

Banks Baulk at using Government Aid to Finance Business

IN the United States the banks are withholding assistance to business to the end, so it is charged, that they might run up the rate of interest. The leading paper in the United States is The New York World, and it often speaks for the Wilson administration. The attention of the President and his colleagues has been called to the fact that the banks are not affording relief to business at the present time; and Mr. McAdoo, the Secretary of the Treasury, has intimated to the banks that if they are not more disposed to let out money to help along business, he will be forced to do something, and he says what he will do. He has over one hundred millions of Government funds on deposit with various banks of the United States, and this money he placed there so that the banks might aid customers. He has told the banks that he will withdraw the money from any bank or all the banks if it is shown to him that they refuse to assist business, now more or less dislocated by the great European war. He has also intimated that banks who do not relieve their customers will be deprived of the right of excess circulation. Here is a clear-cut assumption by the Government of the United States to direct the banking and currency of the country. It has not come too soon. Here is the pointed way in which The World deals with the matter:

THEIR LAST INNINGS

Editorial, New York World, Sept. 23.

National bankers who have acted on the theory that emergency currency has been issued for their profit alone will do well to heed Secretary McAdoo's warning to the contrary. Emergency currency was designed primarily for the relief of the people at times when for any reason financial stringency was prevalent.

It has happened more than once that what is called a scarcity of money was due to the position taken by some, if not all bankers. There is more than one way to hoard money. It is hoarded when it is locked up in safe-deposit vaults. It is hoarded when loans are called arbitrarily. It is hoarded when credit is refused except at exorbitant rates.

The deposit of public funds in banks and the issue of emergency notes are wholly within the discretion of the Secretary of the Treasury. In both cases he acts in behalf of the people. If through the greed of bankers the currency thus put into circulation and the credit thus made available are to be cornered, it is idle to place any dependence upon