

FINANCE EVILS CURE IS TRIED IN GLASS BILL

Proposed Reforms Believed
to Have Approval of
Roosevelt.

Here is the first of a number of stories
analyzing the Glass bank bill and the
important situation with which it seeks
to deal.

BY RAY TUCKER

Times Staff Writer

WASHINGTON, Jan. 10.—A definite effort to write into the national banking laws remedies designed to cure evils disclosed in the nation's financial structure before and since the 1929 crash is being made by the Senate in its study of the Glass banking bill.

Its reforms are understood to have the approval of President-Elect Franklin D. Roosevelt, who recently discussed banking problems with one of Senator Glass' committee colleagues, Senator Robert J. Bulkley (Dem., O.).

A dramatic note has been given to the expected debate by the report that Senator Carter H. Glass (Dem., Va.) may become treasury secretary, so that if the bill passes its author would be the first to administer it.

A former treasury secretary and co-author of the bill setting up the federal reserve system, Senator Glass sponsored this new measure because he does not think the system has been administered as congress meant it to be.

Overhaul Reserve System

He has charged again and again that the fundamental purpose of aiding legitimate business and strengthening the banking structure has been distorted by federal officials and the bankers themselves.

The bill, which has been in the process of framing for two years, marks the only major overhauling of the reserve system since its creation in the early days of the Wilson administration.

Just as congress set up the federal agency after two years of that day—the late J. P. Morgan and the late George F. Baker—testified that they controlled the nation's banking mechanism, so Senator Glass demands revision in order to prevent a recurrence of bank failures like those of the last decade.

Permit Chain Banking

Underlying the Glass bill proposal is the general philosophy that banks should restrict their operations to aiding business and industry instead of furnishing channels through which deposits flow into speculative channels.

It also would strengthen and expand the reserve system's control of member banks, permit expansion of the national banking system, and bring holding companies and investment trusts of the financial field within federal supervision.

Eastern banking interests oppose the provisions which prevent the use of deposits for speculative purposes, and those which require eventual separation of banks and investment affiliate companies.

Senators from the northwest and middle west, fearing that branch banking may have the same effect that chain bank failures have brought in their states, are fighting for modification of the proposal to permit national banks to establish branches in states which do not forbid it by law.

Measure Is Far Reaching

Real estate interests oppose the drastic limitation on banks' investment in their field.

Despite its far-reaching nature, the measure does not go as far as Glass, Treasury Secretary Mills and Governor Eugene Meyer of the federal reserve system would like it to.

All believe the day is near when the country's banks must be enrolled in a single system under federal regulation. But Senate sentiment is that to great a stride can not be taken at once, and that the more extensive reform should be left for the Roosevelt administration.

What Bill Provides

The Glass bill seeks to do the following things:

Prevent the use of commercial bank funds and of federal reserve bank credit in speculation on the stock market.

Separate commercial from investment banking, and particularly from the influence of affiliates of commercial banks engaged in the sale and marketing of securities.

Discourage chain and group banking by extension of the national banking system.

Regulate the investment of bank funds in real estate loans.

Prevent banks from evading requirements that reserves against deposits be kept at the legal ratio.

Create a liquidating corporation to hasten payment of depositors of closed institutions.

Assure the independence of the federal reserve board from outside political and financial influence, and strengthen its control over member banks.

TWO DELEGATES NAMED

Indiana Representatives to Patriots' Conference Are Chosen.

Selection of Mrs. Sylvia Pitman, Boonville, and Mrs. Cordelia Clackman, Rockport, as Indiana delegates from the American Legion auxiliary to the women's patriotic conference on national defense was announced at auxiliary headquarters today.

The conference will be held at Washington Jan. 30 and 31.

WETS RIDING ON WAVE'S CREST

1932 Vote Sends Hope Soaring, but Long War Is Ahead

Forrest Davis presents today the last of six articles on the amazing twelve-year Volstead era and the factors leading up to it—a subject of increased interest in view of the activities of the present lame duck session of congress.

BY FORREST DAVIS

Times Staff Writer
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THE durable drinkers' revolt against Volsteadism, which in twelve years had sacrificed an untold number of digestive tracts to the cause, found political articulation in 1932.

Moreover, the demand of the electorate—forty-four states to four—passing from the timid modification proposals of the early 1920s, now, boldly and explicitly, declared for repeal of the unrealistic, stultifying eighteenth amendment.

Not beer alone, not light wines, but repeal and states' rights—a return to the eclectic system of local regulation before Wayne B. Wheeler and the other genial dragoons of the Anti-Saloon League dismayed the war-fuddled republic with their bone-dry straitjacket.

Governor "Al" Smith's tentatively humorous nostalgia for a scuttle of real suds and secure footing on a brass rail had given way to the forthright declaration of an academic-appearing banker, turned politician, the late Dwight W. Morrow, for repeal.

The complete revolution, prefigured in 1927, had been accomplished by election day, 1932. In the earlier year, the legal profession, led by a voluntary association of New York lawyers, emphatically voted in numerous bar associations blankly for repeal.

The women's committee for modification of the Volstead act was transformed—being "tired of half-way measures" into the committee for repeal of the eighteenth amendment.

BY 1930, significant year for the rebels, when Mr. Morrow electrified the country by his Newark address, when United States District Judge William Clark, also in Newark, boldly challenged the amendment as unconstitutional on new ground, when the Wickerham commission disillusively admitted the failure of prohibition to prohibit, the wet cause first gained ascendancy.

Judge Clark's decision, although unanimously overruled by the supreme court, dramatically insinuated the idea that the amendment could be overthrown, and proposed a feasible technique, through state conventions for that desirable end.

And Senator Morrow, prudent, scholarly, home-loving, above any reproaches that the talented midgets of the Anti-Saloon League might have, undeniably made repeal respectable.

Presently, to the few advanced spirits among educators, liberal



Above, the late Dwight W. Morrow.

Judge William Clark of Newark. Above, scene from the parade protesting against the prohibition amendment.

energy and the more godly publicists who had espoused the new reform were added a vast cloud of honorable witnesses.

It became safe for even the Tennessee state preacher to express a moderate philosophical doubt as to whether the eighteenth amendment had been the fruit of direct revelation from on high.

Had the doughty rebels in all classes, as has been said before, submitted to deprivation of alcoholic beverages, there would have been no intellectual, moral or philosophical revulsion.

And overhanging the big parade into the wet camp since 1930 was the easily realized economic argument.

Once the wets had go of the moral end of the controversy, with widespread concern over gangster rule, general lawlessness and the morals of a hip-flask younger generation; once eminent gentlemen had plumped for repeal and escaped being struck by a heaven-sent thunderbolt; once it had been born in on virtually every man's experience that prohibition did not prohibit, the argument addressed to the pocket-

book found ready lodgment in the business mind.

Few will doubt that the depression gave the coup d'grace to Volsteadism. How ready to hand were proposals that the empty national exchequer be filled by a tax on beer; how moving the suggestion that millions pouring into the pockets and vaults of low-browed racketeers be diverted to the government.

The middling business man who in 1916 swallowed the benign guarantees of Messrs. Wheeler, Cannon et al. that prohibition would enrich "legitimate business" and reduce crime and taxes in 1932 accepted as guiltlessly the promises of the wets that legalized beer would help toward recovery and reduce crime and taxes.

In 1916 the saloon vanished only briefly. If at all. It would be a misguided reformer who believed that New Yorkers would be willing to exchange a relaxation of laws now not deserved for the loss of his favored "speakeasy."

The popular demand for outright repeal is not yet won in Washington and the states; but the dogged lads who have borne the battle in the heat of the day, in season and out, jeopardizing health and purse on contraband beverages, may be expected to sustain the cause, no matter how it goes with the politicians.

The drys are wily at politics. There are wheels within wheels in the wet allowance, cohesive enough before victory but already showing the stress of divided interests.

Politicians, we are told, have an instinct for compromise; Wash-

ington is a trading post for pledges, principles and favors.

The brewers will be satisfied, no doubt, with modification giving 4 per cent beer, to be sold unrestrictedly. The American Federation of Labor has lobbied almost exclusively for beer, indicating slight interest in returning wine to the tables of the discriminating.

The political rebellion is not ended until the thirty-sixth state has approved outright repeal of the amendment.

The solid drinking revolt is not ended either, and whatever happens at Washington and state capitals, no realistic observer believes that it will end until the statutes conform with the popular wish.

THE necessity, it would seem as we end this review of a picturesque but rather depressing period, is for sweeping a political reversal as the one which brought about Volsteadism.

Anything short of, any compromise, will, if we may judge from the past, effect no appreciable reform.

Having demonstrated their ability to nullify the eighteenth amendment, the drinking classes no longer are to be satisfied with mere modification. Beer and light wines won't suppress racketeering and a compromise which prohibits drinking in public places, either the speakeasy saloon as we now have it or the beer garden, or continental cafe, or even only in restaurants, will not prevent urban dwellers from drinking in public, semi-private, or hidden places.

In New York and many other cities the saloon vanished only briefly. If at all. It would be a misguided reformer who believed that New Yorkers would be willing to exchange a relaxation of laws now not deserved for the loss of his favored "speakeasy."

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THEY TELL ME

By Stan



That's why they're angry.

Another representative who feels that he has been slighted is Fred Galloway, of Indianapolis, who has been complaining loudly and vigorously that he has been ignored consistently by the patronage committee, and charges that the new administration heads have usurped all the jobs for supporters, "leaving us representatives with nothing but our votes."

An echo of this is heard in the senate, where some members are protesting that they are being asked to employ persons recommended by those close to the new administration chieftains.

The senators declare that it is unfair for department heads who have now or will have plenty of patronage to force their friends on the legislative pay rolls, thus keeping their own supporters out of jobs.

One danger if these patronage wrangles continue and grow in intensity is that they may react in the voting on administration-sponsored bills.

It is important to note that the only patronage which a representative or senator has to do is to the faithful is that of stenographer, page, or assistant doorkeeper.

To pass the work around, terms of employment have been curtailed to two weeks for each person, but this does not offset the reduction in the number of employees for both houses.

If some county is favored with an important post, such as chief clerk or chief doorkeeper, an appointment which is for the duration of the session, then it has been customary for that county to receive no additional patronage.

Which explains why the five Lake county representatives are irate.

Matt Leach, of Gary, was elected chief doorkeeper of the house at the organization meeting last week.

None of the Lake county representatives apparently knew much about it, for Leach, one of the original McNutt boosters, was the administration choice and was placed in nomination by someone from another county.

So when the Lake county representatives made application for appointments for friends (or relatives), they politely but firmly told that they had been accorded enough patronage.

That's why they're angry.

AMUSEMENTS

BIGGEST SHOW IN TOWN

LYRIC 25¢ TUE. 10 PM

BREVITIES OF 1933

The Hit of the Season with

RAYNOR LEHR

and His

30 STARS 30

Here in Person

Also Other Big RKO Acts

VAUDEVILLE

on the Screen

Slim Summerville—Zasu Pitts

in "They Just Had to Get Married"

Entire New Show

Starting Friday

DANCE EVERY NIGHT LYRIC BALLROOM

30 MADE-WORK MEN TOIL FOR LEISURE CLUBS

Take Charge of Seating
Arrangements, Handle
Stage Settings.

TONIGHT
Garfield park community house.
J. T. V. Hill community house.

WEDNESDAY
Prospect Sherman drive club.
Brookside community house.
Rhodus Park community house.

THURSDAY
Oak Hill Woman's club, afternoon.
Michigan and Noble, card party; after-
noon.

SCHOOL 22
FRIDAY
Christian Park community house.
Ft. Wayne and Noble.
School 16.
School 34.

THIRTY
men from the made work
division of the Emergency Work
Committee, Inc., are being used in
the preparation of Leisure Hour club
programs. They take charge of the
arrangements of stage settings and
seating arrangements at the differ-
ent club meeting places.

Plans have been completed to seat
a large crowd at the Garfield Park
Community House tonight, for the
new safety program to be pre-
sented by the police accident pre-
vention bureau.

The program will be in the form
of a playlet in which a cast of fifteen
feared school children will take part.
A feature of the program will be
a mock wedding.

In addition to the play, Noble
Pearcy and Jean Ludwig will give
special dance numbers, and Lydia
Ellen and Irwin McCray will sing.
The George L. Stork accordion band
will play.

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