

CENTRAL WESTERN BANKER

Omaha

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October

1935

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THE BUSINESS OUTLOOK

SOME of the natural forces of recovery continue to operate in placid fashion to hold business activity up nearly to the levels established at the beginning of the year. The American people continue to buy large numbers of automobiles and iceless refrigerators. They are travelling more freely, and patronizing entertainments and amusements more generally than they did in the earlier years of the depression. They are buying more personal and household goods at retail stores than formerly. The farmers are having their best year since the depression started. All these factors sustain business.

NEVERTHELESS some of the natural forces of recovery are still exerting only meager pressure in the upward push of business. Three of them are so important that their lack of active participation greatly restricts the progress of recovery. One of these is export trade. Just before the depression the value of our exports was running at over five billion dollars a year. At present it is a little more than one-third as much. The second of the three great laggards in recovery is railroad purchasing. Before the depression the operating revenues of the roads were even larger in total than the value of our exports. They amounted to well over six billion dollars a year. Now they are about half as much, and as a result railroad purchasing is greatly curtailed.

THE THIRD continuing great shortage is in building construction. Before the depression our annual expenditures

By COL. LEONARD P. AYRES

Vice President

The Cleveland Trust Company

for construction were much greater than either the value of our exports or the revenues of our railroads. Their total probably averaged over 10 billions a year during the prosperity period from 1923 through 1929. It is now running at about a quarter of those earlier figures.

Probably a large increase in building would do more to promote recovery than would any other development that seems possible. Active building would employ great numbers of workers now idle. It would restore freight traffic to the railroads, and the roads in turn would spend almost all their additional revenues for materials, replacements, and betterments. Then the iron and steel and many machine industries would revive, their securities would be given restored value, employment would increase, and recovery would be achieved.

RECOVERY has made sufficient progress during the past three years to carry the volume of industrial production half way back towards normal. This statement is based on the data of the index of industrial production compiled by the Federal Reserve Board. That index takes the average volume of production of the three years 1923, 1924, and 1925 as equal to 100. Probably that basis may be accepted as constituting a fair normal level for that period, since 1923 was a prosperous year, 1924 one of mild depression, and 1925 a moderately good year.

THE LOWEST output of the depression was that of the summer of 1932, and the figures show that the recovery of the past three years has been just half of that which would be necessary to get back to the old per capita normal level. Again this is a most conservative estimate for next year and in the following years there will have been further increases in population and so now advances in the normal level.

IN GENERAL, business activity has been holding its own fairly well this year. It is keeping the gains that it made after the decline of last summer, but it has not added much to them. Much of the business comment printed in the past two or three months has tended to give the impression that something like a small business boom was getting under way. What really has happened is that during most of the time since early last spring stock prices have been advancing with the result that business confidence has improved, and the natural optimism of business writers has been augmented.

Business activity has been moving sideways on a nearly level plateau this year, and now there is a little upward tilt in the plateau as the third quarter draws toward its close. In August industrial production was slightly above its average for the year to date. Factory employment was slightly below its average so far in 1935. Factory pay rolls were a little below. Department store sales were the same as they were last March, but somewhat above their average for the year. Railroad freight loadings were a little below their average. New building was distinctly above. In making all these comparisons normal seasonal variations have been taken into account.

How We Are Improving Relations With Commercial Customers

SINCE I have been asked to tell you what we have been doing along this line, I think it appropriate to give you a brief description of our bank, in order that you may make comparisons with yours. The Hamilton National bank of Chattanooga, Tennessee, was opened for business in 1905. On October 10th, we are celebrating our thirtieth anniversary. I should say, however, that the original organization came into being in 1889 as the South Chattanooga Savings bank, a very small state bank on the outskirts of the business district of our city, and which is now known as our Main Street branch. This really gives our institution 46 years of continuous experience in the banking business. Our statement on June 29, 1935, showed deposits of more than thirty millions; resources of over thirty-six millions; loans and discounts slightly above nine millions.

Chattanooga is a city of 150,000 population, located in the mountains of eastern Tennessee, and in the center of the TVA operations. Although noted for its beautiful scenery, Chattanooga is an industrial city with some four hundred manufacturing plants.

Educational Advertising

Now that you have some idea of our set-up, I shall attempt to enumerate some of the things that we are doing to build good will and better customer relations. I feel I should first mention educational advertising. During the past two or three years we have all heard and read a great deal with regard to educating the public to a better understanding of banking operations. I would not discourage this effort in the least; however, I am sure that we shall never be able to so inform the general public about the intricate details of banking to the extent we should like. The public will never understand this any more than you or I will ever be able to remove the parts from an adding machine and place them back together. Because of necessity we must continue our efforts along this line. Some results have been obtained for we know at the present time thousands of

The Talk given by O. Y. Dykes, assistant cashier of the Hamilton National Bank, Chattanooga, Tennessee, before the Commercial Development Departmental Conference at the recent Financial Advertisers' Association Convention held in Atlantic City.

people have a better understanding of a bank statement than they had some three or four years ago.

Newspapers

We use the newspaper as our principal advertising medium. There are two papers in our city and we advertise in both of them three times a week, using space varying from ten to twenty inches. Several times during the past year we have used our newspaper space in an effort to explain our loan policies—also endeavoring to make clear just what constitutes safe and sound commercial loans. Another purpose of this advertising was to combat an unjust criticism the banks were receiving from the Administration and other sources because they did not seem to be soliciting loans as they should. While the Administration and the public were criticising banks for not making loans—the bank examiners, on the other hand, were criticising all those which did. I think this criticism was unjust and I am citing you figures in our particular case which I believe will justify my statement. In the year 1933 our bank made absolutely new loans in the amount of approximately nine millions of dollars; in 1934 more than eight millions, and in the first six months of 1935 more than five millions. Perhaps your banks have done as much or more.

Statements

Another form of goodwill advertising which we have been carrying on, and which I feel has been very effective, is the distribution of our quarterly statements to such an extent that practically every person in the trade area of Chat-

tanooga has an opportunity to see it. Here is a sample of the folder we use for this purpose. You will notice the most important position is devoted to a display of statement of condition. On the back we list all of our officers and directors. We use the inside space for a message to our patrons and friends. This message is considered by us as very important and we give a great deal of time and thought to it. Its purpose is to build goodwill and explain, to a certain extent, our plan of operation. I feel that this program of statement distribution has proved very effective and although we have no way of determining actual results—I am satisfied that it has played an important part in keeping our name before the public and building goodwill.

Personal Calls

Another feature of our program along this line, which I consider very important is the personal calls we make to the business offices of our patrons and friends. I have observed that it is much more effective for two officials to make such calls rather than one. Due to lack of time such calls cannot be made with any regularity except to our most important customers. We have found this type of contact very effective and almost without exception we find that our customers appreciate and seem to enjoy a visit from our officials. We too find it a pleasure to go to a customer's office, sit down and talk over his business and business problems with him. He takes pride in showing us through his place of business, factory, as the case may be. This, of course, is enlightening and enables us to have a more complete understanding of him and of his business. We feel these calls are absolutely essential.

Building Goodwill

May I relate here an instance where we rendered a service somewhat out of the ordinary; one which I believe worth while and very effective in building goodwill. We have as our customer a manufacturing concern in a neighboring town. This concern, like a great many others, received some very severe blows

(Continued on page 12)

Nebraska Bankers to Meet in Omaha October 24 and 25

HENRY B. STEAGALL, chairman of the house of representatives committee on banking and currency, will be one of the headliners on the speaking program at the 1935 convention of the Nebraska Bankers association in Omaha, October 24-25.

Convention headquarters will be at the Paxton. Nearly one thousand visitors are expected.

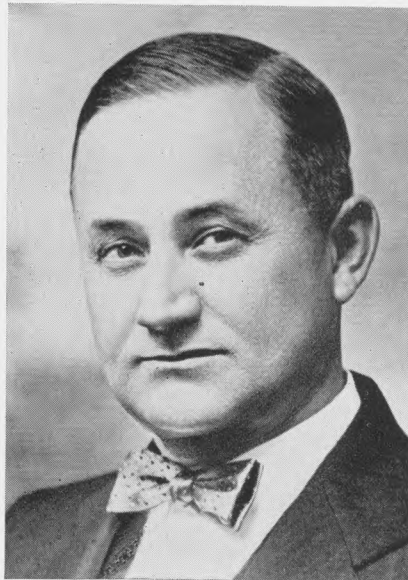
Mr. Steagall will speak at 3 p.m. the first day of the convention.

At the annual banquet, the evening of October 24, one of the speakers is described as "Count Ernesto Russo" of Milan, Italy, linguist, world traveler and diplomat." He is scheduled to talk on "What's Wrong With America." James B. Owen, president of the Omaha Clearing House association, will be toastmaster at the dinner. "Luck—Its Care and Feeding" is the subject of a scheduled banquet address by Tom Collins of the Kansas City Journal-Post.

The address of the president of the Nebraska Bankers association, Otto Kotouc, of Humboldt, Nebraska, will be given the afternoon of October 24, followed by reports of other officers and by committees. R. F. Patterson of Tarkio, Missouri, also will speak on "Our Triple Heritage."

On the second day of the convention, speakers will include Edward M. Slater, state director of the federal housing administration; H. G. Pratt, president of the Hastings National bank, Hastings, Nebraska; Harold V. Amberg, vice-president and general counsel of the First National bank of Chicago; Frank A. O'Connor, general agent of the farm credit administration at Omaha, and Prof. Will A. Irwin, of Washburn college, Topeka, Kansas. Elections will be held during the closing business session the afternoon of October 25.

On the evening of October 25, delegates and their wives will attend the lecture by Admiral Richard E. Byrd, which the Omaha Junior Chamber of Commerce plans to sponsor in the Technical High school auditorium.



Otto Kotouc
President
Nebraska Bankers Association

CONVENTION PROGRAM

The convention program, as arranged by William B. Hughes, secretary of the Nebraska Bankers association, reads as follows:

Thursday Afternoon, October 24th

- 1:30—Call to Order by President Otto Kotouc.
- 1:30—Invocation by the Very Reverend Stephen E. McGinley, Dean, Trinity Cathedral.
- 1:35—A few words of welcome by Arthur L. Coad, Vice President Packers National bank, Omaha; Vice President Omaha Clearing House Assn.
- 1:45—Response by J. M. Sorensen of Fremont, Chairman Executive Council NBA.
- 1:55—Annual address of the President, Otto Kotouc, President Home State bank, Humboldt.
- 2:15—Report of the Secretary by Wm. B. Hughes.
- 2:20—Report of the Treasurer by F. W. Thomas, Vice President First National bank of Omaha.
- 2:25—Address, "Our Triple Heritage" by R. F. Patterson. Department of History, Tarkio College.

3:05—Address, "The Banking Act of 1935" by Hon. Henry B. Steagall, M.C., Chairman Committee on Banking and Currency, House of Representatives.

4:00—Discussion.

Adjournment.

Meetings by Groups to name members of Committees on Nominations and Resolutions.

Thursday Evening

6:15—Annual Dinner at Paxton Hotel. Toastmaster, James B. Owen, President Stock Yards National bank of Omaha and President Omaha Clearing House association.

Response, "Luck: Its Care and Feeding" by Tom Collins of the Kansas City Journal-Post.

Response, "What's Wrong With America" by Count Ernesto Russo, Milan, Italy. World Traveller—Diplomat—Linguist.

Friday Morning, October 25th

10:15—Address, "Federal Housing" by Jonas W. Graber, Deputy Regional Director FHA, Topeka.

10:30—Address, "Bankers Today" by H. G. Pratt, President Hastings National bank.

11:00—Address, "The Evolution of Banking Legislation" by Harold V. Amberg, Vice President and General Counsel, First National bank, Chicago.

12:00—Adjournment.

Friday Afternoon

2:00—Special Elections by A. B. A. Members, J. M. Sorensen of Fremont, Vice President for Nebraska, presiding.

2:15—Address, "Farm Credit" by Frank A. O'Connor, General Agent Farm Credit Administration, Omaha.

2:45—Address, "The Economic Outlook: A Westerner's Viewpoint" by Will A. Irwin, Dean Washburn college, Topeka.

3:30—Reports of Committees.

3:50—Discussion.

4:00—Election and Installation of Officers.

4:15—Adjournment.

(Continued on page 12)

How To Get Wills On Deposit

Suggestion for the manager of the trust department for obtaining new business

I HAVE learned to conserve my time by finding real prospects who are interested in making a will and have large enough estates to need our services. This I have done by cultivating the cooperation of the life insurance underwriter. Never a day goes by but that I talk to an insurance man and sell him on the use of the trust company or the "Will Approach" in his solicitation of the insurance business, or give him some advice or information that may help him in his work. It may be a chance meeting on the street, but this is as satisfactory as an office call if you are enthusiastic and sincere in your desire to help him.

Over a period of six years of this cooperative work the dividends have more than repaid my efforts. Seldom a day passes but that some underwriter either calls or telephones to ask if I can go to see Mr. Smith or Mr. Jones, that he is interested in making a will, and has told him I would get in touch with him. From the underwriter I immediately get all the information needed for my approach, size of estate, amount of insurance carried and other details.

This relation has continued throughout the depression, bank holiday, and in spite of the general dropping off of cooperation with life insurance underwriters. One must, however, have a clear understanding of the insurance man's problems and know all of the weak links and points to be found in the special mode of settlement agreements and optional forms as created and used by most of the life insurance men today. The underwriter, however, reverted to this mode of settlement through fear of advocating anything else while trying to sell insurance to his client.

Another point we should never overlook, and that is, to get a will on deposit is just the *start to additional business*. The solicitor usually fails to fully explain the other functions of his company and to secure the complete confidence of the prospect. The solicitor must, of course, first place himself in the client's position, and to thoroughly explain that it is his will and that he is only using the trust company to carry out his wishes after he is gone. Now, go

a step farther and tell him you want him to come in and make use of the trust company and get acquainted with the other services it has to offer during his lifetime; suggest that he use the trust company as if it were his business club. These are the vital points to watch in "Getting Wills on Deposit" so that they remain on deposit.

We, who are in the business of handling estates year after year, should heed the lesson taught by our life insurance companies, in making their insured feel they are part owners in the company, and as such are boosters. Those who are

Vance Desmond, associated with the business development department of the Detroit Trust Company, discussed this subject at the annual convention of the Financial Advertisers Association, held recently in Atlantic City.

insured with a mutual company are a part of the whole and as such play a vital part in its success. So it should be with the client of our trust companies, if he could be taught to use its other services during his lifetime instead of signing a document which is immediately taken away from him and deposited in a vault to be taken out only after his death.

Why not, then, when we get a will on deposit, make that client a real member of our trust company, either through advertising or personal contact, and explain the other functions of our company. Make him feel he has a real part to play in its progress. In order to do this, it is necessary for us to forget ourselves and first get on his side of the fence in order to learn his thoughts and desires, making him feel that we are simply the tools by which he can build his plans and carry out his wishes.

Fear is the creation of ignorance and if we have done our work well at the start, the loose talk started by those who heard this or that, would not breed uncertainty in the minds of those who have

taken the time necessary to plan for the safe and economical welfare of their families.

Advertising, like artillery fire, can do much to pave the way for this advancement and usually plays its greatest part long before the salesman presents himself before his prospect, clearing the path for his reception.

To save the solicitor's time so he may call on more people each day, he must gain admittance to the prospect's office without undue delay, but getting the new business man over the threshold with good advertising is fine, providing the solicitor has been thoroughly trained in salesmanship. There are a lot of "order takers" in the business today.

The salesman must not only conserve his own time but the client's as well. His sales talk must be told clearly and quickly, accomplishing for the client that which he had always been going to do but never had found time. The transaction should leave the client with a feeling that it wasn't as complicated and difficult a task as he had anticipated.

Interdependent

In a recent address, Governor Lehman of New York, said: "We have been accustomed to think of agriculture and of industry as distinct fields of commercial effort — as things widely apart — having very little if any relationship to each other. We talk of agriculture alone, of industry alone, of commerce alone. That has always seemed to me the wrong point of view. The time is long past when any part of the producing or consuming groups of our economic structure can fail to affect all other groups. The consumption of farm products . . . is influenced almost exclusively by the needs of a consuming population, and these needs are obviously inevitably controlled by earning and spending power of the public."

"Out of this there must come to all of us, it seems to me, an appreciation of the need for a balanced development between business and agriculture."

About Men You Know in Nebraska

ROYAL D. MILLER of the Omaha National bank has been named chairman of the Cheerio committee of the Omaha Chamber of Commerce for the new fiscal year. The committee visits members of the Chamber when they are ill.

BANK CLEARINGS in Omaha for the week ending September 14 reached \$34,148,334.82, the highest weekly total since September of 1931. The total of that week was \$35,269,235.57.

PERRY HENDRICKS, JR., 11, son of Perry B. Hendricks, a vice president of the United States National bank of Omaha, was taken seriously ill in Denver, Colorado, the last week in August, while the family was vacationing in the West. The boy was taken to a Denver hospital.

MRS. W. B. MILLARD, JR., wife of a vice president of the Omaha National bank, attempted a "comeback" in the Omaha city tennis tournament the week of August 20. Four years ago she was city and state women's champion. She has held both titles several times. In this year's city tourney, she won her first match, but fell before the steady game of Mrs. Huntington Smith in a quarterfinal match. She lost in straight sets, 6-4, 6-4.

OMAHA NEARLY nosed Denver out of second place in bank debits in the Tenth Federal Reserve district for the four weeks ending July 31. Omaha's total was \$118,478,000 and Denver's was \$122,174,000. Kansas City, Missouri, retained its lead with \$252,564,000.

Sales of new paid-for life insurance in Nebraska during July totaled \$4,029,000, according to the September 1 federal reserve report. This was about on a par with sales of \$4,048,000 in June and of \$4,028,000 in July of last year.

ALVIN E. JOHNSON, president of the Live Stock National bank of South

Omaha and president of the Omaha Chamber of Commerce, was one of a number of prominent Omahans who "gave themselves to science recently."

It's not as bad as it sounds. The purpose of the test was to determine whether a dispatch, stating that the average man, in shaving himself, uses at least 250 strokes of the razor, is correct.

So Mr. Johnson, and the others, agreed to count as they shaved. He called in his son, Howard Johnson II, to tabulate the comings and goings of his safety razor. Howard counted up to 141. There, the operation stopped. "I always stop," said Mr. Johnson, "after I have nicked myself six times. Besides, I don't like to shave."

Mr. Johnson let some friends guess how many strokes his shave had required. The guess ranged all the way from eight to 80.

THE NEBRASKA STATE banking department August 27 announced that checks totaling \$2,681, or 15 per cent, were sent to depositors of the Bank of Henderson, Nebraska, bringing total dividends to 90 per cent or \$16,089. Depositors of the Nebraska State bank of Beatrice received a 10 per cent dividend amounting to \$8,503, bringing the total there to \$59,523, or 70 per cent.

ARTICLES OF INCORPORATION were prepared recently by Francis P. Matthews, attorney at Omaha for the Reconstruction Finance corporation, to organize a nonprofit loan company to deal with applications for reconstruction funds in the flood area of Nebraska's Republican river valley. Prominent citizens of the valley will be named as officers of the company.

IN OMAHA on a stop between planes, August 25, William Rochford, sales finance manager of the Weyerhaeuser Lumber Sales company of St. Paul, Minnesota, announced to Omaha lumbermen that the company will soon announce a nonprofit financial setup to handle mortgage paper under terms of Title 2 of the national housing act.

CHARLES M. MILLS of New York, representative of the Foreign Bondholders' Protective council, came to Omaha recently to interview Omaha bankers regarding financial support of the organization. Mr. Mills said that during the last year, the council has arranged four debt settlements. The council was formed two years ago at request of the federal government, in an effort to recover some of the two billion dollars in foreign securities now largely in default.

CARL H. MALMBERG, 42, manager of the currency department of the Omaha branch, Federal Reserve bank of Kansas City, died suddenly August 23 in the bank vault after a heart attack.

An employee of the bank for 15 years, he had been under a doctor's care because of heart trouble. A janitor always accompanied him to the vaults to carry out money. As they started to leave the vault, Malmberg collapsed and died.

Before joining the Federal Reserve, he was a teller for the old Corn Exchange National bank of Omaha. He started in the banking business as an errand boy. He is survived by his widow and a daughter, Louise.

**CONVENTION
NEBRASKA BANKERS
ASSOCIATION
OMAHA
October 24 and 25
HOTEL PAXTON**

MARRINER S. ECCLES, governor of the federal reserve board, was non-committal when he stopped at the Omaha airport recently, while flying back home to his family in Ogden, Utah. He said he was beginning a month's vacation and didn't want to talk shop. This is his first trip back home in 13 months. He expects to inspect federal reserve banks on the west coast before returning to Washington. He was president of the First Securities corporation before his appointment to his present position.

STERN BROS. & CO., investment bankers, have established new Omaha offices at 602 Insurance building. Manning E. Handler is vice president and Omaha manager.

OMAHA BANK CLEARINGS reached a total of \$31,306,733 for the week ending August 24, to pass the previous week's high figures of \$30,586,249. The week's clearings also were more than \$6,000,000 larger than the \$25,030,204 total for the same week last year. Recently, daily clearings at Omaha have exceeded those of the corresponding day last year in each instance. Bankers believe the larger clearings reflect the increased tempo of general business in Omaha, including pronounced gains in retail and wholesale trade.

C. W. THORTON, 57, cashier and director of the Falls City State bank and civic leader there, died at a Falls City hospital recently from injuries suffered August 9 when he was struck by a car. He suffered a broken leg in the accident and apparently was recovering when a blood clot developed. He is survived by his widow and a daughter. Stores in Falls City closed during the funeral.

THE NEW Commercial bank of Leigh, Nebraska, was opened August 26, with the entire town taking part in a big celebration. It is the first time that Leigh has had a bank since February 1, 1933, when the First National bank of Leigh was closed. Featuring the day's celebration were speeches by state banking officials, races, water fights, boxing matches, and a free bowery dance. Cash prizes were awarded for all events. E. E. Delay of Norfolk, Nebraska, is president of the bank.

GOVERNOR R. L. COCHRAN of Nebraska appointed Deputy State Auditor Fred Ayres as state auditor to suc-

ceed W. B. Price, who died August 19.

Mr. Price, 64, died suddenly of heart disease at his home in Lincoln. He was serving his second term.

He served from 1896 to 1900 as Nebraska insurance commissioner.

At the time of his death, he was completing an examination of the state banking department, authorized by the 1935 Nebraska legislature.

Mr. Price was noted for close scrutiny in handling claims. Though millions of dollars in items passed over his desk each year, his friends say every dollar was carefully studied. He died on the eve of preparing to enforce a law which was his original idea—the Cone state bonding law.

He was one of the most colorful figures in the Nebraska statehouse. His every-day costume was of the old-fashioned political type—long-tailed coat, wing collar, string tie, white vest. Always, there was a flower in his lapel.

He was born in Lynchburg, Va., and attended the University of Iowa law college. His widow, the former Grace Corey of Lincoln, Nebraska, survives.

J. C. TODD & CO., Inc., of Lincoln, Nebraska, dealers in investment securities, have opened an Omaha office at 687 Insurance building. Paul W. Arthaud will be manager. Mr. Arthaud has had 16 years of experience in the investment field. His family joined him at Omaha September 1. For the past year, Mr. Arthaud has been with the Todd concern at Lincoln.

W. DALE CLARK, president of the Omaha National bank, motored up to Camp Danworthy on Lake Sky-Below near Walker, Minnesota, for the camp's annual guest day in August. Mr. Clark's daughter, Miss Jessie Clark, attended the camp this summer. Mr. Clark accompanied her home. Mrs. Clark was on a western trip.

WHILE THE CAR of A. C. "Cub" Potter, head of the Omaha investment banking firm of Burns-Potter & Co., was parked in a garage in Omaha August 18, for the night, somebody stole his wire-haired Scotch terrier, Mac, he reported to police.

A SILVER CUP was presented to the Live Stock National bank, whose team was champion of the Omaha Junior Chamber of Commerce softball league, at a junior chamber membership luncheon August 30. Alvin E. Johnson, pres-

ident of the bank, is also president of the Omaha Chamber of Commerce. Oscar D. Mardis presided at the luncheon. The Harry A. Koch team was runnerup in the finals.

OMAHA BANK CLEARINGS for August totaled \$133,390,119.26 to break all records for monthly clearings since March of 1934, according to records of the Omaha Clearing House association.

Clearings for the month were nearly \$16,500,000 larger than clearings in August last year. No month of 1935 even approached the August figure.

The month's total also was more than six millions dollars larger than the previous month, which was one of the heaviest of the year for clearings.

For the week ending August 31, the total was \$29,162,692.86, compared with \$25,240,335.37 for the same week last year.

Gains in retail and wholesale trade, a pickup in manufacturing and continued heavy volume by FCA and other government agencies here are principal factors in the increase, bankers stated.

All Over

"Now that the Ball is Over" is, at the moment, an American national air. The "ball" in this case is the Congress. During its long, talkative, comic-opera session solons appropriated \$10,000,000,000. And they gave the President almost everything he asked for, demonstrating that while Roosevelt potency may be slipping, it still exists.

Congress passed an unprecedented soak-the-rich tax on inheritances, gifts and big incomes. It passed a bill to concentrate control of banking and credit under the government. It passed the largest single appropriation in the country's history—\$4,880,000,000 for work and direct relief. It passed a stringent regulatory bill concerning utility holding companies. It passed a bill to enforce the right of collective bargaining by labor. It passed a bill whereby all common carriers, save the barge lines, will be regulated and coordinated in the manner of the railroads.

These are the high spots. The session was historic—and just what kind of history it made is a matter of opinion. Some will say that it did its duty to the country well—others that it was a disgrace to democratic government. Take your choice.

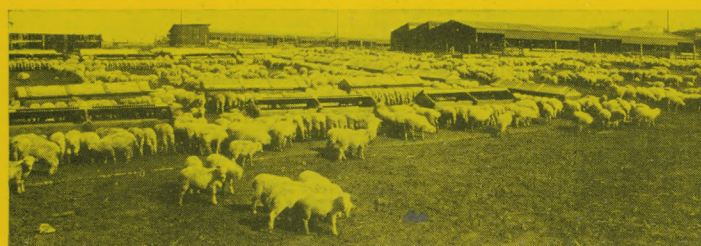


*Designed and Operated for the Service
of a Fundamental and Essential Industry.*

*A Banking Service
Complete for Your Needs.*



Stock Yards National Bank of South Omaha
OMAHA, NEBRASKA



The Public Relations Program of the American Bankers Association

THE American Bankers Association has always considered that one of its important functions is the development of proper public relations and the creation of a better understanding by the public generally of the functions and responsibilities of the bankers. Much time, effort and money is being spent by the association in its endeavor to accomplish the desired results.

Some of these endeavors are being carried on specifically under the name of the American Bankers Association. Some, however, aim to stimulate, and cooperate in, action on the part of other bodies or institutions, and therefore do not attract attention as an American Bankers Association activity.

There is evidence somewhere every day that it is doing a great deal, but it has been thought that no constructive purpose would be served in attempt to set these things up in the form of a spectacular campaign that would exploit the association itself, but would not contribute to the real substance of the things that it is trying to accomplish—that is, strengthen the real basis for good opinion in regard to the banks and a proper understanding of their functions, without diverting attention to the means to this end. The various endeavors of the association may be briefly stated as follows:

1. *Public Education Commission.*—Under this commission have been prepared a number of plain language talks about banking for use as a basis of addresses by banker-speakers before grammar and high school classes, before civic clubs and over the radio. This basic material is also supplied to a great number of non-banker speakers and is disseminated widely through state bankers associations and through local American Institute of Banking chapters. It is obvious that, although the forces thus set in motion by the American Bankers Association are having far reaching effects, the part played by this association itself is

not obvious in them when their effects reach the public.

2. *Constructive Customer Relations Program.*—This activity was built up under the Public Education Commission. It is based on the proposition that, if the attitude of the many millions of persons who come into the banks as customers were made better informed and more sympathetic, this would act as a leaven and an improved state of public mind toward the banks in general would necessarily follow. Text material and methods for the organization of instruction conferences among a bank's own employees to qualify them to aid in bringing about the foregoing purposes have been developed and offered to all members under this program. Records indicate that a considerable number of banks have installed and conducted successful conferences in accordance with these suggestions, and that many others have distributed the instruction material among their employees, who were directed to familiarize themselves with it and apply it in their work.

3. *The Publicity Department.*—A substantial sum has also been set aside from the reserve funds of the association for the use of the Publicity Department to expand its activities in distributing information regarding banking through the press. This department is supplying to 6,250 city and country daily and weekly papers articles on banking, the activities of bankers and of the association in improving banking and business conditions and other similar material. This matter is sent out at frequent intervals in the form either of matrices or plates of type in two series that cover all parts of the United States. The subject matter always deals with principles and never deals with personalities or individualized controversies. Also it never gives further currency to specific misrepresentations about banking by attempting to

dispute them. Its approach is always positive, never negative.

4. *The Advertising Department.*—Funds have also been set aside from the reserves of the association to finance the development by the Advertising Department of a service of informative newspaper advertisements setting forth in brief, popular language the methods and policies under which banks operate, their effective practices for protecting their depositors' funds, the services they render and the various ways in which they cooperate with business in their own communities in fostering sound recovery and progress. Some 350 banks are now using this material and it is available at a moderate price for all of the members in the association who care to use it in bringing about better public understanding in their own communities regarding banking and its services.

5. *Executive Officers and Committee on Banking Studies.*—A very important influence for good on public opinion and on the political attitude of the day regarding banking is being exercised by these two groups. They have been constantly active at Washington in consultation with Administration and Congressional leaders in formulating proposals for banking reform based on broad lines of public welfare. Their activities have brought about a much more favorable political atmosphere at the national capital toward bankers and banking, and they have had an opportunity to play a constructive part in shaping banking legislation.

6. *Agricultural Commission.*—In the farm districts a very considerable effect on rural opinion in respect to bankers and their methods is being exerted through the Agricultural Commission. It is promoting widely among bankers the practice of aiding their farm customers in installing on their farms better financial, accounting and operating methods. It also promotes the endeavors

(Continued on page 13)



BONDS AND INVESTMENTS

ECONOMIC HIGHLIGHTS

Happenings that affect the dinner pails, dividend checks and tax bills of every individual. National and international problems are inseparable from local welfare.

CONGRESS has adjourned, and a great quiet has come over Washington. Theoretically, the political "open season" has ended, and will not begin until the next Congress, which will convene with the start of the new year. Actually, however, politics never ends—and during the present brief "breathing spell" between sessions, laymen and publicists alike are spending most of their time speculating on what is going to happen in next year's campaign, and the campaign of 1940.

Principal question at issue is this: "What changes, if any, occurred in the status of Roosevelt popularity since 1932?" By way of answer, you can get almost anything you want. It is a human frailty, shared alike by Republicans and Democrats, to regard a thing as being true simply because you wish it were true. As a result, political opinions on forthcoming campaigns must be weighed exceedingly carefully—they are dictated almost entirely by partisan bias. The Democratic spokesman will tell you that Mr. Roosevelt will sweep the field as completely in '36 as he did in '32—the Republican spokesman will tell you that he will lose, and that the GOP will come back after the worst four years of its history. More or less unbiased observers, who are not tarred with any party label, will tell you that both of these extreme views are wrong.

One of the best obtainable gauges for measuring the popularity or lack of it of any Administration, is newspaper editorial opinion. And in this, according to an article by Theodore C. Wallen, of the New York Herald-Tribune, a very

interesting change has taken place during the past turbulent year. On November 1, 1934—the eve of the Congressional election in which the Democrats achieved an astounding sweep—70 per cent of American editorial opinion was favorable to the President. He held this degree of popularity until early in March. Then a decline, marked by a few upturns, started. The course of the popularity chart, Mr. Wallen says, went from 67 per cent to 58, back to 62, then to 47, then to 66, then to 42 and finally to 61 on April 29. The greatest decline followed, when, on the occasion of the President's attack on the Chamber of Commerce of the United States, principal representative organization of American industry, it tail-spinned to 21.

Papers which were once highly favorable to Mr. Roosevelt and his policies, have become cold and non-committal. Papers which once were uncertain and said little, have taken to denouncing Administration acts. And some very important papers, which normally back Democratic administrations—such as the New York Times and the Baltimore Sun—find much to criticize in the President's program.

In his article, Mr. Wallen makes another very important observation. At the beginning of the Roosevelt administration, many persons backed the President and at the same time were against Administration measures in general. In other words, they liked the President, and they blamed others for Administration acts and policies they believed inimical to the national welfare. Newspapers followed a similar course. When the

President's popularity line hit its spring low of 21, Mr. Wallen says, "this apparently was the first time President Roosevelt and his Administration had come to stand for the same thing in the editorial opinion of the United States."

The drop in the President's popularity as a statesman—which is a very different matter than his popularity as an individual—has given unbiased writers the belief that the GOP has a chance—even though remote to win in 1936, if it puts the right man forward. And there is a great problem. The Republican party is pretty well split up in factions. The progressives, led by Senators La Follette and Norris, do not want a conservative candidate. The conservatives, under the Hoover leadership, are bitter against present radical trends. Some think that the best candidate would be Senator Borah—but the Idahoan has passed the biblically-allotted span of life, and that is a great barrier to his candidacy. Colonel Knox of Chicago is making a bid for the nomination—but he is relatively unknown outside of a few big cities. Senator Vandenberg is another figure to be reckoned with—but he too faces much coldness within his party. Senator McNary has influence as a Republican leader in the Senate—but he comes from a small and remote state.

A few think that the Republican campaign of 1936 should be only formal—that the party should work toward 1940. They point to Mr. Roosevelt's electoral victory over Mr. Hoover, and say that shift enough to elect a Republican cannot occur in four years. Others point out that Mr. Hoovers' margin over Govern-

or Smith was only slightly less great than Roosevelt's over Hoover—that the tide turned then, and that it can again.

Under any circumstances, the next campaign will be bitterly fought. The issues are many, but the outstanding question for the voters to consider is whether to continue the swing to the left or turn back to the right. There will be no quarter given by either side. And a great deal can happen in the year that must pass before votes are counted.

IMPROVING RELATIONS WITH COMMERCIAL CUSTOMERS

(Continued from page 4)

caused by the depression. This plant is the principal industry in a town with a population of seven or eight thousand people.

About two years ago orders began coming in and this Company did not have sufficient operating capital. They had used their full line of credit with us, and we did not feel like going any farther. At this point we agreed to extend them an additional line and accept assignments of their accounts. This company has been enjoying a wonderful business since that time and will be in excellent condition within another year. Our actions, in this matter, not only protected our own interests, but kept this plant in operation—providing employment for several hundred men—all of which kept the town from suffering a disaster that would have come had the

plant closed down. We know the officials of this company realize and appreciate what our help meant to them. We are satisfied this same information has gone out to the leading business men of that town, and we feel this situation will have a far-reaching effect in building goodwill and keeping the name of our bank in the minds of the people there.

There are many other things we are doing along this line, such as making talks in the various schools of our city; assisting our customers with their income tax returns; finding employment, when possible, for our patrons and friends; and providing a night depository service for their convenience and protection.

In the Lobby

I now come to the last thought and it is one I consider the most important of all. I would refer to it as courteous and friendly service in the lobby. It has been my privilege and pleasure for the past eight or ten years, to spend most of my time, during banking hours, in the lobby—my duty, of course, is to see that our customers receive courteous, friendly and efficient service at all times. We are all human and when we are in the other fellow's place of business we like to be received with a "friendly smile" and a "courteous good morning." Realizing this I make it a practice to speak to every customer entering our lobby who gives me half an opportunity to do so. If he seems a little hesitant about where to go—I make it my busi-

ness to see he is ushered to the proper window. We are continually trying to impress upon our employees that each one is a salesman for our bank; and that we have nothing to sell except service—that the only way to sell this service is through courteous treatment. After all, it is the little things in life that really count. We, who are in the banking business, must keep this thought in mind at all times if we expect our own institution to make progress.

NEBRASKA BANKERS TO MEET IN OMAHA

(Continued from page 5)

Friday Evening

8:00—Lecture by Admiral Richard E. Byrd at Technical High auditorium.

Convention Committees

General Committee on Arrangements—J. R. Cain, chairman, vice president Omaha National bank; Alvin Johnson, president Live Stock National bank; G. A. Gregory, cashier Federal Reserve bank; F. W. Thomas, vice president First National bank; D. P. Hogan, president Federal Land bank; J. F. Coad, president Packers National bank; F. J. Enerson, vice president Stock Yards National bank; Ellsworth Moser, vice president United States National bank.

Reception Committee—C. D. Saunders, chairman, vice president First National bank; J. A. Changstrom, vice president Omaha National bank; V. B. Caldwell, vice president United States National bank; H. A. Hovey, assistant cashier Stock Yards National bank; F. J. McCauley, cashier Packers National bank; H. O. Wilson, vice president Live Stock National bank; O. P. Cordill, assistant cashier Federal Reserve bank; A. Kopperud, treasurer Federal Land bank.

Entertainment Committee—A. L. Coad, chairman, vice president Packers National bank; J. F. McDermott, vice president First National bank; O. T. Alvison, vice president Omaha National bank; P. B. Hendricks, vice president United States National bank; F. G. Gehrman, assistant cashier Stock Yards National bank; R. H. Kroeger, cashier Live Stock National bank; Wm. Phillips, assistant cashier Federal Reserve bank; Chas. C. McCumsey, executive vice president Federal Land bank.

Committee of Local Women—Mrs. V. B. Caldwell, chairman; Mesdames J. F. McDermott, W. B. Millard, Jr., W. A. Sawtell, A. L. Coad, Alvin E. Johnson, L. H. Earhart, D. P. Hogan.

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OFFICES IN PRINCIPAL CITIES

PUBLIC RELATIONS

(Continued from page 10)

of the state bankers' associations along similar lines. The commission has published a book on "Making Farm Investments Safe," representing a compendium of helpful material published over a period of years as a reference guide in the daily routine of banking and farming relationships. It has also published "Factors Affecting Farm Credit," discussing in an illustrative way how farm credit can be obtained on a sound basis.

7. *The American Institute of Banking.*—Although the activities of the American Institute of Banking have primarily to do with the technical education of the younger banker, rather than with serving as a direct influence on public opinion, nevertheless the work of this organization in recent years has been consciously directed more clearly toward playing a part in improving public relations for banking as a whole. The institute chapters are active in the presentation of addresses before schools and civic bodies and over local radios aimed to improve the attitude of the public toward banking. They are likewise cooperating in the Constructive Customer Relations program previously described. Also, in the educational texts and courses of the institute itself, increased emphasis has been placed on the public responsibilities and the ethical aspects of practical banking.

As will be noted, the foregoing program for the development of satisfactory public relations for banking does not consist merely of newspaper publicity, but is calculated to produce a continuous and cumulative effect by varied efforts which are aimed to work day in and day out in the desired direction.

To have favorable things said about the banking business in the newspapers and over the radio is, the association recognizes, very helpful toward creating a sound public opinion regarding banking. But the association believes that the most important thing ultimately is to foster throughout the banking profession the doing sincerely of those things that reflect favorably the sound, helpful practices of the business of banking, and that then the true news of its constructive activities will constitute the best answers to attacks and misrepresentations aimed at banks and bankers.

Forcing Us Into Inflation

In a recent article, Paul Mallon, the well known Washington correspondent, wrote: "The truth is the treasury does not know what its receipts and expenditures will be next month. Its haziness about the future expands at the contemplation of each sheet on the calendar. It cannot have even a faintly worth while opinion beyond next year."

This is in line with the theory that many thinking Americans have been holding for some time—that federal finance is in a hopelessly chaotic condition.

Forecasts as to the future revenue have no sound basis—they usually represent optimism, rather than realism. The government continues to spend us farther into debt—and apparently hasn't the slightest idea of where the money is to come from to meet the obligations.

One inevitable result of such a policy is constantly mounting taxes—along with new taxes. Another, and perhaps more menacing possibility, is inflation. All the tax laws in the world cannot produce revenue when personal pocket-books and industrial bank balances run dry. When that happens, inflation—which can be defined as cheapening and

ANALYSIS *of* SECURITY PORTFOLIOS

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degrading the currency—becomes the “easy” way out.

The perils of inflation need no description—the tragic examples of Germany and other countries which experienced inflationary periods are well known. If we are to avoid such social and economic tragedies at home, government finance must undergo a thorough overhauling, both in principle and practice.

Fashions in Freedom

“Al” Smith, one of the nation’s leading citizens, former governor of New York and Democratic candidate for president, is respected by all for his integrity, his sincerity and his shrewdness in analyzing public questions. As the principal speaker at a recent dinner in New York, he said to his hearers, “Keep your eye on the Constitution.”

About the same time the German State Secretary in the Reich Ministry of Justice was informing a public gathering that the will of Hitler is the supreme law of the land.

In the United States the Constitution is the supreme law of the land and the lives, liberties, and fortunes of our people are not subject to the wills of dictators.

But “Al” Smith knows, as do other statesmen, that there are definite designs in our own United States to revise the Constitution as a document outworn—as though there were fashions in freedom. This design has shown itself in suggestions to deprive the highest judicial branch of government, the United States Supreme Court, of the power to effectively uphold what is left of the Constitution.

If any think this is not a step in the direction of intolerant dictatorship as we witness it in the rest of the world, let him think again!

The legislative attempts of the past several years to circumvent the Constitution have been plain and only the power of the United States Supreme Court to pass on such acts has saved the American citizen his personal liberties and his property rights, and prevented him from having the chains of dictatorship forged upon him.

Take heed of the advice of men who today put country above party and stand for the perpetuation of unadulterated Americanism fostered and encouraged by Constitutional government unchanged in principle from its original design.

A “Compromise” Death Sentence

The Public Utility Act of 1935 (commonly known as the Wheeler-Rayburn bill), of “death sentence” fame, to destroy electric holding companies, finally passed the House and Senate pretty much as scheduled.

J. F. Fogarty, President of the North American company, in a statement to stockholders, says the asset values of his company represent honest, legitimate investments and are entitled to, and he believes will receive the protection of the courts against attempts to destroy them through punitive legislation. He reasserts that there is nothing in the record of sound holding companies in the United States to warrant such punitive legislation as the Public Utility Act of 1935.

Commenting on its final passage, he said that in a last minute acceptance of a so-called “compromise” amendment, the House reversed its previous position which was overwhelmingly against the death sentence. At the time of taking the final vote, “according to press reports, the Speaker of the House stated, ‘I am frank to say that I do not know enough about the bill to discuss its merits.’

“But,” said Mr. Fogarty, “he nevertheless appealed to the members of the House to vote for the ‘compromise’ death sentence and not be swayed by the eloquence and unusual powers of logic of the spokesman for the House Conference committee, who had urged its rejection. The purely political character of the action is clearly apparent.”

In concluding, Mr. Fogarty said, “We propose to continue every legitimate effort to protect the interests of our security holders. The time remaining before January 1, 1938, the date on which the death sentence provision becomes operative, should, under the force of public opinion, permit of its modification. We still feel that common sense and justice will prevail under the Constitution against this law which, as it stands, subjects investments honestly made and administered to the hazard of impairment.”

Regular Dividend

The board of directors of The Northern Trust company, Chicago, have declared the regular quarterly dividend of \$4.50 payable October 1, 1935. This action maintains the \$18.00 annual dividend rate.

Penalizing the “Little Fellow”

Many of our lawmakers fail to understand the fact that when we levy penalties on the “big fellow,” the “little fellow” is liable to be hurt the most.

On July 1, a new chain store tax law went into effect in Iowa, placing a stiff graduated tax on concerns operating more than one retail outlet.

The results: Many gasoline stations have been permanently abandoned, the state has lost a large proportion of its annual pump tax, every large oil company, with a single exception, has been forced out of the marketing business in Iowa—and 2,200 workers have been dropped from the payrolls of the major oil companies. Many, unable to find other employment, must go on the already bulging relief rolls.

The Iowa chain tax was put forward as a measure to help the common people—the small business man and the worker. Its effect has been absolutely the opposite—it has hit the worker hardest of all, and has robbed the state of revenue that must be made up by increased taxes on other business and other workers. Furthermore, like all measures which lay down barriers to initiative, it will inevitably frighten capital and prevent investors from putting their money into productive enterprises that would provide new jobs and taxes.

A number of other states are said to be considering similar chain tax laws. The example of Iowa should make the voters think twice about proposals to penalize the “big fellow”—lest they find in practice that it is again at the “little fellow’s” expense.

Dividend

The Chemical Bank & Trust company has declared the regular quarterly dividend of 45 cents per share on its capital stock, payable October 1, 1935, to stockholders of record September 21, 1935.

Getting Even With Kipling

A smart man,
With some precision
Of a woman
Gave this definition:
“A rag, a bone and a hank of hair.”
But a smart woman,
Not to be outdone,
Defined man
In the following pun:
“A nag, a drone and a tank of air.”

INSURANCE

Its Application to the Banking Fraternity

Silverware—

Musical Instruments—

Cargo Insurance

Sell More Inland Marine

THE term "Marine Insurance" is rather a misnomer so far as this class of business is concerned, especially in this part of the country where we have few boats and fewer ocean cargo and hull risks. Rather than go into any history of the business in trying to explain why certain forms come under the jurisdiction of the marine departments, I shall endeavor to bring to your attention facts concerning a number of coverages that can, and should, be sold to your customers.

Silverware

You are familiar with the more common all-risk policies, such as fur, personal effects, jewelry, and personal property floater, because you have frequently received advertising circulars from your companies and special agents have discussed these contracts with you from time to time. There is one policy in the all-risk classification that I believe has been overlooked by a great many agents and that is the silverware floater. This policy takes the place of fire, tornado, and burglary coverage, giving broader protection at less than the combined rates. The silverware policy covers Sterling silver as well as plated ware against "all-risks" of loss or damage, wherever the property may be located within the Continental United States, including at the permanent residence, at the summer cottage, or winter home, or elsewhere. The minimum premium for this contract is \$5.00 and the rate is \$1.00 per \$100. Companies prefer to schedule the property covered but will also issue blanket policies.

By WILLIAM L. CHASE

*Marine Special Agent
The Home Insurance Company
Kansas City*

In recent years, many people in the larger cities have discontinued carrying burglary insurance in their effort to reduce insurance costs; while in the smaller communities, burglary insurance has always been rather difficult to sell due to the relatively high minimum premium and the fact that burglary losses are not very common. I believe that a good many people who have dropped burglary insurance, and many who have not carried such coverage could be sold an all-risk silverware policy, because, as a rule, the women in the household value their silverware quite highly and feel that if their home should be broken into, the silverware would perhaps be taken first. I would like to suggest that you put forth a real effort on this type of policy and I am sure your time will be well spent and you will secure some new premiums.

Musical Instruments

From my experience in recent months, I believe there are a good many agents who do not properly understand how to write musical instrument coverage for groups, such as high school, municipal, or American Legion bands or orchestras. There are many of you, I am sure, who have one or two or more musical instrument policies written for individuals who own rather expensive instruments and in such cases you are charging these assureds at least a minimum premium of

\$10.00. In the usual high school band or orchestra or other similar group, the average instrument is worth perhaps \$75.00 to \$150.00 and the individuals owning such medium priced instruments will not pay a high minimum premium for insurance protection. Under changes in the rules made some months ago, it is possible to submit information to your company and secure special rates and special minimum premiums for group policies and under such contracts it is possible to cover instruments owned by the group as well as instruments individually owned. One of the insuring clauses in the contract states that the policy covers instruments owned by the group or individual members as their interests appear in the schedule attached thereto. In covering the individually owned instruments under the group policy, there is usually a minimum premium charge per individual of \$2.00, except in cases where such individuals receive pay for their work and then the minimum is usually \$5.00. The rate applying to such risks in this territory is most generally \$2.00 per \$100.00. However, because of experience or other factors, this rate may vary anywhere between one and three dollars.

In submitting such risks, I suggest that you furnish your company with the name of the organization, together with a list of instruments owned by the group and by the individual members, such list giving the description, serial number, and value of each instrument. Further, it would be well to advise the fire contents rate of the high school building, prac-

tice hall, or other place where instruments would be usually kept. If possible, also give information pertaining to the loss experience on the risk over a period of several years.

Shipper's Policies

Much has been said in the last few years about transportation or shippers' policies, but for various reasons few agents have been successful in writing this class. Therefore, I wish to give a few facts which may clarify the situation and prove to you that there is a need for this coverage.

Today there are many truck lines; perhaps I should say too many. Some of these lines are well managed, financially sound, own good equipment and keep it repaired, do not overwork their drivers, and carry adequate insurance in good companies. But there are also many truck lines that are poorly managed, unsound financially, and operating equipment which should be in the junk yard. Many of these truck lines overwork their drivers resulting in frequent losses and consequently they have difficulty securing cargo insurance as well as other insurance in reliable companies. In addition, I might add that a large number of truck lines do not carry sufficient cargo insurance, either because they do not know the value of the merchandise they haul, or because they are unable to pay the premiums for the necessary high limits of liability. Some few truck operators carry no protection at all. From experience in writing cargo and transportation insurance and adjusting cargo and transportation losses, I know these statements to be facts. Therefore, I recommend that you sell your clients, who ship their merchandise by truck, the necessary transportation coverage.

To illustrate my point in connection with sufficient insurance, I am reminded of a recent loss sustained by a Kansas City trucking company where a large unit and its entire cargo was a total loss on the road by fire. This one truckload of merchandise was worth approximately \$22,000 and the carrier had but \$15,000 cargo insurance. Let me ask you how many truck operators today could pay \$7,000 out of their own pocket? This, of course, was a very unusual case, because of exceptionally high values, but it clearly proves that shippers of merchandise should carry policies in their own name for protection against perils of transportation while such merchandise is outside of their control.

As you know, cargo policies are not uniform in coverage granted. Many

cargo policies issued in this state, written for local truckmen, cover only within the state of Nebraska. Not many months ago a manufacturer in a small town used a local truckman to haul some machinery from a factory in Wisconsin. This truckman was involved in a collision in the state of Wisconsin, resulting in damage to the cargo amounting to approximately \$300 and the company carrying his cargo insurance denied liability, because their policy coverage was limited to the state of Nebraska only. Another reason why shippers should carry transportation insurance.

In addition to differences in policies, there are terms and conditions in all cargo contracts which, if violated, will void the policy. A certain terminal in Kansas City had a policy which required them to pay double their usual rate when any shipments were forwarded on trucks that did not carry specific cargo insurance. In addition it was a requirement of this policy that these risks were to be reported, in writing, to the company. A loss occurred last December, amounting to about \$800 where the truckman had no insurance of his own. The company carrying the policy for the terminal denied liability, because they never received the report in writing of this special risk. So far as I know, the owner of the merchandise is still waiting for his money because the terminal is not financially responsible and there the matter rests.

These are but a few of the many instances where shippers have lost money because they did not carry insurance coverage to protect their merchandise, while in transit, against the perils of fire, lightning, cyclone, tornado, flood, collision, overturn, collapse of bridges and theft. These few examples I trust will serve as a working basis, and I hope will enable you to secure some profitable transportation business.

A "Hidden" Cause of Accidents

The more traffic experts study the accident toll, the more they become convinced that there is an important "hidden" cause of many automobile accidents. This lurking agent of death and injury is carbon monoxide poisoning.

Carbon monoxide gas develops when any fuel—coal, wood, gasoline, or illuminating gas—does not burn properly or completely. It cannot be seen, smelled or tasted. Its only warnings are headache and drowsiness. Yet it is in the air

wherever there is motor traffic. The exhaust of a car, even one in good running condition, contains a concentration of fifteen per cent of it. As little as two per cent in the air will poison, and four per cent will kill.

Statistics show, according to the National Bureau of Casualty and Surety Underwriters, that carbon monoxide from auto exhaust gasses is the direct cause given in at least 700 deaths annually. No one knows nor can guess how many lives are lost indirectly through its influence. For example, there is no telling how often that common driving occurrence, "sleep at the wheel," has been induced by carbon monoxide.

All motorists are familiar with the headache and lassitude which often come upon them while driving. These signs, coupled with the odors of exhaust fumes in a moving vehicle, are final warnings that carbon monoxide is present in lethal quantities. They should be more than sufficient notice to take the necessary measures against carbon monoxide poisoning. This means regular checking of the exhaust mechanism and the carburetor action, keeping the vehicle well ventilated when driving, eliminating any leaks or holes which allow seepage from the motor or exhaust to the body of the car.

Householders should also consider that carbon monoxide poisoning is a possibility whenever fuel is burned in the home. Coal, gas, stove, furnace and oil burner companies can give advice on precautions that will afford safety from this invisible death.

Just Finding Out

New Minister: "What did you think of the sermon on Sunday, Miss Jones?"

Miss Jones: "Very good. We didn't really know what sin was till you came here."

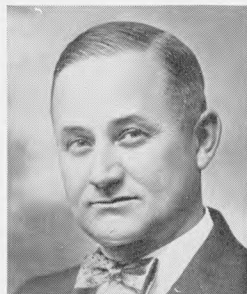
His car had taken fire, and was destroyed. It being insured, he went at once to the insurance office and demanded his money.

He was given a form to fill out, and was told he could not get the money, but the car would be replaced.

"Oh," said he, "if that's the way you do business, give me back the premium I paid the other day on my wife's policy."

Parent, concluding the recital of his exploits: "And that, my boy, is what I did in the Great War."

Son: "But Daddy, why did they want so many men besides you?"



**OTTO KOTOUK, President
Nebraska Bankers Association**

Nebraska News



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

To Hear Byrd

All delegates attending the Nebraska state bankers convention in Omaha, October 24 to 26 will hear Admiral Richard Byrd Friday evening, October 25, it was announced by officials of the Omaha Junior Chamber of Commerce, which organizations has arranged for two appearances by Admiral Byrd in Omaha.

Both will be at the Tech High auditorium, but the afternoon performance will be especially for children.

Banker Retires

Having risen from the post of bank messenger to one of the most important positions in the banking world, Daniel G. Wing, chairman of the board of directors of the First National bank of Boston, has just retired, due to ill health.

Of Pilgrim stock from Plymouth colony, Mr. Wing was born at Davenport, Iowa, September 10, 1868. While still a lad he came to Lincoln and was employed as a messenger for the old State National bank. Within five years he was elected cashier of the American Exchange National bank, another former Lincoln banking house, which later became the present First National. Before leaving Lincoln, Mr. Wing served during the campaign of 1896 as auditor for the republican national committee, it was recalled by Phil R. Easterday, executive vice president of the First National. Charles G. Dawes obtained this appointment for Mr. Wing.

Want a Bank

A group of business men, including Chas. Frisch, Edwin Grueber, U. C. Ocker, Geo. Heilen, A. H. Fitzke, C. E. Byers of Hastings, E. B. Decker, Harm Hinrichs and Will Milligan, went to Lincoln recently to confer with the banking board, introductory to starting

a bank in Glenvil. Favorable reports are given.

Host at Picnic

Dan V. Stephens recently entertained the children of the Masonic-Eastern Star home of Fremont at a picnic at his country home. The picnic is an annual affair.

Clearings High

Omaha bank clearings for the week ending September 21 totalled \$35,808,-683.99 to reach the highest level since the week of August 22, 1931, when the total was \$38,814,588.78, the Omaha Clearing House association reported. The week's total was more than \$5,500,-000 greater than clearings of \$30,251,-707.89 for the corresponding week of last year.

Bank to Continue

The directors of the Rockford State bank who announced some time ago that the institution would liquidate, pay in full all its depositors and quit business because they did not believe the village would support a bank, have voted to

continue the business and will serve the community as in the past.

Pays in Full

P. L. Hall, receiver of the National bank of Ashland, has announced the comptroller of currency has authorized a second and final payment of 30 per cent to depositors of the bank, making a total of 100 per cent returned.

The bank suspended business March 4, 1933, and went into receivership July 16, 1934. The total paid out in receivership dividends amounts to \$179,969.

Charter Is Issued

Ben N. Saunders, state banking superintendent, has issued a charter to the First State bank of Scottsbluff.

Scottsbluff has been the largest Nebraska city without a state bank.

The new bank was chartered at \$50,-000 capital, \$10,000 surplus and \$3,000 undivided profits.

B. C. Redding of Minatare is president, G. A. Etter of near Minatare, vice president, and H. S. Stark cashier. T. F. Neighbors, Ted E. Riddell and W. M. Barbour with Stark and Etter make up the board of directors.

Returns from Trip

H. A. Schneider, president of the Plattsmouth State bank, who has been enjoying a combined business and pleasure trip to the Pacific Northwest returned home early last month after a very interesting journey through a great expanse of that section of the United States and Canada.

Mr. Schneider spent several days at Calgary, the capitol of the province of Alberta, being there at the time of the provincial election for members of parliament, witnessing one of the most heated campaigns in years with the social security program as an issue. The result of the election was a great triumph for

CONVENTION
NEBRASKA BANKERS
ASSOCIATION

OMAHA
October 24 and 25

HOTEL PAXTON

the advocates of the measure that would provide old age and unemployment insurance, they electing 53 of the 63 members of parliament.

County Funds

The following banks were named by the Douglas county board as legal depositories for county funds: United States National, First National, Omaha National, Live Stock National, Packers National, Stockyards National, Farmers State bank of Millard, Bank of Florence, and the Valley State bank.

Celebration

The Bank of Leigh opened recently, and throughout the day the event was celebrated with the crowd reaching an aggregate of about 3,000 people. At noon a reception-dinner was given for the visiting bankers and guests which was followed by a reception at the bank, the program on the street and the contests.

Members of the group which is sponsoring the bank were introduced, viz.: J. J. DeLay, president; Jos. B. Hines, cashier, and A. A. Aukerman, Louis Hahn and Chas. Botsch, members of the board of directors. Thomas Mortimer, who is the vice president of the institution, was unable to be present due to the fact that his wife was convalescing from an operation in an Omaha hospital.

Baskets of fall flowers, asters, gladoli, roses and carnations greeted the visitors as they entered the bank. These were from the business men and women of Leigh and from out-state friends of the institution.

Named Cashier

H. C. Amos, for a number of years cashier of the Citizens State bank in Kimball has accepted the position of cashier in the Bushnell Cooperative bank.

Banker Dies

A. N. Phillips, early Sargent banker, died at his home there recently following a long illness. He was advanced in years and had not been active in business for some time. He was formerly associated with the Sargent State bank.

Steagall

Officials of the Nebraska Bankers association announce that Representative Henry B. Steagall will be one of the principal speakers at the 1935 state convention in Omaha October 24 and 25. Steagall, chairman of the house committee on banking and currency, is scheduled to speak at 3 p.m. on the opening day of the convention.

Prof. Will A. Irwin, professor of economy at Washburn college, Topeka, Kansas, will speak October 25.

Other speakers of note who will address the two-day meeting are: Harold V. Amberg, vice president and general counsel of the First National bank of Chicago; R. F. Patterson of Tarkio, Missouri; Tom Collins of the Kansas City Journal-Post; H. G. Pratt, president of the Hastings National bank, Hastings; Edward M. Slater, Nebraska director of the federal housing administration; and Frank A. O'Connor, general agent for the farm credit administration in Omaha.

Wyoming News

Seven Millions

Deposits in Wyoming banks have increased nearly \$7,000,000 in the last year according to State Examiner A. E. Wilde.

Total deposits at the close of business June 30, 1935, were \$50,969,570, he said, a gain of \$6,888,579 since June 29, 1934.

Combined resources of the 30-odd institutions were \$59,100,343 on June 30, 1935, \$6,300,411 more than on June 29, 1934. Resources include reserves, bonds, stocks, etc.

"Wyoming banks are in very sound condition," the examiner said. "They have plenty of reserves and a sound capital structure equal to about \$1 for every \$10 of deposits.

"In addition every bank is insured up to \$5,000 on each individual or corporation account."

New Mexico News

In Carlsbad

The American National bank of Carlsbad will open soon, E. M. Brickley, formerly of Carrizozo, cashier of the bank, said recently.

Workmen were installing furniture and fixtures in the new bank, located between the Carlsbad Hardware and Lumber company and the T. C. Horne and Sons store on South Canal street.

Brickley said that it would not actually be an opening as "we have not closed. We are simply moving the bank from Carrizozo and are doing business each day."

However, he said that a "party" of some kind would probably be held on the day the opening is held.

Director

Reappointment of F. M. Hayner, of Las Cruces, New Mexico, as a director of the Central Bank for Cooperatives was announced recently by W. I. Myers, governor of the farm credit administration. Mr. Hayner has served in this position since the organization of the Central Bank in September, 1933. His present term expires September 11 and his reappointment is for three years from that date.

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R. C. JOHNSON, *Asst. V. P.*
C. W. BATTEY, *Asst. Cashier*
ELMER DEKAY, *Asst. Cashier*
FRED S. ALDRICH, *Asst. Cashier*

In a recent election by the cooperative associations that are borrowers of the Central Bank, Mr. Hayner received a majority of the votes. Mr. Hayner is a director of the Southwestern Irrigated Cotton Growers' association of El Paso, Texas. He is well known throughout the cotton producing areas and is a prominent leader in the cooperative marketing of cotton.

Colorado News

Clearings Up

Clearings of the Pueblo banks for the first eight months of 1935 are more than two million dollars above the total for the same period last year, the First National announced at the end of business hours recently.

The clearings for the first eight months this year were \$18,989,079.60, compared with only \$16,335,324.23 for the corresponding period in 1934.

Bank Visitors

L. G. Kennedy, vice president, and J. B. Welborn, assistant cashier of the First National bank of Denver were callers at the Moffat County State bank in Craig last month. These two banks are closely connected. The Denver bank officials were highly pleased with the splendid growth the Craig bank has made since opening for business a little over 90 days ago.

New Bank

Without banking facilities since the spring of 1933, Golden business men are perfecting plans for reorganization of the Rubey National, now in receivership.

It is expected that the new bank, to be known as the First National, will be opened in the near future.

H. W. Pratt, former vice president of the Rubey, is the leader of the reorganization movement. A plan outlined by him has the approval of the chamber of commerce and other organizations.

Banker Weds

Oliver Arnold, assistant vice president of the Denver National bank, and Mrs. Genevieve R. Lewis of Denver were married recently in Colorado Springs.

From 1921 till 1927 Arnold was connected with the federal reserve bank and since 1927 has been with the Denver National bank.

Mrs. Arnold is the daughter of Mr. and Mrs. Ernest E. Crawford of 2850 Bellaire street.

New Peak

Bank clearings in Denver, which have been climbing steadily for many months, reached a new top in August of \$105,469,115.91, the Clearinghouse association announced.

That was an increase of nearly 9 million dollars over the total clearings for August, 1934, of \$96,981,309.50. It also was an increase of nearly 2 million dollars over the clearings for July of this year, \$104,679,910.21.

On College Board

John Evans, head of the First National bank, Denver, and who has a score of other connections, manages to take an active interest in the affairs of the University of Denver. He is president of the board of trustees and has been a leader in the upbuilding of the local educational institution to an important unit in the national picture.

Reduce Rates

As of October 1, 1935, the Denver Clearing House association banks will reduce interest paid on savings accounts to 1 per cent on the first \$2,500 and one-half of 1 per cent on all amounts above that figure, it was announced recently.

The step was taken in the interests of reducing expenses in keeping with the present low return on investments. The banks formerly paid 2 per cent on amounts up to \$2,500 and 1 per cent on balances above that amount.

Kansas News

Directors Changed

At a stockholders' meeting of the Montezuma State bank the resignation of Linn Frazier, of Fowler, as a director of the bank, was accepted. Mr. Frazier still holds his stock in the institution. He organized the bank in 1913 and has been associated with it practically all the time since.

At the same meeting L. A. Nelson of Ensign, prominent merchant of that place, was elected a director of the bank. Mr. Nelson was formerly associated with the People's State bank at Ensign which was taken over by the Montezuma bank last April.

Lincoln Meeting

Bankers of 13 north central Kansas counties were at Lincoln, Wednesday, October 9 for their annual group meeting. About 300 are expected to attend and speakers will be provided for the meeting by the Kansas Bankers association. The Lincoln County Bankers association will be host to the visiting bankers.

The counties included in the group are Ellsworth, Saline, Mitchell, Jewell, Republic, Cloud, Ottawa, Dickinson, Clay, Washington, Riley, Geary and Lincoln. D. B. Marshall of Lincoln is chairman of the group and J. C. Kaul of Barnard is secretary.



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Depository

The First National bank, Concordia, is installing a new McClintock "after-hours depository" which will provide a unique form of service. The depository will be on the west side of the building and will enable users to have a safe place, electrically protected, to deposit checks, cash or other valuables after banking hours. The new service will be a 24-hour one, available anytime of day or night, on Sundays or holidays, for a small charge.

In Topeka

C. F. Peck, Kansas City, Kansas, chairman of the Kansas Bankers association, presided at a recent meeting held in Topeka. A special luncheon was arranged by the state association. The meeting is one of a series of committee meetings being conducted by the association. Those present, in addition to Peck, were H. P. Betzer, Topeka; Theo. Benninghover, Lenexa; H. A. Wayman, Emporia; P. M. Gibbens, Fort Scott; C. O. Davis, Pittsburg; H. A. Funke, Wichita, and Fred Bowman, executive vice president of the state association.

County Meeting

The county bankers association met in Phillipsburg recently and representatives of every bank in the county were present. The list included Lloyd Culbertson, Long Island; F. S. Snyder, Prairie View; J. W. Baird and B. W. Wiltrout, Logan; Ivan Dubois, Agra; Carl Kellerman, Stuttgart; R. E. Griffiths, N. C. Bracken, S. J. Close and Florian Andrews, Phillipsburg.

Banker Dies

Ulice Butel, prominent farmer and stockman of Overbrook, passed away suddenly at his home. Mr. Butel was going to the house after finishing the chores and had just closed the gate to the barn lot. Mrs. Butel heard the gate click and when he did not return she went out to call to him, finding him by the gate, where he had suffered a heart attack and had died almost instantly. His death was a great shock to his family and friends.

Mr. Butel was one of the leading farmers and stockmen of this territory. He was also prominent in political and community activities, being a member of the board of directors of the Kansas State bank, a director in the Farmers Union Elevator and Store and clerk of the township board.

Joint Meeting

A vigilante elimination shoot and Russell County Bankers association meeting was held recently north of Russell. All banks in the county were closed so that employees could attend the event.

Firing for the elimination shoot was under the direction of Fred Hartman. The regular business meeting of the association was held after the shooting contest. A fried chicken supper was served cafeteria style.

Entertainment for the ladies present was in charge of Miss Willmetta Ruff, Mrs. Dora H. Morrison and Mrs. J. G. Deines. Leal Anschutz, Fred J. Smith and Clyde Carter were appointed to handle the entertainment for the men.

Named President

Mrs. A. H. Moffet was elected president of the First National bank of Larned at a special meeting of the board of directors. She succeeded her husband, the late A. H. Moffet, who died suddenly at Gallup, N. M. Mrs. Moffet will not be in active management of the bank, however. A. E. Hawkinson will be executive vice president and will serve as manager of the institution.

G. H. Branch will continue as cashier and Stanley Moffet of Sioux City, Iowa, a nephew of Mr. Moffet, was elected assistant cashier. Stanley Moffet has been employed in bank at Sioux City and has also served as secretary of the Junior Chamber of Commerce of that city.

The director of the bank will remain the same—A. A. Doerr, John Lewis, Mrs. A. H. Moffet, A. E. Hawkinson, G. H. Branch, C. N. Row, A. L. Stockwell and J. B. Brown.

Wichita A. I. B.

The Wichita chapter of the American Institute of Banking heard a commencement address delivered by Rufus B. von Kleinsmid, of the University of Southern California, at their annual banquet last month, while more than 200 such banking groups in other cities were also listening in.

Dudley Doolittle, general agent of the Wichita division of the FCA addressed the local group, stressing the need for cooperation between the banks and the Farm Credit Administration.

During the evening, the group also heard talks by Hugh Harrell, president of the Wichita Federal Land bank, and W. B. Harrison, president of the Union National bank.

Four members of the banking institute, Stella Brenneison of the First National bank; James McClain, of the Union National bank; Edwin Smith, of the Fourth National bank, and Harold Hobbs of the Union National bank were presented diplomas for having completed four years of outside study.

The meeting, which was presided over by Charles Clevenger, president of the local chapter, was attended by about 150 members of the institute and their guests.

To Manage Bank

R. R. Cross of Council Grove, Kansas, has been retained by the directors of the Citizens State bank, Ellsworth, with the approval of the Reconstruction Finance Corporation, to assume the management of the bank. The Reconstruction Finance Corporation owns a controlling interest in the bank.

Mr. Cross arrived recently and took up his duties.

Present Diplomas

At the special meeting held in the Home National bank building at Arkansas City, the Cowley county chapter of the American Institute of Banking, under the auspices of the American Bankers association, made plans for the opening of the study groups for the night classes that began last month.

During the meeting Walton Goode of the Winfield First National bank presented the diplomas of the organization, for work done, to John Peck and Forrest Livingston, both of the Arkansas City Home National bank.

Tentative plans were made for two classes to be offered this year in the study club. The classes will offer work in commercial credit and a second course in public speaking. The classes will be open to all bankers and employees and any who are interested in this line of work. College credit will be granted, this credit usually received by those who are majoring in banking or instructors in this field.

Revolutionized Methods

Not so many years ago agricultural cooperatives were regarded with suspicion. Some believed that they could produce nothing worth while, they were needless "luxuries." Others thought they would merely waste time and money of their farmer members.

Today the cooperative has come into the "necessity" classification so far as the progressive farmer is concerned. The time he gives to it is as nothing compared to the benefits he receives. And the money he contributes in dues is returned to him many times over in more stable markets, and better prices for his produce.

The cooperatives have slowly, quietly and effectively caused a virtual agricultural revolution. They have gone a long way toward taking the guess-work out of farming—wherein each producer raised as much as he could, irrespective of markets or demand, and sold it for what he was offered. The old-time farmer was at the mercy of the middleman—the modern farmer, with his organization doing the talking and bargaining for him, has applied proven business methods toward achieving a better place in the world.

Cooperatives have made a great record during depression—and when better times return, they are going to show the country what real agricultural progress means.

Preparedness for Depression

There have been many comments on the record of stability and safety made by the life insurance industry during depression.

What should be realized is that this was not the result of doing a good job during five years of stress—it was the result of doing a good job many years previous. It followed a long period of undeviatingly careful, wise and foresight administration.

The condition of life insurance ledgers during recent years is indicative of the

success achieved by management in investing funds. At the end of 1930, the assets of a group of companies representing over 90 per cent of the assets of all the companies in this country, had a value of \$17,304,000,000. At the close of 1931, this had increased to \$18,577,000,000. At the close of 1933, the figure was \$19,246,000,000 and it has climbed since. Life insurance grew safer during the depression. These values are not fictitious—bonds must be reported at a book value which makes use of a process whereby the securities are adjusted yearly to bring the value to par at maturity. The small percentage of bonds which are in default or insecure must be reported, in accord with the regulations laid down by the Insurance Commissions of the states.

Long before the great depression arrived, most life insurance companies were preparing for just such an eventuality. They knew it must come some time. Safety was held to be superior profit—stability to speculation. The results show how wise that policy is.

Subsidized Competition

It is an obvious fact that subsidized competition is unfair competition.

That is especially applicable to the transportation industry.

At the present time, only one common carrier—the railroad—entirely pays its own way. All other carriers are subsidized, directly or indirectly. All other carriers, in brief, receive benefits from public funds, which assist them to divert business from the railroads.

Worst example of subsidization is still the waterways. Economically speaking, many waterways have little right to exist. Seasonal influences make certainty and efficiency of service uncertain. They

get business, not because they are faster, not because they offer higher standards of efficiency—but because subsidies, paid out of the public treasury, make them cheaper.

To the end of 1932, the United States government had spent about \$1,500,000,000 on river and harbor improvements chargeable to navigation alone, and an additional \$117,000,000 was spent in 1932. Much of this money was used to keep losing canal lines in operation. In addition, many of the waterway carriers pay no taxes—and whatever losses they incur in operation are made up out of general funds.

The policy of subsidizing waterways is being continued.

There can be no steady progress in transportation, and no stability, until every carrier is made to stand on its own feet, pay its own way, and compete fairly for business.

Look at the Record

There is one way of proving whether the power industry has done a good job on behalf of the American people—or whether, as its opponents claim, it has failed in its duty of providing the best possible service at the lowest possible cost.

The way, as Al Smith would say, "is to look at the record." A fact is a fact—and all the rhetoric in the world can't make it into anything else.

In 1882, at the beginning of the light and power industry, only a handful of homes had electric service, and its cost them, on the average, 25 cents per kilowatt-hour. This rate gradually declined, and uses multiplied until, just before the war, the cost was 8.7 cents per kilowatt-hour. In 1928, at the height of the boom, when labor and material

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costs were at record levels, the rate was 6.3. The depression brought a decline in the use of power, which naturally caused an increase in the industry's unit cost of doing business—but increased efficiency and economy offset this, and in 1934 the rate was but 5.3 cents per kilowatt-hour.

It is an important fact that the rate has shown a steady decrease—that the average cost of power has never, with but one or two exceptions, been higher in one year than in the preceding year. The rate has gone down whether times were good or bad, whether the country was flush as in 1929 or crimped as in 1907, whether household use of power increased or decreased. And in later years, especially, the rate has been cut in the face of great and menacing increases in the taxes, regular and special, paid by the industry.

There is the record. It is the best possible answer to the charge that the power industry has extorted the American people.

An Expensive Lesson Well Learned

The best of all teachers is experience. It is often expensive—but, if the lesson is thoroughly learned, it is usually worth the price.

Experience has taught the average American much about how not to invest his savings—and, of equal importance, how to invest them.

He has learned that the average individual has little chance of investing safely for himself. The promise of great profits is appealing—but not when subsequent events prove that they are to be earned at the risk of his principal. And he has seen the value of securities he once believed to be gilt-edged, tumble to almost nothing under the impact of depression.

Today many millions of these aver-

age citizens are pursuing different and wiser investment courses than they ever thought of a few years back. They are turning their money over to agencies which can be trusted to handle it properly—to invest it safely—and to increase its worth gradually and soundly. Life insurance, trust funds and similar institutions, with their intimate knowledge of conservative finance, have become America's foremost channels of investment.

We are beginning to understand that security must come first—a lesson unfortunately learned at the price of untold dollars.

Shall We "Soak Everyone"?

When we "Soak the rich," we "soak everyone."

This is especially true of proposals to levy exorbitant taxes on our great corporate enterprises. Demagogic politicians point to the fact that some of these corporations have gross incomes running into the scores of millions—and they attempt to reason from that, that they should be taxed to the point of confiscation, in order to benefit people of small and average means.

What the politicians overlook is that most of these great corporations, far from representing a few vast fortunes, represent the accumulated savings of hundreds of thousands of investors.

The largest American business enterprise, for example, is the American Telephone and Telegraph Company. It has a stockholder list of about 670,000 persons. Not a single one of these stockholders owns as much as one per cent of the Company.

A representative enterprise is the General Motors Corporation. It has a market value of \$1,700,000,000 and is owned by some 415,000 stockholders. More than 150,000 of these stockholders

possess ten shares of stock or less—a maximum investment, on the average, of \$350. Where are your great accumulations of capital here?

Taxes and legislative policies that punish enterprise, merely because it is conducted on a large scale, strike directly at the jobs, savings and pocketbooks of millions of ordinary citizens—who are far from being rich. The savings of the great masses of Americans are represented, directly or indirectly, by our large corporate businesses—and on the future of those businesses, the future of the average individual citizen depends.

A Tax on Good Service

Special taxes levied against mere "bigness" are based on a false premise—a premise that size is intrinsically reprehensible, and is opposed to the public interest.

The graduated chain grocery store tax illustrates that fallacy. The chains perform a necessary service, and achieve great savings for their patrons. Mass buying, mass distributing, and mass selling permit them to operate on an extremely small unit profit.

The graduated tax, as passed in California and several other states, is designed to force the chains to raise their prices. In other words, it would lessen the advantage accruing to the public from the chain's mass methods—and make the consumer pay a higher grocery bill than is necessary.

It would be equally logical to pass a special punitive tax against department stores, which are able to assemble a wide number of departments under one roof. This attracts the public, which can buy everything from food to jewelry without leaving the building. It likewise makes it possible to keep prices down, inasmuch as the overhead cost of each department is less than it would be if it were a separate store. If the chain systems have an unfair advantage, the department stores certainly have one as well.

Proof that the chains exert no unfair advantage lies in the fact that the good independent stores are not going out of business—they are growing and prospering. They are cooperating with each other to lower their wholesale costs, and, like the chains, passing the saving on to the public.

A tax on size is usually a tax on good service—at the overburdened consumer's expense.

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