

The Federal Reserve Bank

The following editorial is taken from the March 4th issue of Wallace's Farmer, published at Des Moines, Iowa, under the editorial management of Henry C. Wallace, the new secretary of agriculture in President Harding's cabinet:

"What is the proper function of the Federal Reserve Bank? Is it to be simply a great reserve bank institution, where the credit reserve of the country can be mobilized and loaned as the needs of business make necessary? Or besides being a banking institution for the mobilization of credits is it to have the right, through the arbitrary extension or contraction of these credits to raise or lower prices generally and in particular, and thus make good business or bad business according as the members of the Federal Reserve Board in their wisdom may decide?"

"It is highly important that its proper functions be defined. For this Federal Board now seems to have in it the power to make and unmake business as it may choose. And further the power to make or break almost any of the great industries of the nation.

"If the Federal Reserve Bank is to be a great banking institution and nothing else, then it is entirely proper that it should be run by bankers, the very best bankers in the entire country.

"If, on the contrary, it is to exercise almost absolute power over the business of the country, make and unmake it as it may think wise, send prices up and down at its own sweet will, then it is highly important that the members of the Reserve Board should be not bankers alone, but capable men who understand the business of the country and who are representative of the various great industries.

"We have had an illustration during the past six months of the power of the Federal Reserve Board over the business of the country. It is being held responsible for bringing about the drastic deflation. Perhaps it had not intended to deflate prices to the extent they have been deflated. Perhaps the thing got away from them. Be that as it may, they started it and the results are serious.

"At the present time the Federal Reserve Bank has excess reserves amounting to a little over five hundred million dollars, more than at any time in the past eighteen months. Last summer its excess reserves were two hundred and fifty million dollars. At that time it could have expanded the credit of the country at least five hundred million dollars without imperiling its reserves. Now its reserves are sufficient to serve as the source for five billion dollars worth of extra credits.

"The increase in the reserves of the Federal Reserve Bank during the past three months is pointed to as reassuring. That all depends upon how we look at it. They indicate that credit has been restricted; that liquidation has been going on at a terrific rate. They do not, however, tell the story of what this liquidation has cost the people who have liquidated, nor what it has cost the farmer.

"If the Federal Reserve Board is to be allowed to continue to exercise such a powerful influence over the business of the country, then the members of the board should not be bankers alone but representatives of the various industries, the most intelligent representatives who can be found in the entire nation. There should be one or two farmers on the board, because farm prices are more easily influenced by the action of the Federal Reserve than prices of anything else. There should be a representative of the manufacturing interests.

"We should have a showdown on this whole business right away. The theory on which the Federal Reserve Board has operated during the past year places altogether too much power in the hands of men who are not thoroughly representative of the various industries of the nation."

ATTORNEY-GENERAL DAUGHERTY

Regardless of the political complexion of the new national administration the dries of the country are pleased with the selection of Harry M. Daugherty of Ohio for Attorney General in the Harding cabinet. His appointment assures a friend of prohibition at the head of the legal department of the government, and at a time when such a friend is needed.

Through the years Mr. Daugherty has consistently advocated the dry cause. When a

"COME ACROSS"



—New York World.

young man at his home in Washington Court-house, Ohio, and as member of the town council he championed a dry ordinance, and that, too, at a time when such leadership was rare. Through all the intervening years and through all the many hot contests leading up to national prohibition Mr. Daugherty unhesitatingly espoused the dry side of the question.

In 1918, the year Ohio adopted the state prohibition amendment, Mr. Daugherty was chairman of the committee on resolutions in the Republican state convention. Wets and dries lined up for the decisive battle in November. The war-time prohibition law had just been enacted by Congress and the federal constitutional amendment had been submitted but not ratified by the necessary number of states. The report of the resolutions committee was submitted by Mr. Daugherty and contained this plank:

"We favor support of the Prohibition Amendment to the state constitution and the enactment of necessary legislation to make it effective. Advocating and supporting Federal Prohibition legislation as a war-time measure, we nevertheless realize that such legislation automatically repeals itself at the close of the war. Therefore we favor ratification of the Prohibition Amendment to the Federal Constitution as a permanent solution of the liquor question."

The dries of the country will be pleased to have a friend of prohibition in the office of Attorney General rather than a person who through prejudice might interpret the laws to the injury of the cause.—American Issue.

CHAMP CLARK

Champ Clark is best, and very accurately, described in the term, "a rugged American." He had force and fight in him—was sturdy and incorruptible. He was distinctly a man of the people—understood them, and all his life remained close to them. He possessed the strong qualities—purpose and conviction, and both moral and physical courage.

A warm and dependable partisan, and a party asset of great value in time of controversy, he yet was broad and fair in all matters not freighted with party duty. He had won his way to the chair in the House by aggressiveness on the floor, but while in the chair he held the scales as strictly true as a judge on the bench. Both sides of the chamber accepted his decisions, the Republicans questioning them as little as the Democrats.

Mr. Clark was an orator of power. He early acquired the House manner. He had brought the stump manner with him, and he amalgamated the two very successfully. An educated man, of wide reading, he was a master of colloquialisms, and employed them in his addresses with taste and effect.

His speeches in the House had a wide circulation, and gave him wide reputation. An excellent specimen is the one delivered in opposition to the repeal of the law granting to American coastwise vessels free passage through the Panama canal. The question will be presented to the new Congress, and upon the grounds taken by Mr. Clark in his admired deliverance.

He was a House man. He liked the House atmosphere, and shone in it. With true ap-

praisement of his own powers he declined the proffer of an appointment to the Senate. He remained where he felt himself best qualified to serve the state.

That he served the state well there is attested by his repeated re-elections, and by the friendships he established among his associates. And no greater regret is felt at his passing than by those who encountered him in the conflicts of the chamber, and had opportunity to appreciate the temper of his steel and the strength of his arm.—Washington Star.

LET'S SHARE WAR SPOILS EQUALLY, SAYS COLBY

A Washington, D. C., dispatch carried by the Associated Press, under date of February 22, says: Equal opportunities for the citizens of all the allied and associated powers, whether members of the league of nations or not, in former enemy territories to be administered by the allied governments under mandates, is insisted upon in a note dispatched by the state department to the council of the league, now in session at Paris.

The note went forward last night to Ambassador Wallace, who is to present it to the council tomorrow. Its text was withheld, but state department officials described it today as being virtually identical with the one on the same subject sent to the British government last November by Secretary Colby.

That note was couched in exceedingly firm language. In it Mr. Colby took issue with the British position that mandate agreements and treaties were to be considered only by states, members of the league, and declared that the United States as contributor to the common victory in the world war could not consider "any of the associated powers, the smallest not less than itself, debarred * * * from participation in the rights and privileges secured under the mandates provided in the treaties of peace."

Initiation of this, the first action to be taken by the United States to the council of the league of nations, was at the suggestion of one of the allied powers, understood to have been Great Britain.

The British foreign office never has replied to Mr. Colby's note in which he asked that the United States be permitted to examine the draft mandates before their submission to the league council for approval.

Meantime, however, Great Britain has sent the draft mandates for Mesopotamia and Palestine to the council and it is understood that it was for this reason that it suggested that the United States present its views to the council.

Action by the council on the mandates at the present session had been expected and it was explained that it was on this account that the present administration decided to present its arguments direct to the council despite the fact that only a little more than two weeks remain before the new administration will come into power.

Dispatches from Paris today said that independent of the action of the American government, consideration of the mandates governing Mesopotamia, Palestine, and Syria had been postponed until the April meeting of the council, so that Winton Churchill, the recently appointed British secretary for the colonies, could have an opportunity to study the questions involved.

The principal point at issue between the United States and Great Britain is the so-called San Remo agreement between Great Britain and France for the development of oil resources in the mandate territories in the near east.

MRS. BRYAN GIVES PORTRAIT

The gift of a framed portrait of Mrs. W. J. Bryan has been accepted by the library board, to be hung in the city library. The offer came through a letter from Mrs. Bryan to Mrs. A. S. Raymond and was acted upon at the last meeting of the board. The portrait is in storage in the city and the presentation has not yet taken place. As Mrs. Bryan had several portraits taken while in Lincoln, it's not known which of the paintings is to become the property of Lincoln. It is supposed to be half or three-quarter length, life-size.

The library is considered a fitting place for the permanent bestowal of the gift, as it was through Mrs. Bryan's initiative that the present library building was secured. She wrote personally to Andrew Carnegie to ask for funds for the building and has always retained keen interest in the whole library plan.—Nebraska State Journal, Lincoln, Feb. 23, 1921.