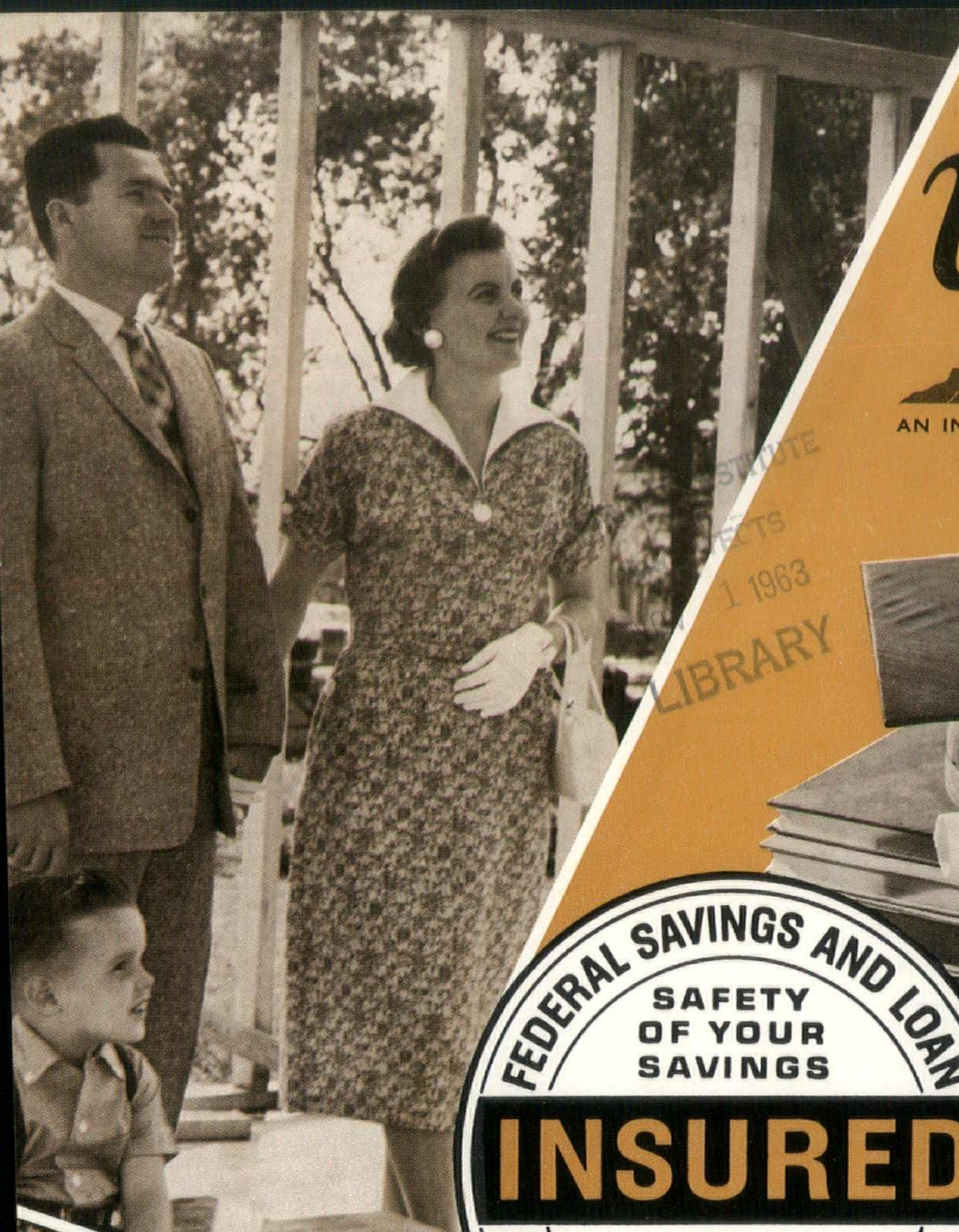
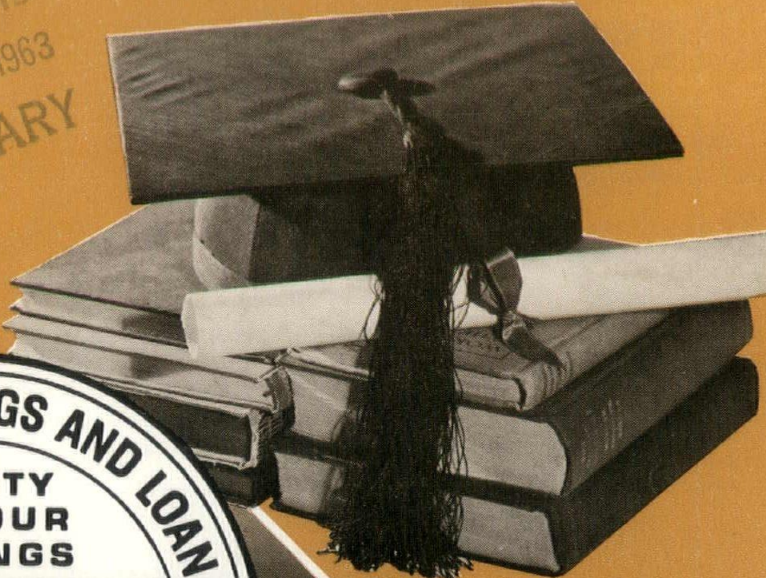
Virginia RECORD

AN INDEPENDENT PUBLICATION FOUNDED 1878





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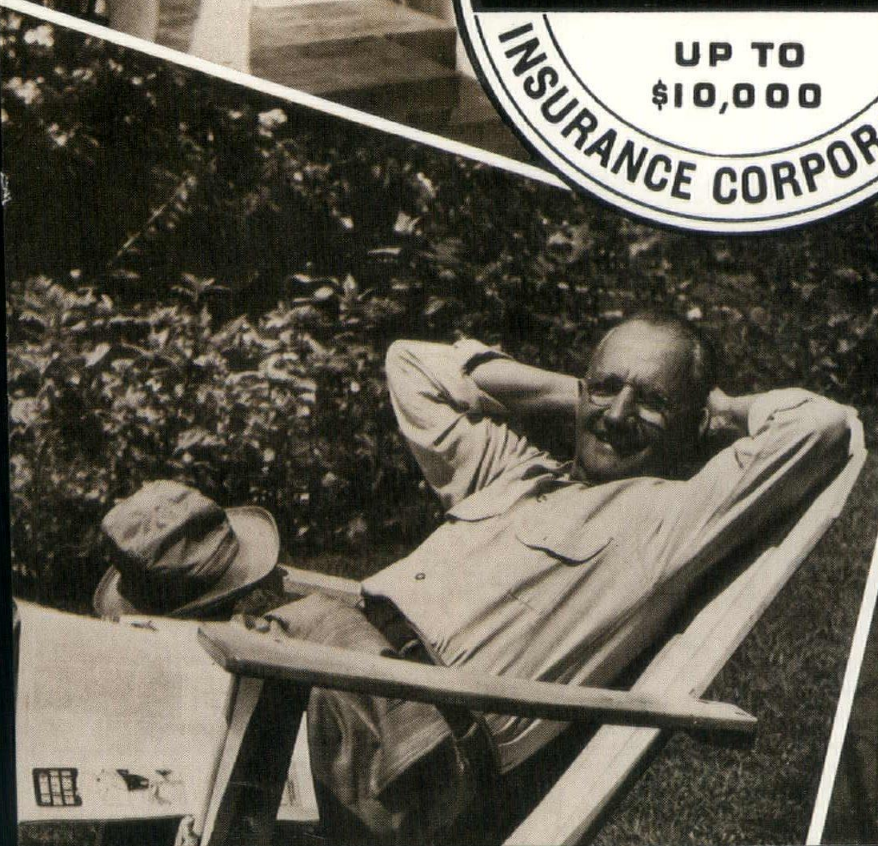

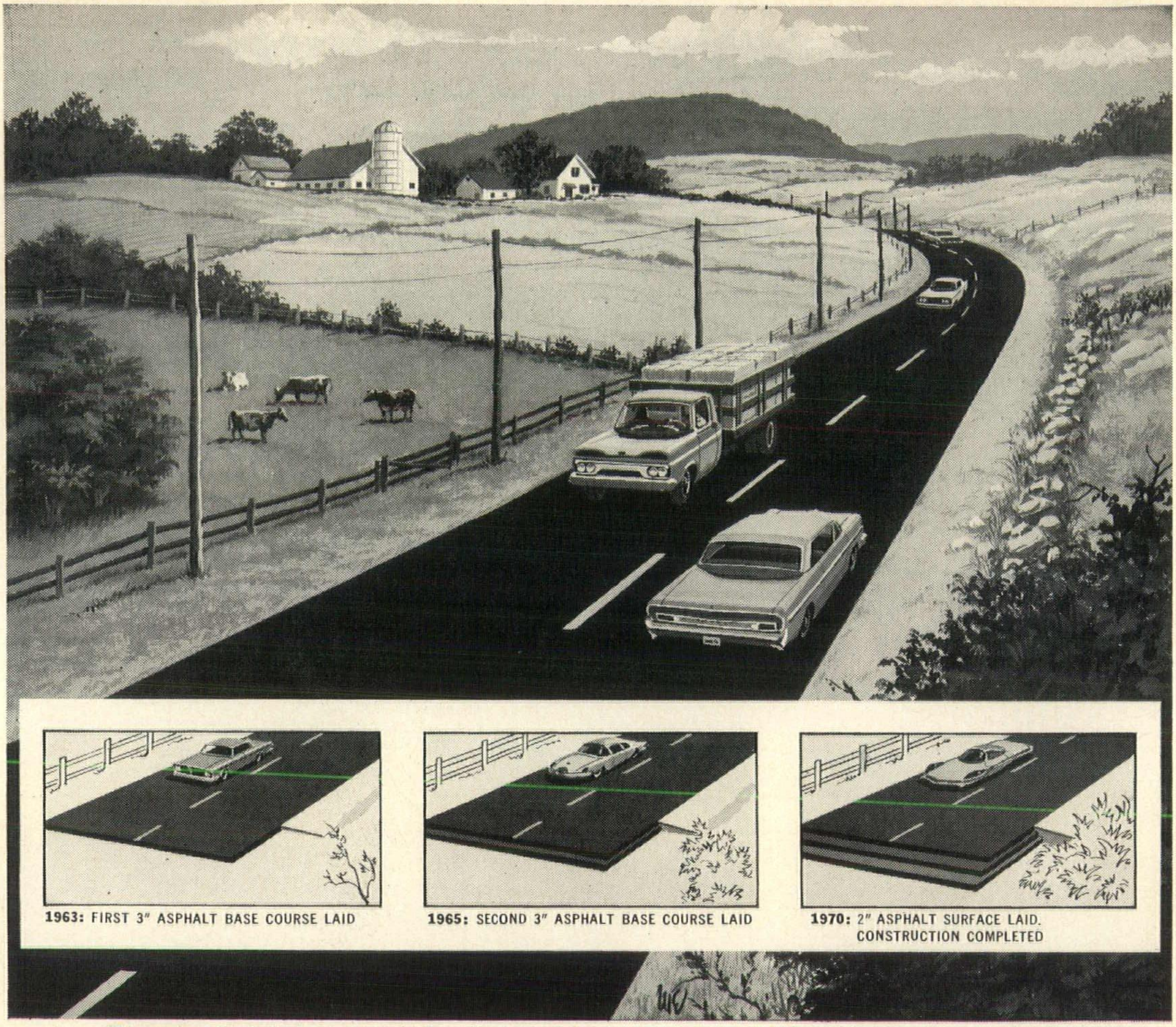

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AN INDEPENDENT PUBLICATION—FOUNDED 1878 TO TELL THE VIRGINIA STORY

Virginia RECORD

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VIRGINIA RECORD is an independent publication cooperating with all organizations that have for their objectives the welfare and development of Virginia. While this publication carries authoritative articles and features on statewide and local industries, business, governmental and civic organizations, they are in no other respect responsible for the contents hereof.

VOLUME LXXXV — OCTOBER 1963 — NUMBER TEN

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COVER NOTE:

Both national and state milestones in the Savings & Loan industry were reached this fall. From 1831, when the first Savings & Loan Association was founded in Frankford, Pa. through 1929, associations on a national level had only $9 billion in assets. But in the period between 1930 to 1963, the $100 billion mark was reached.

In Virginia, which had a modest beginning, associations now range from the smallest, with $25,000 in capital stock, to the largest, with assets exceeding $71,000,000. Virginia reached the $1 billion mark in total assets this fall.

A Gateway to Mediocrity

WHEN I FIRST WENT TO HOLLYWOOD as a writer, I was a little shocked at the cold cynicism: "Nobody ever lost ten cents underestimating the American public." Like most writers landing in the new El Dorado, I was full of dreams of "making really good pictures"—improving the quality, doing something "artistic." I think the word we used then was "honest." We wanted *honest* films. Slowly I became subdued by the enormity of one fact that was consistently hammered at me: "We are trying to entertain forty million people, most of whom are illiterate."

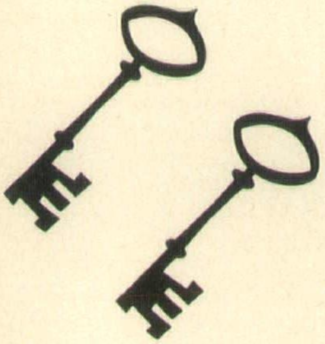
With the vision evoked of these anonymous, gaping-mouthed masses huddled in the semi-darkness in whistle-stop hamlets all over the country there was drummed home the point that studios were in business for the one reason of making profits. What happened to the taste of these millions who had the price of a theatre ticket in their pockets was no concern of the vulgar moguls who were proud of having gotten where they were without any taste themselves. "The public wants dreams. Who are you to say the dreams are cheap and tawdry? I've got six Cadillacs from giving the public what it wants. What do you drive?"

The 40,000,000 customers who must get their weekly pap, ground out like sausages on celluloid strips ("frames," as called), overwhelmed most writers. A successful book sells 15,000 copies; all-time best-sellers in hard cover reached barely *one* million. The old *Saturday Evening Post,* then a household staple at a nickel, sold only something over 3,000,000. Confronted with this insatiable maw that must be fed to keep the cinema caesars in Cadillacs and racing horses, a writer soon got over his dreams. I remember once arguing with a highly literate story editor over the debasement of a novel on which I was writing the "treatment"—the motion-picture narrative from which the shooting-script is made. I mentioned that *Wuthering Heights* had been a good picture. The editor paled. "Don't mention the name," he whispered. "It lost money!"

An older magazine writer who had survived in the vineyards by conforming offered me some advice at Warner Brothers. "Don't even think the word 'good'," he said. "It's unhealthy."

At this point, most writers pack up and steal away—usually in some roundabout way, like via Acapulco and Mexico City—to clear away the impression of the studios. Some wander so far in escaping Escapeland that they are never heard of again. All show the taint of life among the lotus-eaters. Most of those who stay, "to beat the game," end up as cringing hacks and, unless they made sound investments during the years of salaries ranging from $2,000 to $10,000 a week, live by taking mortgages on the ranch-style house built around a swimming pool.

Ben Hecht is the only literary man I know of who beat them at their own game—not by doing anything "good," but by writing more clichés than the hacks. He said that, when his conscience hurt on occasions, he would appear to win an argument with a producer and insert a few lines of sense and/or delete a few lines of idiocy. When the picture came out, always his changes had been removed and he admitted that, in all honesty, it made no significant difference in the product whether it was a little sillier or a little trashier. (*Continued on page 31*)



KEYS TO HOME OWNERSHIP

by Pat Bryant

VIRGINIA NOW AT $1 BILLION MILESTONE

In 1933 the United States was deep in the throes of the Depression. Financial institutions were failing. Everywhere there was unemployment, withdrawal of savings to augment greatly diminished incomes, a virtual standstill to home building and mortgaging.

It was a strange year, indeed, for a new home financing institution to come into being but those were unusual times for anything—and times that bred what today seems almost a quality of daring in the souls of a group of men living in the small Henrico County community of Sandston. They organized what is now known as Franklin Federal Savings and Loan Association. From their number have come leaders in the savings and loan industry in Virginia and the nation, an industry whose assets now total $100 billion dollars nationally and $1 billion dollars in this state.

Their story and that of Sandston goes back to World War I when the federal government built some homes in the community to house workers in a war-time industry. After the war, the houses were bought by Richmond banker Oliver J. Sands and a colleague and sold for approximately $1,500 each. In 1933, Sands' bank had joined the ranks of those that failed to reopen after the bank holiday of March, and the mortgages on the houses were being called in. Some 100 families in Sandston, a community then of less than 2,000 persons, were in danger of losing their homes and the investments in them. A public meeting was called by J. B. Bourne of Sandston and the situation studied. Anyone with $100 to invest could become a part of a new home - financing institution. That amount of money wasn't easy to come by, recalls Joseph J. Williams Jr., one of those present, but he with 14 others raised the money. Then all 15 jointly signed a note for $1,000, giving them $2,500. This amount was matched three-to-one by the newly born Federal Home Owners Loan Corp. Thus, with $10,000, the First Federal Savings and Loan Association of Sandston came into being and quickly went about the task of refinancing the little houses. Sandston and its homeowners had a new grip on life and today the community boasts some 7,500 residents.

Sandston no longer is home to the savings and loan association. As the organization grew and prospered an increasing number of borrowers and savers were Richmonders so the business eventually was moved to the capital city and its name changed to Franklin Federal.

What made this savings and loan association survive when all around other financial institutions were failing? In fact, why have savings and loan associations in the first place when there are banks, insurance companies, mortgage firms all putting money into the home-buying field? The answers are as numerous and far-flung as the businesses themselves.

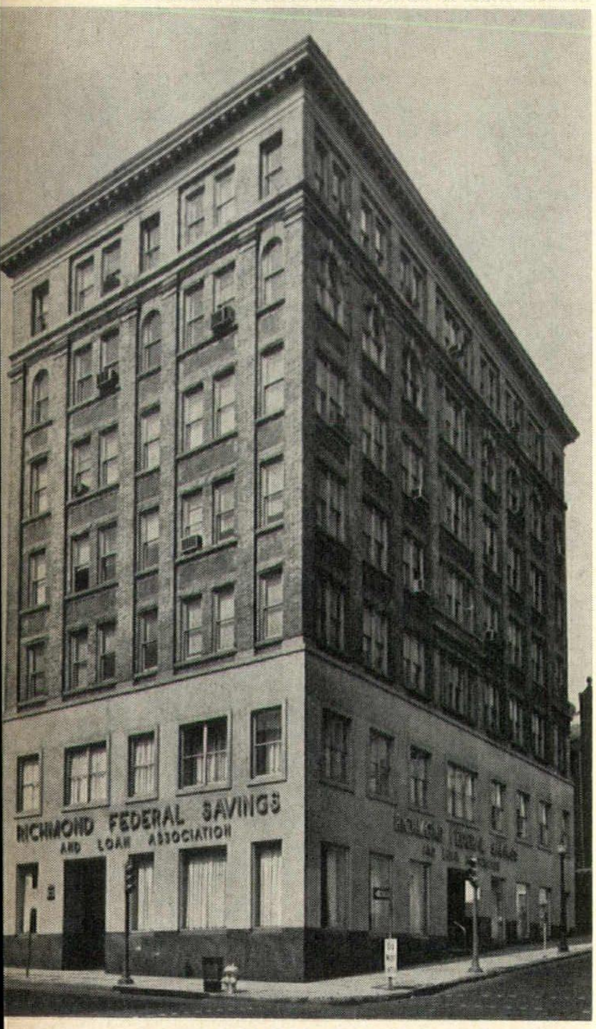
In the simplest terms, savings and loan associations met a need of their times—long-term loans for borrowers in the low and middle income groups. True, banks financed home building and buying but until the Depression days, the banks' practice was to make a short-term loan and renew it periodically, says Mark W. Saurs, executive vice president of the Virginia Savings and Loan League. In general, home buying was beyond the reach of all but the thriftiest low income families—accumulating the purchase price could take almost a lifetime and lending institutions could more profitably finance businesses or homes for the more affluent populace. Now everyone's gotten into the act with people in all income groups—low, medium and high—finding savings and loan institutions, banks and other financing organizations offering money (at times more readily than others, depending on economy in general) for home building, buying and remodeling.

Virginia didn't enter the savings and loan field until 21 years after the first such organization was created in the Philadelphia borough of Frankford in 1831. Virginia's first recorded institution, like that of Frankford, was organized on the terminating plan. It was the Norfolk Building Fund Association, organized February 24, 1859, and when all members had obtained and repaid their loans, the association ceased to be. There followed on the heels of these early terminating associations the serial and permanent plan institutions in which operations continued as long as there were borrowers and savers. Today, most associations bear the words "savings and loan" in their names but a few still cling to the old-time "homestead," "cooperative" or "building and loan" title.

By 1890, there were 19 savings and loan associations in Virginia and a look at the rules of order of one shows just how stringently members, officers and directors governed themselves when it came to their institution. The rules of

First Federal Savings & Loan Assn., *Roanoke.*

Richmond Federal Savings & Loan Assn.



the Norfolk and Portsmouth German Building and Loan Association, organized January 6, 1875, called for:

(a) No member to speak more than twice on any one subject and then for not more than 10 minutes subject to a 10 cent fine.

(b) Members fined 5 cents per share for the first week's delinquency in making a savings deposit and 10 cents per week thereafter.

(c) Members were required to attend annual meetings or pay a 50 cent fine.

(d) A three dollar fine was the penalty for permitting insurance to lapse.

(e) Directors were fined 10 cents for each missed meeting.

(f) The association secretary faced a three dollar fine for neglecting his duty and a one dollar fine if he didn't have the books available when called for by the board of directors.

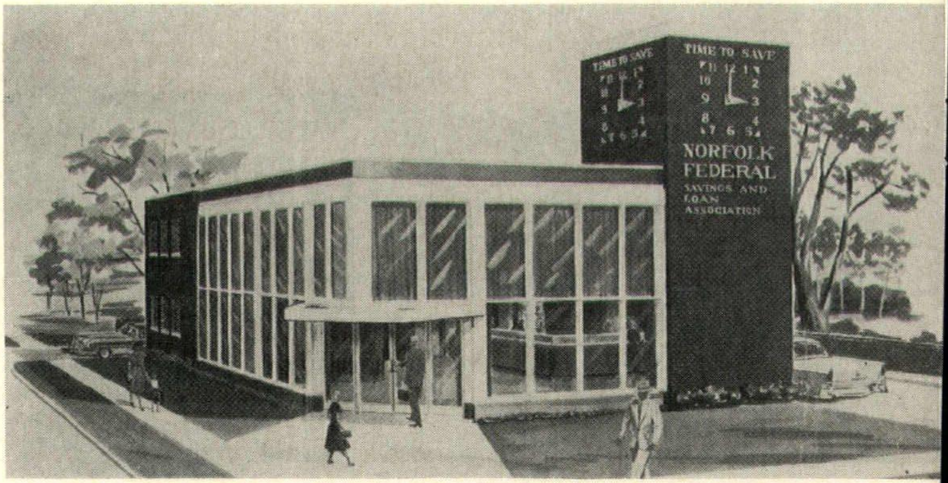
If the secretary were anything but diligent in his duties he'd soon find himself working for nothing. It wouldn't take too many fines to consume the $6.25 he was paid every three months for his services. The secretary probably was bi-lingual, too, because records were kept in longhand, partly in English and partly in German script. Although there are no associations now operating in Virginia strictly for an ethnic group, such institutions were a fairly common practice in the early days.

The Virginia General Assembly first recognized the need for laws controlling savings and loan institution operations in 1852 and authorized such associations that year. Through the years, associations were organized, some to thrive, others to flounder and disappear. By 1930, there were 92 associations with total assets of about $62 million. The Depression years saw some Virginia firms close their doors permanently. Mergers also took place through the years. Today there are 73 associations in the state and in October, total assets reached the lofty one billion dollar figure.

Still, however, Virginians have not been as quick to accept the savings and loan idea as have residents of other states, say Joseph Williams Jr. Prior to 1932, industry development in the Old Dominion lagged well behind that in such association-leading areas as North Carolina, Pennsylvania and the New England and Mid-Western states. And, adds Williams, while there've been tremendous and rapid strides in Virginia in recent years, development still is not as high here as in many other states because the banking industry is very strong in Virginia, especially in the smaller communities.

Williams knows whereof he speaks. Perhaps no man in Virginia today is better acquainted personally and professionally with the savings and loan industry. One of the founders of Franklin Federal Savings and Loan Association—originally based in Sandston and now in Richmond—Williams has served continually on its board of directors, with only a three year lapse, since 1933. That lapse came about between September 19, 1960 and June 30, 1963, when he was one of three members of the presidentially-appointed Federal Home Loan Bank Board. And failure of President Kennedy to re-appoint Williams to a full four-year term was met with disappointment by at least three Virginia political leaders—Sen. Harry F. Byrd, Sen. A. Willis Robertson and Rep. J. Vaughan Gary of Richmond.

Senator Byrd, chairman of the Senate's Finance Committee, in a recent letter commenting on Williams' contributions to the savings and loan industry in Virginia and the nation, said



Norfolk Federal Savings & Loan Assn.

"He possesses integrity, character and ability, and in my opinion did a masterful job as a member of the Federal Home Loan Bank Board."

From Congressman Gary came these comments: . . . in the growth of the savings and loan industry in Virginia "He (Williams) provided wise counsel to the industry which looked to him for guidance. His immense interest in the business contributed to its recognition as an industry that is highly respected by the state government . . . His practical experience and wealth of knowledge of the industry made him a particularly valuable member of the (FHLB) Board. No other member at the time of his appointment had ever participated in the operation of a savings and loan institution. During Joe's term of office, many modern business practices were approved by the Board which enabled savings and loan associations throughout the country to operate more effectively. Recent progressive actions of the board include its approval of both apartment renting provisions and the authority to finance nursing homes."

Senator Robertson, who originally recommended the veteran Virginia Democratic leader to then President Eisenhower for the Board post in 1960, recently cited Williams as a "seasoned legislator with a sound, practical background in the (savings and loan) business." As a member of the House of Delegates from 1938 to 1960, "He is largely responsible for the modern legislation Virginia has for savings and loan associations."

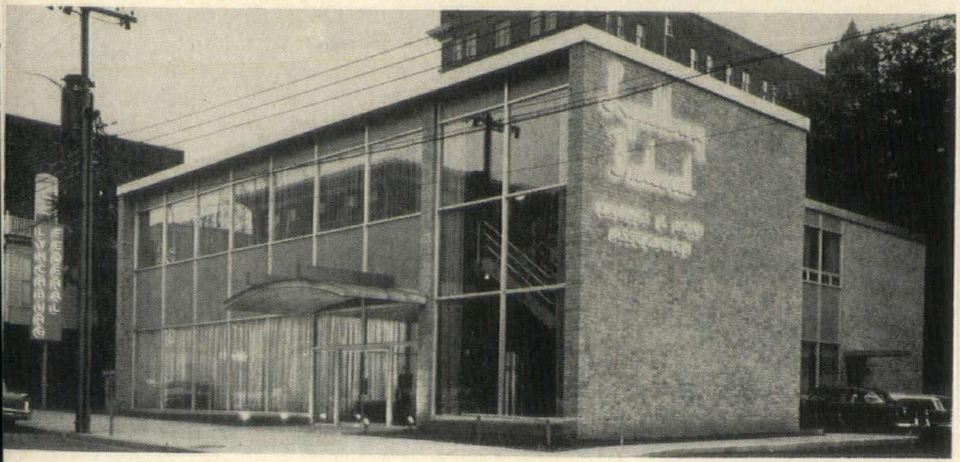
The Senate Banking and Currency Committee chairman continued: "In Washington, Joe's knowledge of the law and his experience made him a valuable asset to the Board. His presence added immeasurably to the development by the Board of a more reasonable and workable approach to savings and loan laws and regulations."

The Senator mentioned two things for which Williams could be credited —untangling a 14-year-old controversy between Federal authorities and a California savings and loan association and preparing regulations to cover the issue of branches for associations.

Williams himself, now back at his law practice in Richmond, seems to have gotten an especial personal kick from seeing a near-Chicago association weather a storm and perhaps saving the reputations of the many institutions in that metropolis. The trouble—a million dollar shortage—broke late one afternoon when Williams was the only Board member still at the office. The beleaguered association was patronized primarily by a group of immigrants whose knowledge of English was limited and who were sure to panic into making a run on the association as soon as they learned of the shortage. Williams hastily placed a call to the Federal Home Loan Bank which serves the Chicago area, authorizing it to have the million dollars in cash at the association when the doors opened for business the next morning. And, he ordered, have sufficient funds available to the association to cover its seven million dollars in assets. Sure enough, by the end of the next day's business, many of the depositors had been in to withdraw their savings. But almost all eventually returned their money to the association. Because savers could get their money in the face of a million dollar shortage, confidence not only in

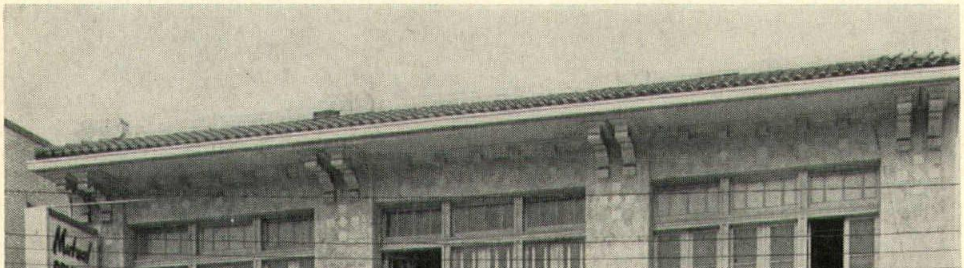
Above, VIRGINIA MUTUAL SAVINGS & LOAN ASSN., *Richmond.*

Left, SOUTHWEST VIRGINIA SAVINGS & LOAN ASSN. *has modern home at 306 Second Second Street, S.W. in Roanoke. Assets total more than $14,000,000. Harry Marley is president. Below, home office building of* LYNCHBURG FEDERAL SAVINGS & LOAN ASSN. *at 615 Church Street. Assets are $23,500,000.00. P. G. Cosby, Jr., is president.*



PIONEER FEDERAL SAVINGS & LOAN ASSN. OF HOPEWELL

ATLANTIC PERMANENT SAVINGS & LOAN ASSN., INC., *Norfolk*



MUTUAL SAVINGS & LOAN ASSN., *Danville*

this suburban association but in those throughout Chicago was maintained, says Williams.

Three federal laws made all this possible—the same three laws which have given impetus to the growth of savings and loan associations since the 1930's.

The first of these laws created the Federal Home Loan Bank System, designed to increase the flow of money for home mortgaging, first with federal funds and later with the resources of member associations as they were able to supply sufficient capital. Both houses of Congress gave their approval to the bill in July, 1932, and it was signed by President Hoover within a few days of passage. The new law provided for a system of regional Federal Home Loan Banks from which member mortgage lending institutions might obtain funds to supplement those available from their own investors and savers. A system of 11 regional banks has been established by the Federal Home Loan Bank Board. Originally, Winston-Salem was the site of the regional bank serving Virginia but operations were moved to Greensboro in 1950.

A year later, 1933, saw passage of the Home Owners' Loan Act providing for federal incorporation and chartering of savings and loan associations. Up to then, associations were chartered under state laws; now institutions had a choice. The federal law required that associations be incorporated as mutual firms, whereas state laws provided for either mutual or stock incorporation. The first charter ever issued under this new law went to the Franklin Federal Savings and Loan Association when it was organized as the First Federal Savings and Loan Association of Sandston. This Virginia institution actually received certificate No. 7—the first six being reserved for other associations but issued at later dates, according to former FHLB Board member Williams. And helping in the organization and chartering of the Virginia institution was a federal government representative who went on to head another Richmond firm—John H. Randolph Sr., now chairman of the board of First Federal Savings and Loan Association.

The third economy-bolstering act was the Federal Savings and Loan Insurance Corporation bill—a parallel to the Federal Deposit Insurance Corporation which insures savings accounts up to $10,000 each. Originally it provided for insurance up to $5,000 per account, has been increased to $10,000 and there's a movement on now for another increase.

Prior to passage of these three acts

in the early 1930's, says Williams, the borrower often didn't know how much interest he'd paid on his loan and frequently was dependent on the integrity of the lender or lending organization. As Williams puts it, "Some outfits were little businesses lawyers carried around in their pockets." More home financing was done by real estate agents and for short-term loans of two or three years. The agents charged both interest and a brokerage fee and, says Williams, the high cost-short term nature of loans helped bring on the Depression. When the lender felt a squeeze on his funds he'd call for a substantial reduction or full payment of the loan. The borrower couldn't meet the demand, the lender would foreclose and everyone lost. What's more, there was no money to put back into the home building and buying market.

Introduction of the Home Owners Loan Corp. and the monthly payment, direct reduction plan helped raise household financing from the Depression doldrums. Now a man could get a loan and so long as he made his payments, that loan could never be recalled. This stabilized the economy and had a political result, too, says Williams, in that it helped keep out Communism. Right now, he adds, efforts are being made to teach the Latin Americans to own their own homes and stabilize the economies and politics of their nations. "If a man owns a part of his country, he's going to take more interest in it."

Those three acts passed by Congress had two major purposes: to give the American public a safe place to save and to promote economical home financing. Virginians have seen the benefits and are turning to savings and loan associations in increasing numbers. Figures furnished by the Federal Home Loan Bank at Greensboro show that in 1945 there were 39 federally chartered or FSLIC-insured associations in Virginia and 60 in 1962 (this number has now grown to 61). The associations in 1945 had assets of $79,146,000; in 1962 of $918,200,000. Mortgage loan totals increased from 1950 (41 associations reporting) from $134,315,000 to $787,600,000 in 1962. Savings account totals for 1950 to 1960 grew from $129,012,000 to $809,000,000. The regional bank reports numbers of loans and savers and dividends paid for only three years. In 1960, loans numbered 86,000 and in 1962, the total was 99,500. Savers increased from 267,500 to 328,100. Associations paid increasingly larger amounts of dividends for the period—$21,782,000 in 1960 and $29,486,000 in 1962.

The typical savings and loan association investor in the nation, according to an Institute of Motivational Research study, is a married man, over 46 years old, has at least some college education, has two or three children, is in either a business or profession, earns approximately $7,500 a year and is descended from either British or German ancestors who came to America about four generations ago.

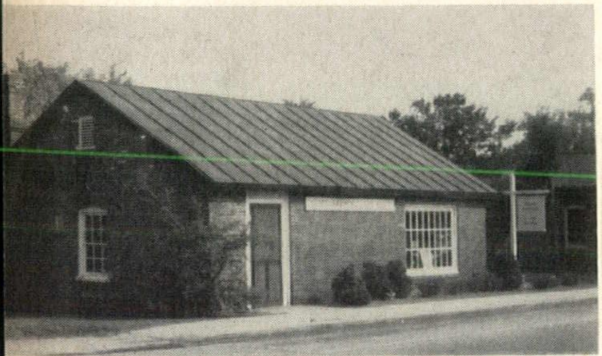
This national typical investor probably reflects the character of the typical Virginia investor of today, says Mark W. Saurs, Virginia Savings and Loan League executive vice president. He bases this belief on findings of a copyrighted survey conducted in Richmond by the research department of Richmond Newspapers Inc. in the spring of 1962. The survey was a study of public attitudes of Richmonders toward banks and savings and loan associations and dealt primarily with savings, interest paid and insurance on deposits. It showed that among savings and loan savers, there was a distinct trend toward persons of higher age, education and income. Savings and loan associations were listed as depositories in 29 per cent of the homes reported. Among the heads of these households, 21 per cent were under 35 years, 31 per cent were 35 to 50 years and 33 per cent were 50 or over. Fourteen per cent had grammar school education; 29 per cent, high school; and 31 per cent, college. Income ranges were: under $4,000—24 per cent; $4,000 to $7,000—28 per cent; and $7,000 and over, 31 per cent.

If savers are better informed about savings and loan associations as they climb the socio-economic scale, though,

Left, PIEDMONT FEDERAL SAVINGS & LOAN ASSN., *Manassas. Right,* WILLIAMSBURG SAVINGS & LOAN ASSN, *which opened for business in March of last year and has already achieved assets of approximately $1,500,000.00.*

HOME SAVINGS & LOAN ASSN. OF VA., *Falls Church.*

PENINSULA SAVINGS & LOAN ASSN., *Newport News.*



SHORE SAVINGS & LOAN ASSN., *Accomac.*

it's a man in the lower or middle income bracket who tends to turn to an association when he wants to finance a home, says Mark Saurs. The demand for financing now is for moderate-priced housing in the $12,000 bracket for the $4,000 a year wage earner.

But the 73 Virginia associations are by no means limited to this type business. Loans in all price ranges are made. The average Virginia mortgage is in excess of $7,000. Maximum interest on loans in Virginia has remained the same since the Civil War—6 per cent. Stock in trade for the savings and loan association is the conventional loan but Veterans Administration and Federal Housing Administration-backed loans also contribute to association portfolios. Home improvement loans account for a small part of the business but recent laws now enable associations to put 20 per cent of their assets into loans for apartment buildings and business properties or government bonds or on deposit in local banks or the regional Federal Home Loan Bank. An association also may be a borrower—up to 17.5 per cent of its deposits in the regional bank for expansion (making new loans) or 50 per cent to meet withdrawals.

There's a move afoot to enact laws calling for financing of household furnishings, now prohibited. Under existing laws, if a stove or other appliance is already built-in, the price can be included in the purchase price and loan. Furniture is excluded. Under the proposed law, borrowers would be able to finance purchases of the chairs and tables and beds needed to outfit a house. Joseph Williams thinks the law would be a good one but he doubts the wisdom of another proposal being mentioned—automobile financing.

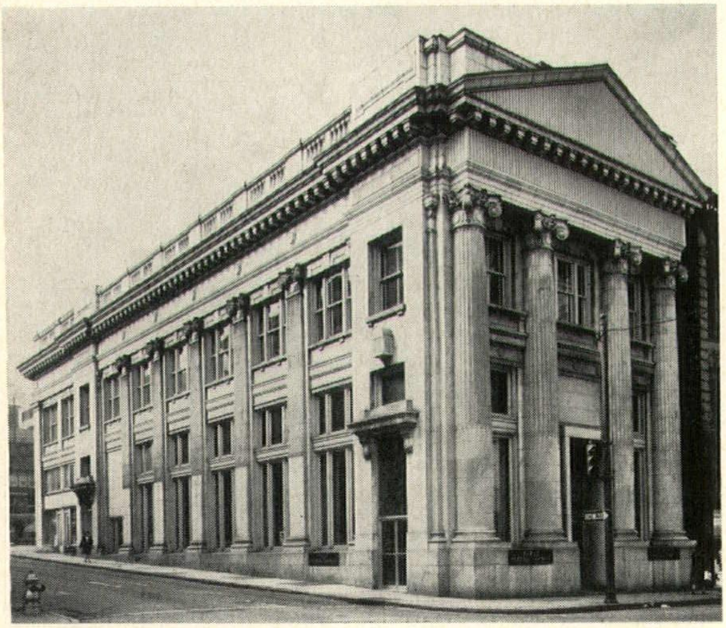
It isn't necessary to save with an association to borrow from it, nor to be a borrower to be a saver. But associations do encourage saving, especially to accumulate the down payment for a house, and pay 4 per cent dividends. Dividends generally are paid semi-annually in all parts of the state except the northern area where quarterly payments are made in keeping with practices in the neighboring District of Columbia. Children particularly are urged to become savers. "The children of today are the adults of tomorrow and if they start in a savings and loan association, they may stay there," says Joseph Williams. Or, for a more character-building reason, children should learn early the values of thrift and saving.

Studies have shown that adults save for many reasons—a new home, to meet emergencies, retirement, education of their children, for specific purchases, vacations, temporary investment or just for a rainy day.

Even if savers were to leave all their deposits on savings and withdraw only their dividends, they'd still add a healthy sum to the state's economy—somewhere in the neighborhood of 34 million dollars for this year. But far more money is flowing from the coffers of the savings and loan associations each year than this. Some savings are

Left, FIRST FEDERAL SAVINGS & LOAN ASSN., *Lynchburg.*

Right, PETERSBURG MUTUAL SAVINGS & LOAN ASSN.



withdrawn to meet the every day and special needs of Virginians. The biggest contribution to the economy, however, is in the form of home loans. Association-made loans are now financing 45 per cent of all homes in the nation and in Virginia account for a goodly share of mortgage loans to both buyers and builders. Home building and buying has been on the increase since World War II. The nation emerged from the war with a shortage of housing brought on by scarcity of building materials and rapid growth of families. These "war babies" are growing to adulthood and their housing needs are helping the building boom level off at a high rate.

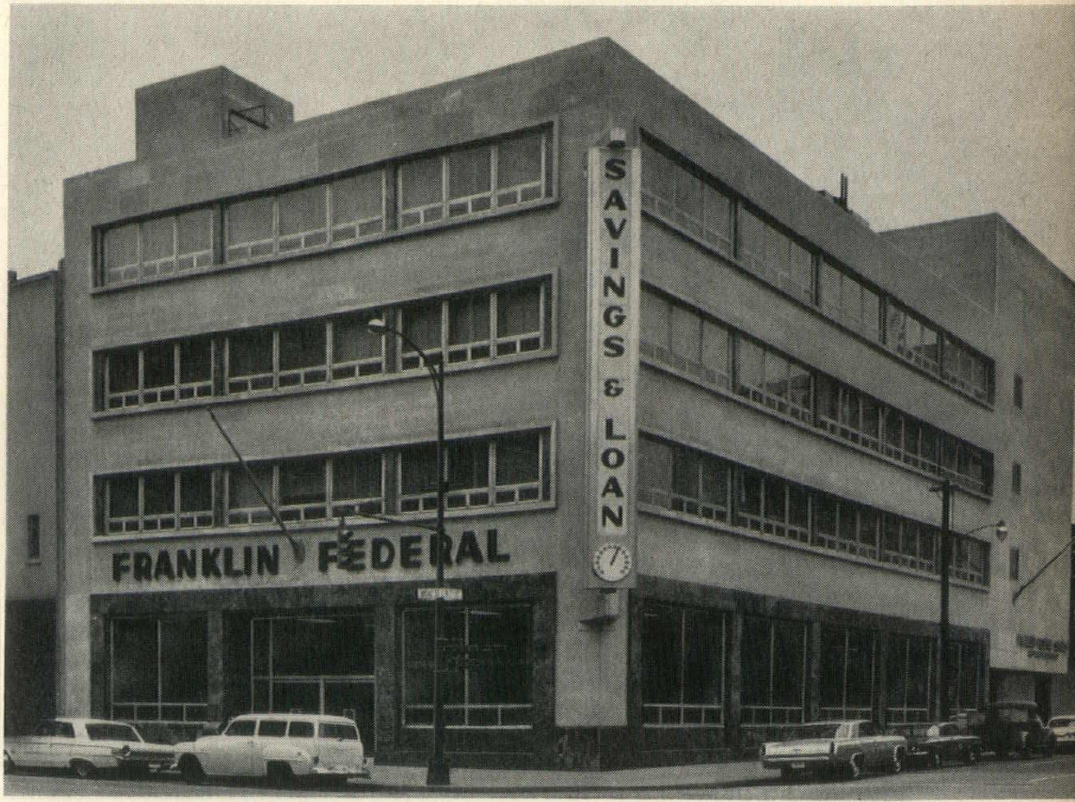
Home loans are multipliers in the economy—the builder gets his share of the money but also must pay the carpenter, the plumber, the brickmason. He must buy his building materials and so the money flows into still more hands. "Nothing," says Joseph Williams, "promotes the general economy more than money used to build a home. Virginia associations have put Virginians in homes, provided home ownership—and a man always is a better citizen if he owns his own home." Moreover, it's difficult for Mrs. Homemaker to move to a new residence without needing some new furnishings—old draperies and rugs won't fit or a new chair is needed to go by the fireplace. And so still other persons on the economic scene share in the distribution of the homeowner's money.

The rate at which Americans turn to savings and loan associations for home financing is increasing each year. At the end of 1961, for instance, associations had mortgage loans outstanding of $68,883,000,000 or 41 per cent of the loans in the nation. Commercial banks held 13 per cent of the loans; insurance companies, 17 per cent; and individuals and agencies, 29 per cent. By mid-1963, the savings and loan share had risen to 45 per cent. In Virginia, with associations generally charging the allowable 6 per cent interest rate and other lending institutions often charging lower rates, there must be a reason for associations attracting business. "Liberality of terms," says Williams. Also, he adds, banks generally are more restrictive than savings and loan associations; restrictive as to requirements to obtain loans and as to funds available for home financing. Appraisals put on a house may vary, depending on type of loan. An FHA appraiser may value a house at $15,000; a GI loan appraiser at $13,000; and a savings and loan appraiser at $16,000. If the purchase price is somewhere in the middle, the borrower seeking a conventional loan with no GI or FHA

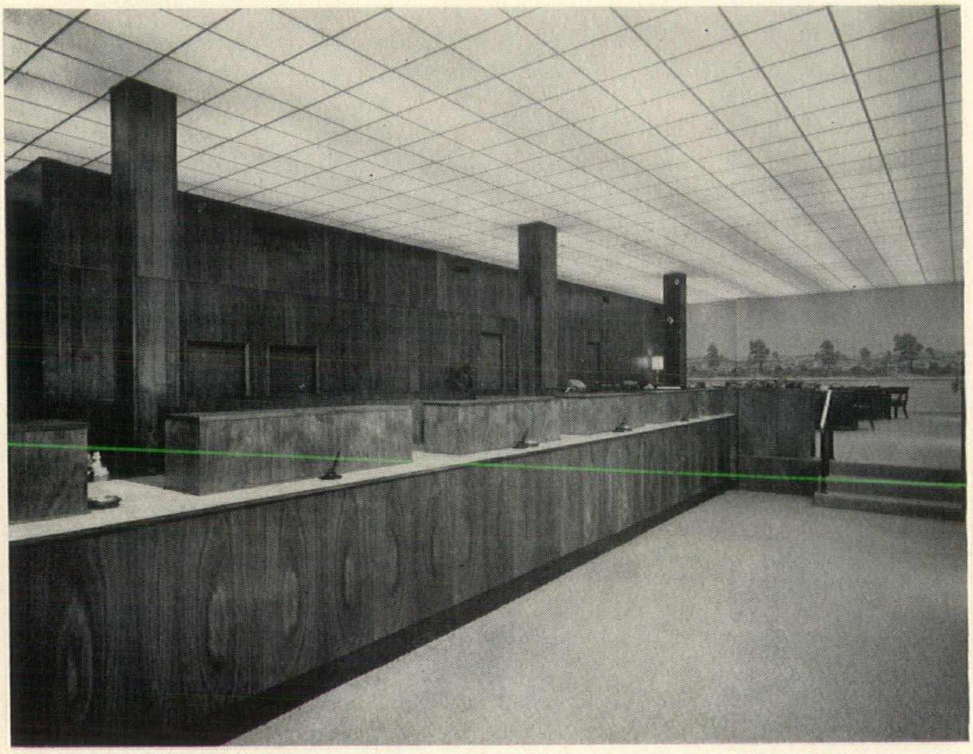
Artist's rendering of the new First Federal Savings & Loan Assn. *building in Richmond to be completed by mid 1964.*

Right, First Federal Savings & Loan Assn., Suffolk.

Below, Franklin Federal Savings & Loan Assn. of Richmond.



VIRGINIA BEACH SAVINGS & LOAN ASSN.



Interior of SECURITY FEDERAL SAVINGS & LOAN ASSN., *Richmond.*

FIRST FEDERAL SAVINGS & LOAN ASSN. OF PETERSBURG, *organized and incorporated in 1936, is now located at 115 Monroe Street. Its present assets are $8½ million. Elmer L. Bristow, Sr., is president and L. Morris Cotten is executive vice president and managing officer.*

backing is going to get more money on loan with a savings and loan appraisal. Virginia state chartered associations may lend up to 75 per cent on houses appraised at more than $35,000 and up to 90 per cent on houses appraised for less. Federally chartered associations may make loans up to 80 per cent of the valuation, regardless of the amount. The duration of the loan varies somewhat—30 years for federally chartered associations and 25 years for those chartered by the state.

There are other reasons, too, for borrowers seeking loans from associations, say leaders in the field. These include attractive and modern quarters, friendly personnel and experience in long-term loans.

Whether a borrower or saver turns to a state or federally chartered association to do business is a matter of personal preference. Since the early 1930's, associations have had a choice of charters but not both. Virginia associations, until 1954, generally were mutual corporations and federally chartered groups still must be. In 1954, though, the Northern Virginia Savings and Loan Association in Arlington became the state's first state chartered stock association. Today, there are 73 associations in the state doing business from 118 quarters. Twenty-nine associations have federal charters and 44, state. Among the state chartered groups, 26 are mutual associations and 18 are stock. For the most part, deposits in the Virginia organizations are insured under the Federal Savings and Loan Insurance Corp. and are members of the Federal Home Loan Bank at Greensboro—all federally chartered associations must be and 31 of the state chartered groups have chosen to be. By mid-1963, the average savings account in Virginia associations was $2,400 while the average size of an insured Virginia association was approximately $16 million.

In Virginia, 55 of the associations are banded together in the Virginia Savings and Loan League with headquarters in Richmond. And these 55 associations represent 95 per cent of all the savings and loan assets in the state.

The Virginia League, a member of the United States Savings and Loan League, got its start on June 11, 1924 under the leadership of the late John A. Lesner, former State Senator and president of the Mutual Building of Norfolk. Associated with him as officers of the League were six men, some of whom still are leaders in the savings and loan industry—Samuel W. Lyons Jr. of the Chesapeake Building Associa-

(Continued on page 27)

SAVINGS AND LOAN LEAGUE OFFICIALS

H. OTWAY CHALKLEY
President

DAVID ANDERSON
First Vice President

• Officers and directors of the Virginia Savings and Loan League have at least two things in common—proven ability in the savings and home financing fields and leadership in community affairs.

Without exception, all have made their contributions to the growth of the savings and loan industry in Virginia and all participate in some phase of the church, cultural, civic or educational life of their places of residence.

The present president of the League, H. Otway Chalkley, was elected to the post during the organization's June convention at Virginia Beach. A native of Richmond, he has been president of the Virginia Mutual Savings and Loan Association of Richmond since 1953. His entire career has been in the banking and financing field, beginning with his first post-high school job in the traffic and bookkeeping department of a Richmond bank. In 1938 he joined the Virginia Building and Loan Company (the name was changed to Virginia Mutual Savings and Loan Association in 1956) and served as secretary until 1943 when he was called to active military duty. He spent 25 months on duty in Europe and in late 1945 returned to his old employment and was made a vice president. Chalkley and his wife, the former Miss Virginia Harris of Mineral, have two children—a daughter and a son. The League president is a deacon of Ginter Park Presbyterian Church and a member of Hermitage Country Club. He is an avid golfer.

David Anderson, president of the Arlington-Fairfax Savings and Loan Association, is the League's first vice president. He was born in Washington but reared and educated in Arlington and at George Washington University. He later received a graduate key from the Graduate School of Savings and Loan at Indiana University. Anderson serves on the board of directors of the Falls Church Mortgage Corporation and is a member of the Arlington County Chamber of Commerce and the Court House Country Club of Fairfax. He is a member of St. George's Episcopal Church of Arlington where he is a member of the Vestry. He and Mrs. Anderson have a daughter, Margaret, and the family lives in Falls Church.

The League's second vice president is a native of Martinsville where he still resides and works. Curtis M. Hiatt is executive vice president of Mutual Federal Savings and Loan Association in his hometown. He was educated in Martinsville and Norfolk County schools and served four years in the Merchant Marine and two years in the U. S. Army Transportation Corps. He has been employed in life insurance and retail credit fields and by the National Bank of Commerce in New Orleans, La. Mrs. Hiatt, the former Miss Hyacinth Fontenot of New Orleans, and her husband have three children—Curtis Jr., 6; Nancy, 4; and Katherine, 2. Hiatt is president of the local Exchange Club, a former American Legion post commander and a member of the Pythian and Moose Lodges and Lynwood Golf Club. He worships at Smith Memorial Methodist Church in Collinsville.

John Raymond Sears Jr., Norfolk native and business and civic leader, is president of Home Federal Savings and Loan Association and League counsel. He also is on the advisory board of the Virginia National Bank. Sears received his BS degree from the University of North Carolina and LLB from the University of Virginia. He is active in Sigma Nu and Delta Theta Phi fraternities, Masonic Lodge, Norfolk Shrine Club, Norfolk and Portsmouth Bar Association, Sertoma Club, Child and Family Service, Girl's Club of Norfolk, Tidewater Better Business Bureau, United Communities Fund, Downtown Norfolk Association, City Planning Commission, Norfolk Yacht and Country Club, Sewells Point Commissioned Officers Club and Tidewater Group Savings and Loan Associations. Sears served as a Navy officer during World War II and the Korean conflict. He is vice chairman of the International Azalea Festival. Mr. and Mrs. Sears have two children, a son and a daughter.

Clayton Q. Nugent Jr., the League's immediate past president, now serves on the board of directors. A native of Norfolk, Nugent became vice president of the Mutual Federal Savings and Loan Association of Norfolk in 1955 and has been in charge of the appraisal and loan department since that time.

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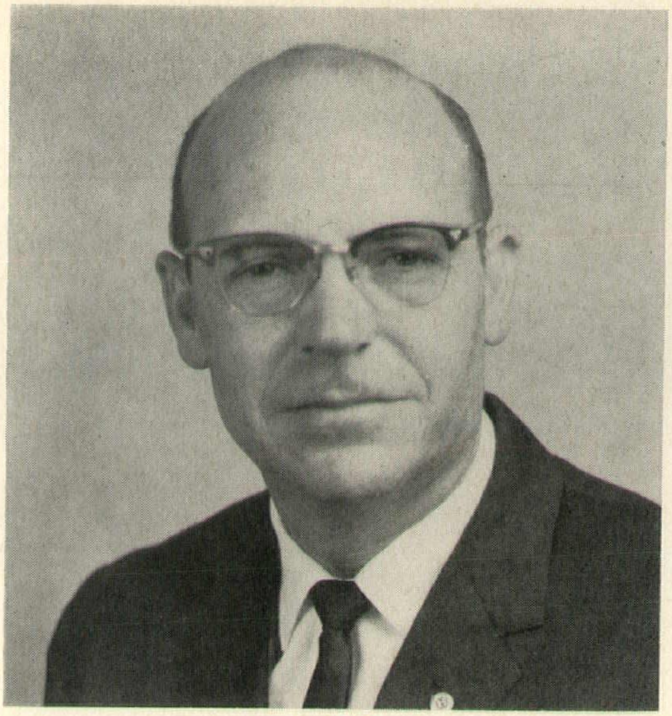
PAT BRYANT



CURTIS M. HIATT
Second Vice President

JOHN RAYMOND SEARS, JR.
League Counsel

He first joined Mutual Federal in 1946 following discharge from the Naval Reserve. Prior to being on military duty, he was employed with his father in the general contracting business and as a cost engineer and senior inspector of construction for the Navy's department of public works. Nugent is a senior member of the Society of Residential Appraisers and past president of the Society's Tidewater chapter. He is married to the former Miss Betsy M. Jones and the couple has four children.

Harry Marley, a League board member, came to the United States and Roanoke from the Island of Guernsey in the Channel Islands where he was born and educated at Elizabeth College. A former certified associate of the British Institute of Bankers, he resigned his position as sub manager of the Guernsey Trustee Savings Bank to emigrate to America in May, 1946. In December of that year he was elected secretary of the Southwest Virginia Savings and Loan Association in Roanoke, rising to executive vice president in 1956 and to president early this year. He became an American citizen in 1950. Marley serves as a director of the Federal Home Loan Bank in Greensboro and is a former director of the U. S. Savings and Loan League. He is a past president of the Virginia League. Marley also is a director of the Roanoke Rotary Club, a past president of the Roanoke Round Table Club, a former vestryman of St. John's Episcopal Church and a member of the Roanoke Country Club.

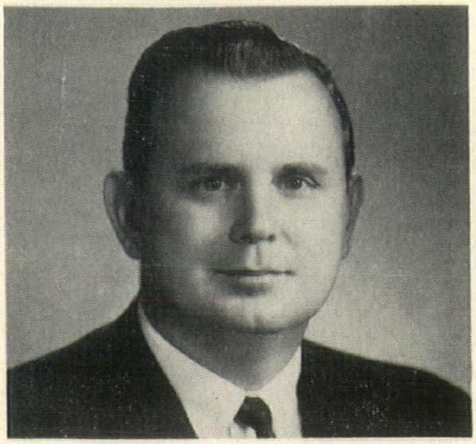
Another member of the League board of directors is Lawrence McMurtry, who is on the board of directors of the U. S. Savings and Loan League and is president of the Fredericksburg Savings and Loan Association. A native of Richmond, McMurtry was graduated from John Marshall High School in the capital city and attended Virginia Mechanics Institute and the Evening School of Business Administration of the University of Richmond. In Fredericksburg, McMurtry has been active in civic life, serving on the City Council and working in Red Cross, Community Fund and Student Loan Association projects. His major hobby is golf. Mr. and Mrs. McMurtry are the parents of a son and a daughter.

The League's executive vice president and first full-time executive officer is Mark W. Saurs, a native of Pennsylvania who came to Virginia via Ohio and Kentucky. Reared in Cincinnati and Louisville, he received his AB and LLB degrees from Washington and Lee University. He served twice in the Army—in Europe during World War II and in Alaska during the Korean conflict. He has been the League's executive officer since January 7, 1957. He is a member of the West End Kiwanis Club, Virginia Association Executives, Richmond and Virginia Chambers of Commerce and the Savings Associations Trade Executives. Saurs is married to the former Miss Rosetta Stanley of Appomattox and they have two daughters and a son. He is a member of Tuckahoe Presbyterian Church.

Seven other industry leaders from throughout the state also serve on the League board of directors. They are:

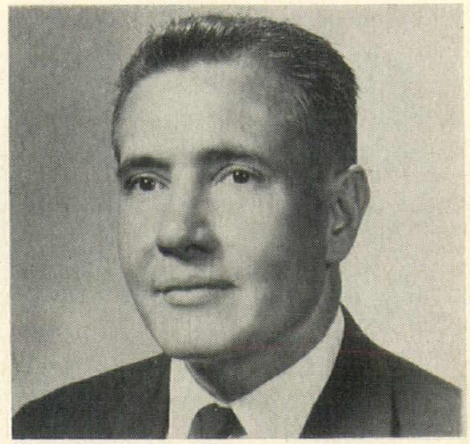
Edwin B. Brooks Jr. entered the savings and loan field with a background of education and business. A Richmond native, he received his BA and MS degrees from the University of Richmond and did a two year PhD residency in the fields of finance, marketing statistics, economics and real estate at Ohio State University. He taught for two years at Ohio State and three years at the University of Richmond, serving also as assistant dean at the latter. In recent years he has taught in the Evening Division of the University of Richmond School of Business Administration. Brooks for two years handled the new products division of an appliance manufacturer in the southeastern states and in 1954 was elected director, president and managing officer of Security Federal Savings and Loan Association in Richmond. He also is treasurer and director of the Capitol Insurance Corporation, vice president and director of Southern Title Insurance Corporation and director of Compo Shoe Machinery Corporation. He served as a Navy officer during World War II and has conducted various research studies for governmental agencies and groups. Long active in many organizations, in 1952

Board of Directors: Virginia Savings & Loan League

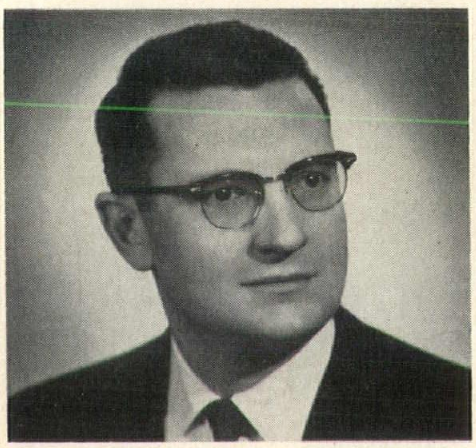


Edwin B. Brooks, Jr.

Randolph W. Gunn, Jr.



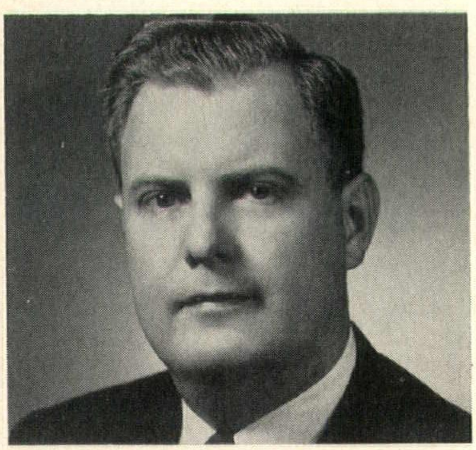
Lawrence McMurtry



Jack T. Cosby

Harry Marley

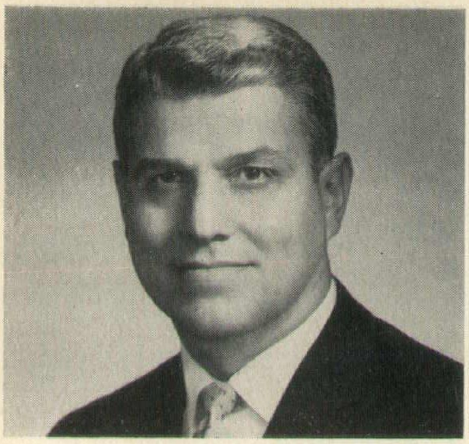
Clayton Q. Nugent, Jr.



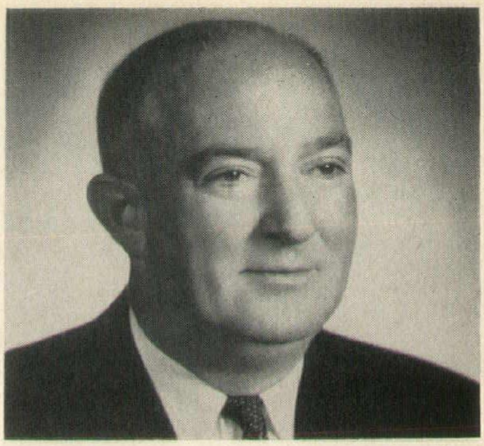
L. Morris Cotten

Richard S. Lawton

Mrs. Lucille S. Pratt



MARK W. SAURS
Executive Vice President of the League



JOSEPH J. WILLIAMS, JR.
Former Federal Home Loan Bank Board member

he received the United States Junior Chamber of Commerce Certificate of Merit Award. His present civic activities include leadership positions in Better Schools for Chesterfield, Inc., Southampton Citizens Association, Richmond and Virginia Chambers of Commerce, Better Business Bureau, Central Richmond Association, Richmond Association of Home Builders, American Management Association, Richmond Area Community Chest, United Givers Fund and Chesterfield County and area Red Cross. Brooks is active in the Stratford Hills Methodist Church and several social organizations. Mr. and Mrs. Brooks have twin daughters and a son.

Lynchburger Jack T. Cosby is a graduate of E. C. Glass High School in that city, of Duke University and the Graduate School of Savings and Loan of Indiana University. He is a director and vice president of Lynchburg Federal Savings and Loan Association and also is vice president of Cosby Insurance Co. and a senior agent of Provident Mutual Life Insurance Co. He served in the Navy during World War II. Cosby is a member of the Lions Club, Lynchburg Christian Fellowship and the Society of American Magicians. He is a past president of the Lynchburg Advertising and Sales Club and of the Lynchburg Association of Insurance Agents. He is married to the former Miss Anne LaPolt of Garden City, L. I., N. Y., and they have two children. Cosby is a member of the Church of the Covenant (United Church of Christ).

L. Morris Cotten, Petersburg business and civic leader, has been associated with First Federal Savings and Loan Association of that city since 1957 and now serves as its executive vice president, secretary, managing officer and a director. His civic and church activities include Sunday School superintendency since 1948, church building committee chairman, Lions Club, United Fund Campaign leader, Society of Savings and Loan Controllers, Petersburg-Hopewell-Colonial Heights Real Estate Board and Petersburg Chamber of Commerce. His activities in these and many other organizations brought him the Petersburg Outstanding Young Man Award in 1960 and both the Petersburg and Virginia Jaycee Keyman Awards in 1962. Cotten served in the Navy during World War II and the Korean conflict. He and Mrs. Cotten, the former Miss Marie E. Nash, are the parents of one daughter.

Randolph W. Gunn Jr. is executive vice president of First Federal Savings and Loan Association in Richmond. A native of Richmond, Gunn was graduated from John Marshall High School and attended the Evening School of Business Administration of the University of Richmond, the Virginia Mechanics Institute and Savings and Loan Institute courses. He also has taught several Savings and Loan Institute courses in Richmond. His first job was with a Richmond bank, followed by three years in the insurance business. He became associated with First Federal in March, 1941. He served in the Army during World War II. Gunn is a member of Ginter Park Methodist Church, the Advertising Club of Richmond, the Rotunda Club, Virginia Museum of Fine Arts, American Legion, Richmond and Virginia Chambers of Commerce and the Savings and Loan Institute. He and Mrs. Gunn are the parents of a daughter, a student at Westhampton College.

A native of Michigan and Virginia resident for 22 years, Richard S. Lawton is executive vice president and managing officer of the Virginia Savings and Loan Association in Springfield. He was born in Detroit and educated in Arlington and at George Washington University. He also attended Benjamin Franklin University in Washington and holds a standard diploma from the American Savings and Loan Association. He began his business career during his college years, working six years for a Washington, D. C., savings and loan association, two years as chief of the accounting section and supervisor of mortgage loan financing for an insurance company in Washington and then as treasurer for an Arlington mortgage banking firm. He has held his present position since the Virginia Savings and Loan Association was organized in 1960. He also is a director of the Columbia Fund, Inc., a Washington mutual fund. Lawton is active in several civic and business organizations including the Springfield Chamber of Commerce, the Savings and Loan Council of Northern Virginia, Washington Alumni Association of Kappa Sigma fraternity, and Northern Virginia Builders Association. Lawton is married to the former Miss Dana M. Reed and they live in Alexandria.

Mrs. Lucille S. Pratt, secretary-treasurer of First Federal Savings and Loan Association of Bristol, is the only woman member of the League's board. A native of Sullivan County, Tenn., Mrs. Pratt entered savings and loan work following her graduation from Bristol Commercial College. She was named to her present position with First Federal in 1938 and to the board of directors and executive committee in 1946. Active in the Baptist Church, she is a church trustee, youth director and Sunday School teacher. She is a charter member of the Bristol Soroptomist Club and its first secretary and a member of the Order of the Eastern Star, Ladies Shrine Club of Bristol and Bristol Chamber of Commerce. She has served on Red Cross, United Fund and Washington County Library and Parent-Teacher Association committees. Mrs. Pratt has one daughter and two sons, all married, and two granddaughters.

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Savings and Loan Industry: Vital Part of Nation's Economy

• The savings and loan industry is almost as old as the United States itself. The first savings and loan group was begun in Frankfort, Pennsylvania, in 1831. In that year the young association made its first loan to one of its members, Comley Rich, Frankfort's lamplighter, who borrowed $531.00 to buy a two-room house. Unfortunately, Rich fell behind in his payments to the association and never completed paying for his home. After waiting five years the association had to foreclose on the Rich home.

By today's standards this was a small loan. But from this modest beginning the savings and loan movement grew into one of the largest industries in the nation.

Savings and loan groups are found in all states of the Union. More than 36 million people have invested more than $82 billion dollars in more than ,300 savings and loan associations.

Associations are of all sizes. Two in Los Angeles have assets each of more than one billion dollars. On the other hand, the tiny Susan B. Anthony Building and Loan Association in New Jersey has assets of less than $500,000.00 and no full time employees.

Some associations run to special groups. On the West Coast are associations founded by and run for Chinese and Japanese investors. There are twenty-seven associations in the United States exclusively for Negroes. New York City has the Ponce de Leon Savings and Loan Association whose members are Puerto Rican.

In spite of its size and variety, however, the industry has not changed basically. It still exists to encourage thrift and to promote home ownership. This purpose is stated clearly in the New York banking law, which defines a savings and loan association as "a domestic monied corporation organized for the purpose of encouraging industry, frugality, home building, the saving of money and the accumulation of savings."

Many Americans still do not understand the purpose or motives of the savings and loan association. Many think that it is the same thing as a personal finance, or small loan, corporation. Also, many people tend to be suspicious of the industry and its activities.

In 1961, as part of a nation-wide survey of savings trends and attitudes, the Institute for Motivational Research questioned many people about savings and loan associations. According to the Institute's findings, most people think that the real purpose of the savings and loan industry is to *loan* money. Most thought, too, that higher dividend rates were paid to the organizations' investors because the organizations charged higher interest rates on its loans than did the more familiar commercial banks. Almost all of the people interviewed in this survey did not know that in 1959, for example, the savings and loan industry financed one-third of all new homes built in this country and, in doing so, made over one million loans totalling 15 billion dollars.

The savings and loan industry encourages people not only to save but also to own homes. Largely because of the industry America has become the greatest nation of home owners in history. More home loans have been made by the savings and loan associations than by all other financial institutions combined. The trade paper *American Banker* states that in the competition for new accounts between commercial banks and savings and loan companies, the latter "lead by a margin still shocking to banks . . ."

It has always been thought that home owners make better citizens than those who do not own their homes. Such people are more apt to save and invest their money wisely. Thrift is important to a free society. Thomas Jefferson wrote: "I place economy among the first and important virtues and *public debt as the greatest danger to be feared.*" President Eisenhower said in 1957: "If a vigorous rate of economic growth is to be realized without recourse to inflationary finance, the supply of savings must be sufficiently high to meet the demand for private, state and local undertakings . . . the individual occupies a strategic position in the savings process."

Despite the great size of the industry and its billions of dollars of assets, the small investor is still the backbone of savings and loan. The industry has stated emphatically, again and again, that its greatest single asset is the individual, the small investor. The average savings and loan account remains under $3,000.00, and although there are more than 8½ million home loans, the individual loan is about $6,800.00, chiefly on small and medium-priced homes.

Because of this attitude, it is not surprising that in this, one of the largest businesses in America, the individual investor remains just that—an *individual.* He is seldom, if ever, regarded merely as an account number. The industry has prided itself on retaining the "common" touch.

Savings and loan associations can be classified as insured or uninsured, and as federally chartered or state chartered. The state chartered associations are mutual or capital stock institutions. All federals are mutuals. This is a legal requirement. A mutual association is wholly owned by its savers and borrowers. A stock association is owned by those who own the capital stock. Although the savers and borrowers are technically members, they have no voting rights. All savers receive the same dividend while owners of the capital stock may receive a different amount.

To prevent a member from getting too much control there are provisions that no one shall have more than a certain number of votes. The figure is fifty for federal associations and varies with state-chartered associations according to the respective state laws. If a member cannot be present at a meeting, he has the right to vote by proxy.

Why are savings and loan associations able to offer generally higher dividend rates on investments, and at the same time offer home loans at rates comparable to those offered by other banking groups? There are several reasons.

The principal reason for this higher rate is that the monies of the members of a savings and loan group are invested, for the most part, in first mortgages on homes. Home loans are invariably granted for longer periods—ten to thirty years—than the majority of the loans made by commercial banks. It is generally true that in lending money that the longer the loan term, the higher the interest rate. The reason for this is that it is more difficult to forecast economic and money market trends over a period of years than for only a few months.

Another reason for the higher dividend rate is that the organizations do not keep unnecessary money in unproductive reserve funds. Technically, the associations do not accept demand deposits from their investors. Like banks, they may require that the investor give advance notice if he wishes to withdraw money from his savings account. But this requirement is rarely enforced. As a general rule, savings and loan associations are ready to return funds invested without delay.

To be able to pay withdrawal requests on demand, savings and loan associations keep adequate deposits at commercial banks and invested in U. S. government securities. In addition, associations deposit some of their funds with the Federal Home Loan Banks, from which they may borrow to meet unforeseen, emergency needs.

Another reason for the higher earnings of savings and loan associations is the fact that their specialization in home lending tends to keep their cost of doing business below that of other financial institutions which offer a wider variety of services. Also, in the majority of savings and loan associations, all earnings except the portion which goes into reserves are paid to the investors.

As we have noted, the main business of the savings and loan industry is the first mortgaging of homes. Before 1950, there was only one year in which savings associations financed more than one-third of the homes bought with credit. Since that time the proportion has been rising steadily, so that in 1962, savings and loans accounted for 44% of all the home mortgage loans made. This means they financed more than two out of every five homes built or purchased in the United States. This was twice the volume of home lending done by any other type of financial institution. The homes financed by savings and loan are generally small, medium-priced homes located within a

100-mile radius of the association's headquarters.

But although this is the main part of the industry's business, it is not all of it. Money may be loaned to improve property, to build apartment buildings, and some money may be loaned for city renewal projects. In the main, borrowers from a savings and loan association are investors in the association, but this is not a rigid rule. Credit unions, for example, which cannot grant home loans, will sometimes invest their funds in a savings and loan association, which, in turn, grants the mortgages.

The savings and loan industry has worked constantly to make as many Americans as possible home owners. To this end the associations have endeavored to make borrowing as easy and pleasant as possible and payment as convenient as it may be. To achieve this goal the industry developed a new type of monthly repayment plan.

This plan, pioneered by savings and loan, is known as the "direct-reduction amortized loan" and is today the most widespread method of home financing.

The amortized home loan is paid off gradually over a longer period of years (ten to thirty-five) than the so-called "straight" loan, which, in general, must be refinanced every three or five years.

Under the amortized plan the borrower agrees to make monthly payments on his loan. A portion of the payment is interest (1/12 of the annual rate) and the remainder is a repayment of the loan. Thus, after each monthly payment is made, the outstanding loan balance is reduced. This, in turn, reduces the next month's interest charge, so that the amount going to repay the loan becomes an increasing proportion of the monthly payment as time goes on. This payment plan has been so successful that it has been adopted by the H.O.L.C., the F.H.A., and the V.A.

In 1892 the United States Savings and Loan League was organized. This is the oldest and the largest of the national savings and loan establishments. The League has worked to standardize the practices of the industry and to protect the individual investor. One of its chief aims has been to provide insurance for the funds invested with the savings and loan associations which would be comparable to the federal insurance which covers commercial bank deposits.

Largely as a result of the League's work, the Federal Savings and Loan Insurance Corporation was set up in 1934. This insured the funds of those associations which became members of the Corporation. In order to obtain a federal charter, an association had to become a member of the Corporation.

More and more associations have joined the Corporation, and at the end of 1962, 4,332 associations, or two-thirds of the national total, were members of the FSLIC.

Insured funds totalled $78 billion, or 95% of all funds invested. In addition to this, in Massachusetts the Cooperative Central Bank of Massachusetts insures the deposits of state-chartered institutions. On August 31, 1961, there were 172 co-operative banks in Massachusetts with such insurance representing assets of $1.3 billion.

Two other types of agencies work to insure the investor's accounts. The Federal Home Loan Bank is an auditing agency which periodically examines the accounts of federally insured associations, and state agencies regularly check the activities of state-chartered associations. Kenneth G. Heisler, the managing director of the National League of Insured Savings, states: "Just as with savings banks, S&L operations are constantly examined by a state or Federal agency. Increasingly, we are all working together toward a common pattern of supervision and practices."

The United States today is in the early stages of an expanding and rapidly changing economy. It is a period of rapid growth. There have been tremendous technological improvements in atomic energy, electronics, chemicals, automation, and other fields. Research and development have received a greater status than at any other time in history. Billions are being invested in research and development programs each year.

In this period of rapid growth, there is a need for thrift and savings if the value of the dollar is to be protected. Lenin said, shortly before his death, "We shall force the United States to spend itself into destruction." By making the American people aware of the increasing need for and importance of thrift through some type of savings program the savings and loan associations have helped largely to prove this statement wrong.

Virginia Savings & Loan Associations *(From page 14)*

FIRST FEDERAL SAVINGS & LOAN ASSN. OF NEWPORT NEWS.

tion, Norfolk; J. Newton Gordon of the Co-operative Building and Loan Association, Lynchburg; Lawrence C. Page of the Tidewater Perpetual Building and Loan Association, Norfolk; John A. Morris of the Portsmouth and Norfolk Building and Loan Association, Portsmouth; Fred Pilcher of Petersburg; and J. A. Baer of the Roanoke Mutual Building and Loan Association, Roanoke. John R. Sears, Sr., of Norfolk is another early pioneer who is active today as board chairman of Home Federal in Norfolk.

For several years, the League functioned through an executive committee and until 1957, affairs were handled by the League secretary and someone in his office. In January of that year, Mark Saurs was named executive vice president and the League now occupies modern new offices on Spencer Road in Richmond's West End.

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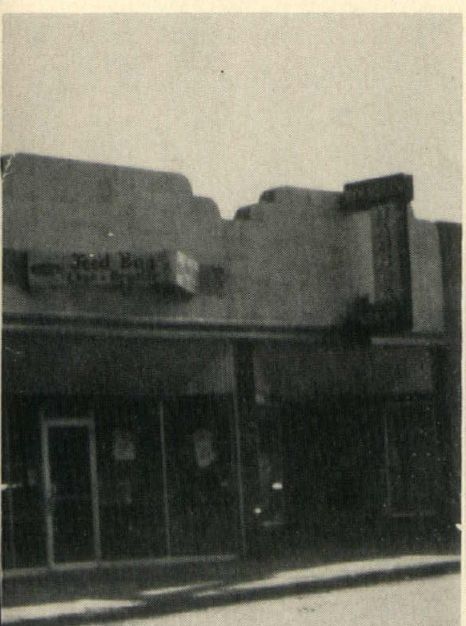

METROPOLITAN SAVINGS & LOAN ASSN., INC., *Arlington.*

PORTSMOUTH & NORFOLK COUNTY SAVINGS & LOAN ASSN.

The Virginia League waited five years after its organization to hold its first annual conference, drawing both members and non-members to Lynchburg in June for the meeting. Annual meetings have been held consistently since.

The original intent of the League has remained virtually unchanged through the years—bringing members together for exchange of mutual ideas and interests and promotion of laws and practices to further the growth and development of the industry. Among functions of the League are interpreting for members new federal and state laws pertaining to the industry, encouraging Virginians to save in and borrow from local associations and discouraging in the Old Dominion some of the flamboyant practices used by associations in other areas to attract new business. The "give-away" gimmicks are virtually limited to grand openings, says Saurs.

League members strive to create a feeling of confidence within the public by spelling out their practices through their public relations and advertising programs. Adds Saurs, the associations became what they are today by meeting the needs of their communities through outstanding service. They face the present and future with confidence that their improved services will encourage thrift, and make home owners of all who really cherish this worthy goal. •

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A Gateway to Mediocrity (*Continued from page 5*)

All writers, both the fugitives and the compromisers, predicted a dire end for the motion-picture industry. The public would finally revolt. We were right, though for the wrong reason. When the public finally revolted, it was not to get better entertainment but the sorrier fare of television—farther removed from the reality of life, less "honest," even less attentive to the entertainment values that Hollywood, at its most corrupt, usually tried to give in sets, lighting, camera-work and the edited film. When the revolt came, the audience had grown from 40,000,000 to 60,000,000, scraping the bottom of the barrel of the mass audience.

The advertisers who sponsor television shows, the networks and the stations all operate on the same uncomplicated profit-motive that motivated the now departed satraps of Hollywood, and seem committed to the principle that the old tailor-made products of the Metro star-system and the quickies of Republic were too intellectual. But, the question is: when the public finally revolts against this boneless junk, how can it go farther downward?

The future designers of some mass medium that reaches over 100,000,000 should not despair. In Hollywood, twenty years ago, we thought the bottom had already been reached. But, as long as the base of the public can be expanded, evidently a market will be created for cretinous inanities not even conceived by the czars of the networks. It is not that television, any more than Hollywood, will ever deliberately make the mistake of underestimating the American public. It is simply that the public's capacity for being entertained by baubles has an infinity of potential beyond the most avaricious ambitions of those hard-headed men of affairs who provide the canned dreams.

The underlying question behind the downward trend is this: what is American education doing that permits the nation's population, as it grows numerically, to debase its tastes in entertainment?—to seek ever increasingly imbecilic opiates of escape from reality? Except currently the race question, nothing is talked about and written about more than public education, and of course the race question is involved in that very fundamentally. The educators are faced with the same element of numbers that debased the potentially great medium of motion-pictures and makes each season of television cheaper and more conscienceless than the one before. Though I'm sure countless statistics exist to prove the contrary, it would appear that the succeeding generations emerging from the halls of learning accommodate themselves to steadily deteriorating media of entertainment-escape.

If the public institutions were doing the job they should, the succeeding generations would be expected to demand improving quality. While the mass audience for drivel has increased 50%, the sale of serious books has remained at the level of before World War II, and where the paperbacks have (with very low royalties to the author) brought books into a low-price market, the biggest sellers are the likes of Mickey Spillane. Whatever statistics may show, the expressed taste of the public does not reflect well on the habits formed in the formative years in educational institutions.

In education, of course, the element

of numbers is not bringing the life of Babylonian Pharaohs to teachers and administrators. Even its prestige is small and insular compared with the splendor of the days when Metro's Louis B. Mayer wore the purple. Of those days, it was told, Mayer learned that some other man was going to earn more than his $500,000 a year salary, and he immediately upped his income to $600,000 to be the country's top earner. As he was only the studio head, someone asked Nick Schenck, the president of the company, why he allowed Mayer to earn more than he did. "Oh," said Schenck lightly, "Louis likes that sort of thing." On the other hand, I know for a fact that a Prominent Citizen, with interest in an educational institution, sought with a $600 loan to bind for two years the services of a college instructor who was going to take a leave to get his doctorate. It was worth $600,000 a year to provide trashy pipedreams to the public and worth a $600 loan to insure the services of a Ph.D., experienced in teaching, to mould the minds of the rising generation.

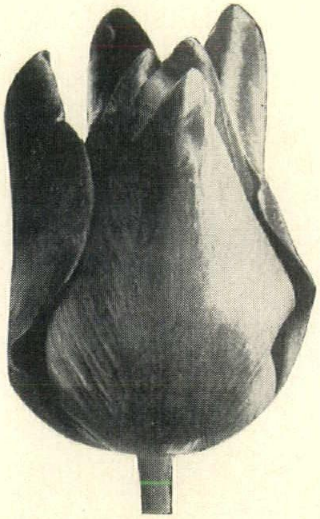
No, the teachers and the administrators gain no glories by dealing in growing numbers. As men and women of conscience, they get only headaches and heartaches out of the numbers that meant grandeur for Hollywood's princelings and mean fortunes for Hollywood's Madison Avenue successors. The forced admixture of races—however just the cause of the Negroes—is another complicating problem. The educators themselves can do nothing.

The move must come from a new concept of public education. The present system is a gateway to mediocrity, preparing graduates to dissolve into the melting pot of mass cultural receptivity. The numbers who will be educated to read Mickey Spillane and to sit entranced to the moronic pap of television will increase and about them nothing can be done. But something surely can and should be done about the potentially superior individual who is dragged down to the dismal average. To level the gift of the mind is to make a hideous nightmare of Jefferson's dream of public education, designed to cultivate the superior individuals. Without such a change, there will be no escape from the cultural course which some educators today believe is heading for a new Dark Age.

Clifford Dowdey

Darwin Hybrid Tulips

A new race of Tulips, the results of crossings between Darwin Tulips and Fosteriana varieties. They have enormous flowers on strong stems and vivid colors. Stock limited.



APELDOORN. 24 inches. Orange-scarlet, base black, edged yellow. This is one of the newest Tulips in existence and is a cross between Tulip Red Emperor and a new red Darwin variety. Perhaps the largest Tulip on the market today and of most striking color. **3 for 50¢; $1.40 per dozen; $9.00 per 100.**

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EMPIRE STATE. 26 inches. The largest and tallest of all Darwin hybrids. A cross of the Darwin Red Pitt and Fosteriana Red Emperor. Tomato red with yellow base. **3 for 60¢; $1.50 per dozen; $10.50 per 100.**

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SPRING SONG. 24 inches. A spectacular new variety of a brilliant scarlet color. Enormous large flowers on tall, strong stems. One of the biggest hits of the last decade. **3 for 50¢; $1.30 per dozen; $8.00 per 100.**

SPRINGTIME. Scarlet red with black base. Actual measurements of the flower is twice the size of most Darwin Tulips. The length of the petals are 3 inches or more and when fully open, measure 7 to 8 inches in diameter. **3 for 50¢; $1.40 per dozen; $9.00 per 100.**

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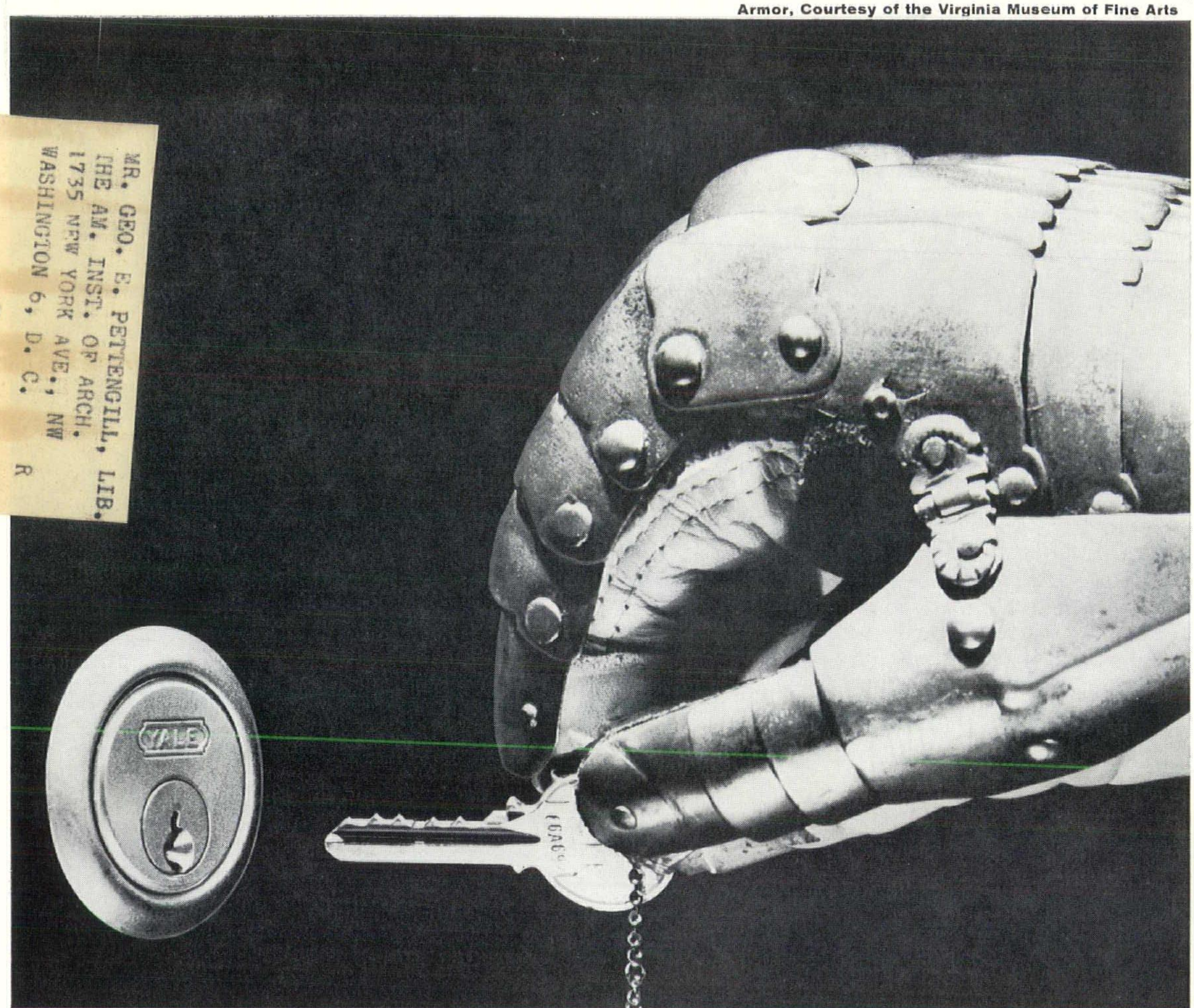

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