

EDITORIALS

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Race prejudice must go. The Fatherhood of God and the Brotherhood of Man must prevail. These are the only principles which will stand the acid test of time.

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ENCOURAGE PRODUCTIVE INVESTMENT

In this time of crisis abroad, the problems faced by those financial institutions which serve the economic needs of this country inevitably become more serious and varied. And the efficient functioning of these institutions becomes of ever greater than normal importance to the nation—its workers, producers, industries.

It will be a grave disservice to the cause of American progress and security if in the press of the hysterical sentiment a foreign war generates, we take hasty and ill-advised "emergency" steps which will impair the operation of the financial machine.

Banking is a case in point. The banks have been accused of practically every sin on the economic calendar. The cold truth is that the banks, with few exceptions have served the country exceedingly well. Instead of hoarding funds, of which they have been often accused, they have made every effort to find safe avenues of investment in the light of the legal restrictions governing bank loans, and of their obligations to people who own the money. They have solicited the small borrower or less than the large. There is a dearth of normal investment, of course—but the general uncertainty and fear that have blanketed the country for years are the prime cause.

At this time it would be ruinous to lay further legislative burdens on the functions of banking. We must realize thoroughly the great difference between curbing dangerous war speculation and preventing legitimate, necessary investment. What we need to do is to encourage honestly productive investment and the earning of fair and reasonable profits. There must be an armistice on untried & disturbing experiments by government. There must be a calmer and broader public understanding of the difficulty industry faces—and which our financial institutions, as the servants of productive employing industry, face with it. The war abroad will cause abnormal and as yet unknown strains on our entire economic system—and it is our task how to make necessary readjustments as easy to take as possible.

ELECTRICITY DOESN'T PRODUCE REVOLUTIONS

Those who listened with belief to the early claims of the proponents of public power development must wonder why, now that some \$2,000,000,000 has been spent in six years for this purpose, the forecast industrial hasn't taken place as scheduled.

The New York Tribune explains this simply enough when it says: "The cost of power, except in the case of a handful of industries, is a comparatively inconsequential item of manufacturing cost. It is not an important enough element to encourage factories to move from the large industrial

centers where the availability of labor transportation facilities and the proximity of markets are vital considerations. In the case of paper, chemicals and cement, power is a fairly important consideration, but even here it represents only from 2.9 to 8.3 per cent of the wholesale cost of the product.

"The notion that the existence of cheap power alone will cause industry to be born up by the roots and moved from one end of the country to the other is only one of the illusions that prevail concerning the boom of 'cheap electricity.'"

The United States government itself, curiously enough, has thoroughly exploded the argument that the cost of electric power is a hindrance to industry. A Census Bureau study shows the combined cost of fuel and purchased electricity by all manufacturing industries in 1937 came to less than 2 one half per cent of the wholesale value of the products made. And an expert, in commenting on this, observes that, as much of the fuel was used for heating, it is probable that the cost of electricity alone in these industries was little more than 1 per cent of the wholesale value of their products.

The cost of labor taxes, supplies—these are the great items of manufacturing cost to any industry, even as power is a microscopic element in the balance sheet. And that's precisely why socialized power, incredibly expensive as it has been to the taxpayers, has failed almost 100 per cent in producing the great industrial shift and expansion predicted by those who favored it.

FRUITS OF THRIFT

The appetite of the American people for future protection in the form of life insurance continues to grow.

During the first eight months of the year, almost \$4,334,000,000 of new ordinary life insurance, exclusive of group insurance, was sold. This marked an increase of 6 per cent over the same time last year, in itself a period of heavy sales.

What this means is that millions of citizens aren't taking a chance on their economic future—they are assuring them, through individual thrift and foresight. That's a splendid sign in any nation.

CONGRESS AND THE RAILROADS

Congressman Sam Rayburn of Texas, recently forecast that constructive legislation looking to the rehabilitation of the railroads would be enacted at the next regular session of Congress which convenes immediately after the first of the year. Bills toward this end are now in the hands of a joint Senate-House conference committee, which will adjust the differences and submit a composite measure to Congress.

"This transportation measure," said Mr. Rayburn, "is a distinct, progressive, forward step toward more definitely sound and stabilized conditions."

"The American people are paying \$7,000,000,000 a year for our public transportation service. It is not possible for this essential useful service of the nation to be so regulated that the public will be well served, and the carriers placed upon a fairly stabilized and sound basis of operation? A fundamental problem of regulation is to place these carriers on a fair self-supporting basis."

It is to be hoped that Mr. Rayburn's forecast proves right. A sound transportation policy for this country has been overdue for fifteen years or more, and its enactment early next

session would be of immense and far-reaching service to the country—its workers, industries, investors and farmer. The railroads are doing everything they possibly can under present unfavorable conditions. They have pledged themselves to maintain transportation facilities in excess of any conceivable growth in demand. They are starting to spend money they have not yet earned to repair rolling stock, to put more equipment into service, and to increase their reserve facilities.

The rest is up to Congress. In this time of world crisis it becomes all the more important that our basic industries, of which the railroad is one of the greatest and most essential, be strengthened and stabilized to the utmost. The pending bill seems to provide a policy that is fair to all carriers—and is beneficial to every segment of American life.

DANGERS OF HYSTERIA

Public sentiment is ruthlessly opposed to war profiteering. But in curbing it, care must be taken not to destroy or impair the efficiency of legitimate enterprises. Hysterical regulation and indiscriminate condemnation would prove far more inimical to American institutions and the general welfare in the long run, than the activities of all the war profiteers combined.

Thurman W. Arnold Assistant Attorney General of the United States has pointed out that the Sherman Act stands as the front line defense against unbalanced prices and arbitrary price control. Rigid enforcement of the anti-trust laws should obviate necessity for extensive additional government regulation of industry in the present emergency.

Speaking in behalf of the anti-trust division of the Department of Justice, Mr. Arnold declared: "We do not wish to destroy combinations which pass on savings to consumers through economical marketing methods or efficiency of mass production. It is not the size itself, but the creation of bottle necks and toll bridges in the distribution of a product which is unreasonable under the law."

At the present time, mass merchandising and distributive organizations throughout the country are joining with the government in a concerted to shield the consuming public against the disturbing backwash of high prices which heretofore have been the inevitable result of war. The problems of eliminating the war racketeer and placing a brake on prices, will be far simpler with the help of a sane, cooperative and understanding attitude on the part of the public.

THE CONSUMERS BENEFIT TOO

Commenting on the action of agricultural marketing cooperatives in formulating marketing agreements in an attempt to bring order out of chaos, Secretary of Agriculture Wallace recently said: "While these marketing programs are intended primarily to serve the interests of producers, and specific safeguards for consumers are set up. Any program that is adopted must be a reasonable program from the standpoint of both producers and consumers."

The principal marketing cooperative organizations have long realized this. While bringing their members a fairer share of the final selling price of what they produce, they have likewise assured the consumer a steady, reliable supply of high quality products at a reasonable cost. That, in the case of perishables especially, is a highly important service.

The good marketing co-ops, in short, want a living wage for their members—but they aren't out to soak

the consumer.

IS IT HAPPENING HERE?

America is picking up the tools of dictators!

That is the conclusion reached by Dorothy Thompson in a recent article.

While our principal officials are conducting an energetic offensive against the foreign dictators, says Miss Thompson "this country follows a domestic program which tends to war dictatorship and adopts many of the measures which are most susceptible of criticism under the dictatorships, such as a rapidly pyramiding increase in the proportion of the national income controlled by the state, programmatic deficit financing, the strangulation of private enterprise and initiative by taxation policy and the setting up by the WPA of a separate work economy demoralizing working standards of the rest of the economy."

Regimentation, whatever name it may be known by, is an insidious thing. It grows in the dark. It constantly lusts for more power. And, if its way goes long unchecked, it spells the absolute doom of those basic freedom, liberties, rights and prerogatives of the people, which constitute the very fibre of a true democracy.

More and more does business come under the control of government. In certain instances, of which the electric utilities are the most conspicuous example government has actually taken over industry, and operated it under a policy which can honestly be called nothing save state socialism. The power to tax has been used as the power to destroy. And business at large exists in constant fear of some paralyzing political move or policy that may further blight the outlook.

If this doesn't tend toward dictatorship, the lessons of history are all wrong. In the name of democracy, we are regimenting our institutions. In the name of democracy, we are rapidly pushing forward collectivist doctrines. Those who watch with amazement, events beyond the seas, would do well to take a thoughtful look about in this country—and then wonder if it isn't happening here.

A LIVING PRICE

The Dairymen's League News of New York observes that what all farmers want is at least a living price for their crops, and the right to a voice in setting the price at which they are sold. And, the News continues, there is but one way to win—for all farmers to stick together, and stand loyally by their farm marketing cooperative organizations.

Disorganization long held the farmer back economically and otherwise. He was at the complete mercy of middlemen, and was forced to take whatever price was offered or go without a sale.

Organization has changed that. Through marketing cooperatives, the farmer bargains with dealers on even grounds. They are in a position to demand and receive the best possible price. They are the strongest existing influence for agricultural progress.

IMMORAL GLANDS

A few medical specialists are of the opinion that moral defects and maladjustments can be corrected through treatment of the endocrine glands. Favorable results are reported in a number of cases.

However, if the time ever comes when misconduct can thus be remedied by the surgeon's knife, the old world should undergo quite an improvement. Adolph Hitler and other mankind might be speedily transformed into leading exponents of civilized behavior.