scarcely had this quaint tale been lost in the avalanche of the next day's "news" than there came from the heart of the South sea another yarn even more delightful. Charles Morrison, blowing into New York from the Spanish Main, unfolded something new. With a party of companions, treasure seekers in the Carribbean, he was wrecked on a small island, where they remained for a year in great distress; but their misery was abated at last when a ship, wrecked upon their coast, was found to contain a cargo of champagne, upon which the once disconsolate sailors made merry for three months, during which time no near-sighted mariner could have told their isle of champagne from the Gay White Way. It is a story that will instantly recall "The Ebb Tide," that famous South Sea classic of Stevenson's. But that was fiction, while the truth, as adorned by the ship news reporters of New York, is stranger than fiction.

THE first "dark horse" is described in the Springfield (Mass.) Republican in this way: The political term, "dark horse," is believed to have had its origin in the following circumstances: In the last century there lived in Tennessee a "character" named Flynn, an elderly person, who dealt in horses. Flynn generally contrived to own a speedy nag or two for racing purposes if he could arrange for "a good thing" during his peregrinations throughout the state. The best of Flynn's fliers was a coal black stallion named Dusky Pete, almost a thoroughbred and able to go in the best of company. One day Flynn visited a town where a race meeting was in progress. He entered Pete. The people knowing nothing of the horse's antecedents, and not being over-impressed by his appearance, backed the local favorite heavily against the stranger. Just as the horses were being saddled for the race a certain Judge McMinamee, who was the "oracle" of that part of the state, arrived on the course and was made one of the race judges. As he took his place on the stand he was told of the folly of the owner of the strange entry. Running his eye over the track the judge instantly recognized Pete. "Gentlemen," said McMinamee, "there's a dark horse in this race, as you'll soon find out." He was right. Pete, "the dark horse," lay back until the three-quarter pole was reached, when he went to the front with a rush and won the race.

WHO WILL BE THE NEXT?

Mr. Edward D. Mack, San Antonio, Texas: Enclosed find 50c postoffice money order for which please send The Commoner six months to the subscriber, whose name and address I hand you herewith. I want to be No. 1 of one hundred thousand democrats who will, every thirty days, pay The Commoner for a six month's subscription, the paper to be sent to a new subscriber who they feel will derive pleasure and profit from the weekly visits of the paper and will become a permanent subscriber. In this way a steady, permanent growth will be established which would be most effective in holding the advantage gained in the late election. The reactionary or trust element will attempt to dominate the party and will spare neither time, pains, nor expense to get control. This effort upon their part must be systematically and thoroughly opposed. Right now is the beginning of a new era in the affairs of state and nation; the great mass of voters must be interested and instructed and brought into sympathy with the honest purpose of our party to bring about governmental reforms which are necessary to insure the happiness and prosperity of the people of our country. Stupidity, ignorance, indifference and dishonesty are the blinding curses that have resulted in obstructing national progress. Unjust laws that result in heaping together, into the lap of the privileged few, the earnings of the great mass of humanity should be repealed and special privilege abolished. This can only be accomplished by a persistent and insistent campaign of education. Who will be the first, and how many will join me in extending the usefulness and influence of The Commoner in this great nation-wide educational campaign?

Earnings of the Big Banks

A writer in the New York World presents the following interesting article: In view of the Pujo committee's investigation of the money trust, the circular issued recently by the National City bank, in which J. Pierpont Morgan is a director, is of pecular interest. These circulars are usually prepared by President Frank A. Vanderlip and are issued monthly. The circular is devoted largely to a review of the money situation in New York during the last three months.

"The last quarter of the year 1912," says the circular, "proved to be a period of good earnings for banks all over the country. The movement of a big crop and the great activity in trade have caused heavy demands for bank credits and at the same time there were drawn down the reserves belonging to other banks, producing the tightest money situation experienced here in several years. Our exports have been heavy and under ordinary conditions gold might have been imported to relieve the situation, but financial conditions in Europe, complicated by war's alarms, have been even more delicate than here, and when the question of gold importation was approached earnest representations were made to New York bankers against such action.

"With our enormous crop to market, this country was directly interested in having no industrial disturbance caused by the loss of gold abroad that would check the outward movement of our products, and consequently the wishes of foreign bankers were respected. It goes without saying that in the absence of relief by importations of gold money has been at times uncomfortably close in New York and that this period of sustained high rates has been prolonged by the congestion of cotton at ports and by the slow movement of other crops. This discomfort, however, has in a measure been offset by more satisfactory bank earnings.

"During December the official bank rate in Paris has been 4 per cent, in London 5 per cent, in Berlin 6 per cent, in Vienna 6 per cent. German banking houses of the best repute have been bidding as high as 7½ per cent in New York for loans over the year.

"The banks of the United States have taken care of their customers at moderate rates, commonly in the larger centers at 6 per cent. In New York call loans upon stock exchange collateral have ranged from 3 to 20 per cent, but the number of transactions above 7 per cent has been comparatively few."

The circular then goes into an analysis of the earnings and net profits of the twenty-four leading national banks of New York city for the five years from 1906 to 1910, inclusive. In that time the National City bank had an average invested capital of $50,332,340 and average net deposits of $166,009,400. The average annual earning upon capital, surplus, undivided profits and net deposits was 2.37 per cent, the bank having made no loans at a higher rate than 6 per cent. After deducting 5 per cent per annum upon its working capital the actual returns on its net deposits were 1.58 per cent, but the bank earned 10.2 per cent on an average on its own working capital.

The average net earnings of all the national banks of the United States for the same five years, calculated upon capital and surplus, approximates 9.8 per cent.

Continuing, the circular gives what was generally considered in Wall street as a defense of the banks to offset the evidence before the Pujo committee:

"There are several ways of figuring bank profits. One is to base the calculations upon the total working capital belonging to the bank, which of course includes the capital represented by stock, together with that carried in surplus and undivided profits. Another is to base them upon all of the funds handled by the bank, which includes (with the foregoing) the net deposits. Still another is first to deduct from the earnings an ordinary and fair interest return upon the bank's own working capital and then to compute the remainder as a percentage of profit upon the net deposits. Evidently the amount of deposits which a bank handles and for which it is responsible must be considered in making any proper calculation of profits, for unless a bank can make a reasonable profit upon these funds the shareholders had better put the banks into liquidation and lend their own capital without the risks and expenses attendant upon banking.

"The factors entering into the calculation are given herewith:

AVERAGE PER BANK, TWENTY-FOUR BANKS, FIVE YEARS

Capital	$4,459,167
Surplus and undivided profits	5,450,040
Total working capital	9,909,207
Net deposits	36,936,151
Net annual earnings	936,301

"Computing the profits upon the average of all the capital in the hands of the banks, treating capital and deposits alike, we have the following:

AVERAGE PER BANK, TWENTY-FOUR BANKS, FIVE YEARS

Capital, surplus, undivided profits and net deposits	$46,845,358
Net annual earnings	936,301
Percentage	2.00

"That is to say, these banks, from all sources of income, netted 2 per cent per annum upon the capital in their hands for employment. The average grand total in their hands was $1,124,288,592. To make their earnings they were obliged to turn over their entire volume of loans repeatedly within each year, always of course with the risk of loss. Moreover, the volume of deposits was turned over scores of times during each year. No figures for these particular banks are available, but they are among the most active in the New York clearing house, and the total New York clearings during the year 1912 was sixty-seven times the deposits of all the clearing house banks and nonmember clearing banks. In other words, while the New York banks were employing these deposits in loans to the public, the deposits were also being utilized at the rate of more than sixty-seven times their total volume in a year in effecting the payments of the country, which for convenience were cleared through New York.

"A better way to compute profits, it would seem, is first to deduct a fair interest on the bank's own working capital, and then to treat the remainder as compensation for banking services. Interest at 5 per cent upon the average capital belonging to these twenty-four banks amounts to $495,460, and deducting this from $936,301 leaves $440,841 and makes the calculation stand thus:

AVERAGE PER BANK, TWENTY-FOUR BANKS, FIVE YEARS

Net deposits	$36,936,151
Net annual earnings exclusive of interest on working capital	440,841
Percentage of profits on net deposits	1.19

"This is perhaps the most accurate and scientific calculation that can be made of the net returns derived from all banking services, from the point of view of bank shareholders.

"The simplest and most common method of calculating profits is by basing them all upon the total of the bank's own capital, which in this case gives the following results:

AVERAGE PER BANK, TWENTY-FOUR BANKS, FIVE YEARS

Capital	$4,459,167
Surplus and undivided profits	5,450,040
Total working capital	9,909,207
Net annual earnings	936,301
Percentage	9.45

"It deserves to be considered in regard to this showing that nearly all of these banks are long established institutions. Only one is less than twenty years old, only two less than thirty years old, four of them are over one hundred years old, while the average age of the entire list at the close of the period under review is above sixty years. They are among the leading and best known banking institutions of the country's chief commercial city; they have participated, like other long established business houses, in the wonderful growth of the whole country, and in the course of years they have gained a valuable clientage. In every line of trade and industry and in every profession there is recognized value in the 'good will' of a long established and worthily conducted business. It is a factor in earnings and profits everywhere and may be assumed to count for something in the case of these New York banks.

"The figures show that over and above 5 per cent upon their own capital they are able to net about 1 1-5 per cent per annum upon the deposits intrusted to them. This calculation of course includes the profits upon the large volume of deposits upon which the banks pay no interest. These profits are not excessive nor exorbitant."