

The Commoner.

WILLIAM J. BRYAN, EDITOR AND PROPRIETOR

VOL. 8, NO. 21

Lincoln, Nebraska, June 5, 1908

Whole Number 385

DO YOU WANT TO "MAKE ALL BANKS EQUALLY GOOD?" SHOW THIS TO YOUR REPUBLICAN NEIGHBOR

Oklahoma has the guaranteed deposit plan and the following Associated Press dispatch tells of its operation in the first bank failure since that law went into effect:

"Guthrie, Okla., May 21.—Within one hour from the time H. H. Smock, Oklahoma banking commissioner, had taken charge of the International Bank of Coalgate he had authority to pay the depositors in full, though the bank's cash and available funds in other banks fell \$22,000 short of the total amount of deposits. The commissioner was enabled to do this under the operation of the new banking law, and this is the first time it has been called into use. Under the operation of the guaranty banking law in Oklahoma a tariff of one cent is levied upon the average annual deposits of the banks and thus money is used in payment in full of all depositors of an insolvent state bank, after the funds have been exhausted."

MR. BRYAN BEFORE THE CHICAGO BANKERS

Mr. Bryan was a guest at a banquet given by the Bankers' club at Chicago on the evening of Friday, May 22. Among the guests were James B. Forgan, president of the First National bank, with whom, it will be remembered, Mr. Bryan recently had some correspondence concerning the guaranteed deposit plan. Following are extracts from the Chicago Record-Herald's report:

Mr. Bryan, in a speech which every one present agreed was notable in the extreme, hit out from the shoulder without stint. He told the bankers that they must offer security to the depositors of the United States, or the depositors would see that a set of banks was established in the country that would offer security. He declared, amid silence which was absolute, that the criminal law should be applied to

officials of banks who infringed the law which forbids the loaning of more than ten per cent of the capital and surplus to one individual.

Mr. Bryan, again amid silence, demanded to know why any one should be "squeamish" about applying as harsh laws to bankers as are applied to "the poorest citizens in the land."

In concrete form Mr. Bryan had the following chief suggestions to make as to what he advises as a cure for the banking ills of the country:

Absolute security should be guaranteed depositors.

The Oklahoma system should be adopted and every bank in a certain district should stand behind every other bank; all banks should guarantee each other. This should be done by a tax of one-quarter of one per cent on the amount of the deposits.

An emergency currency should be issued by the government, and not by the banks.

The emergency currency should be given to the banks on liberal terms as to security, and bonds should not be insisted upon as security.

No foreign system of banking should be introduced; the American system should be improved so as to make it a secure system.

Despite the almost unbroken silence which met the main portions of Mr. Bryan's speech and greeted all his chief suggestions, the audience seemed to be impressed by the very force and audacity of the Nebraskan.

At some particularly shrewd stroke many of the bankers laughed, even if the joke did appear to be on themselves. At the end of his address Mr. Bryan got an ovation that seemed something more than the mere formal politeness to an invited guest. Cheers were heard and the bankers applauded for more than a minute.

The one individual episode of the night that aroused the room—although it was by no means somnolent before—was the clash between Mr. Bryan and Mr. Forgan. It was Mr.

Bryan's insistence on the necessity for a penalty in regard to the ten per cent loan question that drew Mr. Forgan into the calcium as the champion of the bankers.

"The bank is established for the depositor," declared Mr. Bryan in leading up to his point, "and the depositor is the first to be considered. And what is the situation today? In nearly every case the failure of the bank is traceable to misuse of funds by those on the inside.

"It appeared in the Walsh case here in Chicago that the law as to loaning is directory only, and that no penalty is attached for the loan of more than ten per cent of the capital and surplus.

"No penalty, at least except such as may be imposed in the discretion of the comptroller. And what is the situation? If a bank loans more than the prescribed ten per cent it is notified not to do it again. If the bank continues to loan more than ten per cent it is again notified not to do it. If it keeps on it keeps on being notified. Am I not right?"

A coterie of bankers and business men in the rear of the room laughed.

This was too much for Mr. Forgan. The president of the First National indeed had shown several indications of not being in accord with the speaker.

Mr. Forgan raised his hand deprecatingly. Every eye in the room focussed on Mr. Forgan and left Mr. Bryan for the only time during the night.

"But the law has been changed," said Mr. Forgan, who apparently did not hear Mr. Bryan use the words "capital and surplus" in leading up to his point. "The law now forbids loaning ten per cent on capital and surplus."

"And is there any penalty?" demanded Mr. Bryan, in an aggressive voice and turning to look at Mr. Forgan, who sat to his right, four seats away, at the speakers' table.

"There is no penalty," said Mr. Forgan, "but the law is now enforced."

Mr. Bryan gathered himself together,

CONTENTS

MR. BRYAN BEFORE THE CHICAGO BANKERS
A WORD AS TO COWARDS THE LEADER VS. THE BOSS
CAMPAIGN CONTRIBUTIONS THE OKLAHOMA WAY
WHAT REPUBLICAN EDITORS ARE SAYING
DEMOCRATIC STATE CONVENTIONS WASHINGTON LETTER
COMMENT ON CURRENT TOPICS HOME DEPARTMENT
WHETHER COMMON OR NOT NEWS OF THE WEEK