

FOWLER BILL READY

Committee Ends Work on New Currency Measure.

MAJORITY FAVORS ADOPTION

Proposed Banking Act Approved by House Committee by Vote of 11 to 6—Will Mean a Radical Change in Present Money System of Country, Some Members Will Object.

A radical change of the present money system of the United States is proposed in the Fowler currency bill, which was ordered reported yesterday by the Committee on Banking and Currency.

The vote of the committee in ordering the bill reported was 11 to 6. Some of the members who supported it in committee reserved the right to oppose it in whole or in part on the floor of the House.

Chairman Fowler, of the committee, the author of the bill, will have charge of the measure when it comes up for consideration. The report on the bill is elaborate. It is analyzed as follows:

Under the bill the United States is divided into twenty commercial zones, with a note redemption agency in each zone. All the banks redeeming their notes at any one agency elect a board of managers for their commercial zone, consisting of nine members, who have entire charge of the examination and supervision of the banks in that commercial zone.

The chairman of each board of managers is a deputy controller of the currency. These boards of managers meet at least once every month. The deputy controllers of the twenty commercial zones meet at least every six months, with the approval of the chairman, for the purpose of consulting and advising each other.

It will be observed that the structure of this organization is based upon that of our State and Federal governments.

What Banks May Do.

National banks are authorized:

First—To take out bank notes for issue and circulation without depositing government bonds.

Second—To guarantee the circulation of their notes.

Third—To act as executor, administrator, guardian, and trustee.

Fourth—To examine and supervise their banks through their own examiners.

In place of the present outstanding government bonds secured note the banks will have the right to take out, for issue and circulation, bank notes equal to the capital of the bank, the same being provided by law for deposits, and their payment will be guaranteed by a deposit in the United States Treasury, of an amount equal to the amount of the notes.

If at any time the business interests of the country should require it in any locality, subject to the approval of the board of managers of the respective districts, any bank may take an additional amount of notes equal to its capital.

At the time of taking out bank notes for issue and circulation banks shall deposit in the Treasury of the United States an amount of gold coin, or its equivalent, equal to 2 per cent of its average deposits for the preceding six months, and also 3 per cent of the bank notes it takes out.

It is assumed that the total deposits will be at least \$2,000,000,000, and that the total amount of bank notes issued will be at least \$1,000,000,000, making in all \$3,000,000,000, 3 per cent of which is \$90,000,000.

Bonds to Be Returned.

As soon as the amount in the guaranty fund, arising from the deposits therein of 5 per cent of the note issues and 5 per cent of the deposits, shall reach the sum of \$25,000,000, all bonds now held by the government to secure its deposits with national banks, shall be returned to the respective banks owning them, and the banks shall thereupon begin to pay to the government on its deposits interest thereon at the rate of 2 per cent per annum, the same being payable semi-annually.

All government bonds shall be equitably distributed throughout the United States, and no deposit with any national bank shall exceed 50 per cent of its capital.

The government shall receive in payment for its due, national bank notes, or the checks and drafts of national banks, and shall pay all its own obligations by checks or drafts on national banks, shall deposit from day to day all of its receipts in national banks, and shall pay its bills on such banks as soon as they are presented.

All expense attaching to the transmission of any bank note by the holder thereof to a redemption agency is paid by the government. No bank is allowed to pay more than 2 per cent per annum on notes subject to check. The rates of interest to be allowed in the several redemption districts upon time certificates shall be determined by the managers of the respective districts.

To Be Converted.

As soon as the amount of the accumulations in the guaranty fund from income reaches the sum of \$5,000,000 the balance remaining on the first days of January and the balance of the guaranty fund, less expenses, shall be used to convert the United States notes into gold certificates. The result will be that the demand debt of the government, amounting to \$300,000,000, will be paid out of the taxes upon circulation and interest upon government deposits held by the banks.

It is the confident belief of the committee that by the enactment of this measure all the fundamental weaknesses of defects in our financial and currency practice will be eliminated and that we shall have, all things considered, the very best banking system in the world, instead of the very worst. This is an important work any longer means still greater and continued commercial disaster, and in case of a great war a complete breakdown of our national credit and all the serious consequences that follow in its train.

APPROVE WITHERSPOON BILL

Senate Committee Also Reports Bill for Care of the Hermitage.

Senator BRIGGS, of New Jersey, yesterday reported from the Committee on the Library, with a recommendation that it pass, the bill proposing to provide a site in Washington for a statue of John Witherspoon.

The report states that the Witherspoon Memorial Association has raised about \$17,000 of the \$20,000 required for the purchase of a statue, and it is recommended that Congress designate a site on some government reservation in the city and provide a pedestal for the statue which the association will furnish.

John Witherspoon, born in Scotland and educated for the Presbyterian ministry, emigrated to America and became president of Princeton College. He was prominent among the patriots who opposed the stamp act, became a delegate from New Jersey to the Continental Congress, and was one of the men who signed the Declaration of Independence.

Mr. Briggs also reported favorably from the same committee the bill proposing to appropriate \$50,000 to care for the Hermitage, Andrew Jackson's old home in Tennessee.

CONSIDER APPROPRIATION BILL

Senate Committee Does Not Reach "Supernatation Clause."

The subcommittee of the Senate Committee on Appropriations, which is considering the Appropriation, and Judicial Appropriation bill, yesterday had a hearing to Commissioner Ballinger, of the General Land Office, relative to the needs of that office as affecting the bill.

The heads of two departments of the executive branch of the government will be heard to-day by the subcommittee.

The "supernatation clause" of the bill, which proposes to prevent the use of any of the money appropriated in the bill for the maintenance of employees of the departments who may be incapacitated for the performance of their duties, was not considered by the subcommittee, nor is it likely that it will be reached to-day.

It is stated that the bill will not be ready to be reported to the Senate for about a week.

ADVANCED IMPORTATIONS

Of Men's SPRING SUITINGS and OVERCOATINGS are now here for your inspection. You'll find the patterns exceptionally snappy and distinctive.

E. H. Snyder & Co., Tailors, 111 PENNSYLVANIA AVENUE N. W.

YESTERDAY IN CONGRESS.

SENATE.

Senator Street made an address favoring the passage of the Aldrich bill, with an amendment to safeguard bank reserves.

The bill authorizing the acceptance of Andrew Carnegie's gift of \$30,000 to establish a branch library at Takoma Park was passed.

The nomination of the Indian appropriation bill was completed.

Senator Tillman offered a resolution calling upon the Secretary of the Interior for an investigation of charges that the Choctaw court had been corrupted. An objection from Senator Warren laid the resolution on the table.

A brief executive session, in which the nomination of a son of Supreme Court Justice Day to be a United States attorney in Ohio was discussed, closed the Senate, at 5:35 p. m., adjourned until noon on Monday next.

HOUSE.

The Senate resolution inviting foreign governments to participate in the tuberculosis congress, to be held in this city in September next, was passed.

The announcement that former Gov. Bradley, of Kentucky, has been selected to represent Kentucky in the Senate was greeted with cheers.

A bill facilitating the issuance of patents was passed.

The amendment striking out of the army appropriation bill Thursday, which gave a substantial increase in pay to enlisted men, was reintroduced.

There was some further consideration of the army appropriation bill without completing the bill. The committee arose at 4:30, and the House adjourned until to-day at noon.

POST-OFFICES ABOARD SHIP.

Government May Make Jack a Letter-Clerk—Post-office Bill Ready.

Full post-office facilities for enlisted men and officers will be provided on all war ships hereafter, if a provision in the post-office appropriation bill, reported yesterday, is enacted into law.

The bill authorizes commanders of naval vessels to detail enlisted men as mail clerks. Enlisted men so detailed will be responsible to the Post-office Department.

The supply bill reported yesterday, providing funds for the maintenance of the Post-office Department in the fiscal year 1910, carries an appropriation of \$23,756,292. This is an increase of more than \$8,000,000 over the amount made available for the current fiscal year.

FAVOR PUBLIC BUILDINGS.

House Leaders May See Fit to Spend Fifteen Million Dollars.

Despite the threatened deficit in the Treasury the House leaders have decided to heed the demands of the populace and pass a public building bill at this session of Congress.

The measure, according to present plans, will carry approximately \$15,000,000.

In the back districts there are voices that portend trouble, and it is stated that their ears to the ground insist that they shall be given something upon which they may ring the changes in the approaching campaign.

At the proper moment the measure will be brought before the House and passed. The leaders insist that the expenditures authorized must not exceed \$15,000,000.

PASS TAKOMA LIBRARY BILL

Senate Approves Carnegie Gift of Thirty Thousand Dollars.

Senator Heyburn protests Putting Fixed Charge Upon District, but Does Not Fight Bill.

The bill proposing to authorize the District Commissioners to accept a gift of \$30,000 from Andrew Carnegie for the erection of a branch public library at Takoma Park, and also to accept a site for the proposed building, was passed yesterday by the Senate shortly before adjournment.

Senator Gallinger called up the bill and asked that it be passed. Senator Heyburn, in a short address, opposed the passage of the bill, saying that it imposed upon the District an annual charge of \$3,000 for the maintenance of the library.

"In fifty years," he said, "that would amount to \$150,000."

"Yes," replied Mr. Gallinger, "and in one hundred years it would amount to \$300,000. But a hundred years is a long time."

Senator Heyburn remarked that he had steadily opposed such bills in the past, as creating perpetual charges. If, however, the Senate saw fit to pass the bill, it would no longer oppose it, having voided his protest.

The question was put, and the bill went through.

WILL AID PATENT OFFICE.

House Passes Bill to Prevent the Present Delay.

A bill intended to overcome a serious delay in the issue of patents and to greatly reduce the work of the Patent Office was passed by the House of Representatives yesterday, upon motion of Representative Washburn, who reported it from the Committee on Patents.

This bill makes section 488, Revised Statutes, read: "Every patent shall issue within a period of three months from the date of issue of the final fee, which fee shall be paid not later than six months from the time at which the application was passed and allowed and notice thereof was sent to the applicant or his agent; and if the final fee is not paid within that period the patent shall be withheld."

Mr. Washburn said a strict observance of the present law was impossible, and in order to enable the Patent Office to issue those patents in which the final fee had been paid just before the expiration of the six months, it was necessary to resort to a legal fiction.

HOUSE CHANGES ITS MIND.

Agrees to Increase Pay of Soldiers, Knocks Out Military Provision.

An order reported from the Committee on Rules and adopted by the House of Representatives yesterday made it permissible to offer as an amendment to the army appropriation bill all the provisions reported by the Committee on Military Affairs for increase of pay of enlisted men and noncommissioned officers of the army which went out on points of order.

The bill was again taken up in Committee, the House, and Representative Hull, chairman, proposed the paragraphs struck out as an amendment to the bill. The amendment was agreed to, restoring to the bill the increased pay reported in the measure.

Representative Fretwell moved an amendment, appropriating \$1,000,000 to pay the expenses of State militia authorized to participate in maneuvers with the regular army. The amendment was lost.

May Extend Tube Service.

Representative Waldo, of New York, yesterday introduced a bill asking for an appropriation of \$3,000,000, with which to enable the Postmaster General to extend the pneumatic tube postal service in any cities in which it at present exists.

For Tuberculosis Congress.

The House yesterday passed a Senate resolution, authorizing the Secretary of State to invite foreign governments to the International Tuberculosis Congress, to be held in Washington next September.

HOT WEATHER DID IT

That and the Drink Ruined Francisco Astorga.

FRIENDLY WITH THE SOLDIERS

Rich Man of Alang Alang Came to Grief Because He Was Good to Americans—Now Secretary Taft Asks Congress to Treat the Little Brown Brother with Justice.

Now if the truth of the whole matter involving the loss of some \$13,000 worth of property, once belonging to a Little Brown Brother by the name of Francisco Astorga, who used to live in a big native house in the village of Alang Alang, which is near Jaro, were known it would be found that drink and the hot weather were responsible, but mostly the hot weather which started the drink.

When the American army came beating down into Alang Alang looking for a band of native tribes, cooked into mere imitations of men by the heat of the middle of May, Francisco Astorga, rich man of the village, was one of the first to welcome them. Had he not much money, many cattle, sheep, carabao, to be protected from the robbers which were infesting Alang Alang?

Francisco Was Glad.

So when the American officer, with the straps on his shoulders, left behind him forty-three men and another officer with some stripes on his sleeves, Francisco Astorga was glad. To him the American soldier meant peace, quiet, the moon, plenty to eat, a restful sleep, and all the time the thought that he had nothing to pay for it.

The life of Francisco Astorga ran placidly, for he feared nothing. He became friendly with the soldiers. With the strange red-bearded officer with the stripes on his sleeves—he the men called "Sergeant Murphy"—he became most friendly.

But the heat lay heavy on Alang Alang, and the soldiers had nothing to do but lie to each other and try to sleep and to forget the heat of the summer.

Since 1895 he has done work exclusively for the Philadelphia Press, and in 1902 assumed charge of the bureau upon the retirement of Mr. Gibson.

No corresponding in Washington has more friends than "Jim" Henry. He is president of the Gridiron Club, and before his elevation to that exalted position he did a great deal to amuse the guests of the club with his characteristic topical songs.

LILLEY CHARGES NOT PROVEN

Correspondents' Committee Exonerates Newspaper Men.

Says Representative Failed to Offer Evidence to Sustain His Allegations of Improper Conduct.

The Committee on Rules of the House of Representatives held a meeting yesterday, but did not take up the resolution of Representative Lilley, of Connecticut, for the appointment of a special committee to investigate the conduct of the Holland Boat Company and the Electric Boat company, in connection with past and proposed legislation in Congress. Mr. Lilley has gone to Connecticut.

The standing committee of Washington correspondents made its report yesterday on the investigation of allegations by Representative Lilley, that two members of the press gallery had been employed by the Electric Boat Company. In his report the committee says that these two newspaper men were suspended from press gallery privileges because they had been quoted in newspapers as admitting that they had performed certain "publicity work" for the Washington attorney of the company. The committee says that Representative Lilley failed to "sustain the charge," and adds: "He offered no evidence to sustain it. The committee's experience with Mr. Lilley was quite unsatisfactory."

The committee tells of having before it several persons who were understood to possess information bearing on the charge and also the accused men. "As a result of these hearings," says the committee, "the committee unanimously decided to rescind the order of suspension in the cases of (naming the two accused newspaper men)."

The committee says that the two correspondents accepted money from the attorney of the Electric Boat Company, during the recess of Congress, for writing and distributing articles pertaining to submarine boats, and for personal services not in the line of their regular newspaper connections. The opinion is expressed by the committee that if these services had been performed while Congress was in session, the two accused newspaper men would be liable to exclusion from the press galleries.

The committee then takes up an allegation of Mr. Lilley in regard to another newspaper correspondent, who was mentioned by Mr. Lilley as having been "passed along to him in gossip" as an employee of the Electric Boat Company. Mr. Lilley withdrew his allegation regarding this correspondent, and in his final statement to the committee expressed his regret or the error in which he had been led by his unnamed informant. The committee adds: "The correspondent in question, at his own request, was heard by the committee, and stated in the most positive terms that he had never had any relation or connection with the Electric Boat Company of New Jersey." The standing committee is convinced that this is the truth.

Want Maj. Morrow Investigated.

A petition from the Central Labor Union was presented in both House and Senate yesterday asking that a Congressional investigation be made into the conduct of the office of the Engineer Commissioner of the District. It is alleged in the petition that persons who have visited the office have been treated with discourtesy, and that Maj. Morrow, the Engineer Commissioner, has made remarks which showed a lack of courtesy toward public bodies.

Favors Hawaiian Fort.

House Committee Approves Pearl Harbor Defense.

Pearl Harbor, Hawaii, a strategic point in the Pacific, will be strongly fortified if a bill reported by the House Committee on Naval Affairs yesterday is enacted into law. The measure, which was introduced by Representative Bates, of Pennsylvania, is approved by the President.

The bill authorizes the Secretary of the Navy to establish a naval station at Pearl Harbor. It is also provided that the entrance to the harbor shall be dredged to a depth of thirty-five feet. For these purposes an appropriation of approximately \$3,000,000 is authorized.

The House Naval Committee also reported a bill providing for the construction of two floating dry docks, one to be used in the Atlantic and the other in the Pacific. Each will be larger than the Dewey.

It is understood to be the plan of the Navy Department to place one of the new floating dry docks at Guantanamo, Cuba, and the other at Pearl Harbor.

Always the Same

Tharp's Berkeley Rye

512 F Street N. W. Phone Main 1141. Special Private Delivery.

PRESS GALLERY—No. 29.

SMOOT FAVORS BILL

Advocates Passage of Aldrich Currency Measure.

SUPPORTS RESERVE INCREASE

Utah Senator Says Present Reserve System is Defective—Vote on Bill Expected on Thursday Next—Senator La Follette to Speak on His Amendment Relating to Railroads.

Senator Smoot, of Utah, yesterday addressed the Senate in favor of the Aldrich currency bill.

He argued against some of the claims that have been made by Democratic Senators who are opposed to the bill, and he declared the proposition that the government guarantee bank deposits, arguing that if this were done it would be but a step toward the guarantee of other undertakings affecting the public.

The coming week is expected by those who are backing the Aldrich bill to witness the final disposition of the measure. While no precise agreement has been made to this effect, it is believed that a vote will be had on Thursday next.

Before the vote comes, however, what will probably prove to be the most important speech made on the bill is to be made by Senator La Follette, who will advocate his amendment proposing to compel the valuation of railroads whose bonds are to be used as a basis for emergency currency before the bonds can be accepted by the Secretary of the Treasury for this purpose.

Will Amend the Bill.

It has been practically decided to accept Mr. La Follette's amendment in modified form, and the bill will also be amended to provide for the retention of more adequate reserve funds by the banks not located in central reserve or reserve cities.

Senator Smoot said, in part:—"The American people in the final analysis are a conservative people; but at times they lose their heads and plunge into speculation, live beyond a reasonable standard, and expand even legitimate business far beyond conservative limits. Whenever this is done, trouble ensues, just as it has in our recent unfortunate money panic.

"No one questions the fact that the American people have been under a business tension too great for safety. Our railroads were overworked; our manufacturing institutions were unable to supply demands made upon them; the cost of production kept mounting higher and higher; the wages of the laborer increased, and the expenditures of the people increased in a greater proportion than all else. Speculation was rife and men started making fortunes in a day. These are some of the causes that brought about the present conditions.

Will Give Elasticity.

"In my judgment the provisions of the Aldrich bill, if enacted into law, will not only furnish an absolutely safe emergency currency, but will also provide for its expansion when a necessity exists, and the penalty rate of interest will compel its retirement as soon as the necessity is removed. I believe in an emergency currency, but not in an inflated currency.

"What we need is not a larger volume of currency, but a currency that will come at the call of need and retire when it has done its work. To secure such a currency several plans have been proposed. Of these, I think the bill under consideration goes most directly to the point and gives better promise than any other at present proposed of accomplishing the desired end.

"We need not consider the currency question at all, except as it is affected by an extraordinarily large demand for money. Provision must be made for putting out an extra supply when there is an extra demand.

Makeshift Currency Needed.

"Many objections to this plan are urged—objections which do not strike me with much force. It is said the plan is a makeshift, and also that it is a makeshift currency is precisely what we want. We wish it to come, stay as long as it is needed, and then go away as quickly and as quietly as possible. If that isn't a makeshift, what is it?

"It is said that the plan is devised in the interest of the Eastern bondholders. Those who make this charge presume that the bondholders are Eastern. What if the bondholders were gain by it? Would the people lose? Who would lose, and how would anybody lose? Would no one but the bondholder gain? Would not any State in the Union, any city, or any county, whose bonds would come under the provisions of this bill, gain when it offered its bonds for sale? The State, city, or municipality issuing the bonds, would be able to borrow at lower rates of interest after the passage of this bill than before. The benefit is not offered to Utah, or any Western or Southern State, would enjoy it to fully as great an extent.

Defect in Reserve Law.

"I think a great defect in our banking laws now in force is found in their requirements as to the reserve to be held by national banks outside of reserve cities. These banks are required to keep a reserve equal to 15 per cent of their deposits, but are permitted to keep three-fifths of this on deposit in banks of their reserve or central reserve cities. This leaves only two-fifths of the 15 per cent—only 6 per cent of the deposits—required in the vaults of the bank whose deposits the reserve is designed to protect.

The Aldrich bill, as it was originally drawn, required the banks to hold in their own vaults at least two-thirds of this, or 10 per cent of their deposits instead of 6 per cent. This would have been an improvement in the law as it now stands, but it was struck out by Senator Smoot referred to an amendment which he has introduced to remedy this defect in the bill, and said that he considered it necessary, in order that future panics may be obviated, to amend the reserve law so that the banks in their adequate reserve in their vaults at all times to meet possible need of ready cash.

Opposes Asset Currency.

"I think our present currency system, properly amended, will prove much better than an asset currency. There is too great a possibility of expansion in the asset-currency plan and too great a possibility of fluctuation in the supply. We need to take the proper precautions to avoid panics if we can, and if we cannot avoid them, we should take steps to combat them successfully.

"What limit would the law set to an asset currency issued by the banks? A limit that is not fixed by law is not fixed.

GUNN, RICHARDS & CO.

PRODUCTION ENGINEERS, PUBLIC ACCOUNTANTS.

43 Wall Street, : : New York

SMOOT FAVORS BILL

Advocates Passage of Aldrich Currency Measure.

SUPPORTS RESERVE INCREASE

Utah Senator Says Present Reserve System is Defective—Vote on Bill Expected on Thursday Next—Senator La Follette to Speak on His Amendment Relating to Railroads.

Senator Smoot, of Utah, yesterday addressed the Senate in favor of the Aldrich currency bill.

He argued against some of the claims that have been made by Democratic Senators who are opposed to the bill, and he declared the proposition that the government guarantee bank deposits, arguing that if this were done it would be but a step toward the guarantee of other undertakings affecting the public.

The coming week is expected by those who are backing the Aldrich bill to witness the final disposition of the measure. While no precise agreement has been made to this effect, it is believed that a vote will be had on Thursday next.

Before the vote comes, however, what will probably prove to be the most important speech made on the bill is to be made by Senator La Follette, who will advocate his amendment proposing to compel the valuation of railroads whose bonds are to be used as a basis for emergency currency before the bonds can be accepted by the Secretary of the Treasury for this purpose.

Will Amend the Bill.

It has been practically decided to accept Mr. La Follette's amendment in modified form, and the bill will also be amended to provide for the retention of more adequate reserve funds by the banks not located in central reserve or reserve cities.

Senator Smoot said, in part:—"The American people in the final analysis are a conservative people; but at times they lose their heads and plunge into speculation, live beyond a reasonable standard, and expand even legitimate business far beyond conservative limits. Whenever this is done, trouble ensues, just as it has in our recent unfortunate money panic.

"No one questions the fact that the American people have been under a business tension too great for safety. Our railroads were overworked; our manufacturing institutions were unable to supply demands made upon them; the cost of production kept mounting higher and higher; the wages of the laborer increased, and the expenditures of the people increased in a greater proportion than all else. Speculation was rife and men started making fortunes in a day. These are some of the causes that brought about the present conditions.

Will Give Elasticity.

"In my judgment the provisions of the Aldrich bill, if enacted into law, will not only furnish an absolutely safe emergency currency, but will also provide for its expansion when a necessity exists, and the penalty rate of interest will compel its retirement as soon as the necessity is removed. I believe in an emergency currency, but not in an inflated currency.

"What we need is not a larger volume of currency, but a currency that will come at the call of need and retire when it has done its work. To secure such a currency several plans have been proposed. Of these, I think the bill under consideration goes most directly to the point and gives better promise than any other at present proposed of accomplishing the desired end.

"We need not consider the currency question at all, except as it is affected by an extraordinarily large demand for money. Provision must be made for putting out an extra supply when there is an extra demand.

Makeshift Currency Needed.

"Many objections to this plan are urged—objections which do not strike me with much force. It is said the plan is a makeshift, and also that it is a makeshift currency is precisely what we want. We wish it to come, stay as long as it is needed, and then go away as quickly and as quietly as possible. If that isn't a makeshift, what is it?

"It is said that the plan is devised in the interest of the Eastern bondholders. Those who make this charge presume that the bondholders are Eastern. What if the bondholders were gain by it? Would the people lose? Who would lose, and how would anybody lose? Would no one but the bondholder gain? Would not any State in the Union, any city, or any county, whose bonds would come under the provisions of this bill, gain when it offered its bonds for sale? The State, city, or municipality issuing the bonds, would be able to borrow at lower rates of interest after the passage of this bill than before. The benefit is not offered to Utah, or any Western or Southern State, would enjoy it to fully as great an extent.

Defect in Reserve Law.

"I think a great defect in our banking laws now in force is found in their requirements as to the reserve to be held by national banks outside of reserve cities. These banks are required to keep a reserve equal to 15 per cent of their deposits, but are permitted to keep three-fifths of this on deposit in banks of their reserve or central reserve cities. This leaves only two-fifths of the 15 per cent—only 6 per cent of the deposits—required in the vaults of the bank whose deposits the reserve is designed to protect.

The Aldrich bill, as it was originally drawn, required the banks to hold in their own vaults at least two-thirds of this, or 10 per cent of their deposits instead of 6 per cent. This would have been an improvement in the law as it now stands, but it was struck out by Senator Smoot referred to an