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Uncle Sam's Depositors. The \$300,000,000 (soon at the present rate of increase to be \$100,000,000) deposited in the post offices is in a large proportion "stocking money," concealed savings of thrifty American people who have not deposited in banks.

This has become an important movement of cash even in this day of easy speech about vaster sums. These postal funds are promptly redeposited in commercial banks, immediately made available for loans and discounts.

The banks pay the Government 2 1/2 per cent. on balances. The Government pays depositors 2 per cent.

We recall that it was said soon after the postal savings establishment was put into operation that when the deposits reached the sum of \$300,000,000 the system would be self-supporting, the additional cost to the post offices for its operation would be met by the net earnings, one-half of one per cent.

If this estimate has proved correct one of two changes may be made: The Government may charge the banks less interest or pay its depositors more.

In the latter case, it is believed by some students of the system, "stocking money" would be offered to the post offices in greatly augmented amounts; estimates as high as \$300,000,000 have been made.

If such a sum should be released from unprofitable hoardings it could be handled by post offices, it is probable, by a charge against it of as little as one-eighth of one per cent.

Overboard With the Litter. All that remains of the shipping bill, originally an "emergency measure," is a senseless burden of \$50,000,000 on sorely tried taxpayers, a threat of Government ownership sufficient to dishearten private mercantile marine enterprise, and another pestiferous, high salaried "commission" endowed with far-reaching powers to meddle and muddle.

Obviously the one thing to do with the whole meaningless, obstructing mess is to chuck it bodily overboard. Sew it up in a sack with the Furber-La Follette blight and then sink the sack. It will have to be done eventually; why not do it now and have it over with?

The war will end some time, and men counted the highest in commercial and industrial sagacity are every day telling us that when it is over we are going to need all of the skill, alertness and freedom of movement possible to keep in the running with post-bellum competition. Surely an unfortunate time to have millions hung around our neck!

Incidentally, JOSEPHUS might also be jettisoned with advantage. But that is another chapter.

Russian Trade After the War. Russia, which has been a vast, unknown, almost mysterious land, promises in the future to have a great practical interest to us. It offers a new field for commercial activity and there seems no doubt that after the war we shall have with it an enlarged direct trade.

In The Americas Mr. SAMUEL McROBERTS, who recently returned from Russia, gives his impression of the conditions in the country. Contrary to the general idea Russia is not an undeveloped country, but it has been making rapid preparations for an advance in every line of development for several years. The great opportunity for our financial industrial interests "lies in Russia's ambition to develop her mines, railroads and manufacturing."

There are educated men, skilled engineers and men of technical ability, but Russia has not yet shown that quality of action that "gets large forces of men and big mechanical plants going." Germany, says Mr. McROBERTS, was too handy for Russia's industrial good.

"Germany's industries provided so much of whatever Russia needed that the necessity for organization had not the opportunity it should have had."

Usually the denouement is more startling, but at any rate the candidate is ready, when the train stops at Jones Crossing, to say something worth while. He has not staled his arguments by revolving them over and over again.

Of course those wise men who read dime novels never try to write them. They know better; the writing of such classics is an art and a profession. The amateur always makes a horrible mess of it.

He Pays the Freight: He Is Used to It. On one subject the President, the brotherhoods of railroad men and the railroad managers appear to be approaching concord.

It is the source from which the money shall be obtained to pay whatever increase in wages may be awarded to the men, whether that increase be won by arbitration, by strike or by executive intimidation.

The representatives of the men say that as soon as an agreement is reached to fatten the pay envelopes their influence will be cast in favor of any plan that may be devised to compel the collection of the cash.

The managers announce that if the prices they are allowed to charge for transportation are marked up they will be glad to share the larger revenues with the men.

The President has displayed a very frank and very sincere enthusiasm to add 25 or 40 per cent. to the takings of the men and send the bill to the Ultimate Producer, who sometimes is known as the Ultimate Consumer.

Under the circumstances there should be no difficulty in arranging matters to the satisfaction of the railroad men, the railroad managers and the President. As for the Ultimate Producer, he may extract such comfort as he can from the thought that he is used to it.

Justice to King Ferdinand of the Rumanians. It would be ungenerous and unjust to ignore the claims of King FERDINAND of Rumania to consideration in the cataloging of those whose titles to fame rest upon the fact that they have kept their people out of war.

MR. WILSON'S DEEDS.

He Strikes When the Iron Is Cold and No Sparks Fly.

To the Editor of THE SUN—Sir: The true explanation of the futile talk and subsequent evacuation of Vera Cruz is to be found not in the logic of events, but in the events were in the main illogical, and in explorations into the mind, the antecedents, the moving springs of action of Mr. Woodrow Wilson.

His method of solving mysteries was convincingly set forth in a long since forgotten novel written by Charles Reade, "Put Yourself in His Place," the principal character of which is a physician whose plan was to detach himself from his own personality and reason out a problem along the lines of the mentality, the environment, the hopes, fears, motives, aspirations of the party under investigation.

Applying this method to the case of Wilson and Vera Cruz, and the same will apply to the Pershing invasion and withdrawal, the first illuminating fact we strike is that Mr. Wilson is not really a Democrat, at least not one "to the manner born."

His actual political career began by his turning his back on the Democratic machine. When he wrote that he would like to see William Jennings Bryan "knocked into a cocked hat" he undoubtedly wrote what he fully believed at the time.

As a convert, somewhat late in life, to a new faith he is never quite sure of himself. His theory of democracy is to learn what "the people" want, then do it. He does not feel that any American, by any means, throws up feathers to see which way the wind is blowing.

Every one in a while he blurs out in one form or another with charming naïveté that he does not know what "the people" are thinking about. He is lonesome, aloof, anxious to see humanity if he can find the way, but familiar with the common heart only through the midnight oil of the student, not through personal contact.

His sending of the Swede, Mr. Lind, to Mexico as his personal representative to find out what the Mexicans really and truly thinking shows Mr. Wilson for a himsel at his worst. Mr. Wilson reasoned that in order to have an impartial investigator of conditions he must select a man who had no interests there; so he sends a man who knows nothing of the country and does not speak the language, a man who could not by any possibility find out anything.

Things had begun to happen in Mexico about the time Mr. Wilson took office. In fact they had begun prior to that time. Complaints in regard to outrages on American lives and property in Mexico were accumulating and were more and more persistent. It was evident that something was afoot, something to satisfy and mollify the growing exasperation of the Americans in Mexico, their friends in this country and other Americans who felt mortified and humiliated at continued unaddressed and unheeded assaults on their countrymen anywhere, whether friends or foes.

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WHERE MR. WILSON ERRS.

Society Has Never Sanctioned an Iron Rule for Working Hours.

To the Editor of THE SUN—Sir: Mr. Wilson says "Society has sanctioned the eight hour day."

Society has done nothing of the kind, for if it had it would practice it at home with the servants, and there are at least a million homes that have servants that do not and cannot adopt this rule.

It is simply ridiculous to make an iron rule for every kind of work, and the demand of the brotherhoods for complete wages, pure and simple, and not an eight hour day.

There would be tremendous opposition on their part if Congress attempted to pass a law forbidding any one to allow an employee to work more than eight hours. Mr. Wilson had a great opportunity to settle this trouble at once.

He should have told the brotherhoods that they must arbitrate all questions at issue. If they refused he should have told them that he would at once ask Congress to repeal that part of the Clayton act which exempted them from the operation of the Sherman antitrust law.

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IS THE GOLD STANDARD IN DANGER?

Mr. Charles N. Fowler, for Many Years Chairman of the House Committee on Banking and Currency, Discovers Great Peril in the Operation of the Federal Reserve Bank System.

Shall the Federal reserve bank act, which is the most subtle, the most deadly attack ever made upon the gold standard, in our uttermost complete credit destruction, overwhelming commercial disaster, or shall the Republican party here and now renew its fight for sound money, for the preservation of the gold standard?

If all the commercial nations of the world should enter into a conspiracy for the express purpose of devising some scheme by which they intended to take away our gold they could not possibly conjure up anything that would so successfully accomplish their purpose as the Federal reserve act will. For it will literally dynamite the gold out of the country.

He who cannot see overwhelming disaster in the continuation of present conditions must be utterly blind to all the lessons of history. The issue of sound money, the issue of the gold standard, was never more clearly drawn than now—than it is in this Presidential campaign in 1916.

The Federal Reserve Board, the creation of the Federal Reserve act, and the maintenance of American rights on both land and sea, the most vital issue in this campaign is whether the Federal reserve bank act shall be torn from the statute books, whether the gold standard shall be preserved.

It is the old fight of 1868 and 1896 over again, the Republican party should stand now where it stood then, against repudiation and inflation and in favor of sound and honest money.

The Federal Reserve Bank issues are the most expensive and the most dangerous currency in the world. This currency costs six times as much as has right in the banking system, and creation of the Federal Reserve Bank would, and it is undermining the foundations of our commercial credits because it is being used as bank reserves, thereby driving gold out of the banks and setting in operation Gresham's law, with the certainty that gold will be expelled from the country whenever trade conditions turn sharply against us, as they are certain to do after the war closes.

Debits Not a Proper Bank Reserve. A forty cent silver dollar, a United States note or greenback with 43.33 per cent. gold behind it, the United States Federal Reserve Bank note with 40 per cent. of gold behind it, are economically identical the same thing, and no man can point out the slightest difference between them economically. An increase in any one of them will have identically the same effect on the economy, and a corresponding increase of either of the other two, and from this deadly peril there can be no possible escape except by discontinuance, as we have already learned both in the case of greenbacks and in the case of free silver.

Instead of taking steps which must inevitably lead to an unlimited issue of United States notes in the form of United States Federal Reserve Bank notes which are to become a part of the bank reserves of the country as fast as issued, we should have forever fixed by statute a limitation of bank reserves to gold and greenbacks in the United States Federal Reserve Bank act of 1914 contained a provision that the bank could count silver as a part of its reserve up to 25 per cent., but the bank has never recognized anything but gold as fit for reserve, and the result has been that the Bank of England, the most conservative of banks, has demonstrated to the world that if any country hopes to become the financial center of the world gold must always be had for the current price of its use, expressed in the rate of interest, without the interference of forces set in motion by a violation of this all important banking economic principle.

The Federal reserve bank act is the same old attempt to deceive and fool the people into the belief that the Government can make money out of its debts, the embodiment of the same old false pretence of the Democratic party that the Government can make something out of nothing by its mere fiat, the same old game of currency, the commercial world for centuries—that a debt which must be redeemed in reserve money to prove its goodness is itself good enough to be used as that self-same reserve. Certainly if one debt is good enough to be used for bank reserves then all good debts are good enough to be used for bank reserves. This is the end, this is economic chaos.

The framers of the act pretended to seek to give the country a currency that would automatically adjust itself to the ever varying demands of trade, rising and falling with the tides of commerce, as the gold standard does and went. But from the day that the act became operative to this hour there has been one constant steady stream of circulation poured into the channels of trade, in season and out of season, until we now have 439 per cent. of circulation as against only 134.33 per cent. in the same period in the gold standard. The United States Federal Reserve Bank notes outstanding aggregate \$180,000,000.

If we had had such a bank currency as they have in Canada the variation from maximum to minimum would range from three hundred to four hundred million during the summer and fall, as compared with the winter months. Under the Federal reserve bank act there has been no contraction of our circulation whatever, but expansion, expansion, expansion.

The Federal Reserve Bank is gradually adding to the quantity of our circulation and correspondingly inflating our credit, a fact that conclusively demonstrates that the Federal reserve notes bear no relation whatever to the currency demands of trade. This fact is rendered obvious since the redactions only amount to \$20,000,000 while the outstanding Federal Reserve notes amount to \$180,000,000.

Tragic as are the portents of this mad expansion to an insane mind acquainted with the monetary past, the Federal Reserve Board, not content with the use of the United States Federal Reserve Bank notes in 25,000 State banking institutions as reserves, recommended in its "Bulletin" of July, 1916, that these United States Federal Reserve Bank notes be made legal tender, for it urged an amendment to the Federal reserve act in these words:

Upon the affirmative vote of not less than five of its members the Federal Reserve Board shall have power, from time to time, by general ruling covering all districts alike to permit member banks of the Federal Reserve System to issue their respective districts any portion of their reserves in the form of notes of this act to be held in their own vaults.

To count as part of their legal reserve Federal Reserve notes of this amount exceeding in the aggregate an amount equal to five per centum of the net demand deposits.

That is, the member banks can make these debts, these demands for gold, a part of their legal reserve; they therefore necessarily become a part of the legal tender of the country.

Think of this just a moment! This legislation is urged in the face of the appalling fact that we now have in circulation \$1,100,000,000 of more paper promises to pay which are being used as bank reserves; that there are \$750,000,000 national bank notes which are being treated indiscriminately as reserve by all of our State banking institutions, and \$346,000,000 of United States notes or greenbacks, making a total of \$2,200,000,000. But in addition to this vast amount of silver reserves there is \$500,000,000 of free certificates also available for reserves, or a total of \$1,600,000,000 a single dollar of which ought ever to be used as a part of our bank reserves.

Pass the amendment now proposed by the Federal Reserve Board and then certainly the caption of the Federal reserve act should be rewritten and the title should be "An act to increase the United States notes or greenbacks without limit." For this step is the beginning of the end.

The framers of the act planned and the Federal Reserve Board is doing everything in its power to take all the reserve from all the banks, leaving them nothing but Federal reserve bank notes in their stead, although during the last twenty-five years all the leading bankers of London and all the English authorities in banking economics have been urging persistently in season and out of season that all banks should carry at least a 10 per cent. cash reserve in gold in addition to what they held at the Bank of England. For many years Herr Havenstein, president of the Imperial Bank of Germany, as a result of his long experience in banking, remarked that the Federal Reserve act has been urging identically the same thing upon all the banks of Germany. If this was a wise precaution in both Great Britain and Germany, it is a hundred fold more important in this country, considering our individual independent banking system, composed as it is of about 30,000 separate units.

A Powerful Political-Financial Machine. The framers of the Federal reserve act pretended that they wanted to take the control of the reserves from a few hands.

What they actually did was to take the reserve held by 367 national banks, located in fifty cities and acting as reserve agents for all other banks and place them in twelve banks located in twelve cities. Not only that, but the same twelve banks are to control all reserve banks are controlled by the Federal Reserve Board of seven members, appointed by the President for a limited period of years and removable by the President at will without cause. Again, the Federal Reserve Board of seven members is empowered to remove all the directors of the twelve reserve banks without cause.

Summarizing the colossal power of the Federal Reserve Board, Professor Edward Sherwood Meade of the University of Pennsylvania says: "They hold the power of life and death over every American business."

Bank Reform Demanded. True bank reform demanded a perfectly coordinated and completely unified system in which every bank should have the same economic unit of one harmonious whole.

The Federal reserve bank act has produced diametrically the opposite result; the relative number outside the system is gaining rapidly every day by national banks leaving at great loss to themselves and fewer being established.

Bank reform demanded that our banking and business interests should be removed from all political influence and control as far and as completely as possible.

The Federal reserve bank is the most pernicious, gigantic and potent political machine ever constructed. True bank reform demanded that we should have a currency that automatically adjusted itself to the ever varying demands of trade, day in and day out, season in and season out, year in and year out, precisely as it does in Canada. Instead, we have had the Federal Reserve act, a mad expansion and inflation of the currency.

Vital Issues of the Campaign. The vital issues of this Presidential campaign are, in the order of their relative importance:

First, American nationality, which all these words imply.

Secondly, the preservation of the gold standard, which has been attacked and is imperilled through the operation of the Federal Reserve bank act.

Thirdly, protective tariff, which is upon reason of justice, but which has become absolutely independent of American merchant marine duties and American duties and our American trade to American ships.

Fifthly, Democratic imperialism, which is a by-product of the Federal Reserve act, and the American first, America last, America all the time; an American tariff system, an American merchant marine, an American common honesty, American common sense. With these our only true friends are marching forward with confidence and courage to victory.

CHARLES N. FOWLER.

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