GIVEN ADMINISTRATION SIDE OF CONTROL ON MONETARY REFORM IN LECTURE HERE

PRESENT SYSTEM ARCHAIAC

President Wilson’s Plan Aims at elimination of “100-Cent” or Regional Reserve Banks

Representative Carter Glass, of Virginia, Chairman of the Committee on Banking and Currency, has introduced a bill to defend the Administration currency system, now in the Bill of Rights, the Fourth, sixth and seventh sections of the Constitution. He declared that these sections, if adopted, would “defend the currency system, which is now practically assured of passage, and paid a high tribute to the ability and determination of President Wilson, who has made currency reform one of the major items in the administration.

“Mr. Glass states the facts the cruel and most unscientific banking and currency system of any civilization. For many years it has been the policy of the European capitalistic bankers of Europe and even of Canada, which has an exceedingly weak currency system. I make this statement notwithstanding, in the interest of the fact that there has been a phenomenal growth in the past years, and for the recognition of the passage of time, as the case of our currency system, but rather in recognition of the existing defects. Mr. Glass pointed out what the present and the people have expended the two radical defects in the existing system. First—The rigidity and inflexibility of the Bill of Rights. Second—The “rather vicious method of providing for a national reserve.”

“There has not been written upon this bill the word ‘deficit’ for sixtyfive years,” he said, “any modification of the Bill of Rights can be passed as a law. Many efforts have been made to correct or eradicate the evils which have grown out of this legislation, but these attempts have been almost wholly futile.

He went on to describe the actual result of the failure of the government to progress to secure currency reform under the conditions prescribed by the Constitution, and the result of the agitation of 1876 down to the Wreeland-Aldrich bill of 1898. He de- monstrated the illegality of the Wreeland-Aldrich bill, which was passed through both the House and Senate with practically no discussion, and that the result was predicted at the time of its adoption by those who were an absolute failure and this proceeding, for all practical purposes, is true. No bank could afford to adopt the Wreeland-Aldrich bill. It was presented as an emergency measure, but the emergency would have to be very great indeed to make any bank turn to it for help.

Turning to the discussion of the Glass-Wool bill itself, Mr. Glass continued:

“We have made a sincere effort to consider this question with the greatest of care and we earnestly attempted to change the present system, but the question of no use to the business needs of the country was then too much inclusive. As a concrete example: if the government had possessed a capital of $80,000,000, that sum would measure accurately the ability of the government to carry on the business needs of the commonwealth at the present time, but that sum call for $10,000,000 to meet the tax. The bank of the country is the only bank capable of this success by their capital—and beyond this they may not go in running to the credit of the government. Should the capital of these banks in question be only $80,000,000, and a sudden diminution of business occur, the bank would be in the same condition of the bill of rights which the time extended would absolutely determine—

(Continued on Third Page)

PREVENTIVE GLASS DEFENDS CURRENCY BILL

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REPRESENTATIVE GLASS DEFENDS CURRENCY BILL
(Continued From Page One) ed by the price of United States paper currency in the New York market. In other words, we have a bond-backed currency—a currency based on the nation's debts and in no way responsive to the country's business requirements.

"The second defect in our system is the method of printing for a national reserve. Under it, at present, the country banks are required to keep in reserve 13.5% of their total liabilities. Nine per cent. of this must be kept in their own vaults and the remaining 5% may be deposited in the national reserve bank. The result is that the reserve funds of the country have found their way into the national reserve banks and from there into the vaults of the reserve banks in the three reserve centers—New York, Chicago and St. Louis. And the result of this is, that the largest of the three, practically has the entire reserve fund of the country in the vaults of its bank. This plan has been found to work under ordinary conditions. But when a period of stress comes the store comes and the banks of the small towns want their reserve funds, they are absolutely unable to get them. The money is loaned out at the low interest rate of two per cent to the United States and New York banks and when the period of panic comes, it is reloaned for purposes of stock speculation. And then the entire system is broken to pieces."

De-Centralize Money Control

"We have undertaken to remedy these ills, by a system of de-centralization. We have undertaken to establish twelve regional reserve banks. I use that term because Woodrow Wilson originated it. It is our plan that when periods of stress occur, then these reserve funds may be withdrawn without causing a general disturbance. We intend to take the control of the nation's money out of the money centers and bring it 'back home.' We require one thousand of the funds of a local bank to be kept in that bank and one-thousand in one of the regional reserve banks; the other one-thousand may be kept in the vaults of other institutions—but no part of these funds is to be deposited in New York banks, because it would be available for stock speculation. We have undertaken to correlate these regional reserve banks, feeling that in nine years out of ten they will have no trouble in meeting the ordinary exigencies of business, but when trouble does come, in time of panic, the entire system can be correlated, so that the whole strength can be applied at the point of weakness."

"Not only would this interfere with the independent banking system of the United States, the peculiar banking function is left to the regional reserve banks, which are to be managed by the banks holding stock in the reserve institutions. There, however, this exception is that the government will have representation on the board of directors of the regional banks. And, as a capstone of the entire system, we have constituted a federal reserve board of six members, with supervisory control of the regional banks.

U. S. to Share Earnings

We have provided that the earnings of the stockholding banks shall be divided between the stockholding banks and the United States government. Mr. Glass then explained how the earnings of the system, by which the banks holding stock in the regional banks are guaranteed 5%, and an accounting greater of 6% on their original investment and 6% on all gains thereafter, up to 9% 60 and 60, with the government, the earnings shall be laid aside as a reserve fund. He explained that the Administration had made this provision instead of giving the stockholding banks a flat 6% on their investment, in order that there might be an incentive to growing in the government it could draw."

The speaker described the federal reserve board and mentioned the serious criticism which this feature had received. Bankers have raised a tremendous protest against this part of the bill, because they declared that it would be obviously unjust to deprive them of all right to obtain in the administration of the currency system. Mr. Glass told how President Wilson had answered this argument by pointing out to the objectors that no federal board, in this country, or any other, had representation of private and stock interests upon it and that the interstate commerce commission, a body with infinitely greater authority over the railroad business than the federal banking commission will ever have over the members of the banking fraternity, had an representation of public corporate interests.

Currency Proportional to Needs

There has been much criticism, and Mr. Glass, of the fact that the national banks have been compelled to buy bonds in the regional reserve banks. He answered this by stating that, under the present system, the national banks are compelled to buy United States bonds before they can ever become solvent. The sending bill proposes to change our currency system from one based on a national debt to one based on the commercial assets of the country.

"We aim to supply the need of currency proportional to the demands of business; this may be done when business is brisk and may be done when it is dull. In 1907, a business man might have had hundreds of thousands of dollars of perfectly good, gilt-edge paper and yet it was unmarketable because currency was at a premium. Under our system, the business man could get money whenever he wanted it. Because the banks will not be required to buy United States two per cent. bonds, in order to discount his paper—they will be able to go to the regional banks and secure credit for their clients at once."

Mr. Glass answered the criticism of Frank A. Vanderlip, of the National City Bank of New York, that the paper issued under the proposed bill would be "bad" money—that is paper without a guarantee behind it. He declared that 97.5% of pure gold and commercial paper work one hundred cents on the dollar; and, in addition, the due responsibility of the regional reserve banks. Super-added to this is the在全国 one paper the ninety millions of people in the United States will find their printing power."

The speaker told how the United States bonds which have been purchased by national banks for years past would be redeemed. They will be "re-purchased" by the government at the rate of $10,000,000 per year, this amount being raised by national taxation. He denied the allegation that the interests of the bankers have been forced in the construction of this legislation. They were the first to be consulted, he asserted, and representatives of the American Bankers Association were the only individuals to see the measure before it was introduced on the floor of the House of Representatives.

Constructive Legislation

In concluding his address, Mr. Glass said:

"If this Congress, having already legislated in the platonic and pietistic fashion, shall, in addition to that, give the country a systematic and thorough currency system, we will have set a high mark for the future. In other words, Woodrow Wilson will have accomplished, in the first eight months, more in the way of results in what business is dull than any other President has achieved in the entire four years of his terms of office."

Mr. Glass said that it is a bore; but, if he is, he is a bore who despises rather than drives, who uses his power in the interest of the whole.

The system has stood firm in his purpose that American business and American people shall be insulated from a pernicious and archaic currency system."

"It is interesting that the next lecturer under the Trust foundation will be Mr. Vanderlip, president of the National City Bank, of New York, who will undertake to answer Mr. Glass' defense of the Administration measure."

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**PRINCETON GEOLOGISTS’ WORK IN NEWFOUNDLAND**

(Continued From Second Page)

have been any intimate interference between the faunas occupying the Newfoundland area during the Cenozoic and Ordovician times with those occupying the area that covered the interior of the North American continent.

How this has been able to accumulate a large material of data representing the life of Middle Cambrian times, which he will study and compare with the similar life of other regions, as preparation for his thesis for the Ph.D. degree.

**Results of the Expedition**

Tuskegee's SMART STUFF for Overcoats, Smart Stuff for Overcoats, with the title of the expedition is in progress. They have been approved in spite of the objections of the Government Geologist, Mr. Howley, who has given his consent and his cooperation to the expedition to give the Princeton parties all the necessary geological information at his disposal.

"The expedition of the past summer was financed partly by the Department of Geology and partly by contributions from the members of the party; but it is hoped that funds will be forthcoming to enable the Department to continue these studies in Newfoundland in the near future based on the valuable results already obtained."

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**INTERCLASS SWIMMING MEET ON DECEMBER 1**

(Continued From Page One)


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**UNIVERSITY NOTICES**

Tiger—Shelton and Errington re-registered.
Ophir—Rehersed—at 3 o’clock sharp this afternoon in Alexander Hall. All men report.

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