

tion. The persons elected were Progressives, and the Reactionaries of Grand Junction are reported to be bitter against the method. Three referendums in favor of restoring saloons were defeated by 1,542 to 1,180, 1,592 to 1,180, and 1,557 to 1,142 respectively. In Pueblo, which has adopted the Grand Junction plan, the "machine" was defeated and a Progressive council elected. [See vol. xii, p. 1092; current volume, page 1003.]

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Advices from Seattle are to the effect that at the recent municipal election in Everett, Washington, a Singletax amendment to the charter was adopted.

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The Philadelphia election for Mayor was carried by Rudolph Blankenburg, the Keystone party's candidate, over the candidate of the Republican "machine," by a plurality of 4,364. [See current volume, pages 1091, 1146.]

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The Republican candidate for Governor of Maryland, Phillips Lee Goldsborough, was elected over Arthur Pue Gorman, Democrat; and the Constitutional amendment disfranchising Negroes was defeated. [See current volume, page 957.]

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Kentucky was recovered by the Democrats—both Governor and legislature. The election of Congressman Ollie James as United States Senator is reported as thereby assured.

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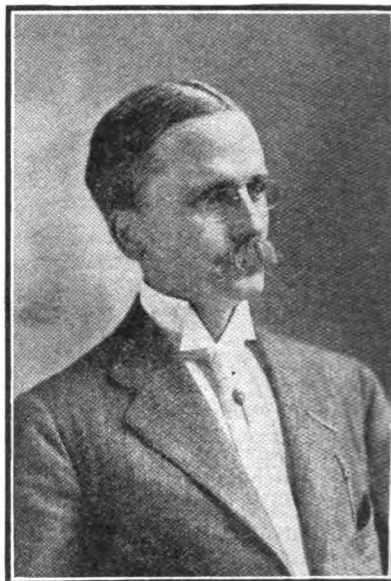
In New Mexico, the first State election was carried by the Democrats, and the "blue ballot," for a Constitutional amendment making amendments easier, was adopted by a heavy majority. [See current volume, page 875.]

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Newspaper dispatches have pointed to the defeat of Democratic candidates in New Jersey as showing that Governor Wilson has lost ground in his home State. This inference is not necessarily a true one. The defeat of the Democrats may have been a rebuke to the Democratic "machine." One indication of this is the election of so pronounced a democratic Democrat and Wilson man as Charles O'Connor Hennessy to the legislature from Bergen County. Under the circumstances of his own personality and standing in New York and New Jersey, of the relations of Governor Wilson to national politics, and of misleading dispatches regarding the result in New Jersey, Mr. Hennessy's post-election address is of general interest and importance. In the course of this address he says:

Newspapers in New York and elsewhere, which

have been conspicuous in their leaning to Democratic politics of the reactionary or plutocratic kind, seem rejoiced over what appears to them to be the



Charles O'Connor Hennessy.

setback to Governor Wilson's policies and ambitions that is revealed by the general trend of the New Jersey vote. Honest and discriminating observers of the political game, however, will be unable to see either the facts or the implications that are relied upon in some quarters to discredit the rising tide of real Democracy. It is true that the Governor has lost the support of a Democratic majority in the Assembly, but every enlightened person knows that this is due chiefly to the fact that the reactionary "machine" organization in Essex County, controlled by ex-Senator Smith and his nephew, ex-State Chairman James R. Nugent, is responsible for having subtracted 12 names from the Democratic roll-call in the lower House besides defeating a Progressive Democratic Senator who sought re-election. They succeeded in nominating 12 gentlemen for the Assembly in Essex whose chief merit seemed to be their cheerful and unashamed subservency to a leadership which Governor Wilson had made odious in the eyes of the decent Democrats of the State. It will not be forgotten that Essex, the largest County in the State, was the only one which Gov. Wilson declined to enter this year in advocating the election of a Democratic legislature, a course which self-respect and political consistency compelled him to follow. The result was as might have been expected. The people of Essex, which handsomely endorsed the Governor last year and which, I believe, is a Progressive county, being compelled to make a choice between 12 anti-Wilson Democrats and 12 "machine" Republicans, took the latter. Had the Essex Democracy nominated 12 straight-out Progressive Democrats I believe they would have been elected, in which event the next House of Assembly would be made up of 35 Democrats and 25 Republicans instead of, as will now be the case, 23 Demo-

crats and 37 Republicans. That this surmise is not unreasonable may be inferred from the fact that Mr. Osborne, the defeated Essex County Democratic candidate for the Senate, who was endorsed by Gov. Wilson and known to have incurred the hostility of powerful elements in the Smith-Nugent organization, ran from 1,000 to 2,000 votes ahead of the "organization" Assembly ticket. The election of Davis, a Wilson Democratic Senator in Salem County, and of Barber in Warren County, reduce the Republican lead in the Senate from 3 majority to 1; and the election of a solid delegation of 12 Democrats from Hudson County, at least 9 of whom are out-and-out Wilson men, are other indications that the election returns, when rightly read, do not spell rebuke to the Governor or repudiation of his policies. Had Osborne been elected in Essex along with a Democratic Assembly delegation from that county, the legislature would have been Democratic in both branches. The responsibility for turning the legislature over to the Republicans is therefore squarely up to the Smith-Nugent "machine."

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#### Senator Aldrich's "Democratized" Banking Scheme.

At the second Conference of the Western Economic Society, the first having been devoted to Reciprocity, the subject was "Currency and Banking Reform." Like the first, the second Conference was held at Chicago. There were three sessions, the third being a banquet at which the only speakers were Franklin McVeagh, Secretary of the Treasury; A. C. Bartlett of the National Citizens' League, and Nelson W. Aldrich, chairman of the National Monetary Commission, which proposes the Aldrich "National Reserve Association." Among the speakers at the other sessions were Professor Kemmerer of Cornell University, E. D. Hulbert of Chicago, and ex-Governor Folk of Missouri. [See current volume, pages 529, 535.]

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The discussions oscillated about the Aldrich plan, the banquet addresses being devoted exclusively—probably by some accident of arrangement—to a defense of it. Secretary McVeagh approved the plan as "purely democratic" in monetary control and urged it as necessary to prevent "a self-organized monetary oligarchy." The plan is not open, he said, to the objections to a central bank, for, although the Association "will receive deposits and pay checks," "will issue currency," "will buy and sell gold" and "exchange," and "will lend money," it will not be "a bank in any sense in which a central bank is objected to," because "it will not be privately owned" and "will not be a competitor of the banks." Governor Folk had objected at an earlier session that instead of a National Reserve Association with stock owned by the banks and a board of directors controlled by them, there should be a Department of Finance with directors named by the President, one from

each of the proposed fifteen Reserve Districts. Senator Aldrich objected on the ground that "even so wise a President" as the present one could not be trusted to control so great and delicate an institution. He made no response to Governor Folk's point that "if the President can be trusted to appoint the judges of the Supreme Court" he can "be trusted to appoint a supreme court of finance," and that though he were to appoint "men recommended by the banks and thus his appointees would be the ones the banks would wish," yet "a director appointed by the banks direct would owe his allegiance to the banks," whereas one "appointed by the President would be a public servant." Neither did Senator Aldrich reply to Professor David Kinley's objection that the evils coming from "the confusion of our commercial and financial banking" are not obviated by the Aldrich plan. Among the other speakers at the sessions of the Conference, were Professor Sprague of Harvard, C. J. Frame, Senator Newlands, Professor Laughlin of the Chicago University, and Carl Vrooman. Mr. Vrooman described the Aldrich plan as one to give "complete control of the currency of the nation" to bankers, just at a time "when in response to the people's demands the government is perfecting its own control of railroads."

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According to the Aldrich plan as revised to date of October, 1911, it is in its larger features as follows:

Congress to charter the National Reserve Association for 50 years, with 47 directors, all but three to be chosen by the banks, the three being government officials.

Any bank may hold a proportionate share (at the rate of 20 per cent of its own stock) of the stock of the Association, the same to be non-transferable.

Half of the stock so held must be paid for in cash (remainder subject to call), and 4 per cent dividends are allowed out of profits on the stock subscribed for. Five per cent under certain circumstances.

Surplus above dividends to go, one-half to the government and one-half to the Association, and after stockholders get 5 per cent dividends and the Association's surplus amounts to 20 per cent of "paid-in capital," all excess earnings go to the government.

Subscribing banks are formed into 15 District Associations, which supervise the banking affairs of their respective localities under the general supervision of the National Association.

The National Association may receive deposits only from its constituent banks and the government, and shall pay no interest on deposits.

The government must "deposit its cash balance" and all its receipts with the Association.

The Association may re-discount loans for its depositing banks and in some circumstances may discount direct obligations of the banks; may purchase acceptances and sell checks and bills of exchange, domestic and foreign; may invest in United States bonds and in one-year bonds of the United States, the