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"First in West Virginia"

Sunday Morning, September 19, 1937

A Thought For Today

A man may not sew on a button as easily as a woman, but he can say what he thinks usually without losing his self-control.

Penelope Perrill.

Author of The Federal Reserve

Some little time ago, we read a statement, possibly an interview with Senator Carter Glass of Virginia, in which he, in fact, supported our recollection of what occurred in the year 1913, when the Federal Reserve Act was, in the first year of the administration of Woodrow Wilson, being discussed before committees, in the newspapers, and in both branches of the congress.

In that statement Senator Glass said, or admitted, that he took a committee of bankers to President Wilson to urge the position that the money law should contain a provision that the Federal Reserve Board should have representation from the bankers. President Wilson called Mr. Glass' attention to the situation with reference to the Interstate Commerce Commission. He asked the then congressman, now Senator, Glass, did he think it right to give the transportation companies representation on the Interstate Commerce Commission? Senator Glass says that this opened his eyes and he saw that the president was right and he, Glass, was wrong.

At that time, Senator Robert L. Owen, of the state of Oklahoma, was chairman of the committee on banking and currency. He was always right on that feature of the Federal Reserve system. He insisted that there would be as much reason for giving representation to the transportation companies on the Interstate Commerce Commission as there would be for giving the banks representation on the Federal Reserve Board. The discussion of the

facts relating to the whole matter, arising out of the knowledge that the Federal Reserve Act was the result of the Pujo Investigation, that Mr. Untermyer was the counsel for the Pujo committee, and the equally known fact that the position of Senator Owen was set forth in a magazine editorial, and the further fact that upon all appropriate occasions, Senator Owen became a defender of the federal reserve system. On December 19, 1913 when the house bill was before the senate, Senator Owen moved to substitute his bill, as he had finally worked it out in the senate, for the house bill, which was done by a vote of 54 to 34. Senator Owen's well known plans, his public utterances, and his theory of banking and finance were seen in the bill as finally signed by the president. On the day that the president signed the bill, December 23, 1913, the president wrote to Senator Owen, and from that letter we quote:

"The whole country owes you a debt of gratitude and admiration. It has been a pleasure to have been associated with you in so great a piece of constructive legislation."

A gold pen with which the president signed the bill was also presented to Senator Owen. In addition to this, a copy of the bill on vellum, signed by the president, and containing the signatures of the officers of the United States senate and of the house of representatives, and also a full set of the first Federal Reserve notes were presented to Senator Owen. One who had anything like intimate knowledge with the proceedings of congress at that time must know that it would be about as difficult to strip Lindbergh of the honor of having made the first solo flight across the Atlantic as to strip Senator Robert L. Owen of the honor of having been the power house behind the federal reserve system.

The opposition to the president's suggestion for an admittedly constitutional reform in the judicial branch of the government struck a point at which reason and precedent were so palpably against the opposition that something was necessary to support the weakening debate. Someone conceived the idea of making the kicking democrats do the talking and building up a witness against President Roosevelt in the person of Senator Glass, and therefore it became a habit in the senate to hear those Democrats who were taking the side of Hoover, Knox and Hamilton, refer to Senator Glass as the author of the federal reserve system.

That was never true and was not true when asserted in the senate and in the house. By the drift of circumstances, Senator Glass became the mentor, the epigrammatist of the kickers.

We have no desire to take from the oldest senator any of the honor due to his ability, to his talking on one side of his mouth and face,

The Brighter Side

By Damon Ranyon

We join heartily in welcoming the American Legion, which opens its nineteenth annual convention and reunion in New York City tomorrow. We hope and trust that a good time is had by all. Anywhere from 250,000 to 500,000 delegates, and what comes with them, are expected, and it is estimated that they will spend upwards of \$25,000,000 while in the big city. This is very nice news, indeed. We can all use a little fresh money here in Gotham.

It is announced in the public prints that a picked group of 800 American Legion men has been formed to counsel Legion members "in the moments of exuberance that may be expected during the five days of the convention."

Will Offer Advice

It is stated that the men who constitute the group "will in no sense perform the duties or assume the attitude of the military police of the World War days," but they will be on duty in night clubs and similar places of entertainment in cooperation with the management and "will offer suggestions to such Legion members as seem to be in need of a suggestion or two."

It sounded like a good idea until we investigated the personnel of the group. We find that the members have been selected from every state because of their reputations in their communities, and because they are acquainted with New York City, but we doubt that they will prove entirely adequate as an advice committee under all the conditions that may arise "in moments of exuberance."

We think the group should include men like Mr. Alphonse Weskit Weill, Mr. Samuel McQuade, Mr. Antonio Martello, Mr. William Johnston, Mr. Thomas McArdle, and Mr. Jonathan Attell. These gentlemen are professional matchmakers in the great city of New York.

More in Their Line

It is their peculiar function to pair off, on terms of fairness, and equality, and with due consideration to weight, height, experience, style, and even age, the disciples of Thesus, more familiarly known as pugilists. They have a profound knowledge of who ought to lick whom. It is a business, and a life study with them.

They are loyal American citizens, and some of them probably American Legionnaires themselves, and we have no doubt they would gladly give their time to the Legion group during the period of the convention to prevent the lads "in moments of exuberance" from making bad matches, especially around the night clubs and similar places of entertainment, where bad matches by strangers abound.

For instance, suppose Mr. Antonio Martello came upon a middle-aged

Same Old Bunk



McIntyre Day by Day

It stopped on upper Broadway the other evening to hear a man named O'Brien, self-styled King of the Hoboes, spread his gospel from a stepladder. He had the gift of gab and held the crowd. Hoboes resent being called tramps. They take pride in the significance of the name hobo; whatever it may be. See days any fellow who hok to the open road was just a tramp. Jim Tully once chided me for referring to him as a hobo. He insisted both he and Jack Demsey were

and then introduced "a speaker among speakers, a great thinker, a student and philosopher," and another hobo took the stand. These two fellows, whose object may have been just to entertain and pick up a few nickles, undertook to make it clear they had nothing in common with the usual run of soap box gospellers. Their ideas were solely those of the true hobo. Somehow, all of us are a bit attracted by the life of the hobo. The hoboes in the army people counted

mobilized. Yet in the final analysis, the hoboes are like the Greenwich Villagers. They delight us immeasurably up to a certain point, and then we begin walking back. The speakers pointed out the wisdom of simple food—plain potatoes, tomatoes, cabbages and the like. They laid most of our ills to the chemicals in fancy food. They said we suffer from a "stomach" philosophy. We live in fear of not getting enough to eat. We are bur-

Daily Washington Merry-Go-Round

By Drew Pearson and Robert S. Allen

(Authors of "Washington Merry-Go-Round" and "More Merry-Go-Round")

WASHINGTON. — The member of the supreme court most disappointed over the Ku Klux Klan revelations about Hugo Black probably is Justice Cardozo.

According to his friends, the justice had been looking forward eagerly to the day when Black took his seat on the bench, because he knew that the vitriolic tongue of the Alabama ex-senator at last would be a match for the acid disposition of Justice McReynolds of Tennessee.

Ever since Justice Cardozo joined the supreme court he has been subjected to insults from McReynolds. The Tennessee began by opposing Cardozo's appointment before it was made. Then while Cardozo was taking the oath of office, McReynolds ostentatiously read a newspaper. For a long time after that he did not even speak.

Cardozo, who has led a most cloistered life and is one of the shyest men in public office, has shrunk from the unceasing antipathy of McReynolds. In the privacy of his own study, Cardozo can write caustic, even sarcastic opinions. But he flinches from knock-down-drag-out debate.

Therefore, he was looking forward to the day when the razor-tongued Black would take his seat on the bench. Black has a quick southern temper, is one of the greatest cross-examiners the senate has seen since the days of Tom Walsh, and it was certain that he would delight in verbal bouts with his reactionary colleagues.

Now, however, his hand has been weakened and he may not be so aggressive. Furthermore Justice Cardozo, although too much of a gentleman to say so, may not be enthusiastic about having as his champion one who once joined with the avowed persecutors of Jews and Catholics.

Cotton Curb Secretary Henry Wallace has a long-range plan up his sleeve to put U. S. cotton growers back into the world markets which they lost as a result of AAA crop-curling. He will announce the important reversal of policy in a speech at Memphis, Tenn.

In revealing his change of tune on the desirability of exports, Wallace will make it clear, however, that the administration has no intention of abandoning its demand that congress enact a production control bill. It still wants this legislation as much as ever.

What Wallace proposes is to modify the control of cotton surpluses enough to allow the United States to get back into the export business. He wants power to regulate output, but will use that power only to

Reserve system. He insisted that there would be as much reason for giving representation to the transportation companies on the Interstate Commerce Commission as there would be for giving the banks representation on the Federal Reserve Board. The discussion of the Federal Reserve Act was so general, the hearings and the proceedings of the various conferences were so well known, that anyone with general knowledge of the proceedings in congress will recall that this bill was being discussed by bankers' associations, and by many other civic and finance organizations and bodies.

Senator Owen was then recognized as one of the best authorities in the country upon banking, finance, and currency. While the Democratic conferences in the senate were going on, he was invited to address the bankers' association at Chicago. While he was enroute to Chicago, the bankers passed a resolution condemning the Federal Reserve Act and calling upon congress to defeat it.

When Senator Owen arose at the bankers' meeting, he said that he would assume that the bankers present were familiar with the bill, but that he had several copies of it with him and would be glad to furnish any of the members with the printed copy. Thereupon several of the members spoke up and said that they had not seen the bill, and Senator Owen thereupon said: "Am I to understand that none of you have copies of the bill, nor have read it?" Receiving an affirmative answer, he made some spicy remarks as to the unkind situation of a great bankers' association having passed a resolution condemning a bill which they had not seen nor read. Thereupon the discussion proceeded with the knowledge of the country that the bankers had condemned, without even average information of the details of the bill, a measure in which the president, the congress, and the country generally, were deeply interested. In other words, Senator Owen became the target of the active opposition to the bill. There was probably no one in the United States better able to meet the criticism of the philosophy of the bill or the details of its workings.

Very recently, the Democrats of the senate who became the spokesmen for the Republican opposition to the president's suggestion that the judiciary system of the nation needed reform, have made Senator Glass their hero. To speak a little more plainly, they built up a strong witness, as they thought, reasoning that a man who was in the house under the Wilson administration would be, as a senator, a strong witness against the court proposal of the president. Senator Glass wrote a book on the subject, and in 1927 Samuel Untermyer wrote to Senator Owen calling attention to the claims being made that Mr. Glass was really the author of the Federal Reserve Act.

This is now clearly seen to be a concerted movement to build up the witness, Glass, for use in the debate on the court question. We have seen the letter of Mr. Untermyer, the answer of Senator Owen, and the group of

the drift of circumstances, Senator Glass became the mentor, the epigrammatist of the kickers.

We have no desire to take from the oldest senator any of the honor due to his ability, to his talking on one side of his mouth and face, nor his wit, nor his cutting side remarks. While we despise his apostasy, and have never heard nor read of a passable reason for it, and while we pity his isolation from those who have fought with him for a high standard of party faith under the leadership of Woodrow Wilson and Franklin D. Roosevelt, we feel resentment at his willingness to strike with the Republican weapons at his party and its leaders after its major battles have been won signally and in glory, and be benefitted by it.

It was a pathetically transparent move to attempt to use Senator Glass as one of the leading witnesses for the case against the president's court reform plan. In order to build him up to heroic size his admirers and sponsors went back 24 years and falsely claimed that he was the author of the Federal Reserve Act. The plain truth is that at that time Mr. Glass was not in the senate but in the house. And in justice to history and the record he was only one member of congress when Mr. Wilson tried to get the complete control of the nation's finances out of the hands of a group of big international bankers. It is too bad that Mr. Glass has allowed the enemies of the court plan to point to him as the author of the Federal Reserve Act for in all honesty he was no such thing.

The author and sponsor of that bill was former Senator Robert L. Owen.

The Constitution

We hesitate to add our humble mite about the Constitution of our great country after the deluge of words that have drenched the country during the past week. But to us the grandeur and the marvel of the Constitution is its simplicity—the secret of its long rule over our country is due to the fact that our fathers realized that the government is most secure when it is most free. Our Constitution can change so little yet so much.

Starting as a limited republican form of government, under the Constitution, we have been gradually changing over into a vast, representative democracy. The effect of that change is nothing short of a revolution yet it has been accomplished under the Constitution. Our social and economic status—whether you realize it or not—has ALREADY been changed under the Constitution and in any other country that would certainly have been the occasion of a bloody revolution.

Once, vital change under the Constitution failed and resort to arms had to be taken. This marked the passing of slavery in our land. It is possible that even in that dire case a remedy might have been found by democratic methods within the framework of the Constitution. But in the Dred Scott decision the supreme court exceeded its powers shamefully and outrageously, blocked the way to compromise, and paved the way to a bitter civil war. That was not the fault of the Constitution, which still stands unimpaired as our guide and guarantee of a free, democratic form of government.

group during the period of the convention to prevent the lads "in moments of exuberance" from making bad matches, especially around the night clubs and similar places of entertainment, where "bad matches" for strangers abound.

For instance, suppose Mr. Antonio Martello came upon a middle-aged gentleman in "a moment of exuber-

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The Readers' Forum

Editor Gazette:

Where do we go from here? There are a few things, about the genus homo, that if kept in mind, would help most of us think more clearly. Man is not by Nature the noble aspiring creature who is constantly striving to reach the star he has hitched his wagon to. Most of us know nothing about astronomy, personally, to put us far ahead of the early cave man. What we do know is that there is a very great deal of recorded knowledge available to us if we become interested enough to look it up. Most of us never do.

Man's progress is more negative than positive. He learned to use fire because he was cold and uncomfortable. He has since that time, from time to time, turned the world upside down and inside out trying to get away from what was uncomfortable and distasteful to him. Society en masse only adapts itself to the new and proven betterments in life as it becomes discontented and dissatisfied with the status quo.

We were all taught in school that the new convolutions in the brain's surface, the more brain power. In other words, the more wrinkles in the brain the more we study to solve life's wrinkles. While I do not care to dispute the physiological truth of that teaching I wish to point out that the wrinkles in our collective stomachs during the few worst years of the depression have been much more effective.

In 1930 there were but few among the exploited and dispossessed masses of our population who still valued their citizenship enough to pay poll tax for the privilege of kidding themselves at the ballot box. There was in their minds and hearts no real feeling that they were participating in a government of, for, and by the people.

Most of us have only a grumbling interest in government. Most of the people, who are referred to as wage workers, domestic servants, farm hands, tenant farmers, share croppers, and the other multitude of farmers, small home owners and business men, who would have been much better off if they could have traded the deed and the tax bill to their property for the mortgage against it; found themselves in the early thirties either liquidated or in the process of being liquidated.

These folks had lost hope to such

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Intercepted Message

Sept. 18, 1937.

Dear Fellows: Don't forget that a location fight cost us a new post office building several years ago.

Yours,

George

Cong. Joe L. Smith, Postmaster Julius Singleton, Charleston, W. Va.

held the crowd. Hoboes resent being called tramps. They take a pride in the significance of the name hobo, whatever it may be. One day any fellow who took to the open road was just a tramp. Jim Tully once chided me for referring to him as a hobo. He insisted both he and Jack Dempsey were what are known as "road kids." Well, anyway, O'Brien rambled on

those two fellows, whose object may have been just to entertain and pick up a few nickles, undertook to make it clear they had nothing in common with the usual run of soap box gospellers. Their ideas were solely those of the true hobo.

Somehow, all of us are a bit attracted by the life of the hobo. The hoboes in the army nearly converted a large number to forsake the grind for the roving life when de-

then we begin walking back.

The speakers pointed out the wisdom of simple food—plain potatoes, tomatoes, cabbages and the like. They laid most of our ills to the chemicals in fancy food. They said we suffer from a "stomach" philosophy. We live in fear of not getting enough to eat. We are burdened by the money idea. Faith, and

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Bewildered Editors Comment On Charles Town Bank Embezzlement, Praise Deposit Insurance

Apparently bewildered by the half-million dollar embezzlement in the Charles Town bank, editors of the state's largest weekly newspaper, in their criticism of the system that permitted the unusually large defalcation, and praise for the Federal Deposit Insurance Corporation which already has moved to make good all the deposits up to \$5,000.

The Raleigh Register and the Morgantown Post were the most caustic in their criticism.

"Despite all the billions of dollars we have been reading about for the past few years," the Register said, "a half-million dollars still is beyond the comprehension of most of us. But we always think of banks in terms of big money and just concluded that maybe the Charles Town bank had so much that it took a long time to discover the loss of a half-million dollars."

The Morgantown paper first pointed out that the bank had been examined regularly by the state banking department and the Federal Deposit Insurance Corporation, and then said:

"Now, even if the examiners for the state banking department and the Federal Deposit Insurance Corporation, didn't detect this wholesale embezzlement, what were the directors and officers and other employees of the bank doing from February to August that they didn't discover what was happening?"

"We aren't asking these questions for the purpose of reflecting upon anybody, but simply because we don't understand. Doesn't the board of directors of a bank have any means of determining what is happening if half its deposits are being stolen right under the directors' noses? Don't the officers of a bank, quite independent of any examination by the state or the F. D. I. C., take any precautions of their own to see that the resources entrusted to their care are being protected?"

"And here's something else: Charles Town is a small town. Everybody knows everybody else. Is it possible that in a town of that size a man could steal and dispose of \$500,000 or more in six or seven months without anybody else in the town knowing about it? If that is possible in Charles Town, it is in a class all to itself. We don't believe it could happen in many other towns of that size. We wonder if Charles Town, since it got the hoss races, has lost some of its characteristic perspective and neighborly inquisitiveness?"

After Banking Commissioner Ward had explained the method used by the acting cashier in the alleged theft, the Post replied:

"Our curiosity instead of being satisfied by the explanation of the banking commissioner, is only whetted into greater keenness, and we suspect we are not much different from the average reader who has been shocked by the disclosure that embezzlement of this magnitude was possible under our present system of bank operation and inspection."

The Morgantown Dominion-News looked at the case from another angle, saying:

"In the old days, back when big bankers and big business were running the country through their mouthpiece, Herbert Hoover, the closing of such a bank in a small town would have wrecked the community."

"Many communities, large and small, suffered when Hoover, in the usual do-nothing Republican manner, allowed banks to crash in all parts of the country."

"Today, however, the story is a different one. The federal government insures all deposits up to \$5,000, and within a short time practically all those who had money in the Jefferson county institution will be paid off in full.

"Big city bankers always have accused the fed-

eral deposit insurance plan, mainly, we suppose, because it costs them something and directly benefits the small depositors.

"Charles Town will appreciate this federal insurance law now, although it is likely that only a few persons in the little Jefferson county town realized their money was protected by a government that stands up for the little fellow, even if big boys oppose such actions."

The Putnam Democrat looked at the case from the same viewpoint. It said:

"It is one of the very, very few bank closings to occur in West Virginia since the advent of the Roosevelt administration. Prior to that time, failures were epidemic.

"The Charles Town failure is different than the failures that preceded the banking holiday ordered by President Roosevelt the day he took office in that it resulted from crookedness from within, whereas the collapses prior to March 4, 1933, were due in the main to 'runs' of frantic and frightened depositors who had lost confidence in banks and preferred the security of the mattresses and other hide-away places for their deposits. There is another point of difference. Depositors caught in bank crashes in the pre-Roosevelt era had very little of their money returned to them. In the failure of the Charles Town bank, they will have every dollar returned to them, up to \$5,000 of their deposits.

"I have determined to place the institution in liquidation and I have asked the federal deposit insurance corporation to discharge its responsibility," says Banking Commissioner Ward.

"What does that mean? It simply means that the closed bank is a member of the FDIC, with its deposits insured by Uncle Sam. Therefore, every depositor will get back dollar for dollar, up to \$5,000, and he knows now what he will recover from the wreckage. He further knows that it won't be six months, or a year or any indefinite period before his money is returned. The affairs of the bank will be promptly examined, the adjustments figured and the depositor will have his money within a very short time.

"In other days and under different circumstances, a West Virginia bank failure for more than a half million dollars would have stirred depositors in their funds, even though the particular bank they this and other states to looking to the security of patronized was thoroughly sound, capably and honestly managed. That's what did happen at the depth of the depression. Public hysteria and panicky runs of frightened depositors were not checked until all banks were closed on the order of the president, their affairs examined and the people reassured.

"Today there is not a ripple of excitement anywhere. Patrons of banks know positively that they are protected in their deposits against everything and anything up to \$5,000, and that figure is high enough to include the great mass of people who do business with banks.

"For this happy situation, we have President Roosevelt to thank. Upon his recommendation, congress provided insurance for deposits, thereby putting the banks on a more secure footing and restoring public confidence in their operations. It is one of the most far-reaching and beneficial reforms the New Deal has provided to hasten economic recovery."

The West Virginia News at Ronceverte inferred that horse racing had a part in the alleged embezzlement by the acting cashier.

"Is it mere coincidence that this happened in a small town where the most ambitious race track gambling enterprise under state auspices was est-

duction control bill. It still wants this legislation as much as ever.

What Wallace proposes is to modify the control of cotton surpluses, enough to allow the United States to get back into the export business. He wants power to regulate output, but will use that power only to avoid such price-swamping yields as this year's 16,000,000 bale crop.

In actual operation, the program would be a variation of the old "domestic allotment plan." Farmers would be paid a subsidy by the government for holding down acreage; and the domestic price would be permitted to follow world market levels so that U. S. cotton could compete with foreign production.

At present the artificial maintenance of high domestic prices through government loans acts as a bar to exports.

Significant Hint Few caught its significance, but the tip-off to Wallace's new policy was his vigorous insistence that government cotton loans be held down to nine cents a pound.

The congressional bloc first cried for 12-cent loans and then came down to 10 cents. Wallace fought on, succeeded in holding loans down to nine cents. He took this stand for the express purpose of opening the way for a reentry of U. S. cotton into world markets on a large scale.

Another significant straw in the wind was the resignation of Cully Cobb as southern regional AAA director and the return of Oscar Johnston to the agriculture department as assistant to Wallace.

Cobb is a die-hard believer in drastic crop control and high government loans. Johnston, manager of one of the largest cotton plantations in the south and head of the government cotton pool, once held similar views, but last year decided this was a mistaken policy and began urging a return to export production.

Johnston Policy Able and persuasive, the Mississippian is highly regarded by Wallace and has been his chief cotton adviser.

When Johnston began advocating his revised export theory, it was

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Bearing Down On The News

By Arthur "Bugs" Bae

IDS SOLD

The supreme court is a witness stand. Which is a barrasing as a four-door room.

We never thought we reach the spot where the est tribunal in the land establish a low water Well, time marches, and stops once in a while little jig.

It's doing a tap dance We don't know how they will work out for C'mon said it all what that few die and non

Maybe it would be an idea to increase the judges and put the judges in the back OPEN

It is not enough for us to serve your nation, Y also take a good picture