

## CURRENCY IS MADE ELASTIC BY BANK

The Federal Reserve System Proves Its Value, According To Assistant Bank Agent In Gotham.

NEW YORK, April 6.—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 current 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 1922 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 all together in Federal Reserve notes. Reserve notes in circulation decreased from \$2,300,000,000 in November 1922 to \$1,700,000,000 in March 1923. 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."

"The amount of currency in the country 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 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 get 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."

### All Currency Elastic.

"The Federal Reserve system has made all types of currency, except national bank notes, elastic because all except these 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."

"This secondary elasticity was illustrated during the war, when in response to war demands Federal Reserve notes were issued to the amount of \$3,400,000,000. The Federal Reserve system could have issued more than \$800,000,000 additional without lowering the reserve against deposits below 35 per cent. In any emergency the power to issue these notes increases up to 100 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 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."

### EMMA HARVAT OUT BUT NOT DOWN—TO RUN AGAIN

Special to The Gazette. IOWA CITY, April 6.—Miss Emma Harvat, who stepped out of office today after having served for more than two years as mayor of the largest city in the United States, has a woman for chief executive, have announced her intention of running again for mayor in 1927. Miss Harvat was defeated last week for re-election by J. J. Carroll, democrat who had a plurality of 95 votes over the incumbent, Miss Harvat, in the city election. Miss Harvat, who made no active campaign aside from that conducted by the party attributes her defeat to lack of organization of the republican party in the city.

### JOHNSON COUNTY PLANS WAR MEMORIAL HIGHWAY

Special to The Gazette. IOWA CITY, April 6.—Johnson county's forty-four World war heroes, who were killed in action during the great conflict, will be honored by markers erected along the proposed Gold Star Memorial highway, which will pass through this county in its route through twenty-five states which have already adopted the plan.

### NATIONAL "PEP" ORDER INSTALLED AT IOWA U.

Special to The Gazette. IOWA CITY, April 6.—The first chapter of Pi Epsilon Delta, national "pep" fraternity, to be granted a Big Ten conference university, was installed at the University of Iowa yesterday by H. W. Roberts of Lawrence, Kan., national head of the organization. The local chapter was formerly known as the Bellboys and is at the head of "pep" activities on the campus.

Officers are George M. Gibbs of Alton, president; Robert Chaffee, Iowa City secretary, and Bruce Potter, Iarling, treasurer. Al Keyes, freshman law student of Cedar Rapids, is one of the charter members.

"We find the system of pew rents is dying," says a Church Assembly Committee's report, which adds that of nearly 6,000,000 sittings in Great Britain only 282,633, which is about 4 per cent, have been rented.

## BEDTIME STORIES

BY HOWARD M. GARIS.  
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### UNCLE WIGGILY'S ROLLER SKATE.

When Uncle Wiggily limped down the stairs of his hollow stump bungalow one morning, he thought he would find the breakfast table set, and a pot of hot corn coffee steaming on the stove. And the rabbit gentleman very much wished some hot corn coffee, for he was lame from the rheumatism, and could hardly walk, to say nothing of jumping.

"But dear me! Something must be wrong with Nurse Jane," said Mr. Longears to himself as he saw no table set, and heard no coffee bubbling in the pot. "What's the matter?" he called.

"Oh, Uncle Wiggily! I'm so sorry!" moaned the voice of the rabbit lady housekeeper from up in her bed

room. "I'm so sorry, but I have such a dreadful headache that I can't come down to get your breakfast. You'll have to wait on yourself."

"I shall not mind that," spoke the bunny gentleman cheerfully. "But what about you? Hadn't I better call Dr. Possum to care your head?"

"I would like Dr. Possum to come and give me some medicine if it isn't too much trouble," spoke the muskrat lady.

"No trouble at all," said Uncle Wiggily, politely. "I'll call him on the telephone. But when he tried to do this, the bunny uncle found that the telephone was broken, and wouldn't work. "No matter, I'll just go to Dr. Possum's office myself," said Mr. Longears. "Perhaps it will do my rheumatism good."

Though he could hardly move, so stiff was he, Mr. Longears started from his hollow stump bungalow, calling to Nurse Jane that he would go after the doctor because the telephone was broken.

As he stepped outside his hollow stump bungalow Uncle Wiggily saw a roller skate on the step. One lonely roller skate.

"Some of the animal children must have left that there," said the bunny rabbit. "Now, if I had two roller skates I could glide on them down the hill from my bungalow to Dr. Possum's office and tell him to hurry and cure Nurse Jane. But what can I do with one roller skate? Wait a minute, though. Seems to me I have seen Susie Littleall glide along on one roller skate. I'll try it."

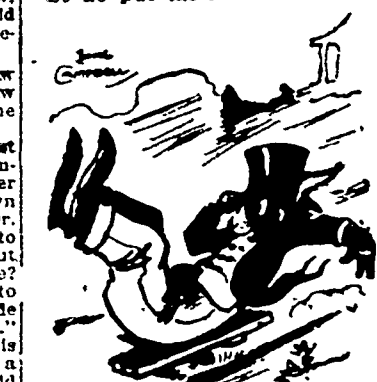
Mr. Longears put the skate on his left hind paw and gave himself a push with his right paw. He slid along a little way, and he cried: "Ah! This is great! I'll soon be at the doctor's office!"

But, all of a sudden, the skate slipped off his paw and down he fell, bumping his pink, twinkling nose.

"Something wrong!" sadly said the bunny, sitting up and rubbing several sore places. "I must have had

the skate on the wrong paw. I'll try the other foot."

So he put the roller skate on his



Down the hill he rolled.

right hand paw and gave himself a push on the sidewalk with his left paw. For a few feet he went along beautifully. But, all of a quickness,

the roller skate slid off his foot and down he went, ker-bunko, bumping his pink, twinkling nose again.

"Oh, dear! Oh, dear!" sadly sighed the rabbit uncle. "I'm so lame and sore and stiff! My rheumatism hurts so, and yet I must get the doctor for Nurse Jane. Oh, why didn't they leave two roller skates instead of one? That's the trouble!"

Just then Uncle Wiggily saw a piece of board lying beside the path. That gave him an idea.

"I know what I can do!" he bravely cried. "I'll put the board on the skate and then I'll sit on the board. It will turn the roller skate into a little wagon. I'll coast down the hill on it to Dr. Possum's office."

No sooner said than done! Uncle Wiggily put the board on the skate and then he sat on the board. He balanced himself carefully, gave himself a push and down the hill he rolled just like a hoop.

Safely he reached Dr. Possum's office, and the doctor got out his auto for the ride back to the hollow stump bungalow, taking Uncle Wiggily with him.

"For we can't ride up hill on one roller skate," said Dr. Possum, laugh-

ingly. He soon cured Nurse Jane's headache, and Uncle Wiggily's rheumatism was made better by his falls off the roller skate, which belonged to Johnnie Bushyain, the squirrel. So it all happened for the best, you see. And if the spoon doesn't jump out of the tea cream, soda and try to dance with the lump of sugar, I'll tell you next about Uncle Wiggily and Billie's snow.

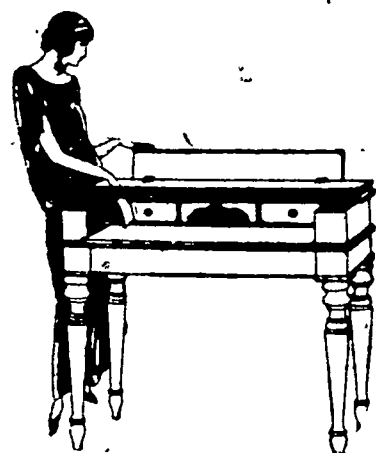
### WEST LIBERTY TO HAVE ANNUAL PLAY DAY MAY 8

IOWA CITY, April 6.—University of Iowa physical education experts will direct 2,000 school children in exercises which will be a feature of the third annual West Liberty play day to be held at that town May 8 for school children of the community and their friends.

Schools of Muscatine, Cedar and Johnson counties will be represented. Drills and exercises in the forenoon and a track meet in the afternoon are planned. The West Liberty schools and community club are sponsoring the affair.

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### An all mahogany Spinet Desk \$32

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### This Louis XVI Dining Suite

Its lines are severely classic—its construction of high Grand Rapids workmanship — while finely matched burled walnut beautifies the Buffet front. The table extends to 8 foot. The Diners have wool tapestry seats. It's a rare buy at only \$272.50

## Nature, redecorating in Springtime, suggests Dressing up our Homes To hold and increase the Family's interest

In this day of restless Youth and alien influences — autos, joy-rides, pool halls, dances and the movies — Home often loses its interest, and Parents too oft are inclined to think that nothing can be done about it, resigning themselves to a bad situation.

Something can be done about it — and easily!

How? By making your Home one of which they can be proud — attractive, comfortable and inspiring — a Home in which they'll want to meet and entertain their friends, instead of elsewhere. You can't blame young folks for seeking pleasure elsewhere if they must be ashamed and apologetic for their Home's appearance.

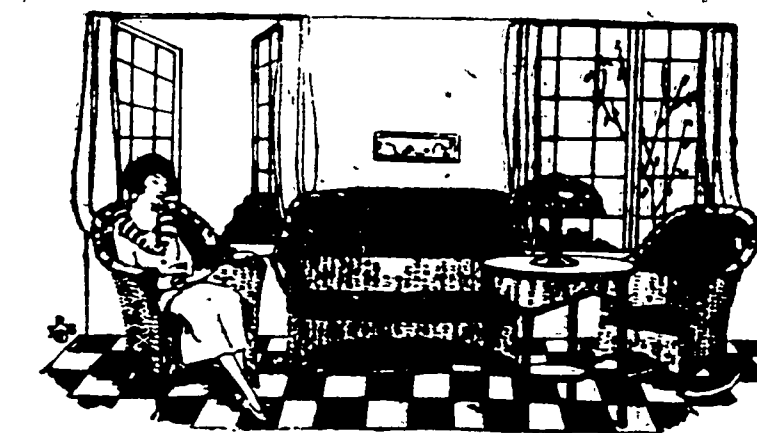
Good furniture — well selected, will dress up your Home — if only an odd piece here and there to refreshen its charm — and the cost is too low to do without. Witness these values:—



### Cherry and Walnut unite To beautify your Bedroom

—in this exquisitely charming new Bedroom Suite. You must actually see the interesting figure of its Cherry grain, and the pleasing contours of its refined design to appreciate how unusually distinctive this suite really is. Construction is of the most approved type.

Bow-end Bed \$88.50 Vanity \$108.50  
Dresser \$138.50 Chiffonette \$105.00



Sunshine lingers longer.

### In Sun Rooms of Reed

Charming indeed is this comfortable suite of genuine reed done in a colorful blend of tans, brown and green, comprising a Settee, Arm Chair, Rocker, Table and Lamp. Enticingly priced are these:—

5 Pieces at \$120

### A luxurious Davenport

—would transform your Living Room into a popular rendezvous for family and friends. Here's a typical J-L-P example of good value in a standard size, loose cushion Davenport, of taupe color, done—

In Mohair at \$128.50

Dignify your Hall with

### Console and Mirror

First impressions count—guests often judge a Home by its entrance. This aristocratic ensemble of Table and Mirror in antique Walnut will impress you favorably at first glance.

Handsomely carved Mirror... \$28  
Console, 48 inches wide... \$32



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### Armstrong School Shoes —terrors for wear —mighty smart

And you choose from what we believe are the finest selections ever shown in Cedar Rapids

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- new tans with patent
- new crepe soles
- new manly lasts for lads
- new dress or play oxfords
- girls' lovely new styles
- cutest-ever for the tots

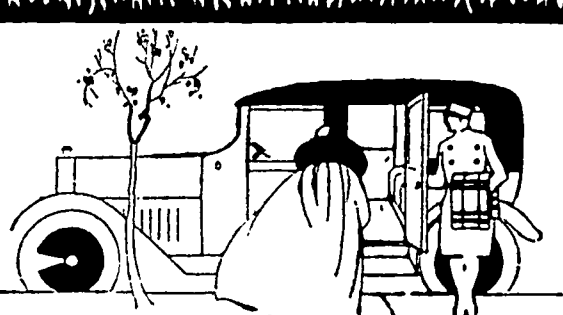
\$2 \$2.50 \$3.50 up

Armstrong Shoes for Tots at \$2 \$2.50. Kindergarten's at \$2.50 \$3.50. Boys' and Girls' at \$3 to \$5. From famous children's shoe specialists, "Acrobat" and "Excelsior Gold Medal," the best obtainable great for wear.

One trial of Armstrong shoes for your boy and girl will make you a permanent enthusiast

### Armstrong Clothing Co.

New Shoe Dep't for all—Main Floor



### Is Your Car Spotless Inside?

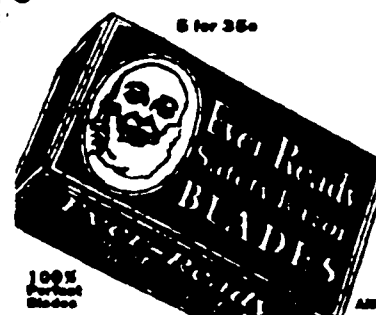
Or are there spots on the seat covers, the upholstery or the inside of the top—spots which are embarrassing when you have guests in the car?

A little Energine will relieve you of that embarrassment. In fact, it just takes a few moments and a little Energine every now and then to keep the inside of your car spotless.

Carry a can in one of the pockets or in your tool kit. Energine is fine for removing grease from your hands after you have been working on the car. Get your handy can. It's only 35c at all drug stores.



## No other blade made will shave you as quickly, as cleanly, or as often as the Ever-Ready



BUY the new Ever-Ready Blades with the understanding that your money will be refunded without question if you don't agree that every blade in every package is incomparably better than the best of any other make.

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Take juice of one California lemon in cup of hot water one-half hour before breakfast, every morning, and note results in ten days. These results have surprised thousands who give up this simple and effective tonic daily.

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