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ISSUED WEEKLY

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WILLIAM J. BRYAN, Editor and Proprietor	CHARLES W. BRYAN, Publisher
RICHARD L. METCALFE, Associate Editor	Editorial Rooms and Business Office, 324-330 South 12th Street

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AN INTERESTING STORY

In another column appears an article entitled, "The Story of a White House Deal." The Commoner of October 23, 1908, printed the following editorial:

"Daniel J. Keefe, sixth vice president of the American Federation of Labor, after helping to formulate the political plan of the federation and supporting Bryan for months, announced his support of Taft last week. The announcement came immediately after a conference between President Roosevelt and several labor leaders, one of the latter being Keefe. Only a few days before this conference Keefe had authorized the signing of his name to a report of the executive committee reaffirming its support of the political program outlined, that program carrying an indorsement of Bryan and the labor planks of the Denver platform. It was immediately charged by other labor leaders, among them Timothy Healey, that Keefe had been promised the office of commissioner of immigration, lately made vacant by the death of Frank P. Sargent. Healey declared that the compact was made known to him by a reliable man, who got it from a cabinet official. Secretary Loeb has issued a statement denying the report. Coming so soon after Keefe's re-affirmation of the federation's position, and his conference with the president, labor leaders who are standing by the federation program insist that something more than a perfunctory denial by the president's secretary is needed to remove suspicion."

Theodore Roosevelt will have something to think about when he reads of the developments in this case. Did he really have reason to believe that under the circumstances the public would obtain faithful service at the hands of one who had betrayed his friends in exchange for an office? Can Mr. Roosevelt entirely escape responsibility for the humiliating conclusion of the Daniel J. Keefe story?

GOOD WORK

John H. Woodward, Jefferson City, Mo.—I am now sending your paper to five other persons and as soon as the Missouri legislature of which I am a member adjourns I will send in some new subscribers. I wish you success and will do all in my power to advance the progressive democracy.

There is a "Money Trust"

Following is an Associated Press report: Washington, Feb. 28.—Three divergent reports were reported to the house today by the members of the committee which conducted the money trust investigation. The majority report, signed by Chairman Pujo and the six other democratic members of the committee, found that a money trust exists, according to their understanding of the term. This report names as "the most active agents in bringing about the concentration of money and credit," J. P. Morgan & Co., First National and National City banks and Kuhn, Loeb & Co., New York; Lee Higginson & Co. and Kidder, Peabody & Co., of Boston. Two bills accompanied the report, one forbidding the use of the mails to stock exchanges which fail to observe prescribed stringent regulations as to the conduct of their business, and the other prescribing rigid rules for the conduct of national banks, their officers and clearing house associations to which they belong. This report is substantially in accord with the conclusions presented to the committee by Samuel Untermyer, counsel.

The first minority report, signed by Representative Hayes of California, Representative Heald of Delaware and Representative Guernsey of Maine, republicans, set forth that the investigation "has not disclosed the existence of any so-called money trust," but added: "It has, however, disclosed a dangerous concentration of credit in New York city and to some extent in Boston and Chicago.

"While agreeing substantially with the majority," said the report, "on many of the abuses to be corrected in the financial system, the stock exchanges and the clearing house associations, the undersigned have doubts as to the wisdom of some of the remedies proposed by the majority."

This report further sets forth the belief that before legislation, testimony should be taken covering more fully the effect of the various changes in the laws that have been suggested.

"It is manifestly impossible," the report concludes, "that any of the proposed legislation can be considered by this congress and it seems to us wise to leave the matter of recommending complete remedial legislation to those who will be charged with the responsibility of formulating and reporting such legislation to congress."

An individual minority report filed by Representative McMorcan of Michigan, republican, was a flat, detailed disagreement with the recommendations and findings of the majority.

"While I believe that attention has been called to grave deficiencies in our financial laws, I also believe that a sinister light has been thrown over banking practices which was not justified by the facts, that no effort has been made to show the reasonable and commendable explanations of these practices and that in many cases an impression has been given to the country as to the character and motives of leading bankers which is altogether unfair. A sentiment has been created throughout the country against Wall street and many of our good citizens do not realize what it means that New York has become one of the world's leading money markets and that the banks of New York and their associations now are able to handle large transactions which they were unable to handle only a few years since. I feel that every American citizen should be proud of the fact that we have a city where there is sufficient capital to handle these enterprises, and should take pride also in the character and integrity of the men who are at the head of its financial institutions."

Mr. McMorran declared the proposed scheme of regulating stock exchanges "drastic and unwarranted" and that there was no "real evil" in interlocking directorates.

The majority report, after declaring the existence of a money trust, said that the increased concentration of control of money and credit had been effected principally as follows:

"First—Through concessions of potentially competitive banks and trust companies, which concessions in turn have recently been brought under sympathetic management.

"Second—Through the same powerful interests becoming large stockholders in potentially competitive banks and trust companies. This is the simplest way of acquiring control, but since it requires the largest investment of capital, it is the least used although the recent investments in that direction for that apparent purpose amount to tens of millions of dollars in market values.

"Third—The confederation of potentially competitive banks and trust companies by means of the system of interlocking directorates.

"Fourth—Through the influence which the more powerful banking houses, banks and trust companies have secured in the management of insurance companies, railroads, producing and trading corporations and public trusts, fiscal agency contracts or representation upon their boards of directors or through supplying the money requirements of railway, industrial and public utilities corporations and thereby being able to participate in their financial and business policies.

"Fifth—Through partnership or joint account arrangements between a few of the leading banking houses, banks and trust companies in the purchase of security issues of the great interstate corporations, accompanied by understandings of recent growth—sometimes called 'banking ethics'—which had the effect of effectually destroying competition between such banking houses, banks and trust companies, in the struggle for business or in the purchase and sale of large issues of such securities.'

On the question of the existence of a money trust, the report is specific and detailed.

"It would, of course, be absurd," said the report, "to suggest that control of the bulk of the widely distributed wealth of a great nation can be corralled by any set of men. If that is what is meant by gentlemen who deny the existence of a money trust, your committee agrees with them. It is not, however, necessary that a group of men shall control directly the small savings in the banks nor the scattered resources of the country in order to monopolize the great financial transactions or to be able to direct credits to be extended or withheld from business enterprises.

"The great bank or banker, with access to the main springs of the concentrated resources of other people's money," the report declares, can handle the vast issues of securities now demanded by the commercial and industrial development of the country, but the bank reserve system, it is further contended, concentrates a large part of the funds of the smaller banks in New York where a group of men have strengthened their interest in the various banking institutions the report said.

"If, therefore, by a 'money trust' is meant an established and well defined identity and community of interest between a few leaders of finance which has been created and held together through stockholders, interlocking directorates and other forms of domination over banks, trust companies, railroads, public service and industrial corporations, and which has resulted in a vast and growing concentration of the control of money and credit in the hands of a comparatively few men your committee has no hesitation in asserting that the condition thus described exists in this country today.

"To say that the domination of this group over the money and credit of the country controlled by our largest financial institutions, and that is available for financing large security issues for the current needs of our principal interstate corporations and of the individuals conducting great enterprises and for stock exchange loans, is at least as effective as, for instance, is the control of the United States Steel corporation over the steel industry, is an understatement of the situation, although, the methods by which this control is effected and kept together, are of course, essentially different and of a more loose and intangible character."

Accepting this as the long-sought "money trust" the committee outlined the membership as follows:

"The parties to this combination or understanding or community of interest, by whatever name it may be called, may be conveniently classified, for the purpose of differentiation, into four separate groups. The first, which we will call the inner group, consists of J. P. Morgan & Co., the recognized leaders, and George F. Fisher and James Stillman in their individual capacities and in their joint administration and control of the First National bank, the National City bank, the National Bank of Commerce, the Chase National bank, the Guaranty Trust company, and the Bankers' Trust company, with total known resources, in these corporations alone, in excess of $1,300,000,000, and of a number of smaller but important financial in-