

Federal Home Loan Plan is One Long in Practice

Loan & Building Associations of Country Had Plan Adopted by the Government Agency.

Recent governmental and public recognition of the superiority of long-term amortized loans for financing homes is the culmination of more than a century of development by local building and loan associations, according to an article in the current issue of the Federal Home Loan Bank Review.

The soundness of the basic principle behind these thrift institutions brought them to a position where they carried in 1930 over \$7,000,000,000 in home mortgages, or one third of the urban home mortgage debt of the United States, a far higher proportion than is held in any other single form of lending institution.

The best practices of building and loan associations have been embodied in the plan of operation of federal savings and loan associations, which retain the characteristics of local, private, mutual thrift and home-financing institutions, with the additional advantages of government supervision and investment. There are now more than 700 of these associations in 43 states, consisting both of new institutions and old-established associations formerly under state charter.

The pioneer building and loan associations of the early nineteenth century began as neighborhood clubs with the purpose of enabling one or more members to build a home. Members joined at the same time and paid equal sums per share until their payments and profits amounted to the nominal value of the shares subscribed. Priority in securing a loan was then determined by auctioning off the association's funds to the highest bidder, and the entire fund was thus distributed.

This "terminating" plan had serious defects, the worst of which was that, since an association "terminated" upon the maturity of its single series of shares, the good will and experience acquired by years of effort were thrown away.

The "serial plan," involving a new series of shares at regular intervals, and making the association perpetual, was developed to avoid these disadvantages. The weakness of this plan was the necessity of finding large sums at recurring intervals for paying off maturing shares.

Then followed wide adoption of the "permanent plan" which consists of the public issuance of series of stock at irregular intervals as required to increase resources for new loans. The inflow of new investing members is comparatively regular and since no great number of shares mature at any one time, maturities can be met out of income.

A further development in some localities, departing from the original co-operative principle, was the "guarantee plan" by which a certain class of shares is made non-withdrawable and its earnings used to guarantee to other investors' shares of a definite rate of dividend or maturity date.

After careful sifting of these plans and their variations and details in different parts of the country among some 11,000 building and loan associations, the federal savings and loan associations were established on the basis of the "permanent plan." Obsolete and unsound practices were dropped, abuses guarded against, and operations simplified so as to be readily understandable by both investor and borrower. The object was to provide additional home financing facilities in areas where such funds were inadequate, by attracting local investors on the basis of safety of their funds, a reasonable income and the assurance of management along tested and approved lines.

A hundred years of history had made it clear that the only effective way to obtain uniformity and adequate control in public interest was through federal legislation. In the establishment of federals there was full realization that the business of a thrift and home-financing institution is essentially local, requiring local management, a large proportion of local resources and personal knowledge of the prospective borrower by the lending institution.

"The business has profound social significance and affects the entire community," says the Review, "therefore the entire community should participate. Benefits should be mutual and undue profit through exploitation should be impossible."

Your home town merchant will do more to accommodate you than any big city store, mail order house or radio station peddler. Isn't he entitled to your trade?



What other cities have done, your city can do in proportion to its capacity.

The man who hustles gets the business.

In these days there is little room for sentimental slogans in order to gain foreign trade. The fact is that our export trade has never been a shadow, and we don't want to become one. To place any obstacle in the way of this trade would be tantamount to community commercial suicide.

When citizens of a community get together, stay together and pull together, they accomplish great things.

The famous Peabody Hotel at Memphis Tennessee, is running advertisements in many newspapers in the south, inviting those who can to spend a week-end at the Peabody. The ads tell of their superbly appointed rooms and their five famous restaurants. This plan should be carried out by hotels in all large cities. They would draw much business by advertising in the newspapers in smaller cities and towns.

Everyone is interested in good roads. They should never let up—keep hammering away until they get to ride over good roads in every direction.

Any city that can truthfully advertise itself as a good city in which to live and make a living should loudly proclaim that fact to the world.

Our politicians would learn much if they would listen to what is said about them and read what people think of them. They don't seem to learn much by experience.

TO REBEL IF PRICES RISE

Chicago.—Right now American housewives are changing their buying policies to meet the problem of rising food costs. But if prices keep going up, "women will rebel!" Thus Mrs. Wilbur Fribley, president of the Housewife's League of America, detailed the tactics adopted by the nation's largest purchasing power.

This was the burden of her opinion: "We stretched our budgets as much as we could. Now we are doing some deep thinking, rearranging our menus, buying cheaper foods and substituting staples for many luxuries. We are using more lowly vegetables, such as parsnips and carrots, instead of expensive green groceries. More people who relished Brussels sprouts are eating cabbage now. More fish is finding its way to the table. It's cheaper than meat and people don't eat as much. We have gone back to the old method of buying by price instead of by quality."

Mrs. Fribley recalled statistics placing food costs at a level 15 percent higher than a year ago and an agricultural department estimate that they might ascend another 11 percent in 1935. She epitomized the reaction of the ladies of the land in this statement: "We wouldn't mind higher prices if our husbands' incomes were boosted, too."

DOUBTS RURAL POWER PLAN

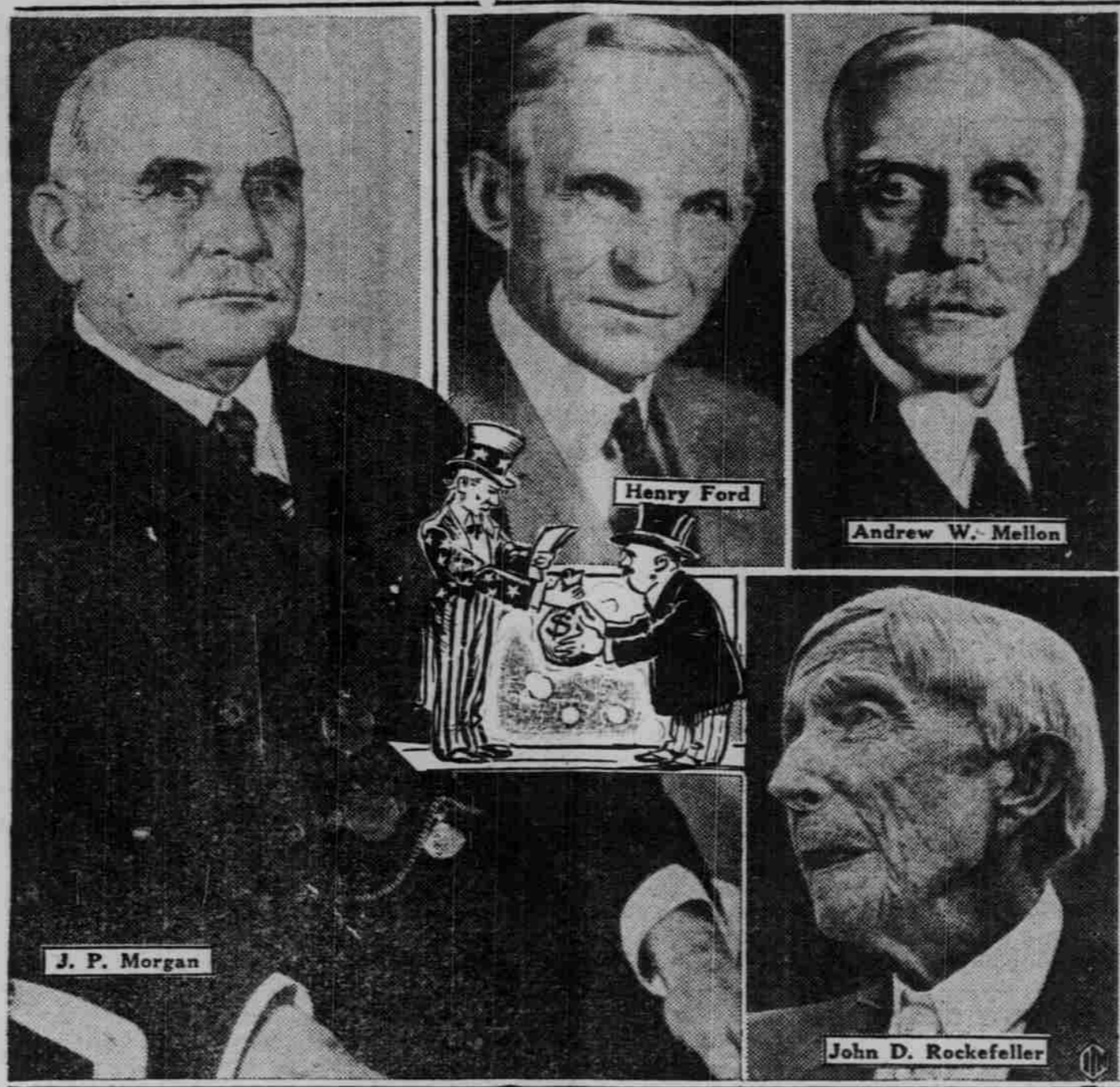
Washington.—The advisability of spending work-relief funds for rural electrification was questioned by the American Liberty league thru its president, Jouett Shouse.

"Is it proposed to duplicate utility facilities at the expense of investors in existing plants?" he asked. "Is it the purpose of the administration to expend this money of the taxpayers for furthering competition by government with industry? Does the president propose establishment of other projects similar to the Tennessee valley authority?"

"Into this congress should inquire carefully and if there are to be power projects created whether along the Missouri river, the Arkansas river or any other river, the authorization must be granted specifically by congress and not assumed under a general appropriation bill for purposes of relief and employment."

Shouse reviewed the history of the league and its objectives, emphasizing the non-partisanship of the organization and pointing out that "in frequent instances it has been able to endorse the position of the administration and that it has been glad to give such endorsement whenever the opportunity offered."

Great American Fortunes Threatened by Taxes



Multi-millionaires in United States whose fortunes are threatened by taxation.

By GAYLORD REAGAN
International Illustrated News
Feature Writer

Washington, March 7.—Large fortunes are the target for legislation urged by two of the outstanding senate leaders, George W. Norris, of Nebraska, and Huey Long, of Louisiana.

Both agree on the principle that the vast wealth concentrated in the hands of a few American families should be redistributed, but they differ on method and extent.

There is little chance that the proposals will be adopted by the senate as at present constituted.

Senator Long would institute a "share-our-wealth" program which he claims would give every deserving family not less than one-third of the average wealth per family in the U. S., or not less than \$5,000 free of debt. In accomplishing this, the "Kingfish" would limit fortunes to a few million dollars.

90 Per Cent Tax

Norris has a different idea about the matter. He has no complaint against the taxation schedule on estates up to \$10,000,000, but would levy 90 per cent 90 per cent instead of the present 60 per cent on the balance of fortunes above that sum. The Nebraska senator would not use money derived from inheritance

taxes to put through any share-the-wealth program. Norris aims rather to curb the power which great wealth endows and avoid the potential dangers of such power. Apparently, he would go no further with distribution of the death-tax revenue than its expenditure on government services.

Long has carried his "share-our-wealth" campaign to many parts of the United States and has built up considerable sentiment in support of the plan. He claims a membership of nearly 4,000,000 in his society pledged to fight for redistribution of the wealth of the nation.

"Share-the-Wealth" Plan
In promising each deserving family one-third the average wealth per family in the United States, Long apparently includes all property values, such as the appraisal value of factories and railroads. Such wealth could not be redistributed, however, unless all property were nationalized. His scheme is phrased in generalities and can hardly be subjected to critical analysis.

But with Norris it is different. Not even his enemies have charged him with being a demagogue. His proposals are worthy of serious consideration and are most certainly within the realm of possibility. There is indisputable sentiment in

favor of preventing progressive accumulation of great wealth during succeeding generations. The liberal schooling congress has received under the New Deal makes it possible that such social legislation, which once would have been thrown out as too radical, would find considerable favor now among our national legislators.

Multi-Millionaires Hit

What reaction would be produced among multi-millionaires of the U. S. by legislation of confiscatory death-taxes is problematical. It might drive some of the great American fortunes abroad, although taxes in England are far higher than in the United States. The recent action of J. Pierpont Morgan, multi-millionaire banker, in disposing of many of his holdings in the United States has aroused speculation.

Others rated as multi-millionaires, whose wealth would be drastically cut by the proposals of Norris and Long, include Andrew W. Mellon, of Pittsburgh, former secretary of the treasury; orny Ford, automobile magnate; John D. Rockefeller, oil baron, and the du Pont family, whose fortunes were made in munitions, but now are in many other ventures, the chief of which is General Motors corporation. Their combined fortunes are rated in the billions.

uplift or "a more abundant life." "Hydro-electric development depends solely upon the development of markets. There are numerous power sites available but until markets are created the expenditures of vast sums in hydro-electric plants are useless. But the government is saying, "Damn the markets—go ahead with the power plants."

Views Projects with Dismay

"It is only with dismay that we hear of the government's PWA plans for spending billions of dollars," said Frank D. Chase, past president of the Western Society of Engineers. "Five billions are to be spent, but little has been said of engineering. Thank goodness, the depression will probably be over before the plans for some of these projects can be completed and their economic feasibility proved." An eleventh post in the cabinet, that of "secretary of engineering," was suggested by Mr. Chase in the event the government is to maintain its program of easy money spending.

Frank S. Clark of Boston, discussing steam power, said vast strides in the development of high pressure steam boilers, mercury-vapor generators, and Diesel engines have placed the fuel power industry in an advantageous position in the last decade.

BALATA TAKEN TO PRISON

Chicago.—Joseph Balata, who pleaded guilty to an alleged plot to swindle the Abraham Lincoln Life Insurance company and an Indianapolis bank with funds embezzled from a Chicago bank, was taken to Joliet prison to start his one to ten year term. Balata admitted the embezzlements of about \$54,000 from the Amalgamated Trust and Savings bank in which the gang supposedly duped a youthful clerk, Otto Van Derck, into "pulling" checks.

MANLEY NEWS

Mr. and Mrs. John C. Rauth were transacting business in Louisville on Saturday.

Mr. and Mrs. William Rau and George Rau drove to Omaha Sunday to spend the day.

Mrs. C. E. Mockenhaupt was quietly passing her 70th birthday anniversary and was receiving the congratulations and well wishes of her many friends.

Mr. and Mrs. Fred Lawrensen were in Weeping Water last Wednesday, where they papered a number of the rooms at the home of Mr. Lawrensen's mother.

FOR SALE at Manley Garage, corn shredder in excellent condition. Can deliver any time. See me or my father, Aug Krecklow.—Lawrence Krecklow, Manley, Neb.

Mrs. Henry Hohman and Mrs. John Carper were the hostesses at a social meeting in the hall Tuesday. Prizes were won by Mrs. John Sheehan and Miss Sue Mockenhaupt.

David Brann and Harold Krecklow were in Omaha and Council Bluffs last Saturday, where they had some matters to look after, as well as visiting with friends while there.

Mr. and Mrs. John Bergman spent Sunday at the home of Mrs. Bergman's mother, leaving their son there while the painting and paperhanging is in progress at the John Bergman home.

Mr. and Mrs. Theodore Harms entertained at a pinocle party Sunday night. There were seven tables of players and prizes were won by Mrs. Ralph Keckler, Mrs. John C. Rauth, Ralph Keckler and Hugh O'Brien. Delicious refreshments were served.

James West and wife moved a few days ago to a farm between Avoca and Otoe, where they will farm the coming summer. They were farming the Frank Johnson place during the past year. Robert Wiles immediately moved onto the Johnson farm which was vacated by Mr. West and wife, and will farm there the coming summer.

Met with Bad Weather

Fred Stohman living north of Manley began shelling corn last Wednesday morning, but was forced to postpone the job later in the day, when the heavy snow and blizzard halted the work.

The Storm Last Week

The snow storm last Wednesday, which developed into considerable of a blizzard before the close of the day, caught many on the road and compelled others to abandon proposed trips.

Among those who were stalled was the writer. After floundering in a snow drift beside the road, we were aided in getting out by Grover Lawrensen, this being at the crossing of the highway and the Missouri Pacific track. After proceeding about a quarter of a mile we found ourselves in a like predicament and were assisted in getting out by John C. Rauth, who also kept us over night. To both these gentlemen, we wish to express our sincere thanks.

Manufactures Corn Shredder

Lawrence Krecklow, during his spare time, converted an old separator which had outlived its usefulness as an efficient thrasher, into a corn shredder, which he has used for some time and says it works to perfection. He now has his corn fodder all worked up and has acquired some very good feed as a result of his resourcefulness. He has no use for it longer and has an ad elsewhere in this department offering the same for sale.

Mrs. Charles Gade Poorly

Mrs. Charles Gade, who has been making her home in Ashland for some time, has not been in the best of health, having a severe attack of rheumatism. Her sister, Mrs. Harold Cochran, also of that place, has been assisting in her care. Last Sunday the parents, Mr. and Mrs. Fred Fleischman, were over to Ashland for a visit at the home of Mr. and Mrs. Gade and also with Mr. and Mrs. Cochran.

Moved His Cafe

Oscar E. McDonald, who recently purchased the business of William Casey when that gentleman departed for McCook, has moved the business from the hotel building to the former location of the cream station. Oscar says he expects to put in ice cream service when the weather gets warm. He has been assisted by his son, Robert McDonald, during the past week.

Enjoyed Trip to Shenandoah

Roy Steinkamp and his father, Adolph Steinkamp, were in Shenandoah last Saturday, where they were business and looking after some business matters. While it made him somewhat tired making the long trip, the elder Mr. Steinkamp enjoyed the ride very much and stood it pretty

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well. This is the first long trip he has taken since his prolonged illness, but he was at Elmwood during the forepart of the week and is glad to be able to get about again.

Many Attend Dance at Elmwood

Those attending the pre-Lenten dance at Elmwood last Monday night were Mr. and Mrs. William Rau, Mr. and Mrs. Hugh O'Brien, Mr. and Mrs. Harry O'Brien, Mr. and Mrs. Walter Mockenhaupt, Mr. and Mrs. Walter O'Brien, Mr. and Mrs. Andrew Stander, Mr. and Mrs. Herman Rauth, Misses Sue Mockenhaupt, Norma Wilts, Sheehan and Ellen Kelly and the Messrs. John Kelly, Joe Murphy, Paul Murphy and George Rau.

HOPES FOR FORT PROGRAM

Washington.—New hope for a \$500,000 improvement program at Fort Omaha was expressed by Rep. McLaughlin (d., Neb.). "The whole matter apparently will depend on the attitude of the war department," McLaughlin said, "and we cannot tell what that will be. But passage of the works bill would provide the needed funds."

Ladies Toggery

MisSimplicity Molds Your Figure To Young Lines

The diagonal pull of the crossed back straps flattens the diaphragm and abdomen, raises the bust and smoothes away all waistline flesh—thus avoiding that tell-tale look of maturity. The model sketched is of peach rayon figured batiste and elastic with an uplift bust of tricot mesh. Model 2405 \$350

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