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DREADNAUGHT RETAINS SUPREMACY AS NAVAL WEAPON

By William A. Millen.

FORERUNNERS of a new first line of defense for America, the keels of the new battleships North Carolina and Washington will be laid shortly.

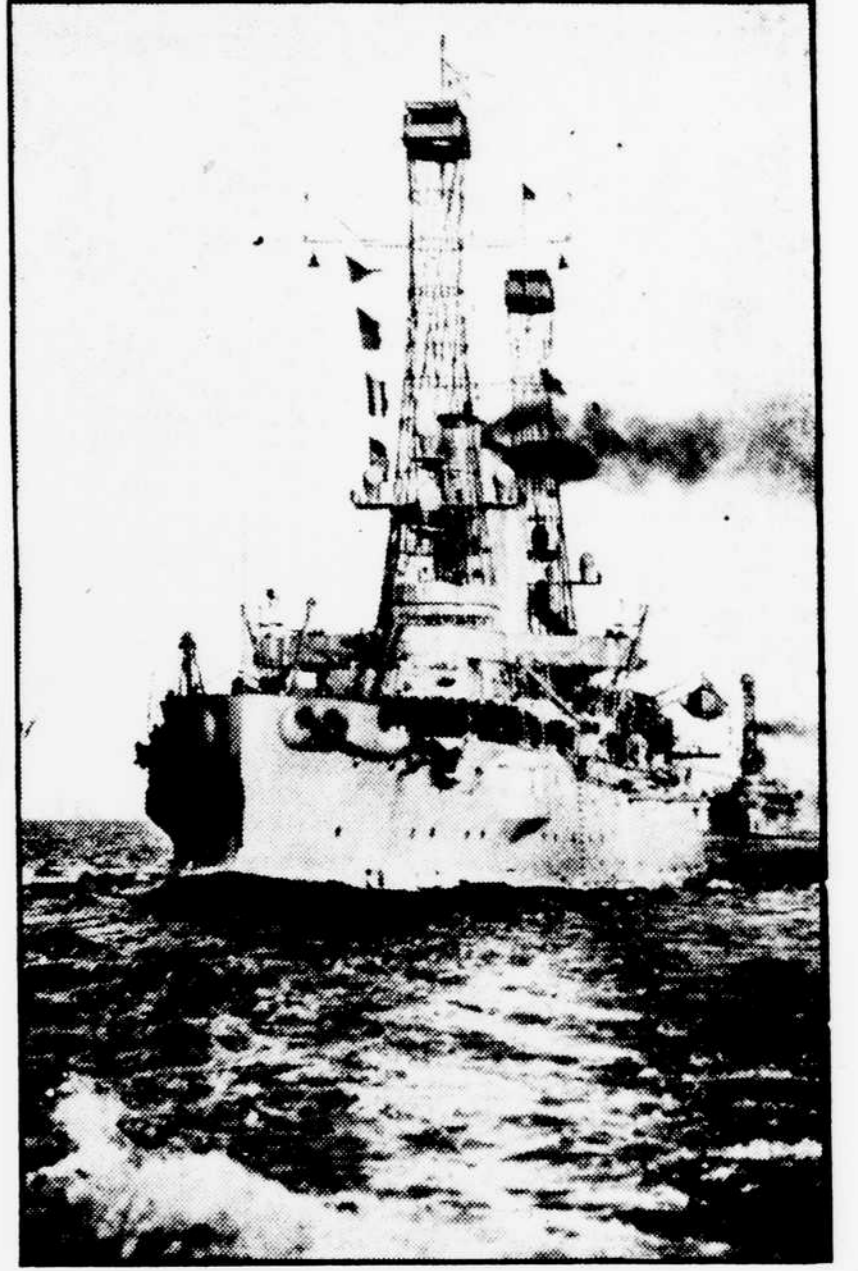
For four long years workmen at the New York and Philadelphia navy yards will be engaged in perfecting these citadels of American seapower and about 1942 they will be in full commission, with trial runs and power tests written down as history.

Just as the Indiana set the pace for battleship styles back in the pre-Spanish War days, just as the Delaware and North Dakota class, termed "the first of the modern American

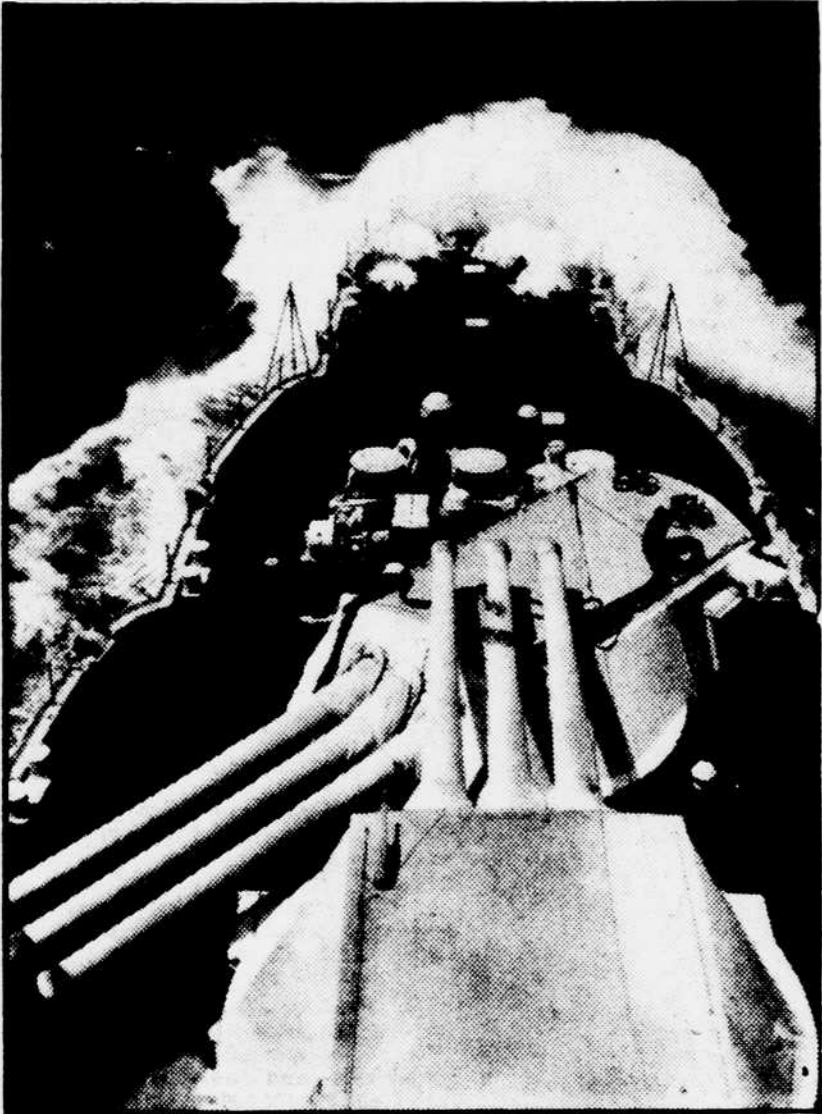
Keels Soon Will Be Laid for Battleships North Carolina and Washington—United States and Other Navies Still Regard the Costly Battleship as Most Impregnable Fighting Unit, Aircraft Notwithstanding.



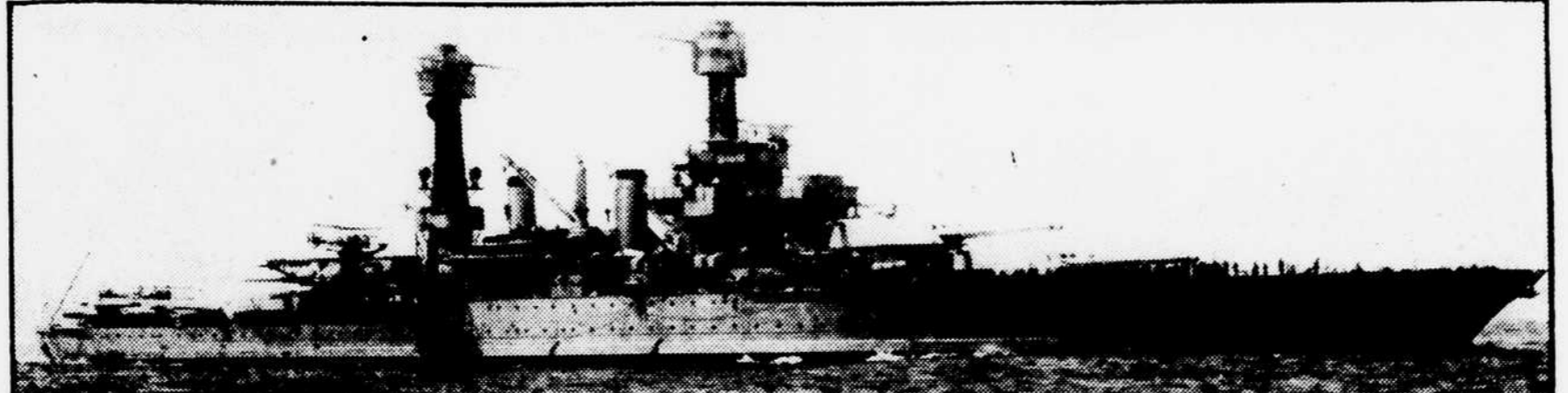
U. S. S. West Virginia, carrying eight 16-inch guns. She is America's newest battleship afloat, having been placed in commission December 1, 1923.



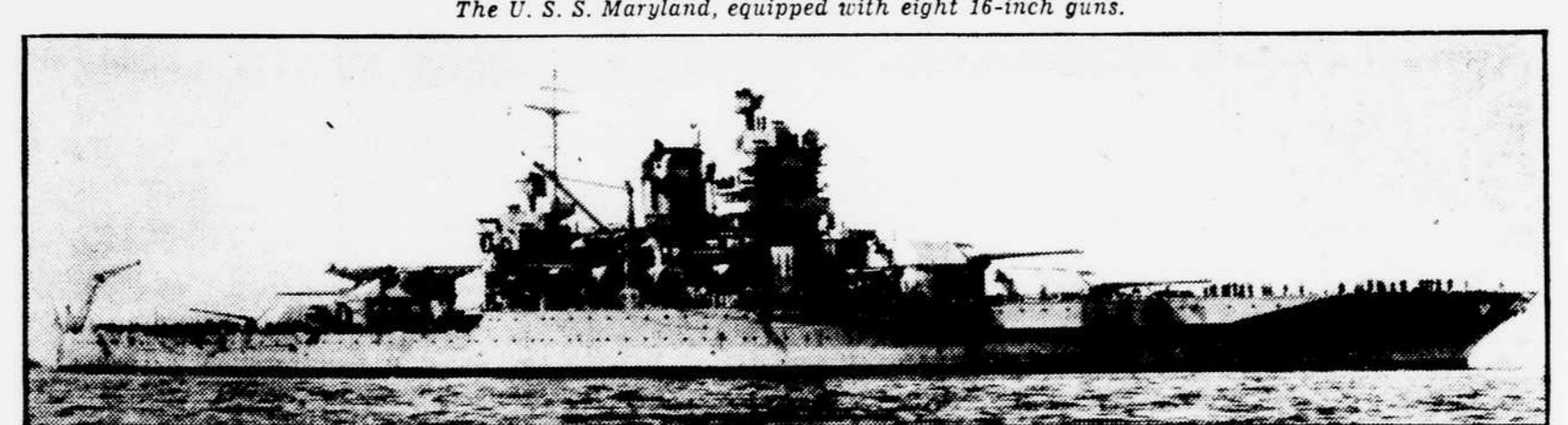
The old U. S. S. Missouri, scrapped under the Washington treaty.



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 guns each.



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



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

BATTLESHIPS have been built at navy yards before. The Arizona was built at the New York Navy Yard. That yard likewise constructed the battleships New Mexico, New York and Tennessee. In fact, the most famous battleship of them all, the Maine, which was sunk in the harbor of Havana, Cuba, on February 15, 1898, precipitating the Spanish-American War, was constructed at the New York yard.

The California, flagship of the Battle Force, was built at the Mare Island, Calif., Navy Yard. There was a battleship named Washington, authorized in 1916, but construction of her, slowed down during the World War, was stopped entirely on February 8, 1922, when she was three-quarters completed. She was sunk purposely by explosions and gunfire, on November 25, 1924, in keeping with the Washington arms treaty.

and built at the famous old shipyard of William Cramp & Sons at Philadelphia. Her name was changed to "Coast Battleship No. 1" on March 29, 1919. She was sunk on November 1, 1920, in underwater bombing experiments. On March 19, 1924, the hull of her was sold.

The old Massachusetts, which became "Coast Battleship No. 2," was authorized likewise in 1890. She, too, 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.

The plan was—back in 1919 when Franklin D. Roosevelt was Assistant Secretary of the Navy—to give the names of the pioneer battleships Indiana, Massachusetts and Iowa to the new battleships authorized in 1916-18. The new Indiana was planned for the New York Navy Yard. The new Massachusetts was started at the plant of the Bethlehem Shipbuilding Co. at Quincy, Mass., while the new Iowa was begun at the plant of the Newport News Shipbuilding & Dry Dock Co. at Newport News, Va.

But along came the Washington treaty on the limitation of naval armament in 1922, after Chief Justice Charles Evans Hughes, then Secretary of State in the Harding administration, threw a bombshell into the conference at the outset by proposing drastic reduction of capital ships. And the great powers agreed to build no more battleships.

The new battleship U. S. S. South Dakota, under construction at the New York Navy Yard and 38 per cent completed was sold in October, 1923; broken up and scrapped, under terms of the Washington treaty. A similar fate was that of the Indiana. The new battleship Montana, under construction at the Mare Island Navy Yard and 27 per cent finished, was also sold, broken up, scrapped. The Iowa, on the ways of the Newport News Shipbuilding and Dry Dock Co. and 31 per cent completed, also went 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.

IN ALL, due to the Washington arms treaty, the United States sacrificed seven new battleships for world peace. 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 conflict.

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. Evans—later Admiral "Fighting Bob" Evans, who commanded the American Fleet when it started its cruise around the world in 1908—first commanded her. In their day the Indiana, Massachusetts and Oregon were considered the "bestest armed and armored battleships in the world," and the famous trio participated in the battle of Santiago.

Capt. Charles E. Clark, later a rear admiral, commanded the Oregon when she made her thrilling dash from San Francisco around the southern tip of South America, through the Straits of Magellan, to Santiago. The Massachusetts was 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 of the Bureau of Navigation.

Capt. William T. Sampson, who is known to history as the officer whose report on the corporation, President

(Continued on Page B-3.)

BANK FAILURES ALMOST EXTINGUISHED UNDER PRESENT SYSTEM

New Financial Records Established by Government Since Banking Holiday Brought Recovery From Threatening Slough of Despond in 1933.

By Lucy Salamanca.

THE earnings of 5,331 banks in the United States for 1936 represent a gain of more than 600 million dollars over the deficit reported by 5,159 banks for 1933. National bank failures are almost a thing of the past. Only nine national banks have failed since the national holiday, and only one failed during the past 21 months, setting, thereby, a record for more than 55 years.

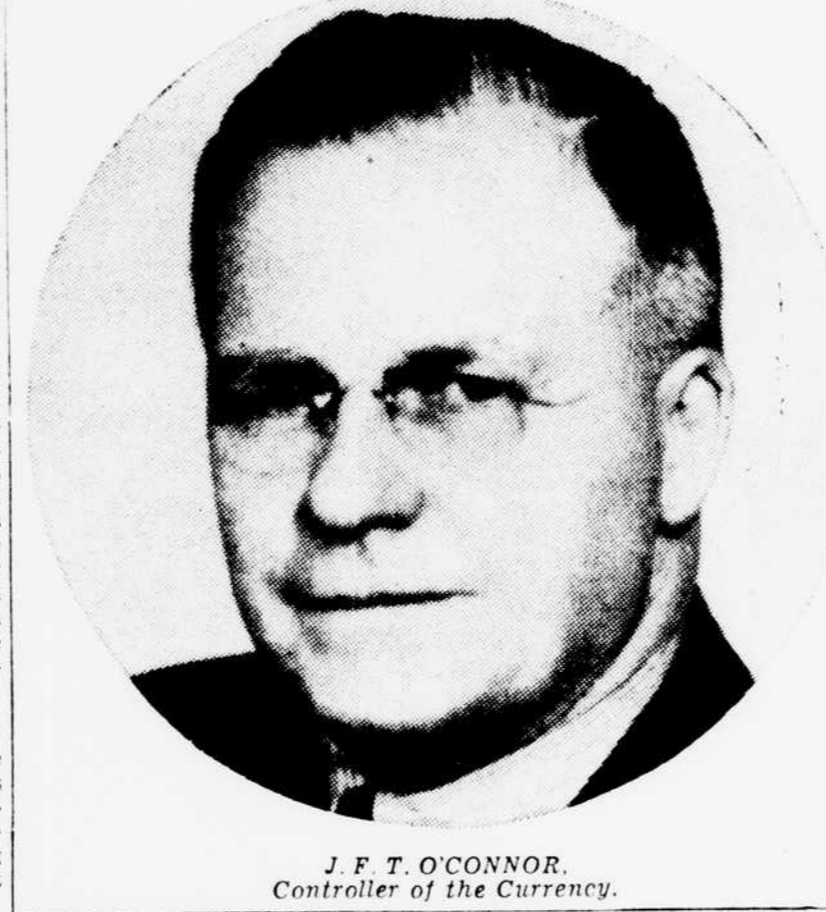
Here are but a few facts serving to show the almost incredible good that has been worked in the Nation's financial system since J. F. T. O'Connor, controller of the currency, took over the reins and guided bankers and public out of the welter of insolvencies, failures, loss of faith and confidence, and general financial confusion that threatened the entire banking structure in the dark days of 1933.

Today's facts and figures read like a miracle. To appreciate the picture better, a glance backward will serve to recall the hopeless situation that brought on the "banking holiday" in 1933. Banks were failing during the nine-year period from 1924 through 1930, on an average of eight a year. That 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 second nine-year period—an average of 75 a year! Things grew blacker and blacker as we entered 1931. And in the two years intervening between 1931 and 1933 there were in the United States 1,075 failures—an average of 358 a year.

HERE was a situation that President Roosevelt faced when he took office March 4, 1933, and it was one that demanded immediate attention. The entire banking structure was threatened by collapsing public confidence and consequent heavy withdrawals.

By Presidential proclamation, all the banks of the country were closed, and from March 4 to March 16, 1933, the Nation took a banking "holiday." It was a situation of extreme gravity—all the banks closed, credit paralyzed, and public faith in the financial institutions destroyed.

What went on while we were all holidaying from our periodical visits to the tellers' cages? What steps were under way for restoration, and what wheels for rehabilitation were set turning? First of all, a careful check was made during that holiday period of the condition of every national bank in the country, and only those shown to be solvent were permitted to reopen. This meant that at the conclusion of the period, 1,417 national and District of Columbia State banks were denied license to reopen.



J. F. T. O'CONNOR, Controller of the Currency.

These banks had deposit liabilities of \$1,922,699,000. What happened to these banks? Of the number, 1,096 with deposits of \$1,772,971,000, were reorganized under old or new charters, or were absorbed by other banks; 290 of them, with deposits of \$138,210,000, were placed in receivership; and 31, with deposits of \$11,818,000, went into voluntary liquidation.

Today, four short years later, \$1,544,643,000, or 80.33 per cent of the amount due, has been made available to depositors and other creditors of these 709 receiverships—exclusive of the 42 restored to solvency—aggregated \$238,551,264. This represents an average return to depositors and other creditors of 77.23 per cent of total liabilities. Moreover, unsecured creditors have received dividends amounting to an average of 65.87 per cent of their claims. The total cost of liquidation of these receiverships amounted to \$1,265,742,755—and the controller, in forms to that additional dividends, it is expected, will be paid in some of these trusts.

Nation Which Was Overshadowed With Institutions Has Seen Constant Gains Under Way, Aided by Far-Reaching Deposit Insurance.

receivership and a receiver appointed, the names of 1,500 men, qualified by five years or more banking experience and knowledge of values in their respective States, to make examinations. Arrangements were made with the Secretary of the Treasury for the necessary funds to carry out the preliminary work.

Replying to a letter from the chairman of the Federal Deposit Insurance Corp. on January 1, 1934, making a report on the corporation, President

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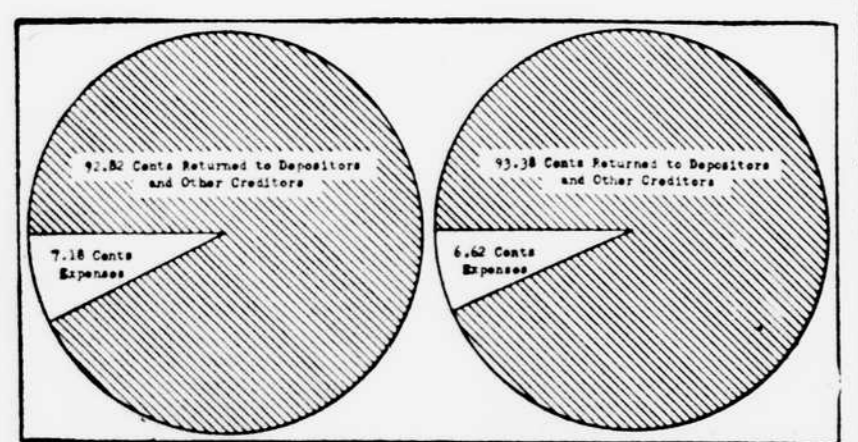
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The above diagrams show disposition of collection dollar (including offset allocations) in closed receivership banks and the liquidation thereof to June 30, 1937. At left, 1,778 receiverships liquidated and closed, 1865 to June 30, 1937.

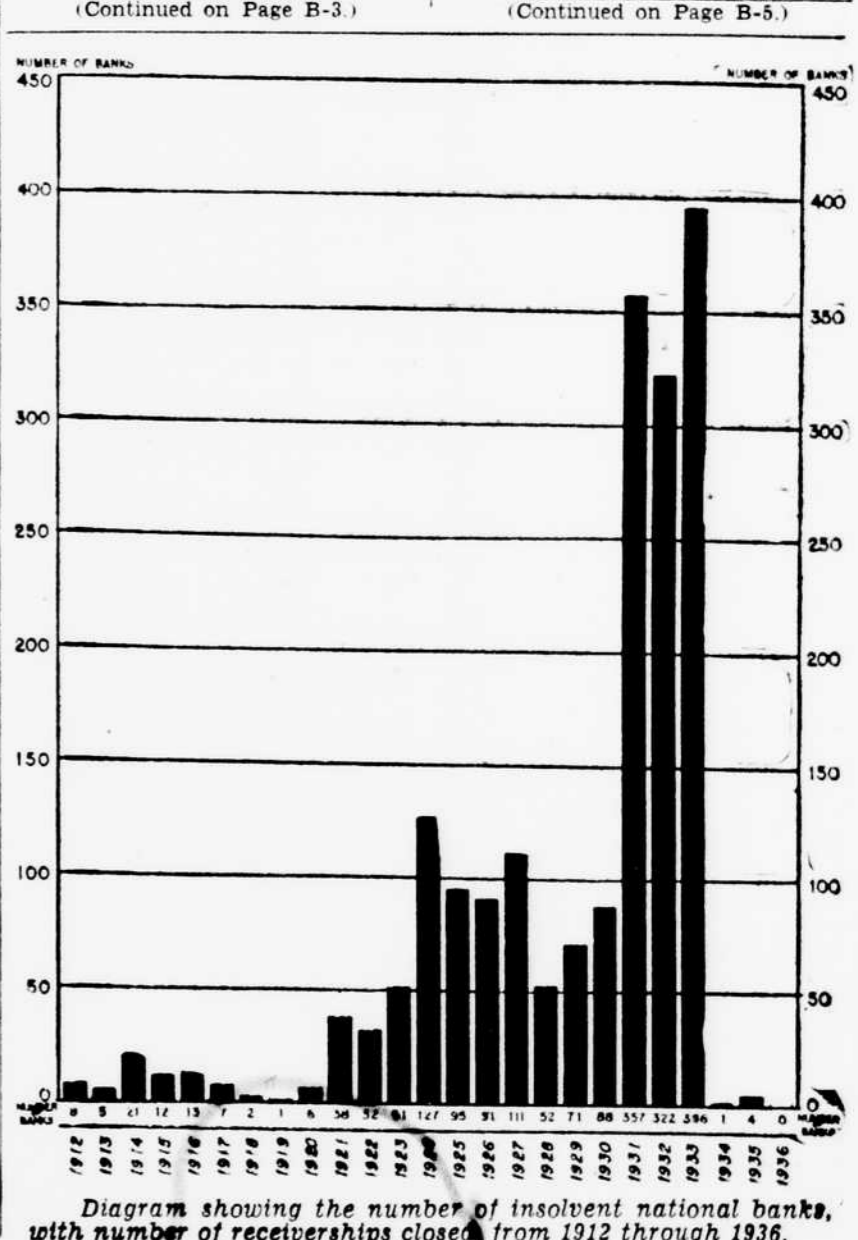


Diagram showing the number of insolvent national banks, with number of receiverships closed, from 1912 through 1936.