

lowing day the Senate passed it by a vote of 43 to 25. It was sent at once to the President and signed by him. On signing President Wilson declared the bill to be "the first of a series of constructive measures by which the Democratic party will show that it knows how to serve the country." [See vol. xvi, p. 1228.]



The new law provides that the Secretaries of the Treasury and of Agriculture and the Comptroller of the Currency compose an organization committee which shall select no less than eight or more than twelve cities to be federal reserve cities in which will be located the federal reserve bank of the region. They will divide the continental United States, exclusive of Alaska, into eight to twelve districts, each containing one federal reserve city. Each national bank in each district must subscribe to the capital stock of the federal reserve bank a sum equal to six per cent of its paid up stock and surplus. National banks failing to do so forfeit their charters. At least four million dollars must be subscribed before the federal reserve bank of any district may begin business. Should the amount subscribed by the individual banks be insufficient, stock may be sold to the public. The federal reserve bank will transact business only with banks and the federal government, from which it will accept deposits. It may rediscount the paper of the member banks. These federal reserve banks, also spoken of as regional banks, will be governed by boards of nine directors, three of whom must be bankers, three engaged in some other occupation, but who may be stockholders of a bank, and three to be appointed by the central Federal Reserve Board. These three classes of directors will be known as directors of Class A, B and C, respectively. The organization committee will divide the banks of the district into three groups and each group will be entitled to be represented on the board by a director of Class A and of Class B. Each bank will choose an elector. The electors of each group will meet and elect the directors to represent their group by a preferential vote. The central Federal Reserve Board will consist of seven members, including the Secretary of the Treasury and Comptroller of the Currency, which shall have control of the whole system. The President will appoint the other five members. A new form of paper currency is provided for by the act consisting of treasury notes to be issued through the regional reserve banks. To issue these notes the bank must deposit a gold reserve of 40 per cent of the amount received and commercial paper equal to the full value of the notes. National banks will be permitted to loan on farm mortgages. Banks have sixty days in which to comply with the terms of the act.

Secretary Lane's Policy.

The Secretary of the Interior, Franklin K. Lane, in his annual report to the President published December 23 urges the establishment of a board of directors to control disposition of the natural resources of Alaska subject to Congressional supervision. He urges government construction of railroads in Alaska with charges fixed at a lower rate than would justify private investment. The coal fields, he says, should be leased to operators and a similar policy followed with other mineral deposits and with petroleum. He declares that he would not "willingly surrender to a demand for exorbitant prices for coal because of a fear that some day the coal supply may be exhausted." He furthermore points out that in the development of water power a substitute for coal has to a large extent been already discovered. He criticizes the present method of homesteading timber lands and says that in future conveyances of title to such lands the government's right to the timber be reserved for separate disposal. [See vol. xvi, pp. 612, 753, 851, 853, 1140.]



Commerce Commission Seeks Information.

The Interstate Commerce Commission addressed on December 27 a series of questions to the railroads seeking permission to increase rates. The questions are for information to better enable the commission to arrive at a decision. Answers are required to be in by January 31. The questions are framed to secure information on the following matters:

Returns received from transportation of various commodities and practices of carriers in granting to shippers special service and allowances.

The purchase of equipment and supplies and the uses made of them.

Financial history of the roads, inquiries to develop information regarding the actual interest of directors, officers or employes of the roads "in the business of parties to transactions in which the roads also are parties."

Sleeping car contracts and parlor car service and results of such operations.

Relations with terminal companies, free switching lighterage, warehousing.

Passenger rates in relation to expenses of service rendered.

Influence of "interlocking directorates" in increasing costs.

[See vol. xvi, pp. 1162, 1231.]



Army and Navy Officers Rebuked.

President Wilson on December 22 published his letter addressed to the Secretaries of War and of the Navy urging a reprimand of the officers who attended the recent dinner of the Military Order of the Carabao. His letter follows:

The officers who were responsible for the program