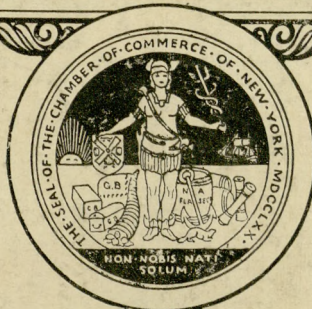
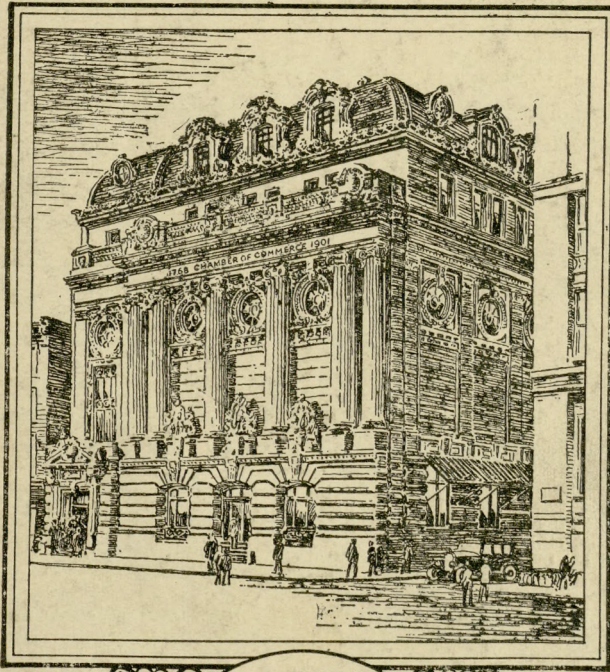


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# CHAMBER of COMMERCE

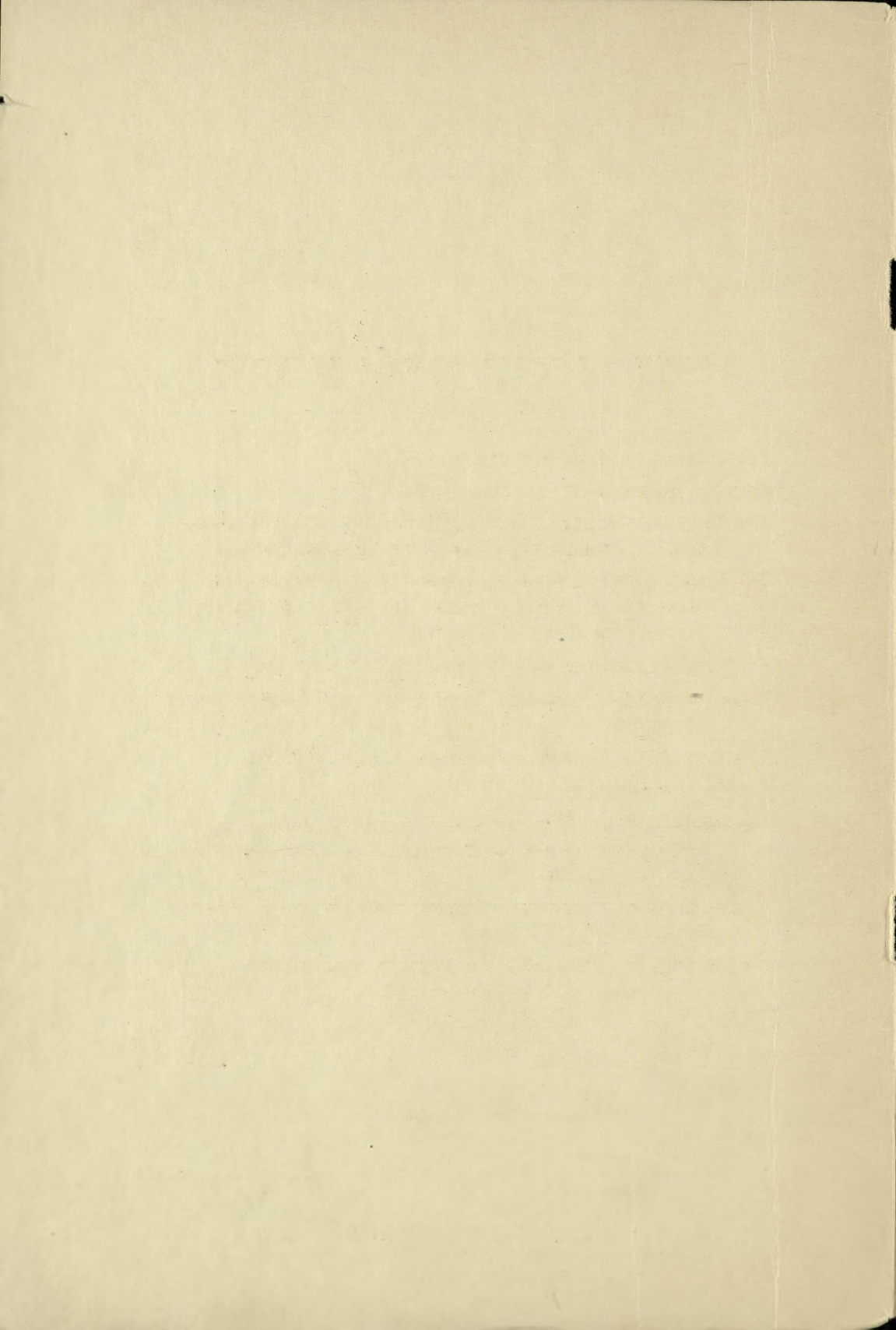
OF THE  
STATE OF NEW YORK



MONTHLY BULLETIN

VOL. 21 NOVEMBER 1929 NO. 4

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A regular meeting of the Chamber of Commerce is held the first Thursday of every month except July, August and September.

The Executive Committee meets regularly on the Tuesdays of the weeks preceding the regular meetings of the Chamber, and also on the third Tuesdays of June and August.





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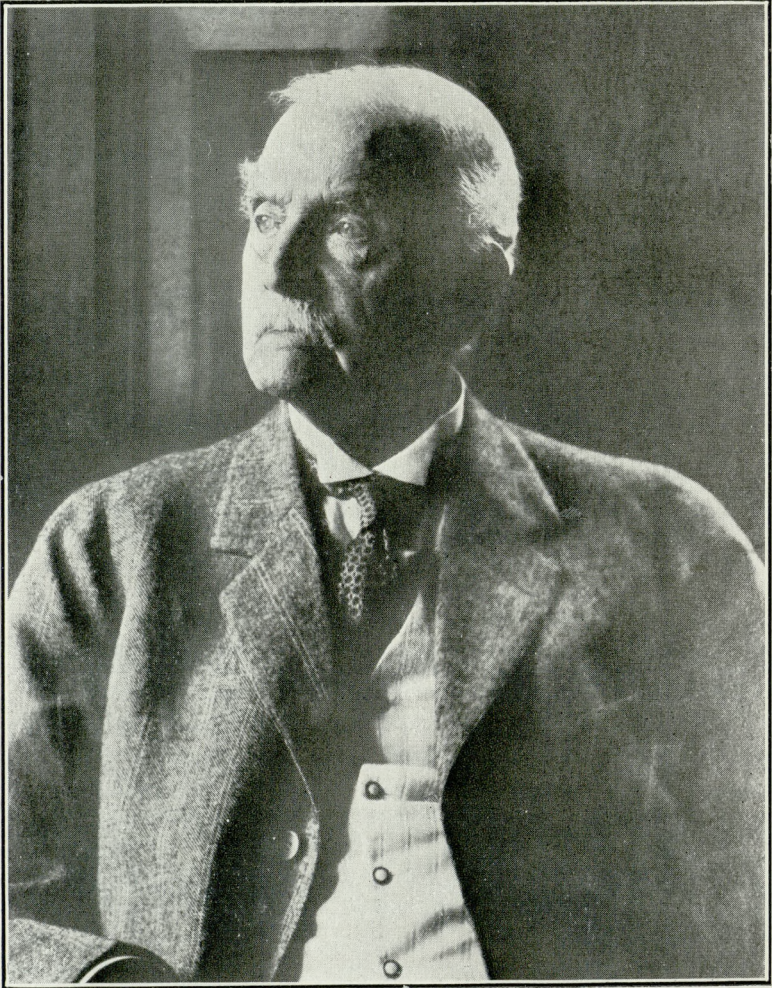
**PORTRAIT OF THOMAS A. EDISON**

**ELECTED AN HONORARY MEMBER OF THE CHAMBER NOVEMBER 7, 1889.**

**PORTRAIT UNVEILED AT THE 161ST ANNUAL BANQUET  
OF THE CHAMBER NOVEMBER 21, 1929**

**PAINTED FROM LIFE IN 1929 BY ELLIS M. SILVETTE**

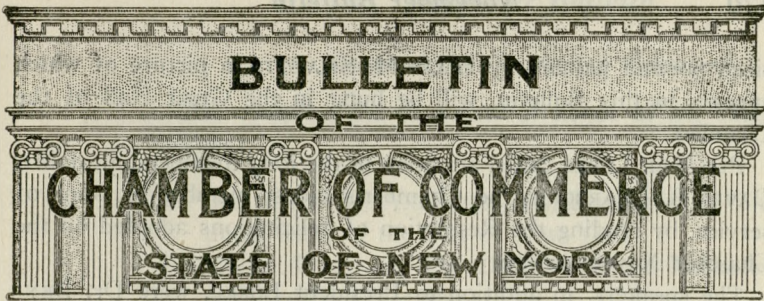




**DAVID B. DEARBORN**

**ELECTED A MEMBER OF THE CHAMBER OF COMMERCE NOVEMBER 2, 1865  
OLDEST MEMBER OF THE CHAMBER IN POINT OF SERVICE**





NOVEMBER 1929

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## THE ONE HUNDRED AND SIXTY-FIRST ANNUAL BANQUET

The One Hundred and Sixty-First Anniversary Banquet of the Chamber of Commerce was held at the Hotel Astor on Thursday evening, November 21, 1929. Approximately 600 members and guests were present. The dinner served was delicious and the hall and table decorations were especially handsome.

It was one of the most interesting of the Chamber's banquets of recent years in view of the forceful and timely addresses and the presence of seven distinguished men, THOMAS A. EDISON, Dr. NICHOLAS MURRAY BUTLER, CASS GILBERT, OTTO H. KAHN, ADOLPH S. OCHS, Dr. HENRY FAIRFIELD OSBORN and JOHN D. ROCKEFELLER, JR., who were presented by President LEONOR F. LOREE and honored for their outstanding services in their various lines of endeavor to the entire community.

An excellent portrait of THOMAS A. EDISON, who has been an honorary member of the Chamber for forty years, was unveiled by President LOREE amid prolonged applause in the presence of Mr. EDISON standing and smiling in acknowledgment. This life-

sized portrait painted by ELLIS M. SILVETTE, a picture of which appears in this Bulletin, will be hung in the Great Hall of the Chamber.

President LOREE called attention to the long membership of Mr. DAVID B. DEARBORN, the Chamber's oldest member in point of service, by reading the Resolution of felicitations adopted by the Chamber November 7th.

The speakers, in addition to President LOREE, were Dr. BENJAMIN M. ANDERSON, JR., Economist of the Chase National Bank, whose address was on "The Financial Situation," and Dr. SIMON FLEXNER, The Director of the Rockefeller Institute for Medical Research, whose subject was "The Advance of Practical Medicine Through Research."

The arrangements were so planned that the members and guests sat down to dinner at 7 P. M. and adjournment was reached at 10.40 P. M., permitting the diners to leave for their homes at a reasonable hour.

Besides the speakers, the following were seated at the President's table: Major-General HANSON E. ELY, United States Army; Rear-Admiral LOUIS R. DESTEIGUER, United States Navy; The Right-Reverend WILLIAM T. MANNING, D.D., Bishop of New York; THOMAS A. EDISON, Honorary Member of the Chamber of Commerce of the State of New York; Dr. NICHOLAS MURRAY BUTLER, President of Columbia University; Dr. HENRY FAIRFIELD OSBORN, President of the Board of Trustees of the American Museum of Natural History; CASS GILBERT, OTTO H. KAHN, ADOLPH S. OCHS, JOHN D. ROCKEFELLER, JR.; Honorable JOHN F. GALVIN, Chairman of the Port of New York Authority; ALFRED E. MARLING, IRVING T. BUSH and WILLIAM L. DEBOST, Ex-Presidents of the Chamber of Commerce of the State of New York; BURTON L. DELACK, President, Chamber of Commerce, Schenectady, N. Y.; HAROLD K. DOWNING, President, Chamber of Commerce, Troy, N. Y.; THOMAS H. HANRAHAN, President, Chamber of Commerce, Buffalo, N. Y.; WILLIAM ALLEN DYER, Ex-President, Chamber of Commerce, Syracuse, N. Y.; FREDERICK S. MILLER, President, Chamber of Commerce, Rochester, N. Y.; ALFRED V. S. OLCOTT, President, Hudson Valley Federated Chamber of Commerce, and CHARLES T. GWYNNE, Executive Vice-President, Chamber of Commerce of the State of New York.



**Guests of the Chamber of Commerce**

The complete list of guests of honor of the Chamber was as follows:

- Dr. BENJAMIN M. ANDERSON, JR., Economist of The Chase National Bank of the City of New York.
- Dr. SIMON FLEXNER, The Director of the Rockefeller Institute for Medical Research.
- Major-General HANSON E. ELY, United States Army.
- Rear-Admiral LOUIS R. DESTEIGUER, United States Navy.
- The Right-Reverend WILLIAM T. MANNING, D.D., Bishop of New York.
- THOMAS A. EDISON, Honorary Member of the Chamber of Commerce of the State of New York.
- Honorable JOHN F. GALVIN, Chairman of the Port of New York Authority.
- Dr. NICHOLAS MURRAY BUTLER, President of Columbia University.
- Dr. HENRY FAIRFIELD OSBORN, President of the Board of Trustees of the American Museum of Natural History.
- CASS GILBERT.
- OTTO H. KAHN.
- ADOLPH S. OCHS.
- JOHN D. ROCKEFELLER, JR.
- Major JOSEPH N. DALTON, United States Army.
- Commander H. H. RITTER, United States Navy.
- LEONOR F. LOREE, President, Chamber of Commerce of the State of New York.
- ALFRED E. MARLING, Ex-President, Chamber of Commerce of the State of New York.
- DARWIN P. KINGSLEY, Ex-President, Chamber of Commerce of the State of New York.
- IRVING T. BUSH, Ex-President, Chamber of Commerce of the State of New York.
- WILLIAM L. DEBOST, Ex-President, Chamber of Commerce of the State of New York.
- BURTON L. DELACK, President, Chamber of Commerce, Schenectady, N. Y.
- HAROLD K. DOWNING, President, Chamber of Commerce, Troy, N. Y.

- THOMAS H. HANRAHAN, President, Chamber of Commerce, Buffalo, N. Y.
- WILLIAM ALLEN DYER, Ex-President, Chamber of Commerce, Syracuse, N. Y.
- FREDERICK S. MILLER, President, Chamber of Commerce, Rochester, N. Y.
- ALFRED V. S. OLCOTT, President, Hudson Valley Federated Chamber of Commerce.
- SAMUEL B. BOTSFORD, General Manager, Chamber of Commerce, Buffalo, N. Y.
- JAMES E. GHEEN, Executive Manager, Chamber of Commerce, Albany, N. Y.
- G. WRAY LEMON, Secretary, Chamber of Commerce, Troy, N. Y.
- HAROLD M. DAY, Representing, Chamber of Commerce, Syracuse, N. Y.
- S. N. VAUGHN, Secretary, Chamber of Commerce, Schenectady, N. Y.
- CHARLES T. GWYNNE, Executive Vice-President, Chamber of Commerce of the State of New York.
- JERE D. TAMBLYN, Secretary, Chamber of Commerce of the State of New York.
- KARL A. BICKEL.
- F. T. BIRCHALL.
- PHILIP P. BROWN.
- J. EARL CLAUSON.
- JULIUS HENRY COHEN.
- B. COLWELL DAVIS, JR.
- H. ARTHUR EADE.
- HOWARD FINNEY.
- B. C. FORBES.
- WILLIAM P. HAMILTON.
- RALPH HENDERSHOT.
- KENNETH C. HOGATE.
- ARTHUR M. HOWE.
- FREDERICK W. JONES.
- WILLIAM H. MEADOWCROFT.
- VICTOR F. RIDDER.
- MURRAY SCHWERRENS.
- ERNEST M. SILVETTE.
- C. NORMAN STABLER.



**Committee of Arrangements**

The Committee of Arrangements for the Banquet was composed of JAMES G. HARBORD, Chairman; FRANCIS D. BARTOW, JOHN L. MERRILL and SEWARD PROSSER.

**ORDER OF BANQUET PROGRAM**

Call to Order by  
President LEONOR F. LOREE, Presiding

Invocation by the  
Right-Reverend WILLIAM T. MANNING, D.D.

Service of the Banquet  
Toast to  
The President of the United States

The National Anthem  
By the Orchestra

**Speakers**

LEONOR F. LOREE  
President of the Chamber

BENJAMIN M. ANDERSON, JR.  
Economist of the Chase National Bank  
Subject "The Financial Situation"

SIMON FLEXNER  
The Director of the Rockefeller Institute for Medical Research  
Subject "The Advance of Practical Medicine Through Research"

**PROCEEDINGS OF THE BANQUET**

President LOREE, at the appointed hour, called the assemblage to order and requested His Grace, Bishop MANNING, to pronounce the invocation.

**Invocation**

Bishop MANNING.—Oh, God, we ask Thy blessing upon those assembled here, and upon the homes and families which they represent. Grant to all of us, in our several callings, to do our work in truth and uprightness, with faithfulness to Thee, and for the benefit of our fellow men, through Christ our Lord. Amen.

**Music**

During the service of the dinner selections of music were played by the Hotel Astor Orchestra.

(The service of the dinner occupied the greater part of an hour and a half, and the proceedings were resumed at 8.40 P. M.)

**Toast to the President of the United States**

President LOREE.—I ask the assemblage to rise and drink to the health and long life of the President of the United States. "The President."

(All present responded and drank the toast standing while the orchestra played the National Anthem.)

**ADDRESS OF PRESIDENT LEONOR F. LOREE**

LADIES AND GENTLEMEN.—During the past year the Chamber of Commerce of the State of New York has studied with diligence its multifarious problems, many, such as traffic conditions and the smoke abatement, of great public importance.

These, however, are now overshadowed by two matters of quite recent origin, to which energetic attention is being given and with which we are working in cordial cooperation not alone with the other commercial organizations of the City, but as well with the Governor of the State and the Attorney General.

At the close of the eighteenth century Philadelphia was both in population and in commerce a more important city than New York. But the opening of the Erie Canal in 1825 enabled New York to forge rapidly to the front. To redress this advantage the State of Pennsylvania undertook its public works—a canal and portage road system to connect Philadelphia and Pittsburgh—and Maryland built the Chesapeake and Ohio Canal to put Baltimore in better communication with the Middle West.

Following the demonstration in 1829 of the practicability of steam railroad transportation, railroads were gradually built. The New York Central, the Pennsylvania and the Baltimore and Ohio followed closely the lines of the canals. Competition became so fierce that in 1869 a concession was made to Baltimore of a reduction in the rate on grain from Chicago of 10 cents a hundred, but this difference led to a war of rates, as a result of which it



was reduced one-half. In 1876 a new agreement was entered into based on distances, followed by another rate war, when after a long struggle, it came to rest with "differentials," as these reductions were called, of 2 cents in favor of Philadelphia and 3 cents in favor of Baltimore. A war of rates again broke out in 1880, but was ineffectual. These differentials were then submitted in 1882 to a Board of Arbitration consisting of Messrs. THURMAN, WASHBURN and COOLEY, who, ruling out consideration of cost and distance, and deciding the matter upon the element of competition, which they held to be alone essential, sustained these differentials, which had abided the test of competition and had come about, as prices generally do, under the exigencies of trade, and which have been maintained to this day.

Recently the Interstate Commerce Commission has moved in the direction of ignoring cost and competition, and regarding distance alone, and this in the form of an imaginary short route built up of segregated portions of lines, including sections of lines in competition.

This looks to an increase of these differentials to 4 cents in favor of Philadelphia and 6 cents in favor of Baltimore, and will greatly injure all industry and commerce within the region of the "Port of New York District"—the interests of New York and New Jersey alike.

I do not want to minimize this threat, but there is another feature of the rate situation, potent and sinister in its aspect, upon which it would seem more important just now to dwell.

The New York rate zone came into existence in 1825 with the opening of the Erie Canal, when the State of New York put its facilities to the use of the merchants of New Jersey upon like terms as those charged to the merchants of New York. While, with the growth of the communities about the harbor, this zone has from time to time been enlarged, the principle of the common rate zone, both as to the canal and as to the railroads, has been maintained to this day.

In 1916 certain interests in New Jersey seeking a selfish advantage sought to disrupt this rate zone and to have added to the line haul rate an additional charge for car floatage, lighterage, and other services peculiar to waterside activities. The situation in New York harbor is not unique; it has its parallel in San Francisco, Norfolk and many other places.

The complaint brought by New Jersey and known as the New York Harbor Case, was decided by the Interstate Commerce Commission, which held that the Port District was "historically, geographically, and commercially, one," and that this group method of making rates was to the advantage of New Jersey as well as of New York. And this view has been recently reaffirmed in the Newport News Case, making one group rate for the two sides of the port, and in the Port Charges Case, where they have refused, in spite of the efforts of the United States Shipping Board and of Southern ports, to segregate charges for car floatage and lighterage from line haul charges.

Chastened by the litigation of 1917 and with minds illumined by the facts then brought out, the two states of New Jersey and New York sought to put at rest all controversies of this character, and in 1921 entered into a compact, supplementing the agreement of 1834, setting forth that "the territory in and around the Port has become commercially one center or district" and pledged "each to the other faithful cooperation in the future planning and development of the Port of New York, holding in high trust for the benefit of the nation the special blessings and advantages thereof." This compact created "The Port of New York Authority," vested with full power and authority, among others, to make recommendations to the legislatures of the two states, or to the Congress of the United States, "for the better conduct of the commerce," and to "petition any Interstate Commerce Commission . . ." for "changes in method, rate of transportation, system of handling freight, warehousing, docking, lightering or transfer of freight," and it "may intervene in any proceeding affecting the commerce of the Port." Under this compact the New York Port Authority has functioned. It built the Outerbridge Crossing and the Goethals Bridge connecting Staten Island with New Jersey at Perth Amboy and Elizabethport, and now has under construction a bridge connecting Staten Island with New Jersey at Bayonne and a bridge connecting Manhattan with New Jersey at Fort Lee. Meanwhile the Holland Tunnel has been built and matters seemed to be working out to the general satisfaction.

One ought not perhaps to be surprised—human nature being what it is—that again selfish interest should promote antagonism where peace was believed to have been established, but one may express some wonder as to how the State of New Jersey recon-



ciles its pledges under the compact with its action in itself again bringing before the Interstate Commerce Commission the controversy which it lost in 1917

I had the good fortune to receive a full text of Lieutenant Governor LEHMAN's address made before the New York Credit Men's Association last week. That address presents the situation so clearly that the office of the Chamber has had copies printed and you will find one at your plate. I suggest that you fold it up and put it in your pocket, take it home and study it carefully. Then begin to ask questions about it. Mr. GWYNNE, or our Counsel in this matter, Mr. MCCOLLESTER, will be glad to answer your questions. Send this address to some thoughtful friend in New Jersey. If you will do this, and others will do the same, I am convinced history will repeat itself and New Jersey will come to see that its interest is inseparable from that of New York. Divided, we may bring ruin upon ourselves; united, we may protect ourselves from the rivalry of other ports. A common understanding having been reached and confidence having been restored, we may go on to complete the great works, many of them suggested by New Jersey, that remain to make the Port Authority and the Regional Plan the success they deserve to be, offering the services of which we all stand in so much need, and discharging the duties we owe to the rest of the country.

#### Resolution Regarding David B. Dearborn

At the meeting of the Chamber on the seventh of this month, the Executive Committee offered the resolution that I shall now read and which was then adopted unanimously:

"On November 2, 1865, the Chamber elected to its membership Mr. DAVID B. DEARBORN. For 64 years, a longer period than that of any other living member, his name has been on our records. It seems fitting, therefore, at this time, that we should recognize his long and faithful connection with the Chamber.

"Mr. DEARBORN was born in Pittston, Maine, in 1832, and is now 97 years old. The shipping firm which bears his name and of which he is the senior partner, was founded in 1852. It, too, has had an honorable and successful career.

"In view of the foregoing we present the following resolution:

"*Resolved*, That we, the members of the Chamber of Commerce

of the State of New York, express to Mr. DAVID B. DEARBORN our felicitations upon his long and successful career in the business world and also express to him our appreciation of his continuous membership of 64 years in this Chamber."

Unfortunately, the condition of Mr. DEARBORN's health does not permit him to be here, but the Chamber will see that he is apprised of the action that has been taken.

#### **Thomas A. Edison Presented and Portrait of him Unveiled**

The first Honorary member of the Chamber was elected at the regular monthly meeting in April, 1858. In the course of seventy-one years we have had on our list famous men, representing many fields of endeavor and achievement. Today we have three Honorary members—ELIHU ROOT, CHARLES EVANS HUGHES and THOMAS A. EDISON. (Applause) Of all of our Honorary members, Mr. EDISON holds the record for the longest term of membership, having been elected on October 7, 1889, a little more than 40 years ago.

Our predecessors in the Chamber recognized only ten years after Mr. EDISON's great triumph with the filament lamp, that he had already added greatly to the world's knowledge and to human advancement. With a further forty years of scientific discovery and invention we cannot fail to recognize how wise and how foresighted those members were when they elected him an Honorary member.

His manifold contributions have been so widely heralded in the recent celebration of Lights Golden Jubilee that there is no occasion for my detailing them.

May I say only this as a personal experience:

I went to Mexico in 1881 and Mr. EDISON asked me to send him bamboo in all the varieties found there. I did so, but none proved superior to that from China, which he was already using.

Much of the time I lived under canvas and when opportunity permitted I drove a nail through a board, skewered a candle on it and read far into the night with entire satisfaction. Now in the evening I read by the reflected light of a "Luminator" with a single bulb of 300 candle power. And this contrast may be taken as a measure of the superior advantages we now enjoy and to which our guest has contributed so largely.

I shall first introduce the man and then the portrait will be unveiled.

May I now present to you THOMAS A. EDISON. (Prolonged applause)

The Chamber has in its Great Hall a very notable collection of portraits. And it has been fortunate in having secured a portrait of Mr. EDISON, painted from life last May at his home in West Orange, New Jersey, by ELLIS M. SILVETTE. This portrait will be hung in our Great Hall and is to be unveiled now.

(The portrait of THOMAS A. EDISON was then unveiled, amid prolonged applause.)

It is felt by the Chamber that it might not only be interesting, but a worth-while practice to honor at our annual banquet this year some of our distinguished living men in various lines of endeavor who have been notably engaged in matters of benefit to the entire community. The Committee on Arrangements for the banquet this year unanimously selected the six gentlemen we have with us here this evening and I now introduce them.

#### **Introduction of Dr. Nicholas Murray Butler**

NICHOLAS MURRAY BUTLER, President of Columbia University, is one of the most scholarly of modern Americans. At the age of sixteen he entered Columbia University from which he took his A.B., A.M., and Ph.D. degrees in 1882, 1883, and 1884, respectively. Upon his return from continued studies abroad in the universities of Paris and Berlin he became an instructor at Columbia University, rising through all the professional degrees until he became, in 1890, Dean of the Faculty of Philosophy. Meanwhile, in addition to his duties at the University, he found time to study the educational systems of the State and City and to compile statistics and official documents relating to them. He was President of Barnard College and the first President of the New York College for the Training of Teachers (now Teachers' College of Columbia University).

On the resignation of SETH LOW, then eleventh President of the University, to become fusion candidate for Mayor of New York City, to which office he was elected, Dr. BUTLER was appointed acting President. On June 6th, 1902, he was elected President.

While having a genius for keeping in his hands in an unusual



way the necessary facts connected with the University's administration, he has found the time and energy to give to many varied public interests both in the United States and foreign countries. He has been one of the largest contributors to the literature of his profession; he has taken a prominent part in politics; he has been actively interested in many organizations outside the field of his profession among which are the American Academy of Arts and Letters, the National Institute of Arts and Letters, the Carnegie Endowment for International Peace, the Cathedral of St. John the Divine, the New York Philharmonic Society, and the Chamber of Commerce of the State of New York; he has received honorary degrees from twenty-four of the largest universities both American and foreign; he is Grand Officer of the Legion of Honor, and holds orders from Prussia, Greece, Serbia, Belgium, Poland and Italy.

To those who know him his versatility is a constant source of wonder. With apparently equal aptitude he discusses philosophy, politics, literature, finance, educational theory and administration. As a student he is thorough; as a thinker he is logical, consistent, and honest. We regard him as an example of the most progressive element in contemporary educational life, and as such the Chamber of Commerce of the State of New York takes pleasure in presenting Dr. NICHOLAS MURRAY BUTLER. (Applause, Dr. BUTLER rising)

#### **Introduction of Cass Gilbert**

During the last decade the eyes of the world have been turned toward America for inspiration and knowledge in that field of Art in which we have excelled—Architecture. CASS GILBERT is one of the outstanding figures in this profession and has, by his genius, helped to make New York's sky-line one of the wonders of our time.

It is to him that we owe, among other things, the imposing mass of the Woolworth Building, the United States Custom House at Bowling Green and the new building of the New York Life Insurance Company on Madison Avenue. He is also the consulting architect for the Hudson River Bridge at Fort Lee which will be not only beautiful architecturally, but the longest suspension bridge yet to be built.

CASS GILBERT has expressed in his buildings his belief in Amer-

ica's love for and appreciation of beauty. He has developed that beauty by line, fine proportion and interesting mass, rather than in elaboration of ornamentation; he has frankly and freely allowed his building to express its use and its structure but at the same time has preserved a beauty of economic and commercial value.

His expressed ideals in regard to his profession are that an architect must be an artist in every sense of that word; that he should intelligently grasp and practice, in so far as time and opportunity permit, all branches of the Fine Arts; that he must be a master builder and must know every detail and phase of the work all the way from the drawing of the designs to the practical completion of the building.

Proof of the fact that his ability and genius have been recognized in many ways and over a period of many years is evidenced by his appointment by President ROOSEVELT as Chairman of the Council of Fine Arts and by his appointment by President TAFT and reappointment by President WILSON as a member of the Committee on Fine Arts. He was one of the founders of the Architectural League and its President, 1913-14; he was elected to the National Academy in 1908; he was president of the American Institute of Architects 1908-09; president of the National Institute of Arts and Letters, 1919; president of the National Academy of Design, 1926-27; he is Honorary corresponding member of the Royal Institute of British Architects; Honorary member of the Royal Architectural Institute of Canada; member of the Legion of Honor; and he holds the Order of King Albert of Belgium.

Believing that we in New York may be justly proud of his contribution to the beautifying of our City by carrying out high professional ideals and recognizing his ability and genius to combine beauty with practical use, the Chamber of Commerce of the State of New York takes great pleasure in presenting to you CASS GILBERT. (Applause, Mr. GILBERT rising)

#### **Introduction of Otto H. Kahn**

OTTO H. KAHN's career is convincing proof that a man may be successful in business and yet be zealous in his devotion to things of beauty and culture. There are few fields of worthwhile human endeavor in which Mr. KAHN's interest is not actively or latently engaged, but his outstanding contribution to



American life is his constant and unwearied furtherance of the cause of Art.

He himself feels and believes that every man who has attained material success should look upon himself as an investment which the community has made. In return for opportunities offered he should pay dividends in service. He merits the commendation or disapproval of his fellow citizens as he proves to be a good or a bad investment. Mr. KAHN has chosen to do his share through his aid to Art, financial support, and what is of vastly greater importance, his personal interest and effort.

His activities in this field may be considered twofold. First: to aid individual American talent by sympathy, encouragement, understanding and financial support, and to further the creation and development of American Art institutions. The individual artists and the artistic causes that have benefitted by his help are very numerous and are covered by the cloak of anonymity. Of art institutions the Metropolitan Opera, of which he is and has long been, President and Chairman of the Board, stands conspicuously at the head of the list. He has been its leading spirit and its principal supporter. Among the others are The Philharmonic Symphony Orchestra, the Federation of Arts, School Art League, Arts Council, Theatre Guild and Miss LeGallienne's Civic Repertory Theatre.

Second: To make it possible for the best of foreign art and artists to be brought to this country so that the American public may become acquainted with and benefit from the most worthwhile artistic achievements of Europe. Among enterprises of that nature which found in him their inspiration the most prominent are Diaghileff's Russian Ballet, Copeau's Theatre du Vieux Colombier, Stanislavsky's Moscow Art Theatre, Max Reinhardt's Repertory Company, Messager's Orchestre du Conservatoire.

The day has passed when business looks askance at art and treats it as a trivial thing, and one perhaps to be ignored. OTTO KAHN is quite right in holding that "it is more and more being recognized by hard-headed business men in America that beauty is a good investment, that art has a very social, cultural, educational and even economic value and that the cultivation of art in its manifold manifestations is an asset to the community. The very magnitude and intensity of our material growth and achievements this past decade make it all the more desirable and of all

the greater importance to the nation, that earnest attention and fostering care be given to things of the spirit, lest it should come to pass that our material occupations thwart and stifle our more precious national possessions."

I have known him for more than a quarter of a century under many trying conditions and so intimately as to feel for him a real affection. It is a great gratification to me to present to you on behalf of the Chamber of Commerce of the State of New York Mr. OTTO H. KAHN. (Applause, Mr. KAHN rising)

#### **Introduction of Adolph S. Ochs**

ADOLPH S. OCHS, at the age of eleven, had a newspaper route upon which he delivered the Knoxville Chronicle. By fifteen, after availing of such educational facilities as Knoxville offered, he entered the employ of that paper and when, at seventeen, he left its service, the editor commended him as honest, zealous, reliable and trustworthy; quick to comprehend and faithful, being endowed with an intellect capable of reaching the highest point in mental achievement. It is not too much to say that this forecast of Mr. OCHS' character and capacity has been fully justified.

Later, he saw service with the Louisville Courier-Journal, the Knoxville Daily Tribune and with the Chattanooga Daily Dispatch until its consolidation with the Chattanooga Times in 1878. The latter paper he purchased at the age of twenty years and still owns. He was largely responsible for the organization of the Southern Associated Press. He obtained control of the New York Times in 1896. His expressed ambition then was to give through it the news, all the news, in concise and attractive form, in language permissible in good society, impartially, without fear or favor, regardless of party, sect or interest involved; to make the columns of the paper a forum for the consideration of all questions of public importance, and to that end to invite intelligent discussion from all shades of opinion.

It is not too much to state that the New York Times has obtained a foremost place in the journalism of the world, and is noted for maintaining the highest standard of journalism and as appealing to intelligent, thoughtful people.

Time will not permit a review of the many additions in its development or the efforts made to give the news as early, if not earlier, than it could be learned through any other reliable medi-



um, but Mr. OCHS' accomplishments in this regard have been recognized by the Trustees of Columbia University, by the French Government, by Yale University, by the University of Chattanooga, by New York University, by the National Institute of Social Sciences, by resolutions of the New York State Chamber of Commerce, and by the City of Chattanooga, Tenn., where, on July 1, 1928, on the occasion of the fiftieth anniversary of his ownership and management of the Chattanooga Times, a public celebration was held and at the City Hall the Mayor officially declared him Citizen Emeritus and presented him with a gold key of the city, suitably inscribed.

It is in recognition of a man who has been a creator of educational values, who has set a standard which every newspaper may well follow, and who exhibits a humanity at home and across the seas in united service, that the New York State Chamber of Commerce takes pleasure in presenting ADOLPH S. OCHS. (Applause, Mr. OCHS, rising)

#### **Introduction of Dr. Henry Fairfield Osborn**

The particular direction of the life-long activities and energies of HENRY FAIRFIELD OSBORN, President of the Trustees of the American Museum of Natural History, and noted paleontologist, was determined by the chance remark of a fellow student at the end of his senior year at Princeton. This remark led to the formation of the first paleontological section of the Princeton University expedition to Colorado and Wyoming in 1877 in which Dr. OSBORN took an active part.

After a year of post-graduate study in natural sciences and after leading a second Princeton expedition, he devoted his time to the study of anatomy and histology. In the spring of 1879 he studied at Cambridge University, and later at Coburg, Germany. He then returned to be appointed immediately Fellow in Biology at Princeton where he was later made Professor of Comparative Anatomy. He had held the DeCosta Chair of Biology at Columbia University for nineteen years when, in 1910, he retired from active service at the University. He also entered the American Museum of Natural History in 1891 as curator of the Department of Vertebrate Paleontology.

From this beginning at the Museum his activities have constantly broadened, as curator, administrator, and, since 1908 as head

of that great institution. During his administration he has been instrumental in assembling in the Museum the most extensive collection of vertebrate fossils in existence, and has introduced several new departments.

One of Dr. OSBORN'S greatest and most lasting contributions to our common knowledge is his constant activity as a moving force behind the expeditions that have gone to all corners of the earth in search of fossil specimens. He has himself accompanied parties in the field; he has been their executive force; he has contributed financially; and he has brought to bear the incalculable weight of his wide experience and deep knowledge.

"A Museum," he has said, "is not a storehouse of dead matter. It is an auditorium where men, women and children of all walks of life may come and view the pageant of human and animal existence as far back as we can trace it. It is not enough for scientists to know. It is important that *people* should know." This great humanizing influence has made itself felt in all of his varied and outstanding work, but never more than in his writings. "That the people should know" is his aim in writing and his works have been translated into many different languages.

The world would not have advanced spiritually and materially if such seekers after truth had not published their contributions to science. No man has done more than he to widen the horizons of our knowledge, through the recording of the results of his scientific researches so that the layman may actually see them in the Museum, or read of them in the lucid phrases that make it possible for one to thrill at his disclosures.

For these achievements he has been honored by Princeton, Trinity, Columbia, Cambridge, Oxford and Christiania Universities. His relation with the Chamber has the force of a tradition. His maternal grandfather, JONATHAN STURGES, was a member of the Chamber from 1834 to 1874, a period of 40 years, and one of its Vice-Presidents from 1863 to 1867. His father, WILLIAM H. OSBORN, was a leader in the Illinois Central Railroad and promoted its extension to New Orleans.

I beg to present to you HENRY FAIRFIELD OSBORN. (Applause, Dr. OSBORN rising)

#### Introduction of John D. Rockefeller, Jr.

It is sometimes said that JOHN D. ROCKEFELLER, JR., is interested not in making money but only in giving it away. As a mat-



ter of fact, he devotes much time to his heavy industrial and financial responsibilities. Not content with things as they are, he seeks to improve industrial relations and to deepen the sense of social responsibility in corporation management, standing firmly for a high standard of integrity among leaders of business.

He takes an active part in the various philanthropic Boards established by his father; is Chairman of the Trustees of the Rockefeller Foundation, President of the Rockefeller Institute for Medical Research, and a Trustee of the General Education Board. He follows with interest activities which extend to almost every quarter of the world.

Quite independently of these organizations, he has made personal gifts for many purposes of art, architecture, education and social betterment. The long list includes such things as a library for the League of Nations at Geneva, a Museum in Jerusalem, restoration funds for Rheims, Fontainebleau and Versailles, the reconstruction of a colonial center in Williamsburg, Virginia, a library for the University of Tokio, clubs for foreign students in New York, Berkeley, California, and Chicago. He is a generous contributor to Protestant, Catholic and Jewish causes alike.

His interest in his own city has been shown in many ways. He has built model apartments for people of moderate means on the upper East Side, and in this he has combined housing with thrift, helping to advance the theory of sanitary housing on sound business principles. Through his architects he has striven to get the maximum amount of building on the least possible land area, but always with the view of securing the maximum amount of light and air. He has played an important part in developing the East River property above 59th Street as one of the world's largest medical centers. He has purchased and is improving the notable Billings property overlooking the Hudson, which will be added to the public park area of the City. Actuated by a desire to make a notable addition to the City's resources, he is developing an important section of the upper Fifth Avenue region, to give New York an art and music center which, when completed, will take its place with similar centers in the great capitals of the world.

Enjoying country life, taking pleasure in laying out roads, playing games with his children, disappointing his father by not taking to golf (laughter), fond of driving a pair of horses or riding a good mount, he is reasonably human and has become so tired of

being called "too damn modest" by a profane relative that he welcomes this opportunity as a refutation of the charge.

I have pleasure in presenting JOHN D. ROCKEFELLER, JR. (Applause, Mr. ROCKEFELLER rising)

**Introduction of Dr. Benjamin M. Anderson, Jr., Economist of the  
Chase National Bank**

There are some things that come into modern life that are terribly embarrassing. I often get very provoked at the telephone on the corner of my table. It interrupts conversation, it calls upon your time when you are very much absorbed in other things. It has a superhuman control over your conduct. Analogous to the telephone is the broadcasting device which has now come so generally into vogue. We are to be complimented this evening by the courtesy of the broadcasting station WOR, in having the speech of our first guest-speaker broadcast through that station over the United States.

The Managing Vice-President tells me I am a little ahead of my time and that the machine and I are not working in harmony. Dr. ANDERSON, who is to address you, is going to talk about what is perhaps the most notable occurrence of the immediate past and present.

Nothing has happened in the past year to disarrange so seriously the commerce of New York as the financial debacle of the past few weeks.

The Chamber has thought it appropriate that this situation be discussed by an authority on values and prices, familiar with money and banking, with the financial and economic situation in Europe and with the underlying factors in American business. You know one of our fellow citizens last week undertook to express himself on some such subject as this and was hailed to Washington to give an account of himself. I was reminded that DANIEL WEBSTER once said that it was "the ancient and undoubted prerogative of the American people to discuss public measures and the merits of public men." I think Dr. ANDERSON may talk freely with the assurance that no Congressional Committee may call on him to account for the expression of his opinions.

I beg to introduce to you BENJAMIN M. ANDERSON, JR., the Economist of the Chase National Bank of this City. (Applause)



## THE FINANCIAL SITUATION

Address of Dr. Benjamin M. Anderson, Jr., Economist of the  
Chase National Bank of the City of New York

MR. PRESIDENT, MEMBERS OF THE CHAMBER AND GUESTS.—

We have fallen down a hill, and we find ourselves bruised and scratched, and with our nerves unstrung. But no bones are broken, and there are no internal injuries. We are perfectly able to get up and walk. It is just as well, however, that we shouldn't try to run very fast immediately. There are those who would like to have us start running immediately, by applying great doses of the same false stimulant that set us on our head-long, break-neck, heedless race which culminated in the fall over the hill. But I think that most of us will agree that it is just as well to quiet down a bit, study the sign-posts, and pick out safe roads to follow.

When a patient is desperately sick, physicians are often justified in concealing facts from him, and in buoying up his spirits on the basis of slender hopes. I do not come here with that point of view. We have been through trying times, and there are unpleasant facts to face, but the general situation is strong, and we can face the facts. In what follows, I plan to present an analysis of the causes which led up to the wild stock market speculation which culminated in the stupendous stock market crash of the past month; to indicate the effects which this great speculation and resultant crash have had upon business, money markets, and stock markets in the world outside the United States, as well as their effects at home; to give an account of the way in which we met the crisis; and to make some suggestions as to what the future may hold, carefully avoiding prediction, because I am not a prophet, and, above all, carefully avoiding predictions regarding the future course of the stock market, because I do not know what the stock market is going to do.

## THE CAUSES OF THE WILD SPECULATION

Basically, our present troubles grew out of the excessively cheap money and unlimited bank credit available for capital uses and speculation, from early 1922, with an interruption in 1923, until early 1928. During this period we expanded the deposits of our commercial banks by 13½ billion dollars, and their loans and investments by 14½ billions. There is no intoxicant more dangerous than cheap money and excessive credit, and the marvelous thing is, not that we have had a wild orgy of speculation, but rather that the insane speculation did not begin sooner. Through the whole of this period, our business community has kept its head. Cheap money didn't lead our businesses to accumulate excessive inventory or to speculate in commodities. Cheap money

didn't lead to excessive borrowings on short term by our businesses. And while there was a good deal of excited speculation prior to the autumn of 1927, on the whole the rise in stock market prices down to the end of 1926 can find large justification, and perhaps even full justification, in the low rates of the money market and the growing profits of business enterprises. During this period, although speculators were using money, they used it respectfully, and, when money rates moved moderately upward, speculators interpreted it as a signal to stop, look, and listen, and the money market still controlled the stock market.

When, however, in the autumn of 1927, moved by the desire to ease off strain on the gold reserves of London, we lowered our rates of interest sharply and expanded our volume of credit greatly, we touched the match to the powder keg. The spirit of speculators moved languidly, absorbing the additional credit only at low rates of interest and putting stocks up moderately, and then, growing bolder, they took the bit in their teeth, and despite a reversal in our credit policy in 1928 designed to restrict the use of credit for speculative purposes, the stock market drew to itself more and ever more of the loan funds of the country. Rates of interest mounted sharply, but stock market prices and the volume of credit for stock market purposes rose even faster. Cheap money, the great intoxicant, had seized upon its victim, and even the withdrawal of cheap money could not immediately dispel the intoxication.

Prior to 1927, men had calculated when they bought securities. In 1928 and 1929, they ceased to calculate, and when old-fashioned voices were raised in protest, calling attention to old landmarks and old standards, raising prosaic questions regarding earnings and dividends and book values, they were drowned out by an indignant chorus, which chanted that we were in a "New Era," in which book values no longer meant anything, and dividends little, and in which we might capitalize earnings in any ratio that the imagination saw fit to set. Old economic laws were suspended. Wealth was not to be made by the prosaic process of work and saving out of income, wealth was rather to be made by rising capital values, and business was to be kept active by the spending of profits made through rising capital values.

A multitude of new slogans were seized upon to justify the new economics. Stocks could not fall because the investment trusts would not let them. Stocks could not fall because rich holders would not sell them in view of the large taxes they would have to pay the Government. Stocks were to be preferred to bonds as investments because the bondholder only got his principal back with fixed interest, whereas a stockholder could count upon a steadily growing income, and rights to buy more stock, and split-ups of stock, and mergers, and good opportunities not yet to be disclosed, but to be revealed in the future.



To the veteran who lived through the period of 1896-1903, this all has a very familiar sound. This is the second time that he has seen it on a vast scale, and he has seen things like it three times in between. To the student of economic history, it is all painfully familiar. He has seen it many times, and in many markets. And above all is he familiar with that collective hypnotism known as mob mind, which grows more and more intense in periods of the sort which we have just gone through, and which finally captures even powerful intellects and able leaders. It is an old, old thing. Let us be glad that we have come through this experience with as little damage as has occurred, and let us determine that, for a time at least, we will demand a natural, rather than an artificial money and capital market.

The excessively cheap money period was due partly to an abnormal concentration of gold in the United States, due to the fact that the rest of the world was off the gold standard, and that gold, unable to be employed for monetary purposes in other countries, came here. It was due partly also to our policy in the use of that gold, rediscount rates below the market, and large open market purchases of Government securities and acceptances at times when even the low rediscount rates did not induce the banks to rediscount largely. In 1927 the gold tide turned. The rest of the world was coming back to the gold standard, and beginning to compete for gold, and we began to lose gold largely in the latter part of 1927. For a time we offset the loss of gold by further expansion of Federal Reserve Bank credit, but in 1928 we ceased to do that, and our policy was directed by three partially conflicting motives—

- (a) The desire to restrain the use of credit for speculative purposes
- (b) The desire not to tighten money in foreign countries and not to pull in more gold from abroad and
- (c) By the desire not to let money grow tight for business purposes.

The conflict among these three policies meant that our efforts at restraint were handicapped and were inconclusive, and that the speculation ran on for a year and nine months after the restraining efforts began.

The effort to help Europe by the policy of 1927 was temporarily effective only. Sterling improved in the autumn of 1927. But the next two years were very hard years indeed for Great Britain, and by the summer of 1929 a great tension had come in almost all of the money markets of the world, the outstanding exceptions being France, Switzerland and Belgium. A moderate tightening of the international money market in 1927 would have saved us and the rest of the world the troubles of 1929.

The position of the borrowing countries of Europe became extremely difficult. Germany, prior to 1929, had borrowed from

foreign countries, and largely from the United States, a great deal more money that she had been obliged to pay in reparations. In 1929, the schedule of payments, under the Dawes Plan, went up from 1,750,000,000 gold marks per annum, to 2,500,000,000 gold marks per annum, and simultaneously loans to Germany ceased. The position was very difficult, and was complicated in late April and early May by a temporary break-down in the negotiations that led up to the Young Plan, with a resultant frightened export of capital from Germany, which put a heavy burden on the gold and foreign exchange reserves of the Reichsbank. It is impressive evidence of the essential soundness of the German situation, and of the confidence of outside money markets in Germany, that Germany met this difficulty and stood firm.

A borrowing country is an importing country. Countries bring in the proceeds of foreign borrowings in goods for the most part. Gradually, as a country, through the proceeds of foreign borrowings, builds up its internal industry, it needs to borrow less, and begins to pay back, and it changes from a country with an excess of imports to a country with an excess of exports. The country pays with goods. Goods follow purchasing power in international exchange. When a transition of this sort comes gradually, it is easily made. Labor and capital shift from producing for the domestic market, to producing for the export market. Domestic trade is not so good, export trade is better. But when a country is obliged to make this transition suddenly, a period of stagnation in domestic business is inevitable, and Germany has had this. She is making the transition. Her export trade has improved greatly. Labor and supplies have been released from long term internal construction and producing for the home market, to produce for the export market. But the process has been painful.

Even more difficult was the position of Hungary, a country with admirable financial leadership and a very fine and loyal people. Germany had largely completed her industrial rehabilitation and, given a moderate amount of time, could rather readily change from an importing to an exporting country. Hungary needed several years more of foreign loans in order to get the full benefit of the foreign money already invested. She was obliged to cut short half-finished plans. But she, too, has stood the strain and is meeting the situation. As the monetary tension grew, difficulties appeared in many parts of the world. Brazil has had acute difficulty, in particular in connection with the problem of valorizing her coffee by means of credit. Hungary suffered from a holding movement in wheat, as Canada seems to have done.

Always, when markets are unsatisfactory, the cry goes out for more credit to bolster them up. We have largely avoided that in this country so far as our commodity markets are concerned, but one does not feel unmixed satisfaction in some of the developments in this connection, under way at the present time.



Prices should tell the truth. Right prices are prices that will clear the markets and make way for new production to go into the markets. If prices go low, that is a signal for producers to produce less, and for consumers to consume more. Artificial prices mislead us. An artificially low price of coal would close down many coal mines, and lead to wasteful use of coal, with the result that prices of coal at a later time would have to rise very high in order to force economy in the use of coal and in order to re-open the coal mines. Artificial low interest rates on money and capital encourage a wasteful use of capital and check savings, leading to unnecessarily high rates of interest at a later time in order to replenish the capital supply. The basic cause of the tight money of 1928 and 1929 was the excessively low money rates in the period that preceded. Artificially high prices of wheat encourage the production of wheat, increase the volume that has to be withheld from the market, and lead to extremely weak prices at a later time.

The effect of the collapse of our stock market speculation upon the outside world will probably be definitely beneficial. It has already eased the most acute pressure in foreign money markets. It has already stopped the suction pump which was pulling in the mobile funds of the whole world to feed our wild speculation. It has had, of course, its repercussion on foreign stock markets. The London stock market has gone down, also. There has been a sharp break in Paris. Brussels has had a very severe stock market crisis, as has Spain, and no foreign bourse has been unaffected. The German bourse seems to have suffered rather less than most of the others, since prices there were already depressed by the prolonged tight money situation.

The outside world is looking forward to our taking foreign bonds again. I think there is no doubt that we shall do this on a very substantial scale, though it is not to be expected, nor is it to be desired, that we should do it on the scale of the years from 1924 to the middle of 1928, when our bank credit was expanding so rapidly. We cannot permanently base a satisfactory export trade upon the financing of foreign bonds by bank expansion. It is not wholesome or desirable that Europe should indefinitely give us long-term bonds in the purchase of her daily bread. The outside world must get *earned* dollars here, not merely *borrowed* dollars, if it is to continue to pay interest on past borrowings, and at the same time buy our goods in satisfactory volume.

#### THE IMMEDIATE CAUSE OF THE CRISIS

The stock market last September, and, for that matter, long before last September, had reached levels so fantastic that a disastrous break was merely a question of time. Any one of a multitude of circumstances could have started the break, and the

break, once clearly started, was certain to go very far. The break didn't come, as has usually been the case in our past stock market history, from a sudden great rise in the call loan rate. On the contrary, the Federal Reserve Banks had expanded credit by buying acceptances in September and October to such an extent that the call loan rate had dropped sharply, and even time loan rates had gone down. It is probable, though not certain, that the first real blow to the market came from foreign selling induced by the radical change in sentiment on the other side in view of the Hatry failure in London, and the long overdue increase in the Bank of England discount rate. A Massachusetts decision regarding the split-up of public utility shares probably induced further hesitation, and suggested that pencil and paper might properly be of assistance in the evaluation of securities in this field.

Various other causes might be assigned. But there is no point to assigning any particular cause for the break's coming at the particular time it did. It was overdue, and long overdue. A great collapse was certain the moment that doubt and reflection broke the spell of mob contagion, while the fantastic structure of prices was doomed the moment any considerable number of people began to use pencil and paper.

#### HOW WE MET THE CRISIS

The average prices of 50 active stocks, half rails and half industrials, fell from a high point of \$311.90 on September 19, to \$164.43 on November 13, a break of 47.3 per cent. The twenty-five industrial stocks dropped a good deal more, their high having been \$469.49 on September 19, and their low \$220.95 on November 13, a drop of 52.9 per cent. Almost all of this decline came between October 23 and November 13. We came through this with the credit position of both banks and stock exchange unshaken. How was it possible to keep the credit fabric intact in the face of such a break?

The answer is to be found in several factors: the foresight and prudence of the banks and brokers during the boom which preceded the break; the courage and loyalty of the banks and brokers in the midst of the trouble; the presence of veteran leaders of extraordinary ability, who knew what to do and who had the capacity to think and act quickly and courageously; a great expansion of loans by the New York banks; and, finally, the Federal Reserve System, which acted with promptness and decision in pouring funds into the money market so that the banks might be able to expand loans on a great scale.

#### THE FORESIGHT OF THE BANKERS AND BROKERS

Had bankers and brokers surrendered themselves to the mob psychology which, in defiance of tight money throughout the



world, was putting the market up and up to more and more fantastic levels, we should not have got through the crisis without a credit break. But the great bulk of the banks and brokers had, for a long time, distrusted the market developments, and many saw very clearly that the situation was unsound. Even that minority which was bullish, instinctively followed the lead of the majority in practical action with respect to loan values and margins. Very unusual margins were required by the banks of the brokers, and stocks which had had fantastic rises were taken into the loan envelopes, not at market prices, but at figures far below market prices. The brokers, in turn, required of their customers very large and unusual margins, and particularly large margins on the most dangerous stocks. The banks, moreover, were increasingly critical of the quality of collateral, insisting on having in every loan an unusually thorough diversification, and insisting on having only securities for which a broad and active market existed.

In the second place, foreseeing the need to expand credit largely when the trouble came, the banks put themselves in position to borrow at the Federal Reserve Bank if they needed to, and held down their borrowings at the Federal Reserve Bank during the period that stocks were rising. Appreciating, too, that they would need to take over, from outside lenders to the stock market, a great many loans when the trouble came, the banks held down their loans for their own account to brokers during the boom. When the trouble came the New York banks were ready.

In the week October 23 to October 30, the New York City banks expanded their loans \$1,292,000,000, giving credit freely to everybody who had proper collateral, giving men time to turn around, and giving the market time to come to its senses, and to calculate what stocks really were worth.

The Federal Reserve System expanded credit promptly and adequately. During this same week, the Federal Reserve System increased its total bills and securities from \$1,337,000,000 to \$1,649,000,000, an increase of \$312,000,000, or 23.3 per cent. There has been no shortage of money during this terrible period. Anybody who has good collateral can borrow.

It is, of course, undesirable and unnecessary that this emergency expansion of bank credit should become permanent. The figures of November 20th show that the liquidation of the emergency bank credit is already well under way, the loans of the New York City banks having declined by \$976,000,000 between October 30th and November 20th, while the total decline in brokers' loans has, of course, been very great.

#### THE BANKERS' POOL

The bankers' pool, which sprang into existence on Thursday, October 24th, had no intention whatever of supporting the market

or preventing a decline in stocks. Its purpose was merely to make the market orderly, and to make sure that there would at all times be a market for listed securities. There was a period of a few minutes on the Stock Exchange when, owing to the suddenness of the break, and the immense volume of the selling, which over-taxed the physical facilities of the Exchange, many good stocks were being offered without takers. If the ticker had been abreast of the market, the low prices at which certain good stocks were available could have been known, and buying orders would have poured in to support them, but the ticker was far behind the market and the market was working in the dark. All that was needed was temporary buying of stocks of this character, to give investors time to find out what was going on, so that they could come in and buy bargains.

In other words, it was the business of the bankers' pool to do, in a few minutes, the things which the market itself would have done if all lines of communication had been open, and the things which the market itself would, in any case, have done in a few days. But if the bankers' pool had not acted, the demoralization during those few days might have been very great. It was not the business of the bankers' pool to put the market either up or down. Its sole function was to make it orderly.

#### THE GOOD FAITH AND LOYALTY OF THE BROKERS

I want to pay especial tribute to the brokers of the City of New York at this time. I was talking lately with a very hard-headed man, a man who has to be hard-headed because it is his business to keep up the margins on brokers' loans in a great bank. After telling me that all calls for additional collateral had been fully met by the brokers despite the terrific slaughter in the prices of securities that we have gone through, he broke forth into a spontaneous and eloquent expression of admiration for the good faith and the loyalty that the brokers have shown. The rural parts of the country do not always believe it, but honesty is our stock-in-trade in Wall Street. We keep our words to our own hurt, we meet our contracts, and we do not need written documents to bind us. Indeed, most of the business that goes on here is by word of mouth, and often over the telephone, and if banks and brokers were not honest, Wall Street, as we know it, would be impossible. The brokers have behaved magnificently in this trying time.

#### THE STRENGTH OF OUR POSITION

The trouble that we have gone through presents nothing comparable with the difficulties that we faced in 1920-21. It is bad. Individual fortunes in many cases have suffered terribly. But business enterprises have not suffered seriously at all, and, in-



deed, credit-wise, they are in a great deal better position today than they were when the wild speculation began. This good thing comes out of the speculative orgy, namely, that businesses, able to float stocks easily during the period of speculation, have put themselves into an impregnable credit position, using much of the cash they have received from the sale of their stocks to pay off their quick debts and to build up cash reserves. 1920 found businesses over-extended, with quick debts in great volume, and with slow assets. 1920 therefore brought a business crisis in which men ceased to think about profits and thought rather about solvency. Trade broke down, demoralization came, and a paralysis spread over the country. The severe depression which followed was due primarily to this strangulation and paralysis.

A business crisis today is absolutely precluded. You cannot have a crisis when business men are not in debt. Moreover, the policy of hand-to-mouth buying has been adhered to very consistently by our businesses in the main. Men who have bought in moderate quantities, week by week, and month by month, can certainly be depended on to buy more in the coming weeks, and the coming months. That demand will fall off, and is falling off in luxury lines, and in certain other lines, is obvious, and that business will have a slower pace in the coming months than in the past twelve months is reasonably to be expected. But the movement is from an extremely high level, and it is incredible that the movement should be anything like as much downward as it would be if a business crisis had intervened. We shall be talking about profits rather than solvency in the coming months, and if the profits are less satisfactory than those of the past twelve months, we have surely not grown so soft that our commercial and financial fabric cannot stand that. American business and finance, selling ex-illusion, and ex-"New Era," are a far safer buy than they were a month ago.

The banks, too, have greatly improved their strength in the past two or three years. They, too, have issued new stock, building up capital and surplus, and increasing the protection which their depositors enjoy, while the additions to bank surplus and capital out of earnings in the past few years have added very greatly to their strength.

The Stock Exchange greatly increased its commission rates in 1924, and the profits of Stock Exchange houses, with a greatly increased volume of business and increased commissions during the succeeding years, have been tremendous. Part of this they have put into capital, and they have brought new capital into their business from outside. The supervision of the Stock Exchange houses by the Stock Exchange has been an added factor of safety in this situation. Credit-wise the Stock Exchange is strong.

Stock market prices have had an immense slaughter. Whether the next move will be up or down, I do not know. But the mar-

ket has a bottom. There are cushions, and even powerful springs at the bottom, in the buying by investors who are waiting for the turn, and in the covering purchases by short sellers.

At all events, we may safely say that the market is now in a fighting range. It was not possible to discuss the prices of September 19. There was no rationality in them, and the phrases and slogans used to justify them had no meaning as applied to that level. But the new theories regarding common stocks were not all wrong. It is not unreasonable that the stock of a very fine company, which is earning much more than it pays out in dividends, which is increasing its business year by year, which has excellent management, and whose business is in line with the economic future of the country—it is not unreasonable that the stock of such a company should sell on a lower yield basis than the mortgage bond of the same company. What that yield basis should be, the market itself must decide, but we have surely reached levels in the course of the past month, at which the yield basis supplies a reasonable basis for discussion in the case of most stocks, and there are many stocks which at their lows have been absurdly undervalued, and where the evidence was overwhelmingly in favor of higher, rather than lower, prices when the investor used pencil and paper, and calculated earnings and dividends and prospects. It is a fighting market, and a two-sided market, and it is an immeasurably safer market than it was a month ago. (Applause)

**Remarks of President Loree Introducing Dr. Simon Flexner, Director of the Rockefeller Institute for Medical Research**

Toward the close of the sixteenth century GALLILEO and others combined experiments with calculations in the transformation of the concrete into the abstract, and the assiduous comparison of results, while Sir FRANCIS BACON made it clear that the process of scientific discovery is essentially an act of judgment, that we must from the vast source of phenomena make choice and that this can best be done by reasoning by induction.

This change in the philosophical outlook of the race we call the scientific method. Pure science begat modern industry, of which commerce is the handmaiden. So great have been the results that we have formed for the scientist an admiration akin to awe.

But when we prostrate ourselves we find this idol, as we have found all idols, to have feet of clay.

Patience the researcher has in abundance—witness the 606 trials before EHRLICH found a satisfactory formula embodying arsenic. Courage he has in unlimited degree—witness the sacrifice of his life by LAZEAR in the pursuit of the bacillus of yellow



fever. But when we deal with problems of human relations and moral responsibilities, we fall away completely. Where shall we look for the scientific application of the implications of the intelligence tests? If a large part of our population have minds that cannot be further developed after their thirteenth year, why do we put them to the torture of three years additional schooling? If ten per cent. of our population have intelligence so low that they cannot be made into soldiers, why risk the future of the republic upon an equal suffrage? The scientists should furnish us with a definite answer to questions such as these.

Fortunately, our next speaker works in a field free from these debilitating influences. He has illuminated the problem of epidemic diseases, discovering the toxins of diphtheria, a curative serum for cerebrospinal meningitis, and identified the infectious germ of infantile paralysis.

Director of the Laboratories of the Rockefeller Institute for Medical Research and an outstanding member of the medical profession, I beg to present to you Dr. SIMON FLEXNER. (Applause)

#### **THE ADVANCE OF PRACTICAL MEDICINE THROUGH RESEARCH**

**Address of Dr. Simon Flexner, The Director of the Rockefeller Institute For Medical Research**

MR. PRESIDENT, MEMBERS OF THE CHAMBER OF COMMERCE, LADIES AND GENTLEMEN.—I may, I hope, be permitted to express my sincere appreciation of the great honor which the Chamber has conferred upon me in inviting me to address you on this occasion.

Just as Mr. ANDERSON, the speaker who preceded me, pointed out so forcefully that the world stands together economically, so it is with regard to disease. Aside from a small number of diseases confined by circumstances of their nature to tropical countries, the larger number is capable, conditions favoring, of spreading over the entire habitable globe. This latter is true especially of the epidemic diseases, and has happened recently with particular ones which I shall wish to bring to your attention this evening.

May I remark at the outset that research, or the investigation of disease, has not been wholly absent from medicine at any time? At an earlier date, the experience of physicians was obtained directly from their patients; today the rich resources of many sciences are applied systematically to the solution of problems of disease, so that the knowledge acquired in the laboratory may be applied to the sick in practice.

Advances in the means of the prevention and treatment of disease begin frequently with discoveries in the pure sciences—in physics, chemistry, and biology—before the actual practical

achievement is accomplished. Between the first and last steps some years may elapse, but often it is the first step that leads ultimately to success.

I shall undertake to give you briefly a few examples of such practical advances taken from several branches of medical science. If time permits, I shall choose examples from the fields of bacteriology, chemistry, and what may be called interorganic function.

An occurrence in this country in 1904-1905 may serve as a point of departure. During those years an outbreak of epidemic meningitis appeared first along the Atlantic seaboard, which in the succeeding months spread over much of the United States. It chanced that the Rockefeller Institute for Medical Research was established in New York just at that time, and one of its earliest undertakings was the investigation of this epidemic disease. The germ cause—the meningococcus—was alone known at the time; of the way in which the disease spreads and of means to control its ravages there was complete ignorance.

Bacteriology at this period was advancing along the lines of immunology, or by the science of the specific prevention and treatment of disease. Using the growing knowledge in this subject, it became possible to perfect a curative serum, which ultimately was to produce a markedly beneficial influence on the course of the meningitis. Coincidentally it was discovered that the germ of the disease was to be found in the nose and throat of patients and even of healthy persons who had come into contact with known patients, as well as in some persons who had never been in such known contact. These carriers of the meningitis germ, themselves often secure against the disease, were potentially capable of passing the germ to other healthy persons, who might fall ill of the meningitis.

The perfection of the serum just alluded to would not alone have yielded decisive results. The success of its employment depended on two other discoveries, one made at about this time and the other a few years before.

First let me say that by "meningitis" we means an infection and inflammation of the membranes surrounding the brain and spinal cord. These membranes contain normally a clear liquid, called the cerebrospinal fluid, and access to the interior of these membranes is obtained by means of the fluid. Now, this fluid, while derived from the blood, is of the nature of a secretion, guarded over very jealously by certain anatomical structures which impede the passage of foreign substances from the blood into the membranes. This is a conservative process and an essential protection to the sensitive nerve cells, since this fluid gains very ready access to the interior of the brain and spinal cord. Hence, to introduce the serum into the blood in order to secure entrance to the interior of the membranes was a haphazard way of proceeding.

A few years before, Dr. WEED of Baltimore worked out the anatomical and physiological mechanism of the secretion of the cerebrospinal fluid, and a German, Prof. QUINCKE, had discovered



that it is possible with safety to introduce a small metal tube into the membranes we are considering at the base of the spinal column. The simple operation is called lumbar puncture, and it was devised to obtain samples of the cerebrospinal fluid for examination in pathological conditions affecting the nervous system. The experiment was now made by reversing the process, of bringing the serum directly into relation with the seat of the inflammation in the membranes, by injecting it through the lumbar puncture tube.

This delicate undertaking was tried first on animals before it was ventured on man. Indeed, an earlier step in the investigation was the experimental production of meningitis in animals, using the germ cause, which was injected into the membranes. It was found that meningitis so produced in animals was uniformly fatal. However, when the experimentally infected animals were subsequently treated with the serum, they tended to recover and not to die.

With this knowledge secured—knowledge of the safety and the effectiveness of the direct serum treatment—the method of treatment was first applied to human cases of epidemic meningitis. The natural mortality of the disease varied from 75 to 90 per cent. of those attacked, and of the small number who recovered a part was permanently crippled. Since the serum treatment has come to be widely applied, these figures have been almost completely reversed: from 75 to 90 per cent. now recover, and crippling is almost entirely prevented.

Your President mentioned as one of the triumphs of modern medicine the perfection of an arsenic compound now named salvarsan, but originally called 606. It possesses almost magical power of destroying spiral microbes in the bodies of man and animals, and is a drug of great value in the treatment of an important and often severe disease in human beings. There is, however, no mystery about the number 606, as there has been supposed to be in certain cabalistic numbers. In this instance, starting from a given, only slightly efficient arsenical compound, 606 chemical modifications were made in the laboratory in the course of adapting the compound to the particular object of destroying the spiral microbes in question. How subtle and difficult an undertaking this is, and how remarkable that it should have succeeded at all, will be apparent when it is recalled that all drugs are potential poisons and all arsenic compounds inescapable ones. The drug was so accurately fashioned physiologically that, moving about among the sensitive body cells and the microbes, it attacks the latter and not the first. Under these circumstances, the successful drug becomes a kind of magical bullet, seeking out and striking the injurious microbe, while passing by the indispensable tissue cells among which the germs lie.

Encouraged by this success of Prof. EHRlich, we undertook at the Rockefeller Institute to repeat it, but with a different disease induced by a different microbe. Our search was for a drug which would do a like service for African sleeping sickness, a plague of



equatorial Africa of growing menace. This disease is caused by a parasitic microbe called trypanosome, and it is carried from the sick to the well natives by means of the biting tsetse fly. Fortunately this trypanosome multiplies in the rat, and could be brought from Africa to the United States in these small animals, which served therefore as the test objects.

Fortunately, the "shooting" in our case was somewhat easier. The particular arsenic compound chosen for modification required only about 350 studied changes in order to fit it to the trypanosome, while leaving it essentially without injurious action on the cells of the body. At the present time the drug, named tryparsamide, is manufactured in large quantities in Belgium, France, and England, and is sent to their African colonies for the treatment of sleeping sickness for which it is the drug of choice.

This trypanosome produces sleeping sickness by invading the nervous organs. Now, there is a disease of temperate climates called paresis which results from the invasion of the nervous system of a spiral organism. Since the drug can conquer the trypanosome in this relatively inaccessible situation, it seemed worth while to test it in the disease paresis, which uncontrolled often leads to serious mental deterioration. Experience is showing that tryparsamide has a definitely curative effect in that disease.

I must beware of taking too much of your time, but there is one more subject in which medical research shines today dazzlingly as the handmaiden of practical clinical medicine. I have chosen for this subject the designation of interorganic function, since it relates to certain druglike actions in which one organ provides a necessary chemical substance to enable other organs to perform essential physiological functions.

Hardly more than a generation ago a large group of organs was labelled as being of "unknown physiology"; today it is recognized that their functions are among the most indispensable in the body. These organs are the purveyors of a set of precious chemical substances called hormones or messengers, which passing into the blood at one point, influence an essential function at a distant point. We have all become accustomed to this idea in respect to the thyroid gland. It is less well known that pathological changes in one part of the gland which occupies the seat of eminence on the romantically named bony Turkish saddle at the base of the brain, is responsible for that bony overgrowth which produces so-called giants—those immensely tall persons who are the wonders of not a few of our travelling circuses.

It is not of these now more commonplace instances that I wish to speak, but of two remarkable ones of recent discovery. One relates to the internal secretion, as it is called, of the pancreas which controls sugar burning or metabolism in the body. This secretion in a purified form known as insulin has transformed diabetes from a progressively intensifying disease to one which can be largely controlled, and has incidentally saved not only life, but has made tolerable and effective countless lives previously just bearable.

Between the original experiments which indicated the pancreas as the essential organ of sugar metabolism and the isolation of insulin more than twenty-five years elapsed, indeed had to elapse, until the growth of physiology, pathology, and chemistry were such that their application to the problems involved could bring their solution.

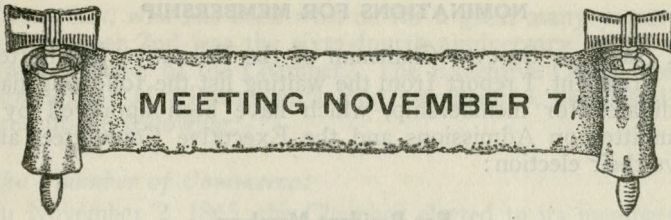
Just now we are witnessing another such remarkable correlation of knowledge in the use of liver or chemical liver extract in the curative treatment of pernicious anemia. Until the other day, figuratively speaking, the nature of pernicious anemia was unknown and its treatment ineffective. Today the disease stands out as largely curable. This astounding change was inaugurated by a series of feedings carried out by WHIPPLE of California a few years ago, in order to determine in animals the food substance which most quickly produced regeneration of the blood. He found that it is not the muscle of the body but organs such as liver and kidney which were most effective. MINOT of Boston soon afterwards employed liver feeding in the treatment of cases of pernicious anemia and with it effected amelioration and even cure of the disease. At present an acceptable chemical extract supplants the eating of liver itself with equal or even more satisfactory results.

In order to appreciate the magnitude of this advance it is necessary to recall that the great blood forming organ of the body is the marrow of the long bones. Now it has been shown that the perfection with which the marrow works is determined by a chemical body, hormone or messenger, produced in the liver and sent via the blood to the bones. This chemical regulates not only the number of red blood cells produced, but their changes from infants to adults, so to speak, or their maturation. It is the mature cells that are needed for the normal circulation, and the supply of them is thus regulated by distant liver function.

This example of organic interrelation is, I think, particularly impressive. It could never have been imagined, but had to be discovered in order to be believed possible. The liver, as we now know it, performs a series of essential functions, among which is the production of that indispensable external secretion, the bile, and two internal secretions, that of releasing glycogen and converting it into sugar for combustion, and of the fabrication of a chemical which is necessary to the bone marrow for the sufficient and perfect fashioning of the red blood corpuscles.

Ladies and gentlemen, I lay before you these examples of the contribution which medical research has made to practical medicine. The list could be considerably extended. Sometimes between the theoretical and practical discovery many years may elapse, sometimes the succession of events is more rapid. In both instances, knowledge outruns use. Today with so many laboratories and so much interest in the efforts to conquer disease, the progress of medical science and medical art—twin sisters of the profession of medicine—is surely faster and more hopeful than at any other period in history. (Applause)

[End of Banquet Proceedings]



A regular monthly meeting of the Chamber of Commerce was held in the Hall of the Chamber on Thursday, November 7, 1929, at 12 o'clock noon.

#### Present

LEONOR F. LOREE, *President*  
 J. BARSTOW SMULL, *Chairman, Executive Committee*  
 JAMES S. MCCULLOH,  
 JAMES BROWN, } *Vice-Presidents*  
 ERNEST ISELIN, }  
 CHARLES T. GWYNNE, *Executive Vice-President*  
 JERE D. TAMBLYN, *Secretary*

and two hundred and forty other members of the Chamber.

#### Guest

HONORABLE SEABURY C. MASTICK, Chairman of the Committee on Taxation and Retrenchment of the New York State Senate, was the guest of the Chamber.

THE PRESIDENT.—The Chamber will please be in order.

The President takes this occasion to welcome the new members who are with us today.

#### Minutes

THE PRESIDENT.—I will ask the Secretary to read the minutes of the October meetings.

The Secretary read the minutes of the Special and Regular meetings of October 3rd, which were approved.

THE PRESIDENT.—The Chair will recognize the Chairman of the Executive Committee.



## NOMINATIONS FOR MEMBERSHIP

J. BARSTOW SMULL, Chairman of the Executive Committee.—Mr. President, I report from the waiting list the following named candidates for membership, which have been approved by the Committee on Admissions and the Executive Committee, and I move their election:

## For Resident Members

<i>Candidates</i>	<i>Nominated by</i>	<i>Seconded by</i>
FRANK H. DAVIS	R. E. CHRISTIE, JR.	R. M. NEWELL
RICHARD F. HOYT	CHARLES HAYDEN	CHARLES M. CONNFELT
FREDERICK W. JACKSON	WILLIAM MCCARROLL	WILLIAM J. WASON, JR.
CHARLES H. NEELY	THATCHER M. BROWN	STEVENSON E. WARD
MONELL SAYRE	NEWCOMB CARLTON	CHARLES T. GWYNNE
ALFRED E. SMITH	E. H. OUTERBRIDGE	FREDERICK H. ECKER
CLIFFORD F. STONE	R. E. CHRISTIE, JR.	JAMES V. FORRESTAL

## For Non-Resident Member

<i>Candidate</i>	<i>Nominated by</i>	<i>Seconded by</i>
ANDREW W. ROBERTSON	JEROME J. HANAUER	OTTO H. KAHN

## NOMINATION TO FILL VACANCY

Mr. SMULL.—Mr. President, the death of LOUIS V. HUBBARD has caused a vacancy in the Committee on Commercial Education, and the Executive Committee has asked me to offer the following nomination:

For Member of Committee on Commercial Education, to serve until May, 1932, in place of LOUIS V. HUBBARD, deceased:

LELAND R. ROBINSON

THE PRESIDENT.—A vote will be taken on all of these candidates at the same time, and the Chair will appoint as tellers Messrs. WILLIAM SIMMONS and JAMES W. ADAMS.

The vote taken resulted in the election of the candidates for membership in the Chamber and the candidate for member of the Committee on Commercial Education.

## FELICITATIONS TO MR. DAVID B. DEARBORN THE CHAMBER'S OLDEST MEMBER

Mr. SMULL.—Mr. President, it was brought to the attention of the Executive Committee that we have a member, Mr. DAVID

B. DEARBORN, who has been with us for a great many years. In fact November 2nd was the sixty-fourth anniversary of his election as a member of the Chamber. The Executive Committee, in recognition of Mr. DEARBORN's long membership, has asked me to present the following:

*To the Chamber of Commerce:*

On November 2, 1865, the Chamber elected to its membership Mr. DAVID B. DEARBORN. For 64 years, a longer period than that of any other living member, his name has been on our records. It seems fitting, therefore, at this time, that we should recognize his long and faithful connection with the Chamber.

Mr. DEARBORN was born in Pittston, Maine, in 1832 and is now 97 years old. The shipping firm which bears his name and of which he is the senior partner, was founded in 1852. It, too, has had an honorable and successful career.

In view of the foregoing we present the following resolution:

*Resolved*, That we, the members of the Chamber of Commerce of the State of New York, express to Mr. DAVID B. DEARBORN our felicitations upon his long and successful career in the business world and also express to him our appreciation of his continuous membership of 64 years in this Chamber.

Mr. SMULL.—I move its adoption, sir.

The motion was seconded and unanimously adopted.

**DEEP WATER CANAL BETWEEN THE GREAT LAKES AND THE HUDSON RIVER ADVOCATED**

MARCUS H. TRACY, Chairman of the Committee on the Harbor and Shipping.—Mr. President, I have been asked to present a joint report of the Committee on the Harbor and Shipping and the Committee on Internal Trade and Improvements on the question of a Deep Water Canal Between The Great Lakes and the Hudson River.

*To the Chamber of Commerce:*

The question of deep water navigation between the Great Lakes and tidewater has been given careful consideration for the last year by two committees of the Chamber, the Committee on the Harbor and Shipping and the Committee on Internal Trade and Improvements. Projects for connecting the Great Lakes with tidewater have received serious study for many decades by this Chamber.

At the present time, several waterway proposals are being nationally discussed, each with very ardent supporters; and it is

obvious there is a wide demand throughout the country for a deep water connection between the ocean and the Great Lakes.

Your Committees find that current discussions of various projects quite generally ignore important and fundamental economic and transportation principles, which invariably should be followed in selecting a waterway route. One of the most important of these is the relative density of traffic. Routes for transportation facilities created by private capital are selected with a view to the traffic which will originate along the proposed line as well as at its terminals. The estimate of all traffic is the basis upon which the cost of construction is justified. It is a mistake to dwell almost entirely upon the relative costs of various proposed deep water channels, and to assume that one route will be utilized as much as another.

It is obvious that no section of the American continent through which a deep water channel can be constructed affords denser traffic than the section through the State of New York. New York State leads the United States in manufacturing, producing approximately 14 per cent. of all manufactures. New York is followed by Pennsylvania, 11 per cent., Ohio, 9 per cent., Illinois, 8 per cent., Michigan, 7 per cent., New Jersey, 6 per cent., and Massachusetts, 5 per cent., which in all is 60 per cent. of the manufactures of the United States.

In the opinion of many practical shipping men, a New York deep water route, which would enable Lake vessels to come to tidewater and ocean vessels to reach the Great Lakes, is the only route with possibilities of developing thereon important traffic. The Great Lakes states have their greatest market in New York and adjacent territory. New York and the northeastern states likewise have their greatest market in the Great Lakes states. The population of the northeastern states compares closely with that of England, France or Italy. These states are the largest buyers of products of the western farms. As the eastern states produce only from 4½ to 5½ per cent. of the total wheat and meat production of the United States, they are from necessity large buyers of these articles.

In the opinion of your Committees the present importance being placed upon quick and cheap transportation to Liverpool or England results in many erroneous conclusions. While the price of wheat and many other farm products consumed in Europe may be determined on the Liverpool exchanges, the commodities are not actually shipped to that port. The fact is, a New York route for a deep waterway from the Great Lakes to the Hudson River and through the Port of New York is not materially longer to England, and is as short to the French and Mediterranean Ports as is any other route. Furthermore, to South America as well as to the Far East and other points through the Panama Canal, countries in which our foreign trade in general has its greatest



future, the Hudson River route is far shorter. At the same time, along this route Great Lake or ocean boats can pick up or discharge cargoes in the densely populated districts through the State of New York and adjacent territory as well as along the entire Atlantic coast seaboard.

A study of a map of America and the world will quickly show that a deep water route through the State of New York would be of far greater service than any other, to the states on and adjacent to the Great Lakes, as well as to the northeastern states, and all our states bordering on the ocean. Any other route will not appreciably add to or subtract from the tremendous traffic in the Empire State, the Port of New York and the northeastern states generally, and will fall far short of being an important economic benefit to the United States. In short, a route to be of substantial benefit to the Nation must penetrate this northeastern section.

Your Committees offer the following resolutions:

*Resolved*, That the Chamber of Commerce of the State of New York believes a deep water canal between the Great Lakes and tidewater should be constructed through the State of New York to the Hudson River, in preference to any other route, because such route would traverse, and be contiguous to, traffic of great density, and would directly connect the largest eastern and western markets in the United States, while at the same time affording the best route from the Great Lakes to all our seaboard states and the most important foreign markets; and, be it further

*Resolved*, That the President of the United States be urged to appoint a board of army and civilian engineers to make a complete study and report upon the feasibility of a deep waterway connecting the Great Lakes and the Hudson River.

Respectfully submitted,

MARCUS H. TRACY, *Chairman*  
 ANDREW BAXTER, JR.  
 HOWARD E. JONES  
 ALFRED V. S. OLCOTT  
 DAVID T. WARDEN  
 ABRAM L. BURBANK (*Former Member*)

}  
*Of the  
 Committee on the  
 Harbor and  
 Shipping*

H. HOBART PORTER, *Chairman*  
 WALTER M. GLADDING  
 EDWARD C. MILLER  
 ROY E. TOMLINSON  
 WILLIAM H. WOODIN  
 DAVID C. BALL (*Former Member*)

}  
*Of the  
 Committee on  
 Internal Trade  
 and  
 Improvements*

NEW YORK, October 28, 1929.

Capt. TRACY.—I move its adoption, Mr. President.

The motion was duly seconded and adopted unanimously.

#### THE CHAMBER'S SYSTEM OF COMMERCIAL EXAMINATIONS

WILLIAM F. COLLINS, Chairman of the Committee on Commercial Education.—Mr. President, in presenting the report, which is before the Chamber in printed form, on our system of Commercial Examinations, may I say that it is felt this record of accomplishment should be reported at this time. Not only does the present year mark the tenth anniversary of the creation of the A. Barton Hepburn Fund, the income of which is used to promote commercial education, but there is special opportunity now, as will be seen from the report, to carry on to an increasing extent the Chamber's work in this important field, and, so, cumulatively to fulfill Mr. HEPBURN's purposes.

The report carries no resolution. It is believed that no resolution is necessary. The cooperation of every member of the Chamber in recognizing and furthering our Commercial Examinations is relied upon; and the Committee on Commercial Education is sure that this cooperation will be the more effectively given as the report is read and studied.

#### *To the Chamber of Commerce:*

This year marks a significant anniversary in one of the traditional activities of the Chamber—the furtherance of commercial education. The special meaning of the anniversary lies in the fact that enlarged opportunities present themselves for the development of this important work. In the realization of these opportunities the cooperation of individual members of the Chamber is counted on.

It was at the meeting of the Chamber held February 6, 1919, that the letter from A. BARTON HEPBURN was read, announcing his impressive gift to the Chamber of securities, yielding at that time an annual return of \$8,600, for the purpose of creating a fund, the income of which—to quote the donor's words—"shall be devoted to the promotion of Commercial Education, with special reference to modern languages."

This fund, which has come to be known as the A. Barton Hepburn Commercial Education Fund, has been administered, in accordance with Mr. HEPBURN's definite wishes, by the Executive Committee of the Chamber. As the years have gone by, the principal has increased, and, so, the income.

The greater income has made possible, under careful and far-seeing management, a consistent development of the objects which Mr. HEPBURN cherished. The creation of the fund, it may be observed, was in line with the interest shown by the Chamber since 1898 in the subject of commercial education. In this interest

Mr. HEPBURN notably shared; and, by his gift, he left an enduring memorial of his own fine spirit of helpfulness.

A decade now has passed since the establishment of the Fund. Of all the numerous ways to which the income from it has been applied—many scholarships and prizes among them—there is none so clearly linked both to Mr. HEPBURN's original purpose and to the Chamber itself as the system of commercial examinations, under the Chamber's auspices, set up at the time of Mr. HEPBURN's gift. It is to these examinations and to the recognition of the young men so acquitting themselves in them that they receive the Chamber's credentials or certificates, that your Committee on Commercial Education, with the approval of the Chamber's Executive Committee, desires to call attention at this time.

These examinations, which are held in both senior and junior grades with the approval of the State Regents, were established as a direct result of the recommendations of a special committee of the Executive Committee, headed by Mr. HEPBURN. These recommendations were that the Chamber found a system of commercial examinations, awarding to those successfully passing them the Chamber's own credentials or certificates. In 1919 five young men took these examinations; this year there were fifty-seven, and of these fifty-seven, certificates were awarded to thirty-five. The subjects have approximated twenty, or more, a year, and a passing grade of seventy-five per cent. or better is required. Since the establishment of the Fund, examinations have been given to more than five hundred candidates for the Chamber's Commercial Education certificates and full credentials, the latter testifying that all subjects have been satisfactorily passed. In all forty-five full credentials have been awarded, and the recipients thereof have well justified in their business careers the confidence the Chamber has reposed in them. The hundreds of certificated young men also have records in which the Chamber may take pride.

It is felt that this record of accomplishment should be reported to the Chamber at this time, inasmuch as opportunities now are afforded to carry on, to an increasing extent, the Chamber's work in fulfilling Mr. HEPBURN's purpose. The Chamber's commercial examinations are becoming more and more widely known and they are attracting a greater number of candidates. But they are not so well known as they should be, and every member of the Chamber is urged to familiarize himself with their scope and intent, and also to see that his own interest as an employer and the interest of other employers are enlisted in inducing ambitious young men to take the examinations and in employing candidates who pass the examinations. The Director of the Chamber's commercial examinations, who has been in charge since the establishment of the Hepburn Fund and who has been instrumental in seeing that many young men receiving the Chamber's credentials or certificates have obtained suitable positions, will be glad to



furnish any needed information; and members of your Committee on Commercial Education will be happy to cooperate in any possible way. The knowledge of the value of the Chamber's work should be widened and made more effective.

In a metropolis like ours, with its ever-increasing demand for qualified men to join the business ranks, there is a distinct place for the Chamber's commercial examinations. They are thoroughly made; the stamp of success in them stands for definite achievement and promise. They are unique in their relation to preparation for business life and to business life itself. They interfere with no other agency, but are distinctive in themselves. Your Committee on Commercial Education suggests that a greater recognition of the quality of the Chamber's commercial examinations on the part both of young men and of prospective employers, will conduce to the business progress of New York.

Respectfully submitted,

WILLIAM F. COLLINS, *Chairman*  
 FREDERICK COYKENDALL  
 FRED I. KENT  
 WILLARD V. KING  
 FREDERICK J. LISMAN  
 CHARLES E. POTTS

} Committee on  
 Commercial  
 Education

NEW YORK, *October 24, 1929.*

THE PRESIDENT.—In receiving this report the Chair will recognize Mr. MARLING.

ALFRED E. MARLING.—Mr. President, I would like to add a few words to the remarks of Mr. COLLINS, Chairman of the Committee on Commercial Education, and follow his custom in unveiling the past.

Ten years ago I occupied the same high and important position which you so competently and ably do today, Mr. President, and I just wish to recall to your memories what happened in 1919 on this particular occasion of which I will now speak.

On February 18, 1919, I attended a meeting at the home of President NICHOLAS MURRAY BUTLER, of Columbia University. Among those present on that occasion were the members of the Advisory Committee for the new School of Business in Columbia, which was composed of members of the Chamber. I spoke at that time of the relations of the Chamber of Commerce to Commercial Education. A quotation from some of my remarks may not be inappropriate this morning:

“The successful conduct of commerce, as most of us know, is not easy. For instance, in the calendar year 1917, the total

failures in the United States of strictly business concerns which involved loss to creditors, were over 13,000 with liabilities of \$166,500,000. Yet 1917 was a year with exceptionally favorable business conditions.

"The commercial agencies which keep records of business failures, divide the causes into two classes, one entitled 'Due to Faults of Those Failing,' the other entitled 'Not Due to Faults of Those Failing.' In every year since records have been kept, the bulk of failures are shown to have been due to the fault of those failing. While only a small proportion of the total failures are due to the influence of happenings outside of or beyond the individual's own control. Taking all classes of failures together, it has been said that over ninety per cent. of all business enterprises fail during some time of their career.

"Realizing the inadequacy of commercial education in this country, the Chamber of Commerce of the State of New York in 1898 began an investigation of the subject. At the June meeting a resolution was passed requesting the Committee on Foreign Commerce and the Revenue Laws to investigate and report upon commercial education in the principal commercial countries, 'its effect upon the development of commerce, and whether any of the methods pursued in such educational institutions abroad are desirable and practicable in this country.'

"At the November meeting of the Chamber the Committee made its report. A salient feature of this report was the affiliation in foreign countries of chambers of commerce with commercial schools. In England, Germany, France and Austria methods were adopted for promoting closer relations between the educational institutions and commercial activities. Italy, also, had been paying close attention to commercial education."

Quoting again from my remarks in 1919:

"The most important step the Chamber has taken, one which must have far-reaching results, is the adoption of the report of a Special Committee of the Executive Committee at the January meeting of the Chamber this year (1919). Mr. A. BARTON HEPBURN is chairman of this committee. After outlining the need of commercial education in this country and European practices in this particular, the committee offered resolutions that the Chamber provide a system of examinations and certificates of proficiency. The Chamber unanimously adopted this report. One of the results of these examinations will be that those who obtain certificates of the Chamber, will be given preference in employment. Mr. HEPBURN, at a subsequent meeting of the Chamber, presented to

it securities as an endowment for this new undertaking. These securities will bring in an income slightly over \$8,000 per annum, which is sufficient to insure the successful operation of the plan."

I have given you some words of ten years ago. They certainly are equally applicable to conditions today. We need proficient, educated business men.

Mr. COLLINS, as Chairman of the Committee on Commercial Education, has presented to you this morning a sound, sensible report. He asks that we, as members of the Chamber, promote the plan so handsomely endowed by Mr. HEPBURN, by presenting to those with whom we have influence, especially among the young men in our employ, the advantages of becoming students of world business conditions, and becoming qualified to take the examinations which this Chamber offers. The Committee is asking for no money, but is asking for intelligent cooperation from us all in the work of this committee. There is no resolution, Mr. President.

THE PRESIDENT.—Are there any further remarks? (No response)

The Chair would like to say that at the time Mr. HEPBURN had this matter under consideration I was the Chairman of your Committee on Taxation. Mr. HEPBURN talked with me several times about the matter. I think nothing could have pleased him more had he lived than to see the results of the efforts he then put forth. The report will be received and incorporated in the minutes of this meeting.

#### SMOKE ABATEMENT

JACOB H. HAFFNER, Chairman of the Committee on Public Service in the Metropolitan District.—Mr. President, since our last meeting we are glad to report that the Commissioner of Health has publicly declared that he will do his best to alleviate the smoke nuisance this winter. The Chamber has been asked by the Commissioner to cooperate with him in his work, and in accordance with his request each member has received a letter asking for cooperation. Those of the membership of the Chamber who operate steamships should see to it that the stacks of their vessels do not emit dense smoke. The same is true of those of our members who are interested in harbor shipping, also those operating factories and maintaining apartment houses. A similar letter is being sent out, at our request, by all the important organizations to their members. We hope that any member who is able to stop or abate smoke will do so and as to any smoke that is annoying him, which others are emitting, if he will communicate with the Board of Health, either by telephone or by letter, an inspector will immediately be assigned to investigate the complaint.



It is hardly necessary to reiterate that physicians tell us that smoke in this city is causing affections of the eyes, nose, sinuses, lungs and bronchial tubes, and that the Mellon Institute has found that the cost to the inhabitants of the City of New York of smoke and bad air amounts in actual dollars to something like ninety-six million dollars per year. This huge task of smoke abatement, which is one we have inherited from the war, through the let-down of restrictions, must be accomplished. The loss of sunshine we have found, through tests made at New York University, was in some months as much as 48 per cent. ; and the ultra violet rays are about four-fifths of what they are normally in places where there is no smoke.

We consume about thirty to forty pounds of air per day and we need about six pounds of water and food. Our food and water we can select, we do not have to take what is given us, but the thirty or forty pounds of air that we breathe daily we have got to take "as is" and "where is."

I hope, therefore, that the members of this Chamber will appreciate the importance of this movement and, cooperating with the Department of Health, will endeavor to make this city a cleaner city.

#### **Additional Inspectors and Engineers Needed to Enforce Smoke Ordinance**

Mr. HAFFNER.—Since the last meeting of the Chamber the Board of Estimate has adopted the annual budget, and the Committee on Public Service deemed it wise to act in the interim and request that additional money be allowed to the Commissioner of Health to provide an extra staff for the proper enforcement of the smoke ordinances. A resolution was prepared and submitted to the Board of Estimate and Apportionment on October 15th, as representing the opinion of your Committee only. I now present this resolution for action by the Chamber :

*To the Chamber of Commerce :*

*Whereas,* It has become well recognized that not only our property but also our health is being injured by the smoke nuisance in this city ; and

*Whereas,* The Health Department, whose duty it is to abate this nuisance, has far too small a force to carry on effectively the work of enforcing our smoke ordinances in this city, which covers approximately 200,000 acres and contains over 25,000 manufacturing establishments, innumerable large buildings, water and railway transportation facilities, as well as other important users of fuel ; and

*Whereas*, The Chamber has on several occasions, notably May 2, 1929, March 4, 1926, October 7, 1924, and May 3, 1923, expressed itself upon the serious injury to health and property by smoke, and the great need for abatement of this nuisance; therefore, be it

*Resolved*, That the Chamber of Commerce of the State of New York respectfully urges the Board of Estimate and Apportionment to take the necessary steps to provide the Health Department with sufficient additional inspectors and engineers to enable an effective enforcement of the smoke ordinances.

Respectfully submitted,

JACOB H. HAFFNER, *Chairman*  
FRANK GULDEN  
CHARLES ROHE  
FINLEY J. SHEPARD  
S. BRINCKERHOFF THORNE  
WILLIAM H. WILLIAMS

*Of the  
Committee on  
Public Service  
in the  
Metropolitan  
District*

NEW YORK, *October 15, 1929.*

MR. HAFFNER.—I would like to say that the Board of Estimate has granted this request and has given the department more inspectors. I move the adoption of the resolution, sir.

THE PRESIDENT.—The object of this motion is to regularize the action of the Committee.

The motion was seconded and adopted unanimously.

#### **Announcement in Respect to Annual Banquet**

THE PRESIDENT.—The Chair desires to call attention at this time to the banquet to be given on the 21st day of this month, it being the One Hundred and Sixty-first Annual Banquet of the Chamber. A large number of subscriptions have been received. The members who have not yet subscribed and wish to do so are urged to send their subscriptions in as soon as possible before the limit of available places is reached.

#### **President Loree Presents Honorable Seabury C. Mastick**

We are to have the pleasure today of listening to the Chairman of the Committee on Taxation and Retrenchment of the Senate of the State of New York, who is to address us on the matter of taxation. It is with great pleasure that I present to you the Honorable SEABURY C. MASTICK. (Applause)

## TAXATION

Address of Hon. Seabury C. Mastick, Chairman of the Committee on Taxation and Retrenchment of the New York State Senate

MR. PRESIDENT, GENTLEMEN OF THE CHAMBER, AND A NUMBER OF OLD FRIENDS OF MANY YEARS STANDING.—I greatly appreciate the opportunity of appearing before so distinguished a gathering as the Chamber of Commerce of the State of New York. We all recognize it as being so truly representative of the commerce and the industry of our great city; not only that, but great in its actual and potential influence on the commerce and industry of our country.

You have asked me to speak on the subject of Taxation. I take it I am to restrict myself to state and local taxation, and I shall try to speak on that subject without being too trite and with frankness of expression. I shall disagree with your Committee on Taxation, in one of its conclusions, and later state my reasons. Just now suffice it to say that the theory and the practice of taxation are not always agreed. It is perhaps a trite thing to say, but when a tax is removed from one source it must be placed on the back of some other source, and perhaps the alternative is worse than the present condition.

As to my authority for speaking on the subject of taxation, I have been Chairman of the Senate Committee on Taxation for five years and for four of those years I have been Chairman of the Special Joint Committee of both houses on Taxation. The function of the Special Joint Committee is to make researches during the periods between the sessions of the Legislature, and in that way I have covered a good many taxation problems and have had occasion to give a good deal of thought, of course, to taxation problems, particularly in connection with the state government.

It seems to me that the subject of taxation is always beginning at the wrong end of the proposition, that we ought to begin with a discussion of expenditures. The purpose of raising taxes is to pay governmental expenses and the less the expense the less the tax problem. But we are all prone to let the expenses run and not to find any fault until the bill is presented.

The economic history of our State, of which I have had occasion to make a special study, for nearly eighty years past shows that with the exception of the panic immediately after 1873, there has been a constant increase in expense, a constant increase in taxation. It has varied in percentages, but the average percentage increase compounded year by year has been 4.7 per cent.; and if we are to judge the future by the past we must realize that our taxes and our expenses will be continually increasing.

The question is asked why do these expenses so continually increase? The answer must be found in the changing economic conditions of the State, changing social conditions of the State, and



of the various subdivisions of the State. For example, take the year 1800, we had but three departments of government—law-making, adjudication of cases, and public defense—which took up substantially all of the public expense. Today these activities remain primary activities, but make only five per cent. of the total expense. Today our expenses in addition to those of which I have spoken must cover such functions as educational functions, which from the state standpoint the state is now contributing some ninety millions of dollars a year; constructive functions, mostly highways for the rural communities, which is approaching sixty-five millions a year; social welfare, under which I will group penal, curative, charitable and protective agencies, which approached and exceeds over fifty millions a year; and the regulative and agricultural functions, regulative meaning public service, banking, insurance and such matters as that, and to this is added the necessary appropriation for debt service, which now approximates seventeen millions a year.

The migration of the people from the rural to the city districts and the consequent concentration of population in the cities and villages have given rise to the importance of health, protective, and what I term convenience, problems undreamed of in extent or even in kind a generation ago. By convenience problems I would perhaps include transportation problems, which, of course, is one of our great problems in New York. New problems and extension of old ones are arising every day and must be met. These are primarily the problems of the local communities.

The test in both state and locality is not how much is being expended but how is it being expended and with what result. The citizen should ask these questions and challenge the executive and administrative agencies to justify their budgets. It is natural, both in business and in public administration, that heads of departments constantly reach out into new fields of development, either to widen or intensify the activities under their charge. These demands and their relative importance should be weighed and considered not only by the executive but by the citizen. The functions of government are of different relative values. If one is expanding another may be curtailed. If a new one is to be taken over an old one may be given up. It is not wise and rarely necessary to expand them all at the same time. Careful consideration and weighing of values will permit healthful growth within the normal increase of expense and wealth.

That may seem a little bit trite, but when you consider that we have every year presented to us new departments of government, new functions which the state is supposed to perform, new duties which the state is supposed to take from the local communities and perform as part of a state duty, new social opportunities which are being asked for from time to time, you realize that these matters must be sifted and we must select the best and not all of them. This year, for example, I have been made Chairman of the

State Commission on Old Age Security, which has come upon us because of industrial changes, something that our country had not looked forward to a decade ago, but is now a subject which is interesting nearly every State in the Union, and New York will be a leader in this branch of social service, as it has been in other branches of social service. The States which have taken up the subject of old age security, with one exception, California, have not been commercial and industrial states but primarily rural states, in which conditions were vastly different than they are in this great state of ours. And so what this commission does besides perhaps bringing an additional expense to the State will be looked upon by the rest of the Union in the nature of a guide, as many of our laws have been.

We are therefore trying to sift this question with the utmost care and endeavoring to discover whether this form of social service, which is to be expected from our State, is something which would be preferred in place of some other things which might be advanced.

So much for the problem of expense. Let us now turn to the paying of the bill. I have to speak in very round figures because I have found in previous experiences in talking upon taxation the more figures the less effect. In 1928, the fiscal year, the total tax bill of the State of New York was \$1,777,107,844, of which \$809,483,660 was applicable to Federal taxes, \$202,000,000 to State taxes and \$765,000,000 to taxes for local communities, including city, county, town and school district taxes. Or, to put it in round figures, for the present year the state and local communities will be called upon to pay into the various treasuries the sum of \$1,000,000,000.

By way of contrast and to show the increases in a three-year period I give the corresponding figures for the fiscal year 1924-1925. The total tax bill for that year was \$1,444,027,841. About one-half or \$712,939,007 went to the Federal government, \$153,177,029 to the State and \$577,911,805 to the local communities. You will note that while the total tax bill increased \$333,080,003, the increase to the Federal government was \$96,544,653 or 28 per cent. of the increase, the increase to the State was \$48,982,159 or 15 per cent. of the increase and the increase to the local communities was \$187,553,191 or 56 per cent. of the increase. The actual increases during the three years by percentages were respectively as follows: the total increase was 23 per cent.; the Federal tax increased 13 per cent., the State tax increased 32 per cent. and the local tax increased 32 per cent. Both the State and the local communities showed an average increase over the period of approximately 10 per cent. per annum.

We have had some talk about decrease in Federal taxation, but New York, as you know, pays the largest proportion of any State in the Union in Federal taxation, and as wealth increases, as incomes grow, New York naturally pays a little larger and larger



proportion, because the base on which the percentage is reckoned is constantly increasing and accounts for the fact that while Federal taxation as a whole may be decreasing, nevertheless, New York's share of Federal taxation has been increasing.

Where does the money come from? The Federal government's share came from import duties, internal revenue (income taxes for the most part) and death and stock transfer taxes. The State's share came for the most part from personal income taxes, corporate franchise taxes, other corporation taxes, inheritance tax, motor vehicle tax, stock transfer tax, and now the gasoline tax. The local communities get the most of their taxes from the general property tax on real estate, in which the State shared to a relatively small extent up to the present year when it gets no share, the bank tax and their shares of the corporate franchise tax ( $\frac{1}{3}$ ), mortgage tax ( $\frac{1}{2}$ ), personal income tax ( $\frac{1}{2}$ ), motor vehicle tax ( $\frac{1}{4}$ ) and now of the gasoline tax in various proportions. These latter taxes are collected in the first instance by the State and the respective proportions remitted to the communities. New York City gets 5 per cent. of the gasoline tax.

In addition to acting as tax gatherer for the local communities in the items noted the State pays large sums from its own funds to the local communities for schools and highways. These appear in the State tax bill but are properly chargeable to the localities.

As a matter of state government we have nothing to do with the fixing of Federal taxes so I shall not discuss that phase of the subject.

The general property tax on real estate produces about 75 per cent. of the total state and local tax revenue. As the State's share in this has been relatively small for some years and is now nothing, we can consider this source of revenue from the standpoint of the localities only. The total equalized value of taxable real estate in 1928 was \$25,000,000,000. The total net wealth of the State, including real estate, in 1928 was \$62,000,000,000. It is therefore clear that real property comprising 40 per cent. of the net wealth bears 75 per cent. of the total tax burden and a much larger per cent. of the local tax burden. Those proportions indicate, therefore, that real property paying 75 per cent. of the taxes constituted but 40 per cent. of the net wealth of the State.

Realty owners believe that they are paying too large a proportion of taxes and that the burden should be more equitably distributed between realty and other forms of wealth. They argue that neither from the benefit received nor the ability to pay point of view should they pay so much and that their too heavy burden is partly the result of what might be called the "get it where you can" theory. Realty is always visible and cannot get away. It is the one tangible thing which cannot escape. While we may agree that the tax burden on realty is disproportionately heavy we have



not been able to agree on the tax base which should assume the burden realty casts off. The question of equalizing assessments or of taxing on rental value instead of capital value are subordinate to the main question, for in either case realty bears the burden although somewhat differently distributed.

Again any reduction of the realty tax burden must be of considerable proportions in order to afford any relief. If the burden was evenly distributed between realty and other wealth, on the 1928 basis, realty would pay only \$306,000,000 instead of \$765,000,000 and we should have to find other tax sources to provide the remaining \$459,000,000. To me this seems to be an impossible solution as none of the present tax bases could yield any such an amount without virtual confiscation. As far as I am aware no one has come forward with any such plan or with any plan stating what the definite proportion of realty should be. They have rather taken the indefinite position that realty should not bear any more than it has to and let it go at that. An unincorporated business tax has been suggested, but that would yield only a drop in the bucket. It has been suggested that the State take over a portion of certain municipal expenses as it has in the case of the State hospitals, schools and rural highways, but no suggestion is made as to where the State is to get the additional revenue required unless it increased the present rates on income, corporation profits, stock transfer taxes and such, any of which would seem to be economically inadvisable. Special assessments directly against the property benefitted, for streets, sewers, water, light or subway construction have been suggested and would afford substantial relief. But this suggestion has met with much opposition. The only large substantially untapped source of revenue which I can see is some form of production, sales or consumption tax. We embarked upon this form of taxation when we adopted the gasoline tax as a consumption tax. It is my belief that within the next few years we shall see either a selective or general consumption tax in this State. A selective or general consumption tax will produce a large revenue. A selective tax means a tax not on everything but on what might be classed as luxuries.

In one of the Southern States they have a selective consumption tax which pays one-third of their total state budget. But how lasting such a form of relief would be in view of the constantly increasing expense we could not say, and then we get back, of course, in our circle to the old question of expense. No matter how you raise your taxes or how large they may be, if your expenses keep on increasing you have to gallop to keep ahead of them.

I have stated that the State gets its income from relatively few sources. First, an income tax, and then the corporate franchise tax, inheritance, motor vehicle, stock transfer tax, and the gasoline tax. I am not going to discuss the vehicle tax or the stock transfer tax or the gasoline tax, but shall make a few remarks on

the subject of the personal income tax, franchise tax and inheritance tax.

It seems to me that the personal income tax is the fairest tax we have had. It most nearly approximates ADAM SMITH's first canon of taxation, "that every subject should pay in proportion to the revenue he enjoys from the protection of the State." Yet it has been one of the most unpopular taxes, and every reduction or remission or increase in exemption has been hailed as a popular victory for the people. With the present exemption less than five per cent. of the people of the State pay any income tax. It has been suggested that the limit of exemption be reduced and that, as the Federal income tax is reduced the State income tax be increased so that the total amount paid would remain the same. This would bring in a large amount of revenue, would go far towards equalizing taxation and consequently towards reducing the tax burden on realty. But while every one wants to decrease the burden on realty no one wishes to shoulder the decrease, least of all those who pay income taxes. Taxpayers are almost human in that they are always willing to let some other person carry the burden.

There is little I need to say about the corporate franchise tax. It is the general impression that industry is carrying all the tax load it can and as the progress and prosperity of industry is fundamental to the progress and prosperity of the State as a whole it would seem as if this tax at any rate should not be revised upward.

I have been engaged for some months in advocating a state department of commerce analogous to the Federal department of commerce, with the idea of considering this alleged burden on industry, among other subjects, because there is now no body charged with that duty and many of the private agencies which have taken it up are subject to some form of selfish suspicion. We really should give consideration to this subject for the good of the whole state and not confine our views to any particular community. Last year I introduced a constitutional amendment for a department of commerce and a bill providing for a division of commerce in the executive department pending the adoption of the constitutional amendment. I am still advocating it and believe that it would help out the commerce and industry of New York State, and, of course, in that connection we would have to consider this question of taxation, both Federal and State, on corporate profits.

There remains the inheritance tax and here I disagree with the report and recommendations of your Committee on Taxation relative to the repeal of the Federal Inheritance tax.

As I understand the points of objection of your committee they are that the Federal Inheritance tax is "a serious menace to the fiscal plans" of our state; that excessive levies of such taxes are pernicious to the general welfare of the country and that the loss



of revenue to the United States Treasury would be relatively unimportant.

Taking these points in inverse order we are not concerned from the state point of view with the revenue returns to the Federal government; the question of excessive levies is, in my opinion, a moot question as such levies have not been confiscatory or excessive. On the remaining point I disagree with the conclusion of your committee as it seems to me that the Federal Inheritance tax instead of being a "serious menace to the fiscal plans" of the states is on the contrary a valuable and desirable stabilizing influence on our fiscal plans. In the absence of a Federal tax there would be a cut-throat competition among the states as to which could offer the greatest inducement to wealth to settle within their borders. This has already been illustrated in the case of Florida which by constitutional amendment offered a place of refuge to the rich.

Two or three years ago I was a delegate from the State of New York to a convention in Washington at which the President and Secretary MELLON spoke on this very question, the repeal of the Federal Inheritance tax. There were a great many ideas advanced both for and against it, but at that time it was decided to wait five years before anything further was done.

There is now a very insidious propaganda—I call it insidious, and of course propaganda we are not in favor of is insidious, just as the leader of the opposing party is always a boss—I call it insidious propaganda to repeal this tax. It is mostly fostered by people from small states which have very little to get out of the tax. With the Federal tax, as your committee has found, there is every inducement to equalize and to take full advantage of the Federal rebate. And there is a very practical reason why New York State should not favor the repeal. This last fiscal year the State of New York received \$47,500,000 in death taxes. Of this amount \$22,500,000 was received from our normal taxes and \$25,000,000 came to us as a result of the Federal Inheritance tax. If this law is repealed we would lose the \$25,000,000, we would have to get it then from some other source, and not only would we lose it but it is the opinion of tax experts that we would not be able to keep up our present rates, we would have to reduce our present rates in order to meet competition of other states, and therefore still further reduce the returns from death taxes. If we lost a material part of this \$47,500,000, which is from a fifth to a fourth of our total state revenue, we would have to obtain it from some other source such as an increase in the personal income tax, an increase in the franchise tax, or a state levy direct realty tax, or an increase of the stock transfer tax, or some other source of revenue.

It may be that your committee would reply that my argument is entirely one of expediency, but when the personal income tax is being whittled away, when industry says that the franchise tax



must not be increased because they are already laboring under tax burdens and when the bankers and the brokers say they can not stand an additional stock transfer tax, the question of losing a very substantial revenue of the state transcends expediency, in my opinion, and becomes very practical.

There has been criticism of our tax laws to the effect that they are too complicated and are a hodge-podge. It seems to me those offering the criticism have not offered anything constructive as a help. There is a constant effort to reduce one or the other of the taxes, but no practical suggestion as to how to raise the necessary money to equal the reduction. Every time a tax is reduced some other source or sources must assume the burden cast off. I have said that several times. I hope that the people of the State will realize that whenever anyone is relieved of a tax and the expenses are constantly increasing, someone else must take up the burden that he has cast off.

We are constantly endeavoring as legislators to equalize the burden of taxation, while laboring under the tremendous task of meeting greater and greater governmental expenses. Taxes never have been popular, never will be popular, but the demands of the people must be met and the expense of government must be met, and the only solution for a decrease or a not too rapid increase in taxation is watchfulness on the part of the citizen and economy and efficiency on the part of the spending authorities. (Applause)

THE PRESIDENT.—I am sure we are all under a great debt to Mr. MASTICK for his illuminating address on a very controversial subject.

The Chamber will now stand adjourned.

[End of Proceedings of November Meeting.]

#### LEAGUE OF NATIONS PUBLICATIONS

Through the interest of Dr. T. P. SEVENSMA, Librarian of the League of Nations, the Chamber will receive regularly the following publications of the League:

Monthly Bulletin of Statistics  
 Statistical Year Book  
 Reports of the Economic Committee of the League

These will be on file in the Chamber's Library for the use of members.

**LUNCHEON TO POLISH DELEGATION TO PULASKI ANNIVERSARY**

The Officers of the Chamber tendered a luncheon in the Adam Room of the Chamber's building on Friday, October 18th, 1929, at 1 o'clock to the Official Polish Delegation visiting the United States in connection with the celebration of the Pulaski Sesquicentennial Anniversary.

The following Officers and members of the Chamber were present:

J. BARSTOW SMULL, Chairman, Executive Committee; DARWIN P. KINGSLEY and ALFRED E. MARLING, Ex-Presidents and members of the Executive Committee; JOHN D. ROCKEFELLER, JR., and ERNEST ISELIN, Vice-Presidents; HOWARD AYRES, WILLIAM F. COLLINS, JOHN D. DUNLOP, EDMUND DWIGHT, JACOB H. HAFFNER, WILSON S. KINNEAR and JOSEPH E. STERRETT, members of the Executive Committee; DAVID C. BALL, FRANKLIN Q. BROWN, FRANK GULDEN, ROY E. TOMLINSON and BENJAMIN L. WINCHELL, members of the Chamber; CHARLES T. GWYNNE, Executive Vice-President and JERE D. TAMBLYN, Secretary; PHILIP P. BROWN, B. COLWELL DAVIS, JR., and HOWARD FINNEY of the Chamber's staff.

The following members of the Official Polish Delegation and other guests were present:

His Excellency TYTUS FILIPOWICZ, Minister of Poland to the United States and Special Ambassador of Poland to the National Pulaski Sesquicentennial Celebration; Count FRANCIS PULASKI and Professor ROMAN DYBOSKI, Members of the Civilian Delegation sent from Poland; Colonel S. ZAHORSKI, Colonel PIETR GLOGOWSKI and Honorable WITOLD WANKOWITZ, Members of the Military Delegation sent from Poland; Honorable VICTOR PODOSKI, First Secretary Legation of Poland; Dr. MIECZYSLAW MARCHLEWSKI, Consul General of Poland in New York; Honorable T. MARYNOWSKI, Consul of Poland in New York; Honorable JOHN BYSZWESKI, Consul of Poland in New York; Mr. H. S. DEMAREST, President pro tem American Polish Chamber of Commerce; Mr. W. ERIC LORD, Secretary, American Polish Chamber of Commerce; Dr. ALBERT MORAWSKI-NAWENCHI, Official Press Representative of the Government of Poland; Mr. CZESLAW LUKASWKIEWICZ; Rear-Admiral LOUIS R. DE STEIGUER, U. S. N.; Brigadier-General OTTO ROSENBAUM, U. S. A., Representing Major-General HANSON E. ELY, U. S. A., and Lieutenant THOMAS COOKSON.

**Remarks of J. Barstow Smull in Welcoming the Polish Delegation to the  
Pulaski Anniversary**

OUR POLISH FRIENDS, OUR GUESTS, OUR OWN MEMBERS.—I want to say that President LOREE of this Chamber regrets exceedingly that he could not be with us today. He had planned to preside at this luncheon, but last Tuesday he found that he would have to be out of town today. He has asked me to present his regrets to you and to tell you how sorry he is that he could not be here to help commemorate the One Hundred and Fiftieth Anniversary of the death of General CASIMIR PULASKI.

Some of us know Poland's history pretty well and some know very little about it. As you probably know, he came to this country back in 1777 during our war with Great Britain, and he proved himself to be a great soldier—so much so that the American Government very shortly raised him to the rank of general. He was a great believer in cavalry, a great horseman himself, and through his efforts several troops of horse were established for the southern campaign. He was a very generous man, and as near as I can find out he contributed to the American cause fifty thousand dollars. Fifty thousand dollars in Revolutionary days was a tremendous amount of money. He campaigned in 1777 and 1778 in New Jersey, and started his war service at the battle of the Brandywine. It is rather a coincidence that LAFAYETTE participated in that same battle, and so they both started to help the Colonies in the war with Great Britain in the same engagement. In 1778 and 1779 his activities were in the south. He was mortally wounded in the battle before Savannah and died three days afterward on our warship the Wasp on the way around to Charleston.

We in this country have honored him in many ways. A monument was built in 1854 in Savannah. In 1912 our Congress allocated fifty thousand dollars to build a monument to his memory in Washington. So we have taken a national pride in the celebrations that have been taking place in the last two weeks all over this country, and we are particularly pleased that the Polish Delegation could be with us today. We are glad that during their busy time in this country they should spend an hour with us here at this luncheon. We appreciate it and thank them for it.

We are very pleased that his Excellency TYTUS FILIPOWICZ is able to be with us today. He has been one of the outstanding figures in the Polish diplomatic service. Educated in England, he has been most active in Poland's struggles for independence. He represented his country in Moscow, Helsingfors and Brussels, and came to Washington as Minister of Poland to the United States. He was appointed by his country Special Ambassador of Poland to the National Pulaski Celebration. I hope that his Excellency will say something to us. His Excellency. (All rise. Applause)



**Address of His Excellency, Tytus Filipowicz, Minister of Poland to the United States**

Gentlemen, I thank you very much for your kind words and your very nice hospitality—a hospitality that goes so far as to be mindful of the color of particular dishes served, giving them the colors of our national flag.

Gentlemen, the delegation of which I have the honor to be Chairman, is very pleased to be here at this moment, when you honor the memory of General PULASKI. By his deeds and his supreme sacrifice he greatly contributed to the foundation of this friendship which since then unites America and Poland. This friendship has outlasted historical adversities, and when Poland emerged from the world war, once more struggling to become a free member of the family of independent nations, the United States offered proofs of it.

First, it was WOODROW WILSON's lofty declaration, namely, his Thirteenth Point, that Poland ought to become an independent state having an access to the sea.

Second, it was the action of HERBERT HOOVER and his organization. This action saved millions of Polish people from starvation and helped the re-born State to regain its forces.

There were other proofs. Our transportation system has been able to benefit from the advice of Colonel A. B. BARBER, at present head of the Transportation Department in the United States Chamber of Commerce. It was a powerful American concern—the Baldwin Locomotive Works—which was first to sign with the Polish Government an important commercial agreement on credit terms. Furthermore Dr. EDWIN W. KEMMERER, Professor of Princeton University, drew up a report containing recommendations pertaining to the stabilization of the Polish currency. Most of these recommendations have been enacted by the Polish Government.

It was on the American market that Poland secured the bulk of the sum necessary to carry out the stabilization of her currency. It is a former Assistant Secretary of the United States Treasury, Mr. CHARLES S. DEWEY, who is ably and successfully assisting the Polish Government and the Bank of Poland in their labors.

A considerable amount of commercial contracts was closed. Permit me to mention the contracts with the Radio Corporation of America and with the Service Motor Truck Company. A few years ago the Anaconda Copper and Harriman concerns have established themselves in the mining district of Poland. The General Motor Corporation has recently completed important assembling plants in Warsaw. The Standard Oil group has interests in the Polish oil fields. Uhlen and Company have for seven years been active in the development of public utilities in Polish cities.

Poland was among the very first nations—as a matter of fact

she was second—to consolidate in 1924 her war debts to the United States.

The economic intercourse between Poland and America, examples of which I have just quoted, has developed satisfactorily to both sides, and has proven to be of mutual benefit. I was very much pleased yesterday at Philadelphia to hear the speech of Mr. SAMUEL VAUCLAIN, President of the Baldwin Locomotive Works, and to hear him say that Poland was always true to her word and never, even at the time when the Russian Bolshevik army stood at the gates of Warsaw, failed to pay the rate due the Baldwin Locomotive Works. (Applause)

Gentlemen, ten years ago, what was Poland like? She was a country absolutely devastated by the war. In 1919 Poland was flooded with foreign depreciated currencies, had nine-tenths of her national capital destroyed, two million buildings ruined, thousands of miles of railroads and hundreds of bridges torn down, her fields were lying fallow, and millions of her population were driven away from her territory by the invaders.

Ten years later, now, when Poland together with the United States, honors the memory of PULASKI—she has a stabilized currency, proper national defense, reliable railway service; she is creating an adequate public educational system, she is constructing railroads; nearly all of the two million ruined houses are rebuilt. Today—the Bank of Poland disposes of gold reserves amounting to 620,3 million zlotys, with a foreign currency reserve equal to 437,7 million zlotys. The coverage of the Polish currency is thus nearly twice as high as legally required.

Poland's debts abroad are insignificant when compared with her wealth. They amount to \$460,000,000. The national wealth which is estimated at fourteen billion dollars, gives a per capita wealth of \$463.00. The debts per capita amount to \$15.30. Poland's national budget is balanced and for the last fiscal year showed a surplus of about \$20,000,000.

In 1925 the savings amounted to 195 million zlotys, in 1926 they rose to 1,2 billion zlotys, in 1927 they further increased to 1,9 billion zlotys, reaching at the end of 1928 2,5 billion zlotys. The number of persons having savings accounts has grown in the last four years from 58,000 to 264,000.

I will not tire you any more with statistics. Those few figures which I have permitted myself to bring to your attention, show that during the short period of her renewed existence Poland has become an important factor in rebuilding her part of devastated Europe. Today Poland is strong, Poland is getting prosperous; Poland has regained the resources and working capacity which were taken away from her in the time of war. (Applause)

As far as trade is concerned, American exports to Poland have shown a constant and rapid growth, amounting in some cases, like automobiles and machinery in general, to 100%. Last



year the amount of American products sold in Poland was about fifty million dollars. Fifty million dollars, gentlemen, is almost the same as your trade with pre-war Russia. Our present foreign trade is equal to Russia's foreign trade, although our population is only thirty millions, whereas the population of Russia is over one hundred forty millions. The fact is that the buying power of our population is much larger than that of our neighbors to the East.

The exchange of goods between our countries could, however, be still more stimulated through a keener interest of American importers in Polish export goods, as well as through the perfecting of the credit machinery. I believe that a closer cooperation of the Polish and American banks would be instrumental in this respect, and I am confident that such a cooperation will develop in the nearest future.

I sincerely hope that the celebrations in honor of Brigadier-General PULASKI which we have witnessed during the last fortnight in America, will serve to cement our friendship still more closely and lead to increase the volume of economic intercourse of our two nations. (Applause)

Mr. SMULL.—As to the remarks of his Excellency relative to the contracts that were made with different manufacturing concerns in this country, faith works both ways. Poland came to us for a loan of money and for manufactured goods. She had no security to offer except her good name. American bankers did not hesitate to extend a Polish loan without security. Nor did our manufacturing companies hesitate to accept the contract for goods without security. Poland was absolutely prompt in the payment of interest on the loan, and, as you gentlemen know, that loan is being paid off regularly. It was our faith in the Polish people that led to the loan and to our sale of products to Poland just after the war.

I have heard it rumored that there are negotiations in progress to raise the Polish representative to an ambassadorship in our country, and now that we have heard his Excellency we hope that will come quickly.

In that regard, too, I would like to read a telegram that we have just received from Mr. SOL. BLOOM, who is a representative of Congress from one of our districts in New York City. He telegraphs:

“Washington, D. C., October 18, 1929.

“CHARLES T. GYWNNE, Executive Vice-President,  
Chamber of Commerce, State of New York,  
65 Liberty St., New York, N. Y.

“Regret exceedingly that a bad cold prevents me from attending your luncheon today to the Official Polish Delegation. Were



I able to be present I would second the wish of President HOOVER that Poland should have an ambassador in Washington and that the United States should send an envoy of similar rank to Warsaw. Permit me also to state that I know of no one more competent or more able to fill such a position than the present Polish Minister to the United States his Excellency the Hon. TYTUS FILIPOWICZ. During my visit to Poland this summer I was much impressed by the wonderful progress that was made during the last ten years and I doubt if in the entire history of the world has any country been able to show greater progress or greater prosperity than Poland has shown in this short space of time. Permit me to extend my best wishes for the future progress of Poland and with the hope that it will soon take its proper place among the great powers of Europe.

“SOL. BLOOM, M. C.”

I think we all second the wish of Congressman BLOOM.

I am very glad to say, gentlemen, we have with us today Count FRANCIS PULASKI, Representative of the Republic of Poland to the National Pulaski Sesquicentennial Celebration. FRANCIS PULASKI is a descendant of the CASIMIR PULASKI family. Born in the year 1875 in Poland, he is a very highly educated gentleman, a Polish historian, Delegate of the Polish Academy of Science. He was formerly Minister of Poland to the United States, and in 1918 was President of the Council of State of the Polish Republic. In 1910 he was invited by the Government of the United States to take part in the celebration of the dedication of the monument to CASIMIR PULASKI in Washington by the American Historical Association.

Count PULASKI, I wish you would say a few words to us. (Applause. All standing)

#### **Address of Count Francis Pulaski**

MR. CHAIRMAN, YOUR EXCELLENCIES, DISTINGUISHED GUESTS.—I am proud and happy to be able to attend these celebrations in honor of my great ancestor, General CASIMIR PULASKI—a hero of your country and of mine.

I realize that the tribute which is being paid him today is due not only to the person of General PULASKI but also to those great ideals which have always inspired and still inspire the people of Poland and at the same time are and have been the ideals of the American people—ideals of freedom, independence and democracy.

The first Polish insurrection, led by General PULASKI, known as the Confederation of Bar, even before the American War for Independence and the French Revolution, crystallized the meaning of these great ideals which only later became the slogans of these two historic events.

The Confederation of Bar, which was waged by PULASKI against his own King and against the three dividing empires, could not achieve its aims because of the power and preponderance of its adversaries. But, in the words of ROUSSEAU "it saved his unhappy country, for it restored her moral forces."

The death of PULASKI, like every heroic death, strengthened the morale in both America and in Poland. While in America PULASKI's ideals were realized almost immediately after his death, in Poland it was only after a century of martyrdom that they were fulfilled by that greatest of patriots in the struggle for the independence of Poland—Marshal JOSEPH PILSUDSKI.

The military prowess and victories of PULASKI are not his only claims to fame in America. Undoubtedly the fact that he formed the nucleus of American cavalry and helped to save the American army at Brandywine was of great moment. But his chief merit, which I would like to emphasize as a historian, lies in his unflinching devotion to republicanism which in his days was far from being generally accepted in America. "I am a Republican whom the love of glory and the honor of supporting the liberty of Union drew hither"—he wrote to Congress.

These were not empty words; for that "love of glory and liberty of union" he spared no efforts and finally sacrificed his life. By this greatest human sacrifice he gave a convincing proof of his loyalty to republican ideals, for the loyalty to principles, according to your great President ROOSEVELT, demands noble deeds and not merely empty words.

The community of Polish and American ideology represented in the personality and deeds of PULASKI would not be complete without an emphasis on the fact that PULASKI had great humanitarian ideals and even in his days thought of the noble principles of brotherhood and union of nations.

"May that horrible science of trick, imposture and treason," he said, "which courts denominate politics, hold out no obstacle to prevent fraternal reunion of nations."

"Noble rivals in talents and philosophy suspend forever those bitter discords the fury of which has been too often extended over the two hemispheres. Instead of the cruel advantage of affrighting and subduing the nations around you, dispute between yourselves the more solid glory of enlightening their ignorance and breaking their chains."

All that I have said just now was intended to state the historical fact that there exists a community of ideals, between our two nations. Those ideals resulted already in the great prosperity and development of America, the realization of Polish independence and, I hope, will result in the future in the acceptance of higher and nobler ideals in the progress of the world. (Applause)

Mr. SMULL.—I thank you, Count PULASKI. For a man who

told me that he could not speak English, you do very well. I am sure if the positions were reversed and I had to do the same thing in Polish, I would come a cropper.

I am going to introduce the next speaker in a few words, but they mean much to Poland and to the rest of the world. This man did more to cement the relations between Poland and the other English-speaking nations than any other one man. I want to introduce Professor ROMAN DYBOSKI. (Applause. All standing)

#### Address of Professor Roman Dyboski

(NOTE: *As Professor Dyboski sailed for Poland within a few hours after making this address, he did not have time to edit the stenographer's record of it which appears below.*)

MR. CHAIRMAN AND GENTLEMEN.—I came here prepared for this honor of making a speech to you, but I did not come here prepared to meet such a galaxy of men whose names are so well known in the business of this community. As a visiting professor, I feel very much embarrassed indeed among so many men who have done more to organize life at large than any scholar could do. In spite of this embarrassing coincidence of finding myself among some of the greatest leaders of the business world, I assure you I am greatly honored in being permitted to address you. You have heard the Minister of Poland to the United States and the distinguished descendant of the Pulaski family, so now I, as one of the rank and file of the Polish nation, want to endorse heartily what they have said. It is in that capacity, as one of the rank and file of Poland, that I represent the Polish nation, and I add the unanimous voice of united Poland to that homage that is paid to PULASKI's memory throughout the length and breadth of the United States these days.

We in Poland honor PULASKI as one of our national heroes, as you honor him as one of your national heroes. He was the first one who raised the standard of freedom in his stand against foreign encroachment and laid the foundation for the stand for freedom and the basis for all future insurgents.

As long as we were slaves, as long as Poland was captive, there could be no peace in Europe; because it was our view that no normal national life, social, economic or intellectual, was possible under such conditions. To you it goes without saying that such a condition could not be, but it was not the same to the Polish people ten years ago. Her condition could never be improved until that ghost of Poland was laid at rest and Poland rose again in the flesh.

We are glad to celebrate the memory of PULASKI, founder of the struggle for liberty, now that Poland has taken her place among the free nations. With particular reference to his services



in America, we celebrate his memory as the great initiator, the first of a series of men who have fought on these shores. After he had taken up his sword for this country here, wherever there has been a struggle for liberty anywhere, here or in the European world, you find a Pole active in it. The Poles, to put it in plain speech, have had their fingers in every revolutionary movement during the last century. Wherever the oppressor had to be fought the Poles have joined in the fight, because in the fighting of those battles for the freedom of others they hoped to win freedom for themselves. In the struggle of the French, in the Napoleonic period, that slogan "All free men are brothers" was a motto inherited from PULASKI and others who had served the cause. \* \* \* MICKIEWICZ, one of our greatest poets, helped in the great struggle in 1848 of the Union against Austria.

These services have been amply repaid. It turned out to be good business to fight for the freedom of others, because the other nations returned it very generously. We have had our services in the Italian cause nobly returned by Italians who have shed their blood in the uprising of 1863; we have had some of the noblest blood of America given to us, drop for drop for the noble blood shed by PULASKI. Not only because of the countless American soldiers who have died on the fields of France, who have stood shoulder to shoulder with us in our stand against the barbaric invasion of our country, but there are in our country places of pilgrimage now by which we recognize what America has given us for the services of PULASKI. She has given us many other things which have been mentioned in the words of the Polish Ambassador; she has helped us in the difficult task of reconstructing Poland out of the wreckage following the war. Economists, social welfare workers, have come to our shores. The name HOOVER is known to every school child in Poland, and I was very happy to say that to your illustrious President, Mr. HOOVER, when he received us in Washington the other day. I said, "We are happy to celebrate this anniversary under your presidency, because your name is a household word in Poland as PULASKI's is in America."

Now I have been talking mostly of war, and I drift to the arts of peace, as you see, from the arts of war. I wish to add a few words on a subject particularly within my sphere of interest, and which accordingly is one of the few subjects that I can speak of now, after these eloquent speeches you have heard. During the past six months I have been on a lecture tour, and I have spoken at various places in your country. I spent a quarter of a year in the University of Chicago and the remainder of my time in Columbia University and the University of the State of New York. During that lecture tour I got impressions which I feel sure must strike every observer of conditions generally. The foremost impression in my mind is that illustrating the entirely

unique connection between business and academic culture. It is a new departure in the history of the world. The way these forces are coming into contact in America today is something entirely unprecedented and something of real importance to humanity. The almost unimaginable generosity with which gifts are showered on the universities here is monumental in its importance, but I am particularly interested in the deeper and underlying aspects of this phenomena. That connection is not only being established by those gifts, but the place which the business men occupy in the curriculum of the university. At Harvard I might say that the school of business administration donated by Mr. BAKER almost overshadows the other buildings. Not only is it important to the professors and the students but also to your business leaders. I venture to say both sides stand to gain by this.

Learning and research, as we have known it in Europe and America, particularly in the late days of the nineteenth century and those of the twentieth, tended toward specialization as the order of the day and as NIETZSCHE of Germany characterized it, the knowledge of that which is not worth knowing. In fact, as you often put it in America, people began to think more and more about less and less. But the things which must be of interest to everybody tend to suffer.

The contact now established between the great sphere of business and the whole economic order of the nation and the institutions of learning—that, of course, vivifies learning, it links it up with the interest of the large mass of the population; it makes science vital, but, on the other hand, business I should say is bound to profit in the long run by the fact that so many and such immense crowds go through the college and university curriculum and enter into the world of business without that sphere of academic study.

We of Poland admire American business men for one thing. Not for their prosperity, but chiefly for the fact that the business man looks upon business as a service to the community, and looks upon the fortune that he builds up as a fortune to be held in trust for the people at large. That spirit is bound to have an increased moral strength, from the fact that your sons and fellow-workers go into business with a widened outlook and the academic culture that is acquired. I am quite sure that you feel that when you send your sons to Dartmouth and to other institution of learning.

Even a wider aspect is noticeable in American life today. The universities are beginning to feel they are so bound up with the life of the nation as never before that they bear part of the responsibility to society for sound state administration, sound federal administration, a high standard of morality in public life, which has got to be raised and upheld. They are trying to raise public morality. I noticed particularly in the University of Chicago, where I had the privilege to be actor in a grand scene, the

first convocation that was ever held by that university in the magnificent Rockefeller Chapel. A great lawyer of that city, in a memorable oration, thundered on the subject of the connection between crime and political corruption, and invoked all the powers of the university to help the municipality of Chicago and the country at large to raise its standard. Here I saw before my eyes one of the fruits of that connection happily established.

Europe, of course, has plenty of lessons to learn from this state of things in America. I was brought up in the knowledge of the fact that America is an excellent teacher, and particularly the subjects that we can learn are dentistry, surgery, mining, social welfare, organization, education, psychology, sociology, better in America than anywhere else in the world. But now there is something over and above all this—a general spirit pervading your colleges and universities, on the one hand, and your business world, on the other hand, which we can only gain by acquiring it. We would like to have a similar connection established in our country, as it is established in America now, in order that we may learn all those lessons from America, and as we are eager to profit by the opportunities given to us to study America and its developments, those opportunities are many and are being supplied and through the generosity of America, and we are very anxious to avail ourselves of them and are using them both in Poland and elsewhere in Europe. It is my privilege indeed to have as a neighbor of mine at this table a man whose name is known throughout every family of Europe. Poland is extremely grateful to Mr. ROCKEFELLER for the extraordinary way in which he has promoted studies, particularly the study of medicine, by a great hygienic institute in Warsaw, the gift of Mr. ROCKEFELLER. Through that generosity our medical clinics after the war were placed on an entirely different footing, and also the libraries, all due to the generosity of that dynasty as I may call it. We have through it more valuable things. Men who have been scholars in that Rockefeller institution, including my brother, have been able to acquire a world outlook in that particular branch of study. We in Poland are doing our bit to try to learn more, not only from America but from the world. The connection between our two countries has not been historical only. PULASKI was the first great Polish American, but millions of my countrymen have come to America since. They may not have shed their blood, but they have shed plenty of sweat of their brows and have helped to build up the family prosperity as workers. Their sons and daughters are going to universities here, to build up the imperishable fabric of America for the future. It is to these that we have appealed for an exchange of professors and students between our two countries. That foundation, after the first difficult and struggling years, is on a sound footing now.

I was doing homage to Mr. VAUCLAIN of the Baldwin Loco-



motive Works yesterday in Philadelphia. In Polish banking and Polish industry we are now utilizing, on Polish soil, what we have learned in America. We are eager not only to learn from you, but are glad to let you get some information about us, to get in closer touch. We want you to understand us better. Not as Poles only, but as Europeans.

There are two great systems in the world now—American civilization, on the one hand, and the many varied forms of European civilization, on the other. I think every energy in the world, both economic and intellectual, ought to be strained to bring those systems close together, to have them coalesce, and to have them in unity. The unity of civilization is at stake. One of the dangers, as we know in Poland, is bolshevism, which is contrary to all the great maxims of our civilization. We may be very much in danger by such forces if we allow America and Europe to drift asunder. They must grow together, and such efforts be put forth by the business world and engineered by the academic world which will serve to help the nations of Europe and America to understand each other better. All such institutions are, in my humble opinion, rendering great services to the future of both European and American unity.

Unity between us will help keep the unity of the world alive, and will help to the end of achieving it permanently, that the efforts of humanity in the Christian world for the last two thousand years are not lost to those who come after us.

I am fully aware that I am speaking to a body of men who, while absorbed in their every-day affairs, help promote by their efforts the best causes in the world, and keep them constantly before their eyes. Therefore, I have ventured to speak at such length upon that connection between my world and yours. We are fundamentally one, and it is one cause we have to serve. (Applause)

Mr. SMULL.—Now, gentlemen, I think you can appreciate the introductory remarks, when I said Professor DYBOSKI did more to cement the relations of Poland and the English-speaking nations than anyone else. We thank him for his address, for his kindness, and the information he has given us. It was a brilliant address, full of information and thanks to this country, which we all appreciate.

Before the Polish Delegation leaves we would like them to go to the President's room and sign the visitor's book, and after that is done we will be very pleased to have them go downstairs to our Great Hall and see the room in which we hold our monthly meetings. If any of our own members are here who can spare the time to come with us, I would also appreciate having them do so.

Luncheon adjourned.

## THE AMERICAN LIBRARY ASSOCIATION

Mr. HARRY A. WHEELER, President of the Chamber of Commerce of the United States in 1912-1913 and again in 1918-1919, is sponsoring a plan by which the American Library Association hopes to secure \$1,000,000 for endowment. Mr. WHEELER is Vice-Chairman of the First National Bank of Chicago and Chairman of the A. L. A. Trustees of Endowment Funds.

ANDREW KEOGH, librarian of Yale University and President of the American Library Association this year, heartily endorses that plan. Miss LINDA A. EASTMAN, immediate past-president, commended it in her annual address, and has already done her part in Cleveland. LEONOR F. LOREE is a New York member of the A. L. A. Special Membership Committee, which was appointed to carry to completion Mr. WHEELER's plan. Miss L. ELSA LOEBER, of the Library of the Chamber of Commerce of the State of New York, and Miss MARIA LEAVITT of the New York Public Library, are librarian members for New York on this Committee. A luncheon meeting was held in New York about the middle of November to give New York men an opportunity to learn more about the activities of the Association.

"The American Library Association, for more than fifty years responsible for the development of the Public Library in America, has become the major educational activity in fields difficult to cover by other educational methods," Mr. WHEELER declares, in explaining his plan. "The Carnegie Corporation has already provided \$1,000,000 for the American Library Association as the first contribution toward an endowment of \$3,000,000 to establish this cultural and research institution upon a firm foundation. A second \$1,000,000 is in sight as soon as the public has evidenced its interest by subscribing an equal amount.

"This public subscription of \$1,000,000 may be raised in the form of sustaining memberships, wherein an annual membership fee of \$100 is counted as a \$2,000 principal contribution. Considering the like amount which such a membership makes available, the net result of a membership of \$100 per annum, therefore, would be equivalent to \$4,000 in endowment for the American Library Association. One-fifth of the necessary amount has been raised in other ways, and only four hundred sustaining memberships will be required. New York and Chicago, because of their size and importance as educational centers, are each given a quota of one hundred sustaining memberships.

"Memberships may be individual or corporate. No membership application will become effective until the full obligation has been met. In other words, the man who signs an application is assured that unless three hundred and ninety-nine other signers are secured, thus assuring the success of the project, he will not be called upon to redeem his pledge. Of the four hundred applications required, 75 have been received—20 from New York,

and 55 from the rest of the country. It is hoped to complete the task within the next few weeks."

Some of the specific projects which the American Library Association desires to promote with additional funds are: Library extension, adult education, library work with children, school libraries, hospital libraries, work with the foreign born, work with the blind, etc. Over sixty committees are engaged in these and other activities, promoting all aspects of library work from book binding and book buying to legislation and international relations.

The radio, the "Master Farmer" and "Master Homemaker" contests, the 4-H Clubs, the Boy Scout and Girl Scout movements—all stimulate a desire among rural people for better standards of living, new ideas in farming and homemaking, nature study, athletics and handicraft as well as for recreational reading. This means an increased demand for books. Through its Library Extension Department, the Association is working to multiply library privileges for rural dwellers.

Through its Board on the Library and Adult Education, it is endeavoring to increase reading opportunities for the millions of young men and women out of school. More than 500,000 of A. L. A. Reading with a Purpose courses (published without profit) are in use as a stimulus to the reading of worth-while books. Some of the large industries are using these courses to help direct the reading of their employees into better channels. One firm alone has used over 12,000 of them.

Library work with children is another aspect of Library work awaiting funds to forward it. More than half of those acquiring the reading habit in some of America's big city public libraries are children. The Association hopes to create a department devoted solely to promoting and improving library opportunities for children, and a special department at A. L. A. Headquarters which will assist in the development of all school libraries.

The A. L. A. War Service did not originate the idea of hospital library work, but it did demonstrate to the country at large the value of books as recreational, educational and therapeutic factors in hospitals. Thousands of World War veterans are still confined in hospitals, and for these and other patients the Association hopes to increase reading privileges.

Of the 15,000,000 foreign born in the United States, more than 3,500,000 are men of voting age, but not citizens. More than 1,500,000 are illiterates. Because a public library takes no sides, and is a public agency provided to help equip the individual with knowledge for his personal and social life, it is able to approach the immigrant in a different way from any other agency. An A. L. A. project to promote reading opportunities for "Americans in the making" is one of those which awaits financing.

It is estimated that there are 80,000 blind persons in the United



States. Because of the great expense of printing books in raised print, few blind readers can afford to purchase books for themselves, and they must look to public libraries for the privilege of reading. Another Association activity is concerned with increasing library facilities for the blind.

Of the 110,000,000 of people in the United States, approximately sixty-five millions live in communities which support a public library. But, there are forty-five million who live in districts without free book privileges, according to figures compiled by the Association. England, however, has almost universal library service, due to the establishment of county libraries.

The job in America is, therefore, only about half done, and the plan of Mr. WHEELER is intended to make it comparatively simple for an individual or a firm to have a vital part in promoting a movement designed to benefit millions of people and to raise educational standards in America.

#### LUNCHEON TO JAPANESE BUSINESS PARTY

The Officers of the Chamber tendered a luncheon in the Adam Room of the Chamber's building on Wednesday, November 6th, 1929, at 12.30 o'clock, to a delegation of Japanese business men who were visiting our City.

The following Officers and members of the Chamber were present:

LEONOR F. LOREE, President; J. BARSTOW SMULL, Chairman of the Executive Committee; MORTIMER L. SCHIFF, Vice-President; DARWIN P. KINGSLEY and WILLIAM L. DEBOST, Ex-Presidents and members of the Executive Committee; HOWARD AYRES, WILLIAM F. COLLINS, JOHN D. DUNLOP, EDMUND DWIGHT, H. HOBART PORTER, MARCUS H. TRACY, JOSEPH E. STERRETT and JESSE ISIDOR STRAUS, members of the Executive Committee; PERCY L. GUITERMAN and ROBERT A. SUFFERN, members of the Committee on Foreign Commerce and the Revenue Laws; RIO-CHIRO ARAI, HIDESHIGE KASHIWAGI, and EDWIN P. MAYNARD, members of the Chamber; CHARLES T. GWYNNE, Executive Vice-President, and JERE D. TAMBLYN, Secretary; PHILIP P. BROWN, B. COLWELL DAVIS, Jr., and HOWARD FINNEY of the Chamber's staff.

The following members of the Japanese Business Party and other guests were present:

Mr. SEISA NAKAGAWA, Ex-Vice-Minister of the Japanese Imperial Government Railway, Executive Director of the Japan Tourist Bureau, President of the Association, and Chairman of the

party; Mr. OTOICHI KINOSHITA, Director of the Liberal News Agency, Tokio, member of Executive Committee of the Association and English Secretary of the Party; Mr. KUMATARO MITSUI, member of Executive Committee of the Association and Secretary of the Party; Mr. Y. OKUNO, Secretary of the Japanese Chamber of Commerce of San Francisco; Mr. SHINNOSUKE ISHIDA, Wholesale Agent for the Government Tobacco Monopoly Bureau, Saitama Prefecture; Mr. KUNISAKU KAGESHIMA, Director, Yebisu Motor Bus Co., Ltd., of Tokyo; Mr. SOMATSU KATO, Proprietor, Kato Dry Goods Store Co., Sendai City; Mr. YOSHIZO KATO, Superintendent, Takekawa Rubber Works, Ltd., Hyogo Prefecture; Mr. KEIZO MATSUMOTO, Proprietor, Matsumoto Keizo Shoten, Tokyo, dealers in electric machinery, apparatus and supplies, MESSRS. TETSUTARO NAGAFUJI, SR., and KIYOSHI NAGAFUJI, JR., Proprietors, Nagafuji Shoten, Tokyo, Bakery and Confectionery; Mr. MATASABURO NAMBA, Senior Partner, Namba & Co., Manufacturers and Importers of oil boring tools and other machinery, Nagaoka City, Niigata Prefecture; Mr. YOTARO SEKINE, Architect for the Fudo Savings Bank and other prominent commercial houses, Tokyo; Mr. YOSHIO SUGAHARA, Director, Miyagi Electric Generating and Transmitting Co., Ltd., Sendai City; Mr. YOSHINOSUKE TAKANO, Manufacturer in glass wares, particularly in glass-made stationeries, Tokyo; Mr. KICHIRO TAKEKAWA, Managing Director, Takekawa Rubber Works, Ltd., Hyogo Prefecture; Mr. ICHIRO TAKEUCHI, Physician, Aichi Prefecture; Honorable K. UCHIYAMA, Acting Consul General, Japanese Consulate General; Honorable KO ISHII, Consul, Japanese Consulate General; Honorable YASUDO SHUDO, Commercial Secretary, Japanese Embassy, and Honorable TOYOJI INOUE, Vice-Consul.

#### **Remarks of President Loree in Welcoming the Visiting Japanese Business Party**

The Chamber of Commerce has very great pleasure in welcoming the official representatives of the Japanese Government, the Chief of the Japanese Business Party, and the gentlemen making up that party and associated with them. They have come a long distance, they have a short time to stay, we are very much in hopes that their visit will be illuminating. As communication becomes more efficient and more rapid, it becomes increasingly important that peoples of the world come to a common understanding of their several problems and an adequate understanding of each other. That is made very difficult by reason of geographical conditions, climatic conditions, the differences in language and the difference in racial traditions. It is overcome to some extent by just such visits as this, by visits of men of penetrating minds who can make their stay as long as possible and their study in-

tensive and broad, and it is promoted by a study of statistics. The difficulty with statistics is that they are very apt to be misleading; they are very general in their character, and they seldom are so detached and direct in their application as to be a safe guide unless one knows and is familiar with the basis upon which they are made up.

At the first glance, there would seem to be very little in common in the condition of the United States and Japan, and yet, if we segregate off from the rest of the United States the thirteen northeastern states, we get a comparison of two populations that face in a degree very much the same problems. The territorial area will be about equal. Japan will have about sixty million people and the thirteen northeastern states about forty million. Japan has a mountain range running through it that dominates its whole life. We have the Appalachian Range which to a very considerable extent conditions ours. That range is important not alone because it is about two thousand feet high, nor because it has no water gaps, but because of its great width, nearly three hundred miles. Fortunately it is a great reservoir of mineral wealth. From it is produced anthracite coal to the extent of about eighty million tons annually, and something like that same amount in bituminous coal. The deposits will probably furnish this region as to anthracite for one hundred years and as to bituminous for a very much longer period.

On the eastern front is the ocean, and with ocean problems Japan is even more familiar than we.

We have, therefore, a crowded population. If you take the State of Pennsylvania with about twenty-eight thousand square miles, about forty-five per cent. of it is usable only as to its land surface for tree culture. You cannot grow any crops on it; you cannot do any manufacturing business on it. It is a mountain range that is nearly half the total area. If you go north across New York, Vermont, Maine, New Hampshire, you get very much the same conditions. Along the sea-front, a distance of about eight hundred miles, from Newport News to Bangor, Maine, and lying within fifty miles of tidewater, are more than twenty-three millions of people.

We have in Boston, a city of something over one million people, in New York, over five million, in Newark and the immediately adjoining towns, over one million, in Philadelphia more than one million, in Baltimore about nine hundred thousand, and in Washington something like five hundred thousand. Nowhere in the history of the world, nor in any known country, has there ever been such a string of large cities as there is in that fifty-mile strip, eight hundred miles long.

So that if the prime attention of this party were to be given to that confined area, I suggest it would be more significant than to try to cover the whole United States, first, because it is small



enough to be looked at, and, second, because it is more nearly comparable with their own problems and life.

Now, we are all committed to an industrial civilization, and Japan is coming into that very rapidly, and, therefore, she is facing very much the problems that we have had to face. She is facing, for example, the labor union problem. Her labor is organizing into unions. It is of very great importance that they make sure those unions are organized for the benefit of the men and not for the benefit of leaders who exploit them. We are working out here gradually a very good relationship between the employer and the employee. We are not helped at all by the writers on the subject. Industry is made up of a manager who gets together capital and labor and directs both so that they may have an adequate return. The writers have only two words for those three different elements. They talk about capital and labor. It is as though, when you were talking about earth, air and water, you had only two words and you never could tell when you said "water" whether you were talking about earth or whether you were talking about water until you consulted the context, and we suffer from that muddy obscurism which I think it is very important that you should clear up, and you can do it now because you are starting, whereas we have been involved in it for pretty nearly seventy years.

You are facing, too, a change in your governmental structure, as I understand it, and have put the voting power in the hands of the people on the basis of universal and equal suffrage. Well, I think that is one of the great problems that we have in front of us. Universal suffrage I believe in. I wouldn't go even so far as we have in New York State where we don't allow a man to receive suffrage unless he can read or write. I would give the vote without any qualification, but I would distinguish very sharply between a man with very limited equipment for voting and a man who had really the potentiality of one hundred times that man's. I think you would be wise if you consider as you go along a graduated voting that would give the people who really energize, direct and safeguard your affairs a predominant voice in it. Everybody ought to have his say, but a man who is entitled to an influential say ought to be put in a position to exercise it.

Now, I could go on and develop a great many of what I consider the problems that we face alike because of the similarity of our conditions, but those will come to you from a great many different angles and I think will be more and more interesting as you come to face them.

I am going to be very apologetic as to myself, and you will understand, when I say I have an important meeting that I have to attend, my reason for going. I shall ask Mr. SMULL, the Chairman of the Executive Committee and our second officer, to preside in my place when I am gone. I want first to take the oppor-

tunity of introducing to you Mr. UCHIYAMA, the Acting Japanese Consul General in the City of New York. (Applause)

Mr. OTOICHI KINOSHITA.—I shall make a snappy translation of Mr. LOREE'S speech. (Mr. KINOSHITA then translated Mr. LOREE'S remarks into the Japanese language.) (Applause)

(President LOREE then withdrew from the room.)

CHAIRMAN SMULL.—Gentlemen: You have just heard the Japanese translation of Mr. LOREE'S remarks. Mr. LOREE, before he left, introduced the Acting Consul General of Japan, Mr. UCHIYAMA. I take pleasure now in presenting Mr. UCHIYAMA. (Applause)

#### Remarks of Honorable K. Uchiyama, Acting Consul General of Japan

MR. CHAIRMAN AND GENTLEMEN.—In behalf of the Japanese business party and myself, let me begin by expressing my sincere gratitude and heartfelt thanks to the members of the Chamber of Commerce who have so kindly invited us all to luncheon at this famous institution of which my compatriots have undoubtedly heard even in Japan.

As you are quite aware, this party has come to the United States to witness and study the industrial activities here, which are internationally known to be conducted with the most rational management and the utmost efficiency and economy. In Japan, they have heard and read so much about the prosperity of America, especially the tremendous progress of industry after the Great War, that they probably have a most natural wish to emulate your achievements.

It was an American, Commodore PERRY, through whom Japan made her first contacts with the Western civilization and thus brought her to her present eminent position among the civilized nations of the world. After that stimulus, our countrymen no longer wait idly at home until your messengers of prosperity arouse them; but they dare to come of their own accord and on their own initiative to gain the benefits of direct contact and study.

There are, of course, many reasons why America achieved her present prosperity, and the fundamental cause is "Americans themselves"—their character and mental and physical power and energy, without which even the abundant resources of their richly endowed country might be simply pearls before swine.

I am, therefore, highly gratified that our business party is having this opportunity to meet the real man-power of the country, by virtue of which the present prosperity has been attained.

I wish our Japanese business men here will carry with them the indelible impressions of American personality and character,

as represented so clearly by the Americans here present; and I wish finally that our countrymen will have the clairvoyance to value these traits and emulate them for the advancement and advantage of our own country. I thank you. (Applause)

(Whereupon Mr. OTOICHI KINOSHITA translated Mr. UCHIYAMA'S remarks into the Japanese language, for the benefit of the visitors.) (Applause)

CHAIRMAN SMULL.—We thank you, sir, for your very kind remarks relative to our business men and our business methods and our country generally. We will try to live up to what you tell us we are. (Laughter)

We have with us the Chairman of this Business Committee that has headed this delegation of Japanese business men to this country, and this gentleman will speak to us in Japanese and it will be translated by Mr. KINOSHITA at the conclusion of his remarks.

I take pleasure in introducing the Chairman of the Business Party, Mr. NAKAGAWA. Mr. NAKAGAWA, gentlemen. (Applause)

(Whereupon Mr. SEISA NAKAGAWA addressed the group in the Japanese language.) (Applause)

(Mr. OTOICHI KINOSHITA then translated Mr. NAKAGAWA'S remarks into the English language, as follows:)

**Remarks of Mr. Seisa Nakagawa, Chairman of the Japanese Business Party**

Mr. OTOICHI KINOSHITA (translating): Mr. Chairman and gentlemen. I have to thank you for a luncheon like this, particularly arranged for us. In such busy days we know you are all occupied with other things. Our purpose in coming over to this country is to study the improved methods and also to promote the trade, enlarge our trade. Our trip so far has been very instructive and we do not doubt that it will bring us great benefits. I wish to show you an example of how the industry in Japan is carried on. The Kawasaki shipyards at Kobe, is one of the largest shipbuilding yards over there, and have been employing up to a few years ago about nine thousand laborers. Some expert told us that when we ran that dock on as scientific a basis as American business is being done, we will only have to employ three thousand, or one-third of that number, and because of that fact that dock yard failed. And this is what we have to remedy over there.

And coming over we have found the American business on a larger scale even than we had imagined over there. Everything is standardized and simplified and it runs smoothly in a very sci-



entific way, and we are thinking about the ways and means of adapting our industry to that scheme.

Taking this opportunity, I wish to thank you for the very generous help at the time of our calamity in 1923, and I wish to inform you that a greater part of Yokohama and Tokyo is reconstructed, as far as public work is concerned, and almost completed. The people of those two cities and the vicinity are always thankful for your help.

As an executive director of the Japan Tourist Bureau, I wish to add one more word. We are trying our best to accommodate the tourists that come over from America and other countries, and we like to invite you and it will be our great joy to receive you every month over there. (Applause)

#### Remarks of J. Barstow Smull to the Japanese Business Party

I thank you very much for your kind remarks.

My luncheon companion was Mr. S. KATO, who is the proprietor of the Kato Dry Goods Store Company of Sendai City, Japan. Mr. KATO knew no more English than I knew Japanese, but I finally found that he could understand written English, and I thought I would make a suggestion to him. These men who have told us that we are pretty wide awake and enterprising, but I just want to tell you this little exchange of notes between Mr. KATO and myself has proven that they are just as enterprising and quick as we are. I wrote on the piece of paper that Mr. STRAUS, who sat on my left, was President of R. H. Macy & Company, and that he should see the store before he went home as he was in the same line of business. Mr. KATO wrote underneath that writing of mine, "I saw this store yesterday." (Laughter)

I tell you this to show you that these men who are visiting us are the same kind of men as we are, most enterprising, most enthusiastic about what they are seeing and hearing, and I am sure Mr. KATO saw in R. H. Macy & Company yesterday things that he could apply to his own dry goods store in Japan.

I don't know whether there are any shipbuilders here or not that appreciate what was said about the shipbuilding industry, but I will say that if the Japanese are employing three times the number of men we are for one line of work, that they will find it pretty difficult to make two ends meet, although their wages are considerably less. I do know about their shipbuilding abilities, for during the war they offered to build steamers for us to take cargoes from this country to Europe to feed and supply our own army, and the armies of the allies, and they said that they could fabricate the steel ships as fast as we could deliver the steel to them. They had no steel. They had the workmen, and they had the yards, and they carried out what they agreed to do. We

shipped them this steel from the Pittsburgh district by train to Seattle and from Seattle across the Pacific. It was delivered to their yards in Japan, and those ships were fabricated and the building was as well done as the ships in this country were during the war. Many of these ships are afloat today, some owned by Americans, some owned by Japanese, but the work on the ships was every bit as good as the work our yards did at that time.

Now, gentlemen, before you go I want to say to you that the Chamber appreciates very much your visit to us today. It is just this sort of visiting that does nations the most good. If you stay home and we stay home, we will never find out what the other fellow looks like or what he can do or how he does it, but by a visit such as you are making to this country, you will do yourselves and will do us a lot of good. You run across, once in a while, an American who can talk some Japanese, and you people talk some English, so we are bound to learn things from you as well as you will learn things from us.

I want to offer you the facilities of this Chamber of Commerce. If there is anything here that we can help you with, we will be very glad to do it. The force here and our library and our different statistical works are at your disposal if you care to accept it.

Now, before you go, I want to have you all come downstairs and see our Great Hall. The Great Hall is the place where we meet every month for our meetings. There are eight or nine meetings a year held and many commercial questions are brought up and debated upon. After you see the Great Hall we will return upstairs and before you go I would like to have as many as possible sign our visitors' book.

I thank you, gentlemen, very much indeed. (Applause)

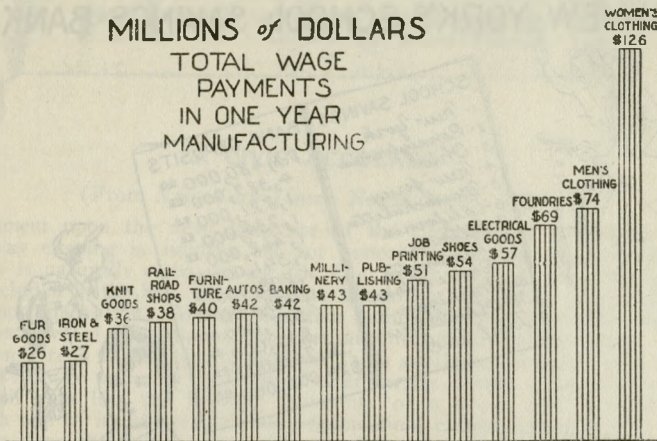
(Whereupon Mr. KINOSHITA translated the Chairman's remarks into the Japanese language.)

CHAIRMAN SMULL.—We will now adjourn and will ask you to go downstairs with us to see the Great Hall of the Chamber.

(Luncheon adjourned.)

## NEW YORK STATES 15 LARGEST PAYROLLS

MILLIONS OF DOLLARS

TOTAL WAGE  
PAYMENTS  
IN ONE YEAR  
MANUFACTURING

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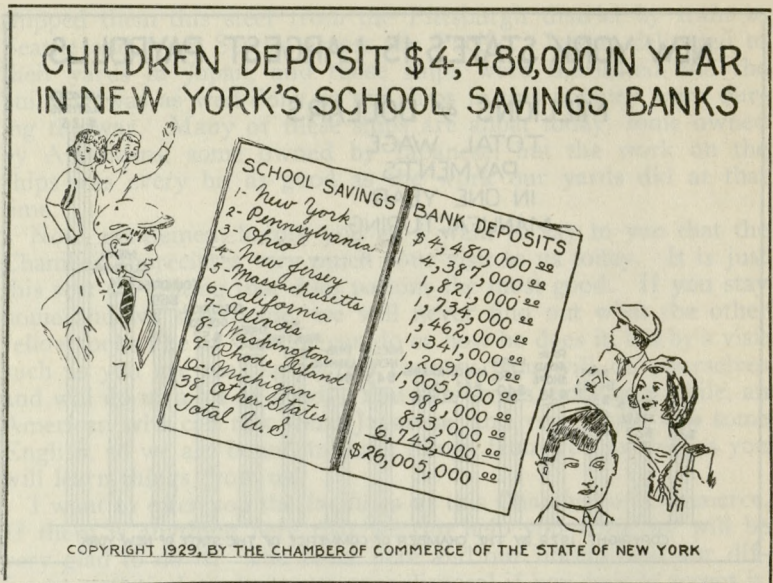
The women's clothing industry heads the list of the 15 largest manufacturing payrolls in the state of New York, it is shown in the newest data to be collected by the U. S. Census Bureau. This industry pays approximately \$126,000,000 a year in wages. The second largest payroll is \$74,000,000 and is that of the men's clothing manufacturing industry. The rank of the other lines of industry is shown in the following table:

Rank in Payroll	Industry	Year's Payroll Millions	Number Wage Earners Thousands
1	Women's Clothing	\$126	77
2	Men's Clothing	74	50
3	Foundries	69	45
4	Electric Machinery	57	40
5	Shoes	54	39
6	Job Printing	51	27
7	Publishing	43	20
8	Millinery	43	29
9	Baking	42	29
10	Automobiles	42	26
11	Furniture	40	26
12	Railroad Shops	38	25
13	Knit Goods	36	36
14	Iron and Steel	27	17
15	Fur Goods	26	10

The aggregate payroll of these 15 industries is approximately \$768,000,000 a year, as against a total of \$766,000,000 for the remaining 225 lines of manufacturing in the state.

The first 15 industries employ 496,000 wage earners, compared with 570,000 workers employed by all other industries in New York.





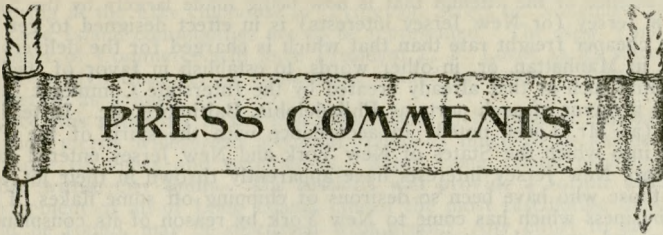
Children deposited \$4,480,000 in school savings banks in the state of New York during the school year 1927-28, according to data compiled by the American Bankers Association. It is expected that deposits during the year 1928-29 will show an increase over the previous year.

New York's child depositors led the school children of all other states in savings, according to the official report. Pennsylvania's children ranked second with deposits totaling \$4,387,000, while Ohio children took third with a total of \$1,821,000.

The rank of some other states in school savings is as follows: New Jersey, fourth, \$1,734,000; Massachusetts, fifth, \$1,462,000; California, sixth, \$1,341,000; Illinois, seventh, \$1,209,000; Washington, eighth, \$1,005,000; Rhode Island, ninth, \$988,000; and Michigan, tenth, \$833,000.

In New York, 1,358 schools participated in the savings movement, and the number of child depositors was reported as 861,453.

In the United States as a whole, school savings deposits totaled \$26,005,000 during the year.



### A CIVIC ACCOLADE

(From *New York Times*, November 23, 1929)

Comment upon the new departure of the Chamber of Commerce on Thursday evening in singling out for honorable mention six New York citizens is naturally embarrassing for *The Times*, since its own Publisher was included in the list. But that fact should not disable us from hailing the happy innovation. At least the other names will be recognized as truly representative of education, science, art, architecture and philanthropy. The "citations" read in the case of each of these gentlemen sounded very like those which go with the granting of a university degree. But in this instance it was like the broader university of a great city, recognizing through one of its long-established organizations citizens whom it believed to have done the public some service, while being eminent in their own pursuits or ornaments of their own professions.

The simplicity of the procedure heightened its significance. There was no academic costume, no medals, no prizes. The audience was merely asked to approve, as it did heartily, this new plan of the Chamber of Commerce to remind the public, in this public way, of the variety of talent and the range of activity which private citizens may display to the general advantage. It is not known if the ceremony of Thursday is to be repeated every year. Perhaps it would seem less staled by custom if it were made not too frequent. But the idea behind it is most felicitous. It indicates that the Chamber of Commerce wishes to illustrate some of its ideals by living examples. It desires occasionally to point to personalities as well as to principles. And it is ready to break with what sometimes seems to be the common assumption that we must not pause to honor a man until after he is dead. We do not act on that supposition in our personal contacts and intercourse, and there is no reason why we should do so in an organized capacity.

WILLIAM JAMES once wrote to a correspondent that he liked recognition, and added whimsically, "When I say recognition, I mean praise." It was not in a spirit of flattery that the Chamber of Commerce took up the old saying, "Let us now praise famous men," and gave it a significant modern application."

### PROTECTING THE PORT

(From *New York Journal of Commerce*, November 23, 1929)

President L. F. LOREE of the New York Chamber of Commerce spoke effectively at the dinner of the Chamber Thursday evening of the struggle that is being carried on, on behalf of this Port in the effort to defeat the plan for segregating lighterage and trucking charges made by the railroads from the regular through rates. The matter is one that has had the attention of the Chamber's officials for a good while, and the essentials of which have been stated on various occasions to groups of persons interested in the subject in order that they might understand the true inwardness of it. Thursday night's address brings it to the front and makes it a public question worthy of the cognizance of all citizens.



The essence of the attempt that is now being made largely by the State of New Jersey (or New Jersey interests) is in effect designed to get for itself a cheaper freight rate than that which is charged for the delivery of freight in Manhattan, or, in other words, to establish in favor of itself a differential such as that already created by the Interstate Commerce Commission in favor of such ports as Philadelphia, Baltimore, etc. Instead of acting (as Mr. LOREE noted) in accordance with the spirit of the Port Treaty into which the States of New York and New Jersey entered some years ago, New Jersey interests have apparently thrown in their lot with all of those who have been so desirous of chipping off some flakes of the great business which has come to New York by reason of its conspicuous position and unusual transit facilities. It is a case in which the city is called upon to take up arms to protect itself; and is fortunate in having as skilled a transportation authority as Mr. LOREE to take charge of the struggle.

Meantime, of course, the Port Authority has a duty to perform in this matter, as in many others; that is to take prompt steps for the lessening of congestion in this city and for the reduction, so far as it reasonably can, of the terminal and other costs which are connected with the handling of export and import freight at New York terminals. It was for this purpose especially that the Port Authority was created, and success in this part of its duties would go a long way toward heading off the attempts of envious rivals to hurt the city's acquired volume of traffic.

#### JERSEY AND FREIGHT RATES

(From *New York Telegram*, November 13, 1929)

New Jersey these days is rallying all its forces to the support of her Attorney-General in his new proceedings before the Interstate Commerce Commission to make New York City pay higher rates than New Jersey through a lighterage charge which would be added to the freight rates to the Jersey pierheads.

Historically the metropolitan region embracing all of New York City and that part of New Jersey lying opposite has been subject to the same freight rates. The traditional American practice, in fact, has been to fix uniform freight rates for all large urban centers.

But New Jersey apparently thinks that she is being discriminated against in favor of New York because the railroads must lighter much of New York's supply across the river, yet charge no more than if the goods had come to rest permanently on the Jersey shore.

This is stating the case in its most charitable form. In another way New Jersey might be looked upon as trying to win an advantage over New York in addition to that she already has by reason of the lower cost of factory sites, rents, etc.

New Jersey oddly is asking for differentials in lighterage rates, while saying nothing of the fact that New York City would still pay the same rates as Jersey on freight hauled across the Hudson on car floats. She may contemplate a small victory as the forerunner of a larger one.

The Chamber of Commerce of the State of New York in fighting this move holds, in effect, that New Jersey is seeking her own injury in asking an apparent advantage which so militates against the conception of the Port of New York as an entity, a highly desirable conception which New Jersey gladly furthered in helping bring the Port Authority into existence and in co-operating in building the vehicular tunnel and the Hudson River Bridge.

#### LONG ISLAND CO-OPERATION

(From *Brooklyn Standard Union*, November 7, 1929)

New evidence of the closer co-operation between Brooklyn and Long Island civic leaders comes with the announcement of plans for a joint



gathering at the Elks clubhouse in Livingston Street on November 14. All the Long Island communities are to be represented. The New York State Chamber of Commerce will have President L. F. LOREE as its spokesman. Our Brooklyn Chamber of Commerce, headed by JOHN E. ROUSTON, will co-operate as a host.

Since this gathering is the first joint event to be held in Brooklyn, the occasion merits widespread attention. There is much to be gained by an exchange of views and experiences. Many Long Island problems have echoes within city limits. The sessions will provide a forum where the development of all of Long Island, one of the most fascinating topics that could be found, may be discussed with profit. Any effort to aid in the progress of this great territory is a service of importance.

### BROOKLYN LEADERSHIP

(From *Brooklyn Standard Union*, November 16, 1929)

The clear, vibrant note of confidence sounded at the recent conference of all the Long Island chambers of commerce will hearten Brooklyn and her neighboring counties for the great deeds that lie ahead for our great community.

When LEONOR F. LOREE, President of the New York Chamber, told his conviction that the harbor lighterage case already is won for Brooklyn—that New York Harbor is and ought to be a unit as to freight rates, and that the former decision of the Interstate Commerce Commission on this issue would assuredly stand—that message alone was justification enough for the first of the conferences by which all of us, in the four counties of Kings, Queens, Nassau and Suffolk, will seek to work out our common destiny.

To get together, to stay together, to work and prosper together, was the spirit that animated the four counties conference and that ought to animate all of us. Nothing less than magnificent is the opportunity which lies ahead. WILLIAM C. REDFIELD was right when he said he was tired of Manhattan's "superiority complex." But that, after all, will take care of itself. Brooklyn will rise; is rising. It is destined to lead. The Long Island paradise can bloom by the force of its own wealth, beauty and enterprise.

### THE LIGHTERAGE DISPUTE

(From *Brooklyn Eagle*, November 16, 1929)

"When the Erie Canal opened," so LEONOR F. LOREE told the Chamber of Commerce at its luncheon on Wednesday, "New York made no discrimination against New Jersey in the handling of business coming into the port." But one doubts very much whether that century-old claim to reciprocal kind treatment will have any effect on the course of the present lighterage case, which the Chamber met to discuss. New Jersey will weep for us, if we complain of kindness ill repaid, but she will insist that business is business.

Several points may count more heavily in New York's favor than this historical plea, when the matter comes to a final settlement. New Jersey interests want the Interstate Commerce Commission to compel railroads to add lighterage charges for delivery of freight from their railheads to points on the waterfront of the port, instead of furnishing free lighterage as they have done for generations. Thereby the New Jersey communities bordering on the port hope to get their freight at less cost than do the New York communities, and thus to draw business away over the river. It sounds simple for New Jersey and disturbing for New York, but the plan has its complications.

For one thing, if put into effect, it would tend to swing business from

the other railroads, touching the port on the west, to the New York Central, which enters New York itself and can deliver freight within New York without any lightering at all. This would not at all suit the railroad lines that New Jersey wants to draft into the work of providing her communities with service at lower cost. If they should consent to co-operate with New Jersey to their own possible detriment, they would show a sort of altruism not usually asked in business affairs.

Their co-operation is necessary if the development of the metropolitan region is to go on under the plans that have recently taken shape; co-operation is needful not only on the part of the railroads in New Jersey, but between New Jersey and New York. If New Jersey should succeed in excluding itself from the bounds of a unitary port, the plans would have to undergo extensive remaking. The result would work to the disadvantage of both sides of the river, perhaps not least to the prospects of the New Jersey side. The whole proposal is a kennel of sleeping dogs. Can Governor LARSON and his advisers feel sure whom the dogs will bite, once the Commerce Commission shall oblige by arousing them?

### SIGN OF RENEWED AGITATION FOR ESTATE TAX REPEAL

(From *New Haven (Conn.) Evening Register*, October 5, 1929)

Indication that repeated failure of their efforts has not changed the convictions or lessened the determination of those who have been working for complete abolition of the Federal estate or inheritance tax is found in the action taken at a recent meeting of the Chamber of Commerce of the State of New York. That organization unanimously adopted a report of its Taxation Committee which urged upon Congress the desirability of repealing this levy. "It has become fairly well recognized," the report declared, "that the Federal inheritance tax is a serious menace to the fiscal plans of our States. Also excessive levies of such taxes are pernicious to the general welfare of the country."

With these conclusions we heartily agree, with the qualification that while recognition of the menace of this tax has become widespread, it has apparently not yet penetrated very far among certain members of Congress. Only the other day we read that one Senator wanted to have organizations which have urged repeal of the estate tax investigated by the committee that is to inquire into the activities of lobbyists in Washington. Suspicion of the motives of those who are seeking the retirement of the Federal Government from this field of taxation is absurd. Such action has been demanded by more than half the State legislatures in the country and by any number of business men's organization. It has been advised on numerous occasions by the Secretary of the Treasury. It has been urged by most taxation experts. One of the foremost advocates of the reform has been Tax Commissioner WILLIAM H. BLODGETT of Connecticut. The motives of none of these organizations or individuals are open to question.

Those members of Congress who insist upon retention of the Federal estate tax are simply out to "soak the rich" without any regard whatsoever for sound principles of taxation or the proper division of taxing powers between the Federal Government and the State Governments. Through the 80 per cent. credit provision of the present law many of the States have been coerced into levying confiscatory inheritance taxes which they would never have levied of their own free will. Their right to administer their own tax affairs as they themselves see fit has been seriously encroached upon.

Such a pernicious tax cannot be allowed to remain on the books indefinitely. Congress should not assume that its stubborn refusal hitherto to repeal the levy has stilled the voices of those who have been demanding its elimination. Another revision of the revenue laws is in prospect this winter. The action of the New York Chamber of Commerce may well be taken as a forecast of a vigorous renewal at that time of the agitation in behalf of this urgent reform.

**REPEAL INHERITANCE TAX**

(From *Philadelphia Public Ledger*, October 7, 1929)

*To the Editor of the Public Ledger:*

Sir—The wide and insistent opposition to the Federal inheritance tax has been further re-enforced by the Chamber of Commerce of the State of New York, which in a resolution "again urges Congress to repeal the Federal inheritance tax provision of the Internal Revenue Laws." The fact is well recognized, it is explained, that "the Federal inheritance tax is a serious menace to the fiscal plans of our States."

Both the enactment of the inheritance tax provision and the acceptance by Congress of the chief argument presented in its support were remarkable. Congress was well aware of the breadth and strength of the opposition to the tax, but yielded to a plea to continue it for several years, "to give the States opportunity to enact uniform legislation." The fallacy of this argument even then had been demonstrated in the long-continued failure of the States to enact identic legislation on marriage and divorce and other subjects. In the meantime, a movement is in progress to establish reciprocity between the States to preclude double taxation of a decedent's assets.

The Federal inheritance tax was imposed by Congress in the face of most substantial opposition and on a flimsy pretext. No time should be lost in its repeal.

JOHN H. MARPLE.

Harrisburg, Pa., October 4, 1929.

**TEN SCHOLARSHIPS OFFERED IN ACCIDENT PREVENTION**

**Given by Arthur Williams For N. Y. U. Evening Course**

(From *New York Herald Tribune*, October 21, 1929)

RUFUS D. SMITH, director of the New York University Extension Department, announced yesterday that ten free scholarships to the course in accident prevention had been made available by ARTHUR WILLIAMS, president of the Museum of Safety. The National Society for the Prevention of Blindness joined these two organizations in sending out a call for "men with qualities of leadership to equip themselves for executive positions in the safety movement." The course will be given at a series of evening classes at the Washington Square branch of New York University. Students will also be taken through the plants of members of the Museum of Safety and the various industrial associations where they may observe at first hand the technique of accident prevention.

A scholarship is to be given to the person designated by each of the following organizations:

The Merchants Association of New York, New York State Chamber of Commerce, Brooklyn Chamber of Commerce, Queens Chamber of Commerce, the Bronx Board of Trade, Manhattan Y. M. C. A. Industrial Education Department, New York City Continuation Schools, New York City Realty Schools, New York City office, American Federation of Labor, and the General Contractors Association of America.

**SAFETY COURSE OPENS**

**Plans to Train Leaders in Accident Prevention**

(From *New York Sun*, November 4, 1929)

The attempt to develop leaders in the profession of accident prevention, as an effort toward reducing the annual national toll of 100,000 deaths



from accidental injuries, will be started tonight by New York University, the American Museum of Safety and the National Society for the Prevention of Blindness. The first meeting of the course in accident prevention at New York University will be open to anyone who is interested in the movement, it is announced by C. W. PRICE, former general manager of the National Safety Council, who is in charge of the course.

The course will be given for twenty-four successive Monday evenings, between 6 and 7.30 o'clock in room 511 of the main building of the university's Washington Square branch, at 32 Waverly Place.

Mr. PRICE made public the names of three winners of ARTHUR WILLIAMS scholarships for the course. Ten scholarships have been made available by Mr. WILLIAMS, who is president of the Museum of Safety. The winners are CHARLES WINSHIP, chairman of the Accident Prevention Committee of R. H. Macy & Co., appointed by the New York State Chamber of Commerce; PAUL SEIGRIST, appointed by the Bronx Board of Trade, and JOHN LOWRY, appointed by the Real Estate Board of New York.

### SIXTY-FOUR YEARS IN A CHAMBER

(From *Nation's Business*, December, 1929)

In September this magazine cited the fact that JOHN D. ROCKEFELLER, SR., had been a member of the Cleveland Chamber of Commerce since 1870, and then made this rash offer:

"*Nation's Business* will give a bright new dime to the endowment or building fund of any chamber which will produce a member with a record of more than 59 years in the organization."

Never did we expect to be called upon for the contribution and had made no provision in our budget for any shiny dime, but the September issue had not been long in the hands of our readers when this letter came from CHARLES T. GWYNNE, Executive Vice-President of the Chamber of Commerce of the State of New York:

"This is a claim for that bright new dime referred to on page 12 of the September issue of *Nation's Business*."

"Our Chamber has in its membership Mr. DAVID B. DEARBORN, who was elected a member November 2, 1865. He will have completed, therefore, in another month sixty-four years of membership. Mr. DEARBORN is ninety-seven years old and is still hale and hearty."

"As another item of interest we have two other members who were elected over fifty years ago, and several others who are the third or fourth generation of their families to be members of the Chamber of Commerce of the State of New York."

We've sent the dime, the shiniest we could get from the United States Treasury, just over the way from the offices of *Nation's Business*. And in spite of the disarrangement of the budget, we did it gladly. We hope to know more about Mr. DEARBORN. It's a safe bet that he's a worthwhile citizen.

### TEN YEARS TO GET PROJECTS DONE

(From *New York Evening World*, July 25, 1929)

The Tri-Borough Bridge proposal promises to be further illustrative of ABRAM S. HEWITT'S observation that it takes ten years to get anything done in New York. The Chamber of Commerce is now putting its great influence back of the tunnel method of connecting Manhattan and Queens.

**Officers and Committees of the Chamber of Commerce**  
**YEAR ENDING MAY, 1930**

**ELECTED BY THE CHAMBER**

LEONOR F. LOREE, *President*

J. BARSTOW SMULL, *Chairman, Executive Committee*

**Vice-Presidents**

*To serve until May, 1930*

FREDERICK H. ECKER  
OWEN D. YOUNG  
JAMES S. McCULLOH

*To serve until May, 1931*

EUGENIUS H. OUTERBRIDGE  
MORTIMER L. SCHIFF  
NEWCOMB CARLTON

*To serve until May, 1932*

JOHN MCHUGH  
SAMUEL W. REYBURN  
JAMES BROWN

*To serve until May, 1933*

CHARLES M. SCHWAB  
JOHN D. ROCKEFELLER, JR.  
ERNEST ISELIN

JUNIUS S. MORGAN, JR., *Treasurer*

WILLIAM B. SCARBOROUGH, *Assistant Treasurer*

CHARLES T. GWYNNE, *Executive Vice-President*

JERE D. TAMBLYN, *Secretary*

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JOHN D. DUNLOP  
H. HOBART PORTER  
MARCUS H. TRACY  
EDMUND DWIGHT  
JOSEPH E. STERRETT  
CHARLES L. BERNHEIMER  
WILLIAM F. COLLINS  
JACOB H. HAFFNER  
WILSON S. KINNNEAR  
LEONOR F. LOREE  
JUNIUS S. MORGAN, JR.

WILLIAM B. SCARBOROUGH  
CHARLES T. GWYNNE  
JOHN CLAFLIN  
EUGENIUS H. OUTERBRIDGE  
ALFRED E. MARLING  
DARWIN P. KINGSLEY  
IRVING T. BUSH  
FREDERICK H. ECKER  
WILLIAM L. DEBOST  
CLARK WILLIAMS  
JESSE ISIDOR STRAUS  
HOWARD AYRES

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FREDERIC W. ALLEN  
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ROLLIN C. BORTLE  
LOWELL L. RICHARDS

### Committee on Fund for the Relief of Members and their Families

LEONOR F. LOREE, *President of the Chamber, Chairman, ex-officio*  
ALFRED E. MARLING      EUGENIUS H. OUTERBRIDGE      WILLIAM B. SCARBOROUGH

### Board of Trustees having charge of Real Estate of Chamber of Commerce

LEONOR F. LOREE, *President of the Chamber, Chairman, ex-officio*  
*To serve until May, 1930*      *To serve until May, 1931*      *To serve until May, 1932*  
ALFRED E. MARLING      GEORGE F. BAKER      WILLIAM L. DEBOST  
DARWIN P. KINGSLEY      EUGENIUS H. OUTERBRIDGE      CLARENCE H. KELSEY

### Commissioners of Pilots, elected by the Chamber of Commerce

*To serve until October, 1930*      *To serve until October, 1931*  
WILLIAM SIMMONS      MARCUS H. TRACY      ERNEST M. BULL

### Commissioner for Licensing Sailors' Hotels or Boarding Houses

WINCHESTER NOYES

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CHARLES D. HILLES  
W. L. SAUNDERS

ROY E. TOMLINSON  
CHARLES L. TYNER  
CHARLES S. WILLS

### Committee on Conservation of State Waters, Lands and Forests

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CLARENCE W. BOWEN  
LINCOLN CROMWELL

GEORGE H. HAZEN  
JOHN L. WILKIN

### Committee on Industrial Problems and Relations

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WILLIAM C. DELANOY

JAMES S. MCCULLOH  
ARTHUR WILLIAMS

### Committee on Thrift

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CHARLES M. DUTCHER  
THEODORE HETZLER

JOHN V. JEWELL  
JOHN J. PULLEYN  
CHARLES A. SACKETT  
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CHELLIS A. AUSTIN  
CHARLES L. BERNHEIMER  
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JAMES H. POST  
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LIONEL SUTRO

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