

SAVINGS AND LOAN

ANNALS

1954

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**UNITED STATES SAVINGS AND LOAN LEAGUE
CHICAGO 1, ILLINOIS**

Ralph R. Crosby

PRESIDENT

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United States Savings and Loan League
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FOREWORD

IN REVIEWING this volume—the 25th in the modern bookshelf of *Savings and Loan Annals*—which records the work done at the 62nd Annual Convention of the United States Savings and Loan League, you will be impressed, I am certain, with the fact that the men who are responsible for the operation of our individual institutions are concerned wholly with the future of the business and not with its recent remarkable growth. They realize that attainment of the status of “big” business brings with it increased responsibility to provide broader services and facilities to meet all the needs of as many customers as possible.

It was fortunate that this was the year the United States League staff elected to change the Convention pattern. Instead of having two days of Committee Meetings preceding the actual opening of the Convention, Committees met throughout the week—all day on Monday and on Tuesday, Wednesday and Thursday afternoons. This schedule gave delegates an opportunity to attend more of these meetings than in the past. To insure fine attendance they featured panel discussions, brief addresses by managers and by qualified guest speakers and, in one instance, a play—written specifically for the occasion.

At these meetings, delegates considered how loan plans could be broadened so that more and more of the nation's citizens could attain debt-free home ownership. Ways to induce current and new savers to invest more and more of their funds were discussed. The handling and training of personnel was another subject that attracted a great deal of attention. There is scarcely a Committee which is not undertaking some sort of research or study project which it is hoped will present the management with data that will be helpful in its long-range planning.

Assembly of the data, of course, falls to the U. S. League staff member or members assigned to each Committee. And to appreciate the manpower and capacity of that ever-growing staff of your United States League, I call your particular attention to the Administrative Report of the Executive Vice President, beginning on page 77. In it, Norman Strunk has given a comprehensive report on the experience and capabilities of the administrative personnel which cannot fail to make you particularly proud of your trade association.

To a man, our General Session speakers pointed out the need to conduct the business of our individual institutions with an eye to the future and advocated planning now for no less than five to ten years ahead, because the growth potential of our business continues as good or better than it has been in the decade since the close of World War II.

At our closing General Session, we heard what was almost a preview of "The Story of A.C.T.I.O.N."—American Council To Improve Our Neighborhoods—a program that was kicked off earlier in the week by the President of the United States. Since then I have accepted the chairmanship of the Fund Raising Drive for the Savings and Loan Division and am convinced we have a wonderful opportunity to serve ourselves, our neighborhoods, our communities and the nation by supporting the ACTION program.

RALPH R. CROSBY

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THE CHALLENGE OF CHANGE

by RALPH R. CROSBY, *President*

United States Savings and Loan League

Providence, Rhode Island

TWENTY-FIVE YEARS is a long time if you look ahead, but looking back, it seems like only a day. As I look back on my 25 years in the savings association business, I find it difficult to believe that so many things have happened in so short a time. How could so many changes have taken place? If I had stood before you 25 years ago and predicted half of what has happened during that time, "that little man in a white coat" would have chased or dragged me off the platform.

Twenty-five years ago, if you had a job—remember the market crash of 1929 had just occurred—you got up in the morning, put on your old suit of clothes. You left a rented house or flat after a heavy breakfast cooked on a black gas or coal stove, cranked up the model T Ford or caught the trolley, and headed for the office. A long day was spent hand-posting ledgers in a dark, dismal, poorly lighted office in back of a high, wired cage. You returned home late, after a tiring day, to a good, hot meal prepared by your wife and either read under dim lights or listened to the static on the radio.

Twenty-five years have made a great change. You now get up in the morning, put on a sparkling new suit with only two payments left to go. You leave the house after having a breakfast of concentrated frozen orange juice, vitamin tablets, possibly toast and coffee from a vacuum-packed tin, cooked in an electric percolator. You look back longingly at the gleaming white stove, refrigerator and deep freeze and silently thank the dear Lord that the finance company payments are up to date. You step into the garage and look at the two heavily financed cars and finally decide which one to take.

On arriving at the office at 9:30 or 10 a.m. you try to read all the various financial services and reports to the incessant ticking of the automatic machines that are doing the work. You leave the office, tired out from a day's hard work at 2:30 and stop by the golf course for 19 holes of relaxation. Finally, you return to your mortgaged home, raid the deep freeze or refrigerator and eat your

supper before your 30-inch, financed television while some gal with a plunging neckline sings "Home Sweet Home." You wait until dear wife gets home from the bridge club, and then off to bed. Twenty-five years of progress!

But seriously, what has the savings and loan business accomplished during the past 25 years?

We have developed, fully promoted and advertised the optional or ordinary savings account.

We have discovered and put into practice the direct reduction loan running for terms of 15, 20 and even 25 years.

We have found that we can operate on lower interest rates through better management and a larger volume of business.

We have greatly increased our services and now offer one or more of the following: unsecured property improvement loans; safe deposit boxes; travelers checks; money orders; Christmas and vacation clubs; home planning and architectural advice and many other services too numerous to mention.

Modern office buildings, professionally planned, have replaced the inadequate structures of the past, with most of the newer buildings having space for customer parking.

Full-time professional employees, well educated in the intricacies of finance, coupled with improved supervision and examination have brought growth and strength to our institutions.

We have developed the Federal Home Loan Bank System, including 1,500 savings associations operating under federal charter, and the Federal Savings and Loan Insurance Corporation which insures the savings accounts of the great majority of our institutions. We have VA guaranteed loans, FHA insured loans and the Federal National Mortgage Association. And last, but not too insignificant to mention, we have federal taxation.

GROWTH AND DEVELOPMENT

Most of you will be surprised when I tell you that 25 years ago the United States Savings and Loan League, then called the United States Building and Loan League, was just about to employ its first full-time management.

Today we have an organization of 4,160 members with an assets total of \$26 billion which is growing every day. We have an experienced and skillful staff with many, many years of accumulated "know-how" and familiarity with the business and the people in it, led by our executive vice president, Norman Strunk, who has served the business in the U. S. League office since 1938.

Our services and sources of information now are innumerable and are free for the asking to *all* members regardless of the dues paid.

We have developed the American Savings and Loan Institute

with its Graduate School for the education of our employees and executives, the Accounting Division for the unification of our methods of keeping records and the Society of Savings and Loan Controllers to help improve our internal operations.

We have perfected an Advertising Division to provide good advertising material for the use of our members.

As times have changed, so has our management, maturing with each year, taking on added responsibilities and perfecting the increasing services rendered to our business. We have accepted the challenge with which changing times have confronted us.

A NEW ECONOMY

We are now in a completely different economy, based on the production of materials and goods for the benefit of all. The day of the skilled craftsman has given way to the day of the skilled manager. A manager today must think intelligently, abound with initiative and have good judgment so that he may be able to project the benefits of this period of change into his institution. He must realize that this country now has a large middle class who can afford more than just the bare necessities of life. This new segment of our people is the major market for our savings service. Today's manager must develop his advertising and promotion and public relations to attract this segment of the population quickly and without fail.

We have seen, in the past 25 years, an ever-increasing encroachment of the federal government on our very liberty and heavy doses of socialism being taken by our people. This must stop if we are to remain the strong nation we are today. Taxation, which has become almost confiscatory, must be sharply reduced, and honesty and religion must return to the hearts of many. I am not discouraged, however, and I certainly don't want to return to the proverbial "good old days," when there were only a few "haves" and millions of "have nots." I don't want to return to gas light, antiquated plumbing, pine floors and stove heat, nor do I want my son or grandson to have them. I don't want them to be 35 or 40 years of age before they can afford a home of their own. I want them to have what I have had, and I want them to have it sooner. This is progress, but, like those who want to return to the "good old days," I would like these things with less taxes.

Another misstatement that you and I have heard often warns that "there is no future ahead for the coming generation." I don't believe that, and neither does any real American. Even with all the progress that has been made in the past in transportation, machine production, science, chemistry and medicine, the future still lies ahead. We are headed into a new electronic, chemical and atomic age, the results of which will be fantastic. Who in this room

would have dared to say 25 years ago that some of our institutions a quarter of a century hence would be balancing their accounts at a rate of 6,000 cards per hour, transferring visual images of their accounts and signatures through the air by means of television or any of the other things which were fantastic then but are everyday occurrences now? That is why I believe a great future is ahead for our country, its citizens and all those businesses that accept change and progress.

I was born in Osterville, Massachusetts, on a little spit of sand, which would be lost in this great State of California, known as Cape Cod. This Cape stands out in the Atlantic Ocean with little protection from the weather. In those days the Cape was God's Country; it had dirt roads, kerosene lamps, outhouses and antiques. Foreigners had not then discovered this beautiful spot—for your information, most of the oldtimers believe everyone is a foreigner who was not born on Cape Cod.

My father was a naval architect by trade, and after spending time in the navy building battleships he returned to the Cape. During my early years he was in business with his father building boats, mostly Crosby catboats—if you don't know the model, that was the boat which was quick as a cat and rode the waves like a duck. Probably this heritage explains why I have been able to let my troubles pass over like water off a duck's back.

As a young boy, I spent a great deal of time on and around the water; and as any sailor knows, weather—especially New England weather—is something one must watch and learn early in life to respect and also predict. I learned to look at the leaves on the trees, the sunrise and sunset, the condition of the clouds and the mackerel sky, before deciding what I was going to do the following day. It was great sport in my youth to predict the future and outwit the skilled weatherman.

EXPANSION ERA PREDICTED

Now that I am grown and a long way from that changeable New England weather, which I love, I would like to make a few predictions about this business of ours. I believe we are just emerging into an era of the greatest expansion we have ever known. So, for the next few minutes, let's look at what is ahead.

First of all, the population is increasing in this country at a fantastic rate. The chief causes include:

An increased birth rate, due to early marriages in the years of World War II and the Korean conflict, which should continue with prosperity;

A substantially lowered death rate due to better health care, hospitalization, and improvement in medicines, surgery and the treatment of formerly fatal diseases;

Emigration from other countries into this land of peace and plenty and illegal immigration across our borders, which are too long to be policed.

Second, the net income, after taxes, of our people which has tapered off slightly because of loss of overtime pay will increase greatly due to:

Higher wages in all types of employment;

Increased profits from business investments;

Increased insurance, social security, health and annuity payments;

Larger grants in aid, gifts and gratuities.

Third, because of a variety of reasons, "easier money" will be the byword in the years just ahead, causing bank and consumer credit loans to mount to unprecedented totals.

It is true that we are now in a leveling-off period which might continue for a year or two or slightly longer. When the full effect, however, of increasing population and increasing net income, coupled with increased credits, is felt, the expansion will have begun causing another period of great change.

Then our savings balances will increase rapidly, more rapidly than mortgage loans. This will make it necessary for us to find some other temporary medium of investment for our funds. The increase in mortgage loans will come only gradually at first, since the rate of new family formation is not now rising. Increasing labor and material costs and some inflation, sooner or later, will start another boom in real estate sales, and then mortgage loans will again show substantial increases. The full effect of the new real estate boom will be felt by the middle 1960s.

Our associations will grow gradually at first, then rapidly as has been the experience in the past in the rapidly growing sections of our country. A \$100-million institution will be no particular rarity nor will a \$200-million, \$300-million or even a \$500-million association. Dollar reserves will increase as a result of efficient management and the greatly increased use of electronic and automatic machines for all purposes. Reserve ratios, due to the rapid increase in savings, may drop, causing some anxiety to management.

Our institutions will become savings institutions or reservoirs of savings funds to be used when called for by prospective homeowners. The mortgage, loan or advance as it may be called will not be "on the land, the buildings and improvements thereon" or any such legal term, but on the home—the home which will include the house, the equipment and furniture therein and maybe even the baby in the crib. Then, our individual institutions will be operating to the fullest extent under the idealistic motto, furnished to us by Judge Seymour Dexter more than 60 years ago, by making it readily possible for the American people not

only to own a house, but a home, "The American Home, Safeguard of American Liberties."

A PLAN FOR THE FUTURE

Now, in order to be ready for these great changes, our institutions are going to have to do some planning, and it is my suggestion that this planning should start right now. I submit that every savings association should be thinking of its physical needs, its staff needs and its executive needs not just in terms of next year, but in terms of the next five years.

My recommendation for a "five-year program" is not taken out of a hat. It is based on two basic convictions which I hold: first, that by 1960 our business will be much larger than it is today; and second, that by then, we shall be on the threshold of the greatest period of challenge, opportunity and progress in our history.

Why will 1960 be a historic turning point? Simply because the babies born after the outbreak of war in 1939 will then begin marrying and starting to raise families of their own. The rate of new family formation then will begin to climb rapidly; and by the late 1960s we will probably see upwards of 1,600,000 new families created annually.

This tremendous growth in the number of individual families will have a broad impact for all in the home-building and home-financing field. Instead of a million new houses annually, we will be seeing an annual output of probably more than 1½ million new dwellings. Instead of financing the transfer of approximately 2 million existing houses annually, home-lending organizations will be called upon to finance probably 3 million or more.

Thus, both in new construction and in the financing of existing homes, there will be a terrific demand for home-mortgage funds. It is quite possible, in my judgment, that we will then have a situation considerably different from what we have today; mortgage money will probably become tighter, and—if events follow their normal course—the pressure then will be for somewhat higher rates than we now have.

TOWARD A BETTER LIFE

Please note that I have qualified this prediction with the phrase, "if events follow their normal course." The reason I have done this, of course, is to emphasize that events *may not* be allowed to follow this course. Year by year, it grows increasingly apparent that the businesses we operate are subject to various political pressures and drives. Sometimes these pressures are to our liking; often they are not. But one clear and salient fact is that

these pressures do exist. And, as the American people become more politically sophisticated in the years ahead, these pressures will mount and have a greater impact.

Today the American people have, as they always had, a quenchless thirst for a higher standard of living. Today they also know—and this knowledge they acquired only recently—that through their votes they can force the government to help them achieve this higher standard of living.

Precisely what does this mean to you and to me and to our institutions?

Well, I believe it means just this: the American people want better housing. More and more people will want to own homes, because private home-ownership has become—more and more—a trademark of housing respectability.

In the 1960s, many more millions of new American families will spill into the housing market. They will want to buy homes which can be financed at favorable terms. If this financing can be obtained from private institutions, fine; if it cannot, then you can surely expect demands for a huge direct lending program by the government, with the loans being made directly to individual families. As some of you know, the direct home-loan concept is not new; it has been with us since 1950 when a small direct-loan program was started to make GI loans in areas where they were not available from private institutions.

The point I am making, and it cannot be over-emphasized, is that the American people are determined to make sure, generation by generation, that they have a bigger slice of a better standard of living. Animated by this desire and egged on by some in political life, the people will have little time for businesses or industries which do not aid them in the fulfillment of their quest for a better life.

Understanding the needs and aspirations of the American people and then preparing ourselves and our institutions to help meet these needs and aspirations comprise the great challenge to our business in the days, months and years ahead. And we may be certain our day-to-day decisions will determine just how well we shall meet this long-term challenge. Our key decision will be, for example, whether we should retreat from the current loan competition and begin to restrict the inflow of new savings, perhaps cutting down on our promotion of the savings side of our business.

If your answer is to retreat, then you will not be doing your share to meet the challenge of tomorrow. For only through a continued steady growth in the 1950s will our institutions be able to cope with the demands for home credit that will arise in the 1960s. And only by meeting these demands will we be able to preserve a *free* thrift and home-financing system.

YOUR PLATFORM FOR 1955

by the HON. WALTER W. McALLISTER, *Chairman*

Home Loan Bank Board

Washington, D. C.



THIS IS THE THIRD TIME that I have had the honor of addressing the United States Savings and Loan League's Annual Convention. Each time the circumstances, both for me personally and for the savings and loan business, have been different.

In 1947 at San Francisco I was privileged to be your League president. At that time our business was faced with the complexities and frustrations of the postwar period and a fledg-

ling housing boom. Last year in Chicago I appeared as the newly appointed Home Loan Bank Board Chairman. Our problems then were those of rapid growth, of some dividend dislocations, while we were enjoying a veritable field day in lending. Today I appear as a reasonably seasoned Board Chairman — or broken-down bureaucrat, depending upon your viewpoint — with some disillusion perhaps, but also some new and firm convictions both about Washington and about this great business of ours. And today I want to talk about the situation in which you and I find ourselves as we face 1955.

First I want to say that in the year and a half it has been my privilege to serve as Board Chairman I have done a great deal of traveling, attending dozens of state league meetings and visiting with literally hundreds of savings and loan managers and directors. I am thoroughly convinced as a result of those discussions that the caliber of leadership and quality of management are at an all-time high. I am also confident that there is need of further improvement.

CALIBER OF MANAGEMENT IS AT A NEW HIGH

This new era of management is evident in the leading roles which our people are playing in civic affairs and in the way in which

our institutions are assuming leadership in the financial community. There is a scholarly and objective approach to management problems that was largely lacking 20 years ago, or even ten or five years ago. The improved employee-training programs and the educational work of the American Savings and Loan Institute in recent years are paying off in high calibre junior executives and employees. So I say to you that we face the future with a most important asset — skilled and progressive leadership and personnel, and a determination to constantly improve.

How much this new and encouraging leadership in savings and loan management is due to the U. S. League, its conventions, its local and regional meetings, its bulletins and studies, is of course impossible to determine accurately; but surely the League's role has been substantial. You have been most fortunate in the men selected to guide the League. Ralph Crosby has been a great leader this year, and Howard Edgerton will continue that tradition. Norman Strunk has certainly provided first-class administration for the affairs of your League and it has been a pleasure and a real help to consult with Steve Slipper in Washington. All in all, in my service with the Board, I can truthfully say that I am more impressed than ever with the importance and value of a strong and progressive trade association such as yours.

I have entitled my remarks "Your Platform for 1955." It could be called "our platform" because the Home Loan Bank Board and the savings and loan business are really devoted to the same single objective — greater and better accomplishment in behalf of the savers, investors and homeowners of America.

Unlike most government departments, the creation of functions performed by the Board agencies was inspired by the business itself. They are supported by the business through fees and charges paid by the affiliated associations. None of their expenses is paid by the taxpayer.

In the operations of the Board agencies, the business is represented by the directors of the district Federal Home Loan Banks, which are 100% owned by the member associations. Another connecting link is formed by the Federal Savings and Loan Advisory Council, a nationwide group.

I consider the work of the Federal Home Loan Bank System, the Insurance Corporation and the other divisions of the Home Loan Bank Board to be one of the nation's outstanding examples of healthy co-operation between private enterprise and the federal government.

All things considered, I think that savings and loan leaders will find 1955 the busiest year in their history. I say this because they will be called upon to continue their regular day-to-day job — which has already reached vast proportions — while they are preparing themselves for even greater growth and stability

in the future. I am not here to talk about business promotion, but rather to indicate a few ways through which you can improve and widen your services to the American people. I remind you that there are still some 45% of our families who do not own their homes.

RETENTION OF LEADERSHIP IN HOME LENDING IS VITAL

The demand for homes continues high. The aim of the building industry is to make 1955 the record year in new construction. The new housing law, with its easier credit terms, will encourage that drive, opening a wider market for new and existing houses.

One of your foremost objectives for 1955 should be the retention of leadership in home lending. As you know, our institutions are the largest single source of housing credit, making 37% of the home loans granted during the first nine months of 1954. Based on present trends, associations will loan over \$8 billion in some one million home-financing transactions during the present year. This is a really great record made in the face of many obstacles but, let us admit frankly, with the benefit of some advantages. For much of the time during the past several years some of your competitors have been merely toying in home financing.

When the FHA and GI rates were not sufficiently attractive, large institutional lenders, such as the life insurance companies, channeled their funds into other investments. Savings associations didn't take over their lending, they simply abandoned it. Now life insurance companies and all other mortgage lenders are back in the market. The GI and FHA rates and terms are attractive and lenders are aggressively competing for good home loans. If you are to continue your lending leadership in 1955 it will have to be on the basis of superior planning, better loans, better service and letting your townspeople know about it.

We have heard a great deal about the impact of the liberalized FHA loan program. Some have said that it will overwhelm us and that we will be forced to make FHA loans or lose out. Others have called it a passing fad which will subside if we ignore it. I don't think either of these approaches is realistic or courageous.

I know that when homeowners can get loans up to 95% on new houses and up to 90% on existing housing, for maturities up to 30 years, great numbers of them will seek or be encouraged to seek those loans in preference to the more orthodox loans. I know that as long as the interest rate is attractive and the government insurance is available there are many lenders who will make a loan without any consideration of other factors. So the new FHA program cannot be dismissed with a wave of the hand.

LIBERALIZATION RECOMMENDED FOR CONVENTIONAL LOANS

On the other hand, you certainly need not be panicky over the future of your conventional loan business. A modern conventional loan with favorable and flexible mortgage clauses — and without the rigidities of government red tape — with helpful and intelligent loan officers and fast, friendly service will still be very much in demand.

If our conventional loan plan needs further modernization, as many feel it does, we on the Board are certainly ready to do our part in making available such a plan. We have had under consideration for several months a plan to liberalize conventional loans by federal associations to permit loans up to 90% of value and maturities of 25 or 30 years. It was our thought that such a loan plan could be made available with sufficient safeguards to prevent abuse or possible excessive risk.

We will all recognize that there is some additional risk in high percentage and longer maturity loans. If we provide a reserve against this risk we can offset it, just as our present reserves offset the inevitable risk in our present loan portfolios. The plan we are thinking of would be limited to associations with minimum reserves of 3% or more, and the amount of this type of loan which could be made would be further limited to say three times the amount of the reserves and surplus, and not to exceed 15% of the association's loan portfolio.

In addition, we think of some specific loan restrictions for the high percentage loans such as limiting the dollar amount of the mortgage to \$18,000, requiring a written credit report, basing the loan ratios on appraisal or price, whichever is lower, requiring the borrower to have actually paid his equity, and limiting such loans to single-family homes.

Now, of course, if this liberalization is provided, we would not expect it to be used by all associations, nor would we expect it to become the prevailing loan plan. The nature of the restrictions themselves will have a very limiting effect, and prudent management will want to place its own restrictions on use of the loans. What it would mean, though, is that your institutions would not be arbitrarily ruled out of one section of the loan market. Builders and brokers would not feel that it was useless to discuss high percentage loans with the association; at least the door would be open.

We are giving the matter very serious consideration and hope that you will do likewise.

Since Congress has liberalized the loans FHA may insure, it is prudent and sensible for associations to be FHA approved mort-

gages and to submit all loans beyond your own established limits for FHA insurance.

SAVINGS OUTLOOK CONTINUES BRIGHT

On the savings side, your challenge is to continue to receive the high percentage of new savings which over the past few years has made yours the fastest-growing financial institutions. We estimate that for the year 1954 the net increase in associations' savings accounts will exceed \$4 billion. During the first nine months of the year, the net increase in accounts was 18% above the net rise for the same period in 1953. This record-breaking growth has enabled us to move ahead of the mutual savings banks and become the largest system of specialized thrift institutions in the nation.

Most of this growth is the natural result of good salesmanship, better office quarters and improved management. Some of it, no doubt, is a result of high dividends and premium or giveaway programs. Neither of these latter two methods can be counted on for continuous and regular growth. With mortgage interest rates and money rates generally declining and with mortgage competition increasing, it is axiomatic that dividend rates cannot continue upward. Furthermore, there is some evidence that much of the money attracted solely by high dividend rates has already been attracted to your business.

There is also evidence that the use of the spectacular giveaway programs is definitely on the wane. No one ever objected to a legitimate premium at some special office opening or ceremony, but I think 90% of us recognize that the fad was beginning to get out of hand. You will recall that the Board proposed a regulation limiting premiums to \$2.50. The Department of Justice has raised a question as to the advisability of such a regulation in view of its effect on the restraint of trade and competition, and it is now doubtful that the regulation will be placed in effect. At the Board we are heartened by the great number of institutions which have voluntarily complied with the spirit of the proposal.

We are hopeful that in 1955 Congress will give consideration to some improvements and modernization in our savings and loan statutes. The Board has recommended to the administration certain broadening of the investment powers for federal associations. One of these would be to permit federal associations to purchase municipal bonds and other securities on a list approved by the Board. Our major business will always be housing credit, but there are and will be times and places in which associations need a bit more flexibility in their investment program and the right to purchase sound municipal securities is an appropriate new investment outlet.

WIDER INVESTMENT POWERS SEEM TO BE INDICATED

We have also recommended that federal associations, under certain conditions, be permitted to invest a limited portion of their assets in housing and housing sites. This has been done successfully in several states by state-chartered associations, and we feel that it could pave the way for very constructive and dramatic community service by our institutions.

Other legislative proposals are that insured shares be lawful investment for U. S. public funds;

That national banks be permitted to buy insured shares;

That Home Loan Bank obligations be eligible security for 15-day Federal Reserve advances;

That the Board be permitted to control members' bank stock between 1% and 2% of loans;

That the Board have the same supervisory authority over bank members it has over insured associations.

I hope to see the Board shortly put into operation a plan to use our bank system as our own secondary market, facilitating the transfer of funds quickly and safely from areas of oversupply to those of demand.

We need new ideas — research — new methods. I would go so far as to suggest that, under approved conditions, certain associations be authorized to experiment and try out new programs. That does not mean recklessness or approval of unsafe or unsound operations. But it does spell progress.

BRANCH QUESTION STILL UNDER REVIEW

It is our expectation that the proposed regulation on the establishment of branch offices of federal associations will be placed in effect in the near future. This is the proposal on which hearings were held early this year but on which action was postponed at the request of Senator Bush.

The Board has already been following the general policy of the regulation in its branch deliberations, so it will not represent any departure from the present practices. It will, however, reduce to writing this policy and give assurances to all that every new branch application will have to meet certain specific tests. The most significant part of the regulation, of course, is the provision that no branch will be granted unless some other type of savings institution could have had a similar branch. In considering the state branch pattern, the regulation provides that we may look to the pattern of holding companies and chain banking operations. This is, in effect, the "broadcast pattern" policy which the U. S. League has supported for the past four years.

PROMOTIONAL JOB IS ONE OF EDUCATION

Turning again to the broader aspects of the business in 1955, you must tell your story effectively to the public.

This is more than a routine advertising job, designed to bring in savings accounts and loan applications. In 1955 associations should expand their educational activities through cultivation of the press, schools, broadcasting stations, trade unions, churches, civic groups, lawmakers and all organs of public opinion.

A factor, very small to be sure as it begins operations, will be the Savings and Loan Foundation. The leaders in that movement have given tremendously of their own time and their efforts. It will be necessary that they continue and give even more work, so that the Foundation will grow to two or three times its present size and become a continuing part of the business.

The Atlanta Federal Savings and Loan Association has offered a freshman and a senior savings and loan scholarship, each worth \$500, to three of the leading colleges in the state of Georgia. This is a marvelously foresighted investment in the future acceptance and improvement of the savings and loan business. It will heighten the prestige of the business in the future.

Along the same lines, the Texas Savings and Loan League has made four \$1,000 scholarships available to deserving Texas University students yearly and has contracted to maintain the program for at least five years. Such examples will prompt others to do likewise or develop other means of increasing the acceptance of the savings and loan idea.

America is expanding on every front. Projections of census figures to the year 1960 indicate that by then we will have a population of about 175 million people — 25 million more Americans than in 1950. A rough guess for 1970 is nearly 200 million. Babies are being born now at the highest rate in many years. Married couples, households, and the need for houses and apartments are increasing every year. Particularly among the younger generation, there is more public interest in ownership of homes than ever before. One cause, of course, is the widespread use of the GI home loan privilege. Housing is now one of the nation's four largest markets.

Billions of dollars are being added annually to the nest-egg of combined thrift accounts, U. S. savings bonds and life insurance reserves of our people, which have now passed \$213 billion. The totals of income, production and employment are higher than ever before in peace time. Government employment is down — for the first time in 20 years we are not at war — government spending this year has been reduced \$10 billion — income taxes have been reduced \$7½ billion — we have the lowest unemployment since 1928 except for one year. We have had a two-year

miracle that certainly has proven false the prophets of doom. President Eisenhower can foresee a gross national product of half a trillion dollars per year in less than a decade.

Parents are younger than before, and most of us are due to live longer. All of this points to a beckoning future for the established and well-conducted institutions for thrift and home financing. Are we ready for it? Are we prepared for the larger responsibilities? Have we learned our lessons?

MANAGERIAL EMPHASIS SHOULD BE ON STABILITY

In recent years the assets of savings and loan associations have increased in surprising fashion to a present estimate of \$30 billion. If expansion continues at the current rate of growth, their resources will reach the \$40 billion figure at the end of 1956, which is about double the amount reported for 1951. Of course this is gratifying, but in view of the potential long-range future which I have tried to picture, I think that now is not the time to place emphasis on growth alone but on growing soundly. The year 1955 is going to be one of decision, of decision on many questions, both for the business as a whole and for the managers and directors who are its backbone.

If associations are going to take on a growing load of service, I suggest that they give special attention to fiscal stability, in other words, financial strength. That is the goal of any discussion of current problems and issues and alternatives. Financial strength, it seems to me, indicates the status of an institution which is steadily improving its condition by all standard yardsticks and is equipped, for example, with enough net liquidity to meet all normal or seasonal demands and to call on the banks only in the event of an unforeseen emergency.

It has an ample unused line of credit with its district Home Loan Bank and a solid reserve position which is being reinforced year by year. It holds a sound loan portfolio and does not have to rely too much on fees, discounts or other items of income likely to be non-recurring. It pays a conservative dividend rate, which it can maintain for the foreseeable future and does not look on its rate of earnings solely as a means of attaining unusual growth. Rather, it competes through the excellence of its public service and its standing in the community.

It maintains insurance of accounts for the ultimate protection of its investors — beyond its high quality assets and good management — not as an instrument for exploitation and quick growth. A financially strong association exercises self-control over promotional practices. It believes in fair competition, both within the business and with other types of institutions.

At the end of 1953, associations held over \$21 billion in loans

on 1- to 4-family houses, which is about one-third the total for the entire country. Commercial banks held \$12 billion, and the mutual savings banks, somewhat more than \$7 billion. Therefore, both in dollar amounts and the share of their work devoted exclusively to home loans, we can say that savings and loan associations are the nation's specialized institutions for satisfying the needs of the homeowner. That is a position of worth and distinction in the field of finance. Savings and loan associations do not want to become commercial banks; in fact, I have never heard of one applying for a banking charter.

You are proud to be doing the services that you deliver — helping the ordinary family to make progress toward debt-free home ownership. I think that pride in performance is one of your greatest assets. We can well devote our lives to perfecting the services for which we are geared and 100% prepared.

I am glad of the friendly spirit that is now growing between bankers and savings and loan executives in the cities and towns across our land. Countless reports in our files indicate that many of our most progressive associations have on their boards a local bank officer or bank director, contributing generously from his experience and point of view to the success of the thrift institution. Also, many bank boards are strengthened by the inclusion of a savings and loan executive.

Here I have outlined a few of the accomplishments of the past and of the objectives for the years ahead. The savings and loan business is a virile, growing operation. The managers are using imagination in this growth and seeking ever to render a needed community service. Far as you have come in the years past, I maintain the future possibilities envision an expanding usefulness and further public confidence and appreciation. Your Home Loan Bank Board hopes to assist in making that future materialize. We want you to know that we shall always maintain an open door to your constructive suggestions.

REMARKS OF OTHER BOARD MEMBERS

by the HON. WILLIAM K. DIVERS, *Member*

Home Loan Bank Board

Washington, D. C.

I DO APPRECIATE the opportunity to appear on your program this morning for a few minutes. It gives me a chance not only to thank the officers and the staff of the United States League for their courtesy and hospitality and co-operation during the year but also to renew my acquaintance with many friends from around the United States. It also gives me the chance, if I wanted to take it, to file a minority report. But fortunately, I have none to file.

I told you last year that I considered it a privilege to be associated with Walter McAllister, and certainly, after listening to the fine report on the activities of the Board which he gave to you this morning, it would be gilding the lily if I attempted to enlarge or expand on that report.

I have only one thing to say to you this morning and that is to repeat what I told you six years ago when I first addressed your Convention: I believe that the savings and loan business is the finest business I have discovered. I also believe that the people in the savings and loan business are tops; I think that the directors of your associations are a cross section of the men and women of this country who have made their country strong and progressive.

So, under the circumstances, I am delighted to be associated through the Bank Board with such fine people and such a fine business; and in the words of the gun-shootin' sheriff from Texas, "I just hope that I don't expire before my term does."



Home Loan Bank
Board Members
(l to r): Dixon,
McAllister,
Divers.

by the HON. IRA A. DIXON, *Member*

Home Loan Bank Board

Washington, D. C.

THE OPPORTUNITY to address a few remarks to the delegates and guests of the 62nd Annual Convention of the United States Savings and Loan League is one which I both welcome and appreciate.

As the most recent appointee to the Home Loan Bank Board, I am enjoying all of the thrills of a "first-timer" at a U. S. League Convention. I had been warned to expect a big affair, but I must confess that even this advance warning did not prepare me adequately for this great assemblage of enthusiastic savings and loan leaders.

Quite a number of you I have met and learned to know previously. The rest of you I hope to meet while here. To all of you I want to express my sincere thanks for the cordial and friendly welcome which has been accorded Mrs. Dixon and me here in Los Angeles.

First, I want to tell you of the debt of gratitude I owe to the officers and leaders of your League for helping to orient me in my new job. Your president, Ralph Crosby, and your executive vice president, Norman Strunk, have led the way for me literally as well as figuratively. When I say literally, I am referring to a cross-country drive from Chicago to Cedar Rapids for the Convention of the Iowa League at the time the recent cloudburst hit the Chicago area.

I hadn't met your genial vice president, Howard Edgerton, until we arrived here in California. He, too, has been most gracious, and after spending some time with him and the rest of the California contingent who are attending this Convention, I can well understand why you predict with confidence that California will pass New York populationwise within a few years.

Back in Washington and while I was clerk of the Senate Banking and Currency Committee, I became acquainted with Steve Slipper and Glen Troop of your office there. It was a great satisfaction to consult with them about your legislative problems, because I could rely completely and confidently upon the information that they gave me. I am also deeply indebted to Steve and Glen for their co-operation since I became a member of the Home Loan Bank Board.

While there are a lot of other leaders of the U. S. League that I would like to mention personally and thank at this time, I cannot take the time. I can't, however, pass up this opportunity to pay tribute to one from my own home state of Indiana — Mr. Walter Dreier of Evansville, and a member of your Executive Committee and the choice of your Nominating Committee for your next vice president.

Since September, I have been burning the midnight oil trying to learn more about the savings and loan business in order that I might be better able to serve you as a member of the Home Loan Bank Board. The two preceding speakers, Chairman Walter McAllister and my fellow-member, Bill Divers, have made my task much easier through their cordial co-operation. Because they are both particularly well qualified, both by temperament and first-hand knowledge of the business, and because I have complete confidence in their sincerity and integrity, I lean heavily on them for counsel and advice. I can assure you it is a great privilege to serve with them on the Home Loan Bank Board.

I most assuredly do not pose before this great Convention as an authority on your managerial problems or on policies of the business. Serving as the chief administrative officer of the Senate Banking and Currency Committee staff, I was, of course, familiar with much of the legislation governing your associations and the various instrumentalities such as the Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation. There will no doubt be continuing legislative problems affecting the savings and loan business, and I hope that my previous experience in the field of legislation will prove of some benefit when these matters present themselves.

There will be others on your program who will discuss prospects for the future development and growth of the savings and loan business. None of us can predict with certainty what lies ahead. But, on the other hand, advance planning in any business is an absolute requirement. Presently we have 62 million of our total labor force employed. The average earnings of our workers is high. For the past 20 months the cost of living has been stable. A substantial reduction in federal income taxes this year has made available more money for spending or for saving.

The general elections of 1954, which each two years stir up so much hysteria, are past, the hysteria, as always, has quickly subsided and the great American people have settled back to business as usual.

The job at hand for savings and loan is to push forward to new goals. This is not and cannot be a static business. With favorable economic conditions indicated, I predict a new era of progress, growth and service for you. Your institutions have already written impressive chapters in the thrift and home-

financing field. You have made phenomenal growth during the past decade. A growing population and a continuous rise in our standard of living open new vistas.

Sure, there is competition. It manifests itself in the drive to attract savings; in the field of mortgage lending; and even in a challenge to your normal concept of sound operations — the latter largely resulting from the new provisions of the 1954 Housing Law. But American free enterprise has always faced, met and conquered competition. As a matter of fact, competition has kept the American businessman resourceful, self-reliant and independent.

It is inevitable that, as a result of the lower down payments required and the longer repayment periods permitted under the provisions of the 1954 Housing Law, a part of the national mortgage portfolio will be made up of FHA-insured and VA-guaranteed loans. The officers and directors of the individual association must decide to what extent their particular association will participate in this field.

But in addition to these loans, I am convinced that there will continue to be a steady growth in the demand for the conventional loan. I am equally sure that, as a result of the splendid reputation already established by savings and loan associations for integrity and for service, these associations will continue to attract their full share of this desirable business.

I would like to close with the observation that I have been tremendously impressed with the caliber of men and women who are engaged in savings and loan. I have found that you are dedicated, heart and soul, to service to your respective communities. This is indicated not alone in the atmosphere of your friendly institutions but in the fact that you are assuming broad civic responsibilities. And in these you are participating effectively and unselfishly.

I have been highly honored by my appointment as a member of the Home Loan Bank Board, and I am glad to be able to join with you in an effort to make a contribution to the further strengthening of the free enterprise system in America — firmly of the belief that if we can do this, we will be promoting the welfare of our Nation.

PRIVATE ENTERPRISE AND LOCAL COMMUNITY SHARE RESPONSIBILITY FOR HOUSING PROGRESS

by the HON. ALBERT M. COLE, *Administrator
Housing and Home Finance Agency, Washington, D. C.*



LAST YEAR when I talked to your Convention I was something of a fledgling in the ranks of the federal bureaucrats, having been Housing Administrator only a matter of months.

Today I wear a number of campaign ribbons and several wound stripes—so perhaps I can claim to be a slightly battle-scarred veteran. Whether that is for better or for worse, I'm not sure, but at least it is reassuring to have you ask me back to be on your program. I am

happy to have this opportunity again.

Last year I was trying to give some kind of interim answers to a lot of questions about what the new administration's policies and programs would be in housing, answers that hadn't been worked out fully.

Now the situation is different. The answers largely have been given — in the President's recommendations to the Congress and in the enactment by Congress of the comprehensive Housing Act of 1954. But you may take it from my ready acceptance of your invitation to speak here today that I haven't run out of things to talk about.

1954 ACT RECASTS APPROACH TO HOUSING

You are generally familiar, I am sure, with the provisions of the new Housing Act. You know the many ways in which it seeks to give a new impetus to housing growth and to bring a "new look" into our housing thinking. I will not take time to review its details, but I should like to bring out the underlying approach, the philosophy that went into that act. Particularly, I would like to talk about what it means to the job *you* have to do in private business and the one *we* have to do in the government.

Under this act we must consider the housing field as a whole.

We must deal with its varied aspects — with building and financing, with community growth and improvement, with both existing and potential market demand — all as interrelated parts of a common undertaking.

In this legislation we broke away from the practice of dividing housing up into special segments. We no longer tried to weigh the rival claims of various government offices and private enterprise as to their respective stakes in each segment.

Instead, the Eisenhower Administration has proceeded on the premise that the whole of housing is, first and fundamentally, the responsibility of free enterprise — of private industry and, in the field of community services, of the *local* community. We have staked out the entire housing and community field as the proper claim of private enterprise and local determination.

The federal government is no longer the rival claimant of any area of responsibility. The government's interest has been treated as a broad one and a purely supplementary one. It is concerned in the *total* welfare of housing and urban improvement. The special government tools in this act are to be used by private industry and the local community — not the federal government — and are to be adapted as and where they seem to be needed.

This recasting of our housing approach not only reduces the role of government, it very significantly increases the responsibility and initiative required of you — of private business and local leadership — in the housing field. I want to talk to you about some of the things that this larger responsibility calls for from you and others in the industry. I find myself in the novel position of a bureaucrat asking *you* to undertake to do more so that *I* will have to do less.

Since the new Housing Act was passed, I have talked in this vein to a good many key industry and local leadership groups, but no group in the home mortgage field can do more toward realizing the objectives of this new housing policy than the savings and loan associations of this country. You are the largest single source of home mortgage money in the country. More important, your services have a special nature and origin because of their close relationship to the community and its special requirements.

What we would like to see happen in this country is the adequate servicing of every housing need through the free housing market. We already have narrowed the government's role in the housing economy very substantially in the new Housing Act. However, as yet we do not have a private market broad enough to enable the government to retire at this time from certain types of responsibility. Further withdrawal of government from some of the vexing problem areas of housing will be possible only as private enterprise is able and willing to serve them more effectively.

Your savings and loan institutions are something more than

ordinary business enterprises. They are, by their nature, important community service institutions. They began with people who banded together to pool their personal assets and serve their common home-financing needs. They are still essentially that in character, but have grown into a multibillion-dollar business.

The savings and loan business, your business, with reason distinguishes its function in the community and in the mortgage field from that of the general commercial lender. Your institutions have a special obligation of leadership, within the limits of sound lending and investment security, to make financing available for the fullest possible range of housing requirements in the community. This is a time when that leadership is needed most.

In recent months I have been encouraged greatly by the movements in industry to take on some of the tough housing jobs that we haven't solved yet. Within the past two weeks Dick Hughes of the National Association of Home Builders dedicated 10% of next year's new starts to one of the problems not so far licked in minority group homes. The builders, the mortgage lenders, the realtors have thrown the full force of their organized industry strength behind this and various other major drives of their own design. They are setting out to meet many of the housing requirements that have not been served effectively and to bring about a rebirth of vitality in our blight-ridden communities.

LIBERALIZED TERMS CALL FOR EXPANDED CONVENTIONAL LENDING

Where are your savings and loan institutions in these promising movements to achieve community improvement and better housing for more families? In certain areas some of your institutions have been notably active, but I have not heard as yet any general call to arms from the savings and loan field such as many other groups in the housing industry have sounded. What *is* your program? What about your objectives in terms of broadening your base, of extending your service to more people?

Your savings and loan institutions have seen the country through the greatest expansion of home building and home buying in our history. Your full and affirmative response is needed to make this new program effective.

There are new horizons to conquer, and for the first time there really are the means to conquer them.

There is a new, broad, urban renewal program that opens up the whole matter of rehabilitation and redevelopment of our cities to private enterprise.

There are liberalized FHA terms under the act for new and existing homes to expand the scope of private home financing. The response to these new terms already has been large.

Currently, FHA and VA loans account for more than 40% of the mortgage business, and this still is increasing. Where these new means enable us to reach new requirements, they are a good thing. But where the increases result from failure to enlarge the market for conventional loans, I think there should be some re-thinking by private lenders.

The issue here is not a contest between different types of financing. It is a matter of using all types of financing in their soundest relationships to meet the widest range of market needs.

Your savings and loan associations can use the new financing facilities of the Housing Act to serve greater needs, and you also can help expand conventional lending and maintain a sound balance *between* types of loans. You need to do both these things to maintain a strong competitive position for your investments and to assure an overall return consistent with your growth.

LOW-COST HOUSING NEEDS PRIVATE FINANCING

Moreover, it is not enough for local service institutions such as yours simply to expand business horizontally. Some of that expansion must be aimed at opening up completely new areas of service—at expanding into fresh markets that now demand greater attention than heretofore.

Here, to illustrate, are some of the things I mean:

There is need for a substantial increase in home financing at lower cost levels. It is needed to meet basic requirements and to carry out urban renewal objectives. Section 221 of the Housing Act of 1954 has provided special FHA authority to underwrite loans for lower cost private housing, both new and rehabilitated, for families displaced by slum clearance and similar activity.

Some of your savings and loan associations already have demonstrated the success of financing in the low-cost brackets, particularly under the old FHA Section 8 loans—loans that still are insurable under Section 203 as revised in the new law. But now there is need for a much greater, a more general participation in this type of lending than ever before. For one thing, communities cannot move ahead on clearance and rehabilitation plans without it. And, until such a supply is forthcoming the pressures for more government-subsidized public housing will continue and grow.

MINORITY HOUSING STILL AN UNSOLVED PROBLEM

Another closely related problem is the housing need of minority families. The fact is—as you well know—that the minority family's credit and security, no matter how good, does not entitle it to a loan on equal terms with others in *most* of our lending

institutions. When the lender won't lend, the buyer can't buy, and the builder doesn't build.

This is an extremely serious situation, gentlemen. It can be solved *only* by sound men of business such as yourselves, acting freely and forcefully. It must have your sober, your most resourceful and your most realistic attention in your own home towns.

REHABILITATION IS ONE SOLUTION TO THE SLUM PROBLEM

A third field of expanded activity is one in which many savings and loan associations have been active. It is the field of rehabilitation and housing improvement.

I was most interested in reading the challenge that your vice president, Steve Slipher, sounded to the savings and loan business in your organization's stimulating and handy magazine, the *Director's Digest*. He called on you to assume a role of real leadership in the community, under the new urban renewal program, to rescue and restore blighted areas and save our homes from decaying into slums.

This is a major challenge. As Mr. Slipher points out, the new Housing Act gives us for the first time a really comprehensive approach to this whole problem—a community-wide approach that is as concerned with preventing slums as with clearing them. There is a lot of costly clean-up work to do, but there are even greater investments that *must not*—that *will not*—be permitted to degenerate and decay.

As local lenders and leaders, you have an important influence on the kind of job done in your communities—on getting a job done that will stay done and that will “slum-proof” your communities for a long, long time.

These are some of the opportunities that the new housing program gives. They are opportunities that savings and loan associations, in their essential community leadership role, can help greatly to solve.

The Housing Act of 1954, as you know, also provided some significant improvements in the Home Loan Bank Act. I was glad to have been instrumental in getting those measures adopted as administration recommendations and to have urged their approval by the Congress.

PARTICIPATION IN VOLUNTARY HOME MORTGAGE CREDIT PROGRAM URGED

We have other items in the Housing Act in which you have had some special interest. One of them is the Voluntary Home Mort-

gage Credit program. Your spokesmen have had some doubt about how this program might affect the pattern of savings and loan operations, but they understand the problem to be solved and recognize that the program should have a fair trial.

We have just established 16 regional subcommittees under this program. These subcommittees will seek private lenders willing to supply FHA and VA mortgage credit in remote areas and small towns where it is not available and to make loans to eligible minority housing families who can't obtain credit locally. Many small lending institutions can buy only five or six mortgages a year. They should be glad of the opportunity to handle an increased load by simply servicing mortgages for larger institutions willing to help raise the overall local standards of living.

This program is in line with the philosophy of the new act and of this administration that seeks every practical way to meet housing requirements through established private channels. The policies are governed by a national committee, composed largely of private interests, in which your own business is represented ably. This program will not operate to supersede local lenders at any time.

REORGANIZED FANNY MAY OPERATION

You know, also, that since November 1 we have been operating under a completely reorganized Federal National Mortgage Association.

The government function under this new setup is limited to managing and liquidating the existing FNMA portfolio and to secondary financing for special and limited purposes. Thus far this special authority has been used chiefly for disaster replacement housing in the East Coast hurricane area.

Regular over-the-counter purchases of FHA and VA mortgages from now on will be a purely supplementary operation under a new corporation. Initial capital will be provided by the government but, as in the case of the Home Loan Bank Board, shortly will be replaced by private capital obtained through private stock shares.

We have provided the machinery, I think, to remove government financing in a reasonable time from any general support of the secondary market and to replace it with private financing.

When this proposal was considered by the Congress, your representatives made a number of specific recommendations designed to limit and control the new organization. You will be interested to know that in one form or another they all have been incorporated in the new act.

Your representatives urged that the new facility should deal only in normally marketable mortgages in areas where mortgage

funds are short and that it should not be permitted to become a source of primary financing. Those principles have been written into the act. They provide that the new corporation shall serve only to supplement secondary market needs and provide a degree of fluidity where needed. They stipulate that purchases shall be limited to mortgages that meet the standards of private institutional lenders.

Your representatives also urged that those using the facility have a financial participation in it and that its debentures not be insured by the government. Those proposals, too, have been adopted. Sellers are required to make a nonrefundable capital contribution equal to 3% of the unpaid principal. Obligations issued specifically must state that they are not guaranteed by the federal government.

The principle and the substance of your recommendations have been accepted by the Congress. I think we have made — for the present — a real gain in removing the danger of extending government further into the mortgage field.

What I have tried to bring out here today is that this administration has undertaken, in every way consistent with its public responsibility, to re-establish private enterprise and the local community as the prime movers of our housing and community progress. I have also tried to emphasize that the success of this policy depends on the full and ready acceptance by the housing industry — and local government — of their responsibility to clear away some of the nation's stubborn housing problems and to revive our blight-stricken cities and make them sound and healthy.

This is the chance, the big chance, to demonstrate that this job can be done through the established principles and instruments of a free American economy. It is not a chance that is given forever — or, perhaps, even for very long. It must be faced *now* — not in the dim future. We must begin to *make* progress and *show* progress.

I am confident this administration's faith has been well placed. But it is up to you, and to others like you, to demonstrate generally that the job can be done through the responsible action of our American business and community leadership.

You in the savings and loan business have a key part to play in meeting that challenge. You have my confidence and my assurance of every assistance and support in your efforts to meet it. I am sure you will meet this new challenge as you have those in the past.

WHERE DO WE GO FROM HERE?

by the HON. J. BRACKEN LEE, *Governor*

State of Utah

I KNOW that you people are here primarily in the interests of your own business. It is close to you, and it is highly important, but I want to submit that I think your government is far more important than your business and is becoming more so all the time. I would like to avoid making overpositive statements which may seem to be final, but I would like to give you something to think about.

I believe one of the great failures in our country today, through our school system particularly, is the fact that we are not thinking for ourselves. A feeling has grown that we must follow a leader. Whatever that particular leader may say becomes the gospel, and we must not question it. I would like to point out that this is not the foundation upon which this country was built. This country was founded upon the belief — a sincere belief and one that I hold — that people can't be trusted with too much power; that an individual or groups of individuals can't be trusted with too much power.

That is the history of this world. When we get too much power we want to abuse it; we don't know how to handle it. We are well-meaning, but we all think that if we just had the power, we'd like to force others to live the way we think they ought to live. But our government was founded upon the belief that we do have different desires, different ways in which we want to live and different ways in which we want to worship our God. If we are going to maintain that belief, we must never permit anyone to get too much power. If we hadn't altered our Constitution over the years, we still would have that protection.

Senator Knowland recently has made the statement that he felt we should re-examine our foreign policy. I agree wholeheartedly with Senator Knowland. I believe we have not had a good foreign policy for many years. I think the proof of the pudding is in the eating, and we have been eating some of that pudding for 20 or 30 years.

WHERE DO WE GO FROM HERE?

IT'S TIME TO REVIEW OUR FOREIGN POLICY

I want to review some of it here and come to some conclusions. After all, we all like to think we are good Americans; we all like to think that we are interested in the future welfare of this country and are unselfish in our interest. If that is the case, we ought all to be willing, it seems to me, to do a little re-examining of what has been happening.

Let's go back and look at the time when we recognized Russia. There were three requests made by the President before we recognized Russia. One was that it would permit freedom of religion in Russia; a second, that it would pay its war debts to the United States; and a third, that it would permit no agents to come over here to attempt to make Communists of the American people.

We know that the Russians have violated these pledges. We know that when we got into this Second World War, we, the American people, wanted nothing to do with any European war. We felt that it was a mistake to get in the first one. We felt we got into it because we had loaned money to European nations and had to defend our loans. Through Congress, by an almost unanimous vote, we passed a measure that said this country could not make loans to any countries involved in war in Europe. We did that because the American people did not want to get involved, but some of our leaders of this foreign policy, that I think needs to be examined, were determined that we should get into this war. In order to get around the forbidden policy of making loans, they conceived the idea of lend-lease to give away, and we gave away ships before we entered the war.

The American people did not want to go into that European war. We felt we had had enough. But there was a plan — from all the information we can obtain — to aggravate the Japanese people to the extent that they would commit an act of war. They attacked Pearl Harbor. We became so incensed at the Japanese that we immediately declared war against Germany, and we entered the European war. We put most of our money and effort into the winning of that war before we stepped over into the Japanese war.

The Russian people had been such fine partners of ours that we had given them some \$12 billion to help whip Germany. Then, just prior to the end of the Japanese war, we asked for air bases in Russia so that we might transport our planes to bomb Germany twice instead of once, saving our manpower and saving our planes. Russia refused to co-operate. It entered the Japanese war after we already had won it — I think just seven days before it ended.

We were so grateful to the Russian people that we said, "You can have all of Asia." Mind you, one of the reasons we fought these

wars was the high moral principle of protecting the freedom of people, the Polish and the Chinese, for example. The Japanese had been riding the Chinese for a number of years, and we felt the Chinese people should be free, so we freed them by turning them both over to Russia.

Now we have our American boys located in some 43 countries scattered all over the globe, costing us an immense amount of money. I don't know whether the boys are enjoying their trips or not. I have an idea that many of them would like to stay home, get married, raise a family and live as the rest of us live. I also know many girls would like to have those boys home and not married to somebody from some other country.

I don't know whether this policy of interfering in the business of the whole world is a good thing or not. During all the time we have talked about saving our country and making the world safe for democracy we have watched some 800 million people join the side of the Communist party. During this time we have slowly, but surely, within our own country, headed in the direction of becoming Socialists, Communists or collectivists.

This foreign policy hasn't changed one iota from what it was 10 or 15 years ago; there are the same, identical facts. We are told that it shouldn't need re-examining; we should make a deal with the Democrats so that everybody agrees on this foreign policy. To me, one of the saddest things that can happen in this country is for two political parties to agree on a policy of that kind. This country needs a difference of opinion between people. This country is founded upon the belief that we differ in our opinions; that we are not all supposed to think and act alike; that none of us is perfect; that what I think the policy should be is not necessarily the policy of this country; that the policy should be what the people think after hearing both sides of the story, because we believe the judgment of an informed people is better than that of any single individual.

It gets down to this: we, as individuals, must begin to do something about it. I believe that we cannot trust any leader too far. I will go along with any leader in this country so long as I think he is trying to do the right thing for the country. When I see things that appear to have ulterior motivation I can't go along with them.

WHAT MOTIVATES OUR INTERNATIONAL POLICY?

I wonder sometimes about the international policy we have. Is it honestly in the interests of the American people, or do we have some people who have found the world markets more important than the general welfare of the American people? Did we have honest motives, 100% in the interests of helping the poor and downtrodden of these European nations, when we appropriated

funds? Was that truly the objective, or was it that some of our so-called internationalists, who are selling to the world markets, felt they could make more money if we gave the taxpayers' money away to some foreign country so that they could trade with some particular business in that country?

I heard one governor who favors this foreign aid ask: "Why, what do you think our factories would do if the government didn't give money to these foreign nations so they could buy from us?" We do know that some labor unions go along with the theory of giving the wealth of this nation away for the simple reason that it provides jobs for them. I can't understand the thinking of the American who is so willing to follow a leader blindly.

You are a highly intelligent group, leaders of your various communities. How many of you do any thinking about this problem, which is so important to you and your business and the future of your family? How many of you take this attitude: "I am doing all right. I don't intend to get into a political fight because the power of government might take away some of my income." There was a time in this country when government was so small that it had to listen to the leaders in the community and not tell them what to do.

We don't have the same freedom of speech today in this country that we used to have; one of the greatest freedoms that we possibly can have is the right to express our honest opinions. Why don't we have this freedom of speech?

There are always a few who keep on talking, no matter what you do to them. But is the average farmer in a position to get up and complain about things that are immoral and wrong in government today? He can, but he takes the risk that some of his aid may be taken away from him. How many bankers today are in a position to defy government, when the government guarantees their loans? How many businessmen are free to express themselves, when income tax laws give an individual the power to demand their books and know their innermost secrets? With laws so involved, it is almost impossible to avoid making a mistake that can be interpreted as a felony by some individual who so desires. How many big industrial leaders today have freedom of speech when they know that Uncle Sam is their biggest cash customer?

Slowly but surely this government is making the same mistakes as every other government on the face of the globe. Men with ulterior motives want more power, and the way to get more power is through money, isn't it? If we want an all-powerful government, all we have to do is this: instead of staying with the Constitution, drawn up to protect us from our own mistakes, just let some smart people talk us into the idea that we should let the federal government put its hands in our pockets.

Our government has the power to take every single dollar of

your income if it wants to do so. And what a terrible thing it is to try to reduce taxes once this power has been given. I know. I have tried it in my own state. There is no end to it.

We put millions of people on the public payroll; then we decided, through Civil Service, to seal them into office because, for some unknown reason, anyone who works for the government is a preferred citizen. He must have his job guaranteed for life. All the rest of us have to take a chance, but the person on the government payroll must be sealed into office for the rest of his life with a pension at a certain age; nobody can fire him or her.

We do the same thing with our school teachers, the people who are teaching our children, who are framing the minds of the next generation and have framed the minds of the present generation. The only way these people on the government payroll in public schools and under Civil Service can increase their standard of living is to preach the philosophy that more taxes mean higher incomes for them and greater services for the people. Indirectly, this is being taught in the school system. I think it is immoral and dishonest to take liberties away from the individual by taking away his money, then direct the minds of the people.

I have no fear of what will occur in the minds of the American people if the truth and both sides of the story are known. What a wonderful country this has been and can continue to be if we only face this issue for what it is and do something about it.

The question can be asked, "Where do we go from here?" It depends upon individuals. Think of the future of our children. Do we want them to be enslaved by some political leader? Remember, the people who always want to do something for the underdog don't fatten up the underdog just because they love him — any more than we fatten our Thanksgiving turkeys because we love them. More people get something out of it — power and money.

SECURITY IS EPHEMERAL AND ENERVATING

Is there anything wrong with the Constitution as originally written, guaranteeing to all of us equal rights under law? We had the right to work when we wanted, quit our jobs when we wanted and go to any other section of the country as free men. Yet we are willing to trade that for what we call "security," and I say that there is no such thing as security. It is a physical impossibility. It has been tried by other countries and always unsuccessfully. Greece and Italy had social security programs; how secure were they?

Just during our generation we have seen the rise and fall of some leading nations of the world. I can remember when Germany was considered the greatest industrial nation on the face of the earth; most of us remember this Germany — a powerful, respected

nation. Now it is operating under an entirely different form of government and is divided.

I can remember when England ruled the world, had the greatest navy on earth and controlled populations all over the world. What is it today? A second or third rate power.

I can remember when — not so many years ago — France was considered to be the greatest military power on earth. I'd like to hear someone describe that country's form of government today.

For some reason we say to ourselves that we are different. These things can't happen to us; we are a different breed. But we are made up of English, French, German, Dutch and other nationalities. We are no different from any nation, and we are making the same kinds of mistakes.

OUR MORALS NEED TIGHTENING UP

What are we going to do about it? If we can, we are going to elect some new politicians who will change things — who have not been taught that it is all right to do a little cheating. Today it seems that the dumb man is the one who is honest. Why do I say that? Because politicians tell me how crazy I am to want this game won fairly. They say, "Oh, you can't do it. You have to get into these things."

Too many people in this country today are casting aside the only thing that makes our country worth while—that is, a high moral standard, the Ten Commandments and the Golden Rule—the Christian religion, a belief in God. We aren't going to use Him to make more money, but I believe that if we are going to live together we have to know how to treat each other and have to lift ourselves above the animal world.

But what happens today to the man who gets out and becomes successful by his own honest efforts? We seem to think it's smart to want to take it away from him and give it to somebody who won't work. This is dishonest and immoral, by my standards.

What are we going to do about it? If we elect another politician, aren't we asking too much to expect him to go to Washington or into government service and overlook the fact that he is ambitious personally?

In the majority of instances throughout our nation today, the man in public office makes more money being a public official than he ever made in private life. Check the incomes of the people we send to Washington and put in our governors' chairs and other offices to find the truth of this. The average public official has a good job and likes it. He doesn't want to lose it. When the farmers, labor unions or other organized groups come to him and say, "You do this thing for us, or else," he adds up the votes and says, "I am going to lose my job unless I play ball."

I doubt that we can change this situation by singling out some political party or individual. I think we have to repeal some of the amendments to our Constitution and begin to limit the powers of our public officials.

It is rather interesting to me to see the weakness of human nature everywhere in everything. I think I probably could name 20 or 30 organizations which believe in the Constitution of the United States and would do almost anything to preserve it; they are founded on that basis. They organize and ask for money from people who believe in them. Eventually, they have to have a secretary, then a director and soon a whole organization is built up.

If we attempt to get all these different groups together and say, "We are all working for the same thing; let's center on one program and all get behind it," they can't be consolidated: some jobs would be destroyed.

This same weakness is present in every organization. It is found also in people elected to public office, because basically these people are the same kind of individuals.

GOVERNMENT NEEDS TO BE CLOSE TO THE PEOPLE

Some committeemen came to my office the other day from Washington. They were serving on an investigating committee for this so-called federal aid to states. They asked me how I felt about it and I said, "I am opposed to all of it. It is wrong in theory. It is wrong in principle." I believe it corrupts the American people.

As an illustration: This last Congress increased the amount of federal aid to states by \$2 billion. The State of Utah will get some \$2 million, which is a lot of money for Utah. Several more million will go to the State of California. Other states will receive large amounts. Money was offered us under this condition: "We will give the State of Utah its share of this additional money (and we need it badly) but you must match it." Practically every state in the Union is in the same predicament. We have no matching funds left. We don't want to lose the grant, so one alternative is to tax the people in our state to get the money.

The same thing is true of the grants-in-aid hospital program, only it goes a little further. They appropriate hundreds of millions, dividing it among states, and say, "We will give you so much if you tax the people in your state and match this." Then, in turn, the counties and cities in the area also can share some of this total, if they will tax the same people to match it. Thus there are four tax increases to match this federal money.

I received a letter from Mrs. Oveta Culp Hobby the other day. She pointed out that under her program the State of Utah could have so many hundreds of thousands of dollars to begin a rehabilitation program, providing we would set aside so much money

to match it. Then she said, "If you dig up so much more money, we will give you this much more." They have a sliding scale now, so the more I can hook my people, the more we can get back of the money they took away from us in the first place.

The grand social ideas put forth in the last 20 or 30 years argue this way: The reason the federal government must do this is that the states wouldn't assume the responsibility. This gets back to our theory of government, which is to keep government close to the people. It would be impossible to put over these programs in our states, because the people know that a state will go broke if it adopts them. If a majority of the people within a state oppose a program, is it right to use pressure to get the United States Congress to do it? I would say not. I would say that most of the programs passed have not been the will of the people but the will of a small minority who are able to bring pressure upon Congress to pass them because some people want to retain their jobs.

We have come away from the theory of keeping government close to the people. It is time we began to talk. It is time for all to say that we believe in certain things, that they are worth fighting for.

We can, of course, let some politician talk and have a leader say, "This is it." Then all of us can agree, "Sure, that is it." If we resist, we are called obstructionists.

Every question should be debated thoroughly among the American people, and debated openly, pointing out the evils as well as the good points.

I don't go along with a foreign policy that I think is weakening this country and eventually will destroy it. I don't go along with the theory of giving money to a foreign nation to keep it from going communistic—if that theory is good, who is going to save us when we are broke? I think we need a reappraisal of a lot of these things.

I am afraid of the United Nations. The same politicians and the same group who have been trying to destroy this nation, in my opinion also set up the UN. I don't object to an organization that is built on a high motive. I do question a situation where this country is willing to sacrifice its constitutional rights to join a bunch of thugs. I don't know another country on the face of this earth that is playing the internationalist game. Go to England and see how proud the Englishman is of his country. To the Frenchman, it is France first. It is Germany first. It is Russia first. But in this country, it is America last for these internationalists.

Is there anything wrong with my pointing out these things? If we don't hear the other side of this story, where are we going to be led? Remember, these are human beings leading us, with all the weaknesses of human nature, who will help themselves when they have an opportunity. This nation has been the one bright

spot for oppressed peoples all over the world. They say, "I hope someday to get to that land of the free and the home of the brave." How long will it be free if we continue to do the things we are doing, internationally and within our own nation?

I wish I could be optimistic about this "wonderful" future but I think of the past.

I am primarily a real estate man. That is my business. I am not a politician in the sense that many people would call an individual a politician. I am not here at this convention campaigning for anything except your welfare.

Why am I interested in you? Not because I love you, but for the honest reason that if I am going to maintain my freedom I have to fight for yours.

Now, do we want to drift along here in a fool's paradise? When we think we are right about something, we should stand up and say something about it. The disgrace is in knowing something is wrong and refusing to say anything about it for fear of argument or fear of differences. I don't think argument actually gains anyone anything, but I do think that if we believe in something, we should say something about it. If we believe a thing is immoral, certainly we should say so. How are we going to elevate people unless we are willing to put up the same fight for right that the Communist is willing to put up for wrong? We don't see him lying down. Notice how he tears into anybody that resists him, and the schemes and plans he uses to destroy him.

It is time to stand up and fight. I abhor war as much as everyone else does. I don't want war, but I am not fool enough to think that we can have co-existence simply because the Russian people want it. I think we have reached a sad state of affairs when we let them shoot down plane after plane in cold blood and kill our boys, and then passively do nothing about it.

I find in talking to people that we don't think the same things. I talked to a young man just out of college. He has been indoctrinated with the theory of collectivism. He is honest in it; he believes it. He would discard many liberties to live under this collectivism of which he speaks, where everybody shares.

It would be a wonderful theory if we all were perfect, but there are slickers in the bunch who would get the best of us under communism, socialism, a dictatorship or any other type of government. We must begin thinking of preserving our freedom under our American form of government, based upon a theory to protect us from human weaknesses.

INCREASED TAXES GIVE POLITICAL POWER

I do hope that people who love this country are willing to do something about it. Now, I should say what we should do about it.

I have said it is a failure to try to follow political parties because they both are doing the same thing. However, there would be an awakening in political parties if the people indicated what they want. I believe those in Washington cannot complain about the other fellow without weakening their own position.

I have come to the conclusion that there is one way. I have been in politics many years and know its weaknesses and the weaknesses of people. One thing would correct this problem overnight, I believe. Every time I speak about it, it comes as a complete shock to people. We have been indoctrinated so long to having our money taken away that everyone accepts it. We should center our efforts on repealing the Sixteenth Amendment and get the federal government's hands out of our pockets.

Now, you hear all kinds of arguments from people as to why they need this money. I can give all kinds of wonderful arguments as to why I need more money. I can give all kinds of arguments why the State of Utah needs more money. But if this thinking continues we are going to destroy the desire of an individual to produce more than he needs, and that surplus he produces is the difference between origination and subordination. If we continue this, we will end up with a group in Washington — and I don't care what form of government you call it — that is an absolute monarchy, communism, socialism, a dictatorship or collectivism. We will have rulers who live in luxury, and the rest of us will become slaves. There is no difference, just different names.

This is one nation that never can become enslaved if we will repeal some of the constitutional changes that have put us in our present position. One thing that could stop this giving away of money, the buying of people's votes, the corrupting of public officials and the citizenry, would be to take the money away from them. With the money we gave them power, and with the power they take our money. It is that simple.

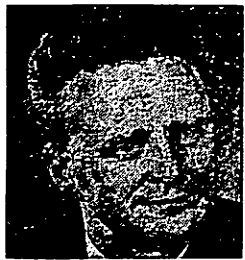
Just remember, if the good people in a nation become indifferent to their government, the evil people will run it.

THE THREE Cs OF NATIONAL PROGRESS

by RONALD J. CHINNOCK, *President*

National Association of Real Estate Boards

Chicago, Illinois



TO A SON of the Midwest, where great prairie lands are turned each year from their winter's rest to the production of the foodstuffs of a nation, there come few greater thrills than a view of the hillsides turning red in happy greeting to the fall of another year, colors evident in spite of the over-exploited smog of Southern California. Thank you for inviting me.

On my journey to Los Angeles for a brief visit with savings and loan folks, I could not escape a relaxed sense of contentment and gratitude to a divine and an indulgent Providence that has given to you and me as Americans so much of the materials of well-being.

Last week some 4,000 delegates of authority in the complex structure of the National Association of Real Estate Boards gathered in Cleveland, Ohio, from all parts of the nation to labor diligently in the service of their chosen profession. They talked about education and ethics, professional practices and techniques, plans and promotions — even trials and tribulations — in the day-to-day business of trading in this fundamental of all fundamentals, real estate. Our convention was not our largest, for things are big and great only in California. However, it was the most active and spirited gathering during the 47 years of our existence.

No matter where I travel this year, people ask about the future. This has been true in the 46 states as well as the three European countries that I have visited this year. I have no hope that I will be able to tell you which course the economy of the nation shall take — whether it shall follow in the path of inflation, deflation or stability. Nor do I have any hope that I can tell you whether society has reached the place where it will veer from its pressure to the left to the goal of individual independence on the right.

There is nothing in my background of education, experience or inclination which would distinguish me from a typical member of

your own League. Starting as an apprentice 25 years ago, I have been able to make a fair living. I sold a house here and rented a store there — making a mortgage or an appraisal in between. After a sort of sabbatical leave during the year 1954, I hope to go on doing the same thing for 25 years more.

FREE ENTERPRISE AND COMPETITION ESSENTIAL

Ours is a business whose lifeblood depends on the free play of competition, on the inviolability of human and property rights, on the self-determination of people and on an enterprise which is dynamic and forceful. Take those essential elements of a free society away — by the implement of laws, arbitrary force or indifference — and our real estate business withers and dies like a blossom that is denied sunlight. And, likewise, will the glory and romance of American citizenship perish and die.

Actually our business is good — better, perhaps, than any other phase of the nation's economy. Released from restraints and controls to the free play of enterprise and competition, builders of homes for families and of shelter for industry are on a surging rampage of construction. Both new and old houses are selling as Americans, progressively restless, shift from old to new, large to small, east to west, north to south and back again. You are providing ample funds to finance every reasonable requirement of real estate ownership.

Possibly at no time in history have we ever seen a better balance between supply and demand.

A LOOK AT THE YEAR AHEAD

Appreciating my limitations, let us look ahead one year. Buying of sound existing homes will hit a record high in 1955. This conclusion is based on the improved supply of mortgage money this year, the recent upward movement of employment, the high level of personal income and personal savings, and a major extension of the mortgage insurance program, allowing the family of moderate means to seek ownership of a good existing home.

Housing economists and policy makers at last have begun to realize that the factor of overwhelming importance in the nation's housing economy is the vast inventory of existing homes. Each year the public buys about twice as many existing homes as newly built ones. Even in this era of sustained peak production of new homes, each year we have about 50 times as many existing homes as new ones. So 1954 was the year to discover the economic importance of the existing housing supply.

The principal results of this discovery are the placing of existing homes on approximate parity with new ones in the mortgage

insurance program, and the most aggressive nationwide movement for home modernization we have ever seen.

This entire development constitutes an expression of confidence in the sound future of our expanding real estate economy and its sound values.

We have a market in which competition is a reality — a healthy and normal situation which adjusts prices to sound value, produces the best values for the public, and makes an active market for those who work diligently in our business.

BUILDING STIMULATES OTHER BUSINESS

Real estate and building have led the nation's economic advance during the year and have provided a major stimulant to the general upturn now noted in other business fields. New home production this year will be very close to the all-time peak, another evidence of the confidence that industry and the public have in our business future.

The road ahead is clearly marked. You and I must follow it by our own lights. There is no detour by way of Washington. Our vehicle must be private funds and private initiative rather than taxes and socialized controls. Our course must be guided by the imagination, ingenuity, industry and integrity of a free and liberty-loving people.

Let us not be unduly disturbed or joyful because of the outcome of November 2. Rather let us recognize that the results are only the manifestation of democracy at work.

The election of a week ago proves nothing so much as the positive urge for change on the part of the American people — nothing so much as the constant conflict between the force that holds steadfast to freedom and the force that would subordinate that freedom to the domination of the state.

THE CONTINUING STRUGGLE FOR LIBERTY

Realtors and mortgage men of America have chosen their course; they have tightened the knot of their allegiance to those elements of liberty we sometimes identify as human rights and property rights. For almost two decades we have fought a delaying action, too often futile, against the forces of reaction which would socialize our housing, regiment our society, communize our resources. If two years ago we thought that battle was done, we were victims of our own self deception. We know now, as we should have known then, that the struggle for liberty is never done.

The ink was hardly dry on the election returns, nor had the echo of the radio reports dimmed, when we heard threats of a new drive for public housing in ever expanded numbers, of new pro-

posals for taxation, of widened fields of government intervention in private business. We heard even an occasional threat of the revival of rent control as a means of again entwining private housing in the strangling tentacles of bureaucracy.

FACED WITH A CHALLENGE

We must accept the challenge of these threats, renew and redouble our zeal and our strength — to prove that the people of America will fight loss of their liberty, fetters on their freedom or oppression of their opportunities.

We have done it before. We shall do it again — by being dedicated to our principles, devoted to our calling and determined to serve the well-being of Americans everywhere.

Let us be grateful that we see reflected in our profession these things: our nation's strength, her vitality, her confidence, her desire for improvement and her magnificent ability to meet resourcefully the demands of changing times and conditions.

Let us be grateful for these simple facts and not simply look to a magic spirit from a land of Oz on the Potomac to do things for us. Let us be grateful that we do not get as much government as we pay for.

You at this Convention and those I represent have come this far together. We shall continue.

SOCIALISM AND SLUM PROBLEMS

Through my year as President of the National Association of Real Estate Boards, I have talked some about public housing. Public housing is socialistic; it is un-American. President Hoover said recently that the end result of socialism can be bloody communism. He said that in the iron curtain states the socialist intellectuals weakened the freedom of men by destroying free enterprise. They furnished the boarding ladders by which the Communists captured the ship of state. I never have seen a case where: 1) neighbors welcomed public housing, 2) the property values increased because of it, 3) the total taxes were decreased or 4) the total area of slums decreased because of public housing.

Let us clear up a few points about slums. Slums are economic and social evils, abhorred and deplored by any man with a civic conscience or sense of community responsibility. Like destructive fires, decay and corrosion, slums are an inevitable peril to metropolitan living. Eliminating a slum in one place doesn't assure that it will not appear some other place, any more than putting a fire out is a guarantee that there will be no fire in another location.

If we are to control and eradicate slums, we must do it by destroying the causes, by eliminating the profit from their opera-

tion and by educating our people to the point where they will prefer decent residence to the indulgence of other fancies.

ENFORCING CITY ORDINANCES

In most cities of the country there are ordinances whose enforcement virtually would eliminate slum conditions. Too often they are not enforced because the people do not want such enforcement, and the continuance of the slums becomes profitable not only to the greedy landlord but also to the unprincipled politician.

Therefore, let us use our efforts to the end that these mistaken experiments — commonly known as public housing projects — be liquidated into the flowing waters of private ownership. Let us seek to sell these government-owned housing units, if possible, to the occupants, thereby creating more home ownership. This can be done under a cooperative ownership plan.

Our objections to government-owned and -operated family shelter have been stated plainly and exactly. The public housing commissioner has replied to our criticism but hasn't answered it.

INADEQUACIES OF PUBLIC HOUSING

For example, we have objected to public housing as a proper method of relieving the distress of the needy for the simple reason that it does nothing for those families in greatest need of some kind of housing assistance. A public housing tenant must have regular employment, earning capacity up to a specified standard and, I believe, an acceptable credit rating. Thus families with the most distressing need are not helped. The public housing office will not face this, but prefers to evade it by saying that public housing tenants have some kind of bona fide need. I can only admire their candor in refusing to claim that they do help families with the greatest degree of need.

We have objected to public housing because it is a socialistic program. We think it is socialistic because the half million family dwellings in the public housing domain — used for the private purpose of family dwelling — are in fact socialized — owned and operated by society for the private use of the tenants. Perhaps there are people in the Longfellow Building in Washington who see some unsocialistic way of socializing half a million houses. I don't. They apparently feel it isn't socialistic to socialize the ownership of half a million homes as long as there are other homes that are not socialized. If there is any sincere pondering of this socialistic issue, it surely will be recognized that socialism has never appeared full-blown in any country. Its history is always the story of applying the socialistic principle on a small scale and then watching it grow.

The way to get rid of slums, blight, and unfit housing conditions is to enforce adequate city ordinances on health and safety standards in housing, coupled with improvements in streets, schools, parks, and other public works that restore the neighborhood as well as the individual house. This approach to the problem, urged by our business, is now being tried and is getting results that show it can work — directly, equitably, and on a very large scale.

The way to relieve families with genuine housing needs is to use the funds available for this purpose to assist the family in getting accommodations in a normal manner. No such aid should be used to obtain housing that falls below local health and safety standards.

COMMON SENSE PLUS INTELLIGENCE

I have brought to you the story of America and our business as I see it at the moment. I bring you no vision of great blocks of new structures designed to house the needy in a manner more luxurious than that of those who supply the housing.

Whatever I may say to you will be only the homely comment of common sense, inspired by a deep confidence in the intelligence of the American people which — like truth — will be crushed to earth but always will rise again.

I bring you no promise of a free and easy money market — save that which may be created by the natural forces of supply and demand, influenced by the gentle ministrations of the Federal Reserve System.

I bring you no stories of a fabulous land of enchanted finance where a benevolent federal government has opened a bulging purse to purchase mortgages which equal or exceed the value of the security and whose terms run over the life span of two generations.

AVOIDING THE EXTREMES

Rather, I would report to you calmly that in the enlightened year of 1954, we have detoured the road which leads only to Washington. We have settled down to an old-fashioned pike that leads to the county seats of independence, self-reliance and social progress.

For 22 years we have fed our political and economic bodies on individual emotionalism, financial deficits, international hatred and devastating wars. It seems to me that we have grown weary of such extremes, that we are ready to make these adjustments, that we are willing to settle down to peace and happiness.

I see no reason why the savings and loan people of America should have any qualms at the prospect of the return of integrity, honesty, competition and peace to our way of life. All of the

essentials to an active and interesting real estate market are present throughout the United States.

We have a growing population, expanding at the rate of 400 or 500 thousand families every year, thus creating new demand for housing, for factories, for shopping centers, for farms. We have a migrating population, eager to seek and to test new environments. Go any place in the nation and try to find a group of 100 adults where there is not at least one from Illinois.

We have a great reserve of savings waiting to be tapped by the force of salesmanship. And, in spite of what you may have heard, there is a tremendous pool of credit waiting to be used in sound promotion and development.

THREE C'S OF NATIONAL PROGRESS

But, I hasten to point out, such things are not enough. Such things are not the fibers from which the American economy was woven through the 200 years of its history. If a great and growing population were the instrument of progress, India or China or Haiti would be the most progressive nation in the world. If rare or precious jewels were the basis of national economic health, South Africa would be the paragon of nations. If mobility of people were the index to a good real estate market, we should all turn gypsy. If ample credit were a base for prosperity, the English would have it cornered.

Remember: there is no coal in Illinois, no oil in Oklahoma, no redwood in California, no uranium in Colorado which was not there when the Indians occupied these lands two centuries ago. Remember: there is no natural resource in America that is not found in greater abundance somewhere else in the world.

The difference here is that we have had three things no other nation has ever had — a government under a constitution, an economy based on capitalism and the impetus of competition.

We still have those three C's of national progress. Today we need only salesmanship to spark the onward march. That talent and the opportunity belong to all of us. Let us not turn back to see how far we have come, but go forward to tomorrow's harvest.

OUR RESPONSIBILITY TO THE SAVERS OF AMERICA

by J. HAMILTON CHESTON, *President*

National Association of Mutual Savings Banks

Philadelphia, Pennsylvania



IT IS INDEED A GREAT PRIVILEGE to be here, and I welcome the opportunity to bring to you the greetings of the mutual savings banks of this country. I think it is a splendid thing for us who represent such important aspects of the thrift business to get together, to get to know one another better and to exchange ideas about problems of current and future interest.

As we look ahead in terms of the next generation, I think prospects for the economy of the country never were brighter. Perhaps that seems rather optimistic in view of the progress recorded over the last quarter century.

As you know, our national production has doubled and its value in dollars has tripled during the past 25 years. There has been a redistribution of income enjoyed by the people as a whole. This growth has been made possible by the increase in population, increased productivity of the worker and technological advances which began in wartime and which have been accelerated since.

I have a number of statistics about how savings have increased by leaps and bounds. You in savings and loan know about your own marvelous growth. We in mutual savings banks haven't been laggards, either; in the first 10 months of 1954 our deposits increased \$1.95 billion. And we have savings banks in only 17 states.

One point I would like to emphasize is that we should not be blindfolded by the dollar increase in our respective accounts. More important, I believe, is the number of savers.

THE NEED FOR TEACHING THRIFT CONTINUES GOOD

I have heard a number of statistics about the expected increase in population of this country. I heard one very respected speaker say

that he believed we would have a population of 200 million by 1970. Even if that figure is wrong, I think we should look forward to educating the coming generation in the virtues and habits of thrift, for unless we do it we are missing a great opportunity. Furthermore, it has been disclosed recently that 41% of the families in this country do not have a thrift account of any kind.

Therefore, to my mind, our primary goals are the promotion of the thrift business and the attracting of our share of the savers' dollars.

How do we do that? My thought is that the paramount thing for us to concentrate on is service. When I say service I mean just two things: (1) offering as many thrift services as we can and (2) perfecting the manner in which we offer those services and carry them out.

I'd like to repeat a short story told by one of the speakers at a recent meeting of a State Association of Savings Banks. He said he went into a financial institution over the entrance of which was a slogan reading: *'This Is Your Friendly Bank.'* After he got past the doors, he looked around at the people in the tellers' cages and reported, "I never saw so many sour pussies under one roof in all my life." To me that remark typifies some of the service that public organizations have given in the past. I think all of us are doing our best to correct it.

EMPLOYEES ARE KEY TO GOOD PUBLIC RELATIONS

To give good service you must have a good staff. I think a prerequisite of good public relations is good employee relations. If you don't have a very happy, loyal, hard-working staff, you are not going to have people think that you are a top business organization. All of you who are executives in your own organizations know what it takes. You have to have good working hours, satisfactory working conditions, adequate pay and proper pension plans. Nowadays, industry is offering labor all kinds of fringe benefits like hospital and medical insurance. These are all things that have to be considered.

At our bank, we try to include our employees, as far as possible, in offering suggestions about management of the bank. We do this in several ways. We have a very active employees' association which meets twice a month and through their president or other spokesmen, they are free to offer suggestions for the improvement of our services. We in management welcome those suggestions because we sit, so to speak, in the driver's seat and don't see a lot of the things that go on around the tailboard of the wagon. With a good staff on which you can depend, there are many services you can offer the public.

BRANCHES ARE AN IMPORTANT CONVENIENCE FACTOR

Such services as convenient hours are important. I am quite proud of the fact that the main office of the Philadelphia (Pa.) Savings Fund Society, of which I am president, stays open from 9 a.m. to 8 p.m. We keep count each Wednesday of the customers who come in between 3 p.m. and 8 p.m.; that count ranges from 5,000 to 6,000 people in those five hours. It is not because we have a superior bank. We don't offer anything more than some other savings banks offer in Philadelphia, but people appreciate our service.

And, as you know, convenience of location is a great thing, too. Several years ago we authorized a poll of about 2,500 people in Philadelphia to find out if they did business with a thrift institution and, if so, what kind of thrift organization and why they did business with that organization. Almost consistently the answers ran "Because I like the way they do business," or "Because of the convenience of location." I am truly glad that you hope to establish more branches. That is what we want to do, too, but I am sure we can live side by side.

Another service that I hope you in the savings and loan business will consider seriously is offering what is commonly known as "over-the-counter" insurance. In Pennsylvania we have tried unsuccessfully to get authority from the legislature to engage in that business. The opposition's cry is that we will put the life insurance agents out of business. Nothing is further from the truth. In the states of Massachusetts, New York and Connecticut, where mutual savings banks have been selling a small amount of life insurance policies for a number of years, it hasn't hurt a single agent, so far as we can find. In private, heart-to-heart talks presidents of some of the larger life insurance companies have admitted this fact.

I have heard that some of you are thinking of starting school savings programs. Where I live, 25 miles outside Philadelphia, there was an advertisement in the local newspaper that the Ambler Savings and Loan was going to start a school savings program. I hope it is true of many more of you, because I don't know a finer way to get people started along the path of thrift.

ADVERTISING MUST TELL PUBLIC ABOUT SERVICES

Besides providing such services as these, thrift institutions must tell people about them. An organization can have a fine operation, convenient hours, good personnel and a wide range of services, but unless that word gets across to the public, it is missing a good bet. I know savings and loan associations advertise extensively; you are on radio and television, and that is a fine thing. The

savings bank business doesn't spend as much as you do, and I, personally, feel that we should.

In my own institution we sponsor a one-half hour weekly television program called "The Big Idea." It is a showing of four or five inventions by the inventors, taking about 20 minutes altogether. A panel of four or five businessmen quizzes them; then the audience is asked to register its choices for first, second, third and fourth place, and so on. The program is hardly closed when the telephone starts ringing in the studio. The caller will be some manufacturer or some retailer saying, "I want to get in touch with that fellow. I didn't get his name, but it was the one who had that gimmick. I think I can do something with it." The following day or the day after that, the studio has a staff advise these inventors on how they can best realize or commercialize on their products.

The program has this value: It not only advertises the bank, but it helps these people who have struggled to invent something. And it is in the general welfare of the public. I think the credit the bank receives for the sponsorship of this program is tremendous, and it is the best promotional step we ever have taken. I believe many of these inventors are sincere when they say, "When we make a pile of money out of this we will owe it in large measure to you gentlemen and will certainly see that we deposit with you as much as you will take."

Also in the line of gaining favorable notice, we hold an open house at the bank three or four times a year and have a bank employee explain to visitors 14 or 15 phases of our operations. I don't know why, but coming up to the thirty-third floor of our building to meet the president seems to be a highlight in the lives of a number of our visitors. Many of our depositors say, "I never thought I would get to meet the president of this organization." Then they say, "You know, we have a bank book," and they bring it out, well-worn and frayed, and say, "We opened our account back in 1885 or 1890; we just wanted to show it to you. When are you going to have your next open house? We want to bring some of our friends." I mention these things because I think they draw us closer to the people who do business with us and to potential customers.

There are other promotional techniques, of course. I think there is an increasing trend nowadays toward the give-away program. This technique seeks to stimulate new accounts by gifts of pens, pencils, clocks and other articles of value — even automobiles. It seems to me that this is a poor promotional effort, because I can't help thinking that such accounts, by and large, will be of short duration. The person who opens the account is not stimulated by the idea of thrift, but the desire to get something.

Now I may be wrong, for I know some of our savings banks

have gone in for give-away promotions in a big way. However, I think that is too bad, and I can say that banking supervisors think very little of that method of enlarging a bank's business. I think the people are not fooled by it, either.

YOUR ORGANIZATION IS JUDGED BY PERFORMANCE

An organization is judged by its performance, and word gets around. People who like your institution will say: "That is a good savings and loan association on the corner," or "The other one doesn't seem to care whether it does business with you or not." It is most important to me to have a good reputation and to have our customers tell others of their satisfaction.

We, the savings and loan associations and mutual savings banks, have a fertile field and great opportunities for our business in the future. I think that we can rest secure in the conviction that our business is one of the strongest keystones in the prosperity and continued strength of this country.

THE STORY OF A.C.T.I.O.N.

by JOHN RYAN DOSCHER, *Assistant to Publisher*

LIFE Magazine

New York, New York

IT IS PERFECTLY DELIGHTFUL to be on your program representing ACTION, the American Council to Improve Our Neighborhoods. I know how important this program can be to you. I know a few of your problems and the potential for you in this. I know the great moving force you can be toward the elimination of slums in your own communities.

Some 18 months ago, *Life* and *House and Home* held a round table meeting to present to the incoming administration a workable program to stop the spread of slums. After that meeting, many companies had top executives sitting at similar round table meetings, until it included the vast scope of all America represented by industry, associations, labor, religious groups and minority groups.

We have a presentation which I will give you quickly and in detailed fashion. Last Monday in Washington President Eisenhower launched ACTION; this first rough film clip will let you hear what Ike had to say in kicking off the program.

In Ike's five-minute talk he said he thought the program was tremendously important to the welfare and future growth of America. Now I will tell you about this program.

ACTION — the American Council To Improve Our Neighborhoods — attacks, for the first time in the history of our country, the deterioration of our greatest single national asset: our housing inventory, which is worth some \$220 billion. By so doing, this program also attacks the terrible human waste that results from housing decay.

PROGRAM IS ONE OF ANTICIPATION

This is not a problem that begins in the slums, although the slums certainly attract the greatest attention. Rather, the conservation and improvement of our housing stock involves all the 50 million homes in America. It concerns you — whether you live in the city, the suburbs or a rural area.

It concerns your own home and the conservation of your neighborhood, as well as the homes of your neighbors, five blocks away. It concerns the improvement of homes 10 blocks away which are already dangerously close to blighted areas, homes 15 blocks away where blight already has a foothold; it concerns the rehabilitation or renewal of salvable homes 20 blocks away where blight is solidly entrenched.

This problem affects everybody because nobody escapes the high cost of blight. People who live in slum areas pay their price in human misery and despair. The rest of us pay our price in the high cost of city services to blighted areas, as well as in the negative economic and sociological effects on our own lives.

In Baltimore, for example, 45% of the city's budget went for services in blighted areas that accounted for only 6% of the city's revenue. The difference — 39¢ of every dollar spent — came from the tax-paying population of citizens and businesses outside these areas. These areas, which comprised 20% of the city's residential property, accounted for: 33% of its population; 45% of the major crimes; 55% of the juvenile delinquency; 60% of the tuberculosis victims. The same thing holds true, more or less, for every city and town in the country today.

Slums don't happen overnight, but the speed with which they have spread in this past decade is phenomenal. Consider, for example, a residential street in one of our biggest cities. Fifteen years ago it was inhabited by the finest families. Then one house was sold to an absentee owner who requested city permission to convert the structure into a rooming house. Permission was granted. Then the owner asked for a four-family conversion and got it. He asked for six, then nine. He didn't get the nine-family permit, but he did get eight.

Today, semi-partitions separate not rooms, but whole families. Minimum standards require so many toilets for so many people, so the landlord put one in the kitchen! This is the way blight spreads, slowly, but surely.

The contamination of urban decay reaches farther and farther up the housing spectrum. The insidious part about blight is that you'd hardly recognize it if you didn't know the symptoms. It usually starts with the worst maintained house on the block, and then spreads relentlessly until it encompasses the entire neighborhood. Because the typical American way is to cast off that which is old, we tend to encourage the spread of blight.

As blight approaches, we leave our old house to someone else. As 20% of our population moves each year, we play musical chairs, and all down the line families move into something better. If these new occupants do not maintain neighborhood standards, blight spreads, more people move away, and the whole neighborhood is on its way down.

Through this malignant depression of values, many cities today are bankrupt. They are choked internally by an ever-tightening grip — too poor to maintain adequate services, and too poor to pursue courageously the city's own part in eliminating and preventing slum conditions.

It's true that we all have looked at slums with both horror and despair. In this dynamic country which prides itself on the highest standards of living in the world, we also have some of the lowest economic standards. The fact that one in five American families lives in a substandard dwelling is a national disgrace.

BLIGHT CONCERNS ALL HOUSING

However, this problem goes much deeper than substandard dwellings. People who live in blighted areas also must be rehabilitated; their attitudes must be changed through the improvement of neighborhoods, the rerouting of traffic, the improvement of unused land for off-street parking, the development of playgrounds, recreational facilities, and other community amenities that make for civic pride. In areas close to blight, people must be taught to recognize the symptoms and to attack the causes before blight spreads.

Realistically then, to do a comprehensive and permanent job of housing improvement in this country, we must be concerned with everybody, with everybody's house, everywhere. This is a vast problem involving many billions of dollars and many millions of people. There is no quick, cheap or easy answer. Today, because there are enough great social, industrial, professional, business and government forces willing to work together, there is now an answer.

A great national organization has been established which is independent, nonprofit, nonpolitical and noncommercial. Its name — ACTION — the American Council to Improve Our Neighborhoods.

Its purpose is to assist the American people to improve the living conditions of American families by: stopping the spread of blight; conserving and rehabilitating existing houses and neighborhoods; removing slum conditions wherever they exist.

With the vast majority of homes that need repair, the concern will be with rehabilitation and modernization, and with the conservation and improvement of neighborhoods. At the bottom of the spectrum, where we have slums, ACTION will help to remove slum conditions.

The Board of Directors of this permanent organization are prominent in industry, public interest, labor, religious and minority groups, but they do not represent these groups as such. The President of ACTION is Major General Fred Irving, recently

retired superintendent of West Point, and former co-ordinator of the Inter-American Defense Board. General Irving is now forming his staff into three operational divisions: Fact-Finding and Research; Public Information and Education; and Field Service.

RESEARCH EFFORTS WILL BE ON A BROAD BASE

Fact-finding and research will be one of the most important functions of ACTION. Much research has already been done in the field of existing housing and a lot of lessons have been learned. However, until now, there has been no central source of research information.

This department will collect, collate and analyze all available research data; it will assess existing urban renewal programs and develop long-range research projects to supplement the continuing studies of the Census Bureau and other agencies.

This information will be available to national offices of all interested associations and organizations. This department also will answer requests from cities and civic groups; it will supply facts and figures to the nation through a vast public education program.

ONE DEPARTMENT WILL PUBLICIZE PROGRAM

The Public Information and Education department will disseminate educational material through every means of communication. It will supply movies, slide presentations, speeches, booklets and promotional material to interested groups and associations.

It is hoped that through the Advertising Council, a vast educational campaign can be directed to the American people through all national media. Application for this sponsorship has been made on the basis that ACTION has a most worthy and important public service to perform.

Such a campaign would be directed at homeowners everywhere, and you couldn't escape it. When you turn on the radio in the morning you'd hear it. Pick up a newspaper and you'd see it. Drive past a billboard, step into a bus or subway, and a car card would remind you.

In magazines you'd see full-page ads. You'd see and hear it on TV. Your kids would sing the jingles. Your neighbors would talk about it. Public service companies would pursue the theme in open forums.

Church groups, businessmen's and women's clubs and every type of local group would carry it forward with their own programs. Newspapers would pick up the cause editorially, and through all of this, homeowners would come to appreciate the

need for neighborhood conservation and community improvement. They would be encouraged to think about their own homes. They would learn where to look for help, and how to finance home improvement.

REPRESENTATIVE WILL PROVIDE ON-THE-SPOT AID

The third division is Field Service. Specialists from this department actually will go out in person to work at the local level with city governments and with interested citizens. There is already great demand for this kind of guidance, so these experts will help to define the problem and arouse support for local government and civic action.

Depending upon a city's interest, these specialists could move in on a timetable operation: first to research housing conditions; then to study the legal aspects and recommend legislation; finally, to organize the community and plan the rehabilitation program; to work with local authorities in enforcing health, fire, zoning and occupancy laws; to train city personnel to carry on the urban renewal program over a period of years.

DEPARTMENTS WILL WORK TOGETHER

These field service people also will feed the solutions to local problems back to the Research Department, and these solutions will, in turn, be made available to other cities. For example, Richmond, Va., found that a privately owned urban renewal corporation was the answer to financing slum rehabilitation work.

In Los Angeles, the various building trades have organized an association so that homeowners can go to one place to contract for all of their home improvement work. In Chicago, in an area known as "Back of the Yards," whole blocks of slum properties have been rehabilitated solely through local civic action to improve neighborhood conditions. In Miami, where most slum properties are nonsalvable, they found the answer in redevelopment financed entirely by private capital.

In New Orleans, a citizens' committee caused a special department for slum rehabilitation to be established, and is carrying forth a law enforcement program aimed at rehabilitating 5,000 slum houses each year for the next nine years. There are many interesting aspects to the New Orleans story, and soon the comprehensive case history of the lessons they learned will be made available to other cities through ACTION.

But perhaps of greatest significance is the economic side of the story for the New Orleans city government. Before this program started, there had been no budget for this type of work. The budget this year is \$103,000; it is estimated that this expenditure

for law enforcement and city improvements will generate \$7½ millions worth of new business in labor and sales of building materials and equipment. This new business will return \$73,000 in sales tax and building permits, which leaves only \$30,000 net cost. Undoubtedly, as this program progresses, the savings in police, health, and fire protection will come close to offsetting this \$30,000 annual cost.

All over the nation similar efforts to stop blight are being made, slowly, sporadically, with each city learning lessons the hard way. Now with ACTION, there can be concerted effort, born of experience, to provide the guiding hand, to corral the enthusiasm and to create far greater public understanding and interest.

Here will be the wherewithal under a national banner and a national blanket of stimulation. Here is an organization that will supply the research, the educational and promotional material, and the trained help that local groups want so urgently to help them get started.

Here is how it will work: ACTION will provide a steady stream of educational material to national offices of all types of groups and associations, urging them to recognize the problem and encouraging them to create their own programs. These groups then can feed material through existing channels of communication to their own local level. With the support of these local groups, city governments will be encouraged to begin realistic, long-term programs. At the same time research information will be made available to city governments directly from ACTION. Then it will be up to city government and citizen groups to request specific information or services, which is where the Field Service Division goes out to assist at the local level.

This is the kind of well-integrated program that can stop the spread of blight in this country, and over it all there can be a huge umbrella of national publicity that will make it clear in every homeowner's mind that it is up to him to keep his home in good repair; that it is up to him to be concerned with the appearance of the neighborhood; that it is up to him, as a member of the community, to see that occupancy and zoning laws are enforced.

Finally, this program will make it clear to everyone that slums are largely the product of public apathy and profiteering by absentee landlords. It is up to everyone, as a citizen, to demand that the profit be taken out of maintaining slums, and put into rehabilitating salvable homes in blighted areas.

This approach, coupled with redevelopment of nonsalvable areas, can mean an end to the creeping paralysis of blight. It won't be an easy job and it will take time. But it is realistic; through private enterprise and public support, it can work because it is based upon the profit incentive, the thing that made this country great.

ECONOMIC EFFECTS ARE FAR REACHING

The economic value of such a national program is beyond computation. It will provide increased city revenue from improved real estate values, and will cut the high cost of city service. It will make cities more attractive places in which to live and help maintain orderly movement of people into and away from cities.

In addition, such a broad national program can provide a multi-billion dollar boost to our economy. Let's look at the potential. Last year \$6.5 billion was spent on residential improvement. Yet the record shows that we, as a nation, are spending only half what we should to maintain our homes.

In 1952, the Federal Reserve Board found that 40% of the 23.5 million homeowners made no expenditure on home improvement or maintenance. In addition, half the rented dwellings in the country were not maintained or improved. Together this means that over 19 million houses were left untouched in 1952. Of the homeowners who made some repairs, half spent less than \$300. The one in four who spent \$500 or more helped to bring the average expenditure up to \$250.

If all the owners of America's dwellings spent no more than \$250, the annual expenditure would be *as big* as new residential construction — about \$12 billion per year. If this average figure were doubled — as might be necessary to keep our dwellings up to a reasonable standard — the total annual expenditure would be around \$22 billion. This is a tremendous figure but bear in mind that half the homes in this country are more than 30 years old and sadly in need of improvement. Half the homes in this country are mortgage-free and, on the average, the other half have nearly a 50% equity in their houses, more than enough upon which re-advancement could be made for improvement work.

Less than 20% of our houses are postwar, and millions of those were built too small with only two bedrooms, and expansion attics. Great potential exists throughout the whole range of our housing, and this \$22-billion expenditure would provide a \$16-billion boost to our economy over and above the probable current rate.

This \$16-billion boost is enough to increase the nation's economic activity a full 5%. However, this is only the beginning because home improvement generates additional expenditures on home furnishings, decorations and equipment. These expenditures could add billions more to our economy and this is true even at the very bottom of the housing spectrum.

A chap down in Baltimore can tell you first-hand of the effect rehabilitation had upon his way of life. He and his wife lived in squalid filth before the city established a test block and enforced standards of living decency with a house-by-house law enforcement program.

After enforcement, this is how the block looked. Gone are the pit privies along the alley and the dilapidated high board fences that hid tons of rat-infested debris. Instead there are flower-boxes, concrete rat control aprons that serve as patios and safe places for children to play. Inside the back door of this family (they are proud to let you in) you'll see a kitchen that is equipped with modern appliances. In the living room you'll see a new television set and venetian blinds.

Out front, you'll see a new face on the building, new stoop, and new aluminum storm sash and storm door. You'll wonder where they got the money, and so you'll ask. They'll tell you with a lot of pride that after the whole block was rehabilitated, they bought this house from the slum landlord. The improvements were put on the new mortgage and the rest of their acquisitions are being bought on time.

SOCIOLOGICAL BENEFITS ARE A VALUABLE BY-PRODUCT

Of course, at the bottom of the spectrum, the economic potential is minimal, but here is where the sociological benefits are the greatest. Here's where we can rehabilitate lives as well as houses, where we can be realistic about our belief that in this great democracy everyone has an equal chance.

Ask yourself, what chance does a kid have — born and raised in a rock bottom slum? He can't do anything about it, but we can. If we think for a moment that these people are so far removed from our own social circles and that it really is none of our concern, we are not being realistic.

You can look at this problem morally, socially and economically. No matter how you look at it, the significant thing is that all of us are paying the high cost of slums. Because of inadequate law enforcement and public apathy, our tax dollars now do little more than perpetuate slum conditions.

So there is not only great economic potential in a comprehensive program of housing improvement in this country, but there are great sociological benefits that affect us all. And the time to get started is now.

Today our national government understands the urgency of conserving and improving our housing supply. The 1954 Housing Act is a prime example of the government's desire to work with private enterprise, and there is no question about local governments being eager to find new ways to cut the cost of city services, while at the same time increasing real estate values.

Perhaps most important is the fact that most homeowners today are inclined favorably toward improving their homes. The potential in this market destines it to be one of the most dynamic economic factors in this decade. The revolutionary development

of the do-it-yourself trend today is a business worth some \$3 billion.

Consider, too, that nearly 60% of American families live in their own homes — plus a million more new homes purchased each year — and you have ample evidence of family interest in the home, an interest which is compounded by the phenomenally high birth rate of second, third and fourth children.

Now with disposable income and consumer savings at all time highs, and with the 1954 Federal Housing Act, we can look forward to a big gain in home improvement activity.

The impact of this new housing legislation is concisely described in its subheading, and I quote: "To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities."

By establishing competitive low down payments and long term financing on used homes, by backing the open-end mortgage idea with FHA insurance, and by extending FHA insurance for rehabilitation work in blighted areas, this new housing legislation encourages better living conditions because it is now far easier for people to pay for home improvement. Thus, with the reason, the income, the financing and the legislation, there's no question that we as a nation of homeowners have the means to stop the spread of blight. The big question is our mental attitude.

Few of us are crusaders. Few will take the initiative to interest their neighbors in an unsponsored program of community improvement. Few will be concerned with slums unless they know that there is something that they personally can do about it — by beginning with their own homes, by being interested in conserving their own neighborhoods and by supporting local civic and government action to eliminate slum conditions. We must make it clear that slums are an integral part of the whole problem because sociologically and economically slums affect everyone.

Through this appeal to the homeowners' self-interest (on a broad national scale) collective action can be stimulated and the contagion of home improvement can spread downward to reverse the upward spread of blight.

ACTION, indeed, has a job to do. It is a great undertaking, the scope of which has never been tackled before by private enterprise. But ACTION has many reasons to exist: the timing is right, the economics are sound, there are many talents already dedicated, and the financing is being found. Clearly this nation needs its services. Now what does this mean to you? How far should you go in getting behind this program?

Ask yourself, how important is the American home to your business, bearing in mind, of course, that our free economy has its very roots in the American home, and in the insatiable American desire to live a better life.

Ask yourselves, as Americans who have helped to create the highest standards in the world, what it will mean to our nation if we can arrest the rapid depreciation of our housing stock. Think of what it will mean to our society if we can slow down this depreciation and maintain decent, livable standards throughout our entire housing inventory. And think of what it will mean to our economy to pump 16 or so billions per year into it to maintain and improve housing conditions.

Think of what an increase in real estate values means to your city, and to its future growth as a good place to work and to live.

Think of the tremendous sociological benefits in rehabilitating lives as well as houses in slum areas.

Think of the jobs that will be created by this program and of the potential markets that can be expanded.

Think of what it means to your own home and the maintenance of your neighborhood, to your family and your friends, and think of what it means to you personally to be a part of a movement to improve the standards of shelter in the country for the good of all Americans.

We believe you will agree that to all of us it means challenge to private enterprise that we are all ready to accept.



John Ryan Doscher (r) shows slide from ACTION's picture presentation to organization's president, Major General Fred A. Irving.

A.C.T.I.O.N.'s CHIEF ASKS FOR SAVINGS AND LOAN SUPPORT

by MAJ. GEN. FRED A. IRVING (Ret.), *President*

American Council To Improve Our Neighborhoods

New York, New York

IT IS A GREAT PRIVILEGE and pleasure for me to be allowed to come here today to meet with you and say a word or two about our program.

After listening to Mr. Doscher's presentation, I am sure you are impressed with the magnitude of the problem which faces us and the very great need there is for it. I am sure also that you appreciate the great potential of the program along both sociological and economic lines. There is no need to enlarge further on these two facts to an organization such as this, for your members are so very closely related to the homeowners of the nation.

As was indicated, we are not going to be prepared fully to go ahead on the program until spring, and we have lots of work to do until that time.

This question of combatting slum conditions has been, of course, on the public mind for a long time, and many communities have made commendable efforts to solve the problem. Usually, however, their efforts have been on their own scale, and they have not compared experiences very extensively. One of the great endeavors of our program will be to conduct research into the efforts of various communities. The lessons learned from their methods will be available to communities throughout the country.

A part of our program is to make the public aware of the problem and to stimulate a desire to help support these programs. Our program will be a success or failure depending upon these community programs. When you go back to your respective communities, I hope you will carry with you this message of ACTION, acquaint the community leaders with it and be prepared to put your shoulders to the wheel in this effort directed to prolonging lives.

I appreciate, very much, your giving so much time to our ACTION program on your busy convention schedule.

LOOKING AHEAD AT HOME AND ABROAD

by HENRY J. TAYLOR

News Analyst and Commentator

New York, New York



IN THE BRIEF time we are together, I'd like to speak first about some things abroad and then consider their relationship, as I see it, to our situation here at home. For the past nine years I have been of the opinion that there is not going to be any new world war in the sense that the three great, mechanized Axis powers — Japan, Italy and Germany — flew off the handle in 1939. I have maintained this point of view consistently through the war crises — including the Berlin air lift — ever since that time. Nothing that I see in the world today makes me change my view on that point.

FAR EASTERN TIMING CONFUSES WESTERNERS

I do feel, however, that things are not going to be nearly so serene abroad in the coming months as seems to be the impression today. We haven't begun to hear the end of South Korea or Indo-China. The Russians and their stooges, who are Oriental people, are pretty slow moving by our standards, and this question of timing continually trips us up. They are getting ready for some kind of a re-load in the Far East. I don't know exactly what it is, but they are not standing still. This trait of theirs is a continuing source of misinterpretation by us. We are Western people; we are impatient. If something doesn't happen very soon, we have the impression it is not going to happen at all.

For example, I lived with General Patton in a trailer; we were going across Germany under a news blackout, headed for Prague in Czechoslovakia, and the Russians put some "C" bombs down on Berlin. General Patton was anxious to get there and couldn't go. He couldn't have the gasoline supply for our column, which was serviced in a great, long, winding line. If he had reached Berlin he couldn't have saved it anyway, but there was a period of

nearly two months between the time that the Russians first started bombarding Berlin and the time they took Berlin.

There were rumors that this period was employed as a peace negotiating period. As a matter of fact, friends, the reason for the two months' delay was that it took that long for the main hay-foot, straw-foot Red Army to walk up to where the Soviet motorized division was stationed on the outskirts of Berlin. There was never any question about the occupation of Berlin. It was just the time lag based on the differences in equipment.

In the Far East, if the Red Chinese want to take Formosa, they will have to walk a lot of people from Indo-China to Taiwan, and, my friends, that is a very long walk. So, when they are quiet, my view is that I this is not significant in the terms of a long-term peace period. So I think there will be some additional shots in the Far East early in 1955, but not all-out war.

MANAGERS OF OUR EUROPEAN ALLIES HAVE BARE MARGIN OF CONTROL

In Europe, the switch that was made after the defeat of the EDC Treaty by the French Parliament and the acceptance of the London agreements and Paris agreements on which Secretary of State Dulles reported were a rescue of pretty nearly the eleventh hour and were of enormous value. Europe is not out of the woods, however.

I went to Germany to see Chancellor Adenauer, and he is very hard-pressed. There was a final concession made in the terms of the Saar settlement; he had to tack this on because of French insistence in those agreements.

This made things difficult for this fine man because he doesn't operate with any kind of a margin at all in the parliament. As a matter of fact, he doesn't have as good a margin as the Republicans had before the last election. Chancellor Adenauer holds office in Germany by a majority of one vote, exactly one vote.

He has six rival political parties, and the cabinet is made up of 15 men drawn from these parties. He has to have coalition votes to get anything done. Generally, he counts on about 92 votes out of the coalition to put his measures through. As is the case in our own country, it is very, very seldom that he gets the full vote of his own party.

On an issue like the Saar he can't expect to have everybody in his own party vote for it, and he is going to have some job getting that wrapped up, but I think he will do it. He, too, thinks he will do it, probably around the middle of January. He seems to feel the Italians will be the last to ratify it.

Unfortunately there are local elections coming up in Germany before then. The Soviet peace proposal of last Saturday was made in order to create confusion in the local elections in West Ger-

many and was a very canny thing. The purpose of it, of course, is to keep them from ratifying the agreements made in Paris. The Russians are pretty realistic when it comes to blocks, and they are out to create blocking conditions so the parliaments will do nothing. That is what killed the EDC.

It seems almost incredible that the premier of Italy holds his majority today by only eight votes, that Mr. Churchill in London holds his majority by only eight votes, that the premier in France holds his majority by four votes and that Chancellor Adenauer holds his majority by one vote, and look at the hairline division we have in our own country either before or after our own last elections. What this means is that our country and our four largest allies in Europe — Britain, West Germany, France and Italy — have managers who hold office today with a total majority all together of approximately 29 votes out of more than 2,000 members of the parliaments.

RUSSIA TRIES TO NEUTRALIZE RATHER THAN CONQUER

This is the sort of thing that makes the Russians hopeful, and that is why they don't have to have earthshaking, successful, psychological warfare and propaganda maneuvers in Europe in order to stymie the situation. If they could just rock the boat a little bit they could make good the prime purpose of the Soviet policy, which is not necessarily to capture a country but instead to neutralize it. I feel that the question of neutralization often is overlooked in its importance to the Soviet Union.

We have the feeling that if a country doesn't go Communist we are all right or it is all right. Actually, instead of having the map of the world made with, we'll say, just a Red area, and a white area for us and the free people, there ought to be a brown area someplace for the neutral area. It is a very big area. It is created by a fundamental distaste for war that good humanity has, a horror of war, which is not to be confused with the attitude of peace at any price.

The Soviets are building up the balances and supporting the minority interests in the free parliaments of the world. They want to create a neutral Italy and a neutral France behind the re-armed Germany. If I were reading the news, I'd analyze it from the standpoint of how well they were succeeding with that program. I wouldn't feel they were not succeeding because they didn't attack the countries.

This puts us in an awful position, you know, in Europe. The Russians never ask these nationals to do anything. Now, human nature being what it is, if there are two competitors, one asking people to do something and the other asking people to do nothing, the "do nothing" way is much easier for those people. We always

are asking them to increase their taxes to pay for their armaments, or increase their drafts to get the boys in the army or increase their production in order to do so and so.

We get a little disappointed when we don't get a good response.

Competitively, the Russians merely are asking these people to stay asleep. "Do nothing and all will be well." They don't go to the Italian leaders and ask them to pass any laws in parliament or ask them to ratify anything. They just ask them to "sit still and don't aggravate your people or us and all will be well." Against that competition I am amazed sometimes we are able to get along as well as we do. Rather than feeling we are disliked abroad, I think it is remarkable we get the support we get.

For example, when EDC was killed by the French parliament (you will recall they had a meeting in Brussels), I was afraid that the other countries would water the thing down to a point where it was absolutely meaningless but would cost a couple of million dollars a year. If they left their names on it and then were to get the proceeds, it would put us in a difficult position. Instead, every one of the European countries had the extraordinary courage to say that they wouldn't compromise on this and that if the modifications were to be insisted on they wouldn't ratify it at all.

The Russians wouldn't have a psychological problem like that. Theirs is the advice to do nothing and all will be well. So I think we will see a situation like today's in the Far East and in Europe for a long, long time. It is not going to be smooth sailing, however, and I think there are going to be some scares in the world a couple of times in 1955, as there have been in the past.

OUR ECONOMY IS BUILT ON AN INFLATIONARY BASE

Here at home, I believe we are seeing now a phenomenon that could be and was forecast by many economists long ago. I have spent my life in the quest of international economics, and I think what we are seeing is very traditional. Like a lot of other traditional things, you see it before it happens but when it happens it surprises you. Through the war the going was bad enough. But before the war, beginning at the bottom of the depression and certainly in '33, we began to build an inflationary base in the United States, the dimensions of which no one had dreamed in a highly industrialized nation.

Unless we had the profit we have had in America, the credit inflation, and even currency inflation, would have had an effect duplicating that of the German or the French inflation. Here it didn't.

We deliberately devalued the dollar. We have done all the things with which you are so familiar, and we have had this vast, incredible, enormous inflationary basis. We ran an inflationary

build-up before the war to the point where we had a national debt to \$50 billion, then the costs of World War II were superimposed on it and after that all the postwar business. The larger interests in the country — those in business and finance — felt that the economy of the United States was in a socialistic trend, tax-wise and business-wise. I am talking of the psychological — not the political — aspect. Whereas a number of people did step out and try to do something, a much larger number of people did not because of what they considered to be the tax and political climate of the United States. This put no restraint on the steady increase of the inflationary basis.

'52 ELECTIONS INTRODUCED CONFIDENCE TO ECONOMY

With the election in '52, very large numbers of people felt that a moratorium had been declared. Now what we are seeing is the superimposition of confidence on the largest inflationary base in the history of the world. I am certainly not suggesting an endorsement of this, I am just attempting to remind you that we have never seen in the United States what can happen when the ingredient of confidence is applied to an inflationary base larger than anyone ever dreamed could possibly exist in America. In short, something new has been added.

Now, where is that going to take us? I don't know, but it is going to take us someplace. I think that the explanation of the inflationary base plus the confidence factor is the underlying explanation, intangible as it may sound, for the housing vitality, which has surprised so many of my friends. It is the explanation for the persistently high level of national production and national consumption; for the postponement of the slumps that have been forecast so widely; for practically no decrease in consumer spending during this very difficult transition from a war to a peace economy. And the people's savings are 7.3% of the national income.

Those are facts. I suppose it could be overdone. Maybe it is being overdone now. I am not smart enough to say, but I think this is the reason behind these things. I think it is not mysterious.

I do think it is fallacious to compare this with '29 for many, many reasons. In the first place, in '29 we were the victims of a world depression. In contrast to what was happening in the world in '28 and '29, business actually is booming in England and France and, on the surface, even in Italy. Germany is staging one of the most remarkable postwar recoveries that anybody has seen. So is Greece. It is a little frightening. The price level of the world is nothing at all as it was in '29, and the underlying conditions here in our banking system and credit system are not the same.

So I think we have got a kind of middle position: (1) that we

are experiencing the application of confidence to an inflationary base in a manner that has not occurred before in America, (2) that we do not face a declining world situation suitable to pulling us down as it did in '29, (3) that we are a great and growing country that hasn't begun to live as it can live if it can remain at work and avoid war.

OPTIMISTIC ATTITUDE SEEMS JUSTIFIED

I would think that optimism and an attitude of constructive confidence were justified absolutely. What I think is not going to work out very well in the long run is an attitude of get-rich-quick, in the stock market or anything else.

I think that the get-rich-quick idea is widespread. I recently read a very interesting article in *Collier's*, written by a brilliant mathematical scholar named Nick the Greek, expressing the philosophical attitude of his brother professional gamblers. He described the slot machine elegantly, I thought, as just another burden on the backs of the poor; the slot machine business remains very attractive, nevertheless. If people are going to gamble in the stock market, or in real estate, or in this, that or the other thing, I don't think you can stop them. I doubt that the conditions that make it attractive essentially are forerunners of collapse. I think that in our country, where growth is at the rate of 250,000 people a month, where we are opening up whole new frontiers of technological and mechanical developments, where the national production remains high and our savings remain high, and where we have a government which clearly is not going to try to socialize us, the banking interests, industrial interests, agricultural interests and transportation interests are in a position to move forward.

I do think credit is going to get tighter, and I think a lot of companies are going to need a lot more money than they realize. I am not so sure how many of the big corporations are going to wake up to the fact they have to pay 110% of their taxes next year.

I am on the advisory board of the Chemical Bank and Trust Company of New York. It is a big bank and has just merged with the Corn Exchange; we have 78 branches in operation. We have a lot of money in that bank, and I think we are going to need every bit of it to loan. In an expansion period cash will be needed, and it is going to be needed for such pressing things as taxes.

I visit the building and loan association in Charlottesville, Va., and I know only as much about its business as the average account holder does. I keep an account there; it pays me good dividends. The business is good, and I think it is going to stay good. I also think that a good many friends of yours and mine are dead wrong

on 1929, conspicuously wrong. It cost us all so much that the memory lingers on — to the point where I find some friends of mine today among those who won't even tell me what they think business will be like in December.

As far as I am concerned, I feel you should not go through life remembering the past any more than a sweet woman who marries the wrong fellow should spend the rest of her life being afraid of making the same mistake and so ending up being a spinster. I am against the whole spinster principle.

I think we are going to have good business and have peace. I think we are on the road ahead. Good luck to all.

COMMUNICATIONS

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

It is a pleasure to welcome the 62nd Annual Convention of the United States Savings and Loan League to Los Angeles. The stability and economic well-being of our nation and its individual citizens is a matter of prime importance to your group. One element of a broad program dedicated to healthy long-term economic growth is the expansion of sales of United States Savings Bonds. The year end will see a peacetime record established in sales of series E and H bonds. The sales targets for 1955 are high, and we count on your additional direct help to see them realized.

J. B. MESSICK, *State Director*
U. S. Savings Bonds Division, Treasury Dept.
Los Angeles, California

Norman Strunk, Executive Vice President
United States Savings and Loan League
Los Angeles, California

Having attended 22 consecutive League meetings, I feel lost because of my inability to make this one. The good fellowship and informative programs have always meant much to me and provided a strong influence in my efforts to render an humble service to the outstanding men and women of this great business which is in truth building an ideal home life and continuing to make America strong. To you and your entire membership extend cordial greetings. I know you will continue to go forward in unity and enthusiasm. Love, and God bless you.

O. K. LA ROQUE
Kinston, North Carolina

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

On behalf of the Council and all members of the Building Societies Association, I send to you and all representatives cordial greet-

COMMUNICATIONS

ings and good wishes for a most successful Convention. A home of their own and a happy family life are two of the most important gifts which the present generation can offer to its children, and we watch with interest and admiration the contribution made by savings and loan associations throughout your country in fulfillment of this idea.

FRANCIS E. LUMB, *Chairman*
Building Societies Association
Bradford, England

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

On behalf of the Union of German Savings and Loan Associations and also speaking for myself, most cordial greetings to you and all delegates present. We admire the terrific success of the great American savings and loan associations for the thrift and home-ownership movement and the whole economic system of your country. I am very sorry that the great distance does not allow my coming to Los Angeles, but I wish to assure you of our close affection in the common work to further the savings and loan movement. Best wishes for a good course of the Conference, always being a hallmark for the savings and loan associations throughout the world.

DR. HERMANN SCHUON, *President*
Bausparkasse Gemienschaft der Freunde Wuestenrot,
President, Union of Savings and Loan Associations in Germany
Ludwigsburg, Germany

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

Best wishes and greetings from the building and loan societies of Switzerland.

DR. JAKOB HASLI, *Direktor*
Kobag Spar-Bau-und Hypothekenbank, A. G.
Basel, Switzerland

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

Greetings from Trinidad. President and members of this association wish Conference success, resulting in even greater efforts to stimulate home-ownership, thereby easing housing shortage.

J. F. AGARD, *President*
Trinidad Building and Loan Association
Port-of-Spain, Trinidad, B.W.I.

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

Will you please convey to the 62nd Annual Convention of the United States Savings and Loan League the hearty greetings and good wishes of the directors of The Victoria Mutual Building Society for a successful and beneficial Convention.

In our small corner of the world, building societies, which are the British counterpart of your great savings and loan associations, are pressing on with the good work of promoting savings and providing assistance to persons desirous of owning their own homes.

ROBERT B. BARKER, *Chairman*
The Victoria Mutual Building Society
Kingston, Jamaica, B.W.I.

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

I am exceedingly sorry that I shall be unable to accept the kind invitation to your 62nd Annual Convention which your executive vice president, Mr. Strunk, was good enough to extend to me. I would, however, take this opportunity of conveying to you, to your colleagues on the Executive Committee and, indeed, to all delegates my very best wishes for a most successful gathering.

It was a matter of deep regret to me that owing to serious illness I was unable to fulfill the arrangement which had been made for

me to visit the States during the past summer. I had greatly looked forward to renewing many long-standing friendships and indeed to the making of many new acquaintances. It is some consolation, however, to be able to look forward to an extended visit in the spring and summer of 1956.

In common with many building society practitioners in this country, I note with the deepest interest the welfare and growth of the savings and loan movement in your country and would like to take this opportunity of expressing to all attending your Convention the sincere hope that the days that lie ahead will bring even greater opportunities and increasing success in your endeavours to promote savings and homeownership.

RONALD BELL, *Managing Director*
Temperance Permanent Building Society
London, England

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

Regret it is impossible to join 62nd Convention. Cordial greetings and good wishes for successful meetings in the promotion of home-ownership.

E. F. BRIEVEN, *President*
Association Belge des Societies Hypothecaires
Brussels, Belgium

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

Direction of "Rohyp" Savings and Loan Association in Amsterdam, Holland, sends cordial greetings and best wishes to delegates of 62nd Convention.

E. H. EVERS and
A. SCHRIJVERS
Vakgroep Bouwkassen
Amsterdam, Holland

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

Sincere wishes for complete success 62nd Annual Convention and full agreement with resolutions. Beg, Mr. President, to present to Convention expression of my deep regrets not to be able to be with you.

LUC KERMIS, *Director*
Un Toit A Toi
Brussels, Belgium

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

Please accept my best greetings which I beg to extend to all delegates.

BERNARDO MARTINEZ, *General Manager*
Banco Alfa de Ahorro y Capitalizacion
Havana, Cuba

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

As I expressed to Norman Strunk a few days ago, it is with deep regret that I have been compelled to decline, once more, your so kind invitation to attend your Annual Convention.

I want you to be assured that I am fully at heart with you all, and you will find here my most sincere wishes for the usual success of your meeting. It is my hope that I may some day be present at one of your Conventions.

JEAN TOURNAIRE
Caisse Hypothecaire de Credit
Paris, France

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

Warm greetings and good wishes from

W. J. R. WILSON
Western Savings and Loan Association
Winnipeg, Canada

Ralph R. Crosby, President
United States Savings and Loan League
Los Angeles, California

We recently received a letter from Mr. Norman Strunk, inviting us to attend the Convention in Los Angeles. You can't imagine how much I would like to do that. Los Angeles is my home town, and I haven't seen it since 1950. At the present time, we are very occupied in an endeavor to get our new subdivision rolling. It will consist of 758 acres with about 4,000 lots. There will be water and lights to all lots and gas to some. A main avenue will be paved through the center. Other streets will be lightly oiled, and some will be just graded. Prices will start at \$600 up to about \$1,500 for residential lots. Very liberal terms will be given: as much as five years to pay and as little down as \$30.

This is the first time that anything like this has been done in Venezuela. Low prices for a fair subdivision up to this time would start at about \$5,000. Land is priced here by the square meter.

A first-class residential lot in Caracas of about 65 ft. by 150 ft. would be \$35 a meter or \$35,000. In Maracaibo, it would be about half that amount. There are lower priced lots but practically nothing under \$6 a meter and that with dirt streets. Our subdivision will be for working people. I have looked over the convention circular, and it looks like there is going to be a lot of fun in addition to the business sessions.

CARTER J. CARSON, *Manager*
National Building & Loan Co. de Venezuela, C.A.
Maracaibo, Venezuela

Norman Strunk, Executive Vice President
United States Savings and Loan League
Chicago, Illinois

I am in receipt of the very cordial invitation on behalf of the officers and directors of the United States Savings and Loan League to this society to be represented at your 1954 Annual Convention and deeply regret that it is impossible to accept this, owing to distance and pressure of work.

It would have given me, personally, very great pleasure to be present, but failing this, please pass on to your president, Mr. Ralph Crosby, and your associates the greetings and felicitations of the directors of this society and myself. Best wishes for a successful Convention from which, judging by the attractive advance programme you so kindly enclosed, great benefit should be derived.

L. STEVEN, *Secretary*
Equitable Building Society
Launceston, Tasmania