

GOVERNMENT GUARANTEE OF DEPOSITS

Charles N. Crewdson, author of *Tales of the Road*, has this to say about the Bryan plan to have the United States government guarantee payment of deposits in national banks:

The Great Power lets the sun shine; it lets the rain fall; it sprouts the seed planted in the earth. Man wants to work. A few financiers are now saying, man must stop work and that the sun must shine and the rains must fall upon many unplowed fields, that when the grain be harvested the people shall have no money for their crops, and that many men who want to work must stop work and that every business man and nearly all bankers themselves must suffer.

Mr. Bryan can stand pat on imperialism, tariff and the trusts, but the present livest question before the American people and the question of more importance to them than any other question in our nation's history is: How shall the government provide money for the people?

The plan Mr. Bryan suggested seems to me—a business man—a sane, definite solution of this question.

Mr. Bryan's plan as I understand it is this: First—The United States government shall guarantee that every man who puts his money in a national bank can go to that bank and get his money when he wants to.

Second—That not the stockholders, but the depositors shall, upon demand, have the return of their money guaranteed by the government.

Third—That the government shall lightly tax the national banks to pay losses brought about by national bank failures.

Fourth—That this tax charge, which would doubtless be less than one-tenth of one per cent per annum of their average deposits, should be used for two purposes: First, to pay for thorough examination of the national banks, so that the losses to the government and to sound banks would be as little as possible; and second, in case of a national bank failure to at once pay the depositors in that bank, their money in full.

Fifth—To punish severely bank examiners and bankers themselves, who might be dishonest.

BENEFITS

This would benefit:

First—All people, because it would give them a safe place to put their money; because it would keep all money in circulation; because, the people having safe banks in which to put their money, would not lock it up or bury it in the ground.

Second—This would benefit all business men in all kinds of business because, when they were doing a sound business and had legitimate assets, they could at all times borrow a reasonable amount from the banks. This plan would give stability to business and prevent either rapid increase or decrease in prices.

Third—This plan would benefit the manufacturer, because the wholesale merchants, feeling that their orders would not be cut off, would not cut their orders at the factories.

Fourth—It would be a good thing for the wholesale merchants, like Claffin & Co., of New York, or Marshall Field & Co., of Chicago, or the Simmons Hardware Co., or the Hamilton-Brown Shoe Co., of St. Louis, or any wholesale dealer in any city, because the retail merchant could borrow reasonable amounts from their local banks, would not be scared to death about having to pay the money back on short demand and would not cut off their orders.

Fifth—It would benefit traveling men, who work for manufacturers and wholesale merchants, because their sales would not be cut off, but would keep right on. Tens of thousands of traveling men, right now, are having their 1907 income cut down one-third or more, because their sales are cut off. If you do not believe it, ask any traveling man you meet.

Sixth—This plan would be a good thing for the retail merchant, because manufacturers and wholesale merchants would not be so tight on their credits. Next, they could, with less danger, borrow reasonable amounts from the banks; next, their business would be bigger because people who farm would get stable prices for what they raise, and men who earn wages would

have jobs. It would benefit the clerks who work in retail stores, because they would not have their salaries cut down and not be thrown out of their jobs.

Seventh—This plan would be a good thing for real estate owners, because real estate values would not take sudden drops, and because the money they owed to banks would not be suddenly called in.

Eighth—This plan would be a good thing for builders, for the same reason it would be a good thing for owners of real estate.

Ninth—This plan would be a good thing for farmers, because there would be plenty of money, that would safely circulate, to move their crops. It would also be good for the farmer, because the prices of his crops would keep more or less even, instead of falling down all at once because money got tight.

Tenth—This plan would be a good thing for people who work for wages, because they could always have jobs.

Eleventh—This plan would be a good thing for bankers themselves. First, because if the people who had their money in the banks knew that the government guaranteed that they could get it whenever they wanted it, they would not want it, and there would be no runs on banks. The banks could do a safer business. Second, the banks could loan a greater percentage of their deposits, because they would not be scared all the time, because they were afraid of a run. Third, the amount of business that the banks would get from the greater percentage of deposits they could loan, would, many times over, pay the amount the government would tax them for the purpose of guaranteeing deposits and for establishing a system of thorough bank examination.

Twelfth—This plan would not be a good thing for stock gamblers, because if the government were guaranteeing depositors they would see to it that no money was loaned on stocks with too much water in them. But this plan would not be a bad thing for the man who wished to buy stocks for a legitimate investment.

Thirteenth—This plan would not be a good thing for over-capitalized trusts, because they could not borrow more than they ought to have, and because no one bank should be allowed to loan more than a reasonable percentage of their capital stock, which amount they could lose and still be sound.

Fourteenth—This plan would be a good thing for every legitimate business, for all of these above reasons and it would prevent any panic that might otherwise arise, because the country would not be subjected to the will of a few financiers who, under the present banking system can cause a panic any time they want it, by refusing to give to their depositors their money, upon demand.

STATE BANKS

Mr. Bryan's solution of the state bank problem is an easy one. The states would have to guarantee the depositors in state banks, just the same as the government would guarantee depositors in national banks, otherwise the people would put their money in national banks instead of state banks, and furthermore, the state banks could share in the national guaranty by putting themselves on equal footing with national banks.

This plan would not prevent any private individuals from loaning their money to anybody they wanted to, at whatever hazard they wished to risk. Stock gamblers could get their money from private people if the private people would let them have it, but they could not get the people's money, deposited in banks and gamble with "that." Buyers of stocks, however, could borrow money on legitimate stock investments, just the same as a merchant could borrow money on his merchandise or a farmer could borrow money on his farm.

POSTAL BANKS

This plan is better than our having postal savings banks, because the people and business men would have greater use of the volume of money if it were in banks where private individuals who owned the national banks could loan money on legitimate enterprises.

The postal banks would have to deposit their money in other banks and then we would have all the dangers that we now have, and while the postal bank plan would be some im-

provement upon our present plan it would not be as good as the plan of the government's guaranteeing all depositors in national banks against loss.

EMERGENCY ASSET CURRENCY

This kind of money would mean simply this: that the banks could issue money upon their assets, buy more assets with this money and issue more money and, on a given amount of capital make their liabilities so great that when the top-heavy top quit spinning it would fall over and smash to pieces.

There is just as much money in the country as there was six months ago and yet all business is tied up and scarcely a man in America is not suffering a loss right now; and everybody under our present banking system will keep on being in danger of having a panic come any time that a few financiers may say so.

I believe Mr. Bryan's plan to be a sane, easy, quick solution of the present money problem and I believe, as a business man, that if his plan is put to work it will be kept at work and that America will never again feel another panic.

CHARLES N. CREWDSON.

Paragraphic Punches

The Hague conference having adjourned, Mr. Taft is left alone in the pacification business.—Milwaukee Sentinel.

"We must walk in the light," says Brother Rockefeller. All right, but don't raise the price of it!—Atlanta Constitution.

They are putting \$12,000,000 of safety appliances along the Harriman roads. And at the moment a few on Harriman.—New York World.

Mr. Roosevelt is going strong on honesty these days, but he continues to dodge the question about that campaign fund.—Florida Times-Union.

Perhaps it is true that all of John D. Rockefeller's jokes are old. Like his money, they are merely appropriated.—Louisville Courier-Journal.

If the price of paper continues in its present direction, it won't be long before even paper railroads are worth somewhere near what they ask for 'em.—Ohio State Journal.

It was all right for Mr. Roosevelt to turn on the light. The trouble was that in doing so he fell against the burglar alarm and woke up the baby.—Richmond Times-Dispatch.

A man in Wisconsin was shot in mistake by a neighbor who took him for a rabbit. Evidently, nature study is too much neglected in the schools of that state.—Baltimore American.

The tariff on lumber gives the treasury little revenue, but it puts a tax on every man who builds a home, and authorizes lumber men to pocket it themselves.—Los Angeles Express.

The plaint of foreign markets is that American merchants do not pack goods rightly. They ought to see how some of our distinguished citizens pack whole conventions and ship them through.—Detroit News.

The man who will stand in line all night to draw his money out of a solvent bank may show determination and endurance, but they are so unprofitably directed as to be worse than wasted.—New York Tribune.

If somebody tapped Stuyvesant Fish's telephone, as alleged, high finance has more in common with porch-climbing than had been believed.—Philadelphia Public Ledger.

Mark Twain confesses that he lost \$17,000 by being "let in on the ground floor of a good thing" by kind friends. He ought not to complain. How many literary men would have \$20,000 to lose.—Chicago Record-Herald.