

The Commoner.

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The Commoner's Thirteenth Year

Editorial in the Political Outlook (Cincinnati, Ohio): Thirteen seems destined to become the lucky number for democracy. Among other pleasing signs, 1913 sees the thirteenth year of The Commoner, W. J. Bryan's great paper. The Commoner has become a power throughout the land in its thirteen years of existence and is in more ways than one the organ of the great party. The Commoner was the first progressive democratic paper in the country. It set the pace and paved the way for the new democracy of today.

The Commoner gave Roosevelt the ideas for his progressive party and has supplied republican leaders with ideas. In doing this it made the old-line democracy think and won it over to progressivism.

W. J. Bryan deserves more praise than we can give him for his fearless and eloquent work. Let it continue. May The Commoner continue to blaze the way until the democracy is entirely out of the wilderness and the republican party is no more.

The Political Outlook congratulates The Commoner.

Creasy on Currency

Hon. W. T. Creasy, head of the Pennsylvania state grange, presented the following plan to the currency committee:

In answer to your invitation to appear before your committee to present some of our ideas as to needed changes in our banking and currency laws, I do so, representing the organized farmers of our state.

The grange in Pennsylvania numbers about 70,000 members. At several of the late meetings, the following resolution was unanimously passed:

"We are opposed to the Aldrich central bank scheme, or any other plan that looks toward the taking of the control of our monetary system from the federal government."

The national grange has passed similar resolutions and I believe the farmers of this country agree with these resolutions, whether they are members of the grange, or outside of it.

There are three things that ought to be included in any reform of the currency.

1. An intro-convertible bond; that is government bonds ought to be made the basis of currency issue when in the hands of individuals, as well as when in the hands of banks. Any holder of a government bond ought to be able, after giving a reasonable notice, to draw the face value of the bond in currency, the interest on the bond to be suspended while the loan continues. This would induce business men to keep a part of the reserve in bonds, and thus make them independent of banks in time of stress, and it would at the same time relieve the strain upon banks. It is the one form of elasticity that is advantageous and free from danger. There may be no way of keeping the big financier from buying government bonds, but I think that the demand and supply will regulate that. The ordinary business man who wants the bond for use in emergency could afford to pay more for it than the big financier could.

The second thing to be considered is the central bank feature; that ought to be avoided. Unless I am mistaken in my observations, big financiers are much more anxious to increase their control over the currency than they are to secure elasticity.

I would suggest the following plan for meet-

ing their demands: Let the United States be divided up into districts—I do not care how large or small these may be. Each state might be a district, or several of the smaller states might be grouped together. Let the bank form associations, with power to bind all the banks belonging to the association; let the associations borrow of the government, at such rates of interest as would tend to restrict the borrowing to a limited time, although I would be very liberal in the terms. The money loaned by the government to the association could be loaned by the association to the banks belonging to it. The government need not require any security in loaning to the association, because the association would have back of it the assets of all the banks in the district, but the association ought to require security of the banks borrowing the money loaned by the government to the association, and by the association to the banks ought not to be loaned by the banks at a higher rate of interest than that fixed in the law—it might be the legal rate, or it might be arbitrarily fixed, for instance, at not more than twice the rate charged by the government. Of course, there would be a maximum fixed beyond which the association could not borrow, and likewise a maximum beyond which a bank could not borrow of the association. This maximum would be a percentage of the capital and surplus. This plan would compel all the districts to deal directly with the government, and therefore decentralize the system, rather than centralize it. It would answer every possible need of an elastic currency, but it does not increase the power of the banks to issue money or to control it.

The third point to be considered is the asset currency. What the big banks really want is a central bank with asset currency. A democratic plan must, of course, avoid an asset currency. The above plan as outlined will give all the currency necessary. I would not be in favor of attempting to withdraw the privileges which the national banks now have, but I would oppose any increase in those privileges.

I believe the national banking law should be amended so as to admit banks to loan on real estate. The percentage, however, ought to be limited so that they will not have too much of their money tied up in slow assets. It might be arranged that coupon interest bearing bonds could be issued on mortgages held on farm property. In this way the banks could realize on these assets.

The above plan covers the case as I see it. First the intro-convertible bond, which gives a certain amount of elasticity to the currency without any evils or dangers. Second, a plan by which the government will loan money to associations, and by which the associations can loan money to individual banks. Third, care to avoid the asset currency, or anything that extends the privileges of the banks.

SENATOR THOMPSON OF KANSAS

The Kansas legislature honored itself by the election to the United States senate of William H. Thompson. Judge Thompson has a keen appreciation of the responsibility of public office and he will render the party and the country great service as a senator from the democratic state of Kansas.

The Income Tax

The income tax amendment to the federal constitution has been ratified by the necessary number of states and is now a part of the constitution. Congress can, at least, after an eighteen years' struggle, levy and collect a tax on individual incomes. The dollar is no longer above the man. Now let congress proceed with the preparation of an income tax measure. Such a law will make it possible to materially reduce the tariff schedules, thus transferring a part of the weight of taxation from the overburdened poor to the underburdened rich.

Some have suggested that the individual income tax be substituted for the corporation tax, but the suggestion comes from the protected interests which have made the tariff laws in their own interests for a generation and are seeking some excuse for maintaining present rates. The democratic congress should reject such a proposition and give the benefits of reduction to the patient masses who have for so long borne the injustice of excessive taxation, collected on consumption. The day of relief is at hand.

GOVERNOR RALSTON STARTS WELL

Governor Ralston, Indiana's new governor, starts in well. He insists upon carrying out the pledges of the platform—"not to carry out the pledges of the platform would," he declares, "be a betrayal of the peoples' confidence." He recommends an efficient primary law, a public utilities law, an inheritance tax, a law against the sale of watered stock and a workman's compensation act. It is a good beginning. Indiana is a little behind some of her sister states but it looks like Governor Ralston intended to bring her up to the line.

TUMULTY'S APPOINTMENT

President-elect Wilson has announced the selection of Joseph Patrick Tumulty as private secretary to the president. It is an excellent appointment. Mr. Tumulty is his present secretary and has won the promotion by the industry, ability and fidelity which he has displayed in this position. He is a progressive of the progressives and has grown in popularity as his acquaintance has increased.

IN CLUBS OF FIVE

Sol. W. Johnson, Iowa: While in Perry yesterday I made the statement that The Commoner could be secured (in clubs of five) for 60c. I immediately had \$3.00 from five new subscribers without getting out of my chair. I also include with this remittance the amount for my own renewal. I believe had I time I could get thousands of subscribers and nearly everyone thinks that during the great change which will take place in the near future that they would like to have the leading democratic views of legislation to compare with the republican views.

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