

say that there was a slight change at the time the Act was passed in the wording of the National Bank note. In the early National Bank notes we find these words, "Secured by bonds of the United States deposited with the United States Treasurer". With the passing of the Aldrich-Vreeland Act that language was changed to read, "secured by deposit of United States bonds or other securities with the United States Treasurer". After the Aldrich-Vreeland Act expired by limitation, this language was changed back to its original form. No use was ever made of the Aldrich-Vreeland Act until the outbreak of the World War in 1914. A number of National currency associations had been organized in various parts of the country in order to be ready in case there should be any great monetary stringency. The law originally limited the operation of the Act to June 30, 1914, but the Federal Reserve Act extended this period to June 30, 1915. This was a wise proceeding for, while not a dollar of emergency currency had been issued up to June 30, 1914, the total circulation of these emergency notes during the crisis which followed the outbreak of the war amounted to about 386 million dollars, all of which was retired before the final expiration of the Aldrich-Vreeland Act on June 30, 1915.

The plan was that these National Currency Associations should meet to consider the collateral offered by the various members as security for their notes, and if the majority of the association approved of the securities, they would certify the same to the Treasury of the United States at Washington and they could receive National Bank notes which were identical in form to the National Bank notes issued in the regular way against the United States bonds.

This emergency currency was subject to a graduated tax, beginning I believe at 3 per cent for the first month, which tax increased progressively month by month until it reached 6 per cent thus becoming a prohibitive tax, in order to ensure its retirement.

I will go back, for a minute. Following the year of the report of the Monetary Commission, Senator Aldrich introduced a bill in the Senate of the United States, to establish the National Reserve Association of the United States. In brief, this was a Bill to establish a central bank in the United States, one single central bank, with branches. There were to be 45 directors, to be selected from various sections of the country. If I remember correctly it was designed to establish about forty branches. This bill was debated in Congress for about two years, but it was never put to a vote; there was strong opposition to it. A great many people were afraid of a central bank. They were afraid of the concentration of credit control; they did not like the idea of one group of men sitting as arbiters of the entire credit of the country. In the election of 1912, due mainly to a Republican split the Democrats came into power with Woodrow Wilson as President, with a Democratic majority in both Houses. Mr. Glass was appointed Chairman of the House Committee and Senator Owen Chairman of the Senate Committee. Each prepared Bills, which were afterwards merged into one Bill known as the Glass-Owen Bill, and that Bill finally passed both Houses of Congress and became law upon the signature of the President on the 23rd of December, 1913. This Act did not provide for a Central Bank. On the contrary it provided for the establishment of not less than eight and not more than 12 separate banks to be known as Federal Reserve Banks, to serve as many districts throughout the country, to be determined by a Federal Reserve Organization Committee composed of the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency whose office, I presume is somewhat analogous to that of your Inspector-General of banks. They took a trip through the country, held hearings, and finally decided that they would divide the country into twelve Federal reserve districts. Those districts varied greatly in size. The Western district embraced nearly one-third of the territory of the United States; the New