

Financial Legislation in the United States

By Hon. Charles A. Lindberg, Congressman from Sixth Minnesota District

Since the passage of the Federal Reserve Law, it has been the boast of President Wilson and the present administration that it has discovered and put into effect a way out of all our financial difficulties. So far as discovery is concerned, they did not discover anything in connection with the law as the plain truth is that the main provisions of the Federal Reserve Act are identical with those of the Aldrich plan, prepared and perfected to the purposes of the Money Trust by the same hand.

No Better Than Aldrich Law.

Paul Warburg, who is now a member of the Federal Reserve Board and, to all intents and purposes, the actual head and brains of the system, testified before a Senate committee that he was the real author of the main provisions of both. He told the members of the Senate committee in what respect the Aldrich plan was superior to the act that had been passed by Congress and how its main provisions could so be changed "by administration" as to make the law that the Money Trust got, just as good as the Aldrich plan which it wanted. And the funny part of it is that the particular features of the law that was passed which this appointee of President Wilson proposed to change "by administration" are the same features which the administration boasts of most loudly as an improvement over Bank Notes Taxed Out of Existence, the Aldrich plan.

The National Bank Act of 1863, which was superseded by the Federal Reserve Law, was enacted for

the purpose of stimulating the market for U. S. Government bonds issued to defray the expenses of the Civil War. State bank "notes of issue" were taxed out of existence and the new National banks were given the sole right of issuing paper money, which was secured by the deposit of Government bonds with the Treasurer of the United States. The paper money thus issued, secured by U. S. bonds, was safe enough, of course, and for many years after the retirement of most of the greenbacks, constituted the bulk of the money in use by the people.

Banks Had Good Thing.

While interest rates were high, both for the use of the money which they were allowed to issue and the bonds upon which it was based, the arrangement was very profitable for the banks and they were well satisfied with the "good thing" which they had. But in time interest rates on money declined in most sections of the country and at the last, the bonds upon which the National bank currency was based were marketed above par at a rate of interest of only 2 per cent. This made the business of issuing Government guaranteed money by the banks far less profitable than it had been at first and the banks were plenty ready to devise some new scheme that would render their monopoly of Government credit more useful and remunerative.

Money Needed More.

The Money Trust especially needed something more useful because while the business of the country was constantly expanding and the

opportunities of the banks for taking toll of all mercantile transactions were correspondingly increasing, the bonds upon which their notes were based were constantly contracting in volume. It is easy to imagine their distress. Moreover, the greatest trust in the world, had come to the point where it could see an opportunity to reach out and expand its control of all business in this country into a like control of the business and trade of the world. Not satisfied with the control of business in America, it sought a world monopoly. It saw that it could not safely expand to this extent unless backed up by unlimited use of the National credit. Out of this desire for world commercial empire and the necessity for the use of Government credit to make it safe, the Aldrich plan for Monetary Reform and the Federal Reserve Act, its legitimate offspring, were conceived.

War Money Is Cheaper.

The great war in Europe has materially interfered with the intended development of the scheme, but the fact that the warring nations of the old world are able, today, to secure more advantageous loans from the Money Trust than can the American farmer, business man, or wage earner, is a sufficient indication of the tendency and intention that was present and uppermost in the minds of its authors when the legislation was planned.

Some Farsightedness.

No one can contemplate the different steps that were taken to secure what was most desired, to-wit: the free and unlimited use of Gov-

ernment credit, without admiration for the far-sightedness and careful preparation of those most interested in securing the desired result. The whole story has been told before investigating committees of Congress to which every member of that body has access and no representative of the people will ever be able to truthfully say that he did not have opportunity to know what was in the wind when he voted for the bill as it was finally passed. Some of them were fooled, doubtless, but the most of them were led to vote for it because of political pressure brought to bear upon them by party leaders, including the President himself.

Pressure From White House.

I say, without any hesitation whatever, that the Federal Reserve Act, in its present form, or with anywhere near its present purpose and inevitable effect, could never have been passed through the House without this pressure from the White House that was persistently and directly exerted in its behalf. If legislation for farmers and wage earners could be backed by one-half the influence and carefully planned finesse that was used to secure the Federal Reserve Act, a new dawn for economic justice would quickly appear.

In the next articles, I shall briefly trace the steps which preceded the adoption of the Federal Reserve Law, and show how special privilege given by it to the banks would be equally valuable and advantageous—and are even more necessary and desirable to be extended to the farmers, wage-earners, and industries of our country.

Equity Exchanges Makes \$26,000 Profits In 90 Days

St. Paul, Nov. 23.—At the annual meeting of the Board of Directors of the Equity Exchange held last week it was shown that the net profits of the Exchange for the first three months of the fiscal year (August, September and October,) amounted to \$26,000. For the quarter ending Oct. 30, revenue received amounted to \$32,196.47.

Volume of Business Trebled.

Expenses were \$13,227.53. Net profits on the books were \$18,968.94. Additional profit of approximately \$7,000.00 for commissions on cars received from shippers and sold to buyers will be received as soon as

buyers have weighed in their purchases. With the volume of business that has trebled since the corresponding period a year ago, J. M. Anderson, president announced that there had been no increase in expenses over a year ago.

Exchange Big Factor.

The Exchange statement was prepared by Mr. M. W. Thatcher, president Equitable Audit Company, Inc., St. Paul. Mr. Anderson said that the report was as much a vindication for the Equity as it is a factor in serving St. Paul and the farmers.

The big convention to be held in St. Paul for three days—Dec. 7, 8, and 9—will celebrate this splendid victory over the Chamber of Commerce. The farmers of the entire Northwest are urged to attend and make the 1915 convention the biggest and best in the history of the movement.

The Leader fights for the farmer.

HYPHENATED CONGRESSMEN

Washington, Nov. 23.—Hyphenated congressmen are a new political genius in the midst of widespread propaganda to dehyphenate Americans.

Official directories of the new senate and house being prepared today show over a dozen hyphenated statesmen. They are listed either as "Republican-Progressives" or "Progressive-Republicans."

The bull mose movement and succeeding amalgamation of Progressives and Republicans is responsible for the arrival of the hyphenated congressmen. At the last election these candidates got either nominations or endorsements of both parties.

The hyphen is absent from the senate: also the bull mose. The lone Progressive, Sen. Poindexter of Washington, is understood to have returned to the unhyphenated Republican fold.

The Leader fights for the farmer.

"FARMER'S FRIEND" LEAVES

Aberdeen, S. D., Nov. 23.—The First National bank of Bristol, capitalized at \$25,000, with deposits of \$245,000, was placed in the hands of the bank examiner, Thomas H. Campbell, today. G. A. Bemitt is the president of the institution and Tor-gus Strandness cashier.

It is alleged that Strandness, who left Bristol weeks ago, has been conducting a systematic plundering of the funds of the institution for the past year. His present whereabouts is unknown. It is reported that there has been much rivalry between the bank now in the hands of the bank examiners and the First State bank of Bristol.

There is not a single law this league is working for that will mean less than ten times the membership fee to every quarter section every year if we get it through.

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