

divisions, against the will of the people of our country. Moreover, with the management here outlined, what would any man or group of men do with it, even if they controlled the stock?"

That may sound very conclusive to the person who knows little about the power of combined wealth. The inference suggested is that the size of the organization proposed is such that it would be impossible for it to be controlled and converted into an instrument of oppression and robbery. It sounds well to say that such control can not be secured "against the will of the people." But is it true?

If this organization should be put into operation, how could the people prevent its being controlled by a combination of wealth, domestic and foreign?

The people are not disposed to accept any such statement from Mr. Aldrich. His reputation as a public servant is not such as to justify him in expecting that they will. All talk about impossibilities is only throwing dust. The organization will be large, but if it could be handled by one set of men for good, why not by another set for evil? The man who concludes that this can not be done, or that it will not be done, has no knowledge of present financial conditions nor of the power of combinations.



Mr. Aldrich was asked about his proposed "Reserve Association" being a central bank under another name, and about its being controlled by Mr. Morgan or some other man. To which he answered: "This is not a central bank. The central banks of Europe are competitors of other banks. In France, Germany and England the central banks have assumed great functions. They take care of the banks in their respective countries, and maintain the credit of their respective nations. The financial conditions of those countries have more to do with the preservation of peace than all other influences."

If this statement is not a manifestation of the grossest ignorance, it is something worse. But it is so incorrect and so absurd that it is ridiculous as an attempt to deceive.

After quoting the above as coming from Mr. Aldrich, Mr. Babson proceeds to say: "Thereupon he explained his plan for local organizations or banks, and pointed out that in these local associations three-fifths of the directors would be elected by the banks voting as units, without regard to the size of the banks. He said this plan would give the smaller banks the advantage. The large banks might choose two-fifths of the control."

To rest any hope on the unit vote is little short of nonsense. It is even questionable whether this unit vote urged as evidence of extreme fairness does not furnish the very opportunity that would be desired by a combination desiring to control the "Reserve Association," and enable them to do it with less money.



There is particular significance in one admission which Mr. Babson got from Mr. Aldrich. "He admitted," says Mr. Babson, "that, if some 'enterprising gentleman' desired to do so, he might invest enough to control fifty per cent of twenty-five thousand banks of the country, and so control the big Association."

It is well to think about this admission, and the manifest exaggeration coupled with it. The assumption that it would require the control of fifty per cent of twenty-five thousand banks justifies the suspicion that Mr. Aldrich was not ignorant of the danger, and that he was trying to cover it up by making such an undertaking so large that it would not probably be attempted.

Mr. Aldrich is not such a fool as not to know that there would not be twenty-five thousand banks in the Association. The membership would not, in all probability, be so great as to require the control of even half so many banks. The entire aggregate of national banks is less than 7,500. It is not likely that all of them would become members; some would stay out from choice, and some could not get in. How many other banks would become members can not be predicted. The entire capital stock and surplus of all national banks is less than 1,750 millions. It can be safely predicted, then, that at no time within two or three years after the National Reserve Association was organized, would it require more than 900 millions to control this big Association in the way Mr. Aldrich has suggested.

Mr. Aldrich's "enterprising gentleman" would turn out to be a huge combination. It is altogether likely that, by the aid of the unit vote so much vaunted, a much smaller amount would be sufficient. If there was not money enough in New York, London would furnish it. Could it not be done? Of course it could. Would it not be done? Of course it would. We would be under the control not only of American, but of European financiers as certain as fate.



Here again I would like to repeat the inquiry which I have been making for several years, but without answer: How much of our national bank stock is now held by alien financiers? Congress ought to see to it that, in some way, this question is answered. It might disclose something that would throw a flood of light upon the subject, and upon Mr. Aldrich's visit to London last year.

FLAVIUS J. VAN VORHIS.



## THE PROPOSED BANKERS' TRUST.

Toledo, Ohio.

Legal money is a receipt for service or property sold, and also an order for the same or other things of equal value. It is a medium of exchange, and is as essential to the exchanging of useful service or commodities as are highways, bridges, boats, rail-cars or wagons. Seldom does the employer of labor or the purchaser of goods have the desired commodities or service to give in exchange for these things. So he gives money for them. The money is his receipt for them, and is also an order upon any other people who have such desired commodities to sell. Without this agent of exchange but few things of equal value could be exchanged. The use of money is as essential to the productive and exchange industries as is the use of tools and machinery.

Most productive and exchange industries are prosecuted with the use of borrowed money. This is because but few men who prosecute these enterprises, whatever their other possessions may be,

usually own money enough to prosecute them. They need money to pay the expense of their business until they get a return from the products of their enterprise. They can either sell their possessions for money to use in this business or borrow it. Usually they look to the banks for this borrowed money. Few others have money to lend. Indeed, the banks have the monopoly of the money lending business.

At present there is some competition among the bankers, but they are now seeking to combine in a great banking trust and are asking for a franchise to issue all money as well as to receive on deposit and lend all government money.

Now if they succeed in this movement they will have absolute control of all great money using enterprises, except such as are conducted by a few individual money owners. If a man or a company owned a valuable mine, or farm, or railroad, or factory, and had not cash enough to run it, he would have to depend upon this trust for the use of its money and would have to pay the trust's own demand for its use. With no competition the trust could demand what it pleased. And having the monopoly of the lending business it would be pleased to demand "all that the traffic would bear." If a community should want to build up a city or town and furnish it with public buildings and other necessary public equipment, it would have to depend upon this enfranchised money lending trust for the use of its money. This would put all these enterprises under the absolute control of the trust. It, the trust, could promote or destroy any of these enterprises at will. It could boycott any man or company or town in the interest of a competing enterprise. It could and would promote only such as contributed to the interests of the trust or to its individual members or others whom they might wish to favor.

It follows that it would be quite as absurd, as unjust, as wicked, for the Government to enfranchise or protect such a banking trust as it would be to enfranchise a tool trust to make and own and lend all the tools of production and distribution and charge for the use of them what they please.

It seems incredible that any such crazy demand should be made of the United States Congress and President!

Is it not a slander against the intelligence and honor of both that anybody should presume that the President and Congress are so degenerate as not to regard such a demand as an insult?

GEO. CANDEE.



Nothing but the most horrible perversion of humanity and moral justice, under the specious name of political economy, could have blinded men to this truth as to the possession of land—the law of God having connected indissolubly the cultivation of every rood of earth with the maintenance and watchful labor of man. But money, stock, riches by credit, transferable and convertible at will, are under no such obligations, and, unhappily, it is from the selfish, autocratic possession of such property, that our landholders have learned their present theory of trading with that which was never meant to

be an object of commerce.—Samuel Taylor Coleridge.

## NEWS NARRATIVE

The figures in brackets at the ends of paragraphs refer to volumes and pages of *The Public* for earlier information on the same subject.

Week ending Tuesday, February 6, 1912.

### Sensation in the Lorimer Investigation.

At the Lorimer hearing in Washington on the 3rd, the official stenographer, Milton W. Blumenberg, denounced as a "fake" the stenographic notes of a conversation which had been furnished by William J. Burns, through his stenographic secretary, a young man of the name of Sheridan. Mr. Sheridan had read from these notes as the original memoranda he had made by means of a dictagraph of a confession of one McGowan as taken by a Burns "operative," the confession being in effect that McGowan had committed perjury in behalf of Lorimer. Asked by Senator Lea what he meant, Mr. Blumenberg replied: "I think they were written afterward, written from some other communication, copied. They are an absolute fake. I know enough about shorthand writing to know that they are not original notes." It developed that Mr. Blumenberg had expressed himself in this way to several on the Lorimer side but had said nothing to the investigating committee or any of them. He appears, however, to have made no secret about the matter, the affair before the committee having been precipitated by his indignant outbreak denouncing the notes as manufactured. Mr. Blumenberg has for twenty years been one of the Senate stenographers. In the course of the resulting controversy he advised the stenographers working for him before the committee to stop work, which they did; and immediately thereafter he was placed in custody by the committee for contempt. The committee on the 5th discharged Mr. Blumenberg as its stenographer on the ground that his statement had made it necessary for him to become a witness. As he refused to make any statement in extenuation of his action, the committee ordered proceedings to bring him to the bar of the Senate for contempt. Meanwhile, Mr. Sheridan had testified absolutely that his notes were not a "fake," and offered a test of his ability to take notes as he testified to having taken these. When Mr. Blumenberg testified on the 5th he named eleven expert Washington stenographers, and said that if any of the eleven would say that Sheridan's notes were genuine he would make no more charges. Those examined by the committee on the 5th bore out Blumenberg's contention. [See vol. xiv, p. 681.]