

to judge. This is the way in which private corporations and many European cities secure efficiency. Let us not blink the teachings of experience.

Furthermore, the Des Moines Commissioners being the legislative body as well as the executive heads, their fitness for office must be determined quite as much by their opinions on policies as by their executive experience, ability and training.

This leads to what I consider the second imperfection of the Des Moines plan, namely: In the determination of policies the voters are on the horns of a dilemma. They may either let the little group of Commissioners determine a policy for them, or they may determine it themselves through the Initiative or the Referendum.

The first alternative is not democracy, because the Commissioners do not represent all considerable groups of voters, but only one chief group, or even only the dominating faction of one chief group. This results from the method of their election. Real democracy in the determination of policies means law-making that embodies the composite will of the whole people, freely expressed. The difference between the two methods is the same in essence as the difference between the legislation of a dictator chosen by majority vote and the legislation of a parliament.

Now for the second alternative, that is, for the voters to determine policies themselves by means of the Initiative and Referendum. Then they do indeed enjoy democracy, but to get democracy in this way they have to forego the very useful services in legislation of a representative chamber. These services, if the legislature or council is really representative, are of great value.

Unquestionably the thrashing out publicly of proposed legislation in representative chambers is a good practical process for which no equally efficient substitute has been found. On this point students of politics and men experienced in public affairs are agreed.

The Initiative and Referendum must be guarded jealously as a fundamental right and safeguard, but its use may be minimized by making the legislative chamber truly representative.

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To make a charter still better than charters of the Des Moines type, therefore, we have simply to retain the Initiative and Referendum, but to substitute for the Commission a single chambered representative council, numbering, say, from seven to twenty-one members, according to the size of the city. This council must truly represent all considerable groups of voters, and it must have sweeping powers, including that of the appointment and dismissal of the chief executive officers.

One chamber is enough. The two-chamber system, even in the largest cities, is a lumbering piece of anachronism, tending to delay and to divided responsibility.

The vital point is that the city council should truly represent all considerable groups of voters.

Here is where the difference between administration and legislation comes in. In the administrative functions of government we do not want representation of all views; we want consistent and unified action. That is secured by the appointment of strong

men with liberal salaries as heads of departments having full power to appoint and dismiss subordinates.

The case is different with the policy-determining functions of government. Here heterogeneity cannot be avoided. To try to avoid it is simply to flounder from one policy to another after each election, instead of progressing steadily and surely as the consensus of public views changes.

Real political wisdom does not require the voters to elect legislators of similar views because the latter are to be also administrators. It vests the legislative and administrative functions in different officials, whilst making the administrative officials subject to the will of the legislators in regard to the principle or policy on which administrative action is based.

Then comes the question, How can a city council be elected so as accurately to represent all groups of voters? The answer has been twice given by the cities of Johannesburg and Pretoria, in South Africa. In October, 1909, and again in October, 1910, each of these cities elected its council by the method of Proportional Representation known as the Hare system. Complete success resulted, and the general verdict of the South African press was unqualified approval. No attempt to describe Proportional Representation can be given here, but ample information is available.*

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In concluding, I urge on the many advocates of the short ballot idea that Proportional Representation is merely their own excellent principles carried to the logical end, and developed, in combination with one or two other principles, into a plan of government after their own hearts.

Do you want to bring the really strong men into office? The system of electing the Johannesburg Council has just that effect.

Do you want to lessen the scope for activity of professional politicians? Then use the Johannesburg method.

Do you want to bring out the present stay-at-home voter? Let him know that if he does come out his vote will really count, because if he misses his first choice he will surely hit his second or some subsequent one.

Now that the scope of city government is steadily enlarging, the best we can get is needed. What American city will win the lasting honor of inaugurating it?

CLARENCE G. HOAG.

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BANKING GRAFT AND DANGEROUS BANKING.

Indianapolis, April 29.

Some members of the new House of Representatives have "caught on" to the fact that the Aldrich monetary commission, besides being a part of the currency trust conspiracy, is a "graft" of the most pronounced character. It was organized to assist

*Such information may be got from William Hoag, 19 Milk street, Boston, Mass.; John H. Humphreys, 197 St. Stephens House, Westminster Bridge, S. W., London, England, and Robert Tyson, 10 Harbord street, Toronto, Canada

the New York financial combinations to secure control of the issue of all paper currency. This scheme is promoted at public expense. The salaries amount to \$150,000 annually, and other expenses probably are as much more. The hope has been that through this commission, the New York banks could centralize banking power and control the banking interests of the whole country.

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On January 7th last, the 59 central reserve banks—39 in New York, 11 in Chicago, and 9 in St. Louis—held nearly \$523,000,000 that belonged to other national banks, and nearly \$393,000,000 that belonged to other banking institutions. Their aggregate demand indebtedness to banks outside of New York city was over \$915,000,000. Of this amount over \$243,000,000 belonged to the legal reserves of 321 reserve banks in 46 reserve cities. The remaining 6,838 national banks had deposited with reserve agents \$474,000,000 of their reserves. How much of this was in the central reserve banks can not be ascertained from the reports. Probably a large part of it. On this date they had a deposit liability that required them to hold a reserve in cash of \$352,000,000. They held \$12,000,000 in excess. This was the aggregate loanable fund of the 59 banks. It was all in New York. Neither Chicago nor St. Louis had a dollar of it.

Between March 29th and November 10th, 1910, those 59 banks had been compelled to call in about \$90,000,000 of their loans and discounts. It was a rapid shrinkage and would have been disastrous if the country banks had not increased their loans by about the same amount. By this increase the country banks were able to relieve the situation, and in some measure to protect legitimate business. But this could not be continued, and the country and reserve city banks have been compelled to reduce their loans and discounts by a considerable amount.

The official abstract of the condition of national banks on March 7, 1911, shows that in the sixty days preceding, there was an increase of loans of national banks of \$155,396,698.28, or about \$3,000,000 per day for every business day. Not one dollar of it was in the country banks. (They decreased their loans over \$17,264,000). Of this amount \$144,300,000, was in the 58 central reserve banks. St. Louis had lost one bank since the issue of the previous abstract. Considering the fact that, on January 7th, the New York banks had less than \$15,000,000 of cash in excess of their legal requirements, and Chicago and St. Louis had none at all, the question arises how it was possible for this increase to have been made during the following sixty days.

It was done by playing upon the ignorance and appealing to the avarice of bankers outside of New York, who could be induced by interest offered and gains promised, to send into that maelstrom of gambling over \$156,800,000 of the moneys entrusted to their care by confiding depositors. This transfer of money to the central reserve cities left half of the reserve cities short in their aggregate cash reserve. Without this money from the outside banks, it would have been impossible for them to have increased their loans by any such amount. How much of fictitious resources was involved in the transaction it is impossible to determine. A large

amount is indicated by nearly \$250,000,000 exchanges for the Clearing House.

All fictitious resources are not unlawful, but by the methods of banking permitted under the law it is possible to increase such resources until, on the face of the bank reports, they give a deceptive appearance of strength and safety where weakness and dangerous conditions exist.

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On March 7th, the 58 central reserve banks held from outside national banks nearly \$607,000,000, and from other banking institutions nearly \$466,000,000, making an aggregate of \$1,073,000,000, when at the same time they held less than \$30,000,000 in excess of their legal cash requirements. Such a condition gives no assurance of safety.

The central reserve banks are so controlled that the Chicago and St. Louis banks are little more than adjuncts to the New York banks; and there are today no trusts or combinations of any kind, however bad they may be, that so much need to be investigated to the minutest detail, as the New York financial institutions.

It is to the banks outside of the central reserve cities that legitimate business must look for assistance and protection, and not to the central reserve banks, to any proposed central bank, or to any association such as is proposed by Mr. Aldrich. Not concentration of banking power, but greater independence of individual banks, will give most assistance to legitimate business, and the most reliable security to depositors. When individual banks learn that deposits in the banks of New York city, or anywhere else, except in their own vaults and under their own immediate control, can be no part of their reserves—law or no law—and keep their reserves at home, it will be better for them and better for legitimate business.

FLAVIUS J. VAN VORHIS

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FOREST RANGERS AS THINKERS.

Peace Cabin, Northfork, California.

I have known and corresponded with many forest rangers in different parts of America, and I thoroughly respect their plain, straightforward, honest and progressive ways of dealing with practical subjects. Their hard but varied and independent outdoor work, and the great responsibilities to the community and the nation, which are placed upon them, make these forest rangers strong and original thinkers. Some of them cut to the bone, in good terse English, and as a rule they select first-class reading and keep up some study. I made a list of ten cent paper-cover classics in travel, history and biography for some of them once, and they took hold of it in good shape.

These picked men, so far as I observe them, hold party bonds very lightly, read about candidates, follow up their records, discuss them, and have a profound faith in "fundamental democracy." They have lots of quiet courage, that does not "slop over," and they have an instinct for square-cut issues and square-cut men. After eight solid years of day by day dealings with the rangers in "all sorts of mental, moral and physical weather," I can stand off and look at