

## EDITORIALS

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 time.

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### APPLES TO THE FORE

An apple a day may not always keep the doctor away—but it is a certainty that apples are among the most delectable and healthful of fruits. And this year, due to the organized efforts of growers and mass distributors, the consuming public is going to be treated to high quality apples at very reasonable prices.

The National Apple Institute, meeting last August, approved a plan whereby low-grade fruit will be held off the market so far as possible; the choicest fruit will be moved into consumption at the beginning of the season; plenty of first-class fruit will be always available information concerning the various varieties of apples and their best uses will be widely disseminated.

However, as any producer knows, just putting a good product on the market in the normal way of business doesn't necessarily assure satisfactory sales. And the apple producers today face a very serious problem. The 1939 commercial crop will reach some 103,000,000 bushels, as against a 1928-37 average of 96,000,000. Increased foreign production, plus the chaotic conditions created in Europe by war, have complicated the export situation. As a result, the producers realized that extraordinary sales stimulus was necessary if they were to move the crop.

As in past apple crises, they consulted with the organized chain stores of the nation. Upshot is a nationwide apple sale, which took place during—Oct. 26 to Nov. 4. And December 7th to 16th and February 1th to 10th. During these periods the thousands of cooperating stores will feature apples, advertising apples, talk apples—and, going by past precedent, sell apples on a tremendous scale.

What this means to the producers of a major farm crop is obvious. They are scattered throughout the country, and the welfare of many communities depends upon their finding a good market for their fine crops. And it means much to the consuming public as well, which gets the best of fruit at reasonable prices. A producer consumer campaign such as this marks one of those happy events from which all concerned benefit.

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### SAVE DEMOCRACY—AT HOME

Apparently a great many people never become alarmed about Democracy until they hear the crack of rifles. During the last decade there has been a studied, deliberate attempt to socialize the electric light industry in the U. S. Government ownership is a definite Federal policy. Every possible effort has been made to extend this policy. Publicly subsidized electric plants dot the country from coast to coast, for which the government (the people) has obligated itself for nearly \$2,000,000,000 of borrowed money to date. Each plant is a threat to free enterprise, and undermines demo-

cracy—yet public opposition has been dormant.

If government would take over the electric utility industry and then stop, the average citizen might not have undue cause to worry. Unfortunately such would not be the case. Expanding bureaucracy never halts of its own will. If given the opportunity it will gradually extinguish the institution of private ownership, and when that has been accomplished, individual liberty and representative government will follow. Government ownership and free enterprise cannot live peaceably side by side.

During the past decade in the United States, the public ownership versus free enterprise battle has raged with ever increasing intensity. There has been no gunfire, but carrying out the principle involved, namely government domination of the individual, has strewn fields of battle with dead the world over.

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### BUSINESS CAN HELP ITSELF

Business men have a vital interest in rehabilitation of the railroads, for wholly selfish reasons, if no other. The railroad industry is mainstay of the durable goods industries which are the backbone of a stable economy in this country.

According to the Association of American Railroads: "In the eight year period from 1923 through 1930 for instance, the total purchases by the railroads of materials used in improving plant and equipment amounted to six and three quarter billion dollars. This is apart from \$11,000,000,000 paid out in the same period for expendable supplies, including everything from coal to paper clips." But from the years 1931 through 1938, plant and equipment spending totaled only \$2,000,000,000 and purchases of expendable supplies but \$5,000,000,000. In other words, total railroad expenditures in the latter periods were nearly \$11,000,000,000 less than during the former period.

The loss of this \$11,000,000,000 meant industrial retrenchment, unemployment and reduced payrolls from

Maine to California. It adversely affected the cash drawers of every enterprise in the country. It wasn't spent because railroad earnings have been so low that it wasn't there to spend—due largely—to subsidized railroad competition, and the existence of chaotic transportation regulation which is inequitable and out of date.

In the past few weeks the railroads have vividly demonstrated their desire to go ahead. In order to make certain that there shall be no failure of transportation in these days of world crises they are putting tremendous quantities of additional equipment into service. They are spending money for this purpose that they have not yet earned, because of their strong realization of their obligation to the industries, people of the nation. But progress of this kind cannot be carried on indefinitely under an unsound transportation policy. It is high time for business men in all fields to think about their own stake in a prosperous railroad industry.

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### DISHONEST "YARDSTICK"

Up in the Pacific Northwest there is a growing note of caution in newspaper comment concerning the formation of public utility districts to use the tax subsidized power from Bonneville and Grand Coulee dams.

The editors, along with the public are realizing the dishonesty of power "yardsticks" which take no notice of cost accounting methods forced by law on the private utilities. And closer to home still, they are thinking hard about what is going to happen to all other taxpayers of the gigantic taxes the private companies pay are largely lost to counties, cities and state, by tax and capital subsidies given to public plants.

The Federal plants such as Bonneville and Grand Coulee pay no state or local taxes and are exempt from Federal taxation. How can they furnish any kind of a fair "yardstick?"

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### CAPITOL IN THE STORM CELLAR

Some forty years ago Senator Burton wrote a little book entitled "Crises and Depressions." In that

book he said: "The central fact in all depressions, as well as in those crises are due to derangements in its condition which, for the most part assume the form of waste or excessive loss of capital, or its absorption to an exceptional degree, in enterprises not immediately remunerative."

That is as sound as on the day it was written. And, if anything, is of more vital significance to us now than it was two generations ago. The condition of capital affects every business ties. We can damn capital all we like—every man's livelihood and opportunity we can harass and chain it. But it is capital which makes our factories hum and builds our homes and provides the wages which pay butcher, baker and candlestick maker. And it is lack of active capital which makes and prolongs depression.

We talk about capital being on a strike in this nation today. No description could be less exact. What has happened is that capital has been forced into channels "not immediately remunerative." Government policy has required billions of bank deposits—the normal source of capital for industry and commerce—to be tied up in government securities, and to be used for non-productive purposes. "Risk capital" has been made practically extinct by suicidal tax and regulatory laws which take most of the profit incentive out of legitimate speculation. And don't forget that all enterprises in their early stages are speculations of the past came the great employing "conservative" industries of today.

Until artificial and dangerous restraints on capital are removed and a man who risks his money is allowed to earn a good profit if he can, capital is going to stay in the storm cellar.

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### THE FIRE INSURANCE DOLLAR

Many a fire insurance policyholder who has never sustained a loss must have wondered what happened to his premium dollars. In a recent talk, W. E. Mallalieu, General Manager of the National Board of Fire Underwriters, tells the story.

Taking the records of 332 large fire companies for 1938, it is found that a little more than 43 cents out of each premium dollar earned went to pay losses. Three cents was consumed by the expense of adjustment.

About 20 cents out of this average dollar was needed to pay management expenses. Of this 20 cents, seven cents went for salaries, about 5 cents for miscellaneous items, one cent for rent, and 7 cents for field supervision.

The tax collector doesn't overlook fire insurance any more than he does another business. Taxes of various sorts five cents of the premium dollar.

This accounts for about 71 cents. A quarter went to the agent who sold the insurance—and any policyholder who has had need of agency hire. The remainder, less than 5 per cent represents the modest profits earned by the companies.

Few businesses spend their revenue in a more beneficial manner than fire insurance. Take that item of five cents for miscellaneous costs, for instance. This pays for all the expenses of maintaining inspection, rating bureaus and other organizations, and for printing, advertising, postage, maps, surveys, etc. It pays for industry's continuous war against arson, for surveying supplies, for inspection. This fire precaution largely responsible for average fire insurance. \$1.17 in 1907 to '67 there's your insurance

## DARK LAUGHTER Ol' Harrington



Now Bootsie, when you took that telephone message for me a while ago, did that Chick say fer me to come over 'cause her old man wuz out or not to come over 'cause he wuzn't out!