

**GUARANTEE OF BANK DEPOSITS**

Figures presented by Comptroller Murray, as summarized by the secretary of the federal treasury, develop the interesting fact that the national banking system has suffered serious losses in membership in three states where laws are in full operation guaranteeing deposits in the state banks. Of 120 national banks which were placed in voluntary liquidation during the past year, 44 were in the deposit guaranty states of Kansas, Texas and Oklahoma. Of the nine banks which liquidated in the state of Kansas, six were succeeded by state institutions; in Texas, out of sixteen liquidations, eight banks were succeeded by state institutions; and in Oklahoma, out of nineteen banks which liquidated, thirteen were succeeded by state banks.

This showing causes the Wall Street Journal to thus comment:

"When it is considered how clumsy and unscientific are some of the details of the state guaranty laws, and how effective has been the supervision exercised over national banks in recent years, it is rather surprising that the tendencies of the state guaranty laws seem to have been so influential in attracting deposits and business to the state banks and militating against the business of the national banks. During the past year only three national banks actually failed, with aggregate capital of \$250,000 and aggregate liabilities, exclusive of circulation, of \$1,166,019. The latter amount represents little more than one-fiftieth of one per cent of the individual deposits of all national banks and only a trifle more than one-hundredth of one per cent of total liabilities. In other words, if the national banks had been assessed for a sum sufficient to meet the entire liabilities of the three failed banks, without a cent realized from their assets, the contribution of a bank with assets of \$1,000,000 would have been a little more than \$100.

"There is some reason, from inspection of the record of failures and liquidations during the history of the national banking system, to conclude that the tendency towards losses has been steadily minimized in recent years, independent to some extent of financial conditions. The figures for the forty-five years ending with 1909 show that the total collections from the assets of insolvent national banks exceeded the amount of claims proved. The claims proved were \$179,280,953 and the collections from all sources were \$187,945,871."

The Journal parsimoniously admits, however, that "not all of the collections went in dividends to depositors, because certain loans and the expenses of liquidation had to be paid." Many persons, who were depositors in failed national banks know to their sorrow how true that statement is, and their losses have brought them an understanding as to why bank receiverships are so eagerly sought by thrifty individuals. Oklahoma has had its experience in this connection.

Nevertheless, it is very interesting to find the Wall Street Journal admitting, although grudgingly and somewhat indirectly, that the principle which Mr. Bryan caused the democratic party to indorse is a good one. Depositors in failed banks operating under the guarantee of deposits plan have invariably been returned the money they had on deposit, dollar for dollar, and that is a fact which cannot be evaded. It is also the important fact in connection with the plan as viewed by depositors.

It may be admitted that some of the details of the guaranty plan are "clumsy and unscientific," for many laws have been enacted which, although correct as to general principles, have been somewhat defective

in some of their detail. It has not been claimed that the guaranty plan, so far as developed, is perfect in detail, but its main features, as operative in Oklahoma, at least, are right. They really protect the depositors, which is the reason, as the Journal remarks, "for the flight of depositors to the state banks where the guaranty law prevails, because they believe that they can get their deposits back without regard to the quality of the management of the bank."

While the Journal contends that the method of the state guaranty laws is subject to grave criticism and has not been genuinely tested, it nevertheless suggests that, "if the national banks could co-operate in some way to protect depositors by a system which puts a premium upon sound, instead of unsound banking, the great prestige of the national system ought to enable them to hold their ground easily against the state banks."

Bank depositors in general will not dissent from that opinion; nor will the democratic party; nor will Mr. Bryan. It is the very thing the people want, and which Mr. Bryan suggested, and for which the democratic party pleaded. A bank deposit guaranty plan under any other name should operate just as beneficently.—Oklahoma City Oklahoman.

**AGAINST FORTIFYING CANAL**

The American Peace Society, with headquarters at 31 Beacon Street, Boston, is opposing fortification of the canal, for the following reasons:

Neutralization means mutual agreement among nations that a specified region shall be always neutral in a war between other states and that its own immunity from attack or from warlike action of belligerents be guaranteed.

1. Because the canal would be safer in wartime without fortification. According to the agreement signed by The Hague conference in 1907, unfortified coast places cannot be bombarded.

2. Because the original intention of our government, as distinctly expressed in 1900, and previously, was to prohibit fortifications on the canal. Though this prohibition was omitted in the finally revised Hay-Pauncefote treaty, signed in 1902, this in no wise implies that we ought to fortify it, nor was its construction proposed as primarily a military undertaking.

3. Because, though the Suez canal was built with English money, England agreed to its neutralization. The Straits of Magellan are also neutralized and the Interparliamentary Union, in 1910, declared in favor of the neutralization of all interoceanic waterways.

4. Because the United States in all its history has never been attacked and began every foreign war it ever had and is too important a customer for any great nation at this late day to wantonly attack. Though an enemy might in stress of war be tempted to break its pledge with us, no nation would dare break its neutralization pledge with the combined powers, as the penalty of non-intercourse, which could be included in the general treaty, would involve commercial ruin.

5. Because, with the experience of nearly a century's peace with England, ensured by our undefended Canadian border line, until we have asked for complete arbitration treaties with all possible future enemies and have been refused, we should be insincere in increasing our war measures. This is especially true in view of the facts that, since 1902, the nations have signed one hundred arbitration treaties and President Taft has made the impressive declaration that he sees no reason why

any question whatever should not be arbitrated; that the second Hague conference in various ways diminished the likelihood of war; that not only the prize court but the court of arbitral justice is practically assured; and that in the summer of 1910, congress unanimously passed a resolution asking the president to appoint a commission of five to consider the utilization of existing agencies to limit the armaments of the world by mutual agreement of the nations and to constitute the world navies "an international force for the preservation of universal peace and to consider other means to diminish expenditures for military purposes."

6. Because, in the words of Hon. David J. Foster, chairman of the committee of foreign affairs in the house of representatives: "The initial expense of the necessary fortifications would not be less than \$25,000,000; in all probability it would not be less than \$50,000,000. The annual expense of maintaining such fortifications 2,000 miles from home would probably amount to \$5,000,000. \* \* With all the fortifications possible, it is still apparent that in order that the canal might be of military advantage to the United States in time of war a guard of battleships at each of its entrances would be an absolute necessity. It is equally apparent that with such a guard the fortifications would be unnecessary, if not entirely useless. \* \* We are bound by solemn treaty obligations to see to it that the canal shall be and remain forever open to British ships in time of war as well as in time of peace, and while it is probably true that no other nation could claim any advantage by virtue of this treaty, it is also true that we have thereby placed ourselves under moral obligation to maintain an open canal for the ships of all nations at all times, in war as well as in peace."

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