

to borrow a total of \$200,000, the amount of its capital. If a run should start on such a bank the amount which it could raise by loans, if strictly held to the old law, would be but \$200,000, the amount of its capital, which might be quite inadequate to meet a run, and the bank, though thoroughly solvent, might be forced to suspend.

Under the new law, however, if a bank with \$200,000 capital and deposits of \$1,500,000 should have loaned \$1,200,000 to its customers on commercial paper and should encounter an unexpected run, in addition to borrowing \$200,000, the amount of its capital, such a bank would have authority to rediscount with the federal reserve bank of which it is a member notes, drafts and bills of exchange issued or drawn for agricultural, industrial or commercial purposes, having not more than ninety days to run, to any reasonable extent which may be approved by the federal reserve bank to which application for such rediscounts may be made. In other words, if such a national bank as we have used in this illustration should have loaned the entire amount of its deposits, less the 15 per cent which it is required to keep as reserve, to its customers on acceptable commercial paper, and for any unexpected reason should be subjected to a run, the federal reserve bank of its district would have the authority to rediscount for the member bank the entire amount of its bills receivable, as represented by its commercial paper, thus enabling the bank to pay its depositors immediately and in full.

We cannot overestimate the value of the additional security which this provision of the act confers upon every honestly, capably managed member bank, and the relief from strain and anxiety and from the fear and apprehension of panics and unreasoning runs which it gives to the officers of every member bank.

Another important change provided for by the federal reserve act is the new arrangement for the compensation of national bank examiners. Under the present law the compensation of national bank examiners is based, except as to reserve cities, on the capital stock of the bank examined. Under the operations of this law a national bank examiner has been receiving for the examination of a certain national bank in the Fifth district, with over \$9,000,000 of assets and many thousands of accounts, the munificent sum of twenty-five dollars. It is, of course, clear that an examiner could make only an imperfect examination of such a bank in the space of three days, at a compensation of say eight dollars per day, out of which eight dollars allowance he has to pay his own railroad fare, hotel expenses, as well as clerical assistance. It is not unnatural that but few examiners would willingly spend the ten days or two weeks which it might require to make a thorough examination of such bank, when he is running personally in debt in doing so.

Under the new currency law the federal reserve board, upon the recommendation of the comptroller of the currency, is given authority to fix the compensation of bank examiners on the basis of annual salary, so that those banks which need additional time and attention from the examiner may receive the careful, close scrutiny which the case may call for. It is believed that the new system of bank examinations will reduce materially the number of bank failures and enable the department to check up many abuses and correct many evil situations which in the past have been ignored or glossed over by examiners in their hasty and incomplete investigations.

I thank you, gentlemen, for the opportunity to address you. Ap-

proaching the study of this new and revolutionary measure with the caution natural to every man trained in banking under the system with which we have grown up, I have become more thoroughly aroused to its merits, and more deeply impressed, as I have watched the methods of construction, the processes of growth and have considered the underlying principles directing those who did the work.

It would be unjust, in congratulating ourselves upon the benefits and blessings we are to receive from this epoch-marking piece of legislation, not to acknowledge the obligations we owe, for the splendid results achieved, to the patient and untiring labors, resourcefulness, and constructive genius of the distinguished chairmen of the banking and currency committees of the senate and house of representatives and to the secretary of the treasury, whose counsel, skill and support in the shaping and enactment of this great measure were of inestimable value.

Here in North Carolina the records show magnificent natural progress and you have special interest in changes in the banking system which are so surely destined to promote and encourage your growth and expansion.

In the triumphs of peace and industry, as in the glories won on battlefields, and in the domain of statesmanship, all classes of your people have done full and honorable parts; have united in making the name of your state stand high, and shine bright, in the roll of the states, in building and maintaining this mighty republic of ours. You are living true to your record, have furnished to the cabinet two of its ablest and most useful members, North Carolinians, tireless, faithful and courageous, the strong supporters of huge responsibilities.

I invoke your aid to promote the success of this new system in which your calling gives you special interest and opportunity. It is a system designed to distribute the benefits and blessings of ever increasing resources and wealth equitably among your people of all stations who have done so well their respective parts towards creating your greatness. I believe this new system for which we are indebted, in a great measure, to the patient guidance and masterly leadership of the scholar and statesman, chosen to the presidency, will bring new strength, new scope, new assurance to our entire commercial system; and for your state, and my state, and all the states, and the people as a whole mean deliverance from dangers that beset us, and a new career of advancement based on the solid foundation of real substance, honesty, justice, and democracy in its highest meaning and purpose.

RAILROAD EXPECTS PROSPERITY

Few chapters of the country's history compare in interest with the growth of our railways both in mileage and mechanical equipment. And the advance is always going on. The Pennsylvania railroad is about to change its huge 100-pound rails for still larger 120-pound rails. In addition it is ordering tremendous locomotives, locomotives that will pull as much as sixty old-time engines pulled.

Such plans mean only one thing. The Pennsylvania is a business proposition; it is not run for the purpose of speculation. And it knows that business is going to be good, that it will justify these great orders for new equipment. It has learned the precept of Mr. Morgan that "the man who is a bear on America will go broke."

It looks as though real business concerns were not distressed by the outlook. They are getting ready for prosperity.—Milwaukee Journal.

Labor Backs Anti-Trust Program

The following editorial appeared in a recent issue of the American Federation of Labor Weekly News Letter:

"About a year ago President Wilson charged that powerful and insidious influences were at work to prevent the passage of tariff revision legislation.

"There had long been vague assertions that behind the visible government was the real government, the invisible influence that determined all big issues. But the president's charge, bold, sweeping, positive, came with startling effect.

"The people demanded the facts in the case.

"At first congress was inclined to treat the matter lightly, but began an investigation. But soon the whole world was shocked, amazed, as the story revealed the machinations of the subtle influences that had polluted the fountain head of political life of the republic.

"The craft, the audacity, the unscrupulousness of the special interests proved to be of the proportions paralleled only by the operations of the British East India company in India.

"A powerful organization of employers—the national manufacturers' association—was proved guilty of betraying the people of the land and was condemned by the report of the investigating committee.

"The charge made by President Wilson in regard to the operations of an insidious lobby to prevent tariff legislation was proved true with appalling convincingness.

"But the 'interests' did not yield their special privileges without a struggle. Special privileges mean workless dividends and profits to them. They have greater regard for dollars than for people.

"The democratic party came into the control of the government pledged to legislation to return to all the people the rights and opportunities which the special interests had monopolized. The administration proceeded to enact legislation which would release business from the strangle-hold of predatory wealth.

"Unable to influence the administration directly, 'big business' endeavored to create a public opinion favorable to their purpose. They deliberately fostered business uncertainty, increased financial depression and in every way magnified the effects of the natural disturbance to business from changed regulations and readjustments.

"Some time ago the president made the assertion that the present situation in the business world was merely physiological. The 'interests' seized upon the statement as a target for further satire and comment intended to increase their control upon the nation's psychological processes and to create popular demand for delay in enacting trust legislation.

"But the interests should have been warned by the experience of a year ago. The president does not speak without deliberation. The president has power to influence public opinion, because the people believe in his honesty.

"On June 15, President Wilson charged that the same subtle influences that attempted to block tariff legislation are now working to defeat the anti-trust legislation proposed by the administration.

"Simultaneously with the charge of the president, letters were made public which prove the existence of a conspiracy to defeat anti-trust legislation. The special interests

have resorted to time-honored methods of 'accelerating public opinion.'

"Their purpose is to retain their control over the lives, the welfare and the destiny of America's masses. They gained control by cynical, brutal, disregard for humanity. They would retain their advantage by conscienceless disregard for human welfare.

But the interests will fail. The president's fearless charge was timely. The conspiracy of the interests will act as a boomerang for their destruction. A free people will not tolerate insidious attacks upon their government and their liberty. The conspiracy will increase popular interest and demand for trust legislation.

"Trusts and monopolies are by nature specially privileged. Special privilege has given them control over the economic and the political life of our country. Anti-trust legislation restricting and regulating these trusts and monopolies is necessary for the welfare of the people.

"President Wilson insists that such legislation be enacted without delay. He declares that it is unstatesmanlike to defer action upon the measures now pending in congress and thus prolong the period of economic adjustment.

"That the president is right in his anti-trust program is evident to all who consider the real interests of the whole nation.

"Organized labor of America staunchly supports the position of the president in his anti-trust program, as passed by the house of representatives.

"The American federation of labor has for years been committed to anti-monopoly legislation. Now is the time to secure it.

"The representatives of the American federation of labor and the representatives of the railroad brotherhoods stand as a unit upon this legislation.

"As citizens of this country organized workers insist upon the enactment of anti-trust legislation. As workers vitally interested in securing their rights as free human beings we insist upon the enactment of the labor sections of the Clayton bill as passed by the house of representatives.

"The decision rendered by the United States supreme court in the case of the International Harvester company versus state of Missouri, completely and wholly justifies the position for years maintained by the organized workers of the country. That decision justifies beyond the peradventure of a doubt the legislation passed by the house of representatives on June 5, in the form of the Clayton bill, which clearly differentiates between labor power and the products of labor. This decision, rendered by the highest judicial tribunal, effectually silences that coterie of opponents who have continuously insisted that to classify humanity outside the category of accumulated wealth in the shape of material products, is legislation arbitrarily determined.

"The cause of organized labor is just. It is the great cause of humanity. The greatness of our purpose justifies the uncompromising nature of our demands. The United States senate must regard the cause of humanity."

THE CROPS AND STEEL

We are about to harvest the greatest crop in history, and conditions, as reflected in the orders for steel, are right for an era of great prosperity.—Indianapolis Star, Roosevelt Prog.