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THE ISSUES OF THE CAMPAIGN

Fair and Able Discussion of Questions Before the People.

PLEA FOR GOOD GOVERNMENT

Honesty and Fair Play Form the Subject Matter of an Interesting Address Before the South Bend Branch of the Indiana State Alliance of German Societies by Mr. Philip Rappaport, a Prominent Attorney of Indianapolis.

A few days ago the Germans of South Bend held a meeting at Turner Hall for the purpose of organizing a city branch of the State Alliance of German Societies. The meeting was of political importance, for the State Alliance had, at its recent convention, passed a strong resolution on the temperance issue and in favor of the Democrats of Indiana as the more liberal party.

One of the speakers was Mr. Philip Rappaport, a prominent attorney of Indianapolis. He spoke as follows:

Republican Dishonesty.

It is one of the usual practices in times of a political campaign to deceive the public and slander the adversary, but it is exceedingly doubtful whether in the political history of our country this practice has ever been carried as far as the Republicans of Indiana carry it this year. If one reads their papers and their campaign literature it would seem that there is only one question before the public, and that is whether in Indiana the Anti-Saloon League or the brewers shall rule. It would seem that there is no such thing as a panic with its complement of millions of unemployed and stagnation of business, caused by an intemperate tariff and grafting stock manipulation. It would seem that the trusts and the big corporations are nothing but charming and philanthropic benefactors of the people, impoverishing themselves for the sake of the nation. It would seem that there is no such thing as the Democratic party, nor any such thing as the people, but only the brewers, and that the Republicans and their faithful ally, the Anti-Saloon League, are the only righteously upon earth, sent by a kind providence to save the state and the nation from the powers of darkness and sure perdition by the only means that can possibly save them, namely, County Prohibition.

It is a mean and miserable deception by which they hope to mislead the ignorant and unthinking. But the intelligent people of the state should not allow themselves to be influenced by such a dishonest policy.

The Democratic Party the Party of the People.

In the first place the great economic and political questions of national import which mark the distinguishing line between the Democratic party and the Republican party have not disappeared, but are, on the contrary, still present and are of the same weight, as they ever were. The Republican party is still the party of Wall street, still the party of the multi-millionaire, of the Standard Oil company, and other trusts, of the rebate-giving, farmer-despoiling and middle-class-ruining railroad corporations and the grasping, exploiting plutocrats. And the Democratic party is still the party of the common people, the workingman, the toiling farmer, the large middle class of business and trades men, who now suffer acutely by a panic that has been brought about by the interests protected by the Republican tariff, a Republican administration and the Republican party in general.

In the second place, leaving national questions alone, the Democratic party is not controlled by the brewers or the liquor interests. It is ridiculous to suppose that a political party consisting of hundreds of thousands of voters can be controlled by a few brewers or saloon keepers. If, for business interests, they prefer Democratic rule to Republican rule, they do no more than any other class of business men would do under similar circumstances and with certain legislation, affecting them, in view. But if the people at large were not interested, the brewers and the saloon keepers could not influence the selection of even a constable.

The Fight for Personal Liberty.

The fight in our state, so far as the temperance question is concerned, is not the fight of the liquor interests, but it is the fight of that part of the people which believe in personal liberty and practical morality against the party controlled by an element which believes in coercion and sham morality, a party which proclaims him who drinks a glass of beer in an open saloon a sinner, but crowns him who gets drunkly drunk in a blind tiger with the halo of martyrdom. It is a fight for the freedom of the state from domination by church and preachers.

It is all sham and hypocrisy. It is the hypocritical policy of the Republicans just now to hold the brewers responsible for every transgression anywhere from a mere traffic altercation to race riots like that in Springfield, Ill., and thus create against them an unwarranted prejudice.

Why Certain Laws Can't Be Enforced.

It is not to be denied that there exists in our country a great deal of lawlessness and disrespect of law. But whose fault is it? The brewers' or the saloon keepers'? Would it be in their power to cause any violation of law, if there were no people approving its violation? If there is a general violation of law, it is the fault of the lawmakers who make laws to which a large part of the people do not readily yield, because they do not consider wrong what the law forbids. Mr. William Travers Jerome, the well-known district attorney of New York, in a little book of his, entitled "The Liquor Tax Law in New York," says:

"Under democratic forms of government, based upon universal suffrage, a law is not permanently enforceable by authorities locally elected or appointed, when the acts prohibited are of such a character that a considerable number of inhabitants of such locality do not consider the prohibited acts immoral in themselves, and do not yield willing obedience to the law."

In South and Central America laws of this character would probably cause riot and revolution. But the Americans, being a peaceable, order-loving people, simply hold the law in contempt and violate it openly or clandestinely. But the danger is that contempt of one law may lead to contempt of other laws, and contempt of law must, in the end, be of a demoralizing effect. The average American citizen is inclined to be law-abiding. When ever signs to the contrary appear it is the fault of the law-maker, who makes laws of which he knows, or should know at least, that one-half of the population consider them tyrannous and will violate them without conscientious scruples. And the worst of it is that the lawgivers themselves have no scruples in violating them or causing them to be violated; that they are well aware of the evil effect of such laws, but are cowards in politics and sacrifice their conscience and their honesty to political interests of their own or their party.

Let me again quote Mr. Jerome:

"When a large portion of the community look upon an act forbidden by law as immoral or very minor immorality, and the punishments imposed by the law are very severe, blackmail and perjury become appalling in amount and character upon any attempt to enforce the law. In addition, if the law affects a considerable number in the community, either in their pecuniary interests or because contrary to their habits of life and thought, the local political life of the community is degraded and complicated, the public service is debauched and even the courts and jury system, both grand and petit, are seriously affected."

It is well known that disrespect of one law causes disrespect of other and eventually all laws, and if this inevitable effect appears, then those who made the laws which were sure to be violated have the temerity to lay the blame on others.

The real parties that are to be blamed for disorders, disrespect and contempt of law are the Prohibitionists, the Anti-Saloon League, and the Republican party controlled by them. Conceding even to their good intentions as far as temperance is concerned, still to their way may, like Mephistopheles in Goethe's Faust, "I am a part of that mighty power which wills the good, but ever creates evil."

The Brewers and Liquor Dealers in Politics.

Equally hypocritical are their acclamations against the brewer and the liquor interests in politics. Whose fault is it that they are in politics? Can it be expected that these men stand idly by and see their business interests constantly attacked and endangered? The average hardware dealer does not busy himself with politics. You can easily make him do so by attacking and endangering his business interests. The average drygoods merchant does not dabble in politics; attack his business interests and he will make politics a part of his business. What reason is there to demand of the wet goods merchants to act differently under such circumstances? Is there any justice, any honesty in it?

There is a way to rid politics of the liquor interests, and that way is very plain and simple, but it requires the application of good sense and honesty. Make a law that is fair and reasonable, duly considering the wishes of all the people without ignoring those of a part of them, harmonizing different views in consonance with human nature and social conditions, a law that the people are ready and willing to obey, and will, therefore, be enforceable; then let it stand unchanged and suppress all attempts at violation with an iron hand.

But if you want to keep the liquor element in politics, if you want to make every brewer and every liquor dealer an out-and-out politician, make laws that are unenforceable, never let up in dickerings with them under the influence of that branch of the Republican party called the Anti-Saloon League, and make it an endless chain of changes and amendments, always intending to do good and always creating greater evils.

The Republican party and its ally, the Anti-Saloon League, have a plan and are driving the brewers and the liquor interests into politics and are now with unctuous phariseism complaining that they are in it.

What a farce!

Church and State. There is another element involved in this question which I cannot leave unnoticed. It is the church and the

preacher. I cannot help thinking that neither the people, nor good government, would lose anything by their staying out of politics. If you will observe closely you will notice that the preachers and the churches meddling in politics and constantly appealing to legislation and the strong arm of secular government for the enforcement of their particular views are such who belong, or whose members mostly belong, to the Republican party.

Church and state have separate and distinct functions and the enlightened spirit of our time is opposed to the invasion of one by the other. Mr. Thomas R. Marshall, the Democratic nominee for governor of Indiana, said in his keynote speech:

"While Thomas Jefferson was the author of the bill for religious freedom in Virginia and thus brought about the disassociation of church and state in America, I presume that there are not yet many Americans who are desirous of removing church and state. It may be that our distaste of this idea arises, to a certain extent, from the fact that we are not quite sure that our own particular branch could be made the state religion."

If the state uses its power at the behest of a church or its ministers, it makes itself their servant. Centuries ago this was considered proper, with what result is shown by history. But the spirit of the twentieth century is decidedly against it.

The Failure of Prohibition Legislation.

I frankly state it as my opinion that it would have been a decided gain for the cause of morals and temperance if the church had always confined itself to the proper sphere of moral suasion, and if the state had kept itself free from its influences. The church is most generally guided by dogma, but the state is guided by experience. The church is doctrinal, the state practical. The church cannot be ruled by naked doctrines with utter disregard of natural and social influences, of human needs and desires. Yet that is precisely the method of the church, and it follows it regardless of effects and consequences. As in the eyes of the church and its representatives the doctrine cannot be false, they must necessarily see the failure of the effect in its insufficient or false application. As a consequence there is a never ending rush of legislation, of changing and amending old and making new laws, always with a view of applying the same doctrine, with always the same result, to-wit: stupendous failure. For sixty years there has been prohibition in Maine. With the exception of which puts the state in the hands of state officers, where the local authorities are unable or unwilling to enforce them, liquor can be had everywhere and the number of arrests for drunkenness according to reliable statistics, is over 25 per thousand inhabitants annually, while in only 19 in Illinois and 17 in Indiana.

Need we wonder then that the late Bishop Henry C. Potter, bishop of a church that does not favor any particular political party, cried out in despair in his book, "On the Drink Problem":

"You will gather from all this how superficial, how utterly inhuman, inconsiderate and unreasonable I regard a great deal of that doubtless often well-intentioned zeal which seeks to make men and women virtuous and temperate by a law of indiscriminate repression. I do! I do! I do! I am sent here of God for nothing else; and to entreat you to discern that most of our methods for dealing with the drink evil in our day and generation are tainted with falsehood, dishonesty, by essential unreality, and discredited by widespread and consistent failure. There is a drink evil; and you and I must not ignore it. There is a task for Christian men and women, just here, to perform, and you and I must not shrink it. But let us begin by trying to recognize the facts, and then let us strive to deal with them in a way worthy of their portentous significance."

False Doctrines.

It is a false doctrine to make people virtuous by the force of law. It has never been possible, it is not possible now. To some people the law is a fetish which they worship with blind zeal. They think that if anything is wrong anywhere, all that is necessary is to have a law passed. If it does not work, have another law, and so on indefinitely. They forget that they have not to deal with things, but with human beings that cannot be treated as automata, but have a soul, a mind and a will of their own and each of them his individual conscience. If that conscience is not in harmony with the law, there is no power on earth strong enough to enforce the law. The state of Kansas had prohibition for twenty-five years until the first attempt was made toward its enforcement, and then it could only be enforced in spots, while in other places the attempt was a miserable failure.

God knows, temperance is a great evil and there are abuses in the liquor trade, but it is a false doctrine to forbid use altogether, merely because there is abuse. It is a false doctrine to take from man the possibility of self-control and subject him in the exercise of his personal rights and habits of living to the control of government. If it is attempted to treat him as a machine to be regulated by one particular set of men, he will rebel, and the evils arising therefrom are far greater than the evil which it is intended to cure. Jubilantly the Prohibitionists point to the constant grow-

ing of "dry" territory, while the sale of liquor goes merrily on, not only without any apparent diminution, but with a positive increase of drunkenness. It may be that the saloon is a temptation, but prohibition in removing that temptation, which is under the public eye, substitutes a great many temptations, infinitely worse, because hidden and concealed. It substitutes the blind tiger, the kitchen bar, the secret club, the boot-legger, for the open saloon, whisky in place of beer, the bottle for the glass, and lays before the young all the temptations of secrecy and mystery.

Temperance a Question of Civilization.

True temperance is not a question of legislation, but one of progressing civilization. The human race is improving from day to day in habits, manners and customs. The time was and is not far away when a man admitted for drinking the other fellow "under the table"; today the drunkard is ostracized from good society. Modern business methods and public sentiment demand sobriety, and coercive or prohibitive laws only hinder these agencies in having their full beneficial effect.

Liquor and Crime.

It is a false doctrine that most crime is caused by liquor. Undoubtedly many transgressions and misdemeanors are committed in a state of drunkenness. Unquestionably it has happened that murderers have fortified themselves for the commission of their awful deed with strong drink, but such cases excepted, all the great crimes require clear heads for their execution. The fraudulent bank cashier; the note-forging bank president; the embezzling clerk; the thief; the robber; the skilled counterfeiter, who makes false notes or coins of the realm; the burglar, who stealthily creeps into habitations at night, careful not to awaken anybody; the gambler who plays with false cards or loaded dice; the briber and bribed official—these and others need strong nerves and steady hands and nothing would render them less fit for their criminal career than indulgence in liquor.

I tell you Wall street causes more misery, crime and suicide in one day than all the liquor drunk in a whole year, yet nobody speaks of closing it. The state prisons of Maine and Kansas are as well filled as those of any state, may, even better than those of any state license state. During the year ending Nov. 30, 1907, the state prison of Maine received 71 convicts or 10 for each hundred thousand population; that in Kansas averaged 207 in 1905 and 1906, not including prisoners from Oklahoma, or 17.2 per hundred thousand; that in Illinois, for the same year, was 652, or 14.6 per hundred thousand, and in Illinois in 1905 and 1906 the annual average was 841, or 15.5 per hundred thousand population.

How that is possible if drink is the mother of all crime and if prohibition really prohibits, is certainly more than any human mortal can tell. The Kansas City (Mo.) Journal of Dec. 8, 1907, contained the following: "The Kansas City (Kan.) council at a meeting last night passed a resolution instructing Chief of Police Bowden to increase the present police force twelve men. The action was taken on account of the present epidemic of crime in the city."

"The department was reduced several months ago on account of threats made by Assistant Attorney General Trickett to the effect that if the mayor and council did not curtail the running expenses of the city enough to keep within revenue income he would bring out proceedings against them. At the time Mr. Trickett argued that since he had closed the saloons of the city there was no longer need for a big police department. His theory was that most of the crime was due to the existence of the saloons. However, the many robberies and murders committed during the past two or three months exceed in number and viciousness any reign of crime experienced in the city during the days of the dram-shops."

Prohibition the Cause of Increased Taxation.

This alone is sufficient to prove the failure of the prohibition doctrine, and it also disproves the oft-repeated statement that the saloon increases municipal expenditures. As a matter of fact it is prohibition that does it. It costs more to watch the blind tiger than the saloon, it takes more police to prevent the illegal than to control the legal sale. Prohibition, besides, deprives communities of the revenues derived from liquor licenses, and so it comes that municipal taxation is always much higher in "dry" territory. Of 1,139 towns, the average tax rate on \$100 in 1906 was \$2.54 in 343 prohibition towns and only \$1.58 in 846 license towns, and the average per capita indebtedness of the prohibition towns exceeded by 76 1/4 per cent that of the license towns, besides which public improvements in the former suffer in consequence of empty treasuries.

The Moral Effects of Prohibition.

This, however, is quite insignificant compared with the evil moral consequences of the application of the false doctrine of creating virtue by law, that is of the temperance movement as a political movement. As such it is based on selfish and wily politicians, not on moral purposes, but only to further their selfish political ends. For this purpose the question must ever be kept alive. It matters not to them what effect the law has on the morals and the welfare of the people, if it only fits into their political schemes. If the temperance question were settled the professional prohibition agitation and Anti-Saloon League propaganda would be out of a job. So the question must never be settled. A good

and enforceable law that would put a quietus on the movement is not to their taste and not in their interest. The position on this question must remain a political asset of the agitator and the small politician. They want to keep their jobs. Thus they make a nefarious use of the credulity and the blind zeal of those earnest and well-meaning people who really believe that they can cure evils by prohibitive legislation.

What then is the result?

There exists in the city of New York an organization under the name of "The Committee of Fifty." Its object is the promotion of social science principally by practical investigations. It consists of such men of prominence as Seth Low, Dr. Felix Adler, Carroll D. Wright, Prof. R. T. Ely and others. It is divided into sub-committees, each working in a special field. The committee devoted much time and labor to a thorough investigation of the liquor problem in all its aspects, and published the results in several volumes. In one of them, bearing on its title page the following inscription: "The Liquor Problem in its Legislative Aspects," by Frederic H. Vines and John Koren; an investigation made under the direction of Charles W. Eliot, Seth Low and James C. Carter, sub-committee of the Committee of Fifty to investigate the liquor problem," you will find on page 5 the following reference to prohibitive legislation:

"The efforts to enforce it during forty years past have had some unfortunate effects on public respect for courts, judicial procedure, oaths, and law in general, and for officers of the law, legislators and public servants. The public has seen law defied, a whole generation of habitual law-breakers schooled in evasion and shamelessness, courts ineffective through fluctuations of policy, delays, perjuries, negligence, and other miscarriages of justice, officers of the law double-faced and mercenary, legislators timid and insincere, candidates for office hypocritical and truckling, and officeholders unfaithful to pledges and to reasonable public expectations."

Local Option vs. County Prohibition.

What else could be expected? It is possible, though not always the case, in a small community, in a small town or a city ward, where a particular class of people live together and where everyone knows everybody else, that there is such a unanimity of sentiment that a prohibition law is enforceable without causing public and private demoralization and corruption. Such a unanimity, however, cannot, and never does, exist in a larger territory, a county or a state. This will always contain divisions where the sentiment is against prohibition, and where, consequently, the people feel themselves tyrannized over by the people of other divisions. Then follow violation and disrespect of law with all their dire and corrupting influences.

Of course, county prohibition will not settle the drink question. If it would, the prohibition agitators and the political adventurers would not want it.

After a while it is discovered that drinking is going on as usual and a law is demanded to forbid shipping liquor into a "dry" county. When it is discovered that that would not work, state-wide prohibition is demanded, and because that does not work either, congress is implored for a law to prevent shipping into what is humorously called a "dry" state. And so it goes on. As no law has the expected miraculous effect, no law ever proves satisfactory. It is an endless source of tribulation, irritation, clamor, molestation and corruption, all coming from the false doctrine that people can be made virtuous by law.

We are on the eve of an election. The temperance issue is one of the most prominent in our state. The Democratic party has declared for what is generally known as local option, the Republican party for county prohibition. To be candid, I think not much of local option. But having, as it is, to choose between it and county prohibition, I, naturally, choose the former.

The evils of prohibition must necessarily stand in a certain proportion to the size of the territory which it covers. With the ward or the township as a unit, the evil is reduced to a minimum. I also have hopes that under a local option law prohibition by remoteness will come into disuse and the citizens be freed from the political sentiment effective untrammelled by pressure and intimidation. Under county option, however, the miserable and thoroughly undemocratic system of dividing communities into two hostile camps and compelling the citizens by personal solicitation and sometimes by threatening social or financial injury, to publicly enter the one or the other, would continue, to the detriment of the peace, the harmony and the moral standard of communities. Under a system of local option which permits a man to cast his vote according to the dictates of his conscience, at least no falsification of signatures, no forgeries, no repetitions, no other dishonest practices, no general demoralization are possible, but only to further their selfish political ends. For this purpose the question must ever be kept alive. It matters not to them what effect the law has on the morals and the welfare of the people, if it only fits into their political schemes. If the temperance question were settled the professional prohibition agitation and Anti-Saloon League propaganda would be out of a job. So the question must never be settled. A good

and enforceable law that would put a quietus on the movement is not to their taste and not in their interest. The position on this question must remain a political asset of the agitator and the small politician. They want to keep their jobs. Thus they make a nefarious use of the credulity and the blind zeal of those earnest and well-meaning people who really believe that they can cure evils by prohibitive legislation.

personal liberty is violated by a vote to suppress the saloon altogether, but it is far worse to curtail the civil right of suffrage by a system which through tricks and intimidation prevents the citizens from a free expression of sentiment.

For this abrogation of the civil rights and the personal liberty of the citizen the Republican party stands. It stands in opposition to every principle of personal liberty, in opposition to every democratic form of government.

I do not plead the cause of the brewer or the liquor dealer, nor that of the saloon. They must look out for themselves. As far as the temperance cause is concerned, I have no need for the saloon. If all other people would visit the saloon not often than I do, one saloon would be sufficient for the whole state of Indiana, and the rest of the saloon keepers would all starve. Nor am I afraid that I shall never be able to get my glass of beer in any of the clubs to which I belong. But I am not hypocrite enough, not dishonest enough, to advocate the closing of the saloon, the poor man's club, as long as I am not willing to be a total abstainer.

The Effect of Prohibition on the Army.

The American saloon has certainly some bad features. But it is what Americans have made it. It has not made the Americans; it has been made in course of time approved their drink habits, so they will, in course of time, approve the saloon. But be its features ever so bad, they can never be one-tenth as bad as those of the "blind tiger" and similar kinds of demoralizing resorts.

So long as people desire to drink, the combined armies of the world cannot prevent them nor can they prevent the army from it. There is no army in any civilized country today in which the general state of health is poorer, in which alcoholism and unseemable diseases prevail to a greater extent, or in which desertion numbers are so high as in the prohibition-blessed American army. If anyone does not believe this, let him study the reports of the surgeons general, the advocates of the saloon and the inspectors general.

And still the great reformers insist on prohibition. It is the dogma they are for, the effects are nothing to them. Save the dogma and let the world perish. That is their motto.

What the Republicans Stand For.

I accuse the Republican party of Indiana of falsely and maliciously representing the fight for personal liberty as merely a fight for the financial and political interests of what is generally called the liquor element. I accuse it of falsely and maliciously misrepresenting the Democratic party of our state as being controlled by these elements. I accuse it of upholding a system of legislation that leads, according to the best minds of our country, to the destruction of public respect for courts, judicial procedures, oaths and law in general, and for officers of the law, legislators and public servants, a system which has schooled a whole generation of habitual law-breakers in evasion and shamelessness, made courts ineffective, officers of the law double-faced and mercenary, legislators timid and insincere, candidates for office hypocritical and truckling, and officeholders unfaithful to pledges and reasonable public expectations.

And as I cannot believe the Republicans to be ignorant of these effects of the system, and as, according to a well-established principle of law, everybody must be believed to intend the effects of his willful act, I accuse them of willing such shameful and scandalous conditions and abuses.

It is well known that Rockefeller, Helme and other great capitalists have donated large sums of money to the Anti-Saloon League. Do you believe they do that for moral reasons? They do it because the league is an auxiliary to the Republican party, the party of the trusts and big business, and I accuse the Republicans of converting a moral question into a political one and using it in support of trusts, combinations and gamblers with the wealth produced by the people.

I accuse the Republicans of trying to destroy popular government. Although the leaders of the party are opposed to the calling of an extra session of the legislature, yet, after it was called they consented to its use for the purpose of determining a question which is an issue in the present campaign. It is something which, the czar of Russia excepted, no European monarch would dare. On the contrary, the European monarchs frequently appeal to the people by dissolving parliaments and ordering new elections to ascertain the will of the people and to act according to the people's will as expressed by the result of the election. But the Republicans of Indiana are now trying to prevent an expression of the will of the people to take the settling of the temperance question out of the hands of the people and settle it as dictated by their branch organization, the Anti-Saloon League.

It is a proceeding subversive of popular government and destructive of the right of the people to settle its own affairs. Such action betrays an amazingly low standard of political honor, political honesty and political justice. Therefore, in the name of the principle of personal liberty, which we so highly cherish, in the name of civil liberty, in the name of justice and order, in the name of law and good order, in the name of honesty and decency, and in the name of true temperance, I beseech you to vote at the coming election for all the candidates of the Democrats of Indiana with the candid, sincere, honest and broad-minded Thomas R. Marshall at their head.

It is bad enough if the principal of

SOME GOOD EVIDENCE

Former Secretary Gage and Congressman Fowler on the Deposit Guarantee.

THE WALSH FAILURE CITED

Clearing House Action Like Plan Proposed by Democrats.

Guards Against Honest Bankers Suffering Runs—Modern System of Credits—Bankbook Should Be Worth Face Always.

[By John E. Lathrop.]

Lyman J. Gage, former secretary of the treasury, may be regarded as sufficiently "conservative" to obviate fears that he would be "unsafe" in his banking views. Before the house committee on banking and currency in Washington Mr. Gage discussed national finances and particularly the national bank. He sought an illustration of the idea he was expressing, which in general was in support of the guarantee plan, and like many others found it in the Walsh failure in Chicago.

After explaining how the clearing house banks took over the assets of the failed institution, guaranteed all depositors, and prevented runs on other banks, Mr. Gage said:

Mr. Gage's Statement.

"Well, they learned another lesson and they adopted another principle, principle provided for in this (the Fowler) bill. By the vote and voluntary compliance of all the members of the Clearing House association, they authorized the clearing house at any time and at stated periods to act upon its own volition and on its own account, and for the information of the clearing house committee itself to have full, complete and comprehensive investigation of each member of the association, and not only of each member, but of every institution that carries the name of bank over it that is cleared or represented in the clearing house by any clearing house bank; and I can tell you as a safe prophecy that we are at the end of disastrous failure in the city of Chicago by clearing house banks, since this regime has come in. I am told that Kansas City has the same thing, and other cities will eventually adopt it."

Representative Fowler, Republican.

Charles N. Fowler, Republican, of New Jersey, chairman of the house committee on banking and currency, appears in the Congressional Record with a house speech in support of a bill which provides for guarantee of bank deposits. He specially answered the assertion that such a guarantee would induce reckless banking, saying:

"Mr. Chairman, we are occasionally met with the statement that guarantee of deposits would lead to unsound banking. . . . Can you think of a banker, because he had insured his deposits, going into the directors' room and saying: 'Gentlemen, we have insured our deposits today. Now let us proceed to make some rotten loans?'"

"Is it not possible that it will occur to those directors that their losses must come out of their profits, out of their reserves, out of their capital, and out of their reputations? Will they not realize that they can get nothing out of the guarantee until the last dollar of their capital, surplus and profits has been wiped out, and stockholders have been assessed double the amount of their stock?"

The Bankers' Reputation.

"Until their reputations have been injured, if not ruined, and possibly some of them have been started on the road to state prison? Can anybody think that any board of directors of any bank would be so foolish as to be anxious and honest and wise after they had guaranteed deposits that they were before?"

"I assert again, after the most mature deliberation, that if there is one reason for insuring life and home, there are more than a thousand good reasons—more than ten thousand good reasons—why the depositors of the banking institutions of the United States should be insured."

Two Valuable Contributions.

These two men have offered valuable contributions to the discussion of the proposed guarantee of bank deposits. Mr. Gage has set forth the present trend of bankers towards a closer watchfulness over all institutions which accept the people's money in trust, and has indicated the exact means whereby, under a guarantee law, bankers would do as now they do—maintain an association empowered to look sharply into financial concerns which seem to be departing from sound methods.

His reference to the John R. Walsh failure in Chicago was doubtless because it was known to the country generally, having been given wide publicity and therefore most likely to attract attention as an illustration.

However, there is scarcely a locality wherein bankers in late years have not gone under toppling banks and upheld them by guaranteeing deposits wholly or in part, in order to help in the quelling of popular distrust and the undermining of confidence in all banking institutions.

No Delay for Depositors.

It is quite apparent that under guarantee of deposits there would be no alteration of conditions affecting

banks now, so far as concerns espionage maintained by one over another. The important difference, however, would be that depositors would not be subject to the annoying, often disastrous, delays in getting their money which now they experience when banks fail.

But, that fewer failures would occur surely would be one of the results of such a law. Everyone knows that many runs are precipitated on banks which are absolutely sound. Many a man, faithful, safe, conservative, conscientious in caring for the money of his depositors, has suffered runs caused by some rumor started through mail to the effect that a banker has had his heart broken by senseless runs, and has groined in spirit as he realized that gross injustice has been done as reward for earnest and able keeping of the trust reposed in him by his depositors.

The Baring Failure.

When a dozen years ago, Baring Brothers, of London, suspended, it was due to that very espionage by other bankers to which Mr. Gage refers. The Baring brothers, who were South American enterprises, in many of which were manifestly unsafe. The governors of the Bank of England, sensing the danger, refused to accept securities backed by them as basis for the issuance of bank notes under the custom of that country; that action never has been adversely criticized in any country, although it has been discussed ever since the world over.

Modern business is conducted on the basis for the issuance of bank notes the actual money passes from hand to hand.

Modern System of Credits.

You go to your bank with a bundle of checks and drafts and deposit them to your credit. Against that account thus opened, you draw checks. They pass into the world of business, are accepted at face value, and circulate virtually as does gold, silver and currency. If you pay your bills in checks, often you pass through weeks at a time when you have only a trifle of loose change in your pocket for street car fare and the small things you need from day to day costing too little to bother to draw a check.

"A check cancelled is a voucher."

has become a maxim in the business world.

Complications of the System.

This complicates business and forces all banks to associate themselves in clearing houses, and probably the public would be amazed were they to know at times how sharply the clearing house committee looks into methods employed by its members.

In the panic that began in October, funds were carried from bank to bank, taken ostentatiously through the front doors, that depositors might know that other banks believed in the soundness of the institution which had been attacked by a run, and performed almost every essential of the guarantee system.

Why?

Simply because the modern business system is so complicated and so little actual money passes current that each bank must know that the others are properly safeguarding themselves and also that they are permitting the carrying of accounts by depositors whose paper may always be depended on as worth face value.

Beneath the Surface.

So beneath the surface, one could witness a panic clearing house association examining collateral, securities and assets, and often serving notice on a given bank that the association will require some change in methods on penalty of refusal longer to clear for that bank.

Banks Out of the Association.

How about banks not in the association? Many perfectly sound banks are not directly in the clearing house. They clear through another bank which is below.