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BANK GUARANTY FALLACY.

The bank guaranty is not a new thing. The scheme which Mr. Bryan has industriously exploited came from China many years ago.

When Martin Van Buren was governor of the state of New York, Joshua Forman, a citizen of Syracuse, was the sponsor of the scheme. Forman has left the following memoranda:

"The propriety of making the banks liable for each other was suggested by the regulations of the Hong Kong merchants in Canton, China. There a number of men acting separately have grant of the government the exclusive right of trading with foreigners and are made liable for the debts of each other in case of failure."

In 1829 the scheme was suggested to Van Buren. The legislature passed a law compelling each bank to put into the hands of a treasurer an amount equal to three per cent of its capital. When the three per cent was reached the accumulations were distributed among the contributors unless the insolvency of some bank drew from the fund.

Everyone knows that this banking system did not continue. Let us see what happened. The history of the time throws an interesting light on the subject.

"The invitation which the 'blanket guaranty' offered to entrance into the banking business was not lost on the general public. The public mind was further excited by the general belief that President Jackson was about to abolish the National Bank of the United States, and that this would give further opportunities for banking. As a result a regular mania for making banks set in."

"Panama hall seriously considered

starting one 'to pay its debts,' and a big fire in New York led to a wild demand for a bank to 'make up the loss.' Four men were found printing bank notes in a New York garret and were set free by the police when they declared that they were a bank." In a short time institutions were formed with an aggregate capital of \$90,000,000, a sum all out of proportion to any real banking needs of the community of that day.

"There was also the most harmful speculation in bank stock. Under the guaranty plan these stocks were most readily marketable with the public and stock certificates were turned out in an overwhelming supply, the promoters reaping a handsome profit on the sales."

"The 'safety fund' itself went along swimmingly as long as times were prosperous, but in the hard times of 1837 the guaranty banks refused payment in body and the state was helpless. The guaranty scheme was shown to be utterly unable to cope with such a condition and the legislature was forced to pass an act authorizing suspension of payment for one year."

"It was not until 1841, however, that the real weakness of the guaranty fund was wholly exposed. In that year came the first actual failure of a safety fund bank, when the Wayne County bank of Palmyra closed its doors. The president of the institution was short in his accounts, and the associated banks were compelled to shoulder an indebtedness of \$132,000. This failure started others, and in a short time ten banks had closed their doors. It was seen at once that the guaranty was going to be inadequate, and there was general fear for the solvency of almost every bank in the state."

"Under the ruling by the state comptroller it also became more clearly apparent that the safety fund was to be used to pay all debts of the banks. This fictitious credit was at once abused by some bank officials in recklessly contracting debts for the benefit of themselves, leaving the state to pay the piper. The comptroller officially declared that the good banks had been 'great losers by the swindling operations of some of their associates,' and urged the issuance of bonds to stave off the whole system from bankruptcy. The legislature passed an act making the guaranty apply only to note circulation and the deposit guaranty system came to an unwept end. The safety fund was not formally abolished, however, until 1849."

In connection with this proposition Albert Gallatin (who was secretary of the treasury under no less a democrat than Thomas Jefferson) said:

"The annual tax of 1 per cent. imposed under the name of 'safety fund,' is unjust toward the banks which are well administered and injurious to the community at large. To make one bank responsible for the conduct of another, sometimes very distant and over which it has no control, is a premium given to neglect of duty, and to mismanagement at the expense of the banks which have performed their duty and been cautiously administered."

The Chicago Evening Post has interviewed leading bankers of that town and they tell the same story:

"I cannot see how it could be considered fair to compel one man to guarantee another man's business,"—William A. Tilden, president of the Ft. Dearborn National Bank.

"Any man who cared to open a bank would receive the same guaranty as would the banker who had worked years in building up his institution,"—D. R. Forgan, President National City Bank.

"It would give the careless or negligent bank president the same guaranty as would be extended to the more scrupulous financier. Thus an incentive would be held out to irresponsible persons to enter the banking business,"—F. L. Wagner, President of the National Produce Bank.

"I should think it very unfair if my stockholders should be subjected to a tax to pay the losses of banks in the management of which they have no voice,"—E. S. Lacey, President of the Bankers' National Bank.

"Under a system of federal guaranty the rewards of conservative banking and the restraints and recklessness would be removed,"—G. E. Roberts, President of the Commercial National Bank.

"The personnel and responsibility of the individual banks would deteriorate until their mutual guarantee would not be worth much,"—E. D. Hulbert, President of the Merchants Loan and Trust Company.

But what need to go farther. The unanimity of opinion in 1908 and of Albert Gallatin in 1841, tell a story which should be convincing.

Bryan has been using this argument among the farmers of the West. What would the farmer say if they were taxed to guarantee the debt of other farmers over whose farms they had no control? Is that fair? Still there are more farmers than bankers.

The Charlotte Observer (N. C.) regrets one Bryan dollar raised there.

LABOR AND PROGRESS.

No force in the history of the country has such a future for genuine good as has organized labor. From weak and misguided and unintelligent efforts the labor unions have arisen to powerful and intelligent vehicles for the public good.

Those who have traced the history of the labor unions from their early beginnings in the fifteenth century as craft guilds; those who have studied the forces which led to the dissolution and discontinuance of these same craft guilds. And those who have followed the rise of the "trades union" in 1830 to the present time have come to one conclusion. Briefly the conclusion is that all efforts of the union must be intelligent and in perfect fairness. The elements of downfall in the past have been entirely along those lines.

The future of the organizations of labor are indeed bright and splendid if the brilliant record be maintained which has already been set. But it must be remembered that the solid contributions to the welfare of the country and the cause of labor have been constructive rather than destructive, they have been peaceable rather than violent and educated rather than prejudiced. All work (and there is much yet to be done) must be accomplished along these lines. It is greatly to the credit of organized labor that in these latter years the majority of the members have acted upon these principles and as long as they continue to do so they will have the confidence, the respect and the sympathy of the people.

The demands of labor for the abolition of child labor, the fair share of profit, the liability of employers in dangerous pursuits and the shortening of the working day must of necessity come to a conclusion which is satisfactory to labor. Much has been done already—the questions must be dealt with quietly and intelligently until the object is attained.

It was only a few months ago that that most conservative and time honored institution, the English church startled all England in its declaration that "the church had not only taken up the cause of labor but was responsible for the condition of laboring men. Moreover the time must come when each man must have a share in the dividend of the occupation in which he is engaged." Coming as it does from this source it should be an indication of which way the straws are blowing. Co-operation when conducted on sensible principles has been successful and a paying investment. We can not now see the time, nor the means. But the means will be at hand at the proper time and the arrangement filled with extreme justice.

The labor unions have happily come to see that labor and capital have in the main the same interests any antagonism of labor by capital or of capital by labor is not beneficial to the common weal. The arbitration of labor disputes which are bound to arise is a most hopeful sign. The strike although it has its just uses is an economic waste. With the introduction of education into unionism things have gone for the better.

An authority on economic history says: "So in the history of trade unionism as men learned to read and think, although the objects which they stood for were the same as in the past—the spirit was more clear; hence the power brought to bear was stronger and compelled the government to consider them as a source of power not to be disregarded."

Such must more and more be the case in the future. With an intelligent grasp of the situation the union will be more powerful—not powerful in a selfish way but powerful for the good, for the right and for the betterment of all.

Long ago a trade journal gave the same good advice: "get knowledge, and in getting knowledge you get power. Let us earnestly advise you to educate, get intelligence instead of alcohol—it is sweeter and more lasting." That trade unions have acted on this is a matter of common knowledge. Their future seems brilliant and certain of success.

Clear thinking and education will bring the trade union into a realm of power and respect which can be as far ahead of what today seems greatness and splendid achievement.

THE FLEET AND DIPLOMACY.

The American fleet has sailed away from Melbourne amid cheering and the salutes of guns. London papers and the Australian and New Zealand papers are full of it and they show evident good will toward the United States and unbounded admiration for the performance of the fleet.

The London Spectator especially shows a disposition to regard the purely nautical feat as nothing short of marvelous and says:

"The prompt arrival of the United States fleet at Auckland, in accordance with its program must have convinced all onlookers if the fact had not already dawned on them that the rumors of grave defects in the ships when they started on their long journey were quite unfounded."

One of the outgrowths of the fleet

has been the rise of anti-orientalist talk. The colonies in the South Pacific are in much the same position as our western states in their position on oriental immigration.

"The popular rejoicings of which we have spoken are primarily and sincerely a demonstration of friendship for the United States. They are also in the back ground, a demonstration against Oriental immigration into White Men's land," so speaks the London Chronicle.

It will be amusing when the fleet finally reaches its destination, Japan, to read the profuse protestations of amity and friendship of cordial good fellowship etc., which will of course emanate from the Nipponese press. How friendly everything will be.

Truly, this cordial entente and most favored nation business is past all understanding. Diplomacy, how many lies and dissembled faces are due to your influence.

A LITTLE SUNSHINE.

No greater blessing than the very hospital itself is the movement which is being made throughout the land for reading matter in our hospitals and other charitable organizations.

Under the spell of an interesting tale the sodden sullen care disappears cruel pain is for a moment or two forgotten. Doctors have recognized the fact that in the case of convalescents the thing is to get the mind of the patient off himself—to stop the morbid self examination, the wild but futile impatience. How much more beneficent then to give to the incurable something to take his mind off the thing which is eating him away by inches and minutes.

Everybody has somewhere or other a lot of old magazines and books—books which are many times in the way there is no more fitting way to dispose of them than by sending to some institution where they will gladden the heart of the suffering.

If we accept the factional fights—the campaign this year is pretty dull. A good story is going the rounds which is indicative of popular opinion on the subject.

"What do you think of Taft?" asks a man of a Swede newly come to the United States.
"O I tank Taft yust all right."
"What do you think of Bryan?"
"O I tank Bryan yust all right."
"Well, then which do you think has the best show?"
"O I tank Barnum she have the best show."

NEWS INTEREST AT WASHINGTON

Gubernatorial Contest in New York Being Watched With Care.

NAVY DEPARTMENT MIXED.

SOMEWHAT INDIGNANT AS DISCRIMINATION AGAINST SAILORS IS FATAL—PLANS TO DIVIDE FOREST SERVICE.

Washington, Sept. 5.—Interest here in the New York gubernatorial situation is so intense that politicians even are in danger of forgetting that a presidential campaign is on the boards. The fact that Taft and Bryan are running for the first office in the land is hardly mentioned except as it may be affected by the situation in New York.

Sentiment can no better be described than to say that democrats are joyful and republicans apprehensive. Republican rejoicing over the results in Vermont was dimmed by the fear that the factions in New York may get so far apart that they cannot be brought together by November. It would be presumptuous for any one in Washington to say whether it would be better politics to renominate Gov. Hughes or to place another at the head of the republican ticket, but there can be no disputing that the conflict is highly deplorable from the standpoint of national republican politics. While republican differences in other states are being composed, there is increasing bitterness between republican factions in the most important state in the union.

There is a disposition in some quarters to blame President Roosevelt for the present situation. Maybe this is because the president's shoulders are broad and he can carry the blame without seriously disturbing his equilibrium. The assertion is made, however, that had Mr. Roosevelt spoken a month, or even two weeks ago there would have been no opposition to Hughes worthy of the name. He kept silent, it is asserted, until the anti-Hughes leaders had perfected their plans for displacing the governor and at this late day the leaders refuse to abandon their plans. This is probably true so far as it goes, but it doesn't do justice to the president's position.

The anti-Hughes leaders urged Mr. Roosevelt to keep hands off, assuring him that the cause of harmony would best be served by allowing New York republicans to settle the governorship matter without his interference.

Some of the men who thus urged the president had been Mr. Roosevelt's warm friends and staunch supporters, and they could not turn a deaf ear to their arguments. He agreed to say

BECOME A CONTESTANT in the Great Want Ad. Contest of the Palladium and Sun-Telegram.

Now is a splendid opportunity to enter the Palladium and Sun-Telegram's great classified ad contest. The advertising public of Richmond is just beginning to take great interest in this unique contest and the boy or girl entering this contest now has a fine opportunity to win a handsome prize, which will be given in each district in which a contest is carried on. Every boy or girl should have the ambition to win out in this contest, not merely for the handsome prize, but for the feeling of success which will accompany it. The boy or girl who has the ambition to win, no matter what the undertaking, experiences a feeling of success early in life, and as they grow older, it becomes a part of them to succeed in anything they undertake. Let today be the turning point of each contestant. Let each determine to win in their respective district, so that at the end of the contest they can proudly say, "I have the ambition to win and the determination to carry out my ambition and this is just the beginning of my successes which will be numerous in years to come."

This contest is not necessarily a small child's contest. Any boy or girl in school, in high school, or even in college, can participate. The older the contestant is, the greater their chances for success. The art of "want ad" soliciting is a business to which many men devote years of study and naturally the contestant experiences some set-backs. The way to win out in anything you undertake is to remember and act upon the old maxim, "if at first you don't succeed, try, try again," and it is just such boys and girls as this who are rewarded with success, not only in their first undertaking, but in their after life of business, so let us all make a new start today with the determination not only to be the successful one in this contest, but to make a success in every undertaking in life.

Bring an advertisement to our office today or tomorrow and let us enter your name in this contest. You will be entitled to two hundred votes for the first advertisement brought to our office. If you are already a contestant, start afresh today, bring at least one advertisement to our office and let us talk with you and give you information which will be helpful to you in your work.

Below is a list of the contestants showing the standing in each district today. You will notice that there is still a great opportunity for anyone of the contestants, or for any one entering the contest now, to win a handsome prize and to experience the feeling of success. Work for your success.

DISTRICT NO. 1.

William Hilling, 1123 Sheridan220
Grace Rae Davis, 907 Sheridan.....200

DISTRICT NO. 2.

Floyd Flood, 137 Richmond Ave.....210

DISTRICT NO. 3.

May Weiss, 129 South 6th320
Howard Siekman, 316 S. 6th310
Bessie Smith, 17 S. 5th210
Ida Corcoran, 17 South 4th200
Elizabeth McElhany, 427 Main.....

DISTRICT NO. 4.

Russell Parker, 207 South 11th200
Henry Schneider, 226 South 9th.....200
Lee Genn, 120 South 10th.....200

DISTRICT NO. 5.

Russell Stout, 217 S. 13th.....200

DISTRICT NO. 7.

Doris Shesler, 24 North 6th820
Rose Mercurio, 19 North 6th370
Leslie Sinex, 200 North 5th.....200
Charles Morgan, 311 North 5th.....200

DISTRICT NO. 8.

Ernest McKay, 1028 Main490

DISTRICT NO. 9.

Eugene Hay, 402 N. 16th210
Clarence Love, 229 North 18th.....210
Russel Guyer, 1514 1/2 Main200
Carl Sieweke, 1413 North B.....200
Geo. Pettibone, 409 North 16th.....200
Paul Brown, 402 N. 17th

DISTRICT NO. 10.

Lida Hopping, 1322 North F530
Ruth Davis, 818 North H220
Frank Cummins, 800 North 12th.....200
Willie Moss, 820 North H St.....
Daniel Van Etten, 1108 N. 1 street.....
Bryan Cooper, 916 N. 12th.....
William Stephen, 900 N. 12th.....

BELGIUM GROWS WEED.

Tobacco Cultivation is on the increase.

Brussels, Sept. 5.—Belgium has under cultivation over 5,000 acres of tobacco. Formerly most of the tobacco used for manufacturing purposes came from the United States, but these imports are being greatly reduced, because of the higher prices of the American tobacco.

DECREASE IS SHOWN.

Berlin, Sept. 5.—Germany's annual emigration has decreased from 210,547 to 31,000 within a quarter of a century, while the emigration from Austria-Hungary has increased from 74,000 in 1890 to 262,833 in 1907.

The Value of Good Digestion

Is easy to figure if you know what your stomach is worth. Kodol keeps the stomach at par value, by insuring good digestion. Kodol cures Dyspepsia.

Kodol insures good digestion by absolutely duplicating Nature's normal process, in perfectly digesting all food taken into the stomach.

While Kodol is doing this, the stomach is resting—and becoming strong and healthy. A strong and healthy stomach guarantees a sound and active brain.

The man with a sound stomach—a stomach that is doing for the body just what Nature intended it to do—is the man who is always prepared for any emergency. He is "there with the goods."

The man with a sick stomach, a man sick all over. When the stomach is irritated by indigestible food, the blood and heart are directly affected. Then dizziness, unsteady gait, sick-headaches, vertigo and fainting spells, and even serious brain trouble develop. Spurring the stomach and brain

to special effort by "tonics" and "stimulants" doesn't cure anything, or accomplish any good. Neither does dieting. Indigestion and the serious ailments which it induces can be averted and corrected only by natural means.

Kodol supplies this natural means. It performs the stomach's work for it—just as the stomach should perform it—while the stomach takes a little rest, "for the stomach's sake."

Our Guarantee

Go to your druggist today and get a dollar bottle. Then after you have used the entire contents of the bottle you can honestly say that it has not done you any good, return the bottle to the druggist and he will refund your money without question or delay. We will then pay the druggist for the bottle. Don't hesitate, all druggists know that our guarantee is good. This offer applies to the large bottle only and to but one in a family. The large bottle contains 2 1/2 times as much as the fifty cent bottle.

Kodol is prepared at the laboratories of E. C. DeWitt & Co., Chicago.

SHOP AT ROMEY'S COR. 9th and MAIN STREETS. FURNITURE BEDDING PICTURES