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gional reserve banks on terms that will be fair and just.

"The business interests, I think, will welcome this bill as a blessing. It gives them through their banks a promise of relief in any time of stringency, and it gives this promise without putting in the hands of the banks a power that might be used against the public. The bill is a faithful fulfillment of the promise made in the Baltimore platform.

"I feel sure that the democrats of the senate and house will rally to the support of the bill, and I am sanguine enough to believe that it will receive a cordial support from republicans as well."

GOVERNMENT CONTROL

The financiers complain that the president's currency bill puts in the hands of the government complete control of treasury note issue.

This is as it should be.

Control could not with safety be deposited in other hands.

Government officials act for the people and act before the eyes of the country.

Financiers act for themselves and in secret.

The country is fortunate in having a president who takes the people's side on this great question.

Strength to his arm.

CONSULS UNDER CIVIL SERVICE

The president has had under consideration the matter of appointments to the consular service and has authorized the secretary of state to make the following statement:

"The civil service was, by an executive order, issued June 27, 1906, extended to the consular service and the president is entirely in sympathy with the purpose which the order was intended to subserve. He believes that consular appointments should be made upon examination and that promotions should be made upon merit. If vacancies occur they will be filled from within the service, where this can be done without injury to the service. If a vacancy occurs in one of the higher positions and he does not at the time find within the service a person entirely qualified to fill such position, he will feel at liberty to exercise the right vested in him to suspend the executive order in respect to that particular appointment, but such an appointment will be an exception to the rule and will be made only when he is convinced that the good of the service clearly requires such an exception."

Democratic Currency Bill

Following is an Associated Press dispatch: Washington, June 19.—The administration currency bill was made public tonight by Representative Glass, chairman of the house committee on banking and currency. It will be introduced in the house and senate after President Wilson has delivered in person his address to congress on Monday.

An outline of the measure prepared by Mr. Glass states that it will be gone over in detail for alterations, and set out that its purpose is to accomplish three principal objects—provision for rediscounting commercial paper of specified types; a basis for elastic notes properly safeguarded; machinery for doing foreign banking business. The measure essentially provides for twelve or more federal reserve banks, which will rediscount paper, deal in government securities, exchange and conduct government fiscal operations. National banks and such state banks and trust companies as conform to standards would be stockholders of the reserve banks. The government would hold no stock.

The government would control the federal reserve banks entirely through a federal reserve board of seven members in which the banks would have no representation.

The board would be composed of the secretary of the treasury, secretary of agriculture, the comptroller of the currency as members ex-officio. Four other members would be chosen by the president and confirmed by the senate.

The national bank note circulation would remain undisturbed, and no proposal is made in the bill for retiring approximately $700,000,000 2 per cent bonds upon which that note issue now rests.

An amendment or separate bill to refund these bonds into 3 per cent bonds may be introduced later.

In addition to the $700,000,000 existing national bank notes not more than $500,000,000 in what are known as federal reserve treasury notes might be issued at the discretion of the federal reserve board, solely for the purpose of making advances to the federal reserve banks, which would do no business with the public, but deal only with their member banks and receive deposits only from the United States. While the notes on their faces would purport to be the obligations of the United States, they would be required to be secured by a gold reserve of 33 1-3 per cent provided by the federal reserve bank, and would be redeemable in gold on demand of the treasury department at the city of Washington or any federal bank.

Stringent provisions are made against counting any of these notes as a part of bank reserves and the system is guarded against inflation by lodging power with the federal reserve board to exact an interest charge upon treasury notes in order to insure their prompt redemption. The notes are not made legal tender, but would be receivable by the government and every bank of the system at par without exchange.

No change would be made in the protection of other existing notes.

The federal reserve board would require one federal reserve bank to rediscount the paper of another and would establish a rate on discount not necessarily uniform for all reserve banks but made with a view to accommodating the commerce of the country and promoting a stable price level. For recasting the present bank reserve system, the bill proposes to transfer the reserves from national banks in the present reserve and central reserve cities to federal reserve banks, carrying the process of transfer over thirty-eight months to avoid shock to market conditions.

The bill proposes, according to Mr. Glass' statement, "the ultimate establishment of a reserve system in which country banks will have 15 per cent of reserve; i. e., 15 per cent of total of liabilities, such 15 per cent to be held 5 per cent in the banks' vaults, 5 per cent with the national reserve bank and 5 per cent either at home or with the reserve bank, while reserve and central reserve city banks have reserves of 20 per cent of demand liabilites of which 10 per cent will be at home, 5 per cent with the reserve bank of the district and 5 per cent either at home or with the reserve bank."

The statement says:

"The presumed effect of this plan will be to end the placing of reserves with central reserve city banks for use in stock market operations, to keep reserves in some measure at home, and to require speculators to get the funds they need in their operations either by directly borrowing them from persons who hold them and want to lend the cash for that purpose or else by borrowing from the banks in the places where the operations are to be carried on.

"In the belief that the present system is antiquated and unsatisfactory, that the massing of funds in New York and other financial centers of which so much has been said in recent years is largely due to the present reserve requirements of national banks and that in order to get the real benefit from the system of rediscount which has been proposed as a remedy for many existing evils it is necessary to base such system upon an actual control of reserves, provision has been made forecasting the present bank reserve system.

"The bill is based on the belief that no one should participate in the control of the system unless he is financially interested himself, or chosen by those who are, except insofar as the government steps in and asserts the authority of the whole community.

"With this in mind, the system has been devised so as to provide for the continuation of existing national banks, with their organization, powers and functions unchanged.

"In addition there is established a system of federal reserve banks, which are incorporated institutions holding federal charters and in all respects managed like national banks, except as to the election of directors.

"There are twelve of these federal reserve banks, each managed by a board of nine directors, three of whom will be expert bankers, selected by the banks. There will be members elected in the same way, but required to represent the commercial, industrial or agricultural interests of the district and subject to removal by the federal reserve board in case they do not fairly represent these interests. The remaining three directors are to be chosen by the federal reserve board.

"The object of the bill is to effect a moderate division and classification of banking business along indicated lines, the net result, presumably being summed up as follows:

"National reserve banks will be strictly limited to rediscounting actual commercial and industrial transactions evidenced by very short term paper and on rare occasions, under carefully prescribed conditions, to financial operations protected by collateral. They will also be able to engage in foreign exchange operations, sales of government securities, etc.

"National banks will be subjected to precisely the same restrictions as at present, with a relaxation in favor of a moderate amount of real estate loans by country banks under carefully guaranteed conditions."

The terms of office of the four members of the federal reserve board appointed by the president are to be eight years, with the provision that those first appointed will serve two, four, six and eight years, respectively. The salary of each member, excepting the cabinet members, will be $10,000 a year, and the comptroller of the currency would receive $5,000 in addition to the $5,000 salary he now receives.

"The chief points in the new federal reserve banks are described as follows:

"The number is to be twelve, with possibly an increase later as provided.

"The ownership is to be in the hands of the stockholding banks of the twelve districts in which the reserve banks are situated. National banks are compelled to be members and state banks and trust companies are permitted to be members.

"The capitalization is to be 20 per cent of the capital of the stockholding banks, one-half paid in and one-half subject to call.

"The business of these federal reserve banks is to be as follows:

"Rediscounting of paper presented by stockholding banks under specified conditions, provided such papers grow out of actual agricultural, commercial or industrial transactions and does not run more than a specified number of days.

"Buying and selling government securities, gold and silver bullion, and foreign coin, foreign exchange and open market bills of given maturity."

Administration officials started today to smooth out differences among democrats over the proposal to act upon the currency measure during the present session.

President Wilson asked democratic members of the house committee on banking and cur-