MAKING MONEY FIT BUSINESS

When Times Are Active the Supply Increases—Contraction Follows Seasonal and Periodic Slackening.

New York. — Demonstration that complete elasticity has been imparted to the currency in the United States by the Federal Reserve System despite assertions to the contrary is given in the American Bankers Association Journal by W. Randolph Burgess, assistant agent at the New York Federal Reserve Bank.

"Of all the money in circulation in the United States, Federal Reserve notes now make up almost one-half," he says in part. "In 1920 they were 70 per cent. The increase in currency which the war and high world prices made necessary was provided almost wholly by Federal Reserve notes. Just as the increase was wholly through Federal Reserve notes, so again the decrease was altogether in Federal Reserve notes. Reserve notes in circulation decreased from $3,300,000,000 in November, 1920, to $1,700,000,000 in March, 1925. Between the same dates other currency increased from $1,500,000,000 to $2,300,000,000, due to an increase in gold certificates.

"There are still some few who produce theoretical arguments to show that for some reason the Federal Reserve note is not elastic. These various arguments raise interesting questions, but they make little headway against the facts, for the facts show that the Federal Reserve note has been elastic.

How Currency Changes Volume

"The amount of currency the country requires reflects changing prices, wage levels, employment and volume of trade. As an example, retail trade at Christmas time is always larger than at other times. This results in a considerable increase in the need for hand to hand currency. Currency withdrawals and receipts at the Federal Reserve Banks illustrate the way this special demand was met. Prior to Christmas there was paid out about $300,000,000 of currency, all of which was returned to the bank within the two or three weeks following Christmas.

"The mechanism is that when Federal Reserve member banks need currency for their customers they draw it from the Reserve Bank. Member banks can secure additional currency by borrowing at the Reserve Bank. Conversely, whenever currency in circulation becomes larger than is required by business it begins to return to the banks and they immediately utilize it to pay off indebtedness at the Reserve Banks, on which they are paying interest.

"The Federal Reserve System has made all types of currency, except national bank notes, elastic because all except those notes can be issued in amounts required and they all tend to flow back to the Reserve Bank when they are not required. There is another phase of currency elasticity. A $100 Federal Reserve note may represent only $40 in gold, because a gold reserve of only 40 per cent is required against Federal Reserve notes. On the other hand, a $100 gold certificate must represent $100 in gold. Thus the Federal Reserve Banks can issue, in response to commercial demand, two and one-half times as many Federal Reserve notes as gold certificates before the reserve ratio reaches the legal minimum.

Secondary Stretch

"This secondary elasticity was illustrated during the war, when in response to war demands Federal Reserve notes were issued to the amount of $3,405,000,000. The Federal Reserve System could have issued more than $800,000,000 additional without lowering the reserve against notes below 40 per cent, or the reserve against deposits below 35 per cent. In any emergency the power to issue these notes increases by 150 per cent the amount of cash which might be supplied to the country.

"Federal Reserve currency has proved itself flexible in war expansion and in post-war reductions. Since the establishment of the System the currency has been responsive to the seasonal and emergency needs of business. The Federal Reserve Act obtained currency elasticity by placing the country's reserve cash in institutions not organized for profit, from which currency might be withdrawn or to which it might be returned in response to the country's needs. While the existence of the Reserve System gives flexibility to almost all forms of currency, the Federal Reserve notes, secured in part by commercial paper, provides a possible secondary expansion in readiness for an emergency."

SUPPLYING THE NATION'S CHANGE

Supplying the wealthiest nation in the world with change is a job of tremendous proportions. During 1924 the United States mints struck off 89,394,000 one cent pieces and 28,315,000 nickels. The small change of the nation was enlarged by 37,910,000 dimes and 16,892,000 quarters. While a drive was started to popularize the silver dollar, only 13,539,000 of the "silver cartwheels" were coined. Singularly, the half-dollar is the most unpopular coin that the United States makes. During 1925 there were just 142,080 half-dollars struck off, and all of these were the commemorative Huguenot-Walloon coins. The mints coined 10,300,500 double eagles.

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NOTICE

TUNNEL ELECTION NOTICE

Notice Is Hereby Given, that on the 20th day of October, 1925, a special election will be held within the district hereinafter described, to determine whether Proposed Tunnel District Number 1, being that portion of the counties of Washington and Multnomah, in the State of Oregon, described as follows, to-wit:

Beginning at a point, which is the center of the Northwest quarter (NW¼) of Section nine (9) Township one (1) South, Range one (1) East of the Willamette Meridian within the corporate limits of the city of Portland, Multnomah County, Oregon; thence east three-quarters (¾) of a mile to the southeast corner of the Northeast quarter (NE¼) of the Northeast quarter (NE¼) of said section nine (9); thence northerly along the east line of said Section nine (9) to an intersection with the center line of Arthur Street, if extended; thence easterly along the said center line of Arthur Street and its extension thereof to the center line of Front Street; thence northerly along the center line of Front Street to the center line of Sherman Street; thence easterly along the center line of Sherman Street and its extension to the harbor line on the west bank of the Willamette River; thence north along the westerly harbor line of the Willamette River to a point in the center line of Sixteenth Street, if extended; thence southerly along what would be the center line of Sixteenth Street, if extended, and the center line of Sixteenth Street to the center line of Washington Street; thence westerly along the center line of Washington Street to the center line of Sixteenth Street; thence southerly along the center line of Sixteenth Street to the center line of Main Street, or its extension; thence easterly along the extension of Main Street and Main Street itself to the center line of Fourteenth Street; thence southerly along the center line of Fourteenth Street to the center line of Columbia Street; thence easterly along the center line of Columbia Street to the center line of Tenth Street; thence southerly along the center line of Tenth Street to the center line of Hall Street; thence easterly along the center line of Hall Street to the center line of Broadway Street; thence southerly along the center line of Broadway Street; to the center line of Grant Street; thence easterly along the center line of Grant Street to a point which is One Hundred (100) feet west of the west line of Sixth Street; thence southerly parallel with and one hundred (100) feet west of the west line of Sixth Street to the south line of Sheridan Street produced; thence easterly along the south line of Sheridan Street produced to a point which is one hundred and thirty (130) feet west from the center line of Marquam County Road also called Terwilliger Boulevard; thence southerly and westerly parallel with and one hundred and thirty (130) feet westerly and northerly from said center line of Marquam Road, also called Terwilliger Boulevard, to a point which is one hundred and thirty (130) feet northerly from a point at the division of said Marquam Road and Terwilliger Boulevard and in the center line of both said road and boulevard; thence westerly parallel with and one hundred and thirty (130) feet northerly from the center line of Marquam County Road to a point where such line intersects the northerly line of Marquam Road Addition to the city of Portland, Oregon, which point is approximately one hundred and thirty (130) feet northwesterly along said northerly boundary line of said Marquam Road Addition, from the center line of Marquam County Road as now located, and is in Section nine (9), Township one (1) South, Range one (1) East of the Willamette Meridian; thence northwesterly along the northerly boundary line of said Marquam Road Addition to the northwest corner thereof, which point is the most northerly point of Lot fourteen (14) of Block three (3) of said addition; thence due west to the west line of the Northeast quarter NE¼) of the Northwest quarter (NW¼) of said Section nine (9); thence following a straight line in a southwesterly direction to the center of Section eight (8) in Township one (1) South, Range one (1) East of the Willamette Meridian, in Multnomah County, Oregon; thence west along the center line of Section eight (8), Section seven (7), Section twelve (12) and Section eleven (11), to the quarter corner between Sections ten (10) and eleven (11) in Township one (1) South, Range one (1) West of the Willamette Meridian, in Washington County, Oregon; thence North one-half (½) mile to the Northeast corner of said Section ten (10); thence west one (1) mile to the Northwest corner of said Section ten (10); thence north one-half (½) mile to the quarter corner on the east line of Section four (4) in Township one (1) South Range one (1) West of the Willamette Meridian; thence west one (1) mile along the center line of said Section four (4); thence north one-half (½) mile to the northwest corner of said Section four (4); thence west one (1) mile to the southeast corner of Section thirty-one (31) in Township one (1) North of Range one (1) West of the Willamette Meridian; thence north one half (½) mile to the quarter corner on the east line of said Section thirty-one (31); thence west one (1) mile to the quarter corner in the west line of said Section thirty-one (31); thence south one-half (½)

(Continued from Page Three)

mile to the section corner common to Section thirty-one (31) Township One (1) North, Range one (1) West Willamette Meridian, Section thirty six (36), Township One (1) North, Range two (2) West, Willamette Meridian, Section One (1), Township One (1) South, Range two (2) West Willamette Meridian, and Section six (6), Township One (1) South, Range One (1) West, Willamette Meridian; thence west four (4) miles to the Northwest corner of Section Four (4), Township One (1) South, Range two (2) West, Willamette Meridian; thence south two (2) miles, more or less, to the center line of Tualatin River; thence easterly and southerly following the meanderings of Tualatin River and in the center thread thereof to a point where said center line intersects the east and west center line through the center of Section eighteen (18), Township two (2) South, Range one (1) West of the Willamette Meridian; thence east approximately one and one-fourth (1¼) miles to the center line of Section seventeen (17) in said Township and Range; thence north two and one-half (2½) miles to the quarter corner in the north line of Section five (5) of said Township and Range thence east two and one-half (2½) miles to the southeast corner of Section thirty-four (34) in Township one (1) South, Range one (1) West of the Willamette Meridian; thence North one (1) mile to the northeast corner of said Section thirty-four (34); thence east two and three-fourths (2¾) miles to the southwest corner of the southeast quarter (SE¼) of the southeast quarter (SE¼) of Section thirty (30) in Township one (1) South, Range on (1) East of the Willamette Meridian; thence north one (1) mile to a point in the north line of said Section thirty (30) which is one-fourth (¼) mile west of the northeast corner of said Section thirty (30); thence east one-fourth (¼) mile to the northeast corner of said Section thirty (30); thence north one-half (½) mile to the quarter corner on the west line of Section twenty (20), Township one (1) South, Range one (1) East of the Willamette Meridian; thence east one-half (½) mile to the center line of said Section twenty (20); thence north one-half (½) mile and east one-half (½) mile to the northeast corner of said Section twenty (20); thence north three-fourths (¾) mile to the southeast corner of the northeast quarter (NE¼) of the northeast quarter (NE¼) of Section seventeen (17) in Township one (1) South, Range one (1) East of the Willamette Meridian; thence west one-half (½) mile to the center line of said Section seventeen (17); thence north one-half (½) mile to the northeast corner of the southeast quarter (SE¼) of the southwest quarter (SW¼) of Section eight (8) in said Township and Range; and thence following a straight line in a northeasterly direction to the place of beginning, shall be organized as a tunnel district under the provisions of an act of the legislative assembly of the state of Oregon, approved February 26, 1921, and entitled "An Act providing for the organization of tunnel districts, for the construction, operation, and maintenance of tunnel systems, and for the payment of the cost of such systems and expenses incident thereto."

Also for the election of three directors of said tunnel district.

Every person, male or female, over the age of twenty-one years whether a resident of said district or state, or not, who is the owner of 5,000 square feet or more of land situated within the district and whose name appears on the last assessment roll, or who is the purchaser of land within said district on contract, if such contract is signed by the vendor and witnessed by two witnesses and contains a provision to the effect that such purchaser shall be considered the owner thereof within the meaning of the "Oregon Improvement District Act" is a qualified elector at said election. The electors shall be required to cast ballots which contain the words, "Tunnel District—Yes" and "Tunnel District—No."

Polling places for said election will be located at the following places:

High School of Commerce, Fifth and Harrison Streets, Portland, Multnomah County, Oregon;

Fire Engine House, Fourth and Taylor Streets, Portland, Multnomah County, Oregon;

Fairvale School House, at Fairvale, Multnomah County, Oregon;

High School Building, at Beaverton, Washington County, Oregon.

Which election will be held at 8 o'clock in the forenoon and will continue until 8 o'clock in the afternoon of said day.

Dated this 6th day of July, 1925.

BOARD OF COUNTY COMMISSIONERS OF WASHINGTON COUNTY, OREGON.

By E. J. Ward, Chairman.

BOARD OF COUNTY COMMISSIONERS OF WASHINGTON COUNTY, OREGON.

By F. W. Livermore, Commissioner

BOARD OF COUNTY COMMISSIONERS OF WASHINGTON COUNTY OREGON.

By J. M. Hiatt, Commissioner.

Adv e 41-45

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