BUSINESS IS ABLE TO FIND SOLUTION

Removal of Legislative Drawbacks Necessary, However, Bank Holds

New York, Dec. 27—There is reason to warrant the belief that business is capable of working out the solution of its problems eventually if it is not subject to additional legislative drawbacks, the Treasury's finances are placed on a sounder basis, the taxes on undistributed profits and capital gains are revised, and the international poinical situation does not become a more serious deterrent, states the Guaranty Trust Company of New York in a review of the current year and the outlook for the beginning of 1938, in the current issue of The Guaranty Survey, its monthly review of business and financial conditions in the United States and abroad, pub-

hished today. "Industrial progress during the next several years, however, will undoubtedly be conditioned on the extent to which the majority of our people real-ize that the fundamental factor determining real wages is the productivity of labor and that the only manner in which the standard of living can be raised is by increasing output per capita," The Survey continues.

While most competent observers anticipate that the recession will continue well into the coming year, many believe that there is nothing of a purely economic nature apparent at present to suggest that we are entering a depression of the magnitude and duration of the last one. But there are some who are confident that fundamental factors are unsound and that the country faces a drastic corrective

movement "Even though considerable recovery regard the longer-term future with asful, and poorly planned disbursements economic laws. in the past. Along the same line some definite plan for balancing the budget is needed, such as broadening the tax base and reducing expenditures. When a balance is achieved and conditions warrant, it is essential that a syste- overcome seemingly insurmountable funds. matic program be adopted for reducing the huge public debt.

Japanese, Chinese Envoys Meet at White House Fete



Hirosi Saito and wife . . . Japanese ambassador

The Japanese and the Chinese ambassadors to the United States come together under one roof—in the White House at the diplomatic reception. They are seen here in their full dress for the occasion.

the movement was strong enough to sons other than a need for additional

Several Factors Contributed to

Recession

Dr. Chengting Wang and daughters

With Ambassador Hirosi Saito of Japan is his wife. With Dr. Chengting Wang, Chinese envoy, are his three daughters, left to right, Yoeh, An Fu and An

"In respect to labor, there is an ur- count for the sudden appearance and ed to expand largely because of a loss gent necessity for some approach to rapid growth of the recession. One of of confidence. To the extent that this should occur during the coming year, industrial problems that will enable the causes frequently cited is the efseveral problems will still remain that the government, business men, and fects of the Government's credit polimust be solved before business may labor to consider their differences in cies, which, it is held, tightened credit level capable of absorption by thecura spirit of cooperation. Underlying to an extent that made it necessary rent level of demand, the recession surance. Perhaps foremost among the foregoing and other problems is for the banks to secure funds by sellthese is the need for the adoption of the danger in the political philosophy ing government securities. The fact mal' in character. However, there can that the sale of these securities by tures at times of economic stress, as greater good to the people of the na- reporting member banks during this exerted a strong influence on the down contrasted with the spasmodic, waste- tion than the operation of natural year exceeded the increase in loans by about half a billion dollars and that excess reserves now aggregate more than a billion dollars indicates "In view of the fact that the gains that member banks have been liquithis year were wide-spread and that dating Government securities for rea-

obstacles, many are at a loss to ac- "In the final analysis, business ceas- force this year, especially that which

may be regarded as cyclical or 'norward course of business. In fact, the confidence of many business men began to ebb as early as February when the growth of labor disturbances made the outlook for uninterrupted operations highly uncertain.

Business Retarded by Heavy Taxes "The effects of certain legislation in

increased the tax burden and called for heavy Government expenditures acted as a constant harassment to business. These laws have had such a strong influence on business senti-ment and the course of trade in the last few years that they cannot be excluded from any speculation regarding future prospects. Even under circumstances where the limited understanding of the factors governing the cyclical movement of business is alone required for guidance, it is always difficult to predict future economic trends. But prognostication under present conditions, with the Government exercising unprecedented control over private enterprise is particularly hazardous. Opinions based on the scundest scientific devices known could be nullified overnight by action on the part of the Government under its existing powers, to say nothing of the uncertainty of possible legislation that may be enacted in the future."

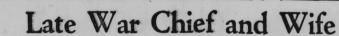
In \$800,000 Suit



Frederick H. Stinchfield

... sued for conspiracy Frederick H. Stinchfield of Minneapolis, former president of the American Bar association, is one of the well-known lawyers named in the suit of Mrs. Katherine Rhea Stevens, who seeks \$800,000, charging "connivance and conspiracy" in divorce proceedings. The other lawyer is Pierce Butler, Jr., son of the supreme court justice. The suit rose from divorce proceedings of Mrs. Stevens against her railroad executive husband, H. E. Stevens.

-Central Press





Newton D. Baker, 66, Secretary of War in President Wilson's World War administration, is shown above in a recent photo with his wife. The picture was taken at their home in Cleveland, O. Baker died of a cerebral hemorrhage on Christmas Day (Central Press)

Ex-Congressman 100 Years Old



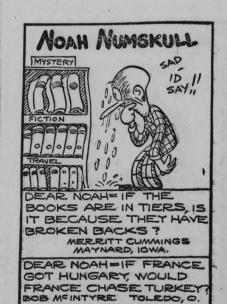
Judge Henry Richard Gibson, oldest living former Congressman, Is pictured in his home at Washington, D. C., with his wife, whom he married eight years ago, and who says he is "the most remarkable and kindly man I have ever known." Judge Gibson served in Congress from 1895 to 1905 from the Second Tennessee District. He is a native of Maryland and served in the Union Army during the Civil War.

The Manassa Mauler's Brood



Here is the first picture of Jack Dempsey, his wife, and their two children. Joan, three and a half, and Barbara, 15 months. With his wife, the former Hannah Williams, the former world's heavyweight boxing champion shown rallying 'round the Christmas tree after Santa paid his visit to their New York apartment. (Central Press)

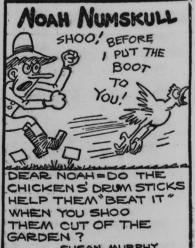




DEAR NOAHEIF YOU WANTED CERTIFIED MIL

TO A BANK FOR IT ?

VOULD YOU HAVE TO GO



DEAR NOAH-IF YOUR HOTEL ROOM GETS TO WARM, WHY NOT OPEN THE WINDOW AND SEE THE FIRE ESCAPE?