

ADMINISTRATION CURRENCY BILL

A General Survey of the Proposed Plan.

FEDERAL RESERVE BANKS.

Its Main Purposes Are To Provide a Means For Rediscounting Commercial Paper, Establish a Basis For Elastic Notes, Safeguarded, and Create Machinery For Foreign Banking Business—National Bank Notes To Remain.

Washington.—The administration currency bill was made public by Representative Glass, chairman of the House Committee on Banking and Currency. It was introduced in the House and Senate after President Wilson delivered in person his address to Congress.

An outline of the measure prepared by Mr. Glass describes it as "a basis for legislative action," states that it will be gone over in detail for alterations, and sets out that its purpose is to accomplish three principal objects: Provision of a means for rediscounting commercial papers of specified types.

A basis for elastic notes properly safeguarded. Machinery for doing foreign banking business.

The measure's essentials remain as they have been outlined from time to time since the President began a study of the subject with House and Senate leaders, Secretary McAdoo and other advisers, providing 12 or more federal reserve banks, which will rediscount paper, deal in government securities, exchange and conduct government fiscal operations. National banks and such state banks and trust companies as conform to standards would be stockholders of the reserve banks. The government would hold no stock.

The government would control the federal reserve banks entirely through a federal reserve board of seven members, in which the banks would have no representation. The board would be composed of the Secretary of the Treasury, Secretary of Agriculture, the Comptroller of the Currency as members ex-officio; four other members would be chosen by the President and confirmed by the Senate.

National Bank Circulation. The National Bank note circulation would remain undisturbed and no proposal is made in the bill for retiring approximately \$700,000,000 two per cent. bonds upon which that issue now rests. An amendment or separate bill to refund those bonds into three per cent. bonds may be introduced later.

In addition to the \$700,000,000 existing National Bank notes, not more than \$500,000,000 in what are to be known as federal reserve treasury notes might be issued at the discretion of the federal reserve board solely for the purpose of making advances to the federal reserve banks, which would do no business with the public, deal only with their members' banks and receive deposits only from the United States. While the notes would, on their faces, purport to be the obligations of the United States, they would be required to be secured by a gold reserve of 33-1/3 per cent. provided by the federal reserve bank and would be a first and paramount lien on all the assets of these banks and would be redeemable in gold on demand at the Treasury Department of the City of Washington or at any federal reserve bank.

Preventing Inflation. Stringent provisions are made against counting any of these notes as part of bank reserves and the system is guarded against inflation by lodging power with the federal reserve board to exact an interest charge upon treasury notes in order to insure their promised redemption. The notes are not made legal tender, but would be receivable by the government and every bank of the system at par without exchange. No change would be made in the protection of other existing notes.

The federal reserve board would require one federal reserve bank to rediscount the paper of another and would establish a rate of discount not necessarily uniform for all reserve banks, but made with a view to accommodating the commerce of the country and promoting a stable price level. For recasting the present bank reserve system the bill proposes to transfer the reserves from national banks in the present reserve and central reserve cities to federal reserve banks, carrying the process of transfer over 38 months to avoid shock to market conditions.

The Reserve System.

The bill proposes, according to Mr. Glass' statement, "ultimately the establishment of a reserve system in which country banks will have 15 per cent. of reserve (i. e., 15 per cent. of total demand liabilities), such 15 per cent. to be held 5 per cent. in the bank's vaults, 5 per cent. with the national bank reserve and 5 per cent. either at home or with the reserve bank, while reserve and central reserve city banks have reserves of 20 per cent. of demand liabilities, of which 10 per cent. will be at home, 5 per cent. with the reserve bank of the district and 5 per cent. either at home or with the reserve bank."

"The presumed effect of this plan will be to end the placing of reserves with central reserve city banks for use in stock market operations, to keep reserves in some measure at home and to require speculators to get the funds they need in their operations either by directly borrowing from persons who hold them and want to lend the cash for that purpose or else by borrowing from the banks in the places where the operations are to be carried on.

"In the belief that the present reserve system is antiquated and unsatisfactory; that to the massing of funds in New York and other financial centers, of which so much has been said in recent years, is largely due to the present reserve requirements of national banks, and that in order to get the real benefit from the system of rediscount which has been proposed as a remedy for many existing evils it is necessary to base such system upon an actual control of reserves, provision has been made for recasting the present bank reserve system.

Members Of Board. The terms of office of the four members of the federal reserve board appointed by the President are to be eight years, with the provision that those first appointed will serve two, four, six and eight years, respectively. Up to the last few days the federal reserve board was to have consisted of nine members instead of seven and the banks were to be permitted to select three of those.

"This it will be noted, says Mr. Glass' statement, "the government will have absolute control of the system.

"The salary of each member, excepting the cabinet members, will be \$10,000 a year and the comptroller of the currency would receive \$5,000 in addition to the \$5,000 salary he now receives.

"The chief points in the new federal reserve bank are described as follows: "The number is to be 12, with possible increase later, as provided.

"The ownership is to be in the hands of the stockholding banks of the 12 districts in which the reserve banks are situated. The national banks are compelled to be members and state banks and trust companies are permitted to be members.

As To Capitalization. "The capitalization is to be 20 per cent. of the capital of stockholding banks, one-half paid in and one-half subject to call.

"The business of these federal reserve banks is to be as follows: "Rediscounting of paper presented by stockholding banks under specified conditions, provided such paper grows out of actual agricultural, commercial or industrial transactions, and does not run more than a specified number of days.

"Buying and selling government securities, gold and silver bullion and foreign coin, foreign exchange and open-market bills of given maturity.

"Government fiscal operations." "In order to meet the view so often expressed in commercial circles to the effect that the prosecution of American business in foreign countries would be greatly helped by improved banking facilities," Mr. Glass' statement continued, "the bill authorizes any national banking association with a minimum capital of \$1,000,000 to establish branches in foreign countries for the furtherance of foreign commerce of the United States, and to act as fiscal agents of the United States abroad."

The federal reserve board is required to pass upon all applications of national banks to establish such banks abroad.

Laws To Be Repealed. The federal reserve board would be clothed with such administrative powers as examination, reclassification and designation of reserve banks, discipline of officials of federal reserve banks and receiverships. Certain portions of the existing banking laws would be repealed, the Aldrich-Vreeland emergency currency act would be completely superseded, and in a separate bill a general revision of the administrative provisions of the national bank act is to be provided. The bill would provide that within 90 days from the date of its passage the Secretary of the Treasury shall designate the federal reserve districts, the organization of the federal reserve banks shall begin and the "transition period" during which the reserves shall be adjusted to the new plan must be complete at the end of 38 months.

Jamesburg, N. J.—Peter Schwelkert, who had started to make a complaint because a pile of sand was left in the roadway, changed his mind when he was thrown from his motorcycle and saved from injury by falling on the sand.

Washington.—The Navy Department hopes for the development of a valuable adjunct to the naval defensive system of the country from the organization by the Boston Yacht Club of a "power squadron."

NAVY AVIATOR DROPS INTO BAY

Companion Clings to Hydroaeroplane and Drops Slowly.

ENSIGN BILLINGSLEY KILLED.

The Machine, While Flying From Annapolis to Claiborne, Was Caused To Lurch By a Sudden Puff Of Wind.

Annapolis, Md.—Ensign William D. Billingsley, of the Navy Aviation Corps, fell from a Wright hydro-aeroplane at a height of 1,200 feet near Kent Island and was killed. Lieut. J. H. Towers, the ranking officer of the aviation camp, who was also in the machine, managed to keep his hold when a puff of wind caught the rear at an altitude of 1,600 feet and had a miraculous escape. He held on until the water was struck, and then, when his grip was broken, managed to swim back and fasten himself to the framework until assistance came.

The accident is the first serious one which has taken place among navy aviators here, and that this did not result in the loss of two lives is due to the fortunate chance that the puff of wind did not come until after Kent Island had been passed. The machine had been on its way back. It had sailed over Kent Island just four minutes before, and if the drop had occurred then 'both would have been killed. Lieutenant Towers' first words when he was picked up were that he owed his life to this chance.

Desperate Effort in Air. Towers grabbed at the steering wheel in order to make a desperate effort to come back to equilibrium, but this was impossible. Then he managed to get hold of the stanchion, and clung to this until the water was struck. Billingsley, apparently, was unable to hold on very long after the catapult to the perpendicular was made, and fell out 400 feet from the altitude at which the trouble occurred. Lieutenant Towers said later that he could see his partner falling below him, turning over and over, and then hit the water with a mighty splash some seconds before the machine reached the surface.

The fall probably broke every bone in Billingsley's body, and it is probable that he was dead before he hit the water. The machine, however, did not come straight down. Lieutenant Towers kept his hold on the stanchion, and when about 700 feet above the water his weight caused a return to nearly the normal position. The planes partially caught the air, and on the principle of the parachute the fall was checked and the framework hit the water with "much less force."

This was responsible for Towers' escape.

1,600-MILE AERIAL TRIP. Achievement Of the French Aviator Brindejonec.

St. Petersburg.—A 1,600-mile trip by aeroplane—from Paris to St. Petersburg—was completed by the French aviator, Marcel G. Brindejonec des Moulinais, who covered the last 200-mile lap of his journey in three and a half hours in the face of a strong head wind. The Russian Aero Club presented the aviator with a silver vase. Brindejonec des Moulinais will return to Paris by aeroplane via Helsingfors, Stockholm and Copenhagen.

HITS TARGET IN THE DARK. Astonishing Results in Target Practice On Pacific Coast.

San Francisco.—Fifteen of the 20 shots fired from one of San Francisco's mortar battery defenses struck a target five and a half miles out at sea. For night practice this is regarded as an unusual score. The target, which was picked up by five powerful searchlights from the shore, was not visible to the gunners, who fired from a pit behind a hill.

PAGE NOMINATION. Virginia Author and Politician Chosen For Ambassador To Italy.

Washington.—President Wilson nominated: To be Ambassador to Italy—Thos. Nelson Page, of Virginia. To be Minister to Switzerland—Pleasant A. Stovall, of Georgia. To be Register of Land Office at Montgomery, Ala.—Cato B. Glover, of Alabama.

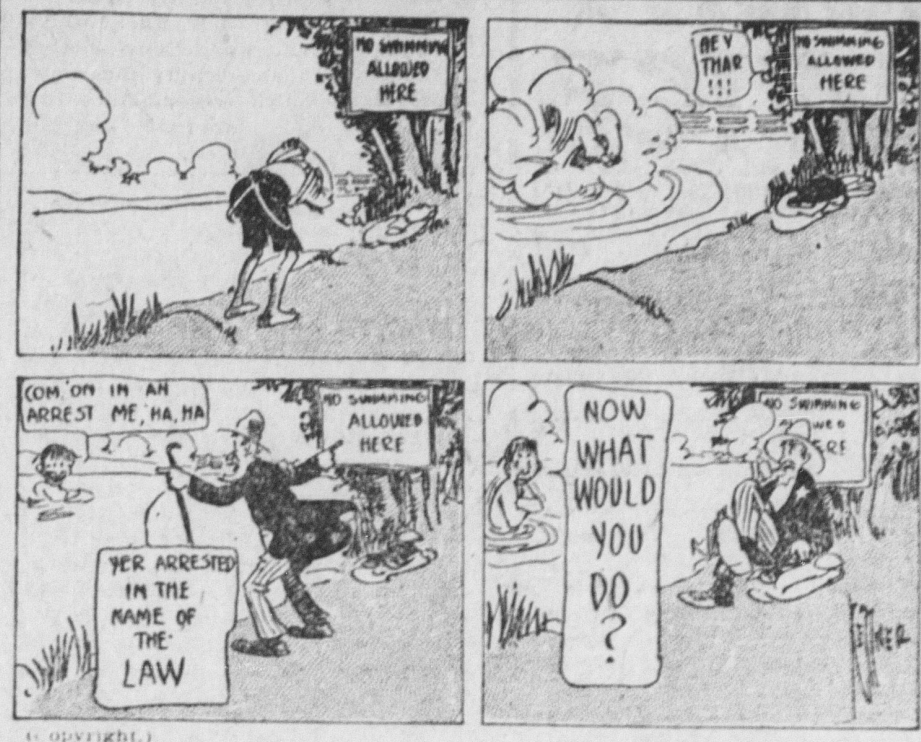
A TARIFF ON BANANAS. Jamaican Growers Seriously Exercised Over It.

Kingston, Jamaica.—Consternation has been caused among banana planters here by the receipt from Washington of a cablegram announcing that America will impose a tax on Jamaica bananas. The government was appealed to for help and a cablegram asking for details was sent to the British Ambassador at Washington.

POSTMASTER KINCAID HELD. West Virginia Official Charged With Rifling Registered Letters.

Huntington, W. Va.—Walter M. Kincaid, postmaster at Hawk's Nest, W. Va., was arrested by Postoffice Inspector Allen on the charge of rifling registered mail. Kincaid, it is said, confessed before United States Commissioner Champe, at Montgomery, and was held under bond to await the action of the next Federal grand jury.

NOW, WHAT WOULD YOU DO?



MURDERS PHYSICIAN

Young Savannah Woman Then Ends Her Own Life.

Savannah, Ga.—That Mrs. Katie Whisnant, the young widow who killed herself after she had shot to death Dr. Guy O. Brinkley in his private office here, had determined before she left her home to kill the physician is indicated in a note Mrs. Whisnant addressed to her mother, which was found at her home.

In this note Mrs. Whisnant stated that "something dreadful" was about to happen and she besought her mother's forgiveness for her intended act.

The identity of the woman who accompanied Mrs. Whisnant to Dr. Brinkley's office has been discovered by the police, but it is said she convinced the authorities she had no idea of the intentions of Mrs. Whisnant when she went to the physician's office with her.

The woman companion who accompanied her to the physician's office, remained in the ante-room while the girl went into the consulting room, where the shooting began. This woman disappeared by the front entrance immediately after the first shot was fired.

Dr. Brinkley was shot four times; all four of the wounds were in the body, one penetrating the heart. The woman concealed the revolver in a small, white handbag, which she carried in the office with her. Dr. Brinkley had been attending the girl for several weeks. The coming of the two women excited no suspicion on the part of the colored maid, who admitted them as usual.

APPEALS TO BRYAN.

Father Of Porter Charlton Asks Intervention, But is Gently Refused.

Washington.—Judge Paul Charlton, father of Porter Charlton, the wife-murderer whom the Supreme Court recently adjudged must be returned to Italy for trial, made a final plea to Secretary of State Bryan for aid. He knew the appeal was hopeless, and Secretary Bryan gently reminded him that the mandate of the Court. Judge Charlton was told that the most this Government could do was to instruct its representative in Italy to see that a fair and impartial trial was accorded the boy murderer, and that this had already been done.

7,076,517 IN STAMPS SOLD.

Washington.—Revenue received from the sale of parcel post stamps during the first three months of the operation of the system totaled \$7,076,517, according to figures compiled at the Postoffice Department. During that period approximately 150,000,000 parcel post packages were handled by the postal service. Chicago led all the cities both in the number of parcels handled and in the amount of stamps sold, the latter being \$1,254,469. New York city's sales for the same period aggregated \$818,139.

PUT POISON IN WELL, CHARGED.

Somerville, N. J.—John Grose, official dog catcher of Raritan, was jailed on the charge of placing poison in a well used by persons who condemned his activity in shooting hundreds of unmuzzled dogs. The police say that Grose's wife warned intending users of water from the well just in time to prevent their poisoning.

CAN'T RESTRAIN MARRIAGE.

Trenton, N. J.—Taking the stand that it is against public policy to restrain marriage, the Court of Errors and Appeals here has refused to affirm a decision of the lower court, setting aside a note for \$3,000,000 given by the late Henry Van Riper, of Paterson, to Mrs. May Lowe. A new trial of the action has been ordered by the court.

STATE RATES UPHELD

Supreme Court Decides Cases in Four Commonwealths.

Washington.—Without varying a dot from the principles laid down last week in the Minnesota rate cases, the Supreme Court of the United States Monday upheld state railroad rate legislation in Missouri, Arkansas, Oregon and West Virginia. This legislation included two-cent passenger laws in Missouri, Arkansas and West Virginia; maximum freight rate laws in Missouri and Arkansas, and freight rates out of Portland in the Oregon cases. The only exception to the sweeping approval of state statutes was in the case of several weaker roads in Missouri.

The Kentucky case was not decided. It involves an attack upon state rates, from river points to inland distillery cities, and involves, in addition, an attack on the constitutionality of the form of the McCord Act, enabling the State Railroad Commission to fix reasonable rates on intrastate business. A decision in this case may be forthcoming when the court meets again in October.

Justice Hughes announced the decision in the rate cases, as he did in the Minnesota cases a week ago. Wherever the point was raised that the state laws interfered with interstate commerce the justice referred to his Minnesota rate decision. He disappointed many who believed the court might, in some way, modify that decision.

HAPPIEST MAN IN WORLD.

What Carnegie Said To Morgan When He Unloaded On Him.

New York.—Former Judge James H. Reed, of Pittsburgh, a director of the United States Steel Corporation and former counsel of the Carnegie Steel Company, unveiled the hearing of the suit to dissolve the corporation by a description of the negotiations between Andrew Carnegie and J. Pierpont Morgan for the sale of the Carnegie company to the corporation. His evidence was introduced to show that Andrew Carnegie was anxious to sell to the corporation—in confutation of the government's charge that Mr. Morgan sought to obtain the company in order to suppress competition.

"Pierpont, I am the happiest man in the world. I have unloaded this burden off my back onto your shoulders. I am off for Europe."

That is what Carnegie told the late J. Pierpont Morgan when Mr. Carnegie agreed to sell him the Carnegie company, according to the witness.

ANOTHER NEW PRECEDENT.

Secretary Bryan's Appeal To The German Ambassador.

Washington.—Another precedent was set by the administration when Secretary Bryan personally appealed to the German ambassador, Count Bernstorff, to have the German government and people represented at the approaching Panama-Pacific Exposition. The Ambassador appeared at the State Department after a visit to the White House, and it was understood that President Wilson expressed a desire that he call upon Secretary Bryan. Count Bernstorff will acquaint his government with the request, adding to it such personal representations as he believes the situation warrants.

THE NEW HAVEN WRECK.

Witnesses Say Engineer Doherty Should Not Have Been Employed.

Bridgeport, Conn.—Railroad experts, testifying at the inquiry into the recent wreck on the New Haven road before the Interstate Commerce Commission, said that in their opinion Engineer Doherty should not have been entrusted with the handling of the great super-heater engine with his brief experience as an engineer. The wreck caused the loss of six lives. Other testimony showed that passenger cars built in Civil War days were still in use on the railroad.

A DISASTROUS SPANKING.

Mother Upsets Lamp and 15 Houses Burn Down.

Monticello, N. Y.—Mrs. B. Wolfe, of Ferrdale, Sullivan county, near here, tried to spank her young son and in so doing upset an oil stove. In the fire that followed 12 business houses and three dwellings, including the Wolfe house, were destroyed. The loss will reach \$100,000. The buildings were all wooden structures.

WATER IN GATUN DAM.

Testing Of Great Canal Locks Proves They Are Satisfactory.

Panama.—Water was admitted to the Gatun locks for the first time Sunday. The water was let into the locks to test the valves, and the test was considered entirely satisfactory by the engineers.

\$250,000 FIRE AT EMPORIA.

Lumber Plant and Seven Freight Cars Are Burned.

Norfolk, Va.—Fire practically destroyed the big box and lumber plant of the Emporia Manufacturing Company, entailing a loss of approximately \$250,000. Seven freight cars owned by the Southern Railway and loaded with box shooks were destroyed. Because of limited facilities for fighting the flames the fire gained rapidly and swept everything before it.

TELEGRAPH TICKS

Philadelphia.—Dr. Wingo Williams, of Fort Worth, Texas, died from scarlet fever contracted in the Municipality Hospital here while serving as an interne.

Flushing, N. Y.—Ministers here have arranged a vacation schedule, to prevent a repetition of last year's trouble, when there was none left to officiate at weddings and funerals.