

CHANGES URGED IN BANKING BILL

Business Men and Bankers Agree in Objecting to Political Control Over Banks.

AMENDMENTS ARE SUGGESTED

Political Domination of Federal Reserve Board Declared to Be Undesirable for Depositors as Well as Their Banks.

WASHINGTON, D. C. — Business men and bankers alike who have appeared before committees of Congress to present views regarding the Banking Act of 1935 have found common cause for criticism in those provisions which they agree would create the means for undesirable political control over the Federal Reserve System and thereby over individual banks throughout the United States.

This view has been stressed in criticisms by the Chamber of Commerce of the United States, and the question of partisan control over banking was the central theme of a statement presented by R. S. Hecht, President of the American Bankers Association, who appeared before the Senate Sub-Committee on Banking and Currency hearings here. Mr. Hecht declared that his organization is actuated by a desire to be helpful to Congress "in enacting effective and workable banking legislation in the interests of all our people."

"It is finally decided that it is necessary to carry this legislation through at this session, we are strongly of the opinion that special care should be taken to keep our credit control and banking mechanism free from any sort of political considerations.

"In making this statement I do not wish to appear to question the propriety of the Government's exerting a certain amount of control over banking operations so far as they affect the nation's currency and general monetary policy. Nor do we object to broad powers of supervision over the operation of our banking institutions because of the semi-public responsibilities they carry. But when it comes to such matters as the granting of credit and the making of investments by our banks, these are questions of business policy that surely should not be under the sole control of a board so constituted as to be dependent upon partisan or political considerations under any administration.

The Basis of Sound Credit "The real conditions that create the necessity for the expansion or contraction of credit arise from the needs of agriculture, industry and trade themselves, wholly independent of the administrative policies of the party which happens to be in power. We feel that the financial requirements of the nation's business constitute a continuing economic process that is not related to political changes. The fundamental principles of sound credit do not vary with variations in public thought. All experience teaches that the quality of credit is sound only so long as it is based purely on the requirements of sound business. It is not sound when any other considerations or motives enter into its composition.

The Banking Act would centralize in the Federal Reserve Board at Washington means aimed to control the supply of money in the country, which term includes the sum total of currency in circulation and demand deposits in the banks which become current through checks. The powers which it is proposed to give the Board are intended to enable it to influence the quantity of this deposit money through open market operations, the discount rate and reserve requirements.

The Need for Independence "That is the reason why we are so strongly in favor of making the Federal Reserve Board a body of such independence and prestige that it would be definitely removed from all political thought, influence and dictation. Its members should be free to study and to act in accordance with the needs and conditions of agriculture, industry and trade. The policies of the board should have no reference to the politics or the changes in politics of the national administration.

"In our studies of the bank bill, we have been strongly impressed with the fact that it would set up a situation under which the Federal Reserve Board and its policies might be subject to control from the political administration of the country. In saying this I do not charge that it is the intention of the present administration to bring about any undue control over the nation's banking mechanism. The point is that if the bill passed as now proposed, opportunity for control would be there for the use of the present or whatever future administration might be in power.

"Our criticisms of the bill are not aimed, therefore, at the motives of the present administration, but they are wholly impersonal and non-political and are aimed entirely at the basic principles involved."

Desirable Changes Proposed Careful study by his organization, Mr. Hecht said, had resulted in a number of suggestions for constructive revisions in the bill which he submitted to Congress. On the other hand, he de-

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clared that many of the changes proposed by the act in existing laws "are of a constructive nature and should have the support of bankers, if the method of appointment and the tenure of office of the members of the Federal Reserve Board, in whose hands it is planned to concentrate greater power, than ever before, could be so altered as to insure, as far as possible, the absolute independence of the Board from partisan or political considerations." He added:

Supreme Court of Banking "Since the passage of the Federal Reserve Act over 20 years ago, opinion in Congress and among bankers has been striving towards the ideal of making the Federal Reserve Board a body of such independence and prestige that it might be described as the Supreme Court of Finance and Banking. We believe there is greater need now than ever before for realizing this ideal."



R. S. HECHT

Mr. Hecht emphasized that it is the genuine desire of the banking fraternity to be helpful and constructive in making suggestions in connection with this pending legislation. The changes we are urging are we believe essential to the continued independence of the Federal Reserve System.

"We have made it clear that we do not object to a measure of public control in the national interest for proper coordination of our manifold credit operations," he said, "and we do not believe the sponsors of the legislation desire any political domination over these activities through our Federal Reserve System.

"Under such circumstances we feel that our recommendations should be favorably acted upon because they would enable the reconstructed Federal Reserve Board to function freely as a nonpolitical body actuated only by the dictates of sound financial and economic policies conceived in the interest of all of our people.

Banks Rapidly Reduce Debt

Although the sum of \$1,860,000,000 has been advanced to banks and trust companies by the Reconstruction Finance Corporation since it began operations in February, 1932, down to April 30, 1935, these institutions have repaid no less than \$1,349,000,000, or more than 72%. This rate of repayment is reported as being considerably in excess of that made by any other type of borrower.

Loans were authorized by the Reconstruction Finance Corporation to 7,396 banks and trust companies in an aggregate amount of \$2,350,000,000, but of this sum \$345,000,000 was withdrawn or cancelled and \$140,000,000 has not yet been taken out by the borrowers.

Simplification of Bank Checks

New York—In a bulletin issued by the Bank Management Commission of the American Bankers Association, plans are described for carrying on the simplification of bank checks, notes, drafts and similar instruments in respect to size and uniformity of arrangement of subject matter.

Detailed recommendations for this end were formulated by the association about ten years ago, the bulletin says, and promulgated by the United States Department of Commerce among banks, business houses using large numbers of checks, commercial stationers and lithographers. As a result about 85 per cent adherence to the recommendations was brought about. The present bulletin, which describes the standard specifications in full, is issued to maintain this high level of adherence to the recommendations.

National Bank Notes

Changes in our money on the scale of about \$800,000,000 are now going on through the retirement of national bank notes. This is reflected in increasing deposits in the Treasury of lawful money to replace bonds held against outstanding notes which will require some time for withdrawal from circulation.

The change in the currency will require a considerable shift of bank funds in many cases, but it is doubtful if so large a volume of currency has ever been retired and replaced in any country with so little disturbance.

Soil Erosion Causes Loss Everybody loses from soil erosion. Not only does the farmer lose his soil but public works must be built to handle floods and reservoirs must be cleaned more frequently.

Pop Corn to Grow Japanese Hulless, White Rice, Queen Golden, and South American are among the important varieties of pop corn grown.

World's Biggest Bells Are Property of Moscow Moscow's monster bell, known as the "Tsar Kolokol," emperor of bells weighs as much as 200 dry horse and is of such tremendous proportion that it is actually used as a chair. There are various stories about its origin, notes a writer in Tit-Bits Magazine. One is that it was cast in 1733 by order of Empress Anne and that it remained on the earth 103 years, being finally raised in 1836 by Emperor Nicholas and placed upon a small circular wall in the Kremlin. The bell is about 19 feet high, 60 feet 9 inches in circumference, and its sides have a thickness of 2 feet.

There is also a story to the effect that it was originally hung on beams which later were destroyed by fire, causing the bell to fall and crack. An other story says that this crack occurred in the furnace and that the bell was never actually hung or rung.

The second largest bell in the world, and the largest in actual use, is said to be the one that hangs in the cathedral at Moscow and which is estimated to weigh about 125 tons. It is rung twice a year. The "Great Bell of China," in Peking, weighs about 60 tons, and there is a bell in the Monastery at Chi-On, in Kioto, Japan, which is said to weigh between 80 and 90 tons.

Origin of Chocolate Is Credited to Old Mexico Do you know the difference between chocolate, cocoa and cacao? The tropical tree which is the source of chocolate is called the cacao, states a writer in the Detroit Free Press.

In its leathery, cucumberlike fruit are cacao pods which contain cacao beans. But when the beans are roasted and ground and much of the fat is pressed out the remaining brown substance, ground to a dry powder, is cocoa. If the fat is not pressed out, the darker substance is chocolate.

Credit for the manufacture of chocolate from the hidden seed of an obscure fruit belongs to the original inhabitants of Mexico. In 1519, when Hernando Cortez invaded that country, he discovered that the cacao tree was widely cultivated.

The natives made a drink called "chocolatl" or "cacahuatl" from which have come the names "chocolate" and "cocoa." Frothing pitchers of chocolate were served by Montezuma when he entertained Cortez.

Cowshed Church One of the queerest churches in England is a converted cowshed at Bordon, Hants. A Colonel Rich originated the idea of holding services on Wednesday that people of all denominations could attend, and so warm was the response that his drawing room was soon too small for the congregation. So a cowshed was fitted with central heating, electric lighting. Another strange church stands in a vineyard at Asti, Calif. It is built entirely of wine casks and was used once as a wine store. Stranger still is the smallest church in Europe, at Les Vaubelets, Guernsey, which is constructed entirely of sea-shells, stones, broken plates and glass. The ancient Rock church, at Haute Isle, France, was dug out of solid rock by the townspeople.—Tit-Bits Magazine.

Our Heartiest Congratulations

We want to congratulate each of the following for having reached another birthday:

Friday, May 31 Ruth Arlene Sollenberger, Donegal Springs.

Saturday, June 1st Miss Anna Henry, R. D. 2, Mannheim.

Grow Good Teeth An adequate diet will help the child to have good teeth and will reduce and prevent tooth decay.

Thin the Vegetables One of the most common faults of gardeners is to sow small-seeded vegetable too thickly and then fail to thin the seedlings out properly after they are above ground. Thinnings of lettuce and spinach may be used for food, as also may beets and turnips.

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Read—The Bulletin

"Tight buttoned" Have You, The "Can't Afford It" Habit? THE use of that phrase does not suggest the inability to buy so much as the desire to practice rigid economy... to deny yourself needed and necessary commodities. But Man, oh Man, and you, too Madam, how better and more effectively can you practice economy and thrift than to buy when prices are at their lowest ebb in years? How more certainly can you insure economy than to replace worn or out-of-date furniture when new is selling for one-third of what it sold for 15 years ago? Or to stock up on food products when they are 40% less than at any time since the war? Or clothing when \$53 today will buy you what you paid \$100 for in 1912? What you really cannot afford to do is not buy because you cannot afford to miss today's low levels... prices that are an actual boon to reduced incomes... to the practice of sensible, far-sighted economy. THE BULLETIN MOUNT JOY, PENNA.