

THE OMAHA GUIDE

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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 good.

EDITORIALS

FOUNDATION STONE OF CREDIT

Today we hear much of credit extension as vital in the economic scheme of things. In light of that some statistics found in a recent address by Paul B. Sommers, retiring president of the National Board of Fire Underwriters are of exceptional interest.

The stock fire insurance industry carries \$174,558,886 of its assets in cash most of which is on deposit in banks. It has been conservatively estimated that each dollar on deposit which is reasonably certain to remain there for a year or more, is the foundation of \$10 in credit. On this basis, the cash holdings of the fire insurance companies make possible credit to the tune of \$1,755,588,860—credit which is constantly available to the productive industries of the nation and which creates wealth, opportunities, purchasing power and employment.

So much for that phase of the industry's direct contribution of the credit facilities of the nation. Of still greater importance is the fact that without fire insurance, credit as we know could not exist. What bank or individual would carry a mortgage on a home, if there were no insurance policy to indemnify him in case of its destruction by fire? What manufacturer could extend credit to a merchant if the stock of goods was not indemnified against loss? Who could risk an investment in ships, trucks, or any other form of transportation without a fire insurance policy to stand between him and ruin?

Fire insurance is the very foundation stone of credit. It performs a national economic service whose value cannot be exaggerated. To this extent, the great institution of fire insurance makes all industry and all investment possible.

NO INDUSTRY HAS DONE MORE

Most of the talk about the "high cost of electricity" comes from political sources. And it would seem reasonable to suggest to politicians that they take a look at the cost of their own "business"—government.

During 1937 according to Frank E. Fowle past president of the Western Society of Engineers, the nation's total bill for electric power service was \$2,200,000,000. But that isn't a drop in the bucket to what the federal government alone, aside from other units of government, collects annually. What taxes consumed about 17 per cent more than the combined cost of rail power and telephone service for the nation. Where the average total taxes per family run to about \$380 a year, the average domestic power bill comes to around \$36, including exorbitant taxes.

Furthermore, while the cost of government has soared toward the financial stratosphere in late years, the cost of electricity—in spite of a general upward trend in price levels and in spite of materially increased labor, tax and material costs—has gone steadily downward. In 1937 large industrial power and light users paid 22 per cent less for a given amount of electricity than in 1936 small industrial power and light paid 24 per cent less—and the householders, benefiting from the largest reductions of all, paid 37 per cent less.

Pages of similar statistics could be cited. And they all lead to but one conclusion: that no industry cheap political claptrap to the contrary, has done more to improve its

standards of service and reduce its cost to the consumer than the electric industry.

THE HEART OF THE RAILROAD PROBLEM

The Rutland, Vermont, Herald goes right straight to the heart of the railroad problems when it says: "If the government would simplify its contracts with the railroads, relax the rigors and constriction of regulation, equalize or reduce taxation, permit reasonable rates for first class service, and, so far as possible, bring all transportation under the same rules and standards, it would have done all that any public agency could do toward amending a very difficult situation."

The railroads ask no favors, no special privileges. They simply ask that they be treated exactly as are other agencies of transportation—and they be permitted to operate on a sound business basis.

So far this year railroad income has been about eighty per cent under 1937. The rate of return, figured on an annual basis, has been approximately one half of one per cent of the industry's gigantic investment. In other words the railroads as a whole are earning next to nothing. Some lines are not even making enough to pay their taxes much less their bond interest. And a great many are experiencing serious operating losses which, unless checked must soon result in additional receiverships.

There is the usual camouflage talk about scaling down the industry's capital structure, consolidating lines, and similar palliatives. But facts show the fallacy of such proposals in the present crisis. First and foremost, the industry must be given an adequate rate structure. Second, it must be permitted to further reduce operating costs where possible. Third, it must be given equality of legislative treatment with its competitors. Then, and only then, can a real start be made toward solving the problem—and toward an industry which is responsible, direct or indirectly for millions of jobs, for billions in purchasing power, for hundreds of millions of taxes, and for the existence of scores of other industries which supply it with services and materials.

DON'T TAKE IT FOR GRANTED

The average person takes railroad service for granted because he has always been able to get it when he wanted it. He can't conceive that anything could happen to the railroads that would interfere with the service he is used to.

He will use motor transportation over publicly built highways; he will use boat transportation favored with publicly built and maintained facilities; he will use airplane transportation that depends for terminal facilities upon publicly built airports, and he will enjoy the public highways in his private automobile—bue, when storms block the roads; when fogs stop the airplanes, and when inland waterways and seanship lines are tied up, he turns to the railroads for transportation as naturally as he puts his window up at night for ventilation.

The fact that the railroad's existence is threatened by every known form of subsidized and unregulated transportation never enters his head. He overlooks the fact that, unlike their competitors, the railroads are so stringently regulated in every phase of their activity, even to the management of their properties, that the only thing they are left free to do without restriction, is to pay their enormous tax bills to city, county, state and federal governments.

The average citizen who runs a meat market, clothing store, sawmill or farm, would throw up his hands in horror if it were suggested that 48 state legislatures, our national House of Representatives and United States Senate, the Interstate Commerce Commission and upwards of 48 state railroad or similar regulatory bodies, were to take over the functions of management of his business, as they have the railroads—set the prices he could charge for his wares; limit his profit, if he was able to make any, to a starvation figure, and prevent him from discontinuing unprofitable operations if he saw fit.

The average citizen would kick like a steer at such an arrangement, but he calmly watches merchants, lawyers, doctors and what not who are elected to public office, proceed to take over the management of the railroads without a dollar of investment on their part, without, in most cases, the slightest knowledge of railroad operations, and without the public and the investments of millions of citizens in railroad property. The net result today, after a generation of such political management of the railroads, is that they face bankruptcy.

The average citizen does not realize this. His railroad service is still uninterrupted. The railroad worker won't believe that such a catastrophe could happen. But unless our political appointees in regulatory positions, are allowed more liberty in running the railroads, we will find ourselves without railroad transportation such as we have been used to, or with some form of government ownership that will saddle us with debts that will make the present federal deficit look like chicken feed. Railroad employes will find themselves working for the government and, instead of dealing with railroad managements, they will have to deal with congress and state legislatures, thus hamstringing their freedom to strike or negotiate regarding grievances—they will find themselves on a par with sailors, soldiers, and postal employes in securing consideration—Their hands will be tied—you don't strike against the government.

It's high time the average citizen and worker not only thought about the railroads situation, but demanded that practical relief be given them, and that the destructive type of one sided regulation to which they have been subjected, be changed to more honest and fair methods.

THE "UNCONSCIOUS" ARSONIST

The crime of arson is universally condemned. The deliberate setting of fire can have no justification in any case, and the person committing it is properly given severe punishment when apprehended.

It would be a fine thing for the country, if some of that condemnation were extended to the man who causes fire because of his own ignorance, carelessness or stupidity. For the grim harvest reaped by the "unconscious arsonist" is definitely greater and more a frail excuse indeed when lives and property are destroyed.

Certainly the man who carelessly discards smoking materials in dry woods that are ready to explode into flame at the touch of a spark is deserving of little public sympathy. Neither is the man who want only permits hazards to exist on his property and endangers the property of everyone else in the community.

In some European countries, notably France, the law provides that if a fire starts on anyone's property through the fault or negligence of the owner, he is financially responsible for the damage to other property. There's small chance of passing such a law here—but the principle it represents is worth thinking about. Most of the hazards that cause fire can be easily eliminated. And the argument that many of us don't recognize hazards when we see them, isn't valid. Ignorance of fire dangers, like ignorance of the law, should not constitute an excuse.

Are you an "unconscious arsonist?" It's easy to say "no"—but can you be certain that's the right answer?

TAX NIGHTMARE COMING

Thirteen months from now, according to slide rule calculations of a government economist, the national debt of the federal government will be in excess of 43 billion dollars—double what it was five years ago. For the fiscal year, 1939 beginning July 1, next congress has authorized the expenditure of 12.5 billions, 6 billion of which will be "deficit financed."

Breaking this vast sum, it is found that during fiscal 1939 the federal government will spend \$1,027,397,250 a month; \$34,246,575 every day; \$1,426,940 each hour; \$23,782 every minute; or \$396 every second!

So what, Soak the rich, you say? According to the government economist (who got his figures from a treasury report), only forty-three out of the 130,000,000 in the United States had incomes of a million dollars or more in 1937. Their aggregate income was 72 million dollars and if every penny was squeezed from them it would barely meet the government expenditures for 48 hours.

SAVED—\$10,000,000,000

Everyone is familiar with the legislative attacks made upon the chain store industry—culminating in a law offered during the last session of congress which, if passed, would have practically destroyed the industry. But everyone is not familiar with the chains' tremendous economic contributions to the United States.

A few figures tell the story vividly. Chain stores pay \$450,000,000 each year in rentals to 140,000 property owners. They pay \$200,000,000 a year to newspapers, magazines and printers for advertising, handbills and other literature. They pay \$225,000,000 annually in city taxes alone. They buy \$6,000,000,000 worth of products from United States manufacturers. And they pay \$1,200,000,000 a year in wages.

So much for the landlord, the publisher, the tax collector, the producer and the worker. What about the consumer?

For the country as a whole, reliable figures on exactly how much the chains save consumers are lacking. But an authoritative survey recently conducted by the Real Estate Association of the State of New York indicate that the chain stores save the consumers of that state alone \$940,000,000 a year. New York accounts for about ten per cent of the population of the United States. As a result, if chains save consumer in the other states as much as they save the consumers of New York, the total saving reaches the gigantic sum of almost \$10,000,000,000 a year.

This, then is the economic picture of the chain store industry as it exists today. Its beneficial influences are felt in every strata of our national life. The savings of mass distribution are responsible for raising the average standard of living. It is incredible that there are men holding responsible positions in government who would destroy this industry—at an unimagined cost to workers, consumers, and to producers of all kinds.

COMMON SENSE

A good substitute for the term "agricultural marketing cooperation" would be "common sense cooperation."

Cooperation is simply sound business practice on the part of the farmer. The growth and progress of American industry was largely the result of the application of the cooperative principle. The growth of American agriculture will be largely the result of the same factor.

One farmer, standing alone can have no voice in determining markets, prices agricultural policies or other vital matters. Ten thousand farmers, represented by an aggressive, responsible organization, can stand on their own feet and fight their own battles. That's "common sense operation."

ARE YOU A LAMB?

The argument that government-owned business and privately owned business can exist together in harmony may sound well—but in this practical world, it won't stand analysis, when highly taxed private business is forced to feed tax-exempt government business.

Every time government goes into one business it means that tomorrow government will go into another business. The incapacity of politicians is notorious. Give them inch and they take a mile, until private property is eliminated.

In story, the lion and the lamb should lie side by side. In practice, the lion eats the lamb. And that's exactly what government business does to private business. We can have a socialistic nation, or we can have a nation based on free enterprise. We can't have both.