

Banking, Money Rates and Control in Stock Markets

From the Chicago Examiner.

How far may banking interests go in their efforts to curb stock market speculation by raising money rates without getting outside the sound functions of practical banking and into the questionable activity of manipulative endeavor? This is a question vital to the economic structure of this country, and one that ultimately may have to be threshed out on the public forum. Somewhere between banking and manipulating the stock market there must be a line of distinction.

Efforts to curb speculation or investment that go further than giving good advice are always dangerous. History furnishes innumerable examples. Active use of money by powerful interests to make prices go higher or lower is manipulation, no matter what purpose is said to be behind such activity.

If it is possible for the banks of this country, co-operating through the federal reserve system, arbitrarily to control the stock market, money may have been given by this government too great a power for the public good.

It is quite impossible in human nature for any group of men, or institutions which are ruled by men, to be endowed with such gigantic power without there being abuse of it for the benefit of a few against the many.

In the open stock market efforts at manipulation are met by opposing efforts. Two forces of this kind always lock horns eventually. But in the case of the banking interests on one side and only the general public on the other, it is a different matter.

It will be recalled that in 1920, when the big deflation of farm products and farm lands set in, many farmers attributed the financial suffering of agriculture directly to the federal reserve system, charging that it arbitrarily forced hard times upon the farmer.

The reserve banks are in an embarrassing position in that there is no reason for high money except the altruistic contention that they wish to protect the public against the dangers of overspeculation. Commercial loans are not in demand. In fact, they have been in the course of liquidation ever since the middle of May.

Accumulation of funds for dividend disbursements around June 15 and July 1 undoubtedly will be offered as a reason for high money at those times if rates are boosted back to 7 per cent. again. But such requirements will be more closely studied by the public than ever before.

Chiang Becomes Civilian.

From New York World.
In the successful drive which has ended with the capture of Peking the commander in chief of the Chinese Nationalist armies has been Gen. Chiang Kai Shek. Now, with Peking captured and both halves of China brought, at least for the moment under unified military command, Chiang resigns from his post, leaves the army and becomes a civilian official in the new nationalist government.

It is not often that a victorious general chooses to lay down his sword at the moment of achieving a long waited triumph, and two interpretations of the event are suggested in the press reports from China. One theory is that Chiang is getting out before the storm, that there are jealousies and intrigues among the various leaders of the Nationalist armies, and that Chiang has been brought up against a situation which he cannot handle. The other theory takes a less discouraged point of view. It recalls the fact that Chiang stated several months ago that he would resign his military office upon the completion of the drive on Peking, and credits him with making good upon his promise. This is the thesis of a cablegram from Shanghai addressed to the Nationalist representatives in the United States. "Gen. Chiang has resigned his post," this message says, "to prove his disinterestedness to new China's military leaders."

From a distance of 5,000 miles it is futile to attempt to guess which one of these two theories is correct. It is enough to hope that the second one is right and that China will be permitted to proceed to the task of reconstructing a badly needed national government without fresh interference by the men on horseback.

Motives of Reserve Banks.

From New York World.
There is a widespread notion that the Federal Reserve system and the stock market are now engaged in a battle of wits. Wall street is pictured as trying to send stock prices higher, while the Reserve banks, supported by the reserve board at Washington, are trying to check the rise.

It is true that rediscount rates have been advanced twice since January and that recently the reserve banks have also been absorbing some of the loose cash by the sale of government securities. It would not be correct, however, to say that the reserve system has entered upon this sort of program because it disapproves of the skyrocketing of General Motors or of the Radio Corporation stocks. If it is concerned with such movements it is only because they affect the demand for bank credit. For that reason alone it has been compelled to take cognizance of a wave of speculation which has sent the member banks time after time to the reserve banks for credits to support stock-market transactions, until their borrowings have run \$500,000,000 above what is considered normal for this season.

Such a use of reserve bank credit was never intended by the law. The matter therefore is one of proper interest for the reserve system. But even if it had remained passive, money rates would have hardened under the huge absorption of funds in speculation, and indeed they were already hardened before the rediscount rates were advanced. The action of the reserve banks is more of an effect than a cause of anything.

Different Requirements.

From the Washington Star.
"How about your campaign fund?"
"Times have changed," answered Senator Sargum. "I was once afraid it would be too small. Now I am afraid it will appear too large."

Q. What size must a baseball be? A. L.
A. According to Spalding's rules a major league baseball may not weigh less than 3 nor more than 5 1/4 ounces and must measure not less than 9 or more than 9 1/8 inches in circumference.

PAST AND PRESENT.

By Madame de Stael.
It is necessary to look forward as well as backward, as some think it always necessary to regulate their conduct by things that have been done of old times; but that past which is so presumptuously brought forward as a precedent for the present, was itself founded on an alteration of some past that went before it.

that has yet happened in Wall street.

Doctorless Villages.

From Minneapolis Journal.
One subject which the American Medical Association will take up at its approaching convention in Minneapolis, is the shortage of country doctors. The National Grange and other organizations are demanding that something be done. The situation has become serious in the last 15 years. In 1914 there were 33,000 physicians practicing in towns of 1,000 or less population. By 1924 there were more towns, but the number of doctors practicing there-in had fallen to 27,000. In the last four years there has been a still further shrinkage. One-third of the towns that supported at least one physician apiece in 1914 are today without any at all.
And, unless something is done, the situation will grow worse, instead of better. The average age of physicians at death is said to be 62, whereas the average age of the country doctors in practice today is 52. If medical graduates continue to practice almost exclusively in the larger centers, another decade or so will see almost complete extinction of the tribe of country doctors.
That something should be done to protect the small town and its surrounding territory against such a plight, goes without saying. But probably there is not much that the American Medical Association can do, beyond making recommendations and pointing out to young doctors the needs of the country towns.

If the people who are dependent on the country doctor in time of sudden emergency refuse to give him enough work to keep bread and butter on his table at other times, they cannot well blame young physicians for flocking to the cities. If the villager or farmer insists on going 100 miles away for treatment when the need is not urgent, then he can scarcely wonder that there is no country doctor ready at hand when the need is sudden and urgent.

Promoting Tolerance.

Detroit.—Because he had displayed an "outstanding tolerance of the opinions and sentiments of his fellow men," Dr. Lynn Harold Hough, retiring minister of Central Methodist Episcopal church, was given the degree of doctor of law by the University of Detroit, Catholic institution.

The bestowal was made by the Very Rev. Father John P. McNicholas, S. J. president of the university at a testimonial dinner given Dr. Hough, and his mother by the men's club of Central church. Representatives of various denominations participated in the testimonial, including besides Father McNicholas, Dr. Leo M. Franklin, of Temple Bethel, Dr. S. S. Marcus, of Christ Episcopal church, Cranbrook, and others.
Dr. Hough shortly will leave to take up a pastorate in Montreal.

Memory Management.

From the Washington Star.
"There are interesting systems for improving the memory."
"They should be handled with care," answered Senator Sargum. "What many persons need is an education in discreet forgetfulness."

Q. When will the commemorative 50 cent piece pertaining to the territory of Hawaii be issued? C. F. D.
A. They will be issued some time in July. They will be sold in Hawaii and may be secured from the Cook Sesqui-centennial association, Honolulu, Hawaii.

95-YEAR OLD TWIN SURVEYS THE WORLD
Brighton, Eng. (UP)—Matthew Gunn, one of the famous 95-year-old Brighton twins, celebrated his recent birthday anniversary alone. His brother Mark, who has been his inseparable companion since the two were born, was ill with bronchitis.
Matthew's impressions of 1927 were:
That greyhound racing has become a dangerous nuisance;
That the modern girl is showing too much of her "bony" knees in her feverish excitement to keep up with the times;
That fishing is not what it was in his younger days; and
That bathers are too careless and each should have a roe around his waist before entering the water.

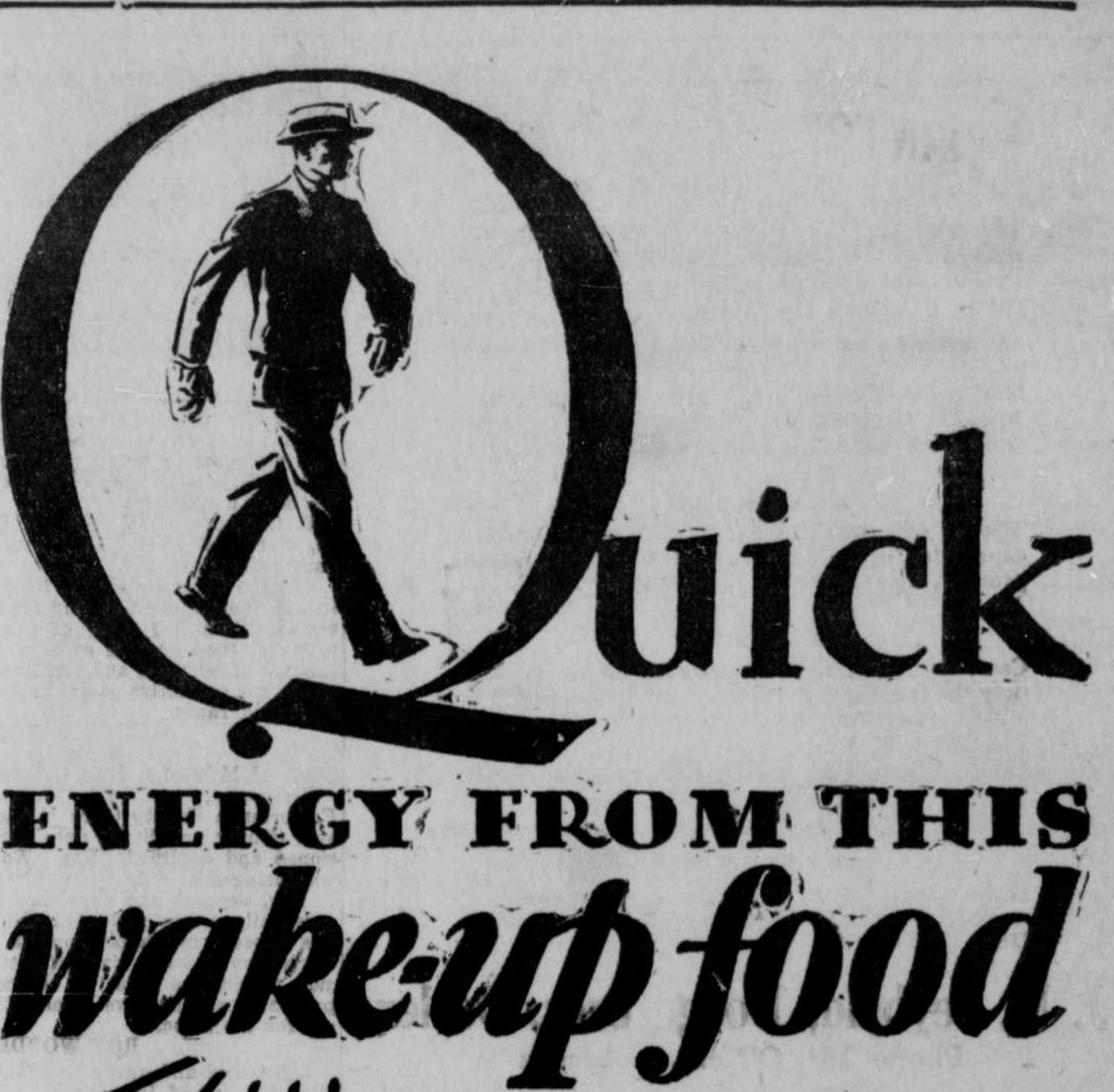
Arranging the Settings.
From Des Moines Register.
Those who "listened in" will know how thoroughly everything was staged to discredit the farm protest and make it appear a sort of populist uprising of the old sort. Nothing that was said in the old days about the greenbacks or about free silver carried more contempt than the administration leaders heaped on a proposal that had twice carried a majority vote of the republican members of both House and Senate.
The debate on the minority farm plank proposed by the Illinois delegation was closed by three administration men, Fort, Sullivan and Borah, in a way that was a test of the fairness of the debate.
If these three could be believed, Borah going further than any of them, the proposal to levy an equalization fee threatens the independence of the farm.
The impression created was of an invasion of constitutional liberty because a board is to be given power to say when the fee shall be paid and in what amount.
But nobody thought to question how our other tax burdens are fixed. Is it not boards of one sort and another who say what we shall pay to the township, the city, the county, the state?
Not to go further one land owner in Iowa can petition for drainage and a county board takes the matter up, orders the drainage, assesses the benefits and damages, and levies the tax.
How do the people pay for stamping out tuberculosis in cattle, hoof and mouth disease, the corn borer? Do not official boards fix the amount and levy the tax?
How were the banks assessed to make up the capital stock of the federal reserve system? Were they not levied on by an official board and was not the order to them mandatory?
Senator Borah who always comes in with the powers that be when he is needed, who holds his place in congress because he can be depended upon by the powers that be, was far worse than the others. But the debate as a whole was merely a staged affair to discredit the farm protest and to sustain the administration.

The campaign is to start out with the suggestion that the farm program has been the work of men who disregard the constitution and would wreck agriculture.
Sense About Money.
From the Chicago Journal.
"There is something stabilizing to one's whole life about owning property, having money out on interest, or even credit."
"After all, thrifty living is only the result of mental organization and is possible to all sane people."
These are remarks in a recent edition of Good Housekeeping. We have two widely prevalent beliefs about money in our population. One is that it is good for nothing but to spend, and that saving it simply robs other people of pleasures they ought to have. The other is that it is a duty to save. We have heard people say it is folly to accumulate money for their children to waste. But their children will not waste it if trained to save.
It is certain that everybody wants property—a home to begin with, a business, or money in the bank; and it is equally certain that ownership of property makes better citizens of individuals.
In the great majority of cases the spend-all habit is fastened upon an individual in childhood and youth. A boy who has spent all the money given him by his parents up to the time he starts out for himself, is going to continue that habit until something knocks it out of him. We know, for we had the habit. It was knocked out of us when he began to notice solid evidences of prosperity among our associates. We got started right late, and did not own a home and a business until we were in our 40s, a shameful thing to confess.
Then, and not until then, did we know the comfort that follows habitual saving, and found it yielded more pleasure than habitual spending. We now believe it the duty of a parent who wants his boy to be happy through life to teach him to save while he is young.

Q. In a whirlwind, why don't the particles of air moving around the axis of the whirl fly off at a tangent, thereby destroying the whirl? W. T. B.
A. The weather bureau says that the atmospheric pressure in a whirlwind is less than in the still air outside; there is thus a resultant force, directed toward the center of the whirl, acting on the air within the whirl. The tendency to fly off at a tangent is overcome by this inwardly directed force, and as a result the air moves circularly around the axis.

Made Him an Athlete.
From the Fort William Times-Journal.
"Yes," said one man to another. "I realize that motoring is a great thing. I used to be sluggish before the motoring craze, but now I'm spry and energetic."
"I didn't know you motored."
"I don't—I dodge."

Ingratitudes.
From the Washington Star.
"He who forgets a friend," said Ho Ho, the sage of Chinatown, "loses what he never deserved to possess."



Quick

ENERGY FROM THIS

wake-up food

Here is the wake-up food for breakfast! Post Toasties is rich in energy—and so easy to digest that it quickly releases its store of energy to the body.
To men and women it brings new zest for the day ahead. It gives children fresh energy for school and play.

And so convenient to serve! Just shower the golden flakes from the package into the bowl. Eat Post Toasties plain with milk or cream, or vary it with fruits and berries. Everybody loves the flavor—the natural sweetness of sun-ripened corn. Be sure you get genuine Post Toasties in the red and yellow package. Postum Company, Inc., Battle Creek, Michigan.



POST TOASTIES

THE WAKE-UP FOOD

Recreation for Fishermen

Fishermen of the Nova Scotia fleets are handling their lines and nets these days to the accompaniment of music broadcast from the new wireless station at Louisburg. Not only are musical programs sent to the men on the banks, but the fleets are kept informed by daily reports of bait in storage, weather and ice conditions, prevailing prices and catches of vessels making port at Boston and Gloucester, as well as news items.

Habit

Arthur Hilton, Mack Sennett's demon cutter, had taken a charming young lady for a ride over his favorite stretch of lonely road. Suddenly she murmured, "This is a regular possum car, isn't it?"
"Possum car? What do you mean by that?" Arthur wanted to know.
"Because," sighed the young lady, "it goes dead in such convenient places."

Tribute Not Heavy

The republic of Andorra has just paid its annual tribute of 1,400 francs (about \$56) to its two "co-princes," the president of France and the bishop of Urgel, Spain. For 640 years Andorra has paid tribute and enjoyed undisturbed sovereignty in its mountain valley. It became a republic in 1808. Andorra claims about 5,300 inhabitants.

No Competition

Emily—I am the happiest woman in the world, because I am marrying the man I want.
Winnie—Oh, that's nothing. True happiness comes to a girl by marrying the man somebody else wants.—TU-Bits.
In older days—young knights.

