

## TAKE CARE OF THE PENCE

IT'S an unusual experience for a community to awake one morning to find the only tangible medium of exchange is the cash in the pockets of its citizens, especially when the citizens had no warning that it would be a good idea to have enough cash in their pockets to provide for the situation. That's what happened in New York six months ago and that's the state of affairs that obtained there, the financial centre of the world, according to some, for more than a week.

It's a little difficult to convey the sensation derived from reading the announcement of a banking moratorium. Most people take their banks pretty much for granted. But imagine yourself of a morning entering your own dining room, ready to sit down to a nice hot breakfast. You open your morning paper. Large headlines inform you that, not only your own bank, but every bank in the country is closed for an indefinite period. Quickly you make a mental calculation of whatever small amount of money you have on your person. There's that ten-bob note, and then there's about three-and-six—no, that's right, you spent ninepence on the way home—that's two-and-ninepence in small change. What a fool you were not to stop by the bank yesterday, as you had meant to. Good Lord, what the deuce are you going to do? You can't last very long on thirteen shillings. Your friends won't be able to lend you anything—they'll be just as short as you are. You can't even wire Aunt Mary, as a last resort, to ask her for a loan—her bank is closed just as tight as yours. And a little mournfully you turn again to your paper to read more about the situation that's sprung up overnight.

Well, that, or something very like it, is what seven million New Yorkers went through one morning not so very long ago. We didn't have much change in our pockets. There wasn't any way of getting any more. We wondered what we were going to do about it, and we found there

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wasn't very much of anything we could do about it. And somehow or other people managed to get along, and on the whole the thing was less painful than it was amusing.

The first reaction was, of course, to hold on to small change as long as possible. Silver, nickel and copper assumed increased importance. Large bills were difficult and in many cases impossible to change. When such bills could be changed the holders were only too glad to do so as quickly as possible. Many a taxi-driver found himself presented with a ten or a twenty dollar bill to change in payment of a tariff of less than fifty cents. After the first few experiences he made certain that prospective fares were supplied with change before driving them. By the second day of the holiday shrewd persons who had somehow managed to get hold of a supply of change were offering it in exchange for dollar bills at ninety-five cents to the dollar. In the shops small purchases were made with the largest possible bill in order to secure the change. Frequently the shopkeeper was unable to supply the change due and the buyer was forced either to part with some of his own or, if the shop was obliging, to make his purchases on credit. The latter method became tremendously popular and at first blush seemed a facile solution to the whole problem.

One of the largest shops in New York has built its business on a policy of selling for cash only, advertising widely that its cash policy enabled its customers to buy at a definitely lower price than would be possible if credit were offered. Its competitors took full advantage of the scarcity of cash caused by the bank holiday. Their advertisements shouted the advantages of credit facilities. 'Intelligent people have always recognised the advantages of credit. Use your charge account at our store. New accounts welcome,' thundered one. 'Open a charge account to-day. Use it liberally. We've always believed in credit,' screamed another. And one of the large department stores had the brilliant idea of offering fully cooked meals, to be delivered to the home of the customer, where it was necessary only

to heat them before serving—thus eliminating the necessity of paying even for food in ready cash.

But, while this sort of thing was all very well for the large shops, provided as they are with credit departments equipped to handle the increased use of credit, it was a different story for the small shop owner. He couldn't very well advance credit to every passer-by, and he couldn't continue indefinitely to hand out change in return for large bills on cash purchases. Pretty soon his shop was in the same position as individual citizens—holding on to small change as long as possible, and hoping it wouldn't run out before the holiday was over.

And the individual citizens—were they worried and downhearted? Perhaps so. For many it was a desperately trying time. But their faces showed no signs of it. Gathered together in crowds, going to or from work, or moving about their affairs, there was a spirit almost of gaiety. People seemed to feel a crisis existed, that an attitude of depression would only intensify it, and that the only thing to do was to accept it with the least possible ill-feeling and hope for the best.

One of the peculiar phases of the situation was that the rich were not immune to its difficulties. Some of them were among the most short of funds. Many a family living on Park Avenue, New York's street of millionaires, was said to have had to negotiate a little loan of ready cash from the servants. It was reported that one prominent household of seven, including three servants, after mustering all available cash, had amassed the imposing sum of two dollars and eighty-six cents! Another millionaire who had lived in one of the very expensive hotels for years without ever having found it necessary to deal with the Credit Manager, finally visited him to say that he found himself unable to tip his waiter. His meek request was, 'May I charge the tip?' Currency itself was of little immediate value if it was not in the form of small notes. A cinema actor who had just left New York after a short visit astounded his manager, who knew his client had withdrawn

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thirty thousand dollars in bank notes a few days previously, by a deluge of telegrams requesting funds. It was only when he learned that the withdrawal had been entirely in one-thousand-dollar bills that the manager was able to understand how the financial plight of an individual with thirty thousand dollars on his person could be serious. Another actor arrived in New York, en route for Europe, after the banks had closed. With pockets less bulky than his confrere, but with commendable faith in his own credit and the future of his country's banking institutions, he sailed for abroad with ten dollars in his wallet.

Theatres and cinema houses were hard put to secure audiences. Within two or three days the greater number of them were accepting cheques, payable after the holiday, from persons able to identify themselves. Of course, they ran quite a risk of finding themselves with a great deal of worthless paper on their hands, but on the whole the scheme seems to have worked well. Another institution faced with a dilemma was the police court. Usually those found guilty of minor offences are fined. If they are unable to pay they are sent to the workhouse to work out their fines. It was manifestly unfair to deal this way with all those unable to pay fines under existing conditions, and it became the rule to declare such fines payable on the re-opening of the banks.

As time passed, and exchequers began to run low, many extraordinary means of securing ready funds were tried. There were reports of people anxious to exchange hundred dollar bills for fifty dollars in changeable notes. And there was the piquant story of the gentleman, owner of a circus side-show in the suburbs, who roamed New York for two days trying to borrow twenty-five dollars on an elephant.

Finally, on the ninth day, the banks of the city re-opened and withdrawals were permitted. The moratorium was over and a normal flow of money began again. But no sketch of the extraordinary experience of those nine days would be quite complete without the story of the dear little

## BLACKFRIARS

old lady. All dear little old ladies seem to live in a world quite apart from the rest of us. This particular one had been living in a certain hotel for many years, paying her bill regularly each fortnight by cheque. While the rest of the population of New York were talking and thinking, even dreaming, of nothing else than the bank holiday, our little old lady was leading her usual placid existence. On the usual day at the usual hour she turned up in the hotel lobby and presented her cheque to the clerk. 'I'm sorry, Madam, but we can't accept cheques,' she was told. 'Don't be ridiculous, young man,' she said, 'I've been paying my bill by cheque at this hotel for the past ten years.' 'I know, Madam,' said the clerk, 'but we can't cash cheques now because of the holiday.' 'What holiday?' demanded our friend. A little surprised the clerk launched out on a rather detailed explanation. But our little old lady was not to be assuaged by any such complicated excuses. 'Humph!' she retorted, 'it seems to me the least you might have done was to give me a week's notice.'

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