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ADDRESS OF THE COMPTROLLER OF THE CURRENCY, D. R. CRISSINGER, BEFORE THE DISTRICT OF COLUMBIA BANKERS ASSOCIATION, AT THE NEW WILLARD HOTEL, WASHINGTON, D. C., TUESDAY, APRIL 26, 1921, AT 8 P. M.

If one were seeking a particular commodity that, just at this time, might most effectively illustrate the measure of transgression against the law of supply and demand, I suspect that money would serve the purpose. The demand has decidedly outrun the supply. Therefore, I regard a gathering of bankers, familiar in their own realm with the normal operations and present suspension of that law, as an appropriate occasion for a little lecture on that fine old statute which we all deeply revere but commonly honor more in the breach than in the observance.

By way of introduction let me read an advertisement. It was published in Delaware County, Ohio, January 3, 1828:

For Sale-- A valuable pump about 36 feet long, nearly new, low for cash, oats or whisky. Enquire at this office.

For several reasons that advertisement impressed me. That anybody in our part of Ohio would trade a pump for whisky would have been unbelievable to me a little while ago. But recently, in Washington, I have become convinced that lots of people would trade pump, well and water for whisky. - You know, I've been associating chiefly with bankers since I've been here - but I'm looking at no particular banker now.

The man who put out that "ad" should have been a banker in our day. - He knew a liquid asset - a non-freezable asset. - He had vision, else how could he have looked a century ahead and known that we would have automobiles and require it for our radiators?

Observe the law of supply and demand at work. - Our radiators demand whisky. The supply is limited, the demand unappeasable, insistent. - The price? It doesn't matter. To buy it you must take a tonneau-full of Federal Reserve

Notes, much as a Russian, shopping for a pair of shoes, requires a baggage-car load of roubles.

In the century's development of public regard for this liquid, non-freezable asset, we may find illumination of the unfettered operation of the law of supply and demand. Scarcity, coupled with the desire to have, should and does fix the price. If things people need to eat, wear and house them, could be bought with assurance that the price was governed by the same unfettered law, our economic troubles would soon solve themselves. Unfortunately for us all, the law of supply and demand is in these respects as dead as a New England salted mackerel.

Manufacturers, jobbers, wholesalers, retailers, laborers -- are all in some sort of combination to frustrate this fundamental law of economics. Each is out to "get his" first.

I realize that I am offering you no new thought when I say that at this moment this very condition is the underlying cause of industrial and business paralysis. These combinations - gentlemen's agreements, or what not - have gotten prices of things to the point where there is no relation between cost of raw materials and cost of production; no relation between cost of production and cost to the consumer; in short, where there is no relation between value and selling price.

The consumers know this, and so they are waiting. - They have joined the procession of interests whose motto is "we'll get ours first". - They are determined to buy no more than absolute needs in a market thus unconscionably fixed.

That there is now no proper relation between production cost and consumer's cost is constantly proved. A farmer took 22 calfskins to town and received for them the price of a pair of shoes at \$12.50, and a cash balance of \$1.20. The farmer sells his fatted sheep at 8 cents per pound; but you pay \$1.50 at a good hotel for one English mutton chop weighing about six ounces. The same utter lack of logical relationship between costs and prices prevails throughout the gamut of

foods, and in about everything else that can be controlled. As to meats, I can tell you, of my own knowledge, that it is not the packer that is chiefly responsible. The responsibility lies somewhere between him and your stomachs.

The department stores and retailers generally are apparently reducing prices. They take off something, and in a degree are making the public believe they are taking their share of the loss. But are they? Are they selling at replacement prices plus a reasonable profit? An illustration will point the question:

Before last October's slump a retailer, not in Washington, bought flannels at 42 cents per yard, and sold at 60, which we will agree gave a fair and reasonable margin for expenses and profit. But later in October he bought the same flannels at 20 cents the yard. What did he do? He put on a sale, offering these flannels at 50 cents the yard. I have the wholesaler's word for this. That is, on the first transaction he had a margin of 43 per cent; but on the later one, made with the pretense that he was giving customers the benefit of a great slashing of prices, he had the unconscionable profit of 150 per cent.

Just another human example in relation to housing that happened to me in recent experience. I bought \$57.00 worth of lumber to make a few repairs on an old barn, and three carpenters I assigned to do the work consumed \$72.00 in three days time rolling cigarettes and filling their pipes, when one day was ample to do this rough work; And then there is complaint of high rents. - They were getting theirs "first".

I might multiply examples of this sort of thing indefinitely, but it is unnecessary.

These conditions affect, generally, the food, clothing, housing, that people must have. There must be a vital readjustment of wages before we can have permanent reconstruction and industrial readjustment. But how can we, a nation of business men, expect wage-earners to agree to this while the middleman not only passes on his losses to the consumer, but exacts an unreasonable profit on

replacements?

I hope everybody understand that we need and must have an honest-to-God days work from every wage earner if we shall restore economic poise and prosper our industry. Prosperity cannot be based on idleness, nor can national resources be increased by half-hearted work. The need of the hour is work and saving, and then work more and thrice save. And when our people follow these cardinal truths their happiness and contentment will be permanently assured.

Our economic evolution will be a failure unless the people - yes, all the people - begin now to put their conscience into their business and their work. A conscience left at the altar of the church does no useful service. It must be brought into our daily work and business. This is absolutely necessary to bring about a correct understanding between those who serve and those who are served.

The first essential step in this economic readjustment is for business men, traders, manufacturers, to square their actions and direct their course by the compass of righteousness, good-will, fellowship, and brotherhood. Then, those who serve will be willing to serve well, at a fair wage for an honest day's work.

Out of the reconstruction that will follow, must come new business ethics. The time is coming, and very fast, when the business man must give honest and full service for a fair reward. The big fact will be service to the people. Civil liberty requires it, justice demands it, and the fervid conscience of a God-fearing people will be content with nothing else; for at last the people know that only by such a rule may this Nation live and be the guiding light in a world sorely distressed.