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ADDRESS OF THE COMPTROLLER OF THE CURRENCY, HONORABLE D. R. CRISSINGER,  
BEFORE THE PENNSYLVANIA BANKERS' ASSOCIATION, PITTSBURGH, PENNSYLVANIA,  
MAY 26, 1922.

We have come to Pittsburgh, to the heart of industrial America, to participate with the Pennsylvania Bankers Association in celebrating the Silver Anniversary of its organization. On such an occasion it is quite fitting to say something about the primacy of Pittsburgh and of Pennsylvania in the realm of industrial activity. But that is certain to be said by others that I am going to pass it by and recall to you Pennsylvania bankers the part that your commonwealth has always borne in carrying the banner of sound money and sound finance.

Pennsylvania can very properly be called the cradle of banking in the United States. It was a Pennsylvanian, Robert Morris, who organized the finances of the revolutionary epoch and made it possible to sustain that struggle on its economic side. Pennsylvanians may well be pardoned some pride in the fact that they can trace, link by link, the chain of circumstances which unites your Pennsylvania financial structure of today with that of the colonial era in which your part was so great and honorable. At every step you find that Pennsylvania was enlisted on the side of good money and sound finance. You will recall that Alexander Hamilton, collaborating with your own Morris, made it possible here to create the first bank of national scope. The Bank of North America was the first bank to be incorporated by congressional action, and it must be a source of great satisfaction to all Pennsylvania bankers that it has stood every test and today stands in the van of representative American finance. Here in Pennsylvania was set up the first bank of the United States, chartered by Congress, and domiciled in Carpenter's Hall, the scene of so many stirring historical events in our early history.

Yet, great as was Pennsylvania's part in shaping the beginnings of the national financial structure, they represented only the prelude to your wonderful advance since the Civil War. The Commonwealth's financial progress has kept full pace with an industrial development that has been the marvel and pride of the nation, and, I may add, the wonder of the entire industrial world. Your banks, conservative yet always constructive, have reaped as they have sown. They have gathered together the liquid capital and resources of your great commonwealth, and they have trained in the service of national, business and finance a long list of great leaders. Among these leaders, it is our pleasure and satisfaction to recognize with us on this occasion that distinguished representative of your own city and state who so splendidly fills the post of Secretary of the Treasury, <sup>and with him, that other eminent</sup> ~~the Hon. Andrew W. Mellon~~ <sup>the Hon. Louis T. McRadon</sup> Pennsylvanian who serves with distinction and high ability as Chairman of the House Committee on Banking and Currency. Hail to the bankers of Pennsylvania, ever in money and never in trouble; always ready with their vast accumulation of resources, to take a leading part in meeting the demands of the nation in whatever crisis, and to make their full and intelligent contribution toward solving today's problem on reconstruction.



You bankers of Pennsylvania have been fortunate in that you have been privileged to serve a people instinct with vision and courage; a people who have made your mountains yield up their wealth, wherewith to establish in your valleys the magnificent industries that are the pride of your state and the envy of your neighbors.

To you, as to all other leaders in the business world, the war has brought new conditions, new problems, and new ideals. The new problems must be met, and you bankers of Pennsylvania are called on now, as you have been in every crisis of the past, to play your part. That you will play it well and loyally, no one could doubt who knows your state's record of the past. The struggle to maintain sound financial methods, a safe monetary system, is one that seems never to be quite won and ended. Today, as a result of the special and extraordinary burdens resulting from the war, we find ourselves facing once more a certain tendency to take up with and consider seriously some dangerous formulas of unsound finance, which have always in one form or another, been brought forward in such crises, and have never failed to attract a certain following of loose thinkers and unsound economists.

It will do no harm to say once more, what I have many times said, that without the Aldrich-Vreeland Currency Act and the Federal Reserve legislation, the beginning of the war in 1914 would have precipitated a financial crisis that could not possibly have failed to involve the nations which were then called upon to make the fight of our democratic civilization.

Let us be thankful for the wisdom which gave us our start in measures of financial stabilization; we have come through the great crisis, and have established a new place, and a vastly enhanced repute, partly because of our vast wealth and partly because of our excellent financial system. These things now constitute a chief reliance in restoring the world's capacity for production, for exchanges, and for the normal methods of economic progress.

We must recognize that political rehabilitation and economic reconstruction are so intimately related that they cannot possibly be separated the one from the other. In both, our country is under necessity to serve civilization.

The storm of war has spent its greatest force; but just as sailors find that oft-times the greatest danger confronts them, not in the hours of the hurricane, but in the succeeding period of violent swells through which they must steer without the advantage of well-filled sails to hold them steadily on their course,-- so civilization now finds itself floundering in a choppy and uncertain sea, tossed hither and thither by mighty swells whose causes and directions it can only conjecture, and lacking the power that is needed to insure steering and control. It is in times like this that disaster is liable to come, and against its possibilities we must equip ourselves.

Almost the last among great financial communities to commit ourselves definitely to the gold standard, we find ourselves now summoned to determine, I may say, for all the world, whether that standard shall be maintained or whether we shall abandon it and allow the economic craft to struggle without chart or rudder.

I remember very well the years of the heated controversy over the gold standard. In those times we were constantly being assured that our country was the victim of the gold standard because we were a debtor nation, and others controlled the world's gold. We were told that the tendency was for gold constantly to increase in value, compelling the debtor always to pay in a dearer money than that in which he had borrowed.

It was not always easy to answer, for effective answer required the consideration of economic fundamentals concerning production, exchange and consumption. But in 1896, after a campaign of education in these fundamentals, the verdict was in favor of maintaining a gold standard. I am very sure that if today the verdict had to be sought again on those issues, the gold standard would win again by a far greater majority.

In the quarter century since 1896 we have seen that this standard does not mean the economic enslavement of a debtor country; rather, it means the assurance of equal opportunity to develop resources, and the chance to transform the debtor community into a creditor state. In 1896 we were the greatest borrowing community in the world; in 1922 we find ourselves the greatest lending community, the mainstay and reliance of business, of bankers, of nations, of civilization itself, in the effort to weather the greatest storm that every burst over mankind.

If the gold standard meant so much of opportunity to us as the great debtor state, how much more must its maintenance mean to us, now that we have become the great creditor nation. Every argument that could be made in 1896, with however-much plausibility, against maintaining the gold standard, now applies with a thousand-fold more force in favor of rigidly adhering to it.

We know how absolutely necessary is a uniform monetary standard throughout the world. We know that without it our problems of exchange and of international commerce cannot be solved. We realize that the debts which are owing to us, the balances which must be paid to us or by us, must somehow be adjusted to a single, common, universal standard; and that, as these obligations have all been thus far related to or measured by gold, we cannot safely depart now from that standard.

Yet, with our own interest absolutely bound up in the maintenance of this system, we find that our very wealth and good fortune are fast becoming a menace to this system. The security of the gold standard depends on the maintenance of a free gold market, on the comparatively unrestricted flow of gold. If the movements of commodities shall too long continue in a particular direction, they must inevitably create a vacuum which can only be filled by a movement in the opposite direction.

In the last eight years, the movement of commodities has been away from our shores, and the movement of gold has been toward us. The result is, as has been pointed out with possibly tiresome iteration, that our side of the world tends to gather to itself more than it needs of the gold, while the other side, burdened with debts, finds its store of gold constantly reduced, and its powers to maintain a gold standard correspondingly weakened. The gold standard cannot be maintained by piling up all the gold in one place.

Yet there is every sign that the movement of gold to us will have to continue, unless there shall be some settlement of international debts and such adjustments in governmental finances, international fiscal relations, and the producing and consuming opportunities of the nations, as will restore something like equilibrium. At the basis of the trouble we find the huge domestic and international debts of the world,--the fundamental disturbance that is destroying trade and commerce and our own industrial prosperity.

Domestic debts impose enormous burdens of taxation, while the international debts interpose well nigh insurmountable obstacles to the adjustment of exchange relations. With financial exchange in this chaos, commercial transactions are rendered wellnigh impossible, because they tend to become mere speculation in exchange fluctuations.

There must be, first, some determination of policy toward the international debts; and, second, an adjustment of government budgets that will give confidence in the power of states to pay the debts and maintain the gold basis of money.

I do not believe it is possible at this time to reach a final settlement of all the international obligations. But there is absolute necessity that some general policy shall be agreed upon among the nations with reference to these obligations. A beginning must be made, an understanding reached, for balancing budgets and adjusting international debts, so that there may be a start toward international liquidation and stabilization. In the final analysis, we shall see plainly that the preservation of the gold standard depends on bringing all these obligations into a relationship with gold and then placing moneys on a gold basis and setting out toward ultimate payment in gold.

This is absolutely necessary, lest the stream of gold shall continue to flow toward American shores, until other nations find it impossible to go farther with the pretense of maintaining a gold monetary standard.

I recall, at one critical epoch during the war, reading a letter from London which said-- this being a considerable time before America's entry into the war-- that unless American financiers should extend credit to the allied nations, then the allies would buy from us, pay in gold, send us their last resources of the yellow metal, and then abandon the gold standard; leaving us with the gold, but depriving it of its monetary value.

I recall the shiver with which I contemplated the consequence of such a policy. We would be left with a vast stock of gold, which, repudiated by other nations, would become wellnigh valueless to us.

Fortunately, that crisis was not precipitated. But conditions now, despite that peace has been restored, confront us with a grave danger that this same crisis may be brought before us again. We cannot go on indefinitely compelling our creditors to settle with gold which, once it reaches us, flows inevitably into vaults and there remains, comparatively useless to business either at home or abroad.

There must be adjustments among the nations that will enable them to reckon with confidence upon their financial futures. It is not necessary, as I view it, that Europe shall forthwith begin to pay interest upon its obligations to us. Indeed, today, that would mean that Europe must drain itself of its remaining gold and break down the gold standard. The only alternative would be for Europe to furnish us with goods, which we could only accept at the price of substituting them for goods produced by our own industries. In either case, our last state would be worse than our first.

The most that can be undertaken at this time--and it must be undertaken soon if we are to avoid disaster-- is to reach a workable understanding and settlement as to the future of the international debts due us, and existing between other countries; and along with this there must be a serious effort to balance budgets and bring costs of government within the capacities of the nations to pay.

It has been proposed that a conference of the various national financial establishments be held, to devise measures to restore and maintain the gold standard. In every such discussion it must be kept in mind that the permanency of the gold standard depends fundamentally upon some adjustment or settlement, not cancellation, of all international debts, in terms of gold, so that they can be paid by the contracting parties without sorely impoverishing the people through unbearable burdens of taxes. It is well to remember that the economic possibilities of reconstruction must be measured in units of human energy, and an overload, or a lack of such units, means default and disaster. In every such effort our country must obviously take a part, for we are not only the leading creditor nation but we have become custodian of the greater share of the world's gold.

Nothing short of complete frankness, understanding, confidence, can serve the purposes of such an international adjustment. There must be perfect candor about policies and programs; complete understanding as to the end sought. There must be a recognition of the fact that the alternative, if we fail to stabilize the old order, is bound to be a cataclysm. In that cataclysm the present social and economic system of the world will face the tremendous question of whether, incapable of protecting itself against its own weakness, it deserves to survive.

Always a firm advocate of the gold standard, I have never been so convinced as I am now, of its absolute necessity. We must maintain it, and we must bear our part in making the rest of the world maintain it, or else we must be prepared to deal with new standards in the whole field of international intercourse. No man can guess what those standards might be. But, just as faith, honor and square dealings constitute the only standard to which human conduct can every be universally related, so in the present state of society one feels that the gold standard of money is the only one to which we can hope to relate the money systems of the world.

I speak of these things with great earnestness, because lately there have been evidences of a revival, in unexpected places, of sentiment altogether too hospitable toward the old fallacies of cheap and unsound money. Sometimes they have been dressed upon in attractive disguises. Some of them, indeed, have been so thoroughly camouflaged that it is hard to recognize them as merely the refurbished and modernized doctrines of "Coin" Harvey, General James B. Weaver, and "Brick" Pomeroy.

But on examination they will be found just that; and we will be wise to stamp them out now, with the inexorable logic of truth and experience. Our country must stand for the policies that are sound and lasting. Others may be tempted into dangerous experiments. We have seen the disastrous consequences of some of these, and we must hold firm for the things we know to be deserving of our confidence.

By such unswerving adherence we will strengthen the faith of others, more sorely tempted than ourselves. If we stand firm, we will make a great contribution to the rehabilitation of the world and to establishment of the new order of things. And I believe we will do this. I believe we will, by wisdom and caution, add much to the contribution we have already made for the salvation of civilized institution.