SAFE BANKS ARGUED

Grange Takes Up State Guarantee of Deposits.

OKLAHOMA IS DISCUSSED

Dr. Chapman Prepares Paper Advocating Such Law, While B. Lee Paget Talks Against Plan, Alleging Hardship on Banks.

"The object of the guarantee of deposits by the state is to make the public safe when it puts money into a bank. The experience of Oklahoma shows us that the object is perfectly practicable and that the object has succeeded. That ought to settle the question in the mind of every rational citizen."

This is part of the argument submitted by Dr. C. H. Chapman in favor of a state guarantee of bank deposits before an audience of 250 at the meeting of Evening Star Grange on the Section Line road yesterday afternoon.

Opposed to him was B. Lee Paget, who advanced as argument against such a law:

"Who will not admit the injustice to the country banks which would have resulted in 1907 from their enforced assessment to help defray the losses incurred by the 'frenzied finance' practiced by the insolvent banks of the state metropolis; and who will not protest against submitting the merchants and farmers of our rural districts to the consequences to them which would involve the necessary calling in by their own banks of outstanding loans and utter inability to make new ones. It is clear, therefore, that in operation, this law would be unfortunate alike for the banker and the depositor."

Dr. Chapman's Paper Read.

"Shall Oregon Have a Bank Guarantee Law for Bank Deposits?" was the regular subject for discussion. Dr. Chapman was not present and his paper was read by Mrs. William Hayhurst. It was an exhaustive review of the subject and in favor of such a law. He declared at the start, "There is not a single argument against the guarantee of bank deposits by the state which to a candid mind has more than a semblance of validity." He held also, "Every bank failure provides a rich harvest for the whole tribe of parasites, such as lawyers, receivers, court hangers-on and speculators, while it plunges a multitude of people into despair."

He contended that the object of a state guarantee of deposits offers to the person who puts his money into a bank the same security which the bankers demand from borrowers. Further he said:

"The only way to keep the bankers decently honest is to restrict their operations by law, and then everlastingly watch them and see that the laws are obeyed. Even then some of them will break loose and risk the depositors' funds in mad ventures. Let us get over our foolish habit of reverencing our financiers, whether they are bankers or others. The truth about them is that they are all crazy to speculate with other peoples' money and nothing will prevent them but eternal vigilance. The guarantee of deposits by the state cannot make the bankers any worse, but it will make the depositors a great deal safer. It will throw the losses which are incident to a dangerous business upon the business itself and not upon the innocent depositor, who has been induced to trust a class of men who have proved themselves to be eminently untrustworthy."

Oklahoma Law Declared Success.

Referring to the Oklahoma law he said:

"The guarantee plan has been tried there for two or three years now under a fire of hostile criticism from the whole country. Every swindler and parasite in the United States has been on the watch to find some weak spot in it. You all know there are no weak spots. The state banks have increased the deposits by some $12,000,000. This is the money which was in hiding before the guarantee came into effect. It lay in the teapots on the top shelf and was buried in cellars. Now it has gone into the banks and is helping business.

"Where the guarantee system is in effect, however, they (the people) like it. They like it so well that it is spreading from Oklahoma to all the surrounding states. Kansas, Nebraska, Texas and other states all have it in a full or modified form. The light breaks slowly over the mountain tops, but, thank heaven, it is breaking none the less. It is all very well for the bankers and their hangers-on to assert that the guarantee is unnecessary, but it would be hard to convince the wronged and despairing depositor that such is the case. We need it to prevent the wretchedness, despair and misery which result from bank failures. We need it to draw hidden money into circulation. It is estimated that almost half the circulating medium of this country lies in hiding because people will not trust the banks. The guarantee would draw out this money in Oregon as it has in Oklahoma and set it in circulation."

Paget Opposes Scheme.

B. Lee Paget answered these arguments, remarking that he agreed with Dr. Chapman in one respect, that the depositor ought to be protected and safeguarded, but was opposed to the method advocated. He said he would throw around every bank sufficient safeguards to make the depositors reasonably safe by closer inspection. He would have the clearing house authorities of Portland and the large cities authorized to employ their own bank inspectors. Other banks throughout the state he would group together in clearing house districts and these would employ special inspectors. This, he said, was the guarantee he would provide, and in addition he declared he would make certain and swift the prosecution and punishment of men who wreck banks, pointing to the effective character of the Chinese method of cutting off the heads of bank wreckers. He declared in Oklahoma the guarantee law is not a success, and pointed to the failure of the largest bank in that state. He said an assessment of 2 per cent on the banks of Oklahoma had produced enough to pay the depositors of this bank.

In answering Dr. Chapman's statement that Oklahoma had increased its deposits $12,000,000, Mr. Paget read statistics to show that in 12 months Oregon has increased its deposits $10,000,000 without a guarantee.

Referring to the Oregon law, Mr. Paget said:

Hardship on Banks.

"The proposed law submitted to our last State Legislature provided for an assessment upon the capital stock of each bank amounting to 1 per cent of its deposits, exclusive of those consisting of state funds properly secured. It was very similar to the first experiment tried in Oklahoma, and provided for such further assessments as may be necessary to pay the depositors of all insolvent banks.

"The last printed statement of the Oregon State Bank Examiner showed 129 state banks with approximately $48,000,000 of deposits—nearly $7,000,000 capital—and $2,413,664.68 surplus and undivided profits.

In order to have paid the depositors of only two banks which closed their doors in Portland in the panic of 1907—just two years ago—assessments would have been necessary which would have completely absorbed an amount of excess of the entire surplus and undivided profits of all state banks, and which would have made serious inroads upon the capital of a great majority of them.

Threatens Banking Structure.

"Further than this, it would have been necessary in many instances for entirely solvent, well-conducted banks to sacrifice securities at a serious loss by selling them in a demoralized market in order to meet the assessments necessary to pay the depositors of mismanaged institutions, for which they were in no way responsible, and this at a time when they were strained to the uttermost in order to take care of the requirements of their own depositors.

"It is impossible to realize what would have been then, or what might be in some future contingency, the sum total of ruin wrought by such a system, and it is no reflection upon the reliability, responsibility, stability and solvency of our banks, or the experience, integrity and capability of their officers to admit that a plan of this character would be likely to imperil the whole state banking structure and place it in a position where the confidence of the depositor would be forfeited instead of fortified.

"The Grange in Oregon has made an enviable record in the matter of the legislation it has favored, and it appears to me to be impossible that its members, after having given this subject the thoughtful consideration it deserves, will be misled into indorsing a measure of such doubtful character."

F. E. Beach and R. C. Wright spoke briefly.

$3636 FOR FRONT FOOT

DEKUM PROPERTY BRINGS $125,000 AND NOT $110,000.

Alex E. Miller Signs Deed for 50x50 at Corner of Third and Alder and Will Build.

Alex E. Miller is the purchaser of the half lot located on the southwest corner of Third and Alder streets, which was bought by a then unknown purchaser from Mrs. P. M. Dekum a month ago. The price announced at the time of the sale was $110,000, but Mr. Miller states that the price paid was really $125,000. The property is 50x50 feet in size and is at present improved with a two-story frame building occupied by a cigar store. There is a lease running for two more years on this property, but it is believed an arrangement can be made whereby building may start soon.

Mr. Miller states he is contemplating the erection of a 10-story building on the property, acting in conjunction with the Wilson heirs, who are now planning to build a 10-story building on the 50x100 feet owned by them. If this is done, a party wall agreement will be made.

Mr. Miller is president of the Miller Clothing Company, now located at 63-65 Third street. He says in case he finally decides to build on the new property, he will himself occupy it for store purposes and enlarge the present business.

The deeds for transfer of this property were finally signed yesterday. The sale of the property was made through the agency of Humason & Jeffery. Mrs. Dekum bought the property in 1894 for $63,000. With the transfer of this property at $125,000 instead of $110,000, as first announced, it makes a front-foot record of approximately $3636, figuring on a lot 50x100 and taking into consideration the corner. This is a near approach to the record price of $4000 paid by T. B. Wilcox last Spring when he purchased 50x100 at the southeast corner of Sixth and Washington for $250,000.

TEMPERANCE IS HER TOPIC

Utah W. C. T. U. President Will Speak in Portland.

Mrs. Lulu L. Shepard, president of Utah W. C. T. U., is to be the chief speaker at the state convention of the Woman's Christian Temperance Union, which is to be held in Hood River this week, beginning Tuesday and continuing until Friday. Mrs. Shepard is one of the best speakers sent out by the W. C. T. U. While in Oregon for the state organization this Spring she took the people by storm, and there was such a general call for her return that the state officers secured her for the convention.

Mrs. Shepard is a noted club woman and has a wide experience as a teacher, leaving the schoolroom to take the platform for temperance, though she is also much in demand for club meetings as a speaker. Mrs. Shepard will be in Portland some days after the convention, as the guest of Mrs. Ada Wallace Unruh, and will deliver addresses while here. She will speak in Central Baptist Church, East Twentieth and East Ankeny streets, Dr. W. T. Jordan, pastor, on Sunday morning, October 10; in the Hawthorne Park Presbyterian Church at 3 P. M. the same day and at Sunnyside Methodist Episcopal Church in the evening. Some other dates will doubtless also be made.

Mrs. Lulu L. Shepard, Utah W. C. T. U. President, Who Will Speak in Portland.

Harris Trunk Co. for trunks and bags.

BENEFIT NOT PUBLIC'S

FREIGHT RATES CUT BUT PRICE OF GOODS NOT ALTERED.

Railroad Agents at Lewiston Find Weak Point in City's Support of Steamboat Line.

LEWISTON, Idaho, Oct. 2.—(Special.)—Lewiston merchants who have been granted reductions in their freight rates to the amount of 25 per cent by reason of the inauguration of service between Portland and the city by the Open-River Transportation Company have been charged with pocketing the saving and not giving their patrons the benefit of the lower transportation charge.

This condition was suggested in an address made recently at the Good Fellowship monthly dinner, and has been later publicly charged by representatives of the railroad company who have interested themselves in investigating the actual benefits received by the consumer from the open-river service.

The people of Central Idaho and Eastern Washington are solidly behind the open-river project, and the heavy shipments made over that line have made big inroads upon the business of the railroads from this section. The agents of the rail lines have been on the alert for the past several months to discover some weak points in the open-river service, and the suggestion that the shippers were grabbing all the saving effected by the new service was eagerly taken up for investigation.

It is stated the local prices on a number of commodities have been advanced, while the jobbers' quotations do not show there has been an advance to the retail merchant. It is suggested the railroad companies will employ this weapon to endeavor to separate the people from the open river service, but it is believed the only result will be a lowering of prices by the retail merchants. At the present time the Snake River warehouses are filled with the farmers' grain, awaiting transportation to Portland, and several hundred tons of Lewiston freight are now en route to Portland to be delivered over the open river route.

The recent rise in the rivers has enabled a resumption of service and it is not expected there will be further embarrassment to traffic during the season.

BODY HORRIBLY MANGLED

Vancouver Police Believe William Cody Was Murdered.

VANCOUVER, B. C., Oct. 2.—The horribly mutilated body of William Cody, a logger, aged 40, was found at daylight this morning lying beside the building of the Bank of British North America. The chest was crushed, the collarbone broken and the flesh bruised.

The police believe Cody was murdered. A letter from the dead man's son, in Pittsburg, N. H., was found in his pocket.

SECOND FALL BUYING TRIP

E. I. Bartholomew, of the Bartholomew Company, is now in New York City, whither he was obliged to go in order to make additional purchases of Fall and Winter goods. The trade in suits and Fall dresses of all kinds has been much larger than usual, and the Winter promises to be an active one from a social standpoint. Heavier demands will be made, doubtless, upon women's furnishers than ever before.

This is the second trip Mr. Bartholomew has been obliged to make this Fall, his first purchases having not been large enough to meet the unusual demands Portland has made upon them. He will examine the latest models in Gotham and purchase liberally before he returns.*

INDIAN SUMMER IN EAST

This is the most comfortable season to visit the East. The O. R. & N. will sell round-trip tickets to Chicago October 4 for $72.50. Ticket office Third and Washington streets. **