however, should have power to make a larger assessment in case of an emergency, and here it may be well to depart from the Oklahoma law. Under the Oklahoma law the banking board can assess WITHOUT LIMIT to pay depositors of failed banks. While there is no liklihood that it would ever be necessary to exercise such a power to an extent that it would embarrass the banks, yet, as this law is experimental, it is wise to make the experiment in such a way and under such conditions as to produce the minimum of friction. A maximum assessment, therefore, is suggested of not less than one, nor more than two per cent in any one year. This answers the objection that the honest banks may be crippled by the failure of dishonest banks, and yet the depositors can be made secure by a provision that, in case an emergency arises, under which the fund is depleted, certificates bearing a fair rate of interest can be issued and paid in the order in which they are issued, out of the first money coming into the fund. Thus the only effect of such an emergency would be to delay depositors, their security still remaining while the banks would be protected from the danger, largely imaginary, of assessments greater than they could bear.

The state banks of Oklahoma have asked that each bank contributing to the guaranty fund shall be permitted to keep its contribution on deposit, subject to call from the state board. There is no reason why this should not be permitted, the bank paying a reasonable interest, say two and one-half or three per cent, upon such deposits.

Provision should be made for the prompt payment of depositors in failed banks, immediately upon the establishment of the depositor's claim. Only by immediate payment can the depositor and the community be fully protected. If a certain time must elapse after a claim is proven before it is paid, some depositors will be driven by their necessities to discount their claim, and delay in the payment of depositors embarrasses the business of the community and interferes with the prompt collection of the assets of the bank.

Solvent banks should be permitted to borrow from the fund upon approved security in anticipation of a run, the amount so borrowed to be repaid within a reasonable time with a fair rate of interest.

The adoption of the guaranty system should be accompanied by legislation providing for better regulation of the banks and the following restrictions are proposed:

No one should be permitted to act as a bank official unless he is a person of good moral character and approved integrity. As all the banks are liable for the acts of each bank, all the banks have a pecuniary interest in the character and integrity of bank officials and a protest filed by any bank against an official of any other bank should be considered by the board. The banking board should have power to pass upon this question upon its own initiative or whenever a protest is filed against a bank official, appeal being allowed to the district court of the county in which the bank is located.

A ratio should be established between the capital and surplus, on the one hand, and the loans of the bank on the other. Such a limit has been fixed by the banking board in Oklahoma, but it might be well to insert the limit in the law, and the ratio of eight to one is suggested as a reasonable one, that is, the loans should not be more than eight times the combined capital and surplus. If the bank has deposits which enable it to loan more than this, it will be compelled to increase its capital or surplus in order to make use of such increased deposits, and this will increase the margin between the bank's assets and liabilities, and thus reduce the chance of failure.

The law should also fix the maximum rate of interest to be paid on deposits, subject to which the banking board should be allowed to fix the maximum rate in various counties. In Oklahoma the banking board has fixed the maximum at three per cent on ordinary deposits, and at four per cent on deposits of six months or more, but local conditions might make this sum different in different states.

Nearly all bank failures are traceable to the misconduct of directors and bank officials, usually to the borrowing of excessive sums by the officials or directors, or to the loaning of excessive sums to persons who are improperly favored by the bank. It is necessary, therefore, that there should be stringent regulation on this point. In the first place, no one should be allowed to be a director unless he has a substantial holding in stock; second, every director ought to be required to examine the books of the bank at stated periods, say twice a year, and report on the same to the banking board; third, the executive committee of the board of directors should be required to examine the loans at least once a month and make a record of such examination on the books of the bank; fourth, no official of a bank should be allowed to borrow of the bank unless he is a director; fourth, no director should be allowed to borrow more than one-tenth of the capital and surplus, and then only upon the written approval of a majority of the board of directors —the total sum loaned to members of the board of directors not to exceed, say, one-third of the total capital and surplus. Not more than one-seventh of the capital and surplus should be loaned to any one person, other than a director, as principal or surety. The national banking law limits the amount to one-tenth, but no adequate penalty is provided. The law should n t only limit the amount to be loaned to directors and to others, but it should make the violation of this provision a felony, punishable by fine or imprisonment, or both. Where a limit is fixed but no penalty prescribed, the law is practically worthless, for then the provision can only be enforced by the suspension of the bank, and the suspension of a bank throws the penalty upon the innocent stockholders and upon the community. As the officials can offer no excuse for the violation of the law on this subject, the penalty ought to be put upon them and not upon the stockholders or the community. Whenever a bank official or director has any pecuniary interest in the use of any money loaned to others that fact should be stated on the face of the note.

Where officials or directors of a bank overborrow, it is frequently due to speculation (or gambling) on the market. Those who handle the money of depositors are entitled to protection from this overmastering temptation and depositors are entitled to protection also. It is not sufficient to punish a bank official when his gambling ventures go wrong, he ought to be punished if he gambles at all. The Commoner, therefore, suggests the propriety of a provision making it a felony for any bank official to buy or sell, on a margin, stocks or bonds, grain, produce or other merchandise through any stock exchange, board of trade, chamber of commerce or other association formed for the sale or exchange of such commodities, and a margin, for the purpose of this act might be defined as a purchase or sale on a payment or deposit of less than one-half of the market price. It might even be wise to define a margin as the purchase or sale of these things on a payment or deposit of less than the entire market price. The danger of market speculation lies in the fact that one is induced to believe that by risking a small margin he may realize a large sum by a quick change in the price. The very enactment of such a law would deter most officials from such speculation and the enforcement of the penalty would deter the rest.

Banks should be allowed to keep a part of their deposits in approved bonds. This enables the bank to draw an interest upon the reserve and yet keep it in its vaults.

These suggestions do not cover the entire ground, but they are offered for the consideration of those who are interested in the perfection of the banking laws of the various states. It is believed that such a banking law as is proposed will protect the depositors without hardship to stockholders and make for the stability of business and the continued prosperity of the country.

"INEVITABLE" AND "IMPOSSIBLE"

A speaker at a banquet recently given by one of the democratic societies in New York assumed the role of adviser and outlined a plan by which he thought a democratic victory could be secured. His plan is for the party to quit "opposing the inevitable and attempting the impossible." This is quite a striking phrase and it is about as definite as the cipher dispatches which pass constantly between those democrats who want to make the democratic party a competitor with the republican party for the support of the plutocratic element. Of course the democratic party ought not to oppose the "inevitable," but what is inevitable? Shall we call a thing inevitable merely because the republicans stand for it? Is imperialism inevitable? The republicans have won three elections in which the democrats opposed imperialism. Are the trusts inevitable? The republicans have won four elections in which the democratic party opposed the trusts. Is a high tariff inevitable? The republican party has won half a dozen victories when the democratic party asked for tariff reform. The democrat who attempts to give advice ought to be more specific; he ought to plainly state what he regards as inevitable, for democrats might differ on this very important question.

It is true, also, that the democratic party ought not to attempt the "impossible." But what is impossible? The party has three times asked for the election of senators by the people. Is this impossible? The party has in three campaigns advocated an income tax. Is that impossible? It has insisted upon the elimination of the principles of private monopoly. Is that impossible? It has contended for a reform of the tariff in the interest of the consumer. Is that impossible? It has demanded labor legislation in the interest of the wage earners. Is that impossible? In the last campaign it demanded the publication, before the election, of campaign contributions. Is that an impossibility? It demanded the security of bank deposits? Is that impossible? Those who talk about reorganizing the democratic party ought to do the rank and file of the party the honor to outline the basis of reorganization and the platform upon which the reorganizing is to take place.

Possibly the character of the reorganization desired is indicated by the plan proposed, namely, that a committee—not the national committee, but a self appointed committee, or if not self-appointed, appointed by those who assume the authority to appoint—shall outline a course for the future. This is an aristocratic way of reforming the democratic party. The reorganizers will learn what they ought to know already, namely, that the democratic party is a party organized from the voters up, not from a few leaders down. The democratic voters have the right to frame the platform and to select the issues. A defeat can not rob the voters of the party of the right to control the party's course. If the party is defeated when the majority controls the party's policy, can it hope for victory by turning the control over to a minority? If defeat follows when the party makes an honest fight for principles plainly stated, can it hope to win a victory by making a dishonest fight on an ambiguous platform, and pledged to nothing in particular? Those who think republican policies inevitable are not safe advisers of the democratic party; those who think democratic reforms impossible can scarcely expect a large or enthusiastic following in the democratic party.

WANTED—DEMOCRATIC NEWSPAPERS

Whatever may be said as to the influence exerted by the different factors that contributed to democratic defeat in the nation, one thing must be apparent to all democrats, namely, that our party is at a great disadvantage in the matter of newspapers. In the northern states we have comparatively few large democratic dailies, and from the very nature of things we are unlikely to find an increasing representation among the large dailies. There are several reasons for this. In the first place, a successful daily in a big city is a business proposition of the first magnitude. It requires large capital to start it and a large bank account to keep it going. It takes time to build up a newspaper business, and the daily pay roll must be met promptly. In the second place, a daily paper is largely dependent upon its advertising, and the large business interests are so intimately interwoven with the franchise holding and favor seeking corporations that they are to a greater or less extent dominated by the financiers. The fact that most of our big dailies are to be found on the side of predatory wealth in every contest, municipal, state or local, proves the potency of these influences.

It is possible, however, for the people to be informed through weekly papers, and in the support of the weekly papers the democratic party finds its only hope of educating the voters. The Commoner is endeavoring to do its part in bringing before its readers the issues that are under discussion. Week after week this paper presents the democratic position and combats the arguments presented in behalf of the abuses that have grown up under republican rule. It appreciates the support that it has received and the cordial words of approval spoken by its readers, but The Commoner's circulation is small compared with the total democratic vote. While it reaches into every part of the United States—and into nearly every county—