

Congressman Stephens on the Glass-Owen Currency Bill

In reply to criticisms of certain features of the Glass-Owen currency bill received by Congressman Dan V. Stephens, of Nebraska, from several of his constituents, he gave out the following statement:

The facts developed during the week's discussion of the currency bill in the caucus greatly strengthen my faith in the value of the measure to the country. The big outstanding fact is that this bill takes the legal reserves of the banks out of the hands of the Wall street gamblers where the country was unable to get them during the panic of 1907 and places them in twelve big federal reserve banks located in twelve regions or districts, where they will be available for the use of the banks of each district for rediscount purposes. The present reserve system broke down in time of stress, proving its inadequacy. Certainly the fifty-three central reserve banks in New York city, Chicago and St. Louis, and the three hundred fifteen reserve banks in smaller cities carrying approximately the bulk of a half billion dollars of the legal reserves of the country will oppose this measure, because they can loan several billion dollars on that amount of reserves to the people at a good rate of interest. They are not to be blamed from the viewpoint of personal interest for opposing a bill that takes this amount of business away from them. But it is beyond my understanding how any one of the 7072 country banks which make up the

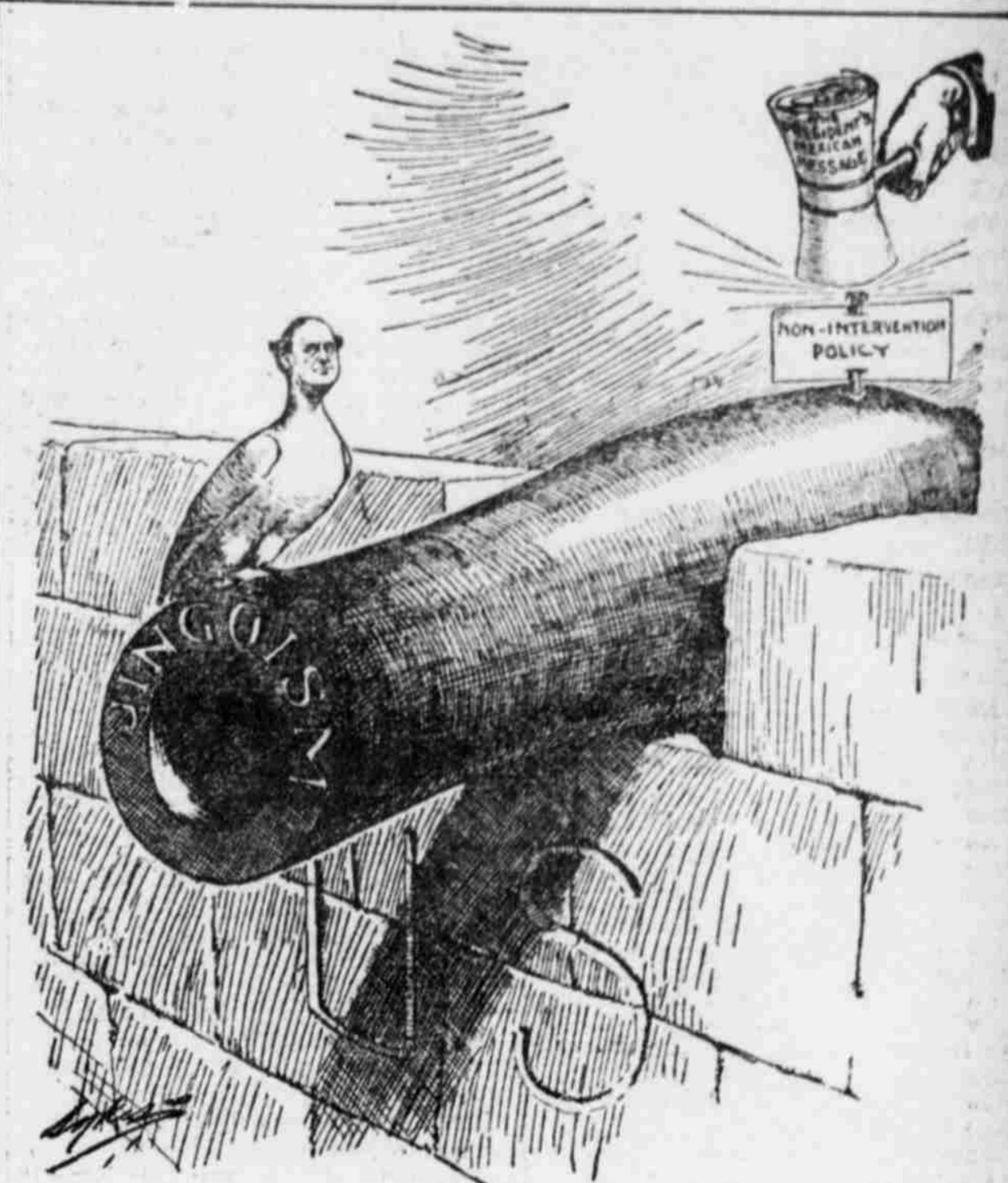
bulk of these reserves should be opposed to mobilizing them into twelve federal reserve banks where they will be available for legitimate business wholly, rather than for most of them to be used for the benefit of gamblers in Wall street.

The claim has been made by some that the loaning power of country banks is decreased by this bill. This is not true as any one can see when it is understood that the transfer of legal reserves to the federal banks does not in any way lessen the power of country banks to borrow or rediscount. They can rediscount with their federal bank to the extent of their reserves and beyond—the only limit being the ability of the federal reserve bank to keep its gold reserve of thirty-three and one-third per cent. And if that is exhausted and any other federal bank has an excess the federal board can order it to rediscount for the federal bank that is short of reserves. Not one dollar of this money can be loaned to gamblers. It is for commerce and production.

Some also complain of the capital stock they must subscribe to this bank. That is not a serious matter at all, though I would amend the bill if possible to eliminate capital stock as in my judgment it will not be needed for several years. A country bank subscribing ten per cent of its capital to the stock of the federal bank will no doubt find the earnings on that stock practically equal to what the remainder of their capital earns. The bill has been amended so that the profits of the federal bank will be divided with the government according to the balances each bank keeps.

Others complain that the president has too much power in naming this board. One can take his choice in this dilemma between the president and the banks. One or the other must have the power. My own view is that since the power of this board is largely supervisory, not unlike the power now exerted by the comptroller of the currency, and since the government has a great interest in these banks through the large deposits it will carry with them, there can be no doubt of the importance of government control. Further, if this federal board should be elected by banks one federal reserve bank might dominate the others and control the whole. I can not see how any country banker could afford to take his chances with a bankers' federal board controlling his destinies. Such a board would represent competing banks, while the government controlled federal board will represent all, having no interests in any bank in any way. The board would be an impartial, disinterested judge of all.

Others complain that a federal board appointed by the president would be political and dangerous. The argument fails because in fifty years of political control of national banks by the government through the comptroller of the currency there is not an example of abuse of power, though the comptroller has the power to close and ruin a perfectly solvent bank if he desired to do so. It is apparent at once to all that an administration would be discredited and repudiated if the federal reserve board failed to properly control the banks and the country was plunged into financial distress. It is inconceivable that a president would be so blind to the success of his own administration as to fail to use the utmost care in appointing men of the highest integrity and



SPIKED

—Philadelphia Public Ledger.

GROWING STRONGER

Apparently, with Advancing Age.

"At the age of 50 years I collapsed from excessive coffee drinking," writes a man in Missouri. "For four years I shambled about with the aid of crutches or cane, most of the time unable to dress myself without help.

"My feet were greatly swollen, my right arm was shrunken and twisted inward, the fingers of my right hand were clenched and could not be extended except with great effort and pain. Nothing seemed to give me more than temporary relief.

"Now, during all this time and for about 30 years previously, I drank daily an average of 6 cups of strong coffee—rarely missing a meal.

"My wife at last took my case into her own hands and bought some Postum. She made it according to directions and I liked it fully as well as the best high-grade coffee.

"Improvement set in at once. In about 6 months I began to work a little, and in less than a year I was very much better, improving rapidly from day to day. I am now in far better health than most men of my years and apparently growing stronger with advancing age.

"I am busy every day at some kind of work and am able to keep up with the procession without a cane. The arm and hand that were once almost useless, now keep far ahead in rapidity of movement and beauty of penmanship."

Name given by Postum Co., Battle Creek, Mich. Write for copy of the little book, "The Road to Wellville."

Postum comes in two forms: Regular Postum—must be well boiled.

Instant Postum is a soluble powder. A teaspoonful dissolves quickly in a cup of hot water and, with the addition of cream and sugar, makes a delicious beverage instantly.

"There's a reason" for Postum.

ability to the federal board. Besides the bill provides that at least two of the four appointees must be of the opposite party.

Another criticism is that this law creates a gigantic banking trust. Nothing can be further from the truth. We now have a gigantic banking trust in the centralizing of our reserves in New York city, governed by private interests by dark lantern methods. Under this bill the money trust is robbed of its sting by taking away the legal reserves it has always gambled with and placing them under government control under twelve big bank heads representing each section of the country, each bank attending to the needs of its region or district. Under this method every section of the country gets its share of the money and no section can rob any other section as the watch dog of the government has its eye on all twelve of the big centers of reserves. It is the very opposite of a privately controlled trust.

Another favorite argument of the big banks is that they are compelled to furnish capital to these federal banks but have no representation on the federal reserve board. The argument fails because each of the twelve federal reserve banks is managed by a board of directors. The real banking business is controlled by the banks absolutely. The federal reserve board is supervisory and is given power to keep the twelve big federal banks in order and from each others throats. Nothing more, nor nothing less.

This bill frees for legitimate business hundreds of millions of money that stock gamblers have heretofore had the use of. It will furnish through the twelve federal banks the largest market for agricultural, industrial and commercial paper that has ever existed anywhere. It will increase the loaning power of every country bank that becomes a member of the reserve bank. It will enable country banks to get their re-

serves when they need them. It leaves country banks every privilege of profit they now possess to make money. In short it is the best bill ever presented to congress that has ever had a show of becoming a law.

Wall street would like to stir up a panic to stop this legislation if it could but thanks to the courage and good sense of Secretary of the Treasury McAdoo, they can't do it. This is the first time in the history of the country that a secretary of the treasury has defied Wall street. Heretofore when Wall street gambled up all of our reserves and got into hot water the secretary of the treasury has rushed to their aid and deposited the people's money in their banks so as to enable them to return the reserves of country banks. But this year at the first symptom of a stringency in crop movement the secretary of the treasury tells the bankers of the west and south that he will deposit fifty millions with them and a hundred millions if need be for crop moving purposes. They will not have to pay tribute to Wall street before they can use the people's money, with which to do business. It seems beyond belief that the bankers of this country should have submitted without protest to the practice of feeding our money into Wall street banks in order that it might trickle through out west to do the business of the country. It looks as if the country was coming into its own under the operation of this proposed legislation.

HIS "RIGHT" HAND

—Pat, who was left handed, was being sworn in as a witness in the west side court of Denver, Colo.

"Hold up your right hand," said the judge.

Up went Pat's left hand. "Hold up your right hand," commanded the judge, sternly.

"Sure, and I am yer honor," declared Pat. "Me right hand's on me left side."—Woman's Home Companion.