

THE CONCENTRATION OF MONEY

An old-time contributor to The Commoner writes this letter: I am enclosing you an Associated Press report of the proceedings of the money trust investigating committee, had on December 12, (yesterday) which I clipped from the St. Louis Post-Dispatch. Note the marked paragraphs, which state that an enforced low or reasonable rate of interest would have the result of keeping loose funds at home, instead of them being attracted to New York City by the high interest rates for call loans every time the "shorts" are forced to increase their margins by "bearish" manipulators. The concentration of money at one place like New York City necessarily leaves the balance of the country without sufficient cash for the transaction of legitimate business.

There is a reason for the concentration of idle money at New York and it is high and usurious interest rates. In this connection attention is invited to an article I prepared for, and was published by The Commoner in its issue of January 11, 1907, page 4. In this article will be found the following statements, which the testimony before the committee proves to have been correct:

"Upon investigation it is found that there is no limit to the rate of interest that may be charged on call loans. In the foot notes under a compilation of 'Interest Laws and Statutes of Limitations' on page 77 of the New York World Almanac for 1905, may be found the following: 'New York has by a recent law legalized any rate of interest on call loans of \$5,000 or upward on collateral security.'

"As the speculators would hardly ask for the passage of such a law, it must be presumed that it was passed at the dictation of those having money to loan, principally bankers. Here we find the foundation upon which all the rascality and thievery is based. The money sharks had all limits removed and then because their supply of loanable funds became exhausted, they now ask (and are still asking) congress to permit them to increase the supply of loanable funds by authorizing them to coin their credit into money. * * * President Roosevelt should put forth every effort to have his home state repeal this law immediately. * * * Let him throw his influence in favor of placing a limit upon the greed of the Shylocks of Wall street, and excessive rates for call loans will cease. And when money can not be loaned at excessive rates in New York, all money temporarily out of use will not be drawn there. This will tone down speculation and leave enough to transact the business of the country without resorting to 'rag baby' issues." Governor Sulzer can perform no greater ser-

NO BACKWARD STEP

William S. Beck, Indianapolis: You are absolutely right, there must be no backward steps, but onward and upward. In my judgment it behooves every democrat to keep watch until the measures conceived in the mind, and so ably presented to the American people by Col. Bryan have been written in our statutes. For any democrat to slumber at this stage of the people's fight would be as nonsensical and as suicidal as the action of the delegates of the Chicago convention, and a crime against the masses that are now looking so longingly yet hopefully to the democratic party for relief. The burdens that have been heaped upon the great middle class in this country through the mis-rule of the republican party are almost unbearable, and must be lifted by the democratic party, and the democratic party, if every democrat will do his duty, will be more than equal to the occasion. Would, that we had more like Col. Bryan whose mighty tongue, and eloquent talk has done so much to bring about our present success, and my faith shall not falter so long as Col. Bryan and President Wilson have life and health to keep the masses awake and thinking. However, I believe it the part of duty for every democrat to aid in the dissemination of the truth, and I therefore enclose you a check, No. 3578 for \$3.25, and for which you will please place on your subscription list the enclosed names and addresses for one year.

vice to the country than by working for the passage of a law which will make usurious rates on call loans a crime. Reference is made, in the article referred to, to Secretary's Shaw statement that New York City has the only call money market in the world. Let her have a call money market but let it be governed by the same laws regarding usury as govern other loans. To further permit Wall street financiers to take advantage of conditions which they scheme and plan for, and force to come about by their wily manipulations, places upon the state of New York the entire responsibility therefor.

The paragraphs in the Associated Press report to which the writer refers were under date of December 12th, and were as follows: "The committee also heard several money brokers, operating in the 'loan crowd' on the New York stock exchange, who testified that an enforced low rate of interest would prevent the movement of money toward New York from country banks, when the money was needed at home points."

Second paragraph relates to the testimony of Griesel of New York:

"What would be the result of fixing a rate of interest on money in the stock exchange?" asked Untermyer.

"Why, it would keep the money at home in the country banks," answered Griesel.

"C. W. Turner, loan broker for the National City bank, said that the bank he represents never charged more than 6 per cent on loans no matter what the rate on call money might be on the exchange.

"What would be the result if all banks did that?" asked Untermyer.

"Why, money would not be attracted to New York," answered Turner. He said that on the day, recently, when money was at 20 per cent, he lent, for the account of the National City bank, \$1,000,000 at 6 per cent. He described the general method of making loans on the floor of the exchange and said that the total daily loans on the exchange would amount to more than \$40,000,000 or \$50,000,000."

STATUS OF THE INCOME TAX

The following is believed to be a correct list of all the states that have ratified the income-tax amendment to the national constitution, together with the date of adoption:

- Alabama, Aug. 17, 1909; Arizona, April 9, 1912; Arkansas, April 22, 1911; California, Jan. 31, 1911; Colorado, Feb. 20, 1911; Georgia, Aug. 3, 1910; Idaho, Jan. 20, 1911; Illinois, March 1, 1910; Indiana, Feb. 6, 1911; Iowa, Feb. 27, 1911; Kansas, March 6, 1911; Kentucky, Feb. 8, 1910; Louisiana, July 1, 1912; Maine, March 31, 1911; Maryland, April 8, 1910; Michigan, Feb. 23, 1911; Minnesota, June 12, 1912; Mississippi, March 11, 1910; Missouri, March 16, 1911; Montana, Jan. 31, 1911; Nebraska, Feb. 11, 1911; Nevada, Feb. 8, 1911; New York, July 12, 1911; North Carolina, Feb. 11, 1911; North Dakota, Feb. 21, 1911; Ohio, Jan. 19, 1911; Oklahoma, March 14, 1910; Oregon, Jan. 23, 1911; South Carolina, Feb. 23, 1910; South Dakota, Feb. 3, 1912; Tennessee, April 11, 1911; Texas, Aug. 17, 1910; Washington, Jan. 26, 1911; Wisconsin, May 26, 1911.

This makes thirty-four states in all; two more must ratify it in order to make the necessary three-fourths. These two must come from the following states, none of which has yet acted on the amendment:

- Delaware, Florida, Massachusetts, New Jersey, New Mexico, Pennsylvania, Vermont, Virginia, West Virginia, Wyoming.

The legislatures of all these states are in session at the present moment. The friends of the income tax should not let the opportunity go by.

The only states that have definitely rejected the income tax are: Connecticut, New Hampshire, Rhode Island, Utah.

It will be noticed that it will have taken approximately four years to get this amendment adopted in the necessary number of states. This about marks the minimum of time required to make a change in the constitution.—Collier's Weekly.

GREAT IMPROVEMENT

The editorial page of the Hartford Daily Courant for Saturday, January 25th, shows marked improvement. The Courant devotes a considerable portion of its editorial space to a digest of Commoner editorial. Verily the Courant readers have not in many a day had such a treat as they enjoyed through the editorial columns of Connecticut's paper in the issue referred to.

THE RAKE-OFF

J. P. Morgan & Co. are to pay 93 1/2 for \$170,000,000 of 5 per cent interborough bonds to be issued under the pending contract with the city.

From the columns of esteemed contemporaries that defend this amazing transaction we quote a number of actual sales of 5 per cent bonds on the stock exchange:

Five per cent bonds of the Atchison, Topeka and Santa Fe, without public guarantee, sold at 104.

Five per cent bonds of the Georgia Central, without public guarantee, sold at 107 3/4.

Five per cent bonds of the Jersey Central, without public guarantee, sold at 118 1/2.

Five per cent bonds of the Chesapeake and Ohio sold at 109.

Five per cent bonds of the interborough itself, not yet protected by public guarantee, sold at 104 1/2.

Five per cent bonds of the Third Avenue line, recently reorganized out of bankruptcy and without public guarantee, sold at 106 1/2.

Second-mortgage 5 per cent bonds of the steel trust, which may be dissolved as illegal, sold at 101 1/2.

The "rake-off" on the interborough's \$170,000,000 may be computed as follows:

If the bonds are worth only par, it is \$11,050,000.

If they are worth what interborough bonds now sell at in the market, it is \$18,700,000.

If they are worth 110, at which price the combine itself plans to retire part of them, it is \$28,050,000.

Commissioner Wilcox is quoted as saying that the city is not concerned in the price the interborough gets for its bonds; only in the cash it turns in for the subways.

The city is much concerned. Either in fares or in taxes, the people will pay for everything. They will pay for construction and equipment. They will pay principal, interest, depreciation, brokerage, amortization allowance.

They must also pay the rake-off.

We may suppose from the commissioner's announcement that in this he has been misquoted. We may suppose that the majority of the commission and of the board of estimate have come to see in the pending contracts less consideration of the public interest than they had been able to see before.—New York World.

LOOKING BACKWARD

Lyons (Neb.) Mirror: General Daniel E. Sickles of New York has been arrested for embezzling \$23,476 of monument funds. He is one of those war generals who paraded over the country telling the people that Bryan was not a fit man to be president. But the day of fooling the people has gone by, they are getting their "eyes open."

POPULAR ELECTION OF SENATORS

Colorado, Iowa, Idaho and Nevada have ratified the proposed amendment providing for the direct election of United States senators. This great reform has made more rapid progress than the income tax, although it is now likely that the latter will be formally ratified first.

QUERY

How many "state's rights" democrats will surrender their conviction, on the demand of the liquor lobby? If a republican senate is willing to recognize the right of the state to control liquor shipments how can a democratic house of representatives refuse?

VIRTUE REWARDED

The abolition of the inaugural ball will save a large sum to democratic husbands—almost enough to make up for their campaign contributions. This is virtue rewarded.

LIKE BAKING POWDER

Ex-Senator Beveridge is still insisting that the progressive republican party is like baking powder, "absolutely pure." Other parties contain more or less of alloy, but a harp and crown are given to P. R. by T. R. and Albert J. Munsey must be a fallen angel.

REFORM IS MARCHING ON

Governor Wilson's inspiring words are doing the work whereunto they were sent. Men who have been counted as reactionary are now saying that the country expects progress and that the pledges of the party must be carried out. This is true in the various states also. The harvest is ripe—and the reapers are numerous.