

The Tillamook Herald

C. E. Crombley, Editor

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	Reasons are imperative.	

FRIDAY AUGUST 21, 1914.

Panics Evils of Past

We give below an address delivered by A. L. Mills, president of the First National Bank of Portland, before 300 business men of the state who had gathered at Portland during buyers' week. The address is full of hope and cheer and will be a factor of considerable importance in dispelling any timidity which the business interests of the state may be subjected to.

Following is Mr. Mills' address:
On Wednesday your committee honored me with an invitation to speak to you tonight on the existing and future financial conditions in the United States.

There is no time to lose, nor perhaps is there need of it on your part, to listen to an exhaustive economic discussion of American finance; at best, only the most striking feature of the situation can be touched upon.

Certain facts—and beyond price-venture the most important ones in the consideration of our present financial conditions, which must be indelibly impressed upon the mind of every business man in these United States—are:

First—That financial conditions in our country today are sound, and at no time since our Government was established were they ever in a sounder condition than they are at this moment.

Second—And let this sink deep into your understanding—there is absolutely no danger today of a financial panic sweeping across the country such as all of us have seen in times gone by, nor, indeed, shall you or I ever again witness in this country such panic conditions as prevailed in 1907 or 1893, or, indeed, in other panic years. These are cold, hard facts, and not the rosy dreams of some visionary student of political economy; facts that are established truths in the minds of financiers of established reputation, and facts that should and must be equally well established in your mind and in the mind of every business man in these United States.

Let me repeat them, for they cannot be reiterated too often: First—These United States were never in a sounder financial condition than they are today. Second—There is no danger of financial panic today nor shall we ever again see such panics as we have in the past.

Take these statements of facts home with you, mul over them, make them a part and parcel of your daily financial creed, and then join with other loyal patriotic citizens in preaching to your neighbors the gospel of faith in our country's institutions and the absolute soundness of its present financial system.

Aye, this and more, you and I and all of us should do—combat with all the power and force that is within us the dismal croakings of the confirmed

pessimist who, whenever there is the smallest cloud in the sky, believes that the sun will never shine again. Such calamity howlers are pests in society, of value neither to themselves nor to others, but rather they are a drag upon the wheels of our nation's progress.

Pardon this digression, but there should not be even standing-room for the pessimist in this great country of ours.

To return to our subject. Why should the best financial minds in our country believe financial conditions never sounder than they are today?

First—Because in these United States there are \$1,500,000,000 of gold, a supply, roughly 2½ times greater than that of any other country; an amount more than sufficient to transact the business of this country; when treated scientifically as a reserve against currency issues it is sufficient to carry a burdency of currency 50 times greater than we now have without endangering our maintenance of a good standard. Take, for example, the panic of 1907, when England had but \$400,000,000 of gold, and yet so perfect was England's financial system that it parted with one-half of this supply to this country without shaking the financial fabric of Great Britain. Our supply of gold today is nearly four times larger than that of Great Britain in 1907, and should with ease carry all the burdens of commerce that may be put upon it.

Second—The strength of our financial system today is shown by the ease with which we parted with \$100,000,000 of gold in the first five months of this year and \$48,000,000 more during the month of July, without disturbing one iota our finances. At no previous date in the history of our country have we exported a like amount of gold in so short a time; to have done so in years gone by would have rocked every financial institution in the country to its foundations and probably brought ruin to many. Today not one has been disturbed by such a heavy exportation of the precious metal; nay more, financial leaders say so good and sound is our condition that another \$100,000,000 could have gone abroad without perceptibly affecting conditions.

Third—Because the New York Stock Exchange, against which so many of our people exclaim, was kept open for days after every organized stock exchange in the world had closed; yet so doing was able to absorb, without panic or disaster, the immense flood of securities poured upon us by the panic-stricken peoples of Europe. Such stability of our financial institutions, for in the end the burden was cast upon them, makes it but the question of a few years before New York becomes

the recognized financial center of the world.

Fourth—Because today we have established in this country, and soon to be in full operation, a scientific financial system that is capable of withstanding any strain or stress that may be brought upon it.

These are the reasons why our practical financiers believe our financial conditions never sounder than they are today.

Let me repeat them, for they are worth remembering:

First—One billion, five hundred millions of gold on hand in these United States, an amount capable of supporting a currency system 50 times, at least greater than now is carried.

Second—The ease with which we withstood a strain within six months of \$148,000,000 of gold and the ability to withstand a further drain of \$100,000,000.

Third—The remarkable strength of the New York Stock Exchange to absorb vast quantities of our securities without making any perceptible strain upon our financial institutions.

Fourth—The establishment of a scientific and economic system, the equal of any in the world. These are the reasons why financial conditions are sound today in this country. Practical economists believe in them; bankers worthy of the name of bankers believe in them, and it but remains to drive this belief home to every business man in the country to stave forever the pessimist who now goes up and down the land mournfully croaking about impending panics and by so doing disturbing business and spreading unrest wherever he goes.

After what has just been said do you ask further why there is no danger of a financial panic today, and why we shall never again have such a one as we have experienced in the past?

It needs but a word in answer, due in the first place to the work done by the Aldrich Currency Commission and later to the crystallization of that work in the Federal reserve act, we have now a sound economic system that makes any serious financial panic an utter impossibility. Fight money we may have in future, commercial depressions we must and shall have when ever speculation exceeds the bounds of prudence, but financial panics, never again.

So much for the financial conditions of the present and the future. Were there time I should like full well to go into the details of the Federal reserve act, by which sound financial conditions are assured to us, but I must omit doing so, as before closing, I wish to say a word or two concerning our local conditions and how I believe the European war will affect business interests in the Northwest. We are now harvesting one of the most bountiful crops with which the Northwest was ever blessed, a crop that Europe, and especially England, must have in order that their peoples shall not starve. This crop they must pay for no matter what the cost may be. England appreciates this fact and is lending every effort to compass its safe transportation. The British government itself has announced that it will insure the shipper and owner against any loss occasioned by the European war, and it but remains for our international bankers to perfect arrangements for negotiating the bills of exchange drawn against these cargoes so that they may be converted into cash in New York. This I firmly believe will be consummated within the next two or three weeks. When accomplished the question of exporting our grain is solved, and with the solution will come a flow of English gold to our country in greater volume than we have ever witnessed before;

Dr. L. E. Hewitt

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volume so great as to materially stimulate every business enterprise within this country.

In the meantime, however, for the next two or three weeks there will be unrest and fear and excitement. It therefore devolves upon us all to practice patience and maintain our courage, for there is nothing to fear in the future. What is true of our wheat crop is true in like measure to our meat, hops and other products.

Your agonizing pessimist, ever seeking for fresh causes to which about is going up and down our streets saying "doubtless it may be true that Europe needs our crops, but nevertheless if they cannot be shipped in safety from our ports they are of no value to us." This is utterly false, as I have attempted to show you, for England must have our grain and is prepared to pay the price and bear the burden of the war risks. That England is amply able to do this is shown by the fact that when the European war first broke out, as a first precaution against a business excitement, the Bank of England raised its rate of discount to 8 and then to 10 per cent, and declared a few days' bank holiday. When it was seen by the English financiers that there was no need for undue alarm, the Bank of England's rate of discount fell rapidly to 6 per cent, and then to 5 per cent. This rate although somewhat higher than normal is not an unusual one at this time of year, nor one that is in any way a bar to commercial transactions. It means that the merchants and bankers of London, of worthy standing, can discount their paper and their commodity bills at reasonable rate of interest. Such being the case, and with transportation rendered safe, there is practically nothing to hinder our exports freely going abroad. I confidently believe that within a month our foreign export trade will again be on a comparatively basis, or at least on such a basis as will permit foreign business to be transacted by this country at a handsome profit.

In the meantime we bankers have before us a few weeks' of somewhat difficult financing. Harvest hands in the fields must be paid in cash and also the cost of transporting our crops to the seaboard. It can be done and will be done with comparative ease if the business people of the country have faith in our institutions, supplemented by a moderate amount of patience. If, however, the business men of the country, such as I see before me now, become excited and each man endeavors to rush in ahead of his neighbor, force collections and grab all that is in sight, the situation will become more complicated. Even then and in spite of fool and alarmists, the banks of the country will be able to finance the harvests and within a short time possible bountiful returns for our crops.

In 1907 I should not have dared to have spoken so confidently concerning the situation, as that time we were laboring under an antiquated and archaic system of finance that

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Attorney-at-Law, Notary Public
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Abstract Co.
Law, Abstracts, Real Estate
Surveying, Insurance,
Both Phones
TILLAMOOK, ORE.

Tillamook County Fair

Tillamook, Ore., September 15, 16, 17 and 18

WE WANT every man, woman and child in this county to make an exhibit and help make this fair a grand success. Good grounds and buildings have been prepared. THIS IS YOUR FAIR and we want to PROVE TO THE WORLD THAT TILLAMOOK COUNTY HAS PRODUCTS OF THE FARM, THE SEA AND THE FOREST THAT CANNOT BE EXCELLED. Call on or write the following Superintendents of Departments AND LET THEM KNOW WHAT YOU HAVE TO EXHIBIT:—

- | | | |
|----------------------|---|---|
| Dr. J. E. Reedy | : | Superintendent of Livestock. |
| F. W. Christensen | : | Superintendent of Milk and Cheese. |
| H. Booth | : | Superintendent of Poultry. |
| R. Y. Blalock | : | Superintendent of Vegetables and Fruit. |
| W. C. King | : | Superintendent of Flowers. |
| Mrs. Crenshaw | : | Superintendent of Needle Work, Crocheting, Etc. |
| Mrs. Anna Billings | : | Superintendent of Domestic Baking. |
| Mrs. Lola M. Shrode | : | Superintendent of Painting and Photography. |
| Mrs. Mary F. Dunstan | : | Superintendent of Better Babies Contest. |

The above, together with the members of the Fair Board and County Expert Jones are at your service. The Secretary will give your inquiries prompt attention.
YOURS FOR A GREAT, BIG GET TOGETHER FAIR

TILLAMOOK COUNTY FAIR BOARD

J. H. Dunstan, President William G. Tait, Secretary L. M. Kraner