

# A Timely Query as to Central Bank Literature

Who is putting up the money for the wide-spread publication of articles in favor of a central bank and an asset currency? It costs money; who is furnishing it, and why? The unorganized masses are at a great disadvantage when the interested few are able to carry on an expensive campaign to secure the special privileges which they desire.

## A Central Bank and by Democrats, Too

The following editorial appeared in "Financial America," in New York, a financial publication: Currency reform rumors will not down. The latest is, indeed, the most acceptable that has come to our ears for some time—in fact, throughout the whole campaign. What a surprise it would be—how amazing, how astounding—if the democrats should swing around to the point of view that would permit their vision splendid to rest on nothing but a central bank!

Stranger mutations have happened, but despite the rumors that there are indications favoring the establishment of a central bank in this country, it will be well not to put our faith in them at this time.

Much prejudice—ignorant and unfounded—is believed to exist in this country against a central bank. This is said to spring from the fate of the second bank of the United States and its political embroilments in the Jackson-Clay Biddle episode. All the facts and circumstances connected with the bank's downfall took place seventy-five years ago; are only understood in their full significance by students of history, and, under no conceivable circumstance, could they be repeated today.

Nor could a banking institution modelled after the Bank of the United States be established in America in the present; nor is there anyone fatuous enough even to recommend such an attempt. Still, with this whole transaction befogged and clouded, and with never an honest attempt having been made to clarify or explain it to the people, our timorous reformers and craven politicians have permitted the belief to gain ground that any sort of a central bank established in this country must inevitably become the football of politics, the bone of party contention.

Some one rattles the dry bones of Andrew Jackson and central bank advocates run for cover. And that's about as far as the proposal to institute a central bank in the United States has ever progressed.

Several eminent bankers, in the last five years, presented plans for the establishment of a central bank, discussed them before intelligent assemblages of bankers, businessmen and sound economists, and in our opinion, at least, ably demonstrated their case. The press was frankly receptive and much publicity was given these proposals. The real stumbling block—the fate of the old Bank of the United States—however, was never explained away. Seemingly, a policy of silence on that material point was adopted, and to no constructive end.

Among those who submitted central bank plans were Messrs. George M. Reynolds, George E. Roberts, Lyman J. Gage, William B. Ridgely, N. W. Harris, Paul M. Warburg, Charles H. Treat, Andrew J. Frame, Charles A. Wright, Edward B. Vreeland, and Victor Morawetz. The New York chamber of commerce also favored a central bank, and so did several senators and representatives in congress.

This enumeration includes men who served as the highest finance officers of the government—a treasurer, a controller of the currency, a director of the mint, and a secretary of the treasury of the United States—eminent bankers at large, some legislators and one economic writer of authority. Yet their teachings and admonitions were largely negated by a foolish and unreasoning prejudice to remove or cope with which an intelligent attempt has never been made; and the result was a compromise offering—the reserve association of the national monetary commission—which has not been universally approved and, probably, will never be adopted.

If, as rumor saith, a plain central bank with branches, is proposed, in which the people as well as the government and the banks may become owners, the institution being under strict government supervision—perhaps, a controlling direction, a new and a far more acceptable plan for currency and banking reform than the reserve association, will be originated.

Such a proposal would not be open to the objection that it was a bankers' offering entirely, intended to give that fraternity greater control

of the money and credit of the country. The people and the government being owners jointly with the bankers would tend largely to popularize such an institution, and lead to an intelligent concentration of the present scattered banking reserves and to harmonious co-operation instead of the present isolation among our 25,000 odd banking institutions—the two chief vices of our present system.

Such an evolution would make for a cohesive and co-ordinated banking system—not for dominant centralization of banking power; for protection of the credit system of the country from control by the "interests;" for equality and entire independence among the banks; for elasticity in currency through rediscounting; and for the establishment of a nation-wide discount market. A popular central bank would give us these needed facilities.—Financial America.

### A DESERVED TRIBUTE

The rally of women to the democracy is one of the very interesting episodes of the times.

This week the national woman's democratic league met in Washington. President-elect Wilson prepared a message for this convention.

This national assemblage of democratic women is an event well worthy to command the attention of any statesman from the next president down. Womankind constitutes more than half the population of this country. That feminine influence, in all ages of the world, has exerted an immense weight in affairs of government, is a well known fact.

In several states, women voted at the election last November. But apart from participation in the contest at the polls, the share of women in bringing about the change of administration at Washington was an important one.

Among the achievements of the democratic party is to be reckoned the fact that it convinced American women of the justice of its cause.

The issues of the late election were issues that struck very close to the hearts, heads and homes of women.

High cost of living, brought about by the trusts and tariff, caused women to take a deeper interest in questions of public economy than they had ever taken before in this United States.

The canvassing of these questions in the homes of the land, the plain, matter-of-fact logic of the wives who told their husbands how difficult it was to fill the market-basket, worked in the minds of husbands, and the result was seen when the votes of those husbands were counted.

The nation owes a great debt to the women of the democracy.—Buffalo (N. Y.) Times.

### WHY NOT STAY AND FIGHT IT?

We respond to the farewells of Joseph W. Bailey, senator from Texas, with regret tempered with resignation and hope. He sees in the initiative and referendum the end of representative government. We see in it nothing but the extension of popular government.

It is as old as American liberty. We have had it always. It comes to us now under a high-sounding name. It is going to submit many questions to the people, some of them trifling, no doubt. Yet we have had this power from the first and we are exercising it somewhere in the United States every year.

Just now in the nation we are about to recall by constitutional amendment an income-tax decision and we are preparing to recall the method by which United States senators have been elected.

If Mr. Bailey is so apprehensive of popular rule, why does he not stay in public life and fight it?—New York World.

### ONE NEW YEAR'S RESOLUTION

New Orleans Times-Democrat: A lot of Mr. Bryan's dearest enemies might start the New Year right by resolving not to do any more worrying over whether the Nebraskan is to enter President Wilson's cabinet.

### INTERFERENCE BY FEDERAL COURT

Governor Byrne of South Dakota, in his first message to the legislature, spoke plainly of interference with state laws by federal court. The governor said: "It would seem that no effective regulation of freight and passenger rates on state lines is possible so long as the lower federal courts are permitted to annul and bring to naught all efforts on the part of the people of the states to secure relief.

"The people do not so much complain of any specific decisions by the courts as by the contemptuous way in which they trample on state laws, and hinder state officials in the performance of their duty in enforcing the laws when no decision or judgment on the merits of such laws has been rendered. It was the boast of the representatives of railroads that in thirteen minutes after the governor had signed at Pierre the act fixing passenger fares at 2 cents per mile, the federal judge at Sioux Falls had signed his sweeping order restraining the attorney general and all state's attorneys from attempting to enforce it."

The governor in his message said that various injunctions and the suits growing out of passenger and freight rate reduction cases have been pending for periods ranging from two to six years, without a decision one way or the other.

"In this case," he said, "South Dakota is in the same condition as many other states and, in fact, that of all other states where rate regulation has been seriously attempted.

"Our state freight rates are so high as to practically prohibit exchange of certain classes of commodities between different parts of the state and to work serious injustice to shippers of nearly all classes. For instance, the rate on grain, flour, mill stuffs, etc., from Miller to Watertown, 150 miles, is equal to the rate from Miller to Minneapolis, 300 miles. Parties recently shipped oats from Brookings to Miller, paid regular Minneapolis rates to Miller, though the distance is less than half."

The governor said that passenger rates also were "not only high, but extortionate," and that he believed the time has come when all public utilities should be brought under control of the board of railroad commissioners.

"The law," he said, "should authorize the attorney general to call for and examine the books of any corporation doing business in the state, regardless of where its office may be."

Other recommendations include: Strengthening of corrupt practices act with effective limitations as to funds.

Enactment of bank deposit guaranty law. Regulation of investment companies. Appropriations for state representation at Panama-Pacific exposition.

Enactment of law limiting number of saloons to not more than one in a town of 1,000 or less and others in proportion.

Submission of question of amending state constitution.

Board of control and a board of regents to have charge of state institutions.

### RENEWALS

The subscriptions of those who became subscribers with the first issue of The Commoner and have renewed at the close of each year, expire with the last issue in January. In order to facilitate the work of changing and re-entering the addresses upon our subscription books and mailing lists and obviate the expense of sending out personal statements announcing that renewals are due, subscribers are urgently requested to renew with as little delay as possible. The work of correcting the stencils entails an enormous amount of labor and the publisher asks subscribers to assist as much as possible by making their renewals promptly. The corrected expiration usually appears on the wrapper of the second issue after renewal is received.