

SEPTEMBER 11, 1913.

Mr. LINDBERGH. Mr. Chairman, I would like to give notice now that I have got about a six hours' speech and I want to get some of my views to the House before I get through, and as I have to confine myself to the hour, I therefore desire to state that I would like not to be interrupted while I am speaking.

Mr. WINGO. Did the gentleman ask that he be not interrupted while speaking?

Mr. LINDBERGH. Yes.

Mr. WINGO. I had intended to ask some questions, and that is the reason I asked the gentleman the question.

Mr. LINDBERGH. I would like to accommodate the gentleman from Arkansas, but to do so would take from me the time that I need.

LOTS OF TIME TO TRIFLE, BUT NONE FOR THE PEOPLE.

By the rules of this House I would be allowed an hour to discuss some personal grievance, if I had one, that related to my official privileges. Any Member would be allowed that much time. By the rules of the House I am allowed only one hour to discuss as important a question as ever is considered by the House. It is a question that involves the well-being of all the people of the United States. Not more than a half dozen Members will be allowed even an hour, and most of them no time.

PEOPLE DO NOT GET JUSTICE.

Any person would need at least four hours to properly discuss a financial bill, but the House, that is yearly growing in disfavor because it takes weeks to consider trivials, cuts the time short when things of importance to the people are before it. In the hour that I have I wish to emphasize one thing particularly, and that is that under the present system of administering the finances of the people the overwhelming majority of them have no possible chance to succeed. It is not possible for 1 per cent of the people to succeed as well as the natural conditions would make easy if it were not for the burden imposed on them by this system. The Government has kept in force a policy, the very enforcement of which has all along made it certain that the people could not obtain their just dues. It is a matter of plain calculation that the interest, dividends, rents, and profits that are charged by the few who control the bulk of property, and especially by the bankers to whom the people leave their cash savings, make it impossible for the people generally to succeed. The property that is now owned by less than 25,000 families, they, by governmental policy and the law, are privileged to charge the other 10,075,000 families interest, rents, and dividends enough to absorb every dollar's worth of property that the latter have in less than one generation, and at the same time get the bulk of the products of the labor they perform. That is our present system of finance, and it is not in the least to be interfered with by the Glass bill. The burden of excessive interest is to continue. The Glass bill would prolong it for another 20 years, unless the people should elect a Congress that would relieve them of its burden.

I challenge those Members in charge of this bill to give four extra hours of time, to permit me to show the amount of accumulated wealth that a few persons control, and for those Members to answer from actual computations whether or not there are several monopolists, each of whom could, by the rule permitting the compounding of interest, profits, and so forth, in the manner of the bank practice, accumulate in a generation the equal of all the property possessed by the plain people, and in the meantime take all the profits from their labor above the amount required for a bare subsistence. I would show conclusively, without possibility of successful contradiction, that there are many fortunes controlled by single interests, any one of which could, under the present rules of financiers, absorb all the property the plain people have in less than two generations, and combined as they are they are able to and do take so much profits from the products of the labor of the men and women of this country that it leaves to the vast majority merely a bare subsistence. If the membership of this House would submit the real facts as they are to all the people of this country, so that they would be understood by the voters, not a Representative in the House who has taken part in limiting the Glass bill to the feeble provisions of reform that it contains would ever return. It is only because of the rules and the practices by which the House is governed that such feeble legislation can be made to appear satisfactory. It is because the public is not informed of the real truth. That remains concealed, and Congress after Congress convenes and expires, doing as little of the real substantial things that would promote the general welfare as the Members dare with any hope of their return.

Mr. Chairman, it is because of the influence of the dollar and its power to control the actions of men and women that Congress, in its present consideration of the currency bill, is dealing with the greatest of all problems. Immense responsibility rests upon the Members to frame and pass a bill which will be true to all the people. Every personal consideration or party prejudice and every consideration of whatsoever character that does not comprehend all humanity as its beneficiary should be left outside of Congress.

It is not my purpose to show that this bill is more vicious than the system which it seeks to amend. I propose to show that it would perpetuate the system which actual experience proves to have been the cause of centralizing wealth, so that a few have robbed the people generally. It is perpetuating a system the very purpose of which is to enable the money lenders, rent collectors, dividend beneficiaries, and speculators generally to take advantage of the actual producers so as to control production and fix prices. They pay those who perform the manual and mental labor barely enough for subsistence and charge the consumers so dearly that the majority of the people barely subsist.

It is the Government's policy, if this bill is adopted, to perpetuate the system by which the rule of geometrical progression in compounding frequently the interest, dividend, and profit collections so as to force the people generally into a state of subserviency in order to pay the specially favored the profits on the material wealth which the system makes it easy for them to control. It gives to those possessing the material things a power to control the actions of humanity generally to its own disadvantage.

THE DOLLAR IS NOW KING.

We are acting upon the most vital problem before the American people. It is in every respect a world problem. This money problem has more influence on the civilized people than all other problems combined. It should not be so, but it is: Under existing conditions employed by people it has more to do with the cost of living than all other problems combined. That should not be so either, but it is nevertheless. It has more to do with the life and character of the individual citizen than all other things combined; and this should not be so, but it is. Civilization has reduced its economic problems to calculations in dollars, and the dollar is king over all the people of the world.

THE DOLLAR CLASSIFIES THE FAMILIES.

The figures that I shall use to explain this subject are approximates but will aid us to understand equally as well as if it were possible to give them exact. There are approximately 20,000,000 families in the United States. Their earnings as well as their expenditures are measured in dollars. The advantages and enjoyments that these families are able to procure are largely determined by the number of dollars they have to spend. Estimating the average income to be \$1,000 for each family, the total earnings of 20,000,000 families would be \$20,000,000,000. Many, in fact most of them, have not \$1,000 annually. Some have more and a few have very large sums. Taking \$20,000,000,000 as a basis for the total income, our calculations will be plain and we will know that we are right in principle. The \$20,000,000,000 measures what the plain people can spend for their living and other expenses. They earn that and use it to buy the things they need the most. The first thing to inquire is, how do the families get the money?

HOW DIFFERENT FAMILIES LIVE.

Answering that inquiry, divide the families into two classes: (a) Those that earn their living, and (b) those that have their living without earning it. The first class are those who perform the social service, manual and mental, required for the keeping up of a vital civilization. Those who do not perform that service belong to the second class. The same family may be in both classes; that is, may perform a social service and at the same time have greater advantages than the value of that service justifies in return. If we will keep these distinctions in mind in analyzing the monetary problem, we shall not only understand the reason for the increasing cost of living, but we shall know the remedy.

The reason for classifying families into two divisions arises out of the fact that those in one division work for a living and those in the other get a living without working. By an ingenious scheme invented by the money lenders to charge exorbitant interest, dividends and profits compounded, a comparatively few people have been able to appropriate the inanimate substances, like the dollar in the vault, the organic structures created by God, as well as those made serviceable by the work of men, the patents, the mechanical devices, and all things tangible as well as many that are intangible. These are held in monopoly control as capital, privileged by legislative, executive, and judicial acts to levy interest, dividends, and profits that vitalize these inanimate materials, which are stacked up on the one side against single-handed human energy on the other. That is what creates the two divisions of families.

VITALIZING PROPERTY TO CONTROL MEN AND WOMEN.

The civilized governments of the world have vitalized property which is the product of human energy and credit which is supported by human energy by extending to it the privilege to levy upon humanity excessive interest, dividends, and profits, compounded, so that in the geometrical progression of its centralization it forces industrial and debt bondage upon an overwhelming majority of the people. Knowing that to be a fact, it is for us to ascertain substantially the proportions of the two divisions in order that we may determine the effect the passage of the Glass banking bill would have. Considering the problem concretely, I shall use no more detail than is absolutely necessary to determine positively the effect, and from that the principle that should guide us.

ORE IN MOTHER EARTH AS AN EXAMPLE.

Within 30 years it has been discovered that the Minnesota iron-ore supply is enormous. Several years ago it was ascertained from reliable sources that the ore that had then been discovered lying in the bowels of the earth in that State alone was worth \$500,000,000. Since then additional quantities have been discovered. These ores are owned by a few men who capitalize them: that is, socially vitalize the ore before any human energy is expended upon it. This vitalization of the dead ore means the privilege, supported by legislative, executive, and judicial acts, to collect from those who make their living by toil a so-called "reasonable profit" on so-called "vested capital." That is, the few owners are permitted by social order to capitalize these ores at \$500,000,000 and more and collect from the working people everywhere \$25,000,000 or more annually for the ore in the earth before the hands of the men required to get it out shall be paid any more than enough for menial subsistence. By that means there is set aside \$25,000,000 or more for families who have performed no service to improve the social welfare. The capitalization of the iron interests, from the ores in the ground to the finished product in the factory, is several billion dollars.

The annual dividends upon this would probably exceed \$200,000,000. Before any dividend can be declared all expenses, including wear and tear, high-salaried officials, and poorly paid wage earners, must be paid. The dividends represent simply results from dead matter socially vitalized so that these may be used by their few owners. Every dollar in interest, dividends, and profits based upon a material substance will buy the same as the dollar paid to the farmer, the wage worker, or others who perform a social service by manual or mental work.

HOW THEY TAKE THE PEOPLE'S EARNINGS.

Since I have illustrated the principles governing in the one case it is unnecessary to enter into so much detail in regard to others governed by the same principle. Let us list a few of the dividend-property interests; that is, the annual dividends and interest paid upon dead matter holding the people in bondage:

Iron and steel interests of all kinds, including interest paid -----	\$200,000,000
Real estate, buildings, etc.-----	2,000,000,000
Petroleum and oil in all its forms-----	150,000,000
Copper in all its forms-----	75,000,000
Woolen, cotton, leather, rubber, etc.-----	200,000,000
Banking and brokerage in credits, etc.-----	500,000,000
Railways of all kinds for transportation-----	1,000,000,000
Miscellaneous -----	2,000,000,000

These figures are simply used for illustration. If a careful investigation were made for a complete list of the dividends, rents, interest, and profits made in speculation off dead matter and credit dealings, it would be found to be not much short of the aggregate received by those who perform the social service, mental and manual, required to keep up civilization.

Mr. HAYES. Will the gentleman yield?

The CHAIRMAN. Does the gentleman yield?

Mr. LINDBERGH. I will later. I would like to wait until I get through with the subject I am now considering.

I have not verified the figures named, but I claim absolute verity as to the principles involved. We all know that we have upon one side a vast capitalization centralized into the ownership of a few. This capital is vitalized by the social status that is given to it by the laws and usages of the country, so that this dead capital draws from the people who perform the mental and manual work and are the support of the country excessive dividends and profits. It is accomplished by enforcing longer days' labor, keeping wages low, paying the farmer less for his products, and charging all the people more for what they consume. It makes men and women the slaves of those who monopolize the credit based on the people's toll, which in turn gives to a few a monopoly of the material substances. The interest and dividends always grow by the geometrical progression of frequent compounding, while men and women wear out their lives submitting to this process, the most of them going to their graves after having spent years in actual want of those things that under any reasonable social governmental regulation would have resulted in their favor from the service they performed.

The following interest table, compiled by a former Librarian of Congress, will assist in forming a conclusion as to the immense power of interest, dividends, and rent when applied to the accumulated property interests of the monopolists. The table runs, at \$1 loaned for 100 years at compound interest, as follows:

6 per cent per annum would amount to-----	\$340
8 per cent per annum would amount to-----	2,203
10 per cent per annum would amount to-----	13,808
12 per cent per annum would amount to-----	84,075
18 per cent per annum would amount to-----	15,145,007
24 per cent per annum would amount to-----	2,531,798,404

We need not expect to escape it by reason of the years it takes. The process has been at work for many years already and has been forcing the cost of living higher all the time. We have been feeling it a long time.

THE SPENDTHRIFTS LIVE ON THE SWEAT OF OTHERS' BROWS.

Without claiming accuracy for the following figures, but unqualifiedly claiming certainty for the principle involved, I will say as a basis for calculation that the net profits per annum on capital and speculation is \$10,000,000,000. That represents what the monopolists save out of their business after paying the expense of running the business. Let us divide it into two parts, \$5,000,000,000 for the annual expenses of spendthrift families and \$5,000,000,000 for surplus—increased capital for the people to pay interest on. How many families there are who live as parasites and have the frills and furbelows of the vain rich I am unable to say. It may be 200,000 or 800,000 out of the 20,000,000. These spendthrift families are worse than parasites, for they waste and destroy. Therefore we will place these upon one side and the more than 19,000,000 other families who depend for their living upon the daily work of one or more members of the family we will place upon the other.

THE WAY THEY DO IT.

We will assume the total annual income of the working families to be \$20,000,000,000. That does not represent capital invested, but it represents the result to them from their energy expended. It was the life and energy of the men and women—life itself. It has to be sustained with food, clothes, shelter, and entertainment. The family securing only \$1,000 in a year will be compelled to indulge very sparingly, and will wish for much that they are entitled to that they can not have. As the income is increased the wishes may be more nearly satisfied, but on the whole the saving average is small, and the more than 19,000,000 working families are compelled to consume or use the things that are controlled by monopoly, and therefore buy from the monopolists who have, by the Government policy allowed, been able to charge interest, rents, dividends, and profits equal to \$10,000,000,000 in a year; that is to say, the men and women receive in wages and salaries and for farm product, and so forth, \$20,000,000,000, but must pay most of it for the monopoly-controlled products, out of which monopoly saves \$10,000,000,000 for the profit account alone.

TAKES ALL TO PAY THE PROFITS TO MONOPOLY.

Thus we see that while the people have been able to collect for the manual and mental service they render \$20,000,000,000, they have to pay nearly all of it out for the things they consume, and the little profit that a few of the plain people save is insignificant when considered with reference to their number, and is deplorable when measured alongside of the enormous profits of the special interests. That is the effect of the present system which the Glass bill proposes to continue and to tie the people to for 20 years more. This was the proposition of the money loaners in 1862, when they quietly circulated the Hazard circular, which read as follows:

Slavery is likely to be abolished by the war power and all chattel slavery abolished. This I and my European friends are in favor of, for slavery is but the owning of labor and carries with it the care of the laborers, while the European plan, led on by England, is that capital shall control labor by controlling wages. The great debt that capitalists will see to it is made out of the war must be used as a means to control the volume of money. To accomplish this the bonds must be used as a banking basis. We are now waiting for the Secretary of the Treasury to make this recommendation to Congress. It will not do to allow the greenback, as it is called, to circulate as money any length of time, as we can not control that. But we can control the bonds, and through them the bank issues.

In 1877 there was another circular sent out to confidential friends—bankers—that carried out the same idea, and it was for the same purpose, with the determination that they should control absolutely the currency circulation of this country. And in 1893 another circular was sent out that I saw myself, advising the banks of this country, those to whom they dared send it, to bring on a stringency in order to produce a general request on the part of the business men all over the country to appeal to Congress for certain legislation that should favor the bankers.

BANKS TO GET THE MONEY IN THE UNITED STATES TREASURY.

Under the Glass bill the banks will no longer need the bonds. They will use the money that is in the United States Treasury, loan it to the people and get the people's notes, and have currency issued by the United States on these notes for the banks.

But, passing that scheme for the present, I call attention to the effect this vast accumulation of profits by a few has on the cost of living. The cost of living in the true sense is what you give to get the dollars and what you get when you pay the dollars. That is the whole thing in a "nutshell" under the present system. We want to know the effect of the system, and then we shall know how to create an honest dollar. The Glass bill dollar is the same as we have had all along and out of which the few have grown rich by the process that I have described. It is the exorbitant interest that increases the wealth of those who control it. This interest is compounded, and the geometrical increase enables the few to make industrial slaves of the many, as was proposed by the Hazard circular.

THE GREATEST OF OUR BURDENS IS THE DIRECT RESULT FROM THE PRESENT BANKING AND CURRENCY SYSTEM.

The speculation and gambling that is incidental to our banking and currency system is simply appalling, and it is absolutely ridiculous that we should tolerate it and pay the cost of its continuance. Before considering a few of its details let us make a partial review of the burdens that accrue to us as a result. When we examine our losses, even in part only, and see how great is our sacrifice because of our stupendous stupidity in supporting such a system, no doubt we shall be more interested in the manner in which it is operated. Of course, it is not a pleasure for one to feel that he has been fooled, but our appetite for information ought to increase when we realize that we could double, yes, multiply many times, the advantages we would receive in return for our daily expenditure of energy if a proper system were to be instituted.

It is worth while to know that there are simple remedies which would, if applied, overcome certain conditions that are immensely complicated and tremendously cumbersome because of their falsity. It is always easier to deal in truth and honesty, and follow these to their legitimate ends, than it is to construct and adjust a false superstructure upon a false base. But, even if no remedy were possible, we should still seek to know about the game that is being played by the speculating interests. We certainly do not wish the financially fat fellows to be able to look beguilingly into our eyes and with the concealment of their innermost amusement and delight at our stupidity in permitting ourselves to be so bamboozled talk brazenly about the game that they are playing, knowing all the time that we do not understand it. We wish to know the truth about this, even if we do feel humiliated because of our having previously been ignorant of it.

COSTS THE PEOPLE IMMENSE SUMS.

Here are some figures: In the year ending June 14, 1912, the 7,372 national banks cost us \$450,043,250.04 to operate, pay their losses, dividends, surplus, and so forth. Up to June 14, 1912, 17,823 State and private banks had reported, and approximately 4,000 banks had failed to make any report. The 23,195 reporting banks operating in 1912 held individual deposits of \$17,024,067,606. Including those not reporting there were 28,905 banks conducting business in 1912, and the sum it cost the people to operate these, pay losses, dividends, and so forth—I believe it a conservative estimate—would exceed \$1,300,000,000 or approximately \$14 for every man, woman, and child. This is more than it costs to run the United States Government, all things included. But large as this sum is, it does not include any report of the operations entered into by the bankers for their individual consideration. That, no doubt, far exceeds the mentioned sum, because bankers have unusual opportunities to speculate and many of them do speculate on a large scale.

On January 1, 1911, the report of 7,140 national banks showed that they had \$1,005,740,015 of capital stock paid in, and \$662,090,881.82 surplus. The surplus is that part of the profits not declared as dividends. On September 4, 1912, there were 7,307 national banks, and their capital stock was increased to \$1,046,012,580, their surplus to \$701,021,452.71, and their undivided profits on the last date, less expenses and taxes, were \$242,735,174.87. The dividends on the stock of national banks in 1912 were 11.68 per cent. But large as these dividends, surplus, and undivided profits are, we have not reached the climax of this system of extortion, which the Glass bill will allow to continue.

THE VALUE OF CREDIT.

We seem never to have learned the value of credit or to know that we ourselves form the basis for it. We are capitalized as so much stock on hand owned by the trusts. A few of us get into the deals, some on a small scale and a comparatively few on a large scale, and a half dozen or so have become the real kings of finance. Of course, it is necessary for the kings of finance to have, scattered throughout the land, underlings who help them gather in the products of our applied energies, and these involuntary contributions of ours are afterwards distributed among the favored. Naturally, the underlings are given some crumbs and some of them even fair slices, but, considered in a general way, all of the crumbs and slices are distributed in proportion to the capacity the underlings possess for playing the game well. The whole loave are only handled by the kings of the system, and it is through the expenditure of our united energy that they are enabled to amass this so-called wealth.

WHAT WALL STREET TELLS US.

Now, in 1913, there are approximately 30,000 banks. Their number, capital, and surplus continually increases. On the basis of that fact the Wall Streeters tell us that the capital of the banks is less concentrated now than it was formerly. They intend by that assertion to lead us to believe that they have less control. I shall prove, however, that the banks are merely the nests from which the Wall Streeters gather the people's financial deposits; that these deposits and the credits built upon their use as a means of amassing capital and levying interest are ever so much more serviceable to the bankers than the capital stock.

A large part of the capital stock is consumed in the purchase of fixtures and buildings that serve the banks for offices. The more numerous the banks are and the more widely scattered through all communities the greater is the control the Wall Streeters obtain. The people deposit their money in these banks and a large part of the money is used by the Wall Streeters as if they actually owned it, and upon its use they base an enormous credit system.

THE TRUTH ABOUT IT.

No bank is organized with the idea that its capital is the basis upon which it secures its main profits. No bank would be organized unless its organizers believed that they could secure the use of the people's savings in a larger amount than the bank's capitalization. Take, for instance, the following six banks in New York City: First National, Chase National, Hanover National, National Bank of Commerce, National City, and National Park. Their deposits on September 4, 1912, amounted to \$839,444,142, while their capital stock was only \$73,000,000. Approximately the deposits equaled eleven and one-half times their capital, exclusive of surplus. Is it not very foxy of them to try to divert our attention from this fact to a consideration of the location of bank capital? When I use the phrase "Wall Streeters" I do not confine it to those having offices in Wall Street. The Wall Street system is maintained in all of the large cities, and I include within the term "Wall Streeters" all those supporting the Wall Street system, wherever they may be.

HOW IT AFFECTS WAGES AND THE HOURS OF LABOR.

In 1900 there were 13,977 banks, which includes nonreporting banks. In 1912 there were 28,995 banks, and in that time the deposits increased from \$7,688,080,450 to \$17,494,067,606. Their surplus increased in a still greater ratio, and in the meantime they paid large dividends. It must be apparent to anyone that the money with which to pay the expenses incurred by operating this system—by which I mean to include the whole system of trusts—is collected from the people by capitalizing the products of our energy and even discounting the future in the form of stocks, bonds, and securities issued, on which they collect dividends and interest. This is being accomplished by a reduction of our wages and of the prices for which we sell our products or the services we render, as well as by increasing the price of what they control that we must buy.

By inversion this prevents a proper reduction in the hours of labor. These have not decreased, nor has our pay increased proportionately with the new mechanical devices and the new methods of application which have immensely increased our productive energy, but the additional product which has resulted from their use has been capitalized in order that the dividends which we pay shall increase. All of these things were scientifically figured out, then commercialized, then speculitized, and finally gamblerized both as to the present and the future. All have been overdone and all pooled as a common charge against the products accruing from the expenditure of our life's energy.

Many of us were children when the extortion began, and we can hardly blame our parents for permitting the initiation of what we have allowed to be developed into a full-fledged, scientific, legalized system of extortion. But now, since we understand its effects, the people ought to look back on this Congress with shame if we permit its continuance by passing the Glass bill instead of getting down to work and framing a really good bill.

BANK CAPITAL.

Omitting the banks not reporting, of which there were more than 4,000 in 1911, the 25,195 that did report up to June 14, 1912, showed—

Capital stock paid in-----	\$2, 010, 843, 506. 43
Surplus-----	1, 584, 081, 100. 44
Undivided profits-----	581, 178, 042. 47
Total accumulations, capital included-----	4, 177, 002, 654. 34

I desire to say that what Mr. HAYES said in his speech yesterday in regard to expansion of credit was absolutely correct. There is an expansion of credit. You can not get around it when you have over \$17,000,000,000 deposits in the banks and only about \$1,700,000,000 in actual money.

Mr. MURDOCK. Will the gentleman yield before he passes from that subject?

The CHAIRMAN. Does the gentleman yield?

Mr. LINDBERGH. Just for a question, if I can answer it quickly.

Mr. MURDOCK. The gentleman has charged that the national banks have about \$1,700,000,000 cash and the people have on deposit in the banks over \$17,000,000,000. Now, does the gentleman mean to say that the banks of the country loan every dollar of currency they have eight times over?

Mr. LINDBERGH. They do more than that—about ten times over.

Over \$4,000,000,000 bank capital. That is approximately \$44.40 for each man, woman, and child, and the bankers actually believe we owe them that, notwithstanding that it is practically a capitalization of ourselves, the same as a farmer capitalizes the growth of his hogs, but with the advantage to the hogs, because the farmer takes good care of the hogs until they are sold to be slaughtered. And what is more, this \$44.40 is the nest egg only. We have already paid several times that to them in dividends. But greater than both combined are the profits from the speculation and gambling indulged in by the king bankers and by many of those to whom they loan the people's deposits. The banks are merely the nest eggs of the whole system. Those who gather from these nests have the greatest opportunities.

If we were to look into the banks just before they close we would find in them persons from the business houses depositing their daily collections. In the earlier banking hours we would find such people making deposits as the farmers, wage earners, and others who do not collect each day the returns of their labor and business affairs.

WALL STREET GATHERS IN THE PEOPLE'S DEPOSITS.

Out of the 94,000,000 of us all who are engaged in work or business of any kind for which we receive cash are trotting immediately to the receiving windows of the 30,000 banks and trust companies and passing over their counters our hard-earned cash. This cash is flowing from these 30,000 banks into Wall Street and other speculating centers like a flood stream. It is the use of these deposits by the speculators that gives the Money Trust its power over the people. Indeed the Wall Streeters have had all the greatest opportunities, for this practice has been going on for a long time.

You may say, "Yes, but the banks loan part of the people's deposits back to them." That is true, but eventually it works out to the satisfaction of the Wall Streeters. Of course, they want enough cash left back in the respective communities from which it pours in so that our country's industries, whatever they may be, may be operated. That is on the same principle that a farmer will always keep breeders to replenish his live stock. The Wall Streeters know that the harder we work in order to produce commodities of whatever kind the more we will have to turn over to the rich. The industries must be active everywhere in order to concentrate the cream of their products into the vaults of the banks, and finally into the control of the trusts and special interests.

Yes, there are 80,000 banks in the small towns, villages, and great cities that serve as nests into which the eggs are dropped; that is, our cash. The total of our individual deposits for the year 1912, in the banks making reports to the Comptroller of the Currency, was \$17,024,037,606. Add to that the deposits in banks not reporting and the total will be correspondingly increased. That enormous amount was supplied by us as a result of the expenditure of our energy and labor, and it is important that we should know what good, if any, comes from our supplying these banks with working material to be used under the present system. Let us see what comes out of it.

THE WAY THE MONEY THAT COMES FROM THE PEOPLE'S WORK IS SPENT.

Go into any large city and it will be found that what our fathers and we have built does not satisfy present desires of the money kings, so we are expending our energy in tearing down our past work and rebuilding anew for future use. Some of us may get some benefit from this, but there is no way we can avoid paying for the entire production. It is an economic fact that whatever energy this generation spends it pays for. Any person who will investigate on his own account will believe that the immense production of property now for future use and also that produced to satisfy the vain rich has had most to do with increasing prices.

The railway systems have been enormously extended. In 1850 there were 8,571 miles of railway in the United States; in 1900 there were 286,838 miles. The passenger traffic has increased approximately 800 per cent in 20 years and the freight over 800 per cent. Billions of dollars were expended in building railways in that time, systems suited to last as long as the earth stands. Tunnels alone within New York City, built within the last few years, have cost about \$500,000,000, and an order has been made for \$257,400,000 more. Old buildings torn down and new ones to take their place, which will last hundreds of years, have lately been and others are being built in this country costing in the billions of dollars; canals, the Panama alone to cost \$500,000,000 when fortified and complete, have been and are in process of construction; bridges alone in one city cost nearly \$200,000,000; two railway terminals in the same city, cost \$200,000,000.

Take one item as an illustration and consider it from its different angles.

The Pennsylvania Terminal in New York City cost approximately \$100,000,000, and was opened November 26, 1910. The New York Times, in an editorial commenting on it, said:

In a sense it is proper to speak of the Pennsylvania Terminal as a gift to the city. It would be very difficult to show that the road would receive a direct return from its expenditure; that is, that the fares paid for new passengers attracted to its lines by this terminal will suffice to pay interest on its cost.

The editorial did not consider that when the Pennsylvania Railway system undertakes to bolster its freight charges, it figures in the \$100,000,000 terminal as a part of the cost of its system on which the Supreme Court holds that it has a right to base its charges, and that in fixing them it has a right to a reasonable rate and that no legislative body can confiscate its property by reducing the rates below a reasonable earning on its capital investment.

The Times editorial, further commenting, says:

The Pennsylvania Railroad is a great corporation and is not exempted from the widespread feeling of hostility to corporations which has been engendered in this country by the talk and the writings of countless demagogues and agitators. The Pennsylvania Terminal, admirably serving the needs and promoting the conveniences of the public, a magnificent structure which is an adornment to the city, is this corporation's reply to the flow of reckless and irresponsible abuse of corporations.

Here again the editor failed to comprehend the fitness of things. The Times errs in its consideration of the Pennsylvania Terminal, for without this new magnificent \$100,000,000 terminal the company was, with its old terminals and system of ferries, consistently serving the public, and, as further stated by the Times—

The road was not compelled to build this station either by law, by any public service commission's mandate, or by popular clamor.

But, as the Times stated, it was a purely voluntary addition to its property, the idea of which was born in the mind of A. J. Cassatt.

The directorate of the company erected in a conspicuous place in the station a bronze statue of Mr. Cassatt, with the following inscription carved on the stone setting:

Alexander Johnston Cassatt, president Pennsylvania Railroad Co., whose forethought, courage, and ability achieved the extension of the Pennsylvania Railroad into New York City.

To the millions of people who will annually inspect it, this inscription may be a suggestion that they are being daily charged on the food they eat, the clothes they wear, and the luxuries, if any, they enjoy, their quota for the construction, maintenance, and interest on the capital invested for this "purely voluntary addition" to the world's greatest terminals.

The truth is that the terminal is an involuntary gift to that city by the people generally, and is not a voluntary gift by the Pennsylvania Railroad Co., as suggested by the Times, but was voluntarily built by the company, and its cost is added to the freight and other charges on the food the poor people of New York and elsewhere eat and the clothes they wear. Not only that, but every farmer and laborer in the United States, and all people, in fact, are by the law of general average being taxed for that terminal. It subtracts from the advantages of the people and is one more of the colossal monuments of vested property on which to tax us and our children and all future generations so long as we measure progress by an erroneous money standard.

And the Times, to further display the sophistry of its editorial writer on that occasion, wound up the editorial:

The new station is not only an example to other public-service corporations, but should serve to warn the public against too ready acceptance of the doctrines and calumnies of self-appointed teachers and guides who make the vilifying of great business concerns their profession.

Surely "the example to other public-service corporations" served to cause another great railroad in the same city—the New York Central—to build a like terminal. These and other stations in other cities, costing extravagant sums, all have their share in making the cost of living higher, for all these railroads charge higher freight rates in order to get "reasonable profits" on the capital invested. Consult the court decisions about that. The courts have answered by decree—a grim reality that was far removed from the editorial inspiration of the Times.

These "purely voluntary additions," as the Times calls them, are built in many cities without regulation, excepting that suggested in the inscription referred to as Cassatt's "forethought, courage, and ability," and the "vested interest" in them appeals to all future people with a court's decree—"we, the vested interests, have a right to charge the people interest on our capital and add it to the freight rate on your food and your wares and make you and your posterity pay for it." To have escaped this decree you should have been born before civilization commenced.

CAPITALISTS SCHEME TO WORK THE PEOPLE.

The inducement for building exclusively for the use of the future is that capitalists find in it a means of converting the collective energy of the people into producing a fixed capital, and then charge the people interest on their capital that they have created by their own energy.

It does not require a profound student to see that the collective energy of the people applied to the use of modern machinery controlled by the Morgans, Rockefellers, Cassatts, and others will rapidly produce a capital so enormous that the "vested rights" as now interpreted by the courts will, if we let things go by this plan, make us and our posterity the abject serfs of the capitalists.

The value of the property in the United States is approximately \$150,000,000,000. Following the construction of the courts the owners are entitled to charge the people first for expenses of its maintenance and preservation and in addition a "reasonable profit," which would on compounding double in about 10 years, be four times in 20 years, and eight times in 30 years. At that rate the average interest charge per capita 30 years from now would exceed the present average earnings of the wageworker. If that is to be permitted, none but the capitalists would then be able to educate their children. Already 80 per cent of the capital is controlled by about 2,000 individuals.

LISTENING TO POLITICIANS.

Instead of looking at the economic facts and the industrial tendencies of things, we have drifted into the habit of turning away from these and listening to politicians tell how they are going to remedy this high cost of living with a simple revision of the tariff and a banking and currency bill based upon a false premise. The Glass bill provides upon its face for an additional tax upon the people. It is the sheerest nonsense to talk about reducing materially the cost of living by either of these bills as they stand to-day before Congress. The longer we are fooled with that pretense the more difficult it will be to solve the real economic problems in a proper way, and the greater the sacrifice will be.

Going into this subject further, let us look at things as they are simultaneously with considering things as it is reasonable that they should be. By doing so, plainly the conditions confronting us will become so self-explanatory that we will see at once that we have a remedy for most of our ailments within our control, one that can be simply and easily applied. We need not waste time in envying or criticizing the wealthy, for as many advantages as they have we can have with less encumbrance.

WE WANT THINGS THAT WE CAN USE.

Mankind can not much longer continue in the folly of producing for so-called profit as the main incentive, for with that as the first incentive is what creates the very wealthy. The incentive that should govern in production is necessity—the people's actual requirements. In other words, production should be so regulated as to practically produce those things which would supply the urgent, necessary, and desirable common demands. That is economic law, and, if followed, development and production would be natural and not abnormal. We would all have what is properly due us if that were done.

NEW YORK CITY PLAYS THE BIG GAME.

Let us consider the city of New York as a concrete example. It is the most conspicuous example in existence of reckless and wanton extravagance, of social practices and business methods and management that contribute to the high cost of living. New York City is the Babylon of the twentieth century, anno Domini, on a modern and exaggerated scale. New York City's development to its present proportions is based on forced and abnormal conditions that have been and are an injury to the Nation. That city's growth looks greatest now, but it will ultimately break down from its own burdens.

The New York Times, July 7, 1912, devoted a page to the city's subways. It began with the following headlines:

Billion-dollar subway world's greatest undertaking.

It had pictures of the late J. P. Morgan and also Jacob Schiff as the bankers backing the scheme. It also showed three of the managers of the subway systems. In large type, formed into an inverted pyramid, appeared the following:

Greatest amount ever spent in a similar area since the world began. It makes the building of the pyramids a small task, and the new addition to the system alone cost more than the Panama Canal.

I direct special attention to the fact that the subways are not New York's prime development, but rather an incident of its growth. They are merely one of the evidences of its extravagances. Every year substantial and valuable buildings, enough in number to make a respectable city in themselves, are destroyed in order to give place to more costly and elegant ones—some of them the world's tallest and most expensive. The cost of the Singer Building was mounted into additional millions to make it the tallest building in the world. The directors of the Metropolitan Life Insurance Co. appropriated the funds of its policyholders to build another that would eclipse the Singer Building, at least in height. Including the grounds, it cost approximately \$22,500,000. The Metropolitan Life Building could not long retain the distinction of being the tallest, for the Woolworth Building is still higher.

Building after building has been constructed in the million-dollar class in that great city until their aggregate cost may be reckoned in the billions. That is the scale by which things are done in New York City. It is a city of extremes. Even so-called society must there outdo in extravagant expenditure all other places. Even Paris, the example the rest of the world apes in some of its dress and fashion parade, can not equal it.

It is a great picture to see New York by day or night. Its playhouses, its hotels, its clubs, its magnificence in a hundred or more ways amazes the average spectator. He thinks he sees the wonders of New York when he makes such a visit. But all that is visible to the eye is but the pin-money expenditure from the main field of speculative operation, of which neither the humble inhabitant nor the visitor ever gets a view.

IF WE COULD SEE THE BOOKS.

If the visitor could see the books of account and know and understand the operations of those who run big business—financial, industrial, and speculative—he would be amazed to see the methods by which the few have not only levied on the industry of all the people in order to maintain the extravagances to which I have referred, but who have also in the same manner amassed the vast individual fortunes through which they now grasp the control of the country's finances, its principal industries, the transportation and distribution agencies, and the main material resources. In the handling and operating of these the tolling millions are employed. In what these tollers produce and in the productions of the farm lie the principal wealth of the country. Upon it capitalists draw for the building of the greater cities, more railways, more canals, more of everything that gives place to permanent investment to employ the profits they get out of our present money system, which the Glass bill proposes to extend for another period of 20 years.

SAPPING THE PEOPLE.

Whatever view we may take as to the advisability of the great and constantly increasing construction that is in process for the sake of investment—whether we favor it or not—we know that it saps the energy of the people and takes too many of us out from the occupation of producing the actual necessities for physical existence, such as food, clothing, shelter, and so forth. Further, it prevents us from securing the necessary time for personal, moral, and intellectual improvement.

The number of people now occupied in constructing for purely speculative and investment purposes and for the purpose of satisfying the vanity of the rich, in proportion to those so occupied in any previous generation, is so much greater that no one should look much further for the principal reason why we pay more for the necessities of life than we formerly did. To illustrate the point stated, I shall again consider the city of New York.

REDUCE HOURS OF LABOR AND INCREASE ADVANTAGES.

In this great city we are furnished with examples of the principal causes for the high cost of living. These suggestions should also teach us how the cost may be greatly reduced and at the same time how farm products and the wages of labor may be increased in their purchasing power, with employment for all and the hours of labor per day reduced, thus giving all people more time for study and improvement and the enjoyment of their rights. This again would build up the villages and small cities, making thousands of small distributing centers instead of a few that are overgrown.

Two new terminals in New York City, the Pennsylvania and the New York Central, cost approximately \$200,000,000. They consist of huge piles of iron, stone, glass, and so forth, orderly shaped, chiseled, and arranged into two beautiful, massive depots, the approaches through tunnels and over numerous tracks. These terminals are exclusively the product of labor. True, their material substances are of the creations of nature, but the work of forming them into shape for use is entirely labor's. We may ask of what effect is the manner of their construction in the consumption of our time and the power of machinery and whether they were really necessary. At \$1,000 per annum there would have been directly employed 40,000 people for a period of five years—some in the quarries getting the rock out of mother earth, some getting the ore, some upon the railroads and the ships, some in the smelters and factories, and others immediately upon the grounds and buildings.

At the same rate, the families dependent upon them would add 160,000 more people. While the number of people and the time employed is stated only approximately, it nevertheless serves to show the conditions. Whether there were more or some less employed is not material. The number directly employed does not take into consideration those more remotely occupied in supplying their necessities, namely, the farmer who produces the wheat, the miller who grinds the flour, the baker who makes the bread, and the merchant who sells and delivers it to these men as food to keep them and their families alive while they construct these terminals. Then, again, we have the farmer who raises the sheep and furnishes the wool, the spinner, the weaver, the tailor, and so forth; in fact, all who produce the things to wear; and still, again, the builders who construct the houses for these families and those employed in the transportation of all these materials. Further, all of us thus remotely employed must in turn be supported with many of our necessities from still more remote operators. The response that I frequently receive to these statements is that we must have work, eat, wear clothes, be sheltered, have entertainment, and that there is no loss even when we produce extravagant structures, because it gives employment. That is where shortsightedness so frequently is shown.

THE REAL MEANING OF IT.

Let us see what it means to employ 40,000 people to produce in our generation expensive buildings, tunnels, grades, and all of the other things to which I have referred, to construct the terminals that will last hundreds of years. Practically 200,000 people were supported for five years by the rest of us while they were building these two New York terminals—mere incidents in that city's growth. These people produced neither food, clothes, nor shelter for themselves. Others of us did that for them, and therefore we all work more hours each day to supply them what they eat and wear. They competed with the rest of us in consuming the food, clothes, and other necessities of life and produced nothing except terminals. These terminals are like a drop in the ocean as compared with the great number of other structures that are permanent in construction and will last for many centuries, and some of them forever, all of which we pay for with our energy at the time of construction.

THE TRUTH THAT IT TEACHES.

The truth that it illustrates and teaches us is that in our own generation we make improvements that will be for the use of future generations. Those of us who are thus occupied must be furnished with all of the necessities of life. Of these we produce no part. No one should claim that the production of these structures is desirable simply because they create a condition that gives us employment. We have passed the period when such a claim should receive our respect. We should seriously consider ways in which we can use our modern machinery, better appliances in the production of the actual necessities, conveniences, and luxuries, so as to insure our having them with less cost of energy than is now required of most people to even secure their barest necessities.

A DISTINCTION.

It might be claimed that the New York terminals were a necessity. As a matter of fact, that city and the traveling public entering it had better facilities before the new terminals were constructed than we have in most of our cities. I have been in New York many times before and since, and while I acknowledge that the new terminals are more convenient than the old, there is no such material difference as to justify the charge and incumbrance placed upon humanity for the new terminals.

Some who believe in living in luxury and extravagance and who do not take into consideration the welfare of the people as

a whole would advocate, possibly, that it was necessary to have the additional advantages afforded by the \$200,000,000 terminals. If we allow such an argument to prevail, there is no limit placed upon those who control the centralized wealth making expenditures whenever they choose, and relying upon the decree of the courts holding that they are entitled to recover a reasonable rate of interest upon the capital invested. The people should not be compelled by any decree of the court or by any Government agency to pay interest and dividends upon investments which are not first determined to be necessary for the general welfare.

HOW THE PLAIN PRODUCERS LOSE OUT.

The first point to be noted in connection with this extraordinary investment development of the present generation, of which New York City furnishes the most conspicuous example, is the fact that modern machinery, appliances, and human energy is so largely monopolized in the production of buildings, railway systems, canals, harbors, and other improvements that give so little present service as compared with their use by future generations. How can we expect to reduce the cost of living and the hours of the laboring day and at the same time increase the production of the necessaries of life if we use up most of the machine power and human energy in producing things which are principally for investment.

VESTED CAPITAL AND THE TOILERS.

The second point that I wish to impress is the fact that in addition to consuming our energy in the production of things for remote generations there is also the fact that production thus obtained is, under present practice, centralized into the control of a few individuals. That production is called vested capital, on which the general public is taxed rent, dividends, and interest. Thus we see it is not only the burden of production that is heaped upon the toilers of the world, but afterwards there is the burden of maintenance in addition to the interest charge. It must be plain to any thoughtful person that the methods of business as now employed and the manner in which we are producing is one of the principal causes for the high cost of living, and if we would remedy that difficulty we shall have to prevent the excessive interest and dividend rate, which the Glass bill will not prevent. If people were employed in the proper proportion throughout the different industries and occupations that produce or supply the necessaries and conveniences that we require, we should then have those necessaries in greater abundance and with less expenditure of time and money.

In no way can economic order be restored while the business intercourse of the country is enthralled by the banks holding the exclusive monopoly in the distribution of money and credit. The monopoly thus held by the banks is what has been the breeder of the other monopolies. It has been the cause of building up special privileges which have resulted in the country adjusting to the demands of those privileges instead of adjusting to economics.

PEOPLE FORCED INTO WRONG POSITION.

By reason of the money and credit monopoly the people have been forced to leave the pursuits of life that would have been most suited to produce the abundant supply of the things that would make most people prosperous and contented. The majority of them seem to be living to accommodate monopoly—to work for it. For instance, by one section alone of the Glass bill at least \$250,000,000 would be taken out of the United States Treasury for the use of the banks. The banks would pay to the Treasury a small rate of interest and loan two-thirds of the \$250,000,000 to the people at excessive interest. They will reap a direct benefit of approximately \$5,000,000 annually on that, and as this \$250,000,000 from the Treasury would be legal money they will build up a credit from it for several times a greater sum. We know that the credit expansion based on a sum of real money is very great. It is not overestimating to say that the benefit that the banks would get out of the \$250,000,000 which the Glass bill would take from the United States Treasury for them because of the credit expansion which they could control would be at least \$25,000,000 annually, and the speculation that would incidentally grow out of it on the part of persons who would take an extra profit would swell the sum total of the cost to the public still more. This money would enter into extravagances such as I have already mentioned. The kind of extravagances thus produced do not contribute to the general welfare, but, on the contrary, they command the expenditure of human energy for the sole purpose of finding reinvestment in order that monopoly may get still more profits, and then again to use these to repeat over and over and again and again, without contributing to the general good of mankind.

CONTRAST OF INCOMES.

Considering this whole problem of the extravagant expenditure of human energy to build up to proportions unnatural to the economic demands, let us revert to the 20,000,000 families for whose government these United States are. Their income, including the rich, I have estimated to average \$1,000 per family annually, or a total of \$20,000,000,000. Whatever the exact sum may be, every family that gets more than the general average proves that the average of those remaining is reduced below the general average.

AN ILLUSTRATION.

The Glass bill is typical of many other things that illustrate the effect of establishing institutions that are arbitrarily forced upon the people without their furnishing a service equal in value to the cost. Under the bill there would be at least 12 new Federal reserve banks which would belong to the bankers whose extravagant system is already an overburden. Each of the 12 banks would have an expensive retinue of officials. I can estimate with sufficient nearness what the cost would be to make it clear that it will be another burden. In each there will be nine directors, a president, cashiers, and other officials. The leading officials in each of these institutions will be high-salaried men, and the aggregate salary list for those not serving in subordinate work would approximate \$100,000. The number of employees would be large, and their wages would soon aggregate \$200,000 in each of the banks. For 12 of such the total cost would be \$3,600,000 per annum, and that does not take into account the Federal reserve board, which would employ a large force of secretaries, clerks, and so forth. But all this does not account for a new coterie of millionaires that will be developed by the inside knowledge that would be obtained by a few. And yet all this is unnecessary because there is a more simple remedy.

I shall not carry out another illustration in detail, but I call attention to the fact that the membership of this House is 200 in excess of a good working body. It costs the people no less than \$2,500,000, with all the incidental expenses, per annum to support the supernumeraries. My reference to these two cases is merely to show that what it costs is paid out of the earnings of those who are engaged in manual and mental work that actually contribute to the real necessities. In a general way let us see if we can approximate the result to the people generally of the whole extravagant system that grows out of a false money and credit control.

AVERAGES ANALYZED.

Total number of families in the United States, 20,000,000; total income, approximately \$20,000,000,000; average income of each, \$1,000. It is not improbable that 300,000 families get interest dividends and profits equal to \$7,000,000,000. Now, while that sum does not necessarily reduce the income in dollars to the average family, it does reduce the amount that the average family can buy for the \$1,000. In other words, the 19,700,000 families who perform manual and mental service may actually have an income of \$20,000,000,000, but when they pay out that sum they are charged enough more for what they buy so that \$7,000,000,000 is taken as profits by the other 300,000 families. The consequence is that in the things that the people consume the 19,700,000 families get only the equal of \$13,000,000,000 worth of these things. The rest is taken as profits by the 300,000 families. Divide the \$13,000,000,000 by the 19,700,000, to show the real value of what the average family get, and it will equal \$667 minus; divide the \$7,000,000,000 income of the 300,000 families, to show the average amount of their income, and it will equal \$23,333 plus. That is only the beginning of the process—merely the first step to indicate the real cause of the high cost of living that grows out of this system of finance that is being played against the people who really earn their living. I am not seeking to extend the compilation to obtain the last degree in the computation. It is only the general truth that I seek to make clear.

MONSTROUS FALSITY.

My purpose is to have the system understood, and then each person may follow out the computation to any degree that the truth in principle will justify. He will find that he can carry it much further than I have in my remarks, because I can not have the time. As the increasing income ascends this scale in amount, it will be found that a few run into the millions of dollars per annum. In the final analysis it will be found that the great majority of the families work long days and receive little of the advantages that this day and generation would, under any reasonable régime, give to them. They barely subsist, seeming almost as if they existed to perform the horse and ox work for the few. A comparatively few families get along better than the great majority, because of favorably arranged surroundings or because of closer relations to the specially favored who may take from their superabundance to pay them to help carry out this system. In varying degrees of circumstances the families, as they extend along the line from the great majority who do the work and are most poorly paid to the most richly paid, we shall find the evidences that should convince us of the absolute monstrous falsity to the general needs that our financial system serves.

LABOR SHOULD PRODUCE ITS REWARD.

One more economic truth I wish to state before considering the remedy. I hear too many say that all these extraordinary things to which I have referred furnish labor for the workers, as if the workers existed only to work. No intelligent, honest student will for a moment claim that it is a benefit to make a man work unless that work results in the production of something necessary. The placing of capital for investment solely with reference to what it will pay back in dividends without considering what service is to result to the people generally from the enterprise is a double crime: First, in expending human energy for an unnecessary thing; second, in the burden that it imposes upon those called on to pay the future dividends. Most of the people are working a large part of their time to support the extravagances of the specially favored.

The farmer who produces the agricultural products, the wage worker who works in the factory or on the railway or elsewhere, the salary worker in mental or other performance, and the independent operators in the useful enterprises each and all do contribute from the results of their energy to maintain the extravagances of a false system. Work and enterprise are natural, but there is no reason why it should be directed to serve monopoly. There is every reason why it should be utilized in the interest of the workers themselves.

THE CRIME OF CIVILIZATION IS USURY.

Our present money and credit system does not measure value. It simply controls value. There is but one true measure for the value of things, and that is their service value. An honest dollar should pay what it costs to get it. If it brings more, the excess is usury, and some one is penalized. If we would have equality of opportunity so far as rules may give it, we shall have to abolish usury. No greater rates of interest should be permitted by a Government than is consistent with a proper conservation of a correct system. Money and credit must serve and not enslave. It must represent value, and not a power to limit men. But we can not prevent the charge of usury until a system is established that the people will accept as better than the usury system.

Nothing in all history is so ridiculous, nor so expensive, as the practice of letting the money loaners control the money and credit. Credit should be free—that is, as near so as possible—to everyone who can produce value on which credit is based. No monopoly should be given to bankers to distribute credit or money. Every enterprise that contributes to the general advantages should be as freely admitted to the Government to secure the Government's support of the credit to which it is entitled as the bankers are and upon equally favorable terms.

Why should the great farming industry, why should the wage-workers and working people in general, why should the great manufacturing industries, why should any enterprise necessary to the general welfare be compelled to go to the banks for money and credit? All of these can and would be so organized as to utilize the credit to which their service entitles them if the Government would guarantee their credit in the way that it supports the monopoly of it in the hands of the bankers. That would destroy the bankers' monopoly and immediately the bankers would adjust themselves to become the people's agents instead of their masters. They have the position that makes it natural for them to conduct the exchange credits. They can serve a great and good purpose, and if it were not for the monopoly of which they have taken advantage to satisfy their constantly developing greed they would serve the purpose of making the exchanges more cheaply than any other agency could.

The only way to establish industrial and commercial independence is to have an honest exchange system. It can not be accomplished while the banks have a monopoly of the distribution. The control of the money, in its issue and distribution both, in its inception is a Government and not a bank function. To give the banks the monopoly of the distribution is as dangerous to the welfare of the people as if the bankers also issued

the money. The banks are in the business exclusively for the profit they can make. They are now bound unto each other by a community of interest, and are organized into voluntary associations for the purpose of the promotion of their special ends. Under the Glass bill their voluntary organizations would become legalized into one great monopoly, the only private monopoly which the Government has supported by statutory acts. There is the monopoly to distribute the funds of the people to the borrowers upon payment of usury to be added to the cost of the people's living. The Glass bill would continue that monopoly.

WHAT WE PROPOSE INSTEAD OF THE GLASS BILL.

We should provide a revenue system by which the Government taxing powers shall be represented by United States currency drawn on the people of the United States, to be disbursed through the governmental agencies on appropriations by Congress for services rendered or to be rendered the Government, to inaugurate, develop, and maintain an American financial policy and currency system which will liquidate and eventually abolish debt—national, State, and municipal—and put the public and private enterprises, industries, and exchanges upon a sound economic basis and remove the power of private interests to monopolize the mediums of exchange and for other purposes.

FISCAL DEPARTMENT.

We should establish a new fiscal department of the United States as an adjunct to and within the jurisdiction of the Treasury Department of the United States, to be administered by a nonpartisan board, subject to the will of Congress.

UNITED STATES CURRENCY.

In pursuance of the power conferred by the Constitution upon Congress to coin money and regulate the value thereof, the fiscal department should issue a new United States currency, which should be in the form of public-service certificates and state upon their face in substance that the bearer had performed a public service of the value stated in the certificate, and the same should be the lawful money of the United States, and should be receivable at par for all debts, dues, and demands, public and private, within the jurisdiction of the United States, in such quantities and in such denominations as the public interest requires, and in all cases, except where otherwise specifically provided, should first be placed in circulation by being earned in public service of the Government or in the supply of some material needed for Government use, and then for its full par value, and should not, after returning to the Government, be again reissued or circulated except for a like purpose.

DISTRIBUTION OF UNITED STATES CURRENCY.

We should have the fiscal department issue United States currency to carry out the appropriations made by Congress to the various departments of the Government for all public purposes that require the expenditure of public funds. That when funds have been appropriated by Congress and the United States currency issued to cover such appropriations, the fiscal department, for the convenience in the transaction of business through the Government disbursing agencies, would deposit such currency, as well as checks, drafts, and other receipts of the Government in national and other banks, or in postal savings banks, for checking accounts, but banks should not be required to pay interest on such accounts, because they would be placed there for the convenience of the public and not for speculative purposes. Deposits of checks, drafts, and other evidences of dues to the Government might be made in the banks, but otherwise United States currency only would be deposited in the banks by the Government, which currency, when so deposited, would be held as a specific fund to special deposit, but checks and drafts and other evidences of dues to the Government deposited by the Government would not be distinguished from or have any privileges or preference over other deposits of individuals, whether private or otherwise, in the same banks. No deposits would be made in banks for the purpose of creating surplus therein, but merely to accommodate the transaction of public business. The banks would, as long as there remained a credit to the Government's general account, pay checks drawn by the Government agencies out of the general account, and the use of the special deposits of United States currency in payment of such checks would be prohibited until the general account had been exhausted, in which case payment would be made out of the special deposit.

CANCELLATION OF EXISTING CURRENCY.

We should have all United States notes, currency, gold and silver certificates, and national-bank notes a full legal tender for

all debts and dues, public and private, in the United States, its Territories, and possessions, except debts or contracts existing at the time of the passage of a proper act, which by their terms are payable in some other form of money or material, but while in circulation represent the money and currency aforesaid, as well as all existing coins should not be deprived of their present qualifications, and the outstanding United States notes, currency, gold and silver certificates, and bank notes should be redeemed on demand in such other form of money as is now provided by law; and as soon as practicable after any United States notes, currency, gold and silver certificates, and bank notes come into possession of the Secretary of the Treasury for redemption the same should be canceled and destroyed, provided that when such redemption is of national-bank notes the amount canceled should operate in liquidation of an equal amount of United States bonds securing the same, except that any national bank might, by giving the fiscal department such notice as the said department may require, have the national-bank notes redeemed and reissued by complying with the laws as to the maintenance of security, and no such notes, currency, or other certificates should be reissued except as provided. All existing laws for reissuing or recirculating any such notes, currency, or certificates should be repealed. When gold or silver become the property of the United States their legal-tender quality, except as to subsidiary coin required for circulatory purposes for small change, should cease and the gold be reserved for use in the redemption of outstanding obligations and for use and in aid of interstate exchanges.

The fiscal department should be authorized to purchase gold from time to time at the marketable value if necessary for either of said purposes, and also when in its judgment the national debt could thereby be better and sooner extinguished, and except as authorized by a proper act the United States should receive gold for coinage only; the purpose should be solely to affix the governmental stamp of weight and fineness to such coins, but all coins so made after the passage of a proper act should have no legal-tender quality. A charge equal to the cost of coining the same should be made, which coin should forthwith be removed by whoever it might have been coined for, and no department of Government should give storage facilities to any gold bullion or coins not belonging to the United States or issue more gold or silver certificates. After a reasonable lapse of time a storage charge equal to the cost of maintaining the same should be charged and collected on all gold and silver held against outstanding certificates, because it should be the ultimate purpose and policy to remove the Government fiat from all metals and reduce metals to their commercial commodity value.

AID TO THE STATES.

It should be the policy to aid all States of the Union whose laws confer upon them, or give their executive or other State functionary, the power to borrow money on the credit of the State or to guarantee the obligations and debts of their counties, towns, boroughs, villages, cities, municipalities, school districts, or political divisions for any just and recognized public use, for the purpose of defraying the current expenses of the State or any of its political subdivisions for which the people of the State or political division are taxed. Rules and regulations would provide for a uniform expenditure by the States, so that the issue of United States currency and the volume would conform to the demands of business, public and private, avoiding alike redundancy and insufficiency, and no State should pay out the currency secured from the Federal Government except for the full face value of the same in service to the public for public purposes for which the people would be annually taxed, so that the same would be returned in the payment of such taxes through the usual methods.

NATIONAL PUBLIC WORKS AND IMPROVEMENTS.

The fiscal department should devise plans whereby Congress would be guided in the enacting of legislation to authorize the fiscal department to establish a system of national public works and improvements adapted at all times to give immediate relief to all congested labor conditions within the territorial jurisdiction of the United States and render available all surplus labor and insure against enforced idleness and the ills incident thereto by means of the inherent powers of the Government to establish justice and promote the general welfare.

AID TO THE AGRICULTURAL AND HORTICULTURAL INTERESTS.

The fiscal department should proceed with all reasonable expedition to communicate and cooperate with the authorized representatives, organized and unorganized, of the agricultural and horticultural interests of the Nation, with a view to the adoption of a plan and policy of systematizing the production, storage, transportation, and distribution of agricultural and horticultural products, to the end that both the producers and consumers of such products would have complete emancipation from the present extortions of speculators and manipulators in these products and of organized and trustified storage, elevator, and transportation combinations now monopolizing the same and controlling and manipulating the prices of such products both to the producers and consumers. A system of Government loans to owners and operators of improved agricultural and horticultural lands should be provided upon such terms as would amply insure the repayment of such loans, at a low rate of interest, ultimately to be reduced to a nominal interest barely sufficient to reimburse the Treasury as soon as the national debt could be extinguished.

GOVERNMENT LOANS TO WAGE EARNERS.

The fiscal department should proceed with all reasonable expedition to communicate and cooperate with the organized and unorganized wage earners to consider and devise a plan and policy for a system of Government loans to wage earners at the lowest rate of interest consistent with the cost and integrity of the service, which loans would enable them to provide homes independent of real estate speculators to further protect wage and salary workers from the overcharge made by loan agencies.

AID TO MANUFACTURING INDUSTRIES.

The fiscal department would proceed with all reasonable expedition to an inquiry into the conditions of the manufacturing industries of staple products in the United States and Territories with a view to ascertain the state of such industries and devise plans for the inauguration of a policy to aid and assist such of those manufacturing interests as were involved in monopolistic combinations, or were able and disposed to extricate themselves from existing monopolies, which plans would involve a system of Government loans and advances to such manufacturing interests as were able to insure the repayment with the lowest rate of interest consistent with the cost and the integrity of the service.

IN GENERAL.

The fiscal department would investigate into the financial conditions of all legitimate industry, work, and enterprise of whatsoever character, the pursuits and results of which under proper conditions promote the general welfare and ascertain what plan or plans, if any, could be contrived for their aid by extending Government loans to them or such of them as required aid.

The fiscal department in its administration would take notice of the economic fact that payment by the Government for a service to the Government involves a collection from the people of an equal amount plus the expenses of collection, and that the issue of United States currency in payment of Government expenses creates a demand on the part of the people equal to the currency required to be returned to the Government in cancellation of taxes or dues; and further, that economic private enterprise (eliminating speculation) for the production of commodities, or the rendering of services for the use of others, legitimately involves the return of commodities or services of equal value, whether the same is accomplished by direction or by indirection, and that whenever actual commodities or services are not immediately or directly exchanged in a cancellation of the respective obligations, then a credit representative is necessary, and so far as possible, in a practical sense, when applied to the affairs of the people as they exist, the obligations of credit should be liquidated without the burden of a greater change than is consistent with the cost and integrity of an honest and just system; therefore in the supply of United States currency guaranteed by the credit of the people as a medium of exchange the volume to be placed in circulation should conform to the needs of commerce, avoiding alike both redundancy and insufficiency, and with that as the purpose the fiscal department would make estimates and report to Congress for its action.

AUTHORIZING BANKS TO BORROW RESERVES.

The banks could be permitted to borrow from their own reserves if in the opinion of the fiscal department the public interests required the extension of any such loan or loans, and upon furnishing securities approved by and deposited with the fiscal department in such amounts as the fiscal department demanded.

The further details in regard to a plan may be seen in my minority report. The time remaining does not permit me to complete my speech. In order to clear up a few of the things I wish to say, I shall insert in the Record, as a part of my remarks, my minority report on the Glass bill. Unfortunately for the people they do not have time, or at least do not think they have time, to study what the real trouble with our social system is, and yet if the truth were realized there would be no time that could be spent so advantageously from the viewpoint of real gain as to give these questions proper study. I believe that if every adult would spend an hour each day for a year in a careful analysis of the methods by which a few acquire the main part of the wealth, thereafter the income of the plain people would more than double and their advantages would be many times greater than they are now.

Many of the new arrangements and the most valuable discoveries made in each decade were ridiculed in the decade previous as the visionary dreams of those who were working out their solution. The mind that harnessed steam and made it work for all men; the mind that sent kites to the sky to play with electricity and plan its harness; the mind that arranged wires to send long-distance messages and to carry even the voice in a whisper across a continent; the mind that contrived the apparatus by which to transmit and receive human messages through trackless space on the air waves; the mind that devised the machines with which men fly; yes, the minds that devised political and social reforms and more than a thousand other discoveries that serve this generation were first criticized as the visionary and impractical dreams of persons supposed to have unbalanced brains. Sad, is it not, that those who seek to build for the good of all men should be stamped by the unthinking as calamity howlers and dreamers. And now, after all the examples that history has furnished, we still denounce as visionary the work of those who discover new scientific facts, give the world new inventions, and inaugurate new methods and systems for the common welfare.

But hold for a minute lest we enthuse too greatly over the higher civilization. What has it all resulted in? The great discoveries have constantly amazed and electrified the world. People have advanced more than a hundredfold in economic effectiveness; their mental realization has immensely increased and possible social opportunities enormously enlarged; still there has been no correspondingly equitable individual benefit. As a result of the new order there are a few multimillionaires, but the most of us are striving with difficulty to obtain the bare necessities of life; and yet, notwithstanding this great difference in the control of the material agencies, there is, perhaps, no difference in the average capacity of intelligence on the part of the poor as distinguished from the rich. Then why should there be such a difference in their life results? This is a fact that I have attempted to explain in part.

Knowledge is the means by which we can determine the relations that should be maintained in order to promote the common welfare. How can we have anything even approaching equality of opportunity until the people in general understand the political, economic, and social forces that are in operation. Until we do there will be no official, industrial, and social discrimination, and consequently the enormous inequality between people will continue. The few who are informed and understand will use their knowledge to their selfish advantage and keep the rest of us working for them. Why should we continue to follow the same methods that boss politicians, subservient to the interests, have planned for us? Shall we still allow them to continue to employ graft and use patronage in order to serve the interests so that they can get from them campaign funds and other favors? Shall we follow their selfish purposes and tag as "calamity howlers" and "dreamers" those who point the way by which to improve conditions? Shall we fear them and fail to adopt the improved systems proposed in our generation and which would satisfy our most urgent needs? Surely, after all that has passed, we can not believe that we can trust the management of the Government to political bosses who dole out to their favorites all the offices of public trust and to the special interests favors in the shape of legislation and otherwise. By these methods our greatest material resources have become the property of the specially favored. Surely they should not be allowed to pilot the ship of state. We should no longer be herded by the political bosses within so-called party lines in order that they may manage the Government.

No statesman with the interest of the people at heart, and who has observed in the last few years the traducing of expressed party principles as well as the subversion by party bosses of the machinery of government to the interests of the few, will say that this is rightly a government by parties. Those who do state this are either wittingly or unwittingly the spokesmen for the special interests. The political parties in these last years have divided the people. The bosses have controlled the machinery of the parties and regulated them by the caucus system. Further, the caucuses have been divided into factions, each in turn controlled by bosses, so that practically a government by party proves to be a government by the special interests. The special interests court the party in control. It matters not to them which party. All they want is that the people should be divided into parties, the parties divided into caucuses, and the caucuses into factions. The strongest faction is generally controlled by the bosses, for the interests always deal with the bosses. As a result he who fights to keep the government within party control usually fights for the special interests.

Nothing is so beautiful as the truth when it stands out prominently in contrast to error. Nothing suggests more clearly the duty of the people to themselves and toward each other than a well-regulated family. There all is consistent. Each fills the place in life that is natural, and the parents naturally respond to all the requirements of their children. But they do not allow them to remain dependent beyond the period of childhood, nor do they contemplate becoming dependent upon their children. Each trains to respond to the laws of God and develops in human sympathy from the purity of his nature and seeks to fill true purposes in life, and especially to be self-sustaining. The ability of mankind to increase in population without men becoming incumbrances on each other is dependent on the working out of this same principle. It should be bred into children from infancy, and if it were not for the oppression forced upon the family from the errors of society and the failures of government every well-regulated family would succeed without difficulty.

In my remarks I have shown that very many people are idle and that still more are engaged in occupations that do not produce the necessaries of life nor those things that contribute to the common needs of either themselves or others. These are not self-sustaining. They compete with the rest of us who do produce in consuming the products that are necessary. It is apparent, therefore, that those who are idle and those who are engaged in occupations that do not produce necessaries or furnish conveniences that people in general can enjoy are an incumbrance on the rest of us. That is why all able-bodied persons should be self-sustaining. Of course, that does not mean that each person should produce what he eats, wears, or enjoys, but it does mean that he must, in order to be self-sustaining, produce or furnish something that fills the actual needs of humanity. The teacher, for instance, produces no material thing, but does fill a necessary place, and therefore comes within the purview of a producer. The same is true of all persons who perform necessary social service, manual and mental, or either. The following is my minority report on the Glass bill.

THE GLASS BILL, H. R. 7837.

"The Glass bill, as drafted, is merely a new form for the administration of a false old system. It leaves the worst of all features in the present financial scheme unchanged; that is, the burden of excessive interest. It provides upon its face for a financial stringency and possible panic in its inception as a result of the forced shifting of cash and resultant transfer, and therefore a disturbance of credit. After the shift would be made and the adjustment was finally completed, with the exception of a provision for the issue of asset currency, it would be an improvement over the present method of finances. The disadvantage that would arise by shifting of cash balances and early disturbance of credits may be remedied by simple amendments.

"The most disappointing thing about the bill is that it provides no relief from existing economic evils. That relief is due to begin with an improved money system. The Glass bill proposes to incorporate, canonize, and sanctify a private monopoly of the money and credit of the Nation—to remove all the people's money from the United States Treasury and place it in the vaults of the banks to be used by them for private gain. It violates every principle of popular, democratic, representative Government and every declaration of the Democratic Party and platform pledges from Thomas Jefferson down to the beginning of this Congress.

"Those of the committee who favor the bill have worked diligently and with earnestness and ability to modify the details in dealing with finances, but have done nothing to correct the grossly false basis on which finance is now operated; that is, the fact that financing in the present way is a burden instead of an assistance to trade and commerce. Severe as my criticism of the bill may seem, still I believe that with some few amendments the system that the Glass bill would put into operation would be less severe on the people than our present system. I do not object to it because of any unfavorable comparison with that now practiced, but base my objections on the ground that now, while we are at it, we should instead pass a good bill.

"In submitting a minority report I have two purposes in view: (a) To offer suggestions for amendments in the Glass bill that would make it simple, more responsive, and less expensive to operate; (b) to offer a new bill to form the basis for an American financial policy to place public and private enterprise, industry, and exchanges upon a sound economic basis and destroy the power of private operators to monopolize the mediums of exchange.

"Those who are responsible for the draft of the Glass bill undoubtedly hope through its enactment to remove from finance the frequent stringencies and occasional panics that develop. The plan they offer, once it became operative and adjusted to, would probably remove some of the danger elements that in the past have driven the country into frequent money stringencies and occasional panics; but as an effective remedy it is inadequate. The very basis of the system that is sought to be patched is false.

"The Glass bill would make a change in the administration of the present system, but no change in the money basis. The design of the bill is to lessen the immoderate and violent fluctuations that result from the present method of financing. For that reason a Member who does not consider the bill satisfactory may vote for it nevertheless. We should first do all we can to secure the enactment of a good bill. This is not a good bill, but with a few amendments it may be better than no bill.

"Business is now operated under a highly technical credit system based on a small amount of lawful money. Twenty-five and possibly more dollars of credit exchanges, on the average, for each dollar of actual cash paid, but credit as a rule is directly related to the location of actual money. It is through the banks that most of the credit extensions occur. The cash is in reserve for the final balances. Comparatively little of the cash in the banks moves at all. It lies in the vaults year after year without going out on any mission of business.

"This bill proposes to shift a very considerable part of the bank cash. It would require several months at the very least to adjust credits to the shift. The volume of credit would be disturbed to a very much greater extent than the shift of cash. Business would be disturbed by the change unless provision were made to keep credit from being interfered with.

"The general public gets no direct connection with the Glass bill for purposes of securing either credit or cash. The public will still be forced to go to the banks. Therefore if the bill is to become operative, the banks will have to come under it. The national banks would only be compelled to do so, but if they alone do, it will hardly be satisfactory, because they do only about one-third of the banking business.

" SOME ACTUAL CONDITIONS TO BE MET.

"On April 4, 1913, the deposits held by national banks required them to hold a reserve of \$891,794,905. They were \$15,691,784 short—below the reserve requirements. If they had been compelled to subscribe for Federal reserve bank stock under those conditions, what would have happened? Their capital stock was approximately \$1,050,000,000, which would have required them to pay \$105,000,000 for stock within 60 days. This sum would be transferred to an entirely new field of financial development. In addition to that, under the law they would have been required to make good the \$15,691,784 shortage in reserve within 30 days; an old provision which is carried into this bill. The State banks were practically in the same condition, and if they, too, come in, as the bill contemplates, the demand for ready money would have exceeded \$200,000,000 for Federal reserve bank stock alone, and a much greater shift of deposits would be required. All things considered, it is not improbable that a shift of near half a billion dollars would have to be made.

" A MONEY STRINGENCY AND POSSIBLE PANIC.

"The contraction which would come about in making such a change—that is, in the shifting of cash from its old moorings and the still greater credit disturbance—would result seriously and bring about a great loss to the people. A statement of some actual facts will illustrate sufficiently. In a general way the results would be the same from an analysis of any bank report made in the last 10 years, but to be specific I take the banks' reports to the Comptroller of the Currency September 4, 1912. I call attention merely to a single bank in each of the States having a representative on the Banking and Currency Committee. I show the capital stock, the amount it would have

to pay under this bill, and the actual lawful money contained in its vaults, as follows:

	Capital.	Assess-ment.	Money in bank.
Barnesville National Bank, Minnesota.....	\$25,000	\$2,500	\$2,514
People's National Bank, Virginia.....	50,000	5,000	2,921
Whitland National Bank, Indiana.....	25,000	2,800	1,287
People's National Bank, Rowlesburg, W. Va.....	25,000	2,500	1,539
First National Bank, Hudson, Ohio.....	50,000	5,000	3,687
First National Bank, Almena, Kans.....	50,000	5,000	2,556
Irving National Bank, Irving Park, Ill.....	100,000	10,000	7,798
Athol National Bank, Athol, Mass.....	100,000	10,000	6,582
Comanche National Bank, Comanche, Tex.....	100,000	10,000	6,637
First National Bank, Perry, Ark.....	25,000	2,500	1,688
First National Bank, Wellington, Colo.....	25,000	2,500	1,208
Heard National Bank, Jacksonville, Fla.....	1,000,000	100,000	80,826
First National Bank, Alax, Okla.....	25,000	2,500	1,508
Gaffney National Bank, South Carolina.....	150,000	15,000	9,725
First National Bank, Vacaville, Cal.....	50,000	5,000	3,501
Union National Bank, Brunswick, Me.....	50,000	5,000	4,288
Grange National Bank, Chester, Pa.....	100,000	10,000	8,112
Farmers & Mechanics' National Bank, Jefferson, Iowa.....	40,000	4,000	1,877
First National Bank, Baldwinsville, N. Y.....	100,000	10,000	8,226

" These responsible banks on the date named did not have sufficient lawful money in their vaults to meet the requirements of the Glass bill. Many of the banks have more cash than is necessary, but the banks listed above are not isolated cases. Substantially the same condition exists in all the States. Hundreds and hundreds of banks would be required to pay out, within 60 days after the organization commenced, all the cash in their vaults, and many more of them would have barely enough. In the aggregate they would not have enough.

" Instancing this condition, in South Carolina there were 46 national banks on September 4, 1912. On that date six of them did not have enough lawful money in their vaults to pay for the stock they would be compelled to take. What would happen under such conditions? These banks would, of course, draw on their reserve banks for the money due from them. Simultaneously the reserve banks would be called on to return to the other banks their reserves and pay for Federal reserve bank stock.

"Let us take the National City Bank of New York as an example. It is a central reserve bank, required by law to keep 25 per cent lawful money reserve. On September 4, 1912, its deposits were \$230,669,430. It required a legal reserve of \$50,917,357, but it had only \$48,304,892 lawful money in its vaults. It was owing to other banks, included in the \$230,669,430, approximately \$100,000,000. These banks, under the operation of the bill, would be compelled to draw on the National City Bank for money to pay subscriptions for Federal reserve bank stock, and also to cover in these banks within 60 days a 3 per cent reserve. The country banks do not, as a rule, carry more reserve cash in their vaults than the law requires and could not draw directly from their vaults. In addition to that, the National City Bank would be required to pay \$2,500,000 for capital stock. The statement of September 4 shows that the National City Bank had not sufficient lawful money to meet any such demand. It may be suggested that it had \$38,298,647 checks and exchanges outstanding; but, admitting that, and that these come in rapidly, as many more are put out in the regular course of business. The commerce of the country demands transmission through the mails, express, and in clearance agencies enormous sums. Under the terms of the bill this one bank would probably be compelled to transfer more than \$100,000,000. I do not plead for that bank. Its stockholders have fleeced the people of this country, but what applies to the demands that are to be made on that bank applies to the demands that would be made on banks generally in the proportion of their business. A scramble would take place among the banks to get in shape to meet their obligations. Naturally they would demand payment of the borrowers. A stringency would result, and possibly a panic. In such an emergency the borrowing people would suffer, because they are absolutely tied to the banks, and the Glass bill would make no change in that respect. If everybody would remain perfectly calm and make no demand for impossible things, the shift could be made under the stress without an actual panic.

"COMPENSATING PROVISIONS TO THE BANKS.

"There are some compensating provisions in the Glass bill that would aid the banks in changing from the present system to the proposed system, provided that no excitement would arise until they were made effective. The Federal reserve board may suspend for 30 days, and renew the suspension for periods of 15 days, any and every reserve requirement contained in the bill. Aid would also be given to the banks by a deposit of all the funds in the Government Treasury. Still

further aid might be provided by a loan of United States currency. But the organization would have to be complete before that could be loaned. Much loss might occur in the meantime.

"It is claimed by this bill to give considerable control and management of the banks to the Government, but it reserves no power in the Government to aid those who need money to do business with. Those who actually use the money to carry on business are compelled to go to those who use money simply for the purpose of charging a profit out of handling it. That is, the banks and money lenders make a profit out of those who use money. The latter have no other purpose whatever. This bill makes the bankers the "go-between" between the Government and those who use money only as a means to deal in the material and social exchanges that are essential to civilization, the only true purpose of money. This bill provides for the continuation of an actual extortion fostered by the Government against the freedom of business intercourse among the people. It recognizes the superior sovereignty of the embodied institutions of money over any power of government, so that neither the Government in its sovereign capacity nor the people, or their representatives, can initiate the placement of one dollar of monetary function into actual exchanges among the people, except through the agency of organized money lenders with purely selfish interests. The Glass bill positively abolishes the United States Treasury and the public money of the people, and substitutes the so-called Federal reserve banks, which by the terms of the bill are to be the exclusive stock of the bankers. It reduces the people's Treasury Department and the Bureau of Printing and Engraving to the position of a job-printing house for the private use of the bankers.

"It is an advantage to the banks to have the Government print and engrave the money, so long as the banks may have a monopoly of its distribution. This bill continues and affirmatively gives them that monopoly. They have held it for a long time in the past, and now Congress is about to bow its subserviency in more positive express terms of a statute than heretofore. Ask, Where will the people go to borrow money after this bill goes into effect? Congress has been slipped into the halter by the money lenders, and they seem to have supplied themselves with a double hold—a chain in addition to the strap.

" Those who wish to use money for the purpose of its service to a freedom of trade by the people among themselves find no Government-supported source of supply except the exclusive monopoly granted to the banks. These banks have the means and do compel the people to pay for the use of money a rate of interest that forces the majority of mankind into needy circumstances and deprives all but a few of a proper compensation for their lives' efforts. No one should assume because of all this, and because the bankers get the lion's share of profits, that bankers are disposed to be vicious. We should change the system and not blame the bankers. In the process of changing the system the people should address themselves first to a subservient Congress.

" The Glass bill, being distinctively a banker's bill, and all who are not bankers being compelled to go to the banks for accommodations, we should at least make it easy for the banker to help borrowers whenever he is willing. If this bill is passed without some minor amendments, to make the transfer from the old to the new system easy, the bankers will be compelled to retrench until they can adjust to this new system. They will not only be compelled to withhold further credit during that period, but many borrowers will be called on to pay notes while the adjustment is going on. For that reason, if the general plan of the bill is to be adopted, some amendments can and should be made to obviate the tendency to create a stringency. The banks will not wait for help, but will help themselves by calling on borrowers to pay. It evidently is the opinion of those who favor the bill that the Federal reserve board will waive the affirmative requirements to enable bankers to shift from the old to the new system without disturbance. Admitting that the board would do so is not sufficient to the business world. Bankers are cautious business men and will resolve all doubts in favor of safety, and therefore call in loans until they are prepared to meet the most difficult provisions of the bill. The bill should be made right to start with so far as human foresight can make it and still have the saving clauses to meet any oversight.

" FEDERAL RESERVE BANK STOCK ASSESSMENT.

" Instead of making a call for 5 per cent instant and 5 per cent within 60 days, it should be made in several smaller calls distributed over a period of a year. There is, however, no need of so much centralized capital as would occur in these banks. The security of the depositors in a bank depends on the good

management more than on the amount of its capital stock. The funds in the control of a good management in a bank are usually several times greater than its capital. A 5 per cent assessment on the capital and surplus for the establishment of the Federal reserve banks would serve the country better than a larger assessment upon the capital alone. I believe that 8 per cent on the combined capital and surplus would be still better, because that would leave more money for use in the proximity of its origin, where it belongs.

"ASSESS COMBINED CAPITAL AND SURPLUS.

"Assessments should be made both on the capital and surplus. The surplus of a bank is as much a part of its capital as the capital itself is. It would be an injustice to the smaller banks unless the assessment is made on both capital and surplus. The 87 national banks in New York City, for example, had September 4, 1912, a capital of \$120,200,000 and a surplus of \$128,255,000; while taking, for instance, the first 87 banks listed in Minnesota, which is a fair average for country banks generally, their aggregate capital on the same date was \$1,425,000 and their surplus \$458,615. Now, if this new system is to be a protection to the banks or if it is to be a burden to them, in either case let them pay for the one or the other in a proper proportion. The bill should be amended to have the assessment made on the capital and surplus both.

"BANK RESERVES.

"The reserve requirements should be reduced immediately to 20 per cent for all reserve banks. That would help the banks to meet the demands of the country banks for a return of their funds. As the bill is, the reserve banks would simultaneously be compelled to press collections—first, in order to meet the demands from the country banks for their reserves; second, to subscribe for stock in Federal reserve banks; and, third, to transfer a part of their own reserves to the latter. The period of adjustment should be more graduated and the reserve requirements reduced. Since the banks have absolute control of the distribution of money to borrowers, they should not be prevented from loaning at times and in places when and where the money is needed. The formative period of adjustment to the requirements of this bill would prevent that unless amendments are made.

"CAPITAL CAN NOT BE SIMULTANEOUSLY PROVIDED FOR 12 FEDERAL RESERVE BANKS, WHICH MIGHT RESULT IN THEIR BECOMING ONE CENTRAL BANK."

"On page 3 the Glass bill provides for not less than 12 Federal reserve banks with capital equal to 20 per cent of the capital stock of the banks subscribing, and for one-fourth to be paid in cash, and also that no Federal reserve bank shall begin business until \$5,000,000 has been paid in. Since the Federal reserve banks would be started by the national banks alone, as they alone would be forced to join, they, with an aggregate capital stock of less than \$1,100,000,000, even if they should all join, could not start 12 Federal reserve banks on a 5 per cent assessment with each a paid-in capital of \$5,000,000, as the bill requires. Furthermore, it would be impossible to equalize to approximately equal the capital in all districts. It is necessary, therefore, to amend on page 3. The bill would serve the country better by making the stock of the Federal reserve banks equal to 3 per cent of the unimpaired combined capital stock and surplus of the subscribing banks and permit them to begin business when \$1,000,000 is paid in. Under the provisions of the bill the Federal reserve board may name the 12 Federal reserve districts and the cities for their banks. The city of New York should and of course would be named as one of the 12. Chicago would be another. The influence of the moneyed interests could easily prevent all of the districts except New York City from completing the organization unless the provision forcing banks to become members is held constitutional, which is somewhat questionable. The larger banks would have to join in order to have capital enough for 12 reserve banks. The larger banks are controlled by stockholders who support the Wall Street system. Anyone who has investigated the influence of that system knows that its influence in a case of this kind would be all powerful. The New York district under that condition might complete its organization and the rest drop out by default. Then there would be one central bank controlled by Wall Street stockholders. The Federal reserve board would have some influence, but not sufficient to help the general public out of the difficulty that would arise from such a condition. It is not within the power of the Federal reserve board to complete a single organization if the banks do not affirmatively act.

"INCREASE AND DECREASE OF CAPITAL STOCK.

"Sections 5 and 6 provide that when banks reduce their capital, or dissolve, or become insolvent, the Federal reserve bank shall pay therefor a sum equal to their cash-paid subscriptions on shares surrendered. In times of panic or financial stress

this provision would weaken the Federal reserve banks. The banks holding the stock could dissolve, reduce their capital stock, or go into insolvency, thus not only avoiding the whole or a part of the responsibility to carry the Federal reserve banks through financial storms, but actually thereby reinforce their individual holdings by reducing those of the Federal reserve banks. This should be so amended that payment for shares surrendered would be made at such time as the Federal reserve board from time to time provides. No solvent bank should be permitted to surrender its stock at a period when in the opinion of the Federal reserve board the general public interests, on account of financial stringency, require the Federal reserve banks to have all their resources available to meet the more general demand.

" SMALL BANKS SHOULD BE ADMITTED.

"The second paragraph of section 10 should be amended so as to provide that no bank should be excluded from becoming a member bank of a Federal reserve bank because of the amount of its capital stock, so long as its capital stock and surplus remained unimpaired, if in every other respect such bank was qualified. The welfare of the whole people requires the thrift of every community. The small communities are as essential as the large ones, and their banks should receive the same treatment as those of the larger cities

" FOREIGN AGENCIES.

"The last paragraph of section 15 should be amended so as to prevent instead of permit Federal reserve banks opening accounts or establishing agencies in foreign countries. Since it is proposed by this bill to turn over to the Federal reserve banks, the Nation's funds, we should not entangle them further by permitting the Federal reserve banks to establish agencies in foreign countries for speculation. The foreign banks authorized by section 28 of the Glass bill would attend to foreign business.

" GOVERNMENT DEPOSITS.

"It may be questionable whether it is constitutional to deposit Government funds in the banks except in consequence of appropriations made by law. Funds that have not been appropriated must remain in the Treasury. Subdivision 7 of section 9, article 1, reads:

"No money shall be drawn from the Treasury but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

" It may be that any funds that have actually been appropriated can legally be deposited in the banks. However, passing that question, the adoption of a policy to continually keep on deposit all the public funds in the banks is at least doubtful. The bankers claim that the money is being taken out of business to pay the Government demands and should be deposited in the banks in order to pass back into business. If its doing so were confined to legitimate business and did not enter into speculating and gambling, there would be more virtue in the claim.

"A concrete illustration exists at the present time to show the effect of the use of the public funds. The first \$10,000,000 that the present Secretary of the Treasury deposited in the summer (1913) in the banks on 2 per cent interest basis probably did no good, because it was immediately absorbed by Wall Street and used to exploit the people. The bank statements show that it quickly gravitated to Wall Street. I do not make the statement in criticism of the Secretary. It did not happen to be a good time to make the deposit. On the other hand, the later and larger deposits being made by the Secretary of the Treasury in the banks in the South and West come at an opportune time. It will help to move the crops and to steady conditions and prevent financial stringency.

"The undesirability of keeping all the public funds on deposit in the banks all the time is, I think, manifest. At certain periods there is a great demand for money to move crops. When crops have been moved the demand for money weakens and it piles up in the banks. The banks loan it out then at lower rates of interest. The speculators have taken advantage of those conditions in the past years to reduce the price of farm products when the farmers sell their crops. They hold the money tight then, but when the farmers buy what they require the speculators would have the money market easy so as to make the farmers pay high prices. In that way the speculators have practically fixed prices. When the farmer sells he is compelled to take the price the speculator offers; when the farmer buys he gives the price the speculator demands. That is one of the troubles with the present system, and this Glass bill does not furnish a sufficient remedy.

"If the banks are given all the public funds at all times, as the Glass bill provides, there will be times when they will not be in demand for legitimate commercial business. They will then

be loaned to the speculators, who will exploit the people. Then when the demands of legitimate trade come again the money market will become tight. The farmer, the merchant, the manufacturer, and others will be compelled to compete with the speculators to borrow money. The interest rates will be raised. There will be no place then to give relief like that at the present time being extended to some sections of the country by the Secretary of the Treasury. The discovery that such relief can be given has come too late, for we will hardly have more than a sample of its effect until the Glass bill will become a law and will take the public funds and place them where they will be available to speculators in competition with legitimate commerce. It may be contended by those favoring the bill that the banks can secure Government note issues at any time they wish. That is true if the Federal reserve board would approve, as very likely it would if the public interest required, but that is a protection available to the banks alone. They may apply if they wish, but neither the Federal reserve board nor the public at large could force such an application to be made. The banks are in the business solely for profit. It is for their interest to keep the rates of interest as high as they can, and it will make no difference how much the public may be in need of more money, the banks will make no application for Government note issues till such time as the public is willing to pay a larger profit than the banks can make without. The banks can bring out the note issues if they wish, but no one else can.

" NOTE ISSUES MADE ASSET CURRENCY.

" For more than a half century the money loaners have ridiculed the issue of United States currency based on the credit of all the people. Now they ask the United States to issue notes on the credit of the people, but not for the people nor in their interest. Instead it is proposed to organize the private banks into 12 or more special corporations and issue this currency on the security of notes, bills of exchange, acceptances, Government, State, and municipal bonds. In other words, it is to be a form of asset currency supported by the Government but given to special interests to be vested by Congress with full and complete authority to scalp from the people and generally exploit them.

"By section 7 in this bill the Government is to divide the profits that the Federal reserve banks get out of the people; that is, the Government is to print and engrave currency for these private corporations and give them the monopoly of loaning it, and whatever they are able to force the people to pay for the use of it such proceeds, after the corporations have first taken out the expenses and 5 per cent profit for themselves, the excess will be divided between these corporations and the Government. Considering section 7 in connection with the note issues which the Government is supposed to charge for, and also in connection with the charge to be made upon Government deposits, this section 7 establishes a vicious principle. Upon the note issue as well as the Government deposits, the policy of making a reasonable charge can not be reasonably questioned. That is clearly within the Government right as well as a fair policy, but this section goes further, and provides that after the special private corporations to which Government note issues and Government deposits have been furnished and a proper charge made, that after these corporations have gotten out of the people a reasonable return, that is 5 per cent as fixed by the bill, then whatever in addition to that that can be extorted from the people the Government will divide with the banks.

"No one other consideration in connection with the business dealings of the people with each other is so important as the money and credit system. The authority for the money, as well as the support of credit, depends for its stability on the Government. In the extension of the advantages sought to be derived from the use of money and a practical use of credit the power of the Government is absolutely essential. Any proper considerations by Congress of this subject are necessarily national in their scope.

"It is the acme of absurdity for Congress to place between the people and the Government itself an agency in the absolute control of the distribution of money and the use of credit that would be valueless without the guaranty of the Government, and yet that is the identical thing that has been done by Congress, and the Glass bill emphasizes the absurdity.

"Why should Congress place a controlling agency, employed for private gain, between the people and the Government of the United States? That is what has been done by giving to the banks the exclusive privilege of the use of the Government credit. Why is it proposed that the banker should take the merchants', the manufacturers', and other notes, as well as the bonds of towns, villages, cities, States, and even the Na-

tion's bonds, to the Government and get currency, and at the same time refuse the producers themselves, the makers of those notes and obligations, an equal privilege? The absurdity of the Government giving away its own credit to corporations to exploit the people is incomprehensible. The bankers are not to blame. Congress is to blame for giving away the people's rights and bestowing them upon the banks.

"It is true that Congress possesses the authority and has the power to strip the banks of their exclusive monopoly, but the most of us have not the courage, and therefore we have the absurdity of the Congress of the United States giving to special interests the Government credit—the credit of the people—thereby forcing the people to borrow at exorbitant rates of interest the very money that their own Government issues on their own credit. The fiat of the Government is stamped upon the coins and the currency and then given to special interests and used as a means to pauperize the people. If the exclusive privilege were not given to the banks, then they would become the people's natural agents, but with the exclusive monopoly they become the people's masters.

"The notes, bills of exchange, acceptances, bonds, etc., are the limited currency of those giving them—limited in its circulation by the credit that one or more persons are willing to give to it. By this Glass bill it is proposed to give the credit of the Government to these and create an endless chain by means of which the Government is to manufacture asset currency for the banks.

"GOVERNMENT FURNISHES CAPITAL

"The Glass bill proposes to deposit all the Government funds in the banks. In the past the funds have been approximately \$250,000,000 and the sum increases with the growth of Government business. Of this first sum of the people's own money to be taken from the United States Treasury the banks may loan to the people two-thirds and keep one-third in reserve. They will get the people's notes, bonds, and so forth, for approximately \$165,000,000. Then, under section 17 of the Glass bill, they will be allowed to take these notes and bonds to the United States Treasury and deposit them and get United States currency. This currency they will take out and loan to the people and get an additional supply of notes and bonds. In the meantime they will have collected a lot of interest on the first installment, and, with that reloaned to the people, they take all the notes and bonds they get and come back to the United States Treasury for another supply of United States currency, and, as previously, they run out again and reloan that currency to the people, and now again they have still more interest collected from the people which they will have reloaned, so they add that and come back to the United States for still another supply of currency. If it were only the Treasury funds they were to have it would be hampered some by the reserve required to be back of the note issues, but they also get the deposits from member banks and can do the same with those.

"Thus we see that the specially created interests which the Glass bill proposes to make will get the funds in the United States Treasury and a large part of the individual deposits of the people, loan them out to their owners, the people, get the people's notes and bonds drawing interest, and keep re-returning over and over, again and again, for United States currency to loan. Thus it is to continue 'world without end,' the people encumbered without end. It is to be a never-ending pulley, with boxes attached, leading from the banks into the Treasury of the United States, taking into the boxes the people's money, bringing it out from the Treasury of the people and into the banks, to be loaned to the people themselves at a price to be in the exclusive control of the banks. The Glass bill proposes to protect the individual bank that rediscounts with the Federal reserve from exorbitant interest rates, but none but member banks can apply, and the bill gives no individual borrower any protection as against an unreasonable charge of interest by the bank.

"In accordance with the legislative and executive policy, and upheld by judicial decrees, running through their official acts, to be found in statutes, department orders, and judicial decrees, the people have been given into bondage. In less than 100 years the expense of administering the investment of the money that this Glass bill alone authorizes to be taken by the banks out of the United States Treasury, plus the compounding of interest, at the rates that banks charge and collect from the people, would absorb the equal of every dollar's worth of property now in existence and still leave a deficiency on which to declare the people bankrupt. I challenge any honest person to compute the cost to the people. If he does, he must admit the truth of the statement. A somewhat similar process to that which this bill makes possible for the pyramiding of loans from the use of currency authorized to be given to the banks has existed for a long time by the use of deposits and credits for loans based on bank accounts, and we are paying now in the high cost of living partly because of that practice. A vast majority of the people have no property, but live from hand to mouth on the little part they get from the results of their daily toil. The rest is absorbed to pay the toll that the Government practically provides for the banking and other special interests.

"By reason of the policy followed by the legislative and executive departments, and supported by the judicial, there are several individuals in these United States, each of whose fortunes are now large enough so that 6 per cent annual interest compounded, as is the custom, computed for 100 years, would furnish the owners with all the luxuries and extravagances of life, such as the families of the wealthy usually indulge, and, in addition, enable them and their successors to their fortunes to absorb the equal of the whole wealth now existing in this country. There are more than a thousand others who in two, three, four, five, and six could do the same thing. They are all levying a tax, burden, or whatever you wish to call it on us every day of our lives.

"It is a fact that any and all the legislation that has been advocated by the political leaders will have mighty little influence in solving the cost of living. It is not in the tariff bill, nor is it in the currency bill. It will not come out of a bill that comes out of secret meetings and closed caucuses. There can be only one purpose for doors being closed to the public, and that is to whip subservient Members into supporting something that does not give the people that to which they are really entitled. This Glass bill is an example of that. Those who provide us with bread and butter and with the clothes that we put on our backs and the shelter for our bodies are the last to be served. These, who are the source and very basis for the supply of life's necessities, are deferred to a future period, while the Glass bill that we are called on to enact continues the system which gives to special interests a monopoly control of the distribution of money. Those who toll must support it and must appeal to these special interests and pay them the toll for its use, with not one word in the entire bill placing a limit on that toll.

"It is generally pretended that the reason the money supply is out of proper commercial adjustment at certain periods is because of the extra demand for the movement of the crops. It is true that there is a farmer's demand, but the trouble with the reformers is that they do not intend to give the farmer the remedy. The farmer is put off till the last. His rural credit system can wait. The speculating interests are to be first supplied with funds to speculate on the farmer's products. This bill in one of its sections is expressly against the farmer.

It offers a sop in section 20 by permitting the national banks to loan on improved farms for nine months, which would be of little, if any, value to a farmer. The farmer, unless in desperate straits, would be foolish to mortgage his farm for so short a period, but section 17 of the bill discredits the farmer's note by refusing to permit it to be used as security for United States currency, but allows most other kinds of paper to be taken. There is nothing better than a note secured by a farm mortgage. Farm-mortgage notes should be accepted the same as merchants' notes and others when they have the same period to run before maturity. A large amount of farm-mortgage notes are coming due within 60 and 120 days all the time; that is, a farm mortgage, after it has run to within a period of 60 or 120 days of maturity, it makes no difference how long it was made for originally, even if 10 years, is as good as any other short-time note, and the bill should be amended to take such notes.

"While I regret it, I am not surprised that the President might advocate a bill that he could not possibly have had time to study, for his multifarious duties make it impossible for him to give detail study to these matters, but Members of Congress have time and are not excusable for submitting a bill so weak in its value to the public. It may be better than what we have now in practice, but the people are entitled to a bill worth 100 cents on the dollar.

"Various other amendments of lesser importance could be made to the Glass bill, improving it, to which I shall not call attention in this report, rather leaving them to be considered on the floor of the House. In suggesting the amendments that I have, it is not with the intention of approving the bill even if the amendments are adopted. The amendments would improve the bill, and with them I could vote for the bill when all things possible had first been done to adopt a good bill.

"The Glass bill is unfitted to an adjustment of the greatest financial problems that now confront the people for solution. If it were to be amended so as to meet the necessities of the present times, even the title would have to be stricken out, another substituted, all the sections rewritten, and there would be nothing left to resemble the original.

" Congress was called into extra session to legislate with a view to reduce the cost of living. All honest people must commend the purpose. Earnest efforts have been and still are being made to accomplish that result, but on account of peculiar partisan practices and false rules for the government of Congress, for which men and not parties are at fault, Congress does not have presented to it in form to vote on measures suited to the people's most urgent needs. Secret committee meetings and secret caucuses frame bills, bind and gag the attending Members, and by a system of evading record votes on separate important provisions, prevent the passage of legislation that would result in a substantial reduction of the cost of living.

" Unless some sudden change takes place in the government of Congress that is not apparent at this time nothing that is here being done will reduce materially the cost of living to those who earn it by their daily work. The reason why may be easily understood by anyone who will carefully study the conditions. Such a study will reveal to anyone the leading cause for the high cost of living. When one understands those he will know that the two bills which by the rules governing Congress are permitted to be acted upon will not accomplish the result demanded.

" In the hopes that the people, as well as their representatives in Congress, may give this most serious matter attention early enough to change the course of things here to give them a better turn, I have labored to point out a few things that must be done if we would give the people any material relief. I am not given sufficient time to state all the facts that I wish to in this report. I have no greater capacity than other Members, but I have put in the time to investigate carefully the conditions. I have gone out among the people and seen the rich and poor in actual operation in business and work and have studied them there as well as in their homes. I have had enough experience in various ways to enable me to understand quite well why it is that a few people are now getting all the wealth that results from the labor of people generally, and what is more important, I know that the power of the few to outrageously extort from the people generally can be prevented.

FOR THE INFORMATION OF ANY MEMBER WHO HAS NOT HAD TIME TO make the investigation for himself and who wishes to study the subject further from my viewpoint and so informs me I will furnish a book which I have just published on Banking and Currency and the Money Trust, and also a speech which I delivered in the House August 2, 1912.

"THE LOWER COST OF LIVING AND ITS RELATION TO MONEY AND CREDIT AND TO INTEREST, DIVIDENDS, RENTS, AND PROFITS.

"We must have food, clothes, and shelter, and require the instruments with which to ply our daily work. These are the prime necessities, and are made available only as the product of labor. They determine the initial cost in living. When the means of the individual units in our social order—that is, of the people—are safeguarded and kept unencumbered while they provide their prime necessities, their securing benefits from the social order in excess of such prime requirements will be assured as a consequence. A few concrete illustrations will make that clear.

"It must be kept in mind that the Government of the United States and of the several States has established a policy supported by general practice, by statutes, and the decrees of courts that the owners of property are legally entitled to a rate of interest or dividends or profit return that in and of itself encumbers all people. The people must have the use of the property or the products from its use, and therefore are compelled to pay the interest. The power of its enormous burden I show in the following interest table compiled by a former Librarian of Congress. This table shows the growth of \$1 by compounding interest in the manner of the banks. One dollar loaned for 100 years would grow as follows:

Interest at—	
6 per cent per annum would amount to-----	\$340
8 per cent per annum would amount to-----	2,203
10 per cent per annum would amount to-----	18,808
12 per cent per annum would amount to-----	84,075
18 per cent per annum would amount to-----	15,145,007
24 per cent per annum would amount to-----	2,551,798,404

"I shall cite a few individual cases from which Members of Congress can easily determine that not only on paper and in theory is the Government supporting a policy of pauperizing the people, but it is actually pauperizing them by its support of this practice. Use the table above, and from it the tremendous power of interest and dividends to oppress the plain producers may be seen. The individual fortunes are stacked up against the people's daily energy, so that from the products of their toil

the interest, dividends, and rents must be paid. It means that dead capital is stacked up against human life so as to make humanity subservient to so-called 'vested rights,' by law privileged to take an extortionate toll for the use of substance which has been produced by the people's own toll. That is the encumbrance to which I referred as being directly and indirectly responsible for the high cost of living. No bill that would properly deal with this problem has been permitted by the so-called 'leaders' in this Congress to get a fair hearing. On the contrary, the 'leaders' have appropriated the public committee rooms and the Halls of Congress as well, corralled subservient Members, locked the doors to keep the other Members and the public out, and produced bills that Members have been coerced to support under the guise of harmony in a party.

"The following cases to which the table of interest may be applied is illuminating:

"From the testimony given by George F. Baker, president of the First National Bank of New York City, before the committee appointed to investigate the Money Trust we learn that the operations of a single bank produced in 50 years profits equal to \$80,000,000, or 172 times its original capital. If that bank continues to do business and is allowed to pile up profits in that geometrical progression it alone, on an original investment of \$500,000, in less than 100 years would have the power to extort from the people more than the equal value of all the existing property in the United States, and that bank is but one of the 30,000 banks operating on an uneconomic system.

"The capital stock of the national banks alone, in 1912, was \$1,048,012,580. The dividends paid for the year ending June 30, 1912, averaged 11.66 per cent, which was in addition to the accumulation of a large surplus. Going at that rate, compounded as the banks do, they would have the equal of the entire present valuation of the country absorbed in less than 50 years and would have the surplus from year to year to do anything they wish with. These dividends are over and above all the expenses, which include pay for the clerks and high salaries for the officers connected with the banks. That is not all; the bank officials have unusual opportunities, and most of them do speculate in various ways, and in the aggregate they get greater profits from deals that make no return to the banks than the actual dividends declared. What I have named includes the national banks alone. There are more than twice as many other banks, loan and trust companies of the different kinds. These do about twice-as much business as the national banks. That is just one great interest, the banking and financial.

" There are the railways, the steel and iron companies, the oil companies, the coal companies, the telegraph and telephone and numerous other companies, besides a thousand or more great individual fortunes, that concentrate into very limited control the principal part of the active capital in the country. This is held on one side by the so-called capitalists, protected by the 'vested rights doctrine,' which means law, that enables them to extort from the people in what are called dividends, interest, rents, and profits, an amount that, as shown by the interest table given before, is absolutely sure to keep the cost of living high and to keep the people working to support that system. By that system any person who can get a few thousand dollars can live in idleness or as a spendthrift on the interest that the working people of this country are forced to pay.

" Members of Congress are intelligent. What I have already stated is sufficient to show any intelligent person that our present system is a fraud on the people. No intelligent, self-respecting people can long tolerate a governmental system which by its established and expressed policy places an unnecessary burden on the citizenship. I shall not multiply the examples showing the injustices created by the policy of government. A word to the wise is sufficient. To others it would be hopeless to pile up examples.

" WE REQUIRE TO LIBERATE THE PEOPLE FROM EXCESSIVE INTEREST.

" Under the Glass bill the amount of money that would be exclusively within the control of the banks within a few months after its becoming a law would be increased. The bankers' powers to collect interest would be considerably augmented. It is on that account that the Glass bill does not provide a remedy to meet the people's greatest necessity.

" There is but one way to meet the financial necessities of the people, and that is to have the Government support all the people in whatever useful industry they may be engaged. The Government must withdraw from the banks the exclusive monopoly control of financing the people and give to every legitimate and necessary enterprise impartial governmental support. It is absolutely necessary to an independent people that the Government should stand ready to do that. Then the bankers, seeing that they no longer have an exclusive monopoly, would exercise the office of an agency instead of holding the hand of mastery. With that purpose in view, and to pave the way for very early permanent relief to the people, I offer the following amendments to the Glass bill:

" Strike out the title of the Glass bill and substitute the following for its title:

"A bill to amend the national banking laws, to provide a revenue system by which the Government taxing powers shall be represented by United States currency drawn on the people of the United States to be disbursed through the governmental agencies on appropriations by Congress for services rendered or to be rendered the Government, to inaugurate, develop, and maintain an American financial policy and currency system which will liquidate and eventually abolish debt, National, State, and municipal, and put the public and private enterprises, industries, and exchanges upon a sound economic basis, and remove the power of private interests to monopolize the mediums of exchange, and for other purposes.

"Also strike out all of the Glass bill following the enacting clause, except sections 26, 28, and 29, and renumber said sections so as to be numbered sections 18, 19, and 20, respectively, and in lieu of the part thus struck out insert after the enacting clause the following:

" FISCAL DEPARTMENT.

" SECTION 1. That there is hereby established a new fiscal department of the United States as an adjunct to and within the jurisdiction of the Treasury Department of the United States. The board of said fiscal department shall consist of eight members. This number shall include the Secretary of the Treasury, who shall be member ex officio, but without voting power except as specifically in this act provided, and seven others, nonpartisan, to be selected by the President, by and with the advice and consent of the Senate, and whose term of office shall be for 10 years: *Provided*, That in naming the first board one shall be named for 2 years, one for 4 years, one for 6 years, one for 8 years, and three for 10 years, and always subject to removal by and with the consent of the Senate. The salaries of the seven members thus appointed shall be fixed by Congress annually in the appropriation bills. The Secretary of the Treasury shall be the chairman of said board and shall select a first and second vice chairman, who shall, in the order named, preside at meetings in the absence of the Secretary of the Treasury. The Secretary of the Treasury shall have no vote except in case of a tie vote, when he may vote to break the tie. Five members shall constitute a quorum. The seven members on the board appointed by the President and confirmed by the Senate shall devote their entire time to the business of the fiscal department and do the principal part of the work in order to establish in practical working order a new fiscal department; that said board shall have authority to employ such assistance and incur such expenses as may be necessary in the performance of their duties, and for such purpose there is hereby appropriated \$100,000, or so much thereof as may be necessary, to be paid out of the moneys in the Treasury not otherwise appropriated upon vouchers approved by the Secretary of the Treasury.

" SEC. 2. That in aid of Congress in pursuance of the power conferred by the Constitution upon Congress to coin money and regulate the value thereof the fiscal department is hereby authorized to issue a new United States currency, which shall be in the form of public-service certificates, and these shall state upon their face in substance that the bearer has performed a public service of the value stated in the certificate, that each separately is issued and circulated for value received under the provisions of this act, and the same shall be the lawful money of the United States and shall be receivable at par for all debts, dues, and demands, public and private, within the jurisdiction of the United States, created after the passage of this act; that the same shall be printed and engraved by the Bureau of Printing and Engraving from plates and dies devised by the fiscal department, and shall be issued from time to time in such quantities and in such denominations as the public interests require, and in all cases, except where otherwise provided in this act, shall first be placed in circulation by being earned in public service of the Government or in the supply of some material needed for Government use, and then for its full par value, and shall not after returning to the Government be again reissued or circulated except for a like purpose.

" DISTRIBUTION OF UNITED STATES CURRENCY.

" SEC. 3. That to carry out the appropriations made by Congress the fiscal department shall issue the United States currency authorized by this act to the various departments of Government for all public purposes that require or may require the expenditure of public funds. That when funds have been appropriated by Congress and the United States currency is issued to cover such appropriations the fiscal department, for the convenience in the transaction of business through the Government disbursing agencies, may deposit such currency, as well as checks, drafts, and other receipts of the Government, in national and other banks, or in postal savings banks, for checking accounts, but banks shall not be required to pay interest on such accounts. Deposits of checks, drafts, and other evidences of dues to the Government may be made in the banks, but otherwise the United States currency only shall be deposited in the banks by the Government, which currency when so deposited shall be held as a specific fund to special deposit, but checks and drafts and other evidences of dues to the Government deposited by the Government shall not be distinguished from or have any privileges or preference over other deposits of individuals, whether private or otherwise, in the same banks. No deposits shall be made in banks for the purpose of creating surplus therein, but merely to facilitate the transaction of public business. The banks shall, so long as there remains a credit to the Government's general account, pay checks drawn by the Government agencies out of the general account, and the use of the special deposits of United States currency in payment of such checks is hereby prohibited until the general account shall have been exhausted, in which case payment may be made out of the special deposit.

" CANCELLATION OF EXISTING CURRENCY.

" SEC. 4. That from and after the passage of this act all United States notes, currency, gold and silver certificates, and national-bank notes shall be full legal tender for all debts and dues, public and private, in the United States, its Territories, and possessions, except debts or contracts existing at the time of the passage of this act, which by their

terms are payable in some other form of money or material, but while in circulation the present money and currency aforesaid, as well as all existing coins, shall not be deprived of its present qualifications, and the outstanding United States notes, currency, gold and silver certificates, and bank notes shall be redeemed on demand in such other form of money as now provided by law; and as soon as practicable after any United States notes, currency, gold and silver certificates, and bank notes come into the possession of the Secretary of the Treasury for redemption the same shall be canceled and destroyed: *Provided*, That when such redemption is of national-bank notes the amount canceled shall operate in liquidation of an equal amount of United States bonds securing the same, except that any national bank may, by giving the fiscal department such notice as the said department may require, have the national-bank notes redeemed, reissued by complying with the laws as to the maintenance of security, and no such notes, currency, or other certificates shall be reissued except as in this act provided. All existing laws for reissuing or recirculating any such notes, currency, or certificates are hereby repealed. That when gold or silver becomes the property of the United States their legal-tender quality, except as to subsidiary coin required for circulatory purposes for small change, shall cease and the gold be reserved for use in the redemption of outstanding obligations and for use and in aid of interstate exchanges when the Government shall in any way be interested. That the fiscal department may purchase gold from time to time at the marketable value, if necessary, for either of said purposes, and also when, in its judgment, the national debt can thereby be better and the sooner be extinguished, and except as authorized by this act, the United States shall receive gold for coinage only, the purpose being solely to affix the governmental stamp of weight and fineness to such coins, but all coins so made after the passage of this act shall have no legal-tender quality. A charge equal to the cost of coining the same shall be made, which coin shall forthwith be removed by whoever it may have been coined for, and no department of Government shall hereafter give storage facilities to any gold bullion or coins not belonging to the United States and shall issue no more gold or silver certificates.

"SEC. 5. That on and after three years from the passage of this act a storage charge equal to the cost of maintaining the same shall be charged and collected on all gold and silver held against outstanding certificates, it being the ultimate purpose and policy of this act to remove the Government fiat from all metals and reduce metals to their commercial commodity value.

"AID TO THE STATES.

"SEC. 6. That all States of the Union whose laws now or hereafter confer upon them, or their executive or other State functionary, the power to borrow money on the credit of the State or to guarantee the obligations and debts of their counties, towns, boroughs, villages, cities, municipalities, school districts, or political divisions for any just and recognized public use, may apply to the Secretary of the Treasury to secure loans of United States currency for the purpose of defraying the current expenses of the State or any of its political subdivisions aforesaid for which the people of the State or political division aforesaid are taxed. The Secretary of the Treasury shall certify to Congress as often as practical, not less than once annually at the beginning of each session and oftener when practical, an abstract of such applications and the details so far as practicable in regard thereto, to the end that Congress may in its discretion appropriate United

States currency in such sums as it seems best for the use of such State or States applying therefor, and to be loaned by the Federal Government to the States only. Before any such loans shall be made the fiscal department shall recommend uniform rules and regulations, so that Congress may not discriminate or allow discriminations by the fiscal department in making such loans, and shall prevent the States, in the use of the funds secured, from allowing any discrimination in the administration of the system. Such proposed rules and regulations shall provide for a uniform expenditure by the States, so that the issue of United States currency and the volume shall conform to the demands of business, public and private, avoiding alike redundancy and insufficiency, and shall provide that no State shall pay out said currency secured from the Federal Government except for the full face value of the same in service to the public for public purposes for which the people are annually taxed, so that the currency may be returned in the payment of such taxes through the usual methods; and before any State shall be extended a loan it shall establish and submit to the fiscal department the rules by which it would be governed in the expenditure, which rules must be satisfactory to the fiscal department. All rules and regulations thus proposed shall be referred to Congress for such action as Congress may adopt.

" SEC. 7. That the charge for loans to the States and the manner of guaranty by the States and the form of guaranty to insure the proper expenditure of the same shall be adopted by the fiscal department and shall in every respect be uniform to the States and subject to review and confirmation by the Senate.

" NATIONAL PUBLIC WORKS AND IMPROVEMENTS.

" SEC. 8. That the fiscal department shall devise a plan whereby Congress may be guided in the enacting of legislation to authorize the fiscal department to establish a system of national public works and improvements adapted at all times to give immediate relief to all congested labor conditions within the territorial jurisdiction of the United States and render available all surplus labor and insure against enforced idleness and the ills incident thereto by means of the inherent powers of the Government to establish justice and promote the general welfare, and shall report such plans and the outlines of a policy to Congress with recommendations.

" AID TO THE AGRICULTURAL AND HORTICULTURAL INTERESTS.

" SEC. 9. That the fiscal department shall proceed with all reasonable expedition to communicate and cooperate with the authorized representatives, organized and unorganized, of the agricultural and horticultural interests of the Nation, with a view to the adoption of a plan and policy of systematizing the production, storage, transportation, and distribution of agricultural and horticultural products, to the end that both the producers and consumers of such products may have complete emancipation from the present extortions of speculators and manipulators in these products and of organized and trustified storage, elevator, and transportation combinations now monopolizing the same and controlling and manipulating the prices of such products both to the producers and consumers, and shall, if practical, propose such an extension and enlargement of the postal savings system and, if need be, increased issue of United States currency in aid thereof as will provide for a system of Government loans to owners and operators of improved agricultural and horticultural lands, upon such terms as will amply insure the repayment of such loans, at a rate of interest not to exceed 4 per cent, payable semiannually. Such interest shall be reduced to a

nominal interest barely sufficient to reimburse the Treasury as soon as the national debt can be extinguished, and such plan shall be reported to Congress with recommendations.

" GOVERNMENT LOANS TO WAGE EARNERS.

" Sec. 10. That the fiscal department shall proceed with all reasonable expedition to communicate and cooperate with the organized and unorganized wage earners to consider and devise a plan and policy for a system of Government loans to wage earners at the lowest rate of interest consistent with the cost and integrity of the service, which loans will enable them to provide homes independent of real-estate speculators with an adjunct and department of wage and salary advances to further protect wage and salary workers from the overcharge made by loan agencies. These plans shall be submitted to Congress with recommendations.

" AID TO MANUFACTURING INDUSTRIES.

" Sec. 11. That the fiscal department shall proceed with all reasonable expedition to an inquiry into the conditions of the manufacturing industries of staple products in the United States and Territories with a view to ascertain the state of such industries and devise plans for the inauguration of a policy to aid and assist such of those manufacturing interests as are not involved in monopolistic combinations, or are able and disposed to extricate themselves from existing monopolies, which plans shall involve a system of Government loans and advances to such manufacturing interests as are able to insure the repayment with the lowest rate of interest consistent with the cost and the integrity of the service, which plans shall also be reported to Congress with recommendations.

" IN GENERAL.

" Sec. 12. That it shall be the duty of the fiscal department to investigate into the financial conditions of all legitimate industry, work, and enterprise of whatsoever character, the pursuits and results of which, under proper conditions, promote the general welfare, and ascertain what plan or plans, if any, can be contrived for their aid by extending Government loans to them or such of them as require aid. The fiscal department shall report to Congress from time to time thereon with recommendations.

" Sec. 13. That the fiscal department in its administration shall take notice of the economic fact that payment by the Government for a service to the Government involves a collection from the people of an equal amount plus the expense of collection, and that the issue of United States currency in payment of Government expenses creates a demand on the part of the people equal to the currency required to be returned to the Government in cancellation of taxes or dues; and further, that economic private enterprise (eliminating speculation) for the production of commodities or the rendering of services for the use of others legitimately involves the return of commodities or services of equal value, whether the same is accomplished by direction or indirection, and that whenever actual commodities or services are not immediately or directly exchanged in a cancellation of the respective obligations, then a credit representative is necessary, and so far as possible, in a practical sense, when applied to the affairs of the people as they exist, the obligations of credit should be liquidated without the burden of a greater charge than is consistent with the cost and integrity of an honest and just system.

Therefore in the supply of United States currency, guaranteed by the credit of the people as a medium of exchange, the volume to be placed in circulation should conform to the needs of commerce, avoiding alike both redundancy and insufficiency, and with that as the purpose the fiscal department shall make estimates and report to Congress, for under the Constitution no money shall be drawn from the Treasury but in consequence of appropriations made by law.

" AUTHORIZING NATIONAL BANKS TO BORROW RESERVES.

" SEC. 14. That the national-bank act is hereby amended so as to permit national banks to borrow from their own reserves by complying with the provisions of this section. That any national bank having its capital and surplus unimpaired may apply to the fiscal department to borrow from its cash reserves maintained in its own vaults. The bank so applying shall set forth in detailed description the securities it proposes to deposit with the fiscal department for the loan, which securities shall be of the same character as is by law and practice now required or as may be hereafter required for the deposit of Government funds in banks. If in the opinion of the fiscal department the public interests require the extension of any such loan or loans, the same shall be authorized by said department to the extent it deems wise; but before a bank authorized to borrow from its reserves shall be allowed to do so its securities shall be approved and deposited with the fiscal department in such amounts as the fiscal department shall demand, and the bank or banks having complied with all the rules and regulations of the fiscal department, on order from said department, there shall be transmitted from the nearest subtreasury to the bank or banks to which such authority is extended United States currency to the extent of the amount authorized to be borrowed from the reserves, and the bank shall specifically retain the United States currency thus received in its vaults, and then may loan or pay to its depositors or pay its other obligations from its other cash reserves held in its vaults to the extent authorized, and shall substitute the United States currency thus paid out to be kept as reserves and for the benefit of the bank's creditors to the extent of the actual amount of the reserves that have been borrowed and paid out by the bank, as herein authorized. Any bank thus borrowing shall pay interest to the fiscal department on the amount of United States currency loaned to it under the provisions of this section at a rate which shall not be in excess of 4 per cent per annum for the first three months, which rate shall be increased thereafter monthly at the rate of 1 per cent per annum for each additional month until paid, but subject to the fiscal department requiring the payment when in its opinion the public interests require it. For the special purpose of carrying out the provisions of this section and the following section there is hereby appropriated, in addition to all other sums appropriated by this act, the sum of \$1,500,000,000 of United States currency, authorized by this act to be specifically retained by the fiscal department for said purpose, and to be specifically retained by the fiscal department for said purpose, and to be printed and engraved in advance in such amounts only as are necessary to insure a sufficiency immediately when required.

" STATE BANKS.

" SEC. 15. That from and after the passage of this act any bank or banking association or trust company organized or incorporated by special law of any State, or organized under the general laws of any State, or of the United States, and whose capital and surplus is unimpaired, may make application to the fiscal department for the right

to borrow from its cash reserves maintained in its own vaults on complying with this act and the rules and regulations of the fiscal department: *Provided*, That the same shall be consistent with the laws of the State under which such bank or trust company is organized: And *provided further*, That a majority of the stockholders in the bank or trust company of such applicants shall sign in writing their consent with the fiscal department to bring the banks so applying within the laws, rules, and regulations that govern national banks in securing such loans, except that no bank shall be refused the privileges and advantages in regard to such loans on account of the amount of its capital and surplus so long as the same remains unimpaired. All such banks having complied with the provisions named shall be entitled to like privileges accorded to national banks.

"The substance of what I offer in amendment above is embodied in a bill that I introduced August 8, 1913. Sections 14 and 15 provide for an emergency currency that would absolutely relieve the banks of difficulty to furnish funds to move the crops, and would save the Nation from the burden of establishing another retinue of officials for 12 or more central banks, such as the Glass bill provides. With these amendments that I offer enacted into law, the many economic evils now existing in our social conditions would directly cease. Furthermore, the bankers would then be instrumental in carrying out the great reform. Once their exclusive privilege and monopoly is taken from them, we shall have the benefit without the burden of their practical dealings.

"The bill that I have offered as a substitute for the Glass bill has all the elements of a complete system, and would reach its perfection through the work of the board of the fiscal department, which board would give all its time to that purpose. It would not discard the present system, but would require it to stand on its own merits. If the old system would respond to the demands of freedom in trade, that system would continue in use, but if it failed, the new system would respond. The issue of currency would be scientifically regulated to meet the demands of trade. It would be controlled by the Government instead of by the banks. While this is not a party question, the following plank in the Progressive Party platform states the correct principle:

"The issue of currency is fundamentally a Government function and the system should have as basic principles soundness and elasticity. The control should be lodged with the Government and should be protected from the domination or manipulation by Wall Street or any special interest.

"GOLD STANDARD RESPONSIBLE FOR MANY OF THE SOCIAL EVILS.

"It will be objected to my bill that it discredits the gold standard. It is difficult to remove a prejudice such as that existing in favor of the gold standard.

"On March 14, 1910, after an adroit campaign carried on by the special interests covering a considerable period, Congress passed an act which called for the permanent establishment of the so-called 'gold basis' for all of our money. Since then there have been new inventions made for mining gold which make the available amount more plentiful, with the result that the 'gold basis' is puzzling the Money Trust. But there is a still further complication, and that is that the people are becoming familiar with the fallacy of the 'gold standard' and they are becoming dissatisfied in proportion to their understanding of its bad effects.

"The dollar is worth less now than it was in 1900; that is, it will buy less. That fact, particularly, does not satisfy the creditor class. They have had enormous interest returns, but they have lost a part of that advantage because of the depreciation of the purchasing power of the dollar. To a greater or less extent all of the people are dissatisfied with it, many for selfish reasons, and they only desire a remedy to be adopted which will help them alone, but there are fewer of these than there are of those who seek a reform which will better the conditions of all.

"We have seen many comments in the press lately in regard to a plan devised by Prof. Irving Fisher, of Yale University. Mr. Fisher is no doubt an honest and earnest worker who is trying to reform the gold standard. He has arrived at the inevitable conclusion that every capable student must finally adopt, and that is that the present gold standard is not the standard by which we can secure honest money.

"Prof. Fisher has given a most thorough analysis of the production and supply of gold and shown quite extensively the effect of its present use as a money standard upon the prices of commodities. I have given below a synopsis of his plan as stated in the Boston News Bureau of December 28, 1912. It is as follows:

"Prof. Fisher is one of the most distinguished economists in this country, if not in the world. He is eminently practical and not merely theoretical in all his work and writing.

"All who have to do with long-time contracts recognize the desirability of a monetary unit of fixed purchasing power.

"The following is Prof. Fisher's plan for converting the gold dollar into such a composite unit, thus standardizing the dollar. Such standardization would be effected by increasing or decreasing the weight of

gold bullion constituting the ultimate dollar in such a way that the dollar shall always buy the same average composite of other things.

"Every dollar in circulation derives practically its value or purchasing power from the gold bullion with which it is interconvertible. Every dollar is now interconvertible with 25.8 grains of gold bullion (nine-tenths fine), and is therefore worth whatever this amount of bullion is worth.

"The very principle of interconvertibility with gold bullion which we now employ could be used to maintain the proposed standardized dollar. The Government would buy and sell gold bullion just as it does at present, but not at an artificially and immutably fixed price.

"At present the gold miner sells his gold to the mint, receiving \$1 in (say) gold certificates for each 25.8 grains of gold, while on the other hand the jeweler or exporter buys gold of the Government, paying \$1 of certificates for every 25.8 grains of gold. By thus standing ready to either buy or sell gold on these terms (\$1 for 25.8 grains), the Government maintains exact parity of value between the dollar and the 25.8 grains of gold. Thus the 25.8 grains of gold bullion is the virtual dollar.

"The same mechanism could evidently be employed to keep the dollar equivalent to more or less than 25.8 grains of gold, as decided upon from time to time.

"The change in the virtual dollar (bullion weight of gold interconvertible with the dollar) would be made periodically, or once a month, not by guesswork or at anybody's discretion, but according to an exact criterion. This exact criterion is found in the now familiar 'index number,' which tells us whether the general level of price is, at any time, higher or lower than it was. Thus, if in any month the index number was 1 per cent above par, the virtual dollar would be increased 1 per cent. Thus the dollar would be 'compensated' for the loss in the purchasing power of each grain of gold by increasing the number of grains which virtually make the dollar.

"Prof. Fisher has performed a great service to his country and to the world by discrediting the gold standard so convincingly. When a man of his prominence and ability has the courage to state his beliefs, the more timid of those holding like views, of which there are many, ought to take an active part in supporting the indictment of the gold standard.

"While the professor has clearly indicted the gold standard and conclusively shown that it is a false one, I do not agree with the remedy that he proposes. Instead of proposing to abandon gold as a standard and relegating it to its natural place among the articles of commerce, he advocates its reform and would still retain it as a standard by making the weight of the dollar variable and determining its value from time to time according to a commodities index. The professor is surely correct in his assumption that commodities have actual value worth considering in connection with the establishment of a true exchange system based upon the actual value of services and commodities. It is to be regretted that Prof. Fisher has complicated the conclusions he arrives at by continuing to consider the gold standard entitled to any greater recognition than is accredited to commodities in general. After proving its falsity he should have suggested the abandonment of the gold standard.

" If we were compelled to change the weight of the dollar monthly, quarterly, or even annually, as we would have to do with a commodity dollar, if we tried to keep it of the same purchasing power all of the time, it would give us more trouble than we now have in changing the tariff schedules; but while Prof. Fisher has performed a world service in being instrumental in giving general publicity to the falsity of the gold standard, that publicity is pushed by the influence of selfish interests, because they are pleased with the remedy he proposes. If he had not proposed to standardize the gold dollar, his proof that it is not an honest measure of value would have received no publicity greater than he himself and his friends and a few others could give to it. It would have been ridiculed if he had not proposed a remedy that suited the interests, for the money sharks demand some measure that is favorable to them and not fair to the people. They have always sought to make the world believe the gold standard to be sacred and, therefore, that the people were bound to support it, no matter how much it wronged them. These selfish interests have simply seized on this proposed remedy, which I believe Prof. Fisher to have erroneously suggested without his having given as much thought to the remedy as he had to the facts which conclusively prove gold to be a false money standard.

" It may seem strange to some people that this remedy suggested by Prof. Fisher should be advertised all over the world now, but there is nothing strange about it, for the all-powerful Money Trust interests are quick to observe anything that might be made use of by them, and immediately upon its appearance they seized upon the idea of standardizing the gold dollar and were instrumental in having the plan advertised in order, if possible, to induce the people to accept it as a remedy.

" It may not be generally realized by the people that this is a critical period in the establishment of governmental policies, but the interests are especially alert to that fact. Everything is being done to make the people accept some worthless makeshift, and in some cases actually harmful, so-called 'remedies,' which, if accepted, will delay the adoption of real substantial remedies

until another generation shall enter public life. It is because of that fact that I fear the Glass bill may delay a true remedy. Simultaneously, in all countries where they have the gold standard—and that is in most countries, and in the others equally unjust standards are used—articles were published which were substantially the same in substance as the following, which was published in a Washington paper on April 12, 1913:

" TO ASK INTERNATIONAL GOLD-DOLLAR AGREEMENT.

" One of the features of the proposed currency legislation which will be considered by Congress is the initiation of a movement for an international agreement for the purpose of preventing the depreciation of the gold dollar.

" Such action has been suggested by eminent economists. It is widely held that the enormous increase in gold supply and the consequent depreciation of the gold dollar is the real cause of the high cost of living and high prices.

" Democratic leaders, especially Senator OWEN, chairman of Banking and Currency, feel that if the cost of living is to be reduced the gold situation must be taken into account.

" Not all of the articles appearing in the press directly discuss the gold standard, but many of them are adroitly written in order to impress the reader and prepare him to receive the information that the gold dollar is not now a good standard, but further designed to make the reader come to a wrong conclusion on the question of a remedy. When the first half of an argument is true, unless the reader is very careful it goes far toward making him believe that the second half is also true, and that is frequently the case even when the conclusions are wholly erroneous, as long as the material is adroitly handled. That is where the danger comes in the discussion of the gold standard from the side of the special interests alone. Innumerable articles are now published, in fact the plan is systematically advertised for that very purpose. But there are other articles which are written and published in good faith, and in these there is no intention to deceive. An article was published in Collier's Weekly, also on the date of April 12, 1913, which I quote:

" THE DISCOURAGEMENT OF THRIFT.

" The people of the United States have now saved up well over a hundred billions, as measured by current money standards. The aggregate is amazing, and, while the amount per capita is not large, nothing like it was ever known before in any country. This saving takes on many forms—the largest, of course, being in the rearing of children, which shows itself in the steady increase in the value of land. The next is ownership of enormous amounts of securities of railway and industrial companies and the like. Then probably comes life insurance.

THE SAVINGS IN ORDERS ARE RELATIVELY SMALL. THE INCREMENT IN LAND values goes to much less than one-half of the population, even in theory, and a comparatively small number of people get the benefit which is made up of the efforts of all. The larger amount of the securities outstanding represents a more or less fixed value. The eighteen billions of insurance in force is of absolutely fixed value. While these securities and insurance obligations were being created the relative worth of the dollar has been rapidly declining. The forehanded folk who saved and loaned this money get for it an average return of less than 5 per cent, and if they received back the principal now it would buy of land or food one-third less than 12 or 15 years ago. This is a savage penalizing of thrift. We believe that events will soon focus public attention upon this serious problem. The procedure of the insurance companies, which in part is enforced by law, is of special interest. The companies collect above \$600,000,000 annually from policyholders, and from this loan largely on long-time notes. They act simply as money brokers, but with this effect, that with the rapid depreciation of the currency in the last 15 years, they are now returning to their policyholders, on death claims or matured policies, relatively far less than the average amount of money which the policyholders have paid in. Roughly speaking, the policyholder has been paying in \$1 bills; he will get back 60-cent pieces. Theoretically, the compounding of the interest on premiums ought to pay the companies' expenses and yield the policyholders a profit on the average payment. In point of fact, with the extravagance of the companies and the decline in the purchasing power of the dollar, there is a serious loss. This is not as it should be. A remedy might lie in a radical change of investment. A larger part of the insurance money is loaned directly or indirectly on land. Actual ownership of the land ought to be as safe as loans, and, if gold inflation is to continue, more profitable. It is something to think about.

"Surely Collier's states the truth when it says that it is something to think about. We have indeed been buncoed long enough—so long that we ought to think about it seriously. It is up to Congress right now.

"I believe that the remedy is necessarily twofold: First, and concurrent with the establishment of a new system, the old system should be so amended that some of its most serious administrative defects would be diminished. It should then serve as a vehicle for carrying out the equitable relations and obligations already existing as a result of the legitimate business based upon it.

"Second, an entirely new system should be instituted, which would be founded upon the natural demands of commerce and trade and divorced from personal favor or property preference. This new system should be the basis for the establishment of a permanently solid and equitable means of exchange.

"In order to completely accomplish the latter we will have to cease monetizing gold. But that prohibition would not prevent, nor should we desire to prevent, the use of gold as a means of exchange. The Government, on being paid the cost of stamp-

ing, may properly stamp the weight and quality on any commodity of commerce and let it pass in exchange on a basis of its own intrinsic value. Anyone who demands more than that privilege for the use of a metal or other commodity is intentionally unfair to the rest of us, or ignorant. In most cases it is because the persons accept seeming facts without actually understanding the conditions which surround them. If the owner of gold, silver, or other commodity desires to pay the Government the expense of the operation, there need be no objection. To so stamp gold and make it legal tender is simply to decrease the value of our labor, and of our property—if we have any—unless we also possess gold enough to offset, which most of us do not.

“The owners of gold claim that it has an intrinsic value which makes it the most practicable commodity to use as money. Because of its small bulk it is a convenient commodity to ship and store. But it can be used as a means of exchange without making it legal tender. The Government could still stamp its weight and fineness, and then it could be exchanged in the same way that it now is if it really is intrinsically worth what they say. If it is not, then it should be exchanged for only what it is worth. When the owners of gold ask anything more, they, in effect, admit that it becomes more valuable with the legal-tender privilege than without. They would not demand it if that were not true. It can not be made legal tender except by governmental act. A governmental act is the act of the people, and there is no reason why the people should stamp gold or any other commodity that belongs to individuals with a special privilege. This results in a tax against themselves. Let gold be weighed and tested and given credit only for what it is. Existing coins will retain their legal tender while in circulation, but when the Government acquires any such, their legal-tender character should be removed, and after that bullion should be stamped with its weight and quality and should become an article of commerce standing on its own merits.

“If the owners of gold are correct in their statement that gold circulates on its intrinsic value, instead of partly on that and partly on the additional value it acquires by reason of the demand created by the legal-tender stamp, it is useless for them to ask that it be made legal tender, and if gold is not commercially worth what it circulates for as legal tender, then the owners are unjust in asking the public to support the value added to gold by the Government stamp. Let them take whichever side of the proposition they wish. In the one case the legal-tender quality would be useless. In the other it would be a burden placed upon the public and supported for the benefit of the owners of gold.

"To cease monetizing gold or metal is to drop a practice long indulged in for the benefit of the money lenders. The people have become accustomed to paying them for the credit supported by themselves. I can not say that it can be entirely stopped. There are many practices that injure the people generally, but are nevertheless followed. I simply call attention to certain facts that can not be successfully disputed. I know, and so does any careful student know, whether he admits it or not, that the fact that the Government stamps legal-tender privileges on gold creates an increased and artificial demand for it, and consequently a merchantable value that is very much in excess of what it would be if the gold did not have impressed upon it this legal-tender privilege. It now partakes of the character of monopoly. Every additional cent of credit given to it above intrinsic worth as an article of commerce, by reason of the Government's stamping it legal tender, is first extorted from the people's own credit, next accumulated in the form of so-called 'capital,' and after that becomes the basis for charging them compound interest for generations—perpetually—if they shall not emancipate themselves by an abandonment of this false practice. As far as the principle is concerned, there is no difference between the Government stamping gold as legal tender and giving the owner the advantage of its increased value, and the same stamping process being applied to plain paper.

"Under the present practice all value in excess of what gold is actually worth as an ordinary article of commerce is fiat credit added to it by the people. If the same stamp were affixed to paper, it would all be fiat. It is simply a question of degree, and neither can be extended to the individual as a free privilege without robbing the people of all that is added by their credit.

"The whole problem simply reduces itself to a question of how long will the people submit to remaining industrial slaves to the system. The gold owners ridicule fiat greenbackers, yet they themselves are fiatists. If they are not, why do they object to gold circulating on its own commercial merits? Why do they wish to coin it with any other designation than its weight and fineness and why force the people to take it as

legal tender? They are inconsistent in claiming a special privilege for gold. If gold is worth all they claim for it, it needs no extra function. If, on the other hand, it is not able to retain its present relative value without being legal tender, then that is positive proof that it should not be made legal tender. In the one case it is unnecessary; in the other case it is unjust. The Government will have to cease monetizing gold or any other metal as soon as the people generally realize its present imposition on them.

"You may say that some losses would be suffered in a readjustment. That will, of course, be admitted, but the losses would not begin to equal those that are continually taking place now. The excessive interest and expense of maintenance resulting from the use of the false system under which we operate is so great that, notwithstanding all of the modern inventions that have immensely increased the people's productive energy, most of us fail to secure the ordinary advantages that are due from this civilization to every honest, industrious person. The interest, dividend, and rent charges alone, compounded as they are now, are absolutely sure to keep the greatest number of people in want and many in misery.

"I do not say demonetize gold. I simply say cease to monetize it. Coin no more metal with the legal-tender character attached except that required for small change. Our gold will circulate in foreign markets on its weight and quality equally well without the legal-tender privilege as long as foreigners will use it for their legal tender. Gold will do that as an article of commerce, and foreign nations may convert it into their own legal tender if they like, but any nation that uses gold as legal tender after a great Nation like our own ceases to do so will be adding additional burdens to the present burdens of its people. Whatever gold we have in excess of what we need for the sciences and arts we can dispose of for such articles of commerce as we actually require, and it will be that much to our advantage as against the present practice of hoarding it. We have more gold than any other nation, and if we cease to monetize it the other nations will soon do the same. The common intelligence of the people generally has reached a point where they ought to take the lead in forwarding a plan which will prove the use of any commodity as legal tender to be a fallacy and result in the eventual discontinuance of such a practice. America should lead in doing this.

Let us consider in concrete form the effect that the money loaners' dollars (which, by the way, are the dollars that we use) have on the cost of things—and when I say cost I mean the expenditure in human toil necessary to acquire the necessities, conveniences, advantages, and luxuries appropriate to human life. I shall not burden anyone with detailed figures, because a mere statement will satisfy those who are sufficiently interested to study the present practices in the light of their own observation and experience. I have examined the table of prices of various staple articles for a period covering 45 years and have come to the conclusion that the money loaners' dollar is not a measure fitted to the requirements of a people desiring equitable relations with each other. It is simply a gambling dollar, and prices are regulated by a manipulation of it instead of by the intrinsic value the commodities possess as articles of necessity. The people who are engaged in useful occupations producing commodities or serving other demands of society are prevented from making the natural interchange of their products and services, because of the injection into their commerce of a fake currency and banking system, by the use of which speculators and financiers, so called, are able to pillage on all the exchanges. The system built up by these pillagers is an unnatural and unjust one.

"It often happens that the aggregate value in money of a large quantity of a useful commodity will command less in one year than that which a smaller quantity brought in another year. Who, for instance, will claim that 3,000,000,000 bushels of wheat (supposing that to be the world's crop) is worth less in the aggregate for food and seed than 2,700,000,000 bushels, other things being equal, except money, which seldom is? No one claims that 3,000,000,000 bushels of wheat are actually worth less than 2,700,000,000. It is a fact, however, that the lesser quantity will often sell for as much, and sometimes more, than the larger quantity. A difference of 10 cents a bushel will accomplish that result, if the 3,000,000,000 sold for 90 cents and the 2,700,000,000 sold for \$1. Illustrative of that fact, let me quote the following from the Saturday Evening Post of March 16, 1913:

"THE VICIOUS CIRCLE.

"We harvested bumper crops last year, you remember. May wheat at Chicago is worth 10 cents a bushel less than a year ago; corn and oats about 15 cents less. Yet commodity prices, as a whole, have declined scarcely at all. The index number, which compounds the price of many leading articles, is almost as high as ever, which means the cost of living is still about at the top notch.

brings higher prices; while wheat went down. Iron and steel products went up. What you saved on flour you lost on the pan to bake it in. And Wall Street echoes with complaints that investors, spurred on by higher cost of living, are demanding more interest, thereby raising the cost of manufacturing and transportation. This higher cost must be offset by higher prices, to overcome which investors must demand still more interest.

"Meanwhile labor, so to speak, chases its own tail, demanding higher wages, which result in higher prices that consume the increased wages — which naturally induces a demand for still higher wages that result in still higher prices.

"Every farmer knows that a difference of 10 cents a bushel between the price a commodity brings in one year and the price it brings a different year is not uncommon, but the railways charge full price for shipping every bushel, and the larger the crop the more they get, while the farmer must handle the additional wheat and get less for it. A farmer having the equivalent of 300 bushels of wheat to sell in a year when crops are generally abundant expects to receive a little less per bushel than he would receive per bushel for 270 bushels in a year when crops were not abundant, but he does not expect to give away the 30 bushels difference because he has more wheat than the year before. If that were to be the result, it would pay him, from his own individual financial standpoint, to burn up a part of his crop when it was abundant. In fact, the cotton farmers of the South started to do that a few years ago when there was a large crop and the price was very low. If the credit of the people had been coined into their own money instead of into the money lender's money, no thought of so destructive a nature would ever have occurred to the cotton growers or to any other producer of commodities.

"There should be no legal tender other than that issued by the Government, and no individual ought to be able to obtain it without giving its equivalent in return. If such were the case the problem of interest (as a disturbing factor) would cease, and a new era would dawn upon the world. The present difficult problems created by our arbitrary and ridiculous banking and currency system would then give place to natural selection. I use the term "natural selection" in its scientific sense, because we can not run the Government in the interest of the people unless we follow the supreme laws that will unquestionably govern in the end. When we do there will be no choking up of the system by the arbitrary acts of the financial kings, for they are but a product of the arbitrary and unnatural practices that the people have fallen into the habit of using as a means of conducting their business; nor will the majority of men be paying penalties in the form of overwork, worry, and discouragement.

"The bankers have a true system of clearing exchanges. As an example of that, I call attention to the fact that in 1911 there was cleared through the 140 clearing-house associations \$92,420,120,002. Their scheme is a good one for taking care of the exchanges of the country, and it helps the country as long as we have not a better one. By its use only \$47.50 of actual cash was required in order to handle each \$1,000,000 (of checks on the banks) that passes through the clearing houses. But unfortunately for us, the fees the bankers charge for putting our own credit on their books, before we are even enabled to draw checks, is so great that the people generally are overburdened by reason of it.

"Of course these exchanges should go on wherever they serve the general welfare, and since we ourselves have not provided a better method we are under obligations to the bankers for having honored and made current and merchantable our own credit. But since these exchanges relate to our business and are used directly by most of us at some time, and indirectly by all of us all of the time, we should establish a system that will give us the least costly service. The main thing for us to do is to eliminate most of the interest charges and make it practicable for the human family to thrive by industry by having industry available to all people who wish to be and are industrious. That does not mean that the banks should be superseded by new exchange agents, but it does mean that the banks should be required to adjust to a new system that will cost the people less. It means also that there would be fewer banks, because under any economic system of exchange there would be no more necessity for several banks in cities of less than ten or twenty thousand people than there would be a need for several post offices in towns of that size.

"Let us take up the discussion from still another viewpoint in order that no one shall possibly misunderstand. Money as such is not a thing of prime necessity. It is merely a convenience which enables us to make such exchanges as we may wish without the cumbersome handling of property.

"The banks have taught us to use checks instead of the actual money, and it is true that they cash these, but, as we observed before, we can not draw checks until we have arranged with our banker, and in order to make that arrangement, unless we have the real money, we must pay him interest at a rate that makes the greatest number of men poor and a few enormously rich. The fact that the bankers can make exchanges that represent hundreds of billions of dollars annually, when, as a matter of fact, there never was at any one time as much as \$1,700,000,000 in all of the banks combined, and of the money they do actually hold, which is approximately \$1,500,000,000, two-thirds or more is lying dead in their vaults as reserves and is never used.

" We are under obligations to the banks for teaching us this economy in the use of money and credit. But, after all, as we observed before, the credit is supported and maintained by the resources of the people and the daily application of their energy. The banks have simply filled the office of making it current and merchantable. We do not owe that tribute to the bankers, and, thanking them for the good that they have done, but for which they have been overpaid, we are now prepared as a people in our national capacity to pass the necessary laws and to perform the governmental function laid down by the Constitution, 'To coin money and regulate the value thereof' (and 'of foreign coin' when used in our country) in behalf of all the people of these United States. We should profit by the example of the banks in copying somewhat after some parts of the system they have used for making exchanges, but as a Government we ought to furnish the advantage to all of the people on equality and with the least expense practicable. The Government can do what the banks are doing and save to the people as much as the banks make in excessive dividends, besides the still greater profits that are made on speculation on the side.

" The Government shall 'coin money and regulate the value thereof.' That is the constitutional provision. The great special interests have been sticklers for following the Constitution whenever it has blocked the way to the people's progress if that might in any way interfere with the practice of the interests, but whenever the special interests find it to their advantage to follow any practice profitable to them, the fact that such practice may be in contravention of the Constitution and the laws does not in the least embarrass or hinder them, as long as the people do not invoke the law. When the people do, every possible dilatory tactic is resorted to by the interests to delay compliance. The consequence has been that the Constitution has often been used as an instrument to prevent the people from enforcing their rights.

" 'Sound money' will be the song that will be sung to you by every advocate of the special interests. I have shown, and they have already stated and proved, that what they have in the past called 'sound money' is not 'sound.' By doing that they aid me. By that admission they disclose the fact, and it is a fact, that they have defrauded all of the people by their so-called 'sound money.' Their kind of sound money has enabled them to become wealthy and independent, but it has prevented the people generally from doing what they have a right to do, and should have done, namely, retained the fruits of their own labor.

"The kind of exchange that we should use is the kind that anybody who has value to give can get without paying usury. That kind will be the sound money of the people—the honest money. Those who wish gold may have it—there will be nothing to prevent their buying it. We, the people, on their presenting it, will stamp its weight and fineness for anyone who will pay the cost of doing so. We will do that to insure to the people who wish the gold the amount the Government stamp certifies that there is in any given piece of metal. That is honest, and to do anything more is dishonest to the people, but the Government could not say that it was legal tender and thereby give it a special quality that it did not possess in itself. We can do the same with any commodity that it is practicable to use as a thing of exchange. The demand for commodities of all kinds will be in proportion to the service they may render to the people, and no one should complain when absolute justice is to be done. As a consequence the Government would create no more 'commodity' money either for itself or for the people, because it would not only be unjust to do so but unnecessary and ridiculous. When anyone wishes commodities let them buy them as such.

"Everybody knows that we must have money, and now the question arises as to what kind it shall be. 'Honest money,' of course, instead of what we have now and are told is 'sound money,' whereas in truth it is the opposite of 'honest money,' and should have been named accordingly. We want a kind of money the buying and selling properties of which remain respectively constant. In other words, we want a kind of money that will buy the exact equivalent of what it cost us to get it. We want the kind of money that serves the same office among the people in their commercial and social relations with each other as the drafts and checks serve in the business transactions entered into by the bankers. We do not intend that the bankers shall have a better system for themselves than we have for ourselves. We expect to pay those whose duty it will be to help make the exchanges. The bankers will be able to give as effective and valuable service in this other up-to-date system as they have given us heretofore, but the past service has been altogether too expensive and therefore not sufficiently effective. We have no prejudice to vent upon the bankers. As the system stands they serve the people, generally, the best they can. There are always, of course, a few isolated exceptions. But the time for us to do for ourselves what the bankers are doing for themselves is here and now, and we should hasten to adopt a system of exchange under which it will cost the people no more to make their commercial exchanges between each other than it costs the banks to make exchanges between the bankers and their cash customers. It is just as simple for us as it is for them, and we have the indisputable right. We owe it to ourselves, to our children, and to all posterity to have an efficient, self-sustaining, and effective system.

the people are the Government. Therefore the Government should, as the Constitution provides, regulate the value of money. There is no other real sovereign power, because all authority emanates from the people. Money is the means of exchange among all people. Its regulation is absolutely a governmental function, and the Government has no natural inherent power that enables it to impart to money any other property or quality than that of making it the agent of exchange.

"Congress is not justified in passing an act that does not do complete justice to all. Merely to improve a false old system, but still leave it in operation, to continually force a sacrifice of the people's very life energies, is criminal. The Glass bill is a living picture of the deplorable effects of the treasonable caucus system and the gag rules by means of which a few leaders control legislation. As a result the outrageous policy of extorting usury from the people to pay monopoly is to be continued. It is not conceivable that the Members of this House, if freed from the caucus gag, would stand for the Glass bill to continue a false system simply by providing 12 new houses for it to operate in. By the failure of Congress to enact a proper bill an overwhelming majority of the people will still be compelled to work too many hours per day, receive too small pay for what they do, and pay too much for what they buy, and therefore have but few of the advantages that the present-day civilization owes to them. And all this is done for the purpose of allowing those who control the material productions of the people, and the credit supported by the people, to charge them excessive interest, rents, and dividends, which when compounded by the usages of business, impoverish the people generally. Do the Members of this House expect that such a system can stand in the face of the growing intelligence of a nation of self-respecting people? The Members who have, by the caucus and the rules that gag, prevented the presentation to the House of a bill in every respect true to the people, on which a record vote of the Members unfettered would force adoption, will have to answer. The people will reply with the truth when they learn what Congress has done. This monetary legislation is a test to divide those who favor from those who do not favor measures suited for the general welfare, but unfortunately many a Member will be able to hide behind the curtain cast around him by the secrecy of the caucus.

"C. A. LINDBERGH.

"NOTE.—At the last meeting of the committee my objections as to the amount of reserves required were met by amendments. Therefore my objections as to the reserve requirements are removed.

"C. A. LINDBERGH."