

NELSON ALDRICH

Monetary Commission

MISCELLANY

Synopsis of Examination of M. Georges Pallain,
Governor of the Bank of France,

BY

Sub-Committee of the National Monetary Commission,

Consisting of

Mr. Vreeland of New York, Vice-Chairman,

Mr. Overstreet, of Indiana,

Senator Daniel, of Virginia.

Memorandum made by Mr. Overstreet,

Paris, France,

August 24th, 1908.

The capital of the Bank of France is 182,000,000 F, divided into shares of 1,000 F each, held by shareholders numbering between 29,000 and 30,000. The charter was renewed in 1897 and expires in 1920. Under the provision the Parliament, by taking action in 1911, may terminate the charter one year later, in 1912. A Governor and two Vice-Governors are proposed by the Ministry and serve indefinitely. In the absence of the Governor one of the Vice-Governors represents him. The court or general counsel of the Bank consists of ~~xxxx~~ fifteen regents and three censors, who are chosen annually by the two hundred largest shareholders of the Bank. The Governor must own one hundred shares, the Vice-Governors fifty shares, and the regents thirty shares each. The court of regents and censors meets each Thursday. It is divided into committees of varying duties. The Bank rate is proposed by the Governor and very generally accepted without change by the court (or board of Directors), and continues until changed by a new proposal from the Governor.

The maximum note issue authorized is 5,800,000,000 F. The actual note issue on August 24th was 4,660,000,000 F. The total issue outstanding varies frequently, but is always greatest at the crop moving period. He was unable to state the difference in the issue at that period. There are no banks of issue other than the Bank of France. Many years have passed since any suggestion has been made for a change in the method of issue. The last suggestion was by the father-in-law of the present manager of the Credit Lyonnais, who proposed in Parliament a law opening note issue to com-

petition. It met with little favor then.

No payment is made to the Government for note issue or any other privilege. The taxes, however, are considerable, amounting to approximately 13 per cent of the profits of the Bank, including interest on the cash reserve, computing it at the Bank rate. The tax on circulation is 50 C. on the 1,000 F. and the tax on the cash in the Bank is 20 C. on the 1,000 F. The notes are considered in circulation when paid out over the counter. When received at the Bank, they are not cancelled, but are again paid out as long as they are in proper condition. The average life of a note is three years. The Bank redeems its notes under the law in specie (either gold or silver), but since 1880 redemption has been practically in gold. The Bank, however, determines this. The same rule is followed at the several branches. Sometimes the Bank offers gold for silver at a premium, as an alternative.

Independent banks sometimes keep on deposit with the Bank of France their surplus funds, but gold will not be received for special deposit upon agreement to pay in kind, but must be treated like all other deposits, by taking credit on the books for the deposit—all depositors thereby being on an equality.

Anyone can open an account for deposit who is known to the Bank, the minimum being 500 F. After an account is once opened the depositor may discount paper as low as 5 F., provided it meets with all other requirements. No promissory notes are used, but the debt is evidenced by bills and letters of exchange. The time on bills cannot exceed three months. Three names or endorsers are required. About eighty percent of the paper now held bears the signature of some bank as one of the three endorsers. The Bank never pays interest on deposits.

The use of checks in the country is not general, and there is no tendency to increase such use. The revenue stamp on checks does not retard their use materially. Notes are used more than coin, and there is no sentiment for a lower note than now in use. The lowest denomination is 50 F. Hoarding of money is practiced less than formerly, but is still considerable, especially gold. The total gold of ~~xxx xxx xx~~ France is estimated at 6,000,000,000 F. The Bank of France holds 3,225,000,000 F. and the remainder is in the

pockets of the people. There are 127 large branches and 50 small branches. The small branches are controlled by some of the larger branches, particularly in discount matters. Each large branch has a special board of managers or directors, but none in the small branches. The Governor of the Bank of France proposes three names to the Ministry for manager of each of the branches and the Ministry must name one of the three.

Independent bankers regard the Bank of France as a competitor, but the Bank of France considers itself the bank of banks.

Independent banks pay interest on deposits. The total deposits

on August 24th, 1908, were 801,000,000 F., of which the State funds amounted to 242,000,000 F. and all others to 559,000,000.

(The Governor requested that this information be held confidential, particularly with reference to the deposits of the Government).

The expense of the note issue, including printing, costs the Bank about the same as the interest on their deposits costs independent banks. There are now about two thousand small independent banks, but the number is decreasing. Small banks are absorbed and the establishment of branches is increasing. People, not tradesmen nor borrowers, are much pleased with the branch bank system, because it affords greater security for their private deposits-but borrowers and tradesmen are not pleased because independent bank managers are more lenient, and in closer touch with local communities as general advisors.

There are now in existence 550 private savings banks (not including postal banks) with 1500 branches. Safety deposit boxes are increasing rapidly, and it is believed much of the gold hoarded by the people is kept in these boxes.

Savings banks have no capital and all the dividends go to the stockholders. They pay 3 per cent interest on deposits, but 1/4 of one per cent is held as reserve. The postal savings bank pays 2 3/4 per cent interest on deposits. The deposits of the postal savings bank and all other savings banks are on the increase, the postal bank showing more rapid increase. The total deposits of the savings banks other than the postal are approximately 3,400,000,000 F. The deposits of the postal bank with eight thousand

post offices and branches is 1,278,000,000 F. The postal-bank has been in operation since 1882,- the private savings banks since 1815. The growth of the postal bank greatly injures the growth of the private savings banks.

There is limited liability of shareholders in joint stock banks, the limit being the amount of the share. Private banks are not limited in liability. Notices for withdrawal of funds are controlled by a variety of elements, including time, amount, and general character of the account.

There is no examination by the Government of joint stock banks, except to ascertain the proper payment of the stamp duties. There is no general examination by the Government of the Bank of France, but the Ministry of Finance is privileged to ask for information from time to time. Annual statements of both the independent banks and the Bank of France are made, but the Bank of France issues a bulletin of balances each Thursday.

Neither the Governor nor Vice-Governor is permitted to be a member of either body of Parliament. No charge has ever been made of the Bank aiding or favoring either political party. There is never any claim that politics enters in any degree into the management of the Bank. Excepting the renewal of the charter in 1897, no legislation affecting the Bank has been had since 1857. There is no sentiment for any change in bank methods, nor for any new legislation.

PARIS, FRANCE, August 25, 1908.

INTERVIEW BETWEEN HON. EDWARD B. VREELAND, SENATOR JOHN
W. DANIEL, AND HON. JESSE OVERSTREET, OF THE NATIONAL
MONETARY COMMISSION, AND BARON BRINCARD, ADMINISTRATOR
OF THE CREDIT LYONNAIS.

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In opening the interview, Mr. Vreeland, on behalf of the subcommittee, asked the Baron for a copy of the latest statement of the Credit Lyonnais. The Baron furnished the members of the subcommittee with their last statement (that for June 30, 1908), which is as follows:

ASSETS:

1. Specie in banks and other specie	Fr. 169,047,090.38
2. Commercial paper and public securities (municipal)	1,212,691,267.30
3. Advances upon collateral	349,709,955.99
4. Overdrawn accounts	495,286,739.91
5. Stocks and bonds kept for sale	8,745,232.09
6. Real estate	35,000,000.00
7. Everything else - stamps, rents paid in advance, stationery, supplies, etc.	25,289,390.27
	<u>2,295,769,675.94</u>

LIABILITIES:

1. Deposits of people living on income	Fr.	758,007,698.31
2. Business accounts, government accounts, and all accounts		924,950,488.90
3. Acceptances on commercial paper		106,432,409.52
4. Bonds given to customers against time deposits		51,889,576.86
5. Every liability not included above		79,489,502.35
6. Reserve (surplus)		125,000,000.00
7. Capital		250,000,000.00
		<u>2,295,769,675.94</u>

In the interview which follows, the questions are all by Mr. Vreeland and the responses by Baron Brineard.

Q. Is this statement which you have just submitted to us published every month? A. Yes.

Q. Is that a requirement of law? A. No, it is a requirement of our own bylaws.

Q. How often does the government require you to publish a statement of the condition of your bank? A. Once a year.

Q. Do you publish these monthly statements in the newspapers? A. Yes, but on our own responsibility.

Q. Can you let us have, for the use of our Commission, one of your last annual statements, such as is required by law? A. Certainly.

(Note: Baron Brineard furnished a copy of the statement referred to, as requested. This statement is in French, and was filed with other papers of the Commission, to be translated).

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Q. Is this the only statement published in the newspapers?

A. At the general meeting which is held every year at Lyons, that statement is read to the shareholders, and it is also published in very many newspapers.

Q. Would your Board of Directors have authority to change the form of the monthly statement if they desired to? A. Yes. Our Board of Administration has a very direct and a very active part in the management of the bank. It never takes an important resolution, however, ~~with~~ without the concurrence of the President.

Q. The first item of this monthly statement is 169,000,000 francs in your bank and in other banks. Is that your cash reserve against deposits? A. Yes, that is our cash reserve for every day payments - what we might call "till money." If by any chance it was found that this sum would not be sufficient, we would at once take paper out of the next item and send it to the Bank of France and get cash.

Q. Do you keep any portion of your cash reserve in the Bank of France? A. We generally lay in the day before what we think will be necessary for the business of the following day. We have an account current at the Bank of France, in which we keep certain sums that we do not need. By far the greatest quantity in the first item is in our own banks and agencies.

Q. "Cash in other banks" - was that deposited by your bank with them, or is it money that would be due to you from them, but has not been remitted? A. It is money which we keep there to the credit of our account; for instance, where paper is to be

discounted and the money is paid into the banks where the transaction is performed.

Q. Would money due from the Bank of France necessarily be paid in specie? A. The Bank of France is obliged to pay in specie, but either in gold or silver. If they should pay in notes, we could demand the specie on the notes.

Q. Item 2 of the Assets is "commercial paper." We found that in England they did not have commercial paper as we do in America. A. We never have any commercial paper of the kind you speak of. We have no promissory notes. We call that kind of paper "paper of politeness or civility," but we do not consider that good paper. When one business firm delivers to another a certain amount of goods which are to be paid for in three months, and receives a note for the amount, this is a bill of exchange and we accept it. The man who delivers signs and the man who pays signs, and the first one takes it to his own banker and he discounts it.

Q. We would like to know a little more in detail about the public securities mentioned in the second item. Do these include French rentes? A. No, only treasury bonds. They are like New York City revenue bonds.

Q. Have you actually in this very item any New York revenue bonds? A. Yes; they are temporary bonds in anticipation of revenue, repayable in one or two months. Also, we have treasury bonds of foreign countries.

Q. What proportion of the second item is commercial paper? A. It is almost entirely commercial paper. The proportion varies, but it is always very largely commercial paper.

Q. It is not, I believe, the policy of your bank to buy long-term public securities in large amounts? A. No; our idea is to buy all the commercial paper that we can get. That is our business. At present it is almost impossible to get any commercial paper because business is so slack; therefore, we are obliged to go outside and buy treasury bonds.

Q. Your bank does not own much government debts? A. No; all the bonds, etc., are included in the 8,000,000 francs of the fifth item.

Q. Would not this class of securities be a quick asset in time of need? A. No; on the contrary, the first two items of liabilities are at sight, and we may be obliged to pay them any day; therefore, we must have assets on which we can realize quickly. The people here are very nervous, apprehensive, and impressionable, and they must know that a bank has plenty of gold. If we had stocks and bonds we would have to sell them at a time when we could not get a good price for them.

Q. If you should have to sell, other banks would have to sell, and that would throw them on the market at the same time? A. Certainly. In England I think they are obliged to invest a certain amount of money in consols, but we consider that a most dangerous system.

Q. But there the banks do not expect to sell them, but to go to the Bank of England and get advances on them? A. Yes, but the English are very different from our people. Our people are very nervous and would not stand that sort of thing. We might have government bonds and take them to the Bank of France, but

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they might fall in value, and we would have to sell at a great loss. The two systems are totally different. We find the English system extremely dangerous. I ought to add, however, that all banks in France are not of my opinion on this subject.

Q. Do not the French public own most of the French rentes?

A. Yes, and not the banks.

Q. How much New York city bonds do you carry? A. Sometimes two or three million dollars.

Q. The 3rd Item is "Advances Upon Collateral;" what is this made up of? A. Government bonds, railroad stocks, gold mines, Transvaal stocks, etc., etc. We advance money on every sort of security that is good, whereas the Bank of France is very limited in this regard, only being able to borrow on French Government securities and on French railroads. The main thing with us is the man or institution to which we are lending. We pay more attention to that than to the security.

Q. How much margin do you require on a railroad bond? A. Thirty to forty per cent; it depends upon the collateral and the individual to whom the loan is made. The better the individual and the better his collateral, the less margin is asked; but we always require at least 20 per cent. That is the margin that is imposed on the Bank of France.

Q. What class of people borrow on that item? A. A great many private ~~bank~~ individuals living on their incomes.

Q. Stockbrokers? A. No, private individuals.

Q. Do you loan to stock brokers generally?

A. Only the seventy brokers who have a monopoly of the stock exchange. This is a special association of brokers, each of whom are liable for the debts of all the rest. A ~~speculator~~^{speculator} buying for a rise and not being able to pay in cash, borrows money from one of these brokers, and the broker comes here and says, "Will you advance money to this man?" In this case we lend to the broker for the man, but the broker is the responsible party to the bank.

Q. Item No. 4 is "Overdrawn Accounts," about 500,000,000 francs. That is a system you have of giving your customers a credit on your books, to be drawn against whenever they wish? A. Yes.

Q. You do not figure interest on these accounts until they are actually drawn against? A. No, of course not.

Q. For instance, a tradesman comes in and gets a credit of 50,000 francs; that is placed to his credit for him to draw against? A. Yes, but he will only owe us interest on the sum he actually draws. A great part of these accounts are against collaterals.

Q. What kind of securities? A. Only marketable stocks and bonds that are easily negotiable.

Q. A large proportion of this sum is on collateral? A. Yes.

Q. What class of people borrow on that item? A. Bankers and business people.

Q. Manufacturers? A. Yes, sometimes, but mostly bankers. In the case of people we know very well we give credit without security. In the case of others we demand security, but to people we do not think well of we do not extend credit under any circumstances.

Q. Is 500,000 francs your limit to one individual or firm on credit? A. No.

Q. A merchant in whom you have confidence comes to you, you investigate him and find out he is solvent and responsible. You would lend him on this item? A. Yes, if we thought well enough of him, we would give him a credit without security, but if not we would demand security. This class of loans occurs only for a short time during the business season. Our theory is that every merchant ought to have enough capital to go on by himself in normal times, but there are times in the busy season - say three or four months - when he will need more capital, and then he comes to us and we lend him money under this item.

Q. What kinds of banks are these that you lend to on collateral? A. Mostly foreign banks; for instance, banks in New Orleans during the cotton season. We do not lend to banks in this country under this item, but to a great many French merchants. It is not to our interest to lend to French banks. We lend money to foreign banks and to French merchants, but never to foreign merchants or to French banks. We never lend on real estate. That is the business of the Credit Francais. The Credit Francais gets its money by issuing long-term bonds of 40 or 50 years, and therefore they can loan on real estate because they do not have to get money quickly.

Q. The first item of Liabilities - Deposits of people living on income; these are deposits of people who expect to leave the money on deposit a long time and receive interest? A. People who live on their income and are not in business. Instead of

keeping the money in their own house, they will deposit it here and draw against it by checks. These are not very active accounts.

Q. Do you pay interest on such an account? A. One half of one per cent; but they can draw it out whenever they like. It is payable on demand. The lower the interest our bank pays, the greater deposits we receive. It costs us less than any other establishment in France to get money, ~~much~~ and yet we have the largest deposits. Sometimes we not only pay no interest, but we make people pay to open an account.

Q. In Item 2, what ~~are~~ do you mean by "government accounts?" A. Foreign governments - Russia, Japan, Italy, and so on, and also accounts of cities.

Q. The City of Paris? A. No, the City of Paris attends to its own financing.

Q. Is interest paid on the accounts included in Item No. 2? A. We pay as little as we can, but the rate varies. It depends upon the rate of discount of the Bank of France and also on the credit of each depositor. A merchant with a very excellent credit will insist upon our paying more interest than one with indifferent credit. The average is about one and one half per cent less than the rate of discount of the Bank of France.

Q. Then most of these accounts draw interest? A. Yes; this is very easy to understand, because these accounts belong to people with tremendous financial interests who are accustomed to bargaining and who are actively engaged in business. Another reason is that we derive profits in one way or another from this class of customers, whereas from most private accounts we get no profits.

Q. Do any of the smaller independent banks in the country keep accounts with you? A. Very rarely; hardly an appreciable amount. The little banks dislike us because we have our branches everywhere.

Q. Take your small independent banks in the country - a tradesman in a little village of 2,000 inhabitants wants to pay for a bill of goods in Paris. He sends his check on one of these small banks to the wholesaler here in Paris. How would that check be paid? A. We would discount the check if the bank was good. We would charge him what we call exchange.

Q. How would you get your money from the country bank? A. Through our branch in that town.

Q. Suppose you had no branch there? A. We would probably have some notary or official in that locality who would present the check and draw out the money and deposit it in our nearest branch.

Q. None of these banks would keep a branch in Paris? A. No; wherever we feel there is the least chance of a bank being profitable, we establish a branch. The custom is in the country district for the country people to go to the nearest big town, and these people do business with our branch banks.

Q. Item No.3 - "Acceptances on Commercial Paper." What is this commercial paper? A. Commercial paper is a bill which is drawn by one merchant on a man to whom he has sold his goods. If an American sells cotton to a French manufacturer, he will draw on him. That is what we call commercial paper. We give two sorts of credit - cash credit, which customers draw out at once, and credit which they draw against.

Q. Item No.4 - "Bonds Given to Customers Against Time Deposits." What sort of bonds are these? A. Three and five year bonds; certificates of deposit due in a stated time, paying about two per cent interest.

Q. These bonds say that at a given time you will pay the money at so much interest? A. Yes.

Q. Have you got statements of any other banks that you could let us have? A. I have not any at hand, but can procure you all you wish and send them to you.

Q. How many individuals must associate together to start a joint stock bank? A. Seven. Not only every bank, but every corporation, or what we call "anonymous society," must consist of at least seven persons.

Q. What is the minimum amount of capital required? A. There is no minimum, but at least one fourth of the capital is required by law to be actually paid up.

Q. Do they usually pay up all the capital? A. No, it depends on circumstances.

Q. How about the big banks of Paris? A. Our institution and the Comptoir d' Escompte are all paid up.

Q. How many large joint stock banks are there that have branches? A. Only three - the Credit Lyonnais, the Comptoir d' Escompte, and the Societe Generale. We consider that it is very much better for a bank to have its capital paid up, because in case of failure it is very hard to get in the unpaid capital.

Q. Are there any other great banks having their principal office in the other cities of France and having branches through the country? A. No.

Q. Then there are really only three great joint stock banks in France of this kind? A. Yes.

Q. What is the liability of stockholders? A. Only what is actually paid in.

Q. What do you call the principal officer of your bank? A. President of the Council of Administration.

Q. Do you have a Vice President? A. We have two Vice Presidents.

Q. Do they take an active part in the affairs of the institution? A. Yes.

Q. In addition to the President and two Vice Presidents, you have a Council of Administration? A. Yes.

Q. Of how many members does this consist? A. Our present Council of Administration consists of twelve members, but we can have fifteen.

Q. What is the term of office of the President? A. One year.

Q. By whom is he elected? A. By the Council. The Council names the Administrators, and the Administrators elect one of themselves President.

Q. The administrators are elected by the shareholders? A. Yes, upon the recommendation of the Council of Administration.

Q. What is the term of office of the members of the Council of Administration? A. Five years. You can get all of these details in regard to our organization from this pamphlet which I hand you.

(Note: The pamphlet referred to contains the organization and bylaws of the Credit Lyonnais. It is in French, and is filed with the papers of the commission, to be translated).

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Q. Does the government take any steps to see that at least one fourth of the capital is paid in? A. The notary (a very important government officer which you do not have in the United States, and who is not in any sense the kind of official which you describe as a notary) is responsible financially. All of these banks are started in a notary's office, and he is responsible for one fourth of the capital being actually paid in.

Q. Does the government give any further attention to the management of the bank besides requiring an annual report? A. No.

Q. How long does your charter run; is it perpetual? A. It runs to 1960.

Q. How many shareholders have you? A. Fifty thousand.

Q. What is the amount of a share? A. Five hundred francs, and they are worth now twelve hundred francs on the stock exchange.

Q. Is there any restriction under law or under your bylaws as to loans made to directors or officers of the bank? A. So far as the law is concerned, there is none; but, as a matter of fact, no director or officer would ever apply for a loan. They could, but they never do.

Q. What class of men do you have as directors or members of the Council of Administration? A. The present President has been employed here ever since the institution was founded. The Vice President has been in the bank since 1878. Other administrators are usually old heads of departments.

Q. In regard to cash reserves which you carry to pay deposits - do you carry most of these in your own bank or in its branches? A. We carry it all ourselves.

Q. What per cent of your deposits do you intend to carry in cash either in your own banks or in other banks? A. Six to eight per cent.

Q. You have got about ten per cent in this statement? A. That is too much. That is more than we need. We intend to carry only from six to eight per cent.

Q. Let us go back for a moment. The commercial paper and public securities mentioned in the second item of Assets - you could take any amount of that to the Bank of France and get the money on it? A. A good proportion of this is bankable; not everything, but the greater part.

Q. What are the requirements to have the paper accepted by the Bank of France? A. It must be commercial paper, with three signatures and with not over three months to run. Sometimes the Bank of France takes financial paper, but they do not take very much.

Q. Then you consider all of that item as a reserve? A. In order to repay the money of the depositors who want their money quickly, 95 per cent of the second item would be immediately available. A great part of the third item also could be utilized immediately. Everything that is called "report" comes in every 15 days.

Q. Suppose a great European war should break out and the Bank of France should suspend specie payment but continue to issue notes, would your depositors feel satisfied with the notes in payment? A. Immediately upon the breaking out of a war, the Bank of France would suspend payments. Our bank could not be blamed for paying in the same kind of money that the Bank of France

paid. When the Bank of France suspends, their notes are legal tender.

Q. Are they legal tender now? A. No; but the people greatly prefer to have bank notes because they know they are realizable, but they are not legal tender.

Q. In case of a war and the bank suspending payment, they would give you notes for commercial paper, and those notes would be a legal tender for paying your depositors? A. There would be a law authorizing the suspension of specie payments, and making the notes legal tender. Russia carried on a great war with Japan without suspending specie payments.

Q. What portion of these loans in the assets are call loans? A. The proportion is very variable. We know what the proportion is at any given time, but do not make it public.

Q. Are not the overdrawn accounts payable on demand? A. Usually we give the right to overdraw for a month or two.

Q. Is that put in writing? A. Yes, always. We allow latitude as to time to business people in this connection. We would have the right to call in one, two, or three months; but, as a matter of fact, we do not.

Q. Let us take up the question of discount rates. Do your big banks follow the Bank of France rate? A. We have two discount rates in France - that of the Bank of France, which is the official one, and then the rate outside of the Bank of France. At the present moment our discount rate is one per cent; the official rate being about three per cent.

Q. Does the Bank of France ever loan below its published rate. A. No, it never does.

Q. To what extent are checks used in your business? A. Almost exclusively now everywhere in France - that is, by our own customers. The use of checks, however, is not as general here as in America or England. For instance, in Paris you cannot pay your rent by check.

Q. How do you pay your bills, Baron, for drygoods, supplies for your household, etc? A. Always in checks. I hardly ever carry more than a hundred francs in actual money with me.

Q. What proportion of the business of France is done by checks and what by actual money? A. I do not know.

Q. I understand none of the farmers or peasants will use checks? A. Never.

Q. How about your tradesmen all through the small towns and the doctor and lawyer and professional man - would they draw the money out and pay their bills in cash? A. Certainly.

Q. How about the payrolls of manufacturers? A. Always in money.

Q. How do you pay your own employees? A. Always in money.

Q. Is the Bank of France obliged by law or by custom to accept bankable bills of other banks? A. They are not obliged by law, but that is their business, and there would be no reason for their existence if they did not. They have the power to refuse, but they never do if the paper is good.

Q. What is your theory of why the Bank of France keeps such an enormous specie reserve on hand? Is it not very unprofitable? A. One reason is that the people do not want the gold in their pockets. They prefer to have it in the Bank of France and get notes for it. The bank has to issue notes for all the gold on deposit. An enormous amount of gold arrives in France - more than

in any other country. Also, the Bank of France can issue notes on gold and pay the notes in silver. The more paper currency becomes popular, the more the gold stays in the Bank of France.

Q. Do your people hoard money much? A. They used to, but it is now the custom to put money in the banks. Thirty years ago they kept the money at home.

Q. Then people are hoarding money less as banks and branches increase? A. Yes.

Q. Have you ever had any runs on any of your branches by depositors? A. Several times, particularly when there was a smash here some years ago, caused by the Union Generale.

Q. What proportion of your own payments are made in gold? A. A very small proportion. The people prefer notes.

Q. Have you ever had any runs on your branches since the big bank failure in the 80's? A. We have never had a run since the smash of the Union Generale. In 1889, when the Comptoir d'Escompte went to smash, the people drew out eighty millions from our bank, but the next day they brought back one hundred and twenty millions.

Q. Do you think this large amount of gold the people keep outside of banks is because they are afraid to put it in banks? A. One of the reasons is that a great many country people have no banks near them. This is one of the chief reasons. The proportion of banks in America is so much more enormous than in any other country that you cannot realize the inconvenience of the country people in France.

Q. How about postal savings banks? A. They have considerably reduced the amount of money that is hoarded; but the diffi-

culty of getting the money out of the postal savings banks, the writing and time and trouble it takes, is a drawback to the more general use of them.

Q. How many branches do you have in Paris? A. Fifty-four.

Q. How many outside? A. Two hundred and twelve. In 1898 the total number of branches, including Paris and outside, was two hundred and fourteen.

Q. How many employees have you altogether? A. Fourteen thousand.

Q. Do you buy up many of the independent banks through the country? A. No, never.

Q. What becomes of them? A. Some fail, some of them just wind up. We have a statement here which gives the number and cause of all the failures in France for a number of years. We cannot give this statement to you, because it is confidential, but we will be glad to give any members of your Commission an opportunity to examine it here at any time they may desire.

Q. When you establish a branch in a village, you generally find a local independent bank there. Can this local bank compete with you? A. There are certain places where the private banks have kept going, but the tendency is for the private banker to disappear. We are the bankers of the democracy. We take small sums and have numerous branches. We take in every small deposit of the public. One great distinction is that the private bank is always in the hands of a family. A man who originally starts a private bank may be a good banker and financier and business man, but it does not always follow that his son, who, in all likelihood, will inherit the business, will be capable of running it. These

joint stock banks do not go from father to son, but are always under good management.

Q. Do you not have small joint stock banks in the small towns? A. No; some few, but not enough to amount to anything.

Q. Do you not have in the larger cities, like Lyons?

A. There is one in Marseilles and one in Lyons, but the business is very small and there are no branches. The only other bank in Paris beyond those named is the Credit Industrial and Commercial, which has twenty-three branches and eighty million francs (capital or deposits?).

Q. Do you know what the size of the territory is in which the Bank of France is compelled to establish a branch by its charter? A. Branches are established in accordance with the importance of the district, but each time the charter of the Bank of France is renewed, the government demands that it establish certain new branches.

Q. Do the people outside of the banking business, in the towns - the merchants and manufacturers - favor the branch banks or do they prefer the local banks? A. The field covered by the two is entirely different. The private banks lend on anything - houses, furniture, etc. We will not lend on anything that is not immediately realizable.

Q. Do you add new capital when you put in new branches?

A. We enlarged our capital in 1900 from 200,000,000 to 250,000,000 francs, but this was on account of general business and not on account of branches.

Q. Are the managers of your branch banks usually people from the immediate locality in which the branch is situated, or do you

send jourmen there as managers? A. We always take our employees from some other place than that in which the branch is located. We never buy the buildings of any other bank or take any of their employees.

Q. Do the three great joint stock banks cooperate in the matter of rates of discount or do they have any agreement or understanding about such matters? A. No, they never consult with each other in any way. They are on very good terms, but they do not consult together. There is no agreement on rates of discount. The mere fact of competition compels each of them to do the best business they can.

Q. Would these joint stock banks like the right of note issue that they used to have? A. No, not for anything in the world. They think that the system of note issue by the Bank of France is by far the best for this country.

Q. Is there any sentiment among the people for any change in your banking system along any lines? A. None whatever. The public appreciate exceedingly the present banks and their systems and do not desire any change. The joint stock banks were created for, and have to accommodate and adjust themselves to, the needs of the people of France.

Q. Do you keep large amounts of money in your branches, or is it your policy to bring the money from the branches to Paris? A. We keep one-fourth of all our cash in Paris.

Q. To what extent do managers of the branches make loans on their own responsibility? A. Every one of our sub-agencies is a complete little bank in itself, with regulations of its own, and the managers do not consult much with the main bank. They

are completely equipped as banks on their own account.

Q. Do they keep their own deposits? A. In the country districts they keep their own money, but in Paris they send their money to the main bank.

Q. Are they able to loan all of their deposits in the country? A. We regulate it according to the confidence of the director of each bank. Now that we have the telephone, we would be consulted before a very large or important loan was made. Once a month all the loans and securities of the branches are locked over by the central bank, and we are sending inspectors out all the time to examine the branches. All branches are visited regularly by two sets of inspectors sent by the home office. There are four groups of these sub-agencies, and when they are negotiating any very important transaction, they have to consult the director here who is in charge of that particular group, and he would, in turn, consult our principal officers before taking any action. Our system is to give our agents great responsibility, and encourage them to assume it; but they are constantly overlooked and supervised. All the directors of our branches have a share in the profits.

Q. The elasticity in your system is furnished by the note issue of the Bank of France? A. Yes; we could not exist without this. It is the basis of our system. We could not possibly have such large deposits payable on demand without the Bank of France behind us.

Senator Daniel and Representatives Vreeland and Overstreet sailed for the United States on the 26th of August, on the North German Lloyd Steamer Kronprinz Wilhelm.

ADD RUEFF STATEMENT.

PROCEEDINGS OF THE NATIONAL MONETARY COMMISSION.

Washington, D. C.

Monday, November 23, 1908.

The Commission met at 11 a.m., pursuant to the call of the Chairman.

Present: Senators Aldrich (Chairman), Burrows, Hale, Teller, Money and Bailey, and Representatives Vreeland (Vice-Chairman) Burton, Weeks, Bonyngé, Smith, Padgett, Burgess and Pujo.

The Chairman stated to the Commission that the subcommittee appointed to investigate the banking and currency systems of foreign countries had spent some time abroad, in pursuance of the work delegated to them.

He further stated that the conferences which the subcommittee had had abroad and the engagements they had made with people in the different countries to furnish information, had been printed, and he handed all the members present the following record of the work of the members of the subcommittee abroad:

LIST OF CONFERENCES

IN LONDON, PARIS, AND BERLIN, HELD
BY REPRESENTATIVES OF THE

NATIONAL MONETARY COMMISSION,

AND OF

PAPERS AND STATISTICS TO BE PREPARED
FOR THE COMMISSION.



WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.

**EUROPEAN CONFERENCES HELD BY REPRESENTATIVES OF
THE NATIONAL MONETARY COMMISSION.**

CONFERENCES IN LONDON.

1908.

- Aug. 12. *Parr's Bank (Limited)*, London, Mr. R. W. Whalley, general manager.
Union Discount Company, London, Mr. Christopher R. Nugent, manager.
Prof. Henry S. Foxwell.
- Aug. 13. *London City and Midland Bank*, Mr. Edward H. Holden, M. P., managing director.
National Provincial Bank of England, Mr. R. T. Haines, general manager.
Sir George Murray, K. C. B., permanent secretary of the treasury.
- Aug. 14. "*The Statist*," London, Mr. George Paish, editor.
- Aug. 15. *Parr's Bank (Limited)*, Mr. R. W. Whalley, general manager.
Bank of England, Mr. W. Middleton Campbell, governor; Mr. Frederick Huth Jackson, director; Mr. Alfred C. Cole, director; Mr. Edward C. Grenfell, director.
- Aug. 17. *London City and Midland Bank*, Mr. Edward H. Holden.
Bank of England, Mr. H. W. Search, discount officer.
London and Westminster Bank (Limited), Mr. T. J. Russell and Mr. Edward Clifton Brown.
- Aug. 18. *Baring Bros. & Co.*, London, Mr. Gaspard Farrer.
Hong Kong and Shanghai Banking Corporation, Mr. C. S. Addis, manager in London.
- Aug. 19. *Bank of England*, Mr. Frederick Huth Jackson, Mr. Alfred C. Cole.
Munroe & Co., Mr. F. de Reiset, 7 Rue Scribe, Paris.
Bank of Liverpool, Mr. James H. Simpson, manager in London.
- Aug. 20. *Swiss Bankverein*, London, Mr. Leon Rueff, managing director; Mr. L. Joseph, submanager.

CONFERENCES IN BERLIN.

- Aug. 26. *Deutsche Bank*, Dr. Paul Mankiewitz, director.
- Aug. 27. *Deutsche Bank*, Dr. Paul Mankiewitz, director.
Reichsbank, Herr Dr. von Glasenapp, vice-president; Herr Dr. von Lumm, director.
- Aug. 28. *Reichsbank*, Herr Dr. von Glasenapp, vice-president; Herr Dr. von Lumm, director.
- Aug. 29. *Dresdner Bank*, Herren Schuster & Nathan, directors.
- Aug. 31. *Dresdner Bank*, Herren Schuster & Nathan, directors.
Reichsbank, Herr Dr. von Glasenapp, vice-president; Herr Dr. von Lumm, director.
- Sept. 1. *Deutsche Bank*, Dr. Paul Mankiewitz, director.
- Sept. 2. *Reichsbank*, Herr Dr. von Lumm, director.
Dresdner Bank, Herren Schuster & Nathan, directors.

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- Sept. 4. *Schulze-Delitsch Genossenschaften*, Herr Kleemann, director.
- Sept. 7. *Preussische Central Genossenschafts-Kasse*, Herr Geheimrat Hessberger et al.
Berliner Kassen Verein, Herr Hoppenstedt.
- Sept. 8. *Preussische Central Bodenkredit Actien Gesellschaft*, Herr von Klitzing.
- Sept. 9. *Preussische Central Genossenschafts-Kasse*, Herr Geheimrat Hessberger et al.
Pfandbrief Bank, Herr Kommerzienrat Dannenbaum.
- Sept. 10. *Royal Seehandlung*, Geheimer Oberfinanzrat Littner, vice-president.
- Sept. 11. *Kur- und Neumarkisches Ritterschaftliches Kredit-Institut*, Herr Geheimrat Heintze, president.
Neues Brandenburger Kredit Institut and *Kur und Neumarkische Ritterschaftliche Darlehns Kasse*.
- Sept. 14. *Berliner Handels Gesellschaft*, Dr. Mosler.
Disconto Gesellschaft, Dr. Salomonsohn.
- Sept. 15. *Von Mendelssohn & Co.*, Herr von Mendelssohn.
S. Bleichroeder, Dr. von Schwabach.
- Sept. 16. *Berliner Sparkasse*, Stadtrat, Herr Emil Gehricke, president.
- Sept. 18. *Disconto Gesellschaft*, Dr. Salomonsohn.

CONFERENCES IN PARIS.

- Aug. 24 and Sept. 26. *Banque de France*, M. Pallain, governor.
- Aug. 25. *Crédit Lyonnais*, Baron Brincard, administrator.
- Sept. 29. *Crédit Lyonnais*, M. Lefevre, chef des Etudes financières.
Comptoir D'Escompte, M. Ullmann, directeur.
- Oct. 1. *Crédit Lyonnais*, M. Lefevre.
- Oct. 2. *Crédit Agricole*, M. Decharme, chef du Service du crédit mutuel et de la co-operation agricoles.
Crédit Foncier, M. Touchard, secrétaire général.
- Oct. 3. *Crédit Lyonnais*, M. Lefevre.
- Oct. 5. *Caisse des Dépôts et Consignations*, M. Delatour, directeur-général.
- Oct. 6. *Mouvement des Fonds* (ministère des finances), M. Sergent, chef.
Caisses d'Epargne, M. Georges Paulet, directeur de l'assurance et de la prévoyances sociales, au ministère du travail.
- Oct. 7. *Banque de Paris et des Pays-Bas*, M. Moret, directeur.
Banque de France, M. Pallain, governor.

ADDITIONAL CONFERENCES IN LONDON.

- Oct. 12. *Lord Swaythling*.
London Joint Stock Bank, Mr. Charles Gow, manager.
- Oct. 13. *The Union of London and Smith's Bank*, Sir Felix Schuster, governor.

ENGLAND.

REPORTS TO BE PREPARED IN ENGLAND.

Prof. H. S. Foxwell, lecturer in the London School of Economics, 1 Harvey road, Cambridge, will prepare a history of banking in England, to include the Bank of England, joint-stock banks, private and merchant bankers, and any other institutions engaged in commercial banking.

H. Withers, financial editor of the London Times, 15 Copthall avenue, London, E. C., will prepare a study of banking practice in England and Scotland, including an account of the London Stock Exchange. (See later pages for details.)

Francis W. Hirst, editor of The Economist, 3 Arundel street, Strand, London, E. C., will prepare a paper upon the growth of the public debts of England, France, and Germany during the last thirty-five years, including national, provincial, municipal, and all publicly guaranteed obligations (e. g., of railroads), to contain some analysis of the budgets of the countries concerned.

George Paish, editor of the Statist, 51 Cannon street, London, E. C., will prepare a paper on the balance of trade and indebtedness between America and England.

Robert Martin Holland, honorable secretary of the clearing house, Post-Office Court, Lombard street, E. C., will prepare an account of the clearing system in London and other cities of the United Kingdom.

Ernest Sykes, of the Central Bankers' Association and of the Institute of Bankers, 34 Clements lane, London, E. C., will prepare a brief statement of the objects and history of these institutions.

ENGLISH STATISTICS.

R. H. I. Palgrave, F. R. S., Henstead Hall, Wrentham, Suffolk, will prepare statistics for the Bank of England since 1844. (See later pages for details.)

Francis W. Hirst and ——— Wright, of the Economist, 3 Arundel street, Strand, London, will prepare statistics for the joint stock and other banks during the last thirty years; as to British exports and imports of gold and rates of international exchange for the last fifty years; as to the growth of population, business, wealth, and commerce of Great Britain since 1867; as to the money supply of Great Britain at intervals since 1844; and also as to the growth of debts, national, provincial, municipal, and changes in the national budgets since 1870 in Great Britain, France, and Germany. (See later pages for details.)

H. W. Search, head of the discount department of the Bank of England, has prepared statistics of the rates for discounts, loans,

and deposits of the joint stock and other banks in London, provincial cities, and country towns for the past twenty years.

R. W. Whalley, of Parr's Bank, 4 Bartholomew lane, London, E. C., will secure information regarding proportion of checks or cash in his bank (metropolitan offices, provincial and country branches being separated).

GERMANY.

PROVISIONAL LIST OF BOOKS AND ARTICLES UPON GERMAN BANKS TO BE TRANSLATED.

I. THE REICHSBANK.

The law of 1875, with amendments and comments as given by *R. Koch*: *Die Reichsgesetzgebung Über Münz-und-Notenbankwesen*, Berlin, 1905, pages 1-43, 129-267, *Allgemeine Bestimmungen über den Geschäftsverkehr mit der Reichsbank*, pages 44-133; also law of February 20, 1906.

Die Reichsbank 1876-1900. Jena 1900. *Jubiläums-Schrift*, pages 1-225.

Renewal of Reichsbank privileges.

Verhandlungen des dritten allgemeinen Deutschen Bankiertages zu Hamburg am 5, und 6 September 1907, Berlin 1907, pages 68-127, including speeches of Messrs. Schinckel, von Klitzing, Edler von der Planitz, Salomonsohn, Jaffe, Damme, Muller, and others.

W. Lexis: *Die Erneuerung des Privilegiums der Reichsbank*, *Bank-Archiv*. VI, Jahrgang 1906, page 309.

M. Stroell: *Ueber die Erneuerung des Privilegiums der Reichsbank und der Privat Notenbanken*. *Bank-Archiv*. VI, Jahrgang 1906, page 311.

1. *Koch, R.* *Der Kredit bei der Reichsbank*. (*Zeitschrift für Handelswissenschaft und Handelspraxis*. Leipzig. Juli 1908.)

2. *Koch, R.* *Über den Lombardkredit bei der Reichsbank, insbesondere die Beleihung von Reich- und Staatspapieren*. (*Deutsche Revue*. Stuttgart and Leipzig. 1908. III. Vierteljahr, S. 35-40.)

II. JOINT STOCK BANKS.

Dr. Riesser: *Zur Entwicklungsgeschichte der deutschen Grossbanken mit besonderer Rücksicht auf die Konzentrationsbestrebungen*. Jena 1906. (Third edition in preparation.)

III. OTHER BANKS.

(a) *Mortgage banks.*

F. Hecht: *Article on Hypothekenbanken in Conrad's Handwörterbuch*. (Third edition in preparation.)

(b) Landschaften.

Dr. J. Hermes: Article on Landschaften in Conrad's Handwörterbuch.

Altrock: Article on Entschuldung in Conrad's Handwörterbuch. (Third edition.)

(c) Rentenbanken.

Article on Rentenbanken in Conrad's Handwörterbuch. (Second edition.)

(d) Landeskultur-Rentenbanken.

Dr. J. Hermes: Article on Landeskultur-Rentenbanken in Conrad's Handwörterbuch. (Second edition.)

(e) Genossenschaften.

H. Crüger: Article on Darlehnskassen in Conrad's Handwörterbuch. (Third edition.)

(f) Savings banks.

Dr. Breslauer: Article to be prepared.

R. Schachner: Die staatliche und kommunale Sparkassen-politik der neuesten Zeit. Conrad's Jahrbuch, 1906, Seite 247-256.

Seidel: Das Sparkassenwesen. (Zeitschrift für die gesamte Staatswissenschaft. Tübingen, 1908, S. 58-107.)

(g) Miscellaneous.

W. Prion: Das Deutsche Wechseldiskont-Geschäft. Leipzig, 1907, pages 110-159. (Discusses relation of bank rate to other rates of discount.)

Dr. M. Wittner: Article on the use of checks in Germany (to be prepared.)

Dr. M. Wittner: Brief sketch of the organization of the German money market (to be prepared.)

Dr. Breslauer: Article (to be prepared) on the history, organization, and methods of the Bourse.

Dr. Carl Melchior: Article (to be prepared) upon the kinds and forms of corporations, and upon methods of remunerating directors.

GERMAN STATISTICS.

Dr. Wittner and Dr. Breslauer, of the Centralverband des Deutschen Bank- und Bankiergewerbes, 7 Dorotheenstr. 3 II, Berlin, will prepare statistics of the Reichsbank, of the money supply of Germany, the exports and imports of gold, the rates of international exchange, the published rates of discount and deposit in different parts of the country, the growth of population, business, wealth, and commerce, statistics also of the Kreditgenossenschaften and the savings banks. (See later pages for details.)

Dr. Robert Franz, of the Deutsche Oekonomist, Burgstrasse 3, Berlin, C. 2, will prepare statistics of the joint stock and other banks for the past twenty years, of the Hypothekenbanken and Landschaften. (See later pages for details.)

The president of the Reichsbank, Excellenz Havenstein, has furnished statistics of rates of discount and deposit throughout Germany corresponding to the figures collected by Mr. Search in England.

Geh. Kommerzienrat E. Jacob, of the Verein Berliner Kaufleute und Industrieller, Jägerstr. 22, Berlin, has been asked to collect data with regard to the relative use of coin, bank notes, and credit instruments, such as checks, drafts, money orders, among the different firms connected with that organization in Berlin.

ADDRESSES.

Dr. Wittner and Dr. Breslauer p. adr., Centralverband des Deutschen Bank und Bankiergewerbes, 7 Dorotheenstr. 3 II, Berlin.

Geh. Justizrat Dr. Riesser, Lichenstein-Allée 4, Berlin.

Geh. Regierungsrat Prof. Johannes Conrad, 13 Muhlweg, Halle a. d. S.

Dr. Whittaker, Wilhelmstrasse 98, Berlitz School, Berlin (translator of Jubiläumschrift).

H. L. Lutz, 49 Wendell street, Cambridge, Mass. (translator of other German material).

Dr. Carl Melchior, 75 Ferdinandstrasse, Hamburg.

FRANCE.

MONOGRAPHS TO BE PREPARED IN FRANCE.

André Liesse, professeur au Conservatoire National des Arts et Métiers (18 Rue Denfert-Rochereau), Paris, will prepare a history of banking in France to include the Banque de France, the Sociétés de Crédit, the local banks, the Crédit Foncier, and the Crédit Agricole, showing their evolution in form and policy and their interrelations during the past century, with critical opinions as to their relations with the Government, the policies pursued, and the services rendered by them to different classes.

Albert Aupetit, chef du service administratif et des études économiques de la Banque de France, will prepare a study of banking practices in France, showing the distinctive functions of each class of banks and differentiating the character of the business done by the several classes of institutions in Paris, in the large departmental cities and in rural communities, showing also the provisions of law or custom governing their organization, capital, reserve, liabilities of stockholders, officers, and directors, their methods of supervision and inspection, and the nature and extent of returns required or published. The account will portray the general nature of the business done, including the character of the deposits and of current accounts, with the usual rates of interest, if any, paid on both, and a statement

of any charges upon the turnover, including the general character of bills discounted, loans, advances to customers, cash credits, and acceptances, with the usual rates charged for each. It should include an explanation of all terms appearing in the ordinary reports of banks. It should also include a statement as to the use of checks, crossed checks, etc., a description of the organization and methods employed in the Paris chambre de compensation, with a statement as to the kinds of devices which are cleared, also a statement as to the number and aggregate transactions of the other chambres de compensation in France, and a description of the methods of making payments at a distance. There should also be included a description of any organizations or associations of banks other than clearing houses existing, either in Paris or elsewhere in France.

Finally, the paper should present in appendices the text of the principal statutes governing the operations of the various classes of banks.

The study is to include the Bank of France, the Sociétés de Crédit, the local banks, the Crédit Foncier, the Crédit Agricole, the Caisse des Dépôts et Consignations, and the Caisses d'Épargne ordinaires and the Caisse d'Épargne Nationale.

Alfred Neymarck, editor of *Le Rentier*, 33 Rue St. Augustin, ancien président de la Société de Statistique de Paris, will prepare a paper upon savings in France, under the following heads:

1. The formation and development of saving in France.
2. The ordinary savings banks and the postal savings banks.
3. French and foreign securities, their distribution in France and abroad.
4. The influence of security investment upon the rate of discount, upon the banks, their deposits, their reserves, etc.

E. Vidal, editor of *La Cote de la Banque et de la Bourse*, 1-3 Place de la Bourse, will prepare an account of the history and method of the Paris Bourse, its regulations, whether of law or custom, regarding its organization, conditions of membership, kinds of business done, methods of listing, machinery of settlement, etc.

FRENCH STATISTICS.

Albert Aupetit, chef des études économiques, Bank de France, rue la Vrillière, Paris, will collect the statements of the Bank of France since 1875, with tables of rates of interest charged, and the published market rates of discount, statistics of exports and imports of gold, of the rates of international exchange, of the money supply of France, and of the proportion of money and money substitutes in trade. (See later pages for details.)

M. Lefevre, chef des études financières, Crédit Lyonnais, Boulevard des Italiens, Paris, will collect statistics of the Sociétés de Crédit and other banks for the last twenty years, of the Crédit Foncier, of the Crédit Agricole, of the Caisses d'Espagne, and statistics showing the growth of population, business, wealth, and commerce in France. (See later pages for details.)

The governor of the Bank of France, M. Georges Pallain, has been asked to furnish statistics of rates of discount and deposit throughout France corresponding to the figures collected by Mr. Search for Great Britain.

REPORTS FROM OTHER COUNTRIES.

Dr. Julius Landmann, das Schweizerische Bankgesetz, Untersuchungen zur Geschichte und Kritik der Schweiz. Notenbankgesetzgebung, insbesondere des Bundesgesetzes vom 6 Oktober, 1905, über die Schweizerische Nationalbank.

To be translated under the supervision of Mr. Léon Rueff, of the Swiss Bankverein, 43 Lothbury, London, E. C.

Prof. O. M. W. Sprague, of Harvard University (18 Sumner road, Cambridge, Mass.), will prepare a paper upon the organization and history of the banking system of Japan.

ENGLISH STATISTICS.

STATISTICS TO BE PREPARED BY R. H. I. PALGRAVE, F. R. S., HENSTEAD HALL, WRENTHAM, SUFFOLK.

BANK OF ENGLAND STATEMENTS.

To include both issue and banking departments, stated separately—

1. For period since 1844, grouped in annual and decennial averages.
2. For last twenty years, weekly (omitting last five figures).
3. These should also state in each case percentage of reserve (gold, silver, and notes) in banking department to total deposit liabilities.
4. Also annual amount of dividends paid.
5. Average weekly fluctuations for the twenty years (1887-1907) of—
 - (a) Notes issued.
 - (b) Notes held by the public.
 - (c) Bank's reserves.
 - (d) Public deposits.

TABLE OF BANK OF ENGLAND RATES SINCE 1844.

1. Average rate for annual and decennial periods.
2. Maximum and minimum rates for each year.
3. Number of changes each year.
4. For twenty years (1887-1907) table showing date and character of all changes.

NOTE ISSUES.

- (a) By Bank of England (as above).
- (b) By other banks of issue in England and Wales.
- (c) By banks in Scotland.
- (d) By banks in Ireland.
1. Annual and decennial averages since 1844 with per capita amounts at decennial periods.
2. Four-weekly statements for last twenty years.
3. Average four-weekly fluctuations for these twenty years.

STATISTICS TO BE PREPARED BY THE ECONOMIST, GRANVILLE HOUSE, 3, ARUNDEL STREET, STRAND.

Francis W. Hirst, Editor, 27, Campden Hill Square, London, W.

JOINT STOCK AND OTHER BANKS.

These should be stated separately, to include (a) London clearing-house banks, (b) other joint-stock banks in England and Wales, (c) private banks and merchant bankers who make reports, (d) Scotch banks, (e) Irish banks, (f) foreign and colonial banks doing business in England as to their English business.

Statements of joint-stock and other banks and bankers should include, as far as possible, the following:

- (a) The name of the bank or banking house.
- (b) Number of branches.

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- (c) Subscribed capital.
- (d) Paid up capital and reserve fund.
- (e) Reserve liability of shareholders.
- (f) Number of shareholders.
- (g) Cash on hand and at Bank of England (where possible these to be separately stated).
- (h) Percentage of same to deposit liabilities.
- (i) Money at call and short notice.
- (j) Percentage of same to capital and reserve fund.
- (k) Government and other securities.
- (l) Percentage of same to capital and reserve fund.
- (m) Deposits.
- (n) Bills discounted.
- (o) Loans and advances.
- (p) Percentage of capital and reserve fund to other liabilities.
- (q) Dividend rate per cent paid last year.
- (r) Number of reports per year.

CONSOLIDATED STATEMENTS ANNUALLY FOR ALL BANKS FOR TWENTY YEARS.

1. Bank of England.
 2. Other banks in England and Wales—
 - (a) London Clearing-House banks.
 - (b) Other joint-stock banks in England and Wales.
 - (c) Private banks and merchant bankers who make reports.
 - (d) Total for banks of England and Wales.
 3. Scotch banks.
 4. Irish banks.
 5. Foreign and colonial banks doing business in England, as to their English business.
 6. Total United Kingdom.
- Figures to be given for the following items:
- (a) Number of banks.
 - (b) Number of branches.
 - (c) Number of inhabitants to each bank and branch.
 - (d) Subscribed capital.
 - (e) Paid-up capital and reserve funds.
 - (f) Reserve liability of shareholders.
 - (g) Deposits.
 - (h) Cash on hand and at Bank of England; percentage of same to deposit liabilities.
 - (i) Money at call and short notice; percentage of same to deposit liabilities.
 - (j) Investments in securities.
 - (k) Discounts, loans, and advances.
 - (l) Percentage of capital and reserve fund to other liabilities.
 - (m) Dividends.

GOLD MOVEMENTS.

- Exports and imports of gold—
- (a) From Great Britain to and from various countries, for annual and decennial periods since 1857.
 - (b) Weekly shipments and receipts for last ten years.
 - (c) Monthly for twenty years.

RATES OF INTERNATIONAL EXCHANGE.

- Quoted rates for sight exchange for same time as above (weekly for last ten years, monthly for last twenty years) between—
- (a) London and New York.
 - (b) London and Paris.
 - (c) London and Berlin.

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GROWTH OF POPULATION, BUSINESS, WEALTH, AND COMMERCE.

For annual and decennial periods since 1867 for Great Britain, as shown by—

- (a) Population.
 - (b) Foreign commerce (exports and imports).
 - (c) Registered tonnage.
 - (d) Amount of bank capital and reserve fund.
 - (e) Bank deposits.
 - (f) Postal, trustee, or other savings-banks deposits.
 - (g) Banks clearing-house transactions.
 - (h) Home consumption of tea and sugar.
 - (i) Amount of public revenues.
 - (k) Amount of iron and steel production.
 - (l) Transportation statistics, including gross earnings of railways and number of tons of freight carried one mile.
 - (m) Growth in wealth as shown by income-tax returns yield per penny.
 - (n) Total ratable value of lands and houses.
 - (o) Any other available statistics showing industrial growth.
- All the above should show also per capita growth.

PROPORTIONS OF MONEY AND MONEY SUBSTITUTES IN TRADE.

Statistics as to the relative use of coin, bank notes, and credit instruments, such as checks, drafts, money orders, etc., as shown by the receipts on a given day of several department stores and several shops in London, in some large provincial cities, and in one or two country towns.

QUOTED MARKET RATES.

The published rates for twenty years, for thirty days and six months bills, for money on call, and the deposit rates of banks and discount houses as published in the Economist.

MONEY SUPPLY OF THE UNITED KINGDOM.

1. Total supply of gold at periodic intervals since 1844.
2. Per capita supply of gold at same dates.
3. Total supply of notes at same dates.
4. Per capita of notes at same dates.
5. Percentage of gold supply to total note issue at same dates.
6. Percentage of gold supply to aggregate of notes and deposits.
7. Such figures as can be obtained showing the amount of gold and notes in the banks, and in the hands of the people.
8. Amount of silver in circulation.
9. Per capita amount of silver in circulation.

The Economist will endeavor to supplement the figures collected by the Deputy Master of the Mint, with regard to the gold and silver holdings of the banks, by figures especially collected showing the amount of notes held by them, for the purpose of finding the total amount of actual money held by the banks.

GROWTH OF PUBLIC DEBTS IN ENGLAND, FRANCE, AND GERMANY.

To include national, provincial, and municipal debts and all obligations guaranteed by the public, such as railroad bonds and the like.

NATIONAL BUDGETS OF ENGLAND, FRANCE, AND GERMANY.

- (a) Totals to be presented at intervals of five years during the last four decades.
- (b) Comparative analysis and classification of revenues and expenses in the budgets of the three countries for the last year available.

GERMAN STATISTICS.

STATISTICS TO BE PREPARED BY DR. MAX WITTNER AND DOCTOR BRESLAUER, OF THE CENTRALVERBAND DES DEUTSCHEN BANK UND BANKIERGEWERBES, 3 DOROTHEENSTRASSE, BERLIN.

REICHSBANK STATEMENTS.

1. For period since 1875, grouped in annual and decennial averages.
2. For last twenty years, weekly (omitting last five figures).
3. These should also state in each case percentage of reserve (gold, silver, and Reichskassenscheine)—
 - (a) To note issue.
 - (b) To notes and deposits.
4. Also annual rate of dividends paid to stockholders and to Government.
5. Average weekly fluctuations for the twenty years (1887-1907) of—
 - (a) Notes held by the public.
 - (b) Banks reserves (coin, bullion, Reichskassenscheine).

TABLE OF REICHSBANK RATES SINCE 1875.

1. Average rate for annual and decennial periods.
2. Maximum and minimum rates for each year.
3. Number of changes each year.
4. For twenty years (1887-1907) table showing date and character of all changes.

NOTE ISSUES.

- (a) By Reichsbank (as above).
- (b) By other banks of issue in Germany.
1. Annual and decennial averages since 1875 with per capita amounts at decennial periods.
2. Monthly statements for last twenty years.
3. Average monthly fluctuations for these twenty years.

QUOTED MARKET RATES.

The published rates of the Reichsbank during twenty years, for thirty days and three months bills, for money on call, for Lombards thirty days, and the private discount rate for the same period in Berlin, in leading provincial cities, and in country towns covering thirty, sixty, ninety, and one hundred and twenty day bills, money on call, on thirty-day Lombards, on advances to customers and on overdrafts, also rates paid on deposits (*in so far as these can be obtained.*)

MONEY SUPPLY OF GERMANY.

1. Total supply of gold at periodic intervals since 1871.
2. Per capita supply of gold at periodic intervals since 1871.
3. Total supply of notes at same dates.
4. Per capita supply of notes at same dates.
5. Percentage of gold supply to total note issue at same dates.
6. Percentage of gold supply to aggregate of notes and deposits.
7. Such figures as can be obtained showing the amount of gold and notes in the banks and in the hands of the people.
8. Amount of silver in circulation.
9. Per capita amount of silver in circulation.

GOLD MOVEMENTS.

Exports and imports of gold—

- (a) From Germany to and from various countries for annual and decennial periods since 1871.
- (b) Monthly shipments and receipts for last twenty years.

RATES OF INTERNATIONAL EXCHANGE.

Quoted rates for sight exchange (weekly for last ten years, monthly for last twenty years) between—

- (a) Berlin and New York.
- (b) London and Berlin.
- (c) Paris and Berlin.

GROWTH OF POPULATION, BUSINESS, WEALTH, AND COMMERCE.

For annual and decennial periods since 1871 for Germany, as shown by—

- (a) Population.
 - (b) Foreign commerce (exports and imports).
 - (c) Registered tonnage.
 - (d) Amount of bank capital and reserve funds.
 - (e) Bank deposits.
 - (f) Savings banks deposits.
 - (g) Bank clearing-house transactions.
 - (h) Home consumption of coffee, sugar, and beer.
 - (i) Amount of public revenues.
 - (k) Amount of iron and steel production.
 - (l) Transportation statistics, including gross earnings of railways and number of tons of freight carried one mile.
 - (m) Growth of wealth in Prussia as shown by income-tax returns.
 - (n) Total ratable value of lands and houses.
 - (o) Any other available statistics showing industrial growth.
- All the above should show also per capita growth.

KREDITGENOSSENSCHAFTEN.

- 1. Number of Kreditgenossenschaften and Centralverbände in the Empire.
- 2. Number of members.
- 3. Classification of Kreditgenossenschaften according to limitation of liability, with number of members in each group.
- 4. Extent of members' balances.
- 5. Extent of reserves.
- 6. Extent of outside deposits.
- 7. Kinds and amounts of credit extended (discounts, current accounts, etc.), and other investments.
- 8. Rates of interest and of discount.
- 9. Classification of Kreditgenossenschaften as Schultze-Delitsch, Raiffeisen, and Haas, and activities of each group, according to above scheme.

SAVINGS BANKS IN PRUSSIA AND IN EMPIRE, WHERE POSSIBLE.

- 1. Number of institutions.
 - 2. Number of depositors.
 - 3. Proportion of depositors to population.
 - 4. Amount of deposits at the end of each year.
 - 5. Proportion of deposits to depositors and to the total population.
 - 6. Amount of yearly additions to deposits.
 - 7. Amount of yearly withdrawals.
 - 8. Rates of interest paid upon deposits.
 - 9. Classification of investments of savings-bank funds.
- Above figures to be given for period from 1870 to 1907 and to be divided between city and community savings banks.

STATISTICS TO BE PREPARED BY DR. ROBERT FRANZ, OF THE DEUTSCHE OEKONOMIST, BURGSTRASSE 3, BERLIN. C. 2.

JOINT STOCK AND OTHER BANKS.

These should be stated separately, to include—

- (a) Joint stock banks in Germany.
- (b) Other banks and bankers who make reports.
- (c) Foreign and colonial banks doing business in Germany as to their German business.

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Statements of joint stock and other banks and bankers should include, as far as possible, the following:

- (a) The name of the bank or banking house.
- (b) Number of branches (not including agencies).
- (c) Subscribed capital.
- (d) Paid up capital and reserve funds.
- (e) Reserve liability of shareholders.
- (f) Number of shareholders.
- (g) Cash on hand and at Reichsbank (where possible these to be separately stated).
- (h) Percentage of same to deposit liabilities.
- (i) Money at call and short notice.
- (j) Percentage of same to deposit liabilities.
- (k) Government and other securities.
- (l) Percentage of same to capital and reserve fund.
- (m) Deposits and acceptances stated separately when possible.
- (n) Bills discounted.
- (o) Loans and advances.
- (p) Percentage of capital and reserve fund to other liabilities.
- (q) Dividends, rate per cent paid last year.
- (r) Number of statements per year.
- (s) Syndicate interests and amount invested in the capital of other banks or bankers, stated separately where possible.

CONSOLIDATED STATEMENTS ANNUALLY FOR ALL BANKS FOR TWENTY YEARS.

- 1. Reichsbank.
 - 2. All joint stock banks in Germany.
 - 3. Other banks and bankers who make reports.
 - 4. Total for banks of Germany (not including foreign and colonial).
 - 5. Foreign and colonial banks doing business in Germany, as to their German business.
 - 6. Total of German banks.
- Figures to be given for the following items:
- (a) Number of banks.
 - (b) Number of branches.
 - (c) Number of inhabitants to each bank and branch.
 - (d) Subscribed capital.
 - (e) Paid-up capital and reserve funds.
 - (f) Reserve liability of shareholders.
 - (g) Deposits and acceptances (stated separately when possible).
 - (h) Cash on hand and at Reichsbank. Percentage of same to deposit liabilities.
 - (i) Money at call and short notice. Percentage of same to deposit liabilities.
 - (j) Investments in securities.
 - (k) Discounts, loans, and advances.
 - (l) Percentage of capital and reserve funds to other liabilities.
 - (m) Dividends.
 - (n) Syndicate interests and amount invested in the capital of other banks and bankers.

HYPOTHEKENBANKEN AND LANDSCHAFTEN.

Statements should be made for each institution separately for the most recent date available.

Consolidated statements for all institutions taken together should be given annually for twenty years. To include—

- (a) Number of banks.
- (b) Number of branches.
- (c) Subscribed capital.
- (d) Paid-up capital.
- (e) Reserve liability of shareholders.
- (f) Surplus.
- (g) Total capital and surplus.
- (h) Mortgage bonds issued.
- (i) Communal bonds issued.
- (j) Small railway bonds.

- (j) Deposits.
- (k) Acceptances.
- (l) Credit accounts.
- (m) Covering mortgages.
- (n) Free mortgages.
- (o) Communal loans.
- (p) Small railway loans.
- (q) Cash on hand and at the bank.
- (r) Discounts.
- (s) Securities.
- (t) Advances on collateral.
- (u) Deposits with other banks.
- (v) Amount of dividend.
- (w) Percentage of dividend.
- (x) Average size and average duration of mortgages.

FRENCH STATISTICS.

STATISTICS TO BE PREPARED BY ALBERT AUPETIT, CHEF DES ÉTUDES ÉCONOMIQUES DE LA BANQUE DE FRANCE (RUE LA VRIILLIÈRE).

STATEMENTS OF THE BANQUE DE FRANCE.

1. For period since 1875, grouped in annual and decennial averages.
2. For last twenty years, weekly (omitting last five figures).
3. These should also state in each case percentage of reserve (gold and silver) to (a) note issue, (b) notes and deposits.
4. Also annual rate of dividends paid to stockholders and percentage of capital paid to Government.
5. Average weekly fluctuations for the twenty years (1887 to 1907) of (a) notes held by the public, (b) bank reserves (coin and bullion).

TABLE OF RATES OF INTEREST SINCE 1875.

1. Average rate for annual and decennial periods.
2. Maximum and minimum rates for each year.
3. Number of changes each year.
4. For twenty years, 1887 to 1907, table showing date and character of all changes.

NOTE ISSUES.

1. Annual and decennial averages since 1875, with per capita amounts at decennial periods.
2. Monthly statements for the last twenty years.
3. Average monthly fluctuations for these twenty years.

MARKET RATES OF DISCOUNT.

Rates of the Banque de France during twenty years for thirty-days and three-months bills, for money on call, for thirty-day Lombards, and the rate in other institutions of credit during the same period in Paris, in the leading provincial cities, and in country towns, covering thirty, sixty, ninety, and one hundred and twenty day bills, money on call, on thirty-day advances upon security, and on overdrafts, as well as rates paid on deposits.

GOLD MOVEMENTS.

- (a) Exports and imports between France and various important countries for annual and decennial periods since 1871.
- (b) Monthly shipments and receipts for last twenty years.

RATES OF INTERNATIONAL EXCHANGE.

Quoted rates for sight exchange weekly for last ten years, monthly for last twenty years, between—

- (a) Paris and New York.
- (b) Paris and London.
- (c) Paris and Berlin.

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MONEY SUPPLY OF FRANCE.

1. Estimated supply of gold at periodic intervals since 1871.
2. Per capita supply of gold at same intervals since 1871.
3. Quantity of notes issued at same dates.
4. Per capita amount of notes issued at same date.
5. Percentage of gold supply to total note issue at same dates.
6. Percentage of gold supply to aggregate of notes and deposits.
7. Any figures obtainable showing amount of gold and notes in the banks and in the hands of the people.
8. Amount of silver in circulation.
9. Per capita amount of silver in circulation.

PROPORTION OF MONEY SUBSTITUTES IN TRADE.

Statistics as to the relative use of coin, bank notes, and credit instruments, such as checks, drafts, money orders, etc., as shown by the receipts on a given day from large banks or credit institutions, several department stores, and shops in Paris, in some large provincial cities, and in one or two country towns.

STATISTICS TO BE PREPARED BY MR. LEFEVRE OF THE ÉTUDES FINANCIÈRES DU CRÉDIT LYONNAIS, BOULEVARD DES ITALIENS.

SOCIÉTÉS DE CRÉDIT AND ALL OTHER BANKS MAKING REPORTS.

The following items from the last annual statement should be given:

- (a) The name of the institution.
- (b) Number of branches (not including agencies).
- (c) Subscribed capital.
- (d) Paid-up capital and reserve funds.
- (e) Reserve liability of shareholders.
- (f) Number of shareholders (where possible).
- (g) Cash on hand and at the Bank of France.
- (h) Percentage of same to deposit liabilities.
- (i) Money at call and short notice.
- (j) Percentage of same to deposit liabilities.
- (k) Government and other securities.
- (l) Percentage of same to capital and reserve funds.
- (m) Deposits and acceptances, stated separately when possible.
- (n) Bills discounted.
- (o) Loans and advances.
- (p) Percentage of capital and reserve fund to other liabilities.
- (q) Dividends, rate per cent paid last year.
- (r) Number of statements per year.
- (s) Syndicate interests and participations, with amount invested in the capital of other banks, stated separately where possible.

CONSOLIDATED STATEMENTS ANNUALLY FOR ALL BANKS FOR TWENTY YEARS.

Separate groupings to be made for (1) Bank of France; (2) the Sociétés de Crédit; (3) all other banks making reports; (4) total of all banks in France. The figures should include the following items:

- (a) Number of banks.
- (b) Number of branches.
- (c) Number of inhabitants to each bank and branch.
- (d) Subscribed capital.
- (e) Paid-up capital and reserve funds.
- (f) Reserve liability of shareholders.
- (g) Deposits and acceptances, stated separately where possible.
- (h) Cash on hand and at Bank of France.
- (i) Percentage of same to deposit liabilities.
- (k) Money at call and at short notice.
- (l) Percentage of same to deposit liabilities.
- (m) Investments in securities.
- (n) Discounts, loans, and advances.
- (o) Percentage of capital and reserve funds to other liabilities.
- (p) Dividends.
- (q) Syndicate interests and participations in the capital of other institutions.

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CRÉDIT FONCIER.

- (a) Number of branches.
- (b) Subscribed capital.
- (c) Paid-up capital.
- (d) Reserve liability of shareholders.
- (e) Surplus.
- (f) Total capital and surplus.
- (g) Mortgage bonds issued.
- (h) Communal bonds issued.
- (i) Deposits and current accounts.
- (j) Acceptances.
- (k) Amount of mortgages taken.
- (l) Average size of mortgages.
- (m) Average duration of mortgages.
- (n) Communal loans.
- (o) Cash on hand and at the bank.
- (p) Discounts.
- (q) Securities.
- (r) Advances on collateral.
- (s) Deposits with other banks.
- (t) Percentage of dividend.

CRÉDIT AGRICOLE.

- 1. Number of caisses locales.
- 2. Number of caisses regionales.
- 3. Number of members.
- 4. Number with limited liability.
- 5. Number with unlimited liability.
- 6. Extent of reserve fund.
- 7. Kinds and amounts of credit extended (discounts, current accounts, and so on) and other investments.
- 8. Rates of interest and of discount.

CAISSES D'ÉPARGNE.

The figures should be given separately for the Caisses d'Épargne Ordinaires and for the Caisses Nationales, to include:

- 1. Number of institutions.
 - 2. Number of depositors.
 - 3. Proportion of depositors to population.
 - 4. Amount of deposits at the end of each year.
 - 5. Proportion of deposits to depositors and to the total population.
 - 6. Amount of yearly additions to deposits.
 - 7. Amount of yearly withdrawals.
 - 8. Rates of interest paid upon deposits.
 - 9. Classification of investment of savings-bank funds.
- Above figures to be given for period from 1870 to 1907.

GROWTH OF POPULATION, BUSINESS, WEALTH, AND COMMERCE.

For annual and decennial periods since 1871, as shown by—

- (a) Population.
- (b) Foreign commerce (exports and imports).
- (c) Registered tonnage.
- (d) Amount of bank capital and reserve fund.
- (e) Bank deposits.
- (f) Savings-bank deposits.
- (g) Bank clearing-house transactions.
- (h) Home consumption of coffee, sugar, and wine.
- (i) Amount of public revenue.
- (k) Amount of iron and steel production.
- (l) Transportation statistics, including gross earnings of railways and number of tons of freight carried one mile.
- (m) Growth of wealth in France as shown by any particular tax returns.
- (n) Total ratable value of lands and houses.
- (o) Any other available statistics showing industrial growth.

APPENDIX.

SUGGESTIONS FOR THE STUDY OF BANKING PRACTICE TO BE PREPARED BY H. WITH-
ERS, OF THE LONDON TIMES. CITY OFFICE: 15 COPTHALL AVENUE, LONDON, E. C.
PRIVATE ADDRESS, 6 LINDEN GARDENS, LONDON, W.

1. What are the distinctive functions of—
 - (a) Bank of England.
 - (b) Joint-stock banks.
 - (c) Private banks and merchant bankers.
 - (d) Postal and trustee or other savings banks.
 - (e) Discount houses.
 - (f) Banks of Scotland.
2. What are the laws which govern each class as evidenced—
 - (1) By legislation, or
 - (2) By custom, growing out of the understood unwritten laws, to include in each case the provisions of law or custom governing—
 - (a) Organization.
 - (b) Government and control.
 - (c) Capital and reserve fund.
 - (d) Liabilities of stockholders, officers, and directors.
 - (e) Requirements, if any, for the government or other supervision, inspection, or examination.
 - (f) Nature and extent of statements or returns, public or private, if any, required or published.
3. What is the character of the business done by various classes of banks under the following different conditions:
 - (a) In rural communities.
 - (b) In industrial and financial centers, like Manchester.
 - (c) In commercial centers, like Liverpool.
 - (d) In the great international exchange center of London, to include in each case—
 - (1) General nature of the business done.
 - (2) General character of (a) deposits, (b) current accounts, with the usual rate of interest, if any, paid on each class.
 - (3) General character of (a) bills discounted, (b) loans, (c) advances to customers or cash credits, with the usual rate of interest on each as compared with the bank rate. (d) Acceptances.

(To include description of "crossed checks," charges on the turnover, distinction between current and deposit accounts, etc.)

 - (4) Are there organizations or associations of banks other than clearing houses in existence, and if so, what is their character?
 - (5) Number and character of clearing-house organizations in the United Kingdom.
 - (6) Description of London Stock Exchange; its organization; conditions of membership; regulations whether of law or custom; methods of listing; kinds of business done, machinery of settlement, etc.

The session of the Commission was taken up by a verbal explanation of this report by the Chairman and a discussion of the matter by the different members.

The Commission adjourned at 1 p.m. to meet at 11 a.m. Tuesday, November 24, 1908.

Tuesday, November 24, 1908.

The Commission met at 11 o'clock a.m., pursuant to agreement.

Present: Senators Aldrich (Chairman), Burrows, Hale, Teller, Money and Bailey, and Representatives Vreeland (Vice-Chairman), Burton, Weeks, Bonyng, Smith, Padgett, Burgess and Pujo.

Mr. Weeks, who, on the death of Senator Allison, became Chairman of the Subcommittee on Amendments to the Administrative Features of the National Bank Act, stated that he was ready to report on the work which was done by his subcommittee in this country.

He laid before the Commission printed copies of a set of questions which he had mailed to every national bank in the country, to every national bank examiner, to the manager or secretary of every clearing-house association, and to every association of national banks within a State. He stated that he had also sent several copies to each State bank commissioner or examiner, and had forwarded 500 copies to The American Bankers' Association during their convention at Denver.

The circular containing the questions is as follows:

SUGGESTED CHANGES IN NATIONAL BANKING LAWS

BOSTON, MASS., Sept. 26, 1908.

Section 18 of the Act of Congress approved May 30, 1908, known as the Aldrich-Vreeland Bill, provides "that it shall be the duty of this Commission to inquire into, and report to Congress at the earliest date practicable, what changes are necessary or desirable in the monetary system of the United States, or in the laws relating to banking and currency." Under this authority the National Monetary Commission is making a careful study of the laws authorizing the establishment of National Banks and their administration. Believing that the officers of National Banks have had the most intimate knowledge of the workings of these laws, and have considered the reasons for or against any changes which may be suggested, it seems wise to the Commission that their opinion be obtained before making any recommendation to Congress. For that reason we request that, at as early a date as possible, a reply be made, either by the President or some officer of your bank, to the following questions.

1. Section 5240 of the Revised Statutes authorizes the Comptroller of the Currency, with the approval of the Secretary of the Treasury, to appoint suitable persons to make examinations of National Bank Associations.

Should, in your judgment, the method of appointing examiners be continued as at present, or be made subject to Civil Service rules?

Is it desirable to apply Civil Service regulations to the tenure in office of bank examiners?

2. The same Section of the Revised Statutes, 5240, provides the method for paying examiners, basing it on the fee system.

In your judgment, is it desirable to change this to a salary or per diem basis, to which there should be added the necessary expenses incurred in making examinations; it being understood that banks shall be assessed to pay salaries and expenses in a similar manner as now provided for by the existing law?

3. In making assessments to provide a fund to pay examiners, and other expenses, do you think the law should be changed so as to base the amount of this assessment on capital and gross assets rather than on capital alone, as the law now provides?

4. Do you think it would be desirable to provide a force of assistant examiners, to work in co-operation with examiners in larger places, and, in future, when vacancies occur, to recruit the force of examiners from these assistants?

5. As examiners are frequently in charge of failed banks, acting as temporary receivers, do you think it would be desirable to require them to give a sufficient bond for the protection of the Government and the bank when such contingencies occur?

6. Section 5200 of the Revised Statutes limits the total liabilities to any Association of any person, company, corporation or firm, but excepts bills of exchange in the following terms: "But the discount of bills of exchange, drawn in good faith against actually existing values, and the discount of commercial or business paper, actually owned by the person negotiating the same, shall not be considered as money borrowed." Evidently the intention, in making this exception, was to enable the owner of such paper to realize on it at once, preventing the necessity of tying his capital up in forms of indebtedness not of his own making. Frequently banks have allowed a liability of this class to greatly exceed in amount what they could legally take as a direct loan. Many failures have resulted from these excessive loans made to a single, or allied, interest.

In what manner do you think the law can be amended to remedy this condition, and sufficiently limit the amount of paper of this character which a bank can properly discount?

Should the Comptroller, in such cases, be given authority to take action when, in his judgment, loans are being made in excess of the limit indicated by prudence and safety?

Should directors and officers of banks be placed in a different category from general creditors in such cases?

Should a penalty be provided for violation of such changes as may be recommended, enforceable against the officers or directors responsible for such violation?

7. Section 5205 of the Revised Statutes provides for the impairment of capital. Under the present law this impairment must be made good by a stock assessment within three months from the receipt, by the directors, of notice from the Comptroller. If this is not done, the Association is placed in liquidation.

Should not the Comptroller have authority in such cases to protect depositors who may, during the three months specified, deposit their money in a bank in which he, the Comptroller, knows the capital is impaired? If so, in what manner do you suggest that such deposits should be protected? There have been many instances of bank failures, and some serious losses to depositors in such cases.

8. In what manner would you suggest the limitation of borrowing from a bank by its officers, directors or employees, both in making direct and indirect loans, and would you make any difference in such cases between officers and directors? Do you think any officer should be permitted to borrow from his own bank?

9. The Supreme Court of the United States has held that it is unlawful for a National Bank to purchase or invest in the shares of stock of other corporations, but the laws of several States authorize the ownership of stock of National Banks by other corporations. There have been several instances in which the directors of the holding corporation and of the National Bank have been the same individuals, and when trouble arose the holding corporation became involved as well as the bank, and in such cases the possibility of double liability was entirely annulled.

In your opinion, would it be wise to provide against the holding of shares of National Banks by any other corporation, except in cases when taken in satisfaction of debts?

10. In your judgment, is the operation of another banking institution in the same building with a National Association so undesirable that legislation should be recommended preventing it? There have been cases where securities owned by one corporation have been used during examinations of the other, preventing examiners from obtaining a correct knowledge of the condition of either of such allied corporations.

11. Under Section 5211 of the Revised Statutes, which provides for bank reports, banks are not required to make them in duplicate, and in several instances the examiner has been furnished by the officers of the bank with a report entirely dissimilar from the one on file at the Department in Washington, and, in using the imperfect report, he has found that the bank's books corresponded to it. This permits of deliberate falsification of accounts.

Would it, in your judgment, be wise to require that reports be made in duplicate, both reports being sent to the Comptroller of the Currency, and one copy furnished to the examiner by the Comptroller when about to undertake the examination of the bank?

12. Section 5211 of the Revised Statutes provides for the publication of reports, showing the condition of National Banks, including the direct and indirect liabilities of officers and directors.

In your judgment, would it be wise, in publishing such reports, to show the individual liability of the officers and directors; not individually, but collectively?

13. Section 327 of the Revised Statutes provides for a Deputy Comptroller of the Currency, to be appointed by the Secretary of the Treasury, and the Legislative, Executive and Judicial Appropriation Bill, approved May 22, 1908, provides for an additional Deputy Comptroller, to be appointed by the President.

Would you recommend that both these Deputies be appointed by the Secretary of the Treasury as a result of Civil Service examinations, and be subject to Civil Service regulations?

14. Section 5209 of the Revised Statutes makes it a misdemeanor for an officer or an employee of a bank to make false entries with intention to deceive, but the Courts have decided that this does not apply to reports made to the Comptroller of the Currency, as he is not mentioned in the law.

Should not the law be extended to apply to false reports made to the Comptroller?

15. In your judgment, should the law be so changed as to make it possible to enforce the liability of shareholders who have foreseen the insolvency of a bank in which they own stock, and have transferred that stock, to escape liability, before an assignment is made?

16. The law as it now stands requires every National Bank to keep on deposit with the Treasurer, in lawful money of the United States, a sum equal to five per cent of its outstanding circulation, to be used for the redemption of circulating notes. There have been many instances where banks have failed to promptly reimburse the Treasury for the redemption of their circulation, and, as the law now stands, the only recourse the Comptroller has is to sell the bonds

held against circulation, or to appoint a receiver, either of which courses might be detrimental to the interests of the Government, the note holders and creditors of the defaulting bank. At the present time the aggregate deficiency due the Treasury for this reason amounts to several millions of dollars.

Should not the Treasurer be authorized to, in some way, enforce this law without taking the extreme measures which are now provided, and, if your answer is in the affirmative, in what way would you provide for its enforcement?

17. The present law limits the amount of the notes of the denomination of five dollars which a bank may have outstanding to one-third of its total circulation. Frequent complaints are made in some localities that this amount is insufficient to meet the requirements for small bills.

Do you think it desirable that this limit be increased?

18. Would it be well, in your opinion, to change the existing laws so that liquidating banks could, in some way, arrange to pay depositors more rapidly? A careful examination of the assets of failed banks will frequently show about how much dividend they can eventually pay, and considerable distress would be prevented if something approximating this amount could be paid to depositors without any delay.

19. Have you any suggestions to make relative to changes in the organization of the Comptroller's Office?

There are many other minor changes which it is apparent should be made in the administrative features of National Bank laws, some of which may occur to you, and the Commission will be gratified if you, in your answer to the above questions, will make any recommendations which seem to you wise, giving your reasons for urging such changes. In replying please direct to Room 213, No. 60 Congress Street, Boston, Massachusetts.

JOHN W. WEEKS,

*Vice-Chairman of Committee to consider
changes in National Banking Laws.*

It being generally agreed that the legislative work of the full Commission at this time should be confined to this subject of purely administrative changes in the banking laws, a discussion followed as to the best method of proceeding in this matter.

Mr. Weeks stated that he would be glad if the Commission would give him authority to have the replies which he had received to the questions above referred to edited and printed for the use of the Commission. In the absence of objection, the Chairman announced that this authority was granted.

After some further discussion, it was decided that in proceeding to consider this subject of administrative changes, the Commission would first hear the recommendations of the Secretary of the Treasury and the Comptroller of the Currency, and the Chairman was authorized to invite them to appear before the Commission at its next meeting.

Mr. Vreeland moved that the Chairman be authorized to request Mr. George M. Reynolds, the ^{President}~~Chairman~~ of The American Bankers' Association, to appoint a committee of not less than 7 representative bankers (members of the Association), covering the different sections of the country, to come to Washington and confer with the Commission during its consideration of this matter.

The motion was agreed to.

The commission then adjourned at 12:30 p.m. to meet at 11 a.m. on Wednesday, November 25, 1908.

Wednesday, November 25, 1908.

The Commission met at 11 a.m., pursuant to agreement.

Present: Senators Aldrich (Chairman), Burrows, Hale, Teller, Money and Bailey, and Representatives Vreeland (Vice-Chairman), Burton, Weeks, Bonyng, Smith, Padgett, Burgess and Pujo.

Hon. George B. Cortelyou, Secretary of the Treasury, who was present at the request of the Chairman, stated that he hoped the Commission would allow his formal statement to go over until next week, as the recommendations of the Comptroller of the Currency were not yet quite ready for presentation. It was, therefore, agreed that when the Commission adjourn it be to meet on Wednesday morning, December 2, at 10 o'clock.

The Chairman stated that, in pursuance of the motion made at the last meeting he had been in communication with the Chairman of The American Bankers' Association, who had advised him that there was already a legislative committee of 5 appointed for the purpose of recommending currency legislation, and that therefore he would be unable to appoint a committee of 7, as requested.

Mr. Aldrich suggested that he would himself, if the Commission thought it wise, request certain members of The American Bankers' Association, in addition to the legislative committee referred to, to come to Washington and confer with the Commission, stating also that he desired to include in his invitation Mr. Reynolds, Chairman of the Association.

The Chairman's suggestion was agreed to.

Mr. Burgess moved that the Chairman be authorized to announce through the press the action of the Commission in this regard.

This motion was agreed to.

In pursuance of this motion, the Chairman subsequently gave the following statement to the press, dated Nov. 25, 1908:

The National Monetary Commission took up this morning the question of suggested amendments to the administrative features of the banking laws. Secretary Cortelyou, who was present, asked to have the hearing on this subject postponed for the reason that the formal recommendations of the Department had not yet been completed, and the Commission decided to take the matter up for further consideration on Wednesday morning, December 2.

The Commission have communicated with the President of the American Bankers' Association and suggested the presence here at that time of the legislative committee of that Association, consisting of five members. In order that the various sections of the country should be more fully covered by representative officers of national banks, the Commission decided to invite the attendance of the following gentlemen: Wm. H. Porter, President Chemical National Bank, New York; Thos. P. Beal, President Second National Bank, Boston; Ernest A. Hamill, President Corn Exchange National Bank, Chicago; E. F. Swinney, President First National Bank, Kansas City, Mo.; C. E. Currier, President Atlanta National Bank, Atlanta, Ga.; J. J. Gannon, President New Hibernia National Bank, New Orleans, La.; C. K. McIntosh, Vice-President San Francisco National Bank, San Francisco.

They have also asked the President of the American Bankers' Association, Mr. George M. Reynolds, President of the Continental Bank of Chicago, to be present at that time.

The Chairman stated that the report of the subcommittee would show that considerable work had been done abroad, but that it was equally important to investigate conditions in this country.

The following discussion then took place:

Mr. Aldrich. I desire to state to the Commission the subjects which I think it necessary to investigate and the class of people that I want to take hold of things with us and for us, with a view to getting the best possible result. There are a large number of men who have been studying the various phases of the currency question along different lines.

In the first place, Professor Davis R. Dewey, of the Institute of Technology, Boston, has been placed in charge by the Carnegie Institute of the subject of the banking history of the United States. He is willing to put the material that he has gathered at our disposal if we are willing to give him some clerical assistance - say that of some young men (students and college graduates) who can assist him in looking up authorities, etc. It seems to me that this would be a very valuable thing to do. The work he has in charge is a history of banking in America before the Civil War.

There have also been a number of young men who are at work on various subjects whom we can employ to do different parts of our work in this country. I should like to have some one make a special investigation of the safety fund and free banking system of New York.

Mr. Bailey. I question the authority of the Commission to investigate general banking conditions.

Mr. Aldrich. I will call the Senator's attention to Section 18 of the Act of May 30, 1908, which is as follows:

SEC. 18. That it shall be the duty of this Commission to inquire into and report to Congress at the earliest date practicable, what changes are necessary or desirable in the monetary system of the United States or in the laws relating to banking and currency, and for this purpose they are authorized to sit during the sessions or recess of Congress, at such times and places as they may deem desirable, to send for persons and papers, to administer oaths, to summons and compel the attendance of witnesses, and to employ a disbursing officer and such secretaries, experts, stenographers, messengers, and other assistants as shall be necessary to carry out the purposes for which said Commission was created. The Commission shall have the power, through subcommittee or otherwise, to examine witnesses and to make such investigations and examinations, in this or other countries, of the subjects committed to their charge as they shall deem necessary.

Mr. Bailey. I protest against obtaining information about savings banks and the ordinary banks of discount and deposit, and think we should limit our investigation to the banks over which the Government has control.

Mr. Aldrich. The questions concerning which I am now suggesting that the Commission inquire into led up to the formation of the national banking system.

Mr. Bailey. And that was purely as a means of selling bonds.

Mr. Aldrich. It may not be profitable for us at this moment to enter upon the discussion of what were the reasons for the formation of the national banking system. I do not agree with the Senator from Texas, but that is not important to decide now.

Mr. Money. I think it is very important to know now what our work is to be. I understood that the prime object was to inquire into the monetary system of the United States, and that would embrace the banking system as an important part of our inquiry.

Mr. Bailey. I do not question the propriety or the power of the Commission to conduct any investigation of the existing national banking system. What I protested against was the statement of the Chairman that he wanted information about the safety fund and free banking system of New York.

(After some further discussion).

Mr. Aldrich. The inquiry we intend to make is fully covered by the terms of the Act, and can not, in justice to our-

selves and the public, be omitted.

I am in hopes that some time in July, or perhaps before, we will be able to present the complete report of the information collected in England, France, and Germany.

There will be nothing partisan in the information which we obtain, and the preliminary reports will contain simply facts and not theories or conclusions.

Mr. Hale. If you can get the information you speak of into shape by the end of the extra session of Congress - the complete statements of the systems of the three countries referred to - that will be an immense step in the direction you have in mind.

Mr. Money. Is it necessary for the entire Commission to be engaged in this preliminary work of obtaining information?

Mr. Aldrich. I will be glad to go ahead with the work along the lines I have indicated if the members of the Commission understand and approve of what I am going to do. I will be glad to consult with the Vice-Chairman and with any other member of the Commission from time to time.

Mr. Vreeland. I agree with the Chairman that this information will be worth ten times what it will cost.

Mr. Weeks. (Addressing the Chairman). If any considerable expense is to be incurred, I think, for your own protection, some formal action should be taken by the Commission, granting you the proper authority.

Mr. Aldrich. I entirely agree with that. I should be glad to *have* a subcommittee created which would have authority to pass on all questions of expense.

Mr. Hale. I would suggest the Chairman and Vice-Chairman.

Mr. Aldrich. That would be most satisfactory to me, but I would be very glad if Senator Teller could be associated with us.

Mr. Teller. I am willing to trust you in the matter.

Mr. Hale. I move that the employment of agents, employees, or assistants in investigation, and the expenses and salaries of the same, be committed to a subcommittee consisting of the Chairman, the Vice-Chairman, and Senator Teller, this subcommittee to make such reports to the full Commission from time to time as they may deem essential.

This motion was agreed to.

Mr. Hale. My understanding now is that it is left entirely to this subcommittee to exercise authority regarding all expenses and to scrutinize the same, and, whenever they deem essential, to report to the full Commission.

(After some further discussion).

Mr. Aldrich. In connection with the visit of the subcommittee abroad, I desire to say that our Ambassador to France, Mr. White, rendered most valuable assistance to us in the prosecution of our work.

Mr. Weeks brought up the question of foreign and domestic exchange, suggesting that he regarded that as one of the most important questions that the Commission would have to deal with.

Mr. Aldrich stated that when the members came to read the report of the investigations of the subcommittee abroad and

their interviews in foreign countries, they would see that the subcommittee made that one of the principal branches of their inquiry.

Mr. Weeks. I wondered if you had it in mind to employ some one to investigate this question.

Mr. Aldrich. I am very glad you spoke about that. I certainly think we ought to do it. You will find that we examined Lord Swaythling particularly on this subject.

Thereupon, at 1 o'clock p.m., the Commission adjourned.

December 2 and 3, 1908.

Hearings held at Finance Committee Room, Capitol,
Washington, D.C., on Suggested Changes in the Administrative
Features of the National Bank Act.