first time, I will give you a complete picture of the examinations made by the national bank examiners as shown by 1934 reports of examination. As is well known to bank-

ers, examiners classify loans under three headings, slow, doubtful and loss. There is little room for argument when assets are placed in the loss column and very little question arises in the doubtful column. The slow column attracts the most attention and controversy. An examination of the reports filed in the Office of the Comptroller of the Currency in each of 5,275 banks reveals the following interesting figures: The total amount of loans was \$7,740,596,000. The examiners placed 2.88 per cent of these loans in the loss column and 4.19 per cent in the doubtful column and 27.05 per cent in the slow column. The country has been advised of the definition of slow paper as follows:

"The examiners when classifying loans as slow should state briefly the reasons for such classifications, but should bear in mind that the responsibility for determining and taking such action as may be necessary to place such slow loans in proper bankable shape rests entirely with the bankers. The examiners, therefore should refrain from instructing the bankers as to what course they should pursue with their customers whose paper is classified as slow."

This conclusively proves the understanding and sympathetic attitude on the part of your government toward the banks of the country.

THE PRESIDENT'S MESSAGE

(Continued from page 5)

tion whether you would be protected if the insured died during the period of the extended insurance, and even if you were protected, chances are that it would result in litigation between you and the beneficiary named in the policy.

Chattel Mortgages

In taking a chattel mortgage, it is not only necessary to ascertain if there are any prior liens, but it is essential that you look up the delinquent personal

taxes, for the reason that taxes are a prior lien against any property of the debtor, and unless such taxes are paid, it is not safe to make the loan. A chattel mortgage, however, is superior to the lien for taxes under certain conditions.

Notes Signed by Guarantors

A note signed by one or more guarantors, guaranteeing the payment of a note, is somewhat unsatisfactory, for the reason that if the note is not paid, you must first bring action against the maker, and if he is unable to pay, you must have execution issue and the return of the sheriff must show that he found no property on which to levy, before you can bring action against the guarantors and recover from them. Forcing collection on a note of that kind requires two law suits, and plenty of attorney fees, and my advice, therefore, is that they sign on the face of the note as co-makers. In renewing a note signed by two or more endorsers or guarantors, care must be taken that all of them sign the new note, otherwise if one of the endorsers or guarantors is left off on a renewal, all other subsequent endorsers or guarantors are released from liability.

These are some of the red lights or danger signals that we, as bankers, run into in our daily transactions, and no doubt, your personal experiences recall many others to you.

He: Let's get married.

She: All right.

(There was a long awkward silence.)

She: Well, why don't you say something, darling.

He: I've said too much already.

Central Western Banker

PUBLISHER'S STATEMENT

Statement of the Ownership, Management, Circulation, etc., required by the Act of Congress of March 3, 1933, of the CENTRAL WESTERN BANKER, published monthly, at Omaha, Nebraska, for October 1, 1934.

1. Name of Publisher, Clifford De Puy, Des Moines, Iowa, Associate Publisher, Ralph W. Moorhead, Des Moines, Iowa, Editor, Henry H. Haynes, Des Moines, Iowa.

2. Owner: Clifford De Puy, President, Des Moines, Iowa, De Puy Publishing Co., Des Moines, Iowa.

3. That the known bondholders, mortgagees and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

H. H. HAYNES, Editor.

Sworn to and subscribed before me this 29th day of September, 1934.

EARL S. LINN, Notary Public.

(SEAL)

(My commission expires July 4, 1936.)

Central Typewriter Exchange, Inc.

(EST. 1903)

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

REBUILT MIMEOGRAPHS, STENCILS AND INKS

LOWEST PRICES

ALLEN-WALES

THE FINEST "HEAVY DUTY" ADDING MACHINE MADE

1820 Farnam St.

Omaha, Nebraska



Let's Look at Nebraska's Pocket Book

- During 1934, Nebraska livestock will bring \$95,000,000 to producers.
- Butterfat, poultry and eggs worth \$27,000,000 will be marketed.
- In spite of reduced acreage, Nebraska farmers will receive \$24,000,000 more from their planted crops than they averaged for the preceding three years.

●

The financial institutions of the Omaha trade area, represented in the advertising columns of this publication regularly, know the value and prestige of the
CENTRAL WESTERN BANKER

●

Consistent advertising in the **CENTRAL WESTERN BANKER** brings results. Write today for rate card and complete information.

THE CENTRAL WESTERN BANKER
OMAHA
410 ARTHUR BUILDING



**The Omaha
National Bank**
Complete Banking Service