

WHAT ARE FEDERAL RESERVE NOTES?

Way in Which Currency Is Increased or Decreased According to Business Needs.

Federal reserve notes are direct obligations of the United States and are receivable by all national banks and member banks and by Federal reserve banks, and for all taxes, customs and other public dues, but they are not legal tender for private debts. These notes are redeemable in gold upon the demand of the holder at the Treasury Department of the United States in Washington, or in gold or lawful money at any Federal reserve bank.

The means by which Federal reserve notes are issued and the security behind them is of considerable interest. Any Federal reserve bank may make application to the Federal reserve agent (the local representative of the Federal Reserve Board) for such amounts as it may require accompanying its application by a tender of collateral equal to the amount of notes applied for. This collateral consists of notes or bills acquired either by rediscount from member banks or by purchase in the open market, or gold or gold certificates.

Against its Federal reserve notes that are in active circulation a Federal reserve bank is required to hold a gold reserve of 40 per cent. But any gold deposited with the Federal reserve agent as collateral may be counted as part of this required reserve. In order to redeem its notes in gold when presented at the United States Treasury each reserve bank must carry a gold fund with the treasurer of the United States of at least 5 per cent of its outstanding notes not covered by gold collateral, but this redemption fund counts as part of the required reserve of 40 per cent.

Federal reserve notes, then, are secured as follows: (1) they are a direct promise or obligation of the United States and of the issuing Federal reserve bank; (2) they have collateral behind them of at least 100 per cent, consisting of eligible paper or gold; (3) a gold reserve of 40 per cent is required; (4) they are a first lien on the assets of the issuing Federal reserve bank.

One of the prime reasons for providing for the issuance of Federal reserve notes was to secure an elastic currency—that is, a currency that would expand and contract with the needs of business. This was accomplished by permitting the issue of these notes largely against commercial paper. For example, when member banks are being called on heavily for loans they rediscount with their Federal reserve bank some of their eligible notes. The reserve bank in turn deposits this paper with the Federal reserve agent, receiving from him a like amount of Federal reserve notes which may be turned over to member banks in return for the notes they have rediscounted, or circulated in some other way.

Contraction is practically automatic. If the needs of business diminish there is less need for currency and less borrowing at the member banks. These in turn reduce their rediscounts at their reserve banks by turning over to it funds received from the repayment of loans and from deposits. In times of declining business it is usual for the member banks to repay much of their borrowing with Federal reserve notes deposited with them by their customers.

STRAIGHT TALKS WITH AUNT EMMY

MAKING SAVINGS EASY

Helen met Aunt Emmy on the street. "Where are you going, Aunt? May I come, too?" she asked.

"Of course you may, dear. I'm just going to the savings bank with my weekly deposit."

"Oh, Aunt, I didn't know you saved money regularly. I wish I could."

"Anybody can who really wants to," said Aunt Emmy dryly. "It's easy enough if you have some system about it."

"But it doesn't seem at all interesting to go to the bank once a week with just so much," Helen said.

"There's so fun in saving that way."

"Nonsense!" replied Aunt Emmy. "It's good fun to see your interest marked up on the book. But if you want an interesting way to save I'll tell you one. You and Maud do it together. You put away a cent for each day of the month. Suppose you begin today. This is the sixth. All right, then, you each put six cents into a little box. Tomorrow you put in seven cents and so on up to the thirty-first of the month. Then you begin again with one cent. The most you will have to put away any one day is thirty-one cents, and you know how easily that goes for candy or some other useless trash."

"Yes, but how much would we save by the end of the year, Aunt?"

"Enough to pay for a nice little vacation or to make a fine Christmas—about sixty dollars, without knowing it about," Aunt Emmy said.

"Why, Aunt, that is a great plan. I shall tell Maud tonight," Helen said.

"If we do it right along at the end of the year we shall have more than we ever had in our lives all at once."

"Exactly—but remember, the main thing is regularity—until finally saving will become a habit," Aunt Emmy said.—ANNE E. AYMES.

STRAIGHT TALKS WITH AUNT EMMY

ON PLAUSIBLE YOUNG MEN

"Isn't it dreadful about poor Mrs. Fuller, Aunt Emmy?" exclaimed Molly. "That company she bought those bonds in has failed and she has lost nearly every cent she had."

"Do you know how it happened?" asked Aunt Emmy. "She got a letter from some so-called 'investment house' she knew nothing about. She answered it and they sent a plausible young man to her and he persuaded her that the company he was selling bonds for was a seventh wonder. The carelessness of some people is really criminal. Mrs. Fuller might have gone to her bank, asked for reliable information and saved her money. Any bank has or can get the facts about business concerns showing their condition. Had she bought bonds in a company that the facts showed had been meeting its obligations for years, had a good surplus and good business prospects, she would not be in trouble today. Instead, she took the word of that plausible man who was either deceived her, or at least was not so much interested in protecting her as in selling bonds to her. There is really very little excuse for the Mrs. Fullers of today because reliable information on financial matters may be had so easily."

"If she only hadn't put so much money in those bonds!" commented sympathetic Molly.

"That's another thing it is unwise to do," replied Aunt Emmy. "It is always foolish to carry all your eggs in one basket. Now if she had put only part of her money in those bonds instead of all she had, she could have stood the loss. As it is there is no telling what straits the poor little woman has got herself into. Like every one else Mrs. Fuller was too greatly tempted by the promise of a high rate of interest on her investment. Her extreme ignorance of finance coupled with the desire for high interest caused all her trouble."

"There are few things more dangerous than thinking you can do something you know nothing about as well as somebody who knows all about it. How foolish that sounds just to say it! Mrs. Fuller may be able to go to the butcher and because of her judgment of cuts of meat, get the very best and most for her money but that is no sign that she can judge securities. Buying bonds is no different from buying meat. You simply must understand your subject. You must know how to select good bonds, and you must know when to sell and when to buy. The only way you can do this is to take the advice of some one whose business it is to study the bond market. Any bank large or small will gladly discuss investments with its depositors. When you have learned enough to depend somewhat on your own judgment make your own decision as to what to buy, then talk it over with your banker to make sure. Should he say, 'Don't buy,' abide by his decision."

"Mrs. Fuller's case has taught me a lesson, Aunt," said Molly. "I'll never take any chances like she did."

—ANNE E. AYMES.

THE REWARD

The individual banker should be much more than a mere lender of money, much more than a mere collector of interest. More than any man in his community, he has the opportunity to guide the farmer along lines of safe progress and toward substantial achievement. The banker in an agricultural district must know agriculture if he is to loan money to farmers and upon agricultural security. In addition to that, the banker is in touch with the activities of the business world. He has correspondent banks in the larger cities; he must, of necessity, for the protection of his own business, look beyond the horizon of his immediate vicinity in order to foresee imminent changes in business conditions. The banker has the opportunity to be the point of contact between the farmer and these many other activities of the business world with which the farmer's business is so closely connected. The field is wide, the opportunity is great, the reward of confidence of one's patrons and neighbors—gained by service in their behalf—is worth the effort.—Walter W. Head, President American Bankers Association.

CO-OPS SELL A BILLION'S WORTH

According to the 1920 census figures, \$721,983,459 worth of farm products was sold through co-operative marketing associations. The greatest growth in co-operative marketing has come since that time, so that it is safe to assume that much more than a billion dollars worth of products are sold co-operatively at the present time. A general survey shows that the larger co-operatives in fruit are handling nearly \$200,000,000 worth of business annually. The large scale milk co-operatives do a total business of about \$150,000,000 annually, while the tobacco group is doing a combined business of more than \$100,000,000 annually. The cotton group has also passed the \$100,000,000 mark.

Four Warren County, Illinois, banks have offered a total of \$200 in prizes for the beef cattle club in that county.

Methodist Episcopal Church

Rev. F. C. Fulford, pastor. Residence 14th and Hauser streets. Phone 133-R.

Services for Sunday, September 28th as follows:

Sunday school at 10 o'clock a. m. Dr. F. W. Schwin, superintendent.

About one hundred present last Sunday, let us make it one hundred and twenty-five next Sunday. Our school is graded, it has now the most efficient staff of officers and teachers in its history. In our spacious new church we have every convenience and comfort. With a progressive outlook, and yet safe, sane, and orthodox in its teaching it is easily the biggest church school in Carbon County.

Morning Worship at 11 o'clock a. m. Sermon by the Pastor. Subject: "The Untouched Cross."

Special music, by a large and newly organized adult choir.

Epworth League at 7:00 o'clock p. m.

Evening Service at 8:00 o'clock p. m. Sermon by the pastor. Subject: "A Tall Peak in our Experience."

Special music, by a large Girl's chorus.

A welcome as big as the Spirit of Montana can make it, invites you to come and worship with us.

Congregational Church

Church School 9:45 a. m. Let's be there in full force, Sunday.

Church Worship—11 a. m. Children's Story, "The Little Leaf."

Morning Sermon—"The Goal of the Church." Special music.

Young People's Meeting—6:45

Sunday evening. We need forty young people, Sunday night. Let's go.

Sunday, September 28th, from the hours of 2 to 6 p. m. the Every Member Canvass for the new year will be made. The following is the church budget for the year beginning Oct. 1, 1925:

Pastor's Salary	\$2000.00
Coal and Light and Janitor	245.00
Missions	150.00
Debt on Furnace	140.00
Advertising	100.00
Young People's Society	50.00
Miscellaneous	50.00
Insurance on Church and Parsonage	42.50
Total	\$2,777.50

It will cost 32c an hour and \$7.67 a day to fulfill the obligations of this budget. However 150 people paying 5 cents a day throughout the year can meet these needs. The price of one movie a week will pay for one hour through the entire year. HOW MUCH WILL YOU GIVE?

We are asking all the members of the church and the contributors to the church to stay at home Sunday afternoon to wait on the canvassers.

GUY WINSTON CHURCHILL, Minister.

Telephone 289-W.

LUTHER ITEMS

(Special to The Chronicle)

Mr. and Mrs. J. S. Pogue mortored to Billings Thursday afternoon attending the Midland Fair returning home Sunday. Although there was no snow in Billings it rained quite hard Friday, making the road bad for auto driving.

The Woman's Federated Club held their regular meeting at the home of Mrs. Preston Clapper September 24, at 2:00 p. m.

The Ladies Aid will serve a Harvest

Dinner at the Methodist church Saturday afternoon and evening, September 27, for the benefit of the church.

The Aid was entertained at the home of Mrs. Thos Stewart who after their business meeting served a delicious luncheon. The next regular meeting will be held at the home of Mrs. Wm. Dell, Wednesday, October 1.

Mrs. Thomas Stewart's mother who has been visiting her the past month has been quite sick but is now greatly improved.

Representative and Mrs. Wm. Dell were Red Lodge visitors Friday.

Mrs. J. M. Burnett met Mr. Burnett in Red Lodge Thursday on his return from Chicago where he had gone the previous week with his cattle which he had shipped to the Chicago stock yard.

Mr. and Mrs. James Scilley parents of Wm. Scilley after a week's visit with his family at the Scilley ranch returned to their home in Twin Bridges, Idaho.

Messrs. Harry and Reed Crawford and Stude Luther were in Billings Thursday and Friday visiting the Midland Fair. Stude Luther remained over until Sunday returning home with Mr. and Mrs. James Pague.

Mrs. Robt. Craig after a short visit on her Volney Creek ranch returned last Wednesday to her son Clarence's home in Wyoming.

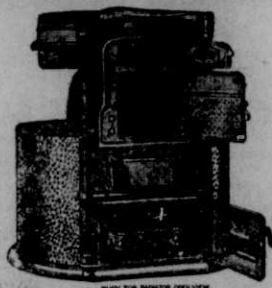
Miss Muriel McFarland accompanied by friends to Billings Thursday, attending the Midland Fair.

Miss Flora Crane was among those from this vicinity who visited the Fair Friday.

Englerts Thrashing outfit threshed over 5000 bushels of grain at Chas. Vincent's, just before the snow Friday night and over 3000 bushels for Otis Hash.

Mrs. Hattie Brown left Red Lodge on the train Wednesday for Billings. She will visit relatives there and attended the fair.

RUDYIZE YOUR HOME



RED LODGE SHEET

METAL WORKS

MONTANA ON PARADE

SEPTEMBER 23-27
HELENA HELENA

5 Glorious Days—
5 Big Nights

A Thousand and One Educational Features at This Big Show of the "Pacific Northwest"

Montana Farm Products Show For 20 Years the Leading Display Show of the Country

KINGS AND QUEENS

You'll see Them all at the Montana State Fair This Year—the Prize Livestock of the Northwest

Montana Babies Lead the World

Enter Your Baby in the Baby Health Contest

Daily Examination and Show in the Pavilion at 11 a. m.

SURE

We Are Proud of Our State and We're All Going to the Big State Fair

There'll Be Lots of Fun for Everybody

You are invited to bring your entire family and meet your friends and their friends at the Big State Show.

Knock Off—Hold up your work a few days—take a vacation and be "one of us."

All Roads Lead to This Great Exposition

It's Too Big to See It All in One Day!

Stay All Week and Camp in Tent City

MUSICAL INSTRUCTION

Music Classes will be started in Red Lodge and Bearcreek about September 1st and instruction will be given

PIANO SAXAPHONE AND VOICE

BY

Miss Nellie Gleason and Mr. Ralph P. George
Graduates of the McPhail School of Music

For Further Information phone or write Mrs. Richardson, Bearcreek, Montana.

A GOOD ARTICLE

Does NOT lose it's Value by being bought at a REASONABLE Price

Strictly up-to-date jewelry at prices that will suit your pocket book as well as your most discriminating taste.

First Class Watch and Jewelry repairing

RYDEBERG, THE JEWELER

BUSY BEE CAFE

Try Our

MERCHANTS LUNCH

An excellent Noonday Meal for 40c

We Specialize in Delicious Luncheons for After-Theatre and After-Dance Parties.

You Will Like Our Delicious Coffee

REPUBLICAN RALLY

Thursday, Oct. 2

at 8:00 p. m.



GOV. JOSEPH M. DIXON

Gov. Joseph M. Dixon
Will Speak on National and State
Issues at the
BEARTOOTH THEATRE
Red Lodge, Montana.

Political Advertising Paid for by the County Republican Central committee, John G. Skinner, Chairman.