DANGER OF CREDIT CRISIS IN BANK SITUATION PAST; SAVED BY RESERVE SYSTEM

Banking Business Is Fundamentally Sound as Has Been Demonstrated During Past Year; Money Reserves Strained to Limit by After-Armistice Business and Speculation.

By HARDEN COLFAX
Special Correspondent of The Tribune.
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Chicago, May 22.—The banking and business situation is fundamentally sound and the danger of a credit crisis has passed. This is the mature opinion and best judgment of the soundest bankers in the middle west and in it was an answer to the critics of the federal reserve board when a sharp raise in discount rates was held responsible for a too speedy deflation from war time levels. As a matter of fact it was the after-armistice business and speculation which strained the money reserves of the country to the limit.

Those charged with the administration of the federal reserve banks had never had opportunity to test the power of high interest rates to cause business to slow up and thereby decrease the demand for bank loans and improve the reserve position. Many people were skeptical about the success of such an effort. But there is now no doubt of its efficiacy.

Loan Rates Increased.

The increase in the rediscount rates of the reserve banks and the consequent increase of the rates on commercial loans by all banks, had an immediate and increasingly strong influence on all business. The price of money became so high that business men found it necessary to stimulate their business so that they could pay their debts to the banks. The banks refused to renew loans unless the borrower had very good reasons back of his request.

Forced to Liquidate.

The reserve banks compelled the banks to pay in order that the reserve position might be strengthened so that in addition to paying a higher price for money, if they got it, borrowers at banks had to turn their merchandise into cash to pay their bank loans. Turning merchandise into cash means that prices must be made tempting. The increase in the rediscount rate, therefore, operated to bring about a lowering of the general price level. In any event it had a marked influence in producing that result.

Too High Business Speed.

The process described can be justified by the nature of the exigency that the country faced. There was not enough reserve money to warrant the business speed at which the country was traveling. The alternative would have been a smash, a panic and chaos. The process adopted was orderly, scientific and effective. The price of money may possibly have been manipulated; it may have been arbitrarily fixed but, however it was, it was effective.

The banker contends that the highest service he renders his community is in distributing credit when there is not enough to go around. The banker declares that he is well within his rights as a public servant when he says to his merchant, you cannot have that much and to that one you can have none at all. The bankers have been preventing commercial failures, not promoting them. A high price for money made their task easier. It made the work of controlling credit less difficult.

Price of Money Is Dropping.

With the approach to a final adjustment in sight and a new normal condition—conditions in which the relation of prices to costs of production are reasonably stable—the price of money has been lowered. In the end, with lower prices for money as well as for commodities, including labor, the country can do business with a smaller capital investment; the purchasing power of the dollar will be greater and the resultant prosperity will be real.

In the United States, before the establishment of the federal reserve banks, there was no method for the scientific adjustment or regulation of interest rates for commercial purposes; each banker made his own rate and varied it according to his own judgment and the reserve position of his own bank. In times of stress there was, consequently, no uniformity of bank action and no certainty that business could secure credit or the price that would have to be paid for it. The banks loaned money to the limit permitted by the reserve position. When their reserves were reduced to the point beyond which the law said they must not go they stopped lending and panic often followed.

Restrained by Reserve Position.

The theory—and the practice so far as it has been tested—of the reserve banks is that merchants and manufacturers may obtain money, that is, they may be able to buy credit at some price under any and all circumstances. The only obstacle under present banking conditions is the reserve position. Reserves for banks is a fine problem. It underlies the integrity of the banking situation. The reserves—almost entirely gold—of the federal reserve banks, fluctuate. If gold is imported they increase, if gold is exported they diminish. Forty percent of reserves to liabilities is set in the law as the danger line. If they decline below that point a heavy tax on the deficit is automaticaly imposed. When that point is approached or reserves are falling bankers become uneasy and there is a demand for higher rates. The demand for money or bank loans begins to exceed the supply as determined by the amount of reserve. The remedy is to raise interest rates—the price of money.

But the federal reserve board has power that has never yet been exerted. It would naturally be exerted only in a great emergency and to prevent widespread disaster.

A new rubber mat for automobile running boards not only prevents a person's feet from slipping, but also drains off the accumulated mud and water.

FIRST CARGO WHEAT OF WESTERN CANADA TO EUROPE VIA CANAL

Voyage From Vancouver to London Marks Opening of New Canadian Route.

Vancouver, B. C., May 22.—When the steamer Buenos Ayres with a cargo of wheat from Vancouver dropped moorings in the Thames river at London a historic voyage had come to an end. The ship was the pioneer of the new route for wheat from the western shores of America through the Panama canal to Europe.

At a banquet in celebration of the epoch-making voyage, Sir George Perley said that in the near future the export wheat trade of western Canada would be divided between Pacific and Atlantic ports instead of all passing eastward to Europe as in the past. F. C. Wade, agent general of British Columbia in Great Britain, said the voyage marked the awakening of western Canada to the advantage of the Panama canal.

"Though the Panama calan has been open for several years," said Mr. Wade, "there is just now a revival of interest in what this shorter route to Europe holds out for the Pacific ports, not only of Canada but the United States. As for the grain trade development, it is worth noting that the Peace river district could produce 30,000,000 bushels of wheat if there were proper transportation facilities out of that region. The settlers there look for the building of a short line to the Pacific ocean which will give them an export outlet for their farm produce."

WOMEN RISING IN ESTIMATION OF THE PUBLIC

With Mme. Curie Honors Are Divided by Laura Bromwell.

Tablet to Alice Freeman Palmer Placed in Hall of Fame.

By JESSIE HENDERSON
Special Correspondent of the Tribune.
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New York, May 22.—If the stock of women went up many points on Mme. Curie's arrival another event transpiring Saturday, sent it away above par. For Saturday seven bronze tablets were unveiled in the hall of fame at New York University and one of seven commemorated the achievements of a woman.

A Woman Historian.

Alice Freeman Palmer, president of Wellesley at the age of 26 and at her death in 1902 internationally famous as a scholar and teacher of history, is the woman selected that year for the hall of fame honor. During the impressive ceremonies tablets were unveiled also to such notables as Mark Twain and Roger Williams. This is a long step toward the days when Lucy Stone first earned rebukes for wanting, to be educated "like a man" and then was denied the privilege of reading a class day honor essay from the college platform "because ladies don't declaim in public."

A Daring Aviatrix.

But if lofty mental heights were reached by Mrs. Palmer what shall be said of the heights reached last Sunday by Laura Bromwell?. This young woman, aged 23, a member of the New York Aerial police, broke the women's speed record by flashing around the field at 135 miles an hour, and then zipped up to 9,000 feet and spoiled all previous world's records, male and female, for looping the loop. She made 199 somersaults and reversing herself about as many times in 90 minutes as an ordinary plane does in a season, proving once again that when a lady goes up in the air there's likely to be fireworks.

Woman Motorcycle "Cop."

An aviatrix in military uniform, with high boots, a captain's bars and trousers, is by the way, attached semi-officially to the new women's precincts on west 73rd street. This woman cyclist in knee length leather suit thinks nothing of circling around at 80 miles an hour. Lady notables, on land or in the air, are hereby given due warning that three incidents of interest to art lovers have caused a stir. One is the melancholy "for sale" sign on the $1,000,000 Manhattan opera house, a sign that marks the end of Mrs. Oscar Hammerstein's struggle to give grand opera at popular prices. Public indifference and private persecution she bitterly accuses of driving her out of business.

Caruso and His Cook.

The second event is the news that Caruso doesn't have to pay $770 damages to his cook after all. Mrs. Caruso started a lawsuit last fall by firing the chef, but the case has served to inform the public that the Caruso cook gets $40 a week and that the tenor doesn' care what he easts so long as it's spaghetti.

The third is the objection by the patrons of The Frolic on Broadway in finding some dry agent's hand in their pockets every time they moved their hand to their hip for a handkerchief but there is no point that anyone needed to be anything but stone sober to enjoy the show.

Meantime the Athletic club has just arrived at the stage where it is voting on whether women shall be allowed to smoke on its premises. The women say they will, anyway, whichever way the votes go, which would appear to settle the matter.

If these events don't convince you that the town is very full of jeu de vivre, or something, here are others:

Cigar and a Drink for $1.

Buy a cigar on Broadway for $1, unscrew the end and it's a drink. Two New York women who were among the 11 married by broad minded Harold Hammond, were given their marital freedom Saturday evening. A man jumped into the East river, offered a negro $500 to let him drown, and was nevertheless rescued. Another French scientist, Carpentier, is in the vicinity, having arrived on Monday; Samuel Lichtenstein who took $14,000 from a Madison avenue bank in January returned with exactly 10 cents and the complaint that $14,000 does not go far nowadays.

And John L. Bush, of Lawndale, Ohio, has written to tell the city clerk that he owns a little plot of land round about Wall street. The land he says was leased by his great grandfather and any help in turning over the little plot to Mr. Bush would be appreciated. The plot comprised 1,000 acres.

NEW POSTMASTER GENERAL IS A RAPID-FIRE WORKER OF BILLY SUNDAY STYLE

Is Described as Work-Eating, Efficiency-Run and Human Interest Official; Keeps Three Stenographers and Two Phones Busy.

By ELIZABETH KING STOKES,
Special Correspondent of The Tribune.
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Washington, May 22.—Will H. Hays, "the distinguished postmaster general," as President Harding called him at the White House the other day, has been sitting at his desk looking over blue prints showing plans for new postoffice buildings all over the United States.

"Glad to see you," said Mr. Hays, shaking hands and showing his teeth to one of a room full of visitors, some of whom wanted to talk about this new postoffice matter. For Mr. Hays the transition from chairman of the republican national committee to the head of the postoffice department was a step from one local pride proposition to another and from one country-wide organization to another. Therefore, in this humming office of his his methods of administration of the gigantic business of the postal service are those which he tried out as chairman of the national committee.

He Is a Work Eater.

As postmaster general he looks less imposing than many of the portraits that hang over him at his desk, but as he sits there in action he has the rapid fire tactics of a "Billy Sunday," with infinitely more finesse; the compelling exhortations of a "Moody and Sankey," with more substance and less song; and the insistence and drive of any good manager with the added tactical facility of a young Plattsburg lieutenant. But with all this the new postmaster general has what welfare workers designate as the "social mind." In short, the picture of Mr. Hays at his desk is unique and does not fit in with any other, particularly with that of no other cabinet member of congress or public man here—it is one of Will Hays as a work eater, efficiency run, inspired and "human interest" postmaster general who has the warning sign in his reception room: "Don't park here," and directly behind his desk a brand new broom, recently sent to him after he had remarked that he had come with no new broom ideas.

He Comes Up Smiling.

But let us take the postmaster general consecutively. Even early in the morning out at the suburban hotel where he lives, he is more than ordinarily amiable. He comes down to his office about nine bells with a few kind words and a smile for everybody. He goes up to the fifth floor, passes through the old style swinging barroom door and sits down at his double desk, a desk as neat and orderly as that of a model in an efficiency school. From 9 in the morning until 11, except on Tuesday—a cabinet day—he dictates to his three stenographers, at once attacking the large pile of mail. Such an achievement is more or less of a mystery to the outsider, but this is how he does it.

The three secretaries sit around him. To each one he hands a letter. Two of them quickly read it, familiarizing themselves with the contents, the probable reply, and copying the name and address. While this is going on, Mr. Hays is dictating to the first stenographer at a rate calculated to upset anyone not a "pitmanic wizard."

He turns to the second stenographer. "Well, what is it about?" He asks and is reminded briefly of the subject of the letter, which recalls the situation and he dictates the next reply. This goes on until the mail is finished. In the meantime, the telephones are ringing and he talks two ways at once with another telephone in the wash room a few steps away bussing for long distance calls.

A Regular Tent Show.

From 11 to 1 the postmaster general performs in a large tent, so to speak. His luxurious reception room is full of visitors. The room looks like the lounge hall of a club. If Mr. Hays took his visitors through the open door into his working office, the time consumed would probably be all day.

But the individual method of Mr. Hays is to emerge suddenly from his sanctum, catch the eye of an ecquaintance, rush up to him, shake his hand nearly off, stand so close to his face that he himself would appear to be the petitioner and then talk old times like a gatling gun.

He Eats With the Help.

By 1 o'clock several special appointments have been attended to and the postmaster goes upstairs to the luncheon room patronized by the employes and sits down with the rest. When postal employes come to headquarters from the outlying districts they see the chief in his office. He talks over matters with them and thereby gains momentum in his new position by his old plan of inspiring those around him. He is bent upon an objective as much as ever, he seems to be straining every notch to reach the port he has set out to.

ALICE BRADY'S SPOUSE LOSES $132,000 RENT SUIT

Springfield, Mo., May 22.—James L. Crane, New York actor, husband of Alice Brady, motion picture actress, Saturday lost a suit in circuit court here to recover $132,000 rental from property inherited from his former wife, Mrs. Blanch E. Stittler-Crane.

Tobacco leaves yield a form of sugar.

Personnel of Board Coal Mine Examiners of State Announced

Special to The Tribune.

Helena, May 22.—George N. Griffin of Roundup, Thomas Good of Washoe and Hirst Beever of Roundup will constitute the board of coal mine examiners, according to announcement of the state industrial accident board.

In accordance with the provisions of house bill No. 164 the industrial accident board requested the coal mine operators association and also the coal miners of the state that each should recommend a member for appointment to the board of examiners, charged with the duty of passing upon the qualifications of applicants for the position of state coal mine inspector, mine manager, mine foreman and fire boss.

The operators recommended Thomas Good of Washoe and the coal miners, through the medium of the officials of district 27, United Mine Workers of America, recommended Hirst Beever of Roundup.

The law provides that the board of examiners shall be composed of three members, made up of state coal mine inspector and a practical miner recommended by the coal miners and an operator recommended by the coal operators.

LEWISTOWN FIRE CHIEF UNDER SURGEON'S KNIFE

Special to The Tribune.

Lewistown, May 22.—Fire Chief Arthur J. Baker submitted to a minor operation Saturday. He is suffering from blood poisoning, resulting from an infected tooth.

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