

Mysterious Move by Treasury Department

Following is a United Press dispatch: New York, Feb. 7.—Financial storm possibilities will confront President Woodrow Wilson immediately after his inauguration unless congress promptly investigates the cause and purport of "Treasury Circular No. 5," issued January 9, last, according to the assertion here today of Rudolph Spreckles, president of the First National bank of San Francisco, and prominent progressive.

"This circular directs that customs money be deposited with national banks. I believe this order is in direct conflict with the law governing control of these moneys and must therefore be rescinded," said Spreckles.

"It seems strange that the present administration should issue such an order on the eve of going out of office.

"We have a right to question the motive that prompted such action.

"If this order be not promptly rescinded, we will witness a marked and unusual increase of deposits, principally with the New York national banks, amounting to more than \$200,000,000 in gold annually in New York alone.

"When the new administration takes charge of the treasury, it will be obliged to demand the returns of these funds to the government.

"The effect of the withdrawal of so many millions of dollars is bound to cause financial differences.

"In any case it seems an uncalled for move at a time of year when there is no unusual demand throughout the country for money, as is the case during the crop moving period.

"I believe the people are entitled to know who it is that is responsible for the plan and why it was put out at this time.

"Congress should investigate the matter and bring out the facts.

"On the face of the treasury order, there is no specific provision that the banks shall give security for the deposit and no provision that they shall pay any interest."

The funds affected by the order were held in the sub-treasuries previous to February 1, when the order went into effect. As the government accepts only gold in payment for duties, the entire sum involved is gold.

Spreckles pointed out that if the banks made use of the money, they would have to use it in such a way as to have it subject to call on notice from the government. For this reason, he said, the money would find its way through the usual channels into Wall street, to be loaned out at call. Therefore, Spreckles said, in the event of the millions being suddenly recalled, the demand would go directly into the call money market in New York and force the immediate withdrawal of enormous sums.

Should the order remain in effect until March 4, it was pointed out by Spreckles, President Wilson would face a situation where, to leave the order in effect, would involve the government's money more and more every day and to rescind the order would cause great financial disturbance.

It is Spreckles' opinion that the order will be held illegal and that Wilson will be compelled to rescind, if it is not rescinded sooner.

Friends of Wilson have been informed regarding the situation and they recalled Wilson's public announcement that he would "erect a gibbet as high as Haman's" for any man found guilty of bringing about a panic.

It is known that the situation has been presented to Wilson personally.

Rudolph Spreckles organized and conducted the progressive republican Wilson league in the recent campaign. He had supported Senator La-Follette as long as La Follette was a factor in the contest. Spreckles is a member of the wealthy sugar family of California and a millionaire himself. He personally financed the famous graft prosecutions in San Francisco.

"I shall go to Washington very soon to see that the facts are presented to prominent members of congress, if congress does not act of its own initiative at once," said Spreckles today.

Treasury circular No. 5 is addressed to the disbursing officers, as are treasurers and designated depository banks, and begins as follows:

"For the purpose of bringing the ordinary fiscal transactions of the federal government more nearly into harmony with present business practices, it has been determined that the daily receipts of the government shall be placed with

the national bank depositories to the credit of the treasury of the United States. Disbursements will be made by warrant or check drawn on the treasurer, but payable by national bank depositories, as well as by the treasury and sub-treasuries."

Then follow eleven paragraphs dealing in minute details with the manner in which checks and other disbursements shall be drawn and paid, and pointing out that the regulations do not apply to postoffices or court funds deposited in the national banks under prior statutes.

The following is an Associated Press dispatch: Washington, Feb. 7.—Secretary of the Treasury MacVeagh, in a letter tonight to Representative Carter Glass of the house banking and currency committee, which is investigating treasury order No. 5, criticised on the ground that it would result in the accumulation of \$200,000,000 a year in gold in the New York banks from customs receipts, declared that the new plan of handling receipts and disbursements of the government did not involve an increase in the amount of bank deposits to any appreciable extent.

"The increase will not exceed in the aggregate two or three million dollars, if it reaches that sum," wrote the secretary.

Representative Glass called attention to an attack on the new order by Rudolph Spreckles of California, who charged that the new order was put into effect to embarrass the coming democratic administration. "It is exceedingly doubtful whether a change of this revolutionary character in the business methods of the treasury," said Mr. Glass, "should be put in effect in the closing days of one administration to the possible embarrassment of the succeeding administration."

"I do not make the charge that this change has been made with a view to embarrassing the next administration but Mr. Spreckles does make the charge and many persons will be ready to take that view of the situation. It seems to me that alteration in the business methods of the treasury department might well have been left to the administration of Mr. Wilson and his secretary of the treasury."

After hearing from Secretary MacVeagh and Assistant Secretary of the Treasury Bailey, Representative Glass stated that the treasury officials did not take the view that the new order was designed to or would embarrass the administration and he expressed the hope that they were right.

"The only problem presented by the new plan," Secretary MacVeagh asserted, "is that of so directing and distributing the daily treasury receipts that they will meet the disbursing officers' checks in the depository banks. To accomplish this it has been necessary to reduce the balances of a number of depository banks and to add depository banks in each of the sub-treasury cities. The readjustment has resulted in additional deposits being made to the extent only of \$350,000.

"Nearly three-fifths of the government's payments are required to be made in New York. That the government may have facilities to make these larger payments through the banks in New York the increased balances in that city have been increased to aggregate \$2,088,000, distributed among twenty-four banks. The total increase in all sub-treasury cities aggregates \$4,823,000. The total increase in all cities aggregate \$6,065,000. Decreases have been made to the extent of \$5,715,000 in the government balances in banks where the extent of the government business does not justify larger balances than have been left therein. This makes a net increase, as stated, of \$330,000 in the banks, the total amount in banks being \$48,700,000 and the adjustments now are practically complete."

"Formerly the sub-treasury has had to handle nine-tenths of the government checks eventually," said Assistant Secretary Bailey. "Now 60 per cent of the disbursing is done by depositories."

Secretary Bailey thought the treasury ought to keep a working balance of not less than \$25,000,000 and that about \$50,000,000 should be kept in the national banks to aid in handling government business from day to day.

At present the government has a balance of about \$90,000,000, with approximately \$46,000,000 in the national banks.

SOMETHING ABOUT FIGHTING DEMOCRATS

Referring to Delaware's new democratic senator, the Philadelphia Public Ledger says: The election of Willard Saulsbury to be United States

senator from Delaware must be accepted as a fortunate escape from a situation fraught with scandalous possibilities. The opposition from four members of the legislature, under circumstances which aroused the deepest distrust as to the moving cause, was apparently not based upon any very clear principle capable of elucidation, nor were the men to whose cause they were ostensibly pledged of such towering ability or lofty statesmanship as to afford any plausible reason for the bolt. The deadlock therefore had all the appearance of those contests which caused shame to the state when the Addicks faction was in its heyday, and Delaware is to be congratulated upon the ending of the turmoil. Mr. Saulsbury has yet to prove in the larger national field that he can sustain the traditions created by illustrious predecessors in his own party from Delaware.

The Philadelphia Record says: Willard Saulsbury comes from an old and distinguished Delaware family. He is the son of the late Willard Saulsbury, who was a former United States senator and former chancellor, and Annie Wilby Saulsbury, who died at her home in Dover but a few months ago. The new senator was born in Georgetown, April 17, 1861, and received his education at private schools and at the university of Virginia. He started to practice law in Wilmington in 1882, being associated with Victor duPont, one of the leading lawyers of Wilmington, until the time of his death in 1888. He is in active practice today and is regarded as one of the most prominent attorneys of Delaware.

Although he has been in politics for years, he never has held a public position. He was chairman of the democratic county executive committee in 1892, serving until 1898; from 1900 to 1906 was chairman of the democratic state committee and was delegate to the democratic national convention in 1896, 1904 and 1912. He was elected a member of the democratic national committee in 1908 and is the present member of that committee from Delaware. He was the democratic caucus candidate for senator in 1899, 1901, 1903, 1907 and 1911, which included the period of the activity of J. Edward Addicks in Delaware.

Last year Saulsbury made his master political stroke, when, by fighting the nomination of Cornelius P. Swain to be United States marshal, he exposed the corrupt practices of the republican machine of Delaware and defeated the confirmation of Swain, President Taft withdrawing the appointment after the testimony showing corruption in Delaware and Swain's connection therewith had been taken by a committee of the senate.

Saulsbury has been active in the business affairs of Wilmington, having consolidated some years ago the Wilmington City railway company and the electric lighting company. He is a director and one of the founders of the Equitable guarantee and trust company and of the Union National bank. He has been president of the New Castle County Bar association, president of the Wilmington club, vice president of the Country club and a member of many other organizations. He was married in 1893 to Miss May duPont, daughter of the late Victor duPont. They have no children.

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