

CURRENCY ABSOLVED AS HIGH COST CAUSE

Congress Advised to Keep Hands Off Laws, in Meyers Report.

INCREASE NOT EXCESSIVE

Credit Expansion Expected to Adjust Itself as in Case of the Civil War.

Special Despatch to THE SUN. WASHINGTON, Aug. 10.—Currency inflation is the effect and not the cause of high prices in the United States, in the opinion of the Federal Reserve Board. As a result the board is recommending that Congress avoid attempting any changes in the currency situation or in the currency laws at this time.

Expansion of credits is explained by the great quantity of gold sent into the United States before we went to war to pay the bills for allied purchases here.

Credits Self-Adjusting.

Board members believe that expanded credits, as a result of war loans and of the continued borrowings by the Government, cannot by any artificial means be quickly contracted. They hold that the credit expansion will adjust itself rapidly just as it did after the civil war as Government borrowings cease and Government bonds are completely paid for by the people.

The board holds that the currency situation has not contributed one whit to the high cost of living, and they insist on the contrary notwithstanding.

It was the Reserve Board view that checked consideration of this phase of the situation in seeking corrective measures. A number of officials contemplated some action to reduce so-called inflation until the Reserve Board analysis was called to the Cabinet conference. This part of the program was promptly abandoned. The reply to the Myers resolution follows:

The Myers Resolution. "The Federal Reserve Board acknowledges receipt of your letter of the 5th instant asking for an expression of its views as to the advisability of legislation providing for the gradual reduction of the currency in circulation as proposed by Senate resolution 142.

"The board would suggest that in determining whether or not legislation is necessary or desirable to regulate the volume of currency in circulation, consideration should be given to the various forms of money which make up the sum total of our volume of currency, a distinction should also be drawn between the stock of money in the country and the amount actually in circulation.

Legislation Not Necessary. "To effect the retirement of the United States notes funds would have to be withdrawn from the Treasury to be supplied either by taxation or by the sale of interest bearing obligations. The board does not believe any legislation with respect to United States notes is necessary or desirable at this time.

and are taxed just as national bank notes are taxed, have been issued only to replace in part national bank notes retired and standard silver dollars melted or broken up and sold as bullion under authority of the act of April 23, 1918, known as the Pittman act. The issue of these notes has therefore brought no increase in the circulation medium.

Expansion of Credits. "In analyzing our present situation and in considering the causes which have led to the expansion of credits and note issues during the war, we should not lose sight of some of the developments of the pre-war period and their effect upon credits and prices. Very heavy purchases of supplies of all kinds were made in this country by European belligerents during the years 1915 and 1916, payment for which involved the shipment to us of large amounts of gold.

Reserve Money Exempt. "The reserve money held by or for the Federal Reserve banks serves, of course, as a basis for credit, but it forms no part of the currency in circulation. On this basis the amount of money in circulation on June 1, 1914, there being no Federal Reserve banks in operation at that time, was \$1,419,163,366, made up as follows: Gold coin and certificates, \$1,649,872,853; silver dollars and silver certificates, including Treasury notes of \$10, \$20, \$50 and \$100, all other currency, \$1,217,188,365, being a circulation per capita of \$34.53.

Total Money in Country.

"On July 1, 1914, the total stock of

money in the United States, exclusive of that held by the United States Treasury, was \$2,419,163,366. "On April 1, 1917, the stock of money estimated on the same basis was \$4,702,180,841, an increase of \$2,282,977,475, of which increase \$282,481,028 was in gold.

Post-War Decreases. "Assuming that the date, December 1, 1918, marks the beginning of the post-war period, the table shows changes during this period up to August 1, 1919, as follows: Gold coin and certificates in circulation decreased \$123,190,000; silver dollars and silver certificates, including Treasury notes of 1890, decreased \$120,984,000; Federal Reserve notes decreased \$102,892,000; Federal Reserve bank notes increased \$78,519,000; all other currency decreased \$44,772,000, being a net decrease in circulation for the post-war period of \$288,596,000 or \$2.07 per capita.

Cannot Force Circulation. "The difficulty, indeed the impossibility, of keeping in circulation an excessive volume of Federal Reserve notes should be understood. The issue of

these notes has been carefully safeguarded by the Federal Reserve act and ample provision has been made for their redemption. Federal Reserve notes are redeemable in gold; they cannot be forced into circulation in payment of expenses of the Government or for any other purpose as they can be issued only in exchange for gold or against a deposit of negotiable paper growing out of a legitimate commercial transaction plus the required gold reserve of not less than 40 per cent.

"There has undoubtedly taken place during the last two years a certain amount of credit expansion which under the circumstances, connected with our war financing, was inevitable, but this will be corrected as the securities issued by the United States Government for war purposes are gradually absorbed by investors. This credit expansion is equal to the difference between the total of the war expenditures of the Government on the one hand and on the other the total amount raised by the Government through taxation and the sale of its obligations as far as paid for out of savings. No reliable estimate can be made of this difference.

"The principal cause of the advance of prices before and during the war was the urgent need of the Government of the allied world for goods of all kinds for quick delivery in large volume and the competition of this buying of Government securities with purchases by private individuals, who failed to contract their expenditures at a rate commensurate with the growing expenditures of these Governments. In the post-war period through which we are now passing the country has experienced rising prices owing, in part, to a general relaxation of the war time regime of personal economy, resulting in an increased demand for commodities by individuals who restricted their purchases during the war, but who are now buying in competition with export demand.

"The Federal Reserve Board believes that any currency change at this time is unnecessary and undesirable, and would suggest that, whether viewed from an economic or financial standpoint, the remedy for the present situation is the same, namely, to work and to save; to work regularly and efficiently in order to produce and distribute the largest possible volume of commodities, and to practice reasonable economies in order that money, goods and service may be devoted primarily to the liquidation of debt and to the satisfaction of the demand for necessities rather than to indulgence in extravagances or the gratification of a desire for luxuries."

B. Altman & Co.

The Vogue of Ivory occupies an important place in the latest fashion news from Paris; perhaps because ivory is rare—and only that which is rare is really worth considering, from fashion's point of view.

Among the many interesting novelties in ivory now displayed in the Jewelry Department are necklaces, bracelets and armlets; "reminder" rings; and a very striking selection of ivory-trimmed silk wrist bags.

Madison Avenue - Fifth Avenue 34th and 35th Streets New York

Mr. Howard Kyle, founder of the Actors' Equity Association, who for more than six years served as a member of its Counsel and in other capacities without remuneration, has resigned from the Actors' Equity Association. In connection with his resignation Mr. Kyle sent the following letter to Mr. E. H. Sothorn who has also since resigned from the Actors' Equity Association:

New York, August 5th, 1919. Dear Sothorn: I am sorry I didn't get a word to you before you were induced to send a letter to the Actors' Equity Association, approving the course its officers and Counsel have wrong-headedly taken. For once the managers are right in their stand. They have recognized the Actors' Equity Association as an organization and they invited its representatives to meet them and make a mutual agreement for the uniform adoption and use of an improved form of the United Managers' Protective Association-Actors' Equity Association contract to cover a period of three or five years. Each manager in the new producing Managers' Protective Association (and it includes practically all of them) is under a bond by which he would forfeit \$10,000 if he breached any agreement made by his organization. That is any agreement like that of the adoption of a uniform standard contract. This was the very situation, or should I say consummation, toward which the Actors' Equity Association has been aiming for six years. Some of the radicals misapprehended the spirit of cooperation that possessed the managers and attributed their action to motives of fear; thereupon an utterly foolish and unnecessary ultimatum was issued concerning extra performances, which were made to include legal holiday matinees and Sunday appearances. The arbitrary action was taken despite insistent warnings I made to the Counsel of its ill advisedness. The aggression came, you see, from our side when the managers were in an amenable state of mind and actually willing, as they are now, to stand for a clause by which all salaries shall be reckoned by the performance.

In order to save their own faces our representatives proposed publicly that the whole matter of a contract be given to an outside Board of Arbitration, thus trying to embarrass the managers. As I openly predicted, the managers said there was nothing to arbitrate and they have proceeded to use the standard contract United Managers' Protective Association-Actors' Equity Association, changing only the clause as to how any issue may be arbitrated; meanwhile poor men and women who are actually working under equitable conditions are forced to strike as the result of the bad leadership of our association. It is important to remember that the accepted Actors' Equity Association-United Managers' Protective Association contract was actually drawn up in the first instance by the Actors' Equity Association itself, and the clauses consenting to play Sunday night performances and legal holiday matinees were put into this contract by the actors themselves. The changes now demanded, therefore, constitute additions to our own contract, which we have proclaimed as equitable all over the world. No one has ever pretended that the contract, which is a minimum one, is the best that might be secured, and it is only fair to recall that Mr. Marc Klaw, President of the United Managers' Protective Association, spoke at the ratification supper in November, 1917, saying: "This is a history-making occasion, but the contract as it stands is only a beginning."

(Signed) Yours very truly, HOWARD KYLE.

TIFFANY & Co. FIFTH AVENUE & 37th STREET PEARLS DIAMONDS JEWELRY SILVER CLOCKS WATCHES CHINA STATIONERY

ACTORS MAY COME and ACTORS MAY GO BUT HOLBROOK BLINN IN THE CHALLENGE GOES ON FOREVER THE ORIGINAL CAST AT THE SELWYN THEATRE EVERY NIGHT WITH WEDNESDAY AND SATURDAY MATINEES

WINTER GARDEN BEGINNING TO-NIGHT—BIG COMBINED BILL ALL OF THE ENSEMBLE NUMBERS OF MONTE CRISTO, JR. THE SHUBERT THEATRE GAITIES OF 1919

CHU CHIN CHOW A Musical Extravaganza of the Orient. MORE WONDERS THAN EVER. NOW IN ITS 4TH YEAR IN LONDON. 14 BIG SCENES. CO OF 300

T-O-NIGHT PEEK-A-BOO The Most Talked Of and Best Liked Musical Revue on Broadway. MOVES to the CENTRAL THEATRE B'WAY & 47TH ST

STEEPLECHASE FOR LUN CONEY ISLAND PALISADES PARK Surf Bathing Now Luchow's 14th Street, near Fourth Avenue DEW DROP INN For Homesome Fare and Honest Worth PEG WOFFINGTON TEA GARDEN SPECIAL COLD DINNER 75c

AMUSEMENTS. NEW YORK'S LEADING THEATRES. ZIEGFELD FOLLIES ON THE COOL ROOF AS GOOD AS THE FOLLIES ZIEGFELD MIDNIGHT FROLIC GEORGE WHITE'S SCANDALS 1919 COHEN & HARRIS THEATRE THE ROYAL VAGABOND LA LA LUCILLE KNECKERBROKER POSITIVE PERFORMANCE TONIGHT LISTEN, LISTEN! A REGULAR FELLER PALACE RIVERSIDE STRAND

AMUSEMENTS. WILLIAM FOX Presents The Great Interpreter of Red Blooded Americanism WILLIAM FARNUM In E. Lloyd Sheldon's WOLVES OF THE NIGHT SHEEPSHEAD BAY SPEEDWAY SAT. EVE., AUG. 16TH AIDA NOTICE GREENWICH VILLAGE FOLLIES GREENWICH VILLAGE THEATRE COHAN THEATRE D.W. GRIFFITH REPERTORY SEASON HEARTS OF THE WORLD RIVOLI RIALTO