Keels Soon Will Be Laid for Battleships North Carolina and Wash-

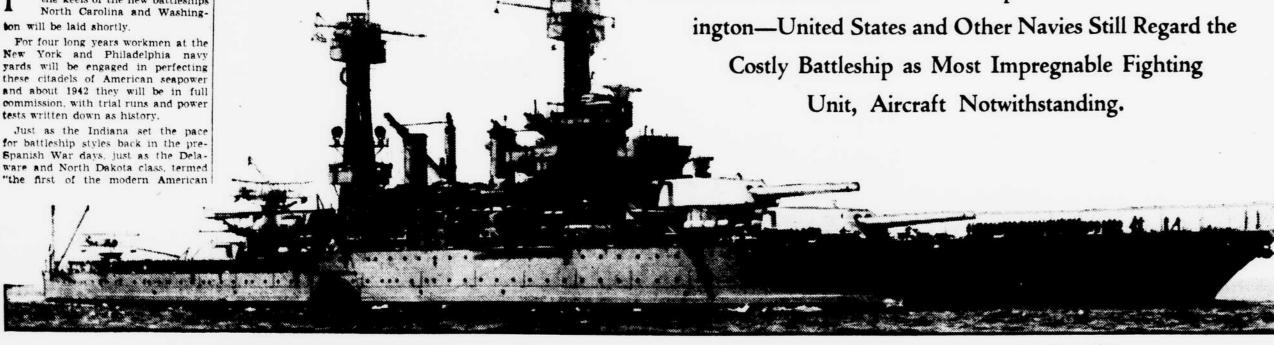
WASHINGTON, D. C., SATURDAY, JULY 24, 1937.

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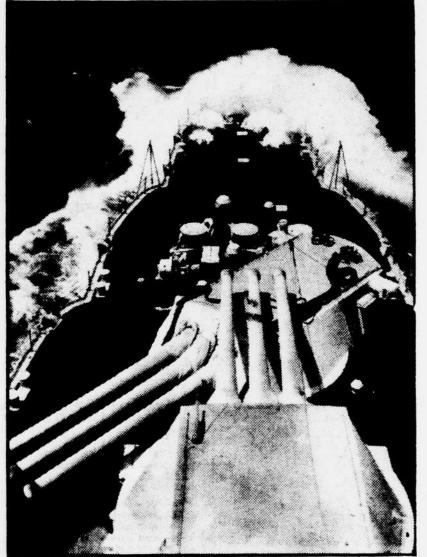
DREADNAUGHT RETAINS SUPREMACY AS NAVAL WEAPON

By William A. Millen. ORERUNNERS of a new first line of defense for America. the keels of the new battleships North Carolina and Washing-

and about 1942 they will be in full



U. S. S. West Virginia, carrying eight 16-inch guns. She is America's newest battleship affoat, having been placed in commission December 1, 1923.



Heavy seas breaking over the bow of the U.S.S. Pennsylvania during recent Pacific maneuvers. Six of her 12-inch guns are shown here. The newest battleships will have nine 16-inch

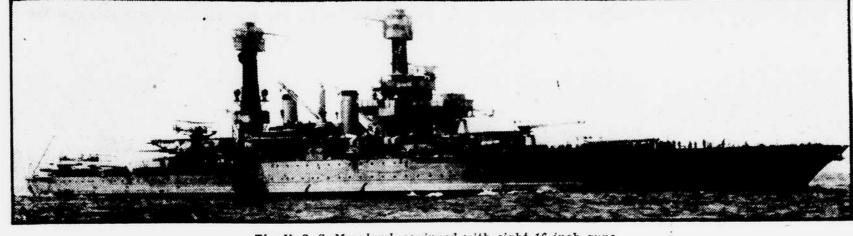
dreadnaughts," gave the cue for the first chance in national politics when existing United States Fleet, so the Secretary of the Navy Josephus Washington and North Carolina are Daniels, now Ambassador to Mexico, launching a new series of major sea fighters. The Indiana's influence gave the young New York State Sen- Calif. Navy Yard. lasted until well into the twentieth ator the assignment as his Assistant There was a battleship named Wash- ington treaty. century. The North Dakota's mark, Secretary of the Navy. The official, ington, authorized in 1916, but conenshrining the lessons learned in the Spanish War, has been left on the American Navy to this day. It re- is that North Carolina and Washing- on February 8, 1922, when she was but it is of interest to record that ton treaty. quies little clairvoyance to say that ton are the only two States that have three-quarters completed. She was "Battle Cruiser No. 1" is now the airthe Washington and North Carolina, not yet had battleships in active serv- sunk purposely, by explosions and gun- craft carrier Lexington, which has Navy to bear the designation of battle- daddy" of American battleships of embodying the quintessence of World | ice named after them. War battles affoat will be the battleship construction guiding stars for the BANK FAILURES ALMOST EXTINCT UNDER PRESENT SYSTEM

next quarter of a century. Why is the bearded Uncle, with his red, white and blue suit, gambling the sum of \$120,000,000 for fully equipping both the North Carolina. be built at New York, and the New Financial Records Established by Government Washington, to be built at Philadelphia? Will battleships be good for the next 25 years? Why does he adhere to the battleship that has been guarding these shores for nigh on to half a century now? Why not spend this money in smaller vessels or for aircraft, man's newest fighting

These are vital questions that are engaging the brains of America. But Uncle Sam's decision shows that he borne by an American battleship.

First of the battleships to be de- years. signed, laid down and built in the construct both of them in Govern- ture in the dark days of 1933.

job to the Government's own workers. eling of the knots and tangles that the Nation took a banking "holiday." ministration naming one of its first with its knitting a few short years all the banks closed, credit paralyzed, battleships North Carolina. For it ago. Practically by its own boot- and public faith in the financial inwas a man from the Tarheel State straps, the present controller of the stitutions destroyed. that gave Franklin D. Roosevelt his currency yanked our tottering finan-



The U. S. S. Maryland, equipped with eight 16-inch guns.



The U.S.S. Idaho, a modernized battleship. Notice the absence of cage masts and the one pole and the small flag mast forward.

he battleships New Mexico, New No. 47." York and Tennessee. In fact, the most famous battleship of them all, designated the North Carolina, au- Corp. at Quincy, Mass., as the battle the Maine, which was sunk in the thorized in 1916-18, under construc- cruiser Constitution, having been auharbor of Havana, Cuba, on February tion at the Norfolk, Va., Navy Yard. thorized in 1916. American War, was constructed at the battleship was halted on February 8, the case of the aircraft carrier Sara-New York vard.

The California, flagship of the Bat-

fire, on November 25, 1924, in keep- come lately into the news again with ship was the former Texas, the name today. She was authorized in 1890 New York Navy Yard and 38 per

navy yards before. The Arizona She was being built by the New York same Washington treaty that "sank" Marcos. The ship was authorized the new battleships authorized in was built at the New York Navy Shipbuilding Co. and was officially the prior Washington and North Caro-Yard. That yard likewise constructed known as "First Class Battleship lina diverted the life of the Lexing- Norfolk Navy Yard. She was orig- for the New York Navy Yard. The

15, 1898, precipitating the Spanish- But the building of this first-class A similar life history is shown in 1922, when she was little over one- toga, which was also converted to an

The two ships about to be construction of her, slowed down during structed will take the place of these. the World War, was stopped entirely Uncle Sam possesses no battle cruisers, vember, 1923, thanks to the Washing-

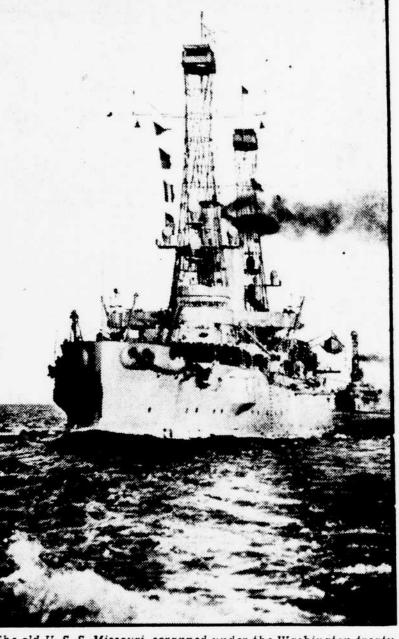
ton, for she began existence upon the Likewise, there was a battleship ways of the Bethlehem Shipbuilding

The first warship in the American

back in 1886 and was built at the 1916-18. The new Indiana was planned inally classified as an armored vessel. new Massachusetts was started at the Her name was changed to the San plant of the Bethlehem Shipbuilding Marcos in February, 1911, and she was used as a target and stricken from lowa was begun at the plant of the the Navy list on October 11, 1911.

THE famous old Maine, authorized also in 1886, was originally classithird completed. She was sold on aircraft carrier on July 1, 1922. But fled as "Armored Cruiser No. 1." But tle Force, was built at the Mare Island, October 25, 1923, and broken up and no such happy fate awaited the bat- when she was commissioned she was Charles Evans Hughes, then Secretary scrapped under the terms of the Wash- tle cruisers Constellation, Ranger, Con- reclassified as a battleship. An explosion in Havana harbor sent her to tion, threw a bombshell into the convessels began as battle cruisers, but the bottom and sent Theodore Roosethey ended in the scrap heap in No- velt and his Rough Riders to San Juan drastic reduction of capital ships. And and Admiral George Dewey to the the great powers agreed to build no battle of Manila Bay.

Then came the Indiana, the "grand-



The old U.S.S. Missouri, scrapped under the Washington treaty.

and built at the famous old shipyard cent completed was sold in October, of William Cramp & Sons at Phila- 1923; broken up and scrapped, under delphia. Her name was changed to terms of the Washington treaty. A "Coast Battleship No. 1" on March similar fate was that of the Indiana. 29, 1919. She was sunk on November The new battleship Montana, under 1, 1920, in underwater bombing ex- construction at the Mare Island Navy periments. On March 19, 1924, the Yard and 27 per cent finished, was hulk of her was sold.

came "Coast Battleship No. 2," was authorized likewise in 1890. She, too, and 31 per cent completed, also went was built by the famed Philadelphia firm. She was stricken from the Navy list on November 22, 1920, having been a battleship of the second line. Then she was used as a target by the War Department.

Secretary of the Navy-to give the names of the pioneer battleships BATTLESHIPS have been built at ing with the Washington arms treaty. the search for Amelia Earhart. The of which was changed to the San Indiana, Massachusetts and Iowa to Co. at Quincy, Mass., while the new Newport News Shipbuilding & Dry Dock Co. at Newport News, Va.

But along came the Washington of State in the Harding administraference at the outset by proposing more battleships.

The new battleship U. S. S. South Dakota, under construction at the

Replying to a letter from the chair-

(Continued on Page B-3.)

also sold, broken up, scrapped. The Iowa, on the ways of the Newport News Shipbuilding and Dry Dock Co. to the junk heap. The battleship Massachusetts, at Quincy, was another victim of naval limitation. So, too, as aforementioned, were the battleships North Carolina and Washington.

ALL, due to the Washington arms treaty, the United States sacrificed seven new battleships for

The Oregon, one of Uncle Sam's pioneer battleships, still exists. She has been transferred to the State of Oregon and is now preserved at Portland. She is out of commission, as far as the Navy is concerned. She was authorized in 1890 and was built at the Union Iron Works at San Francisco and later was designated as "Coast Battleship No. 3."

The famed battleship Oregon has an outstanding place in American history. In the early days of the Spanish War she made her peerless dash around Cape Horn and participated in the battle of Santiago, Cuba. The Navy's highest ranking officer today Admiral William D. Leahy, chief of naval operations, was a midshipman aboard the Oregon during that con-

The Indiana, Massachusetts and Oregon were constructed from the same set of plans. In the Winter of 1895 the Indiana was placed in commission. Capt. Robley D. Evanslater Admiral "Fighting Bob" Evans who commanded the American Fleet when it started its cruise around the world in 1908-first commanded her. Nation Which Was Oversupplied With Institutions In their day the Indiana, Massachusetts and Oregon were considered the 'heaviest armed and armored battleships in the world," and the famous trio participated in the battle of San-

Capt. Charles E. Clark, later a rear admiral, commanded the Oregon through the Straits of Magellan, to Santiago. The Massachusetts was several years for their money. More- the Secretary of the Treasury for the commanded by Capt. F. G. Higginson, later a rear admiral. The Indiana was commanded by Capt. H. C. Taylor, later a rear admiral and chief

> Capt. William T. Sampson, who is knwn to history as the officer whose (Continued on Page B-5.)

J. F. T. O'CONNOR.

Threatening Slough of Despond in 1933. cial system out of the slough of de-By Lucy Salamanca. spond. Today's facts and figures read

Since Banking Holiday Brought Recovery From

HE earnings of 5,331 banks in like a miracle. the United States for 1936 represent a gain of more than a glance backward will serve to re-600 million dollars over the is convinced that "the battlship is deficit reported by 5.159 banks for still the backbone of the fleet." It is 1933. National bank failures are al- Banks were failing during the nineinteresting to note that with the most a thing of the past. Only nine building of the Washington and the national banks have failed since the North Carolina the name of every national holiday, and only one failed State in the Union will have been during the past 21 months, setting. thereby, a record for more than 55

Here are but a few facts serving to post-World War period, the Washing- show the almost incredible good that of 75 a year! Things grew blacker ton and North Carolina will mark the has been worked in the Nation's finan- and blacker as we entered 1931. And beginning of a new era in American cial system since J. F. T. O'Connor, warship building. Defects that are re- controller of the currency, took over vealed by the X-ray of experience will the reins and guided bankers and be avoided in later vessels. In fact, public out of the welter of insolvencies, age of 358 a year. these two warships have set a new pace failures, loss of faith and confidence already—even before their keels are and general financial confusion that laid-for the New Deal has decided to threatened the entire banking struc-

ment-owned navy yards. Hitherto, This young California attorney, forprivate shipyards have had an equal mer law partner of William Gibbs share of the business. But bids opened McAdoo, fell heir to a task of such recently at the Navy Department were prodigious proportions that the refar higher than estimates submitted sults achieved loom more astonishby the navy yards. And so President ing from this vantage point of re-Roosevelt, the sailor President, and stored morale, unprecedented economic There is justice in the Roosevelt ad- kept a whole nation from going ahead It was a situation of extreme gravity-

93.38 Cents Returned to Depositors

in the two years intervening between United States 1,075 failures-an aver-HERE was a situation that Presi-

dent Roosevelt faced when he

took office March 4, 1933, and it was

one that demanded immediate at-

tention. The entire banking struc-

ture was threatened by collapsing

To appreciate the picture better,

call the hopeless situation that brought

on the "banking holiday" in 1933.

year period from 1912 through 1920,

is to say, that 75 National banks

failed in this period. And failures

increased from 1921 through 1930,

until there were 756 failures for this

public confidence and consequent heavy withdrawals. By Presidential proclamation, all

What went on while we were all were permitted to reopen. This meant | 775 of that amount. that at the conclusion of the period, 1,417 national and District of Columbia State banks were denied

license to reopen went into voluntary liquidation.

Today, four short years later, \$1.- ships have been terminated.

Controller of the Currency. the banks of the country were closed, to depositors and other creditors of creditors of these 709 receiverships-Secretary Swanson decided to give the improvement, and a general unrav- and from March 4 to March 16, 1933, these banks that were refused license exclusive of the 42 restored to sol- 375 of that amount.

financial affairs of the Nation was to positors and other creditors of 77.23 going banks. To achieve this end, ever, unsecured creditors have reapproximately 2,261 national banks. nolidaying from our periodical visits since the banking holiday, have sold average of 65.87 per cent of their to the tellers' cages? What steps preferred stock in the amount of claims. The total cost of liquidation were under way for restoration, and \$563,960,550. Of this sum the Reconwhat wheels for rehabilitation were struction Finance Corp. has purchased 7.18 per cent. That is to say, that out set turning? First of all, a careful \$498,937,944, while \$65,022,606 has check was made during that holiday been purchased locally. One thousand, of every national bank in the country, five hundred and fifty-three of these and only those shown to be solvent banks have now returned \$256,364,-

THE next problem before the new reorganized under old or new char- the payment of dividends to de- these trusts.

vency-aggregated \$238,551,264. This represents an average return to deceived dividends amounting to an banking act of 1933 contained many of every dollar collected by the receivers, nearly 93 cents has been returned to the creditors.

Under the jurisdiction of the controller there are now in receivership 1,023 trusts, whose deposit liabilities 1933, and the insurance became efaggregated \$1,760,745,055 at the date controller was the orderly li- of closing. Depositors have already ganize the Federal Deposit Insurance quidation of all those national banks received 71.9 per cent of the amount These banks had deposit liabilities that were in receivership. This in- due them-a sum amounting to \$1,- volved obtaining a competent exof \$1,922,699,000. What happened to cluded orderly liquidation, as well, for 265,742,755—and the controller in amining force and making examinathese banks? Of the number, 1,096 those banks that had already been in forms us that additional dividends, it tions of about 8,000 banks applying with deposits of \$1,772,971,000, were receivership before the "holiday," and is expected, will be paid in some of for insurance.

ters or were absorbed by other banks; positors as rapidly as possible. The The controller's office has sent to corporation, the controller of the cur-290 of them, with deposits of \$138,- results here are as impressive as other receivers, since March 16, 1933, 6,729,- rency was charged with the prelimi

and 31, with deposits of \$11,518,000, from the conclusion of the banking dividends to depositors and other two other directors on September 11, holiday to June 30, 1937, 709 receiver- creditors of insolvent national banks. 1933. Thus, it was O'Connor who out-The only way in which a depositor lined the general set-up of the cor-544.643,000, or 80.33 per cent of the Total disbursements, including off- could get any money in the old days. poration and obtained the approval of amount due, has been made available, sets allowed to depositors and other when a national bank was placed in the President. He obtained from the

Has Seen Constant Gains Under Way, Aided by Far-Reaching Deposit Insurance.

was to wait until the receivers col- ers the names of 1,500 men, qualified out, and had disposed of the proper- ence and knowledge of values in their ties and securities held by the bank. respective States, to make examina-As a result, they often had to wait tions. Arrangements were made with over, it was frequently necessary, un- necessary funds to carry out the preder the old system, to accept prices liminary work. far below the actual value of the assets in order to dispose of them man of the Federal Deposit Insurance of the Bureau of Navigation. quickly. In addition, the immediate Corp. on January 1, 1934, making a calling of loans represented a hard- report on the corporation, President

THAT method of liquidation was changed. It was made possible for receivers to obtain loans from the Reconstruction Finance Corp., pledging some of the assets of their trusts as security. The money thus received was given to the depositors at once. and the receivers liquidated their assets carefully, taking the necessary time to obtain the best prices, and then repaid the Government. Meanwhile, the depositors had the use of their funds. In this way, receivers have borrowed \$385,073,219 from the Reconstruction Finance Corp. for dividend purposes, and up to June 30 of this year had repaid all but \$10,433,

Having taken steps to repair the damage that had been done to the banking structure, the administration 250 progressive and helpful provisions, but one of the most far-reaching was that providing for the establishment of deposit insurance, to be compulsory for all national banks and all State banks which are members of the Federal Reserve System. For all other

banks it was optional This bill was passed on June 10

As a member of the board of the

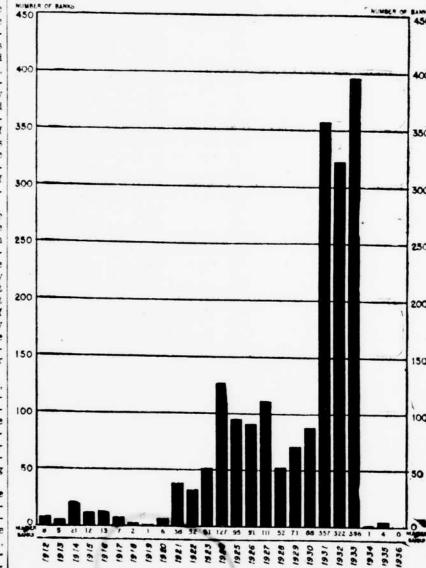


Diagram showing the number of insolvent national banks, with number of receiverships closed from 1912 through 1936.

The above diagrams show disposition of collection dollar 210,000, were placed in receivership; facts indicating improvement, for 499 checks for use in payment of nary work until the appointment of the

(including offset allowance) in closed receivership banks and the liquidation thereof to June 10. 1937. At left, 667 receiverships liquidated and closed, period March 16, 1933, to June 30, 1937. At right, 1,778 receiverships liquidated and closed, 1865 to June