

# STENOGRAPHER'S MINUTES

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THE RESERVE BANK ORGANIZATION COMMITTEE.

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"FEDERAL RESERVE DISTRICT DIVISIONS AND LOCATION  
OF FEDERAL RESERVE BANKS AND HEAD OFFICES."

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vs.

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At St. Louis, Missouri.

Date January 21-22, 1914.

Law Reporting Company, Official Stenographers  
115 BROADWAY, — NEW YORK  
TELEPHONE, 2820 RECTOR

St. Louis, Mo., January 21, 1914.

The Organization Committee met pursuant to adjournment  
at 10:30 A.M.

**Present:**

The Secretary of the Treasury.

The Secretary of Agriculture.

**Appearances:**

Festus J. Wade, Esq., St. Louis, Missouri, Represent-  
ing Mercantile Trust Company and St. Louis Clearing House  
Association.

F. O. Watts, Esq., St. Louis, Missouri, representing  
Third National Bank of St. Louis and Special Committee.

A. L. Shapleigh, Esq., St. Louis, Missouri, represent-  
ing Business Men's League and Shapleigh Hardware Company.

E. C. Simmons, Esq., St. Louis, Missouri, representing  
Simmons Hardware Company.

Thomas H. West, Esq., St. Louis, Missouri, represent-  
ing St. Louis Union Trust Company.

Robert S. Brockings, Esq., St. Louis, Missouri.

David R. Francis, Esq., St. Louis, Missouri, re-  
presenting Francis Bros. & Company.

J. C. Van Riper, Esq., St. Louis, Missouri, re-  
presenting American Trust Company.

Edwards Whitaker, Esq., St. Louis, Missouri, representing Bremen Bank.

Jackson Johnson, Esq., St. Louis, Missouri, representing International Show Company.

Joseph R. Barroll, Esq., St. Louis, Missouri, representing Butler Brothers.

Murray Carleton, Esq., St. Louis, Missouri, representing Ferguson-Carleton Dry Goods Company.

Breckinridge Jones, Esq., St. Louis, Missouri, representing Mississippi Valley Trust Company.

Edward F. Goltra, Esq., St. Louis, Missouri, representing Missouri Iron Company.

D. C. Nugent, Esq., St. Louis, Missouri, representing D. C. Nugent Dry Goods Company.

L. W. Duncan, Esq., Muskogee, Oklahoma, representing First National Bank of Muskogee.

Thomas W. Long, Esq., Hopkinsville, Kentucky, Cashier of First National Bank.

A. H. Eckles, Esq., Hopkinsville, Kentucky, Cashier of the Planters Bank and Trust Company.

J. N. Brown, Esq., San Antonio, Texas, representing San Antonio Clearing House.

R. H. Stockton, Esq., St. Louis, Missouri.

Wirt Wright, Esq., President of National Stock Yards  
Bank.

A. H. Waite, Esq., Joplin, Missouri, President of  
National Bank of Joplin.

O. H. Leonard, Esq., Tulsa, Arkansas, Vice-President  
of the Exchange National Bank.

Sterling Fort, Esq., Clarksville, Tennessee, President  
of Northern Bank of Tennessee.

S. S. Faulkner, Esq., Helena, Arkansas, President of  
First National Bank of Helena.

Henry D. Sexton, Esq., President Southern Illinois National  
Bank, East St. Louis, Illinois.

Lucius D. Turner, Belleville, Illinois, President of  
the Belleville Savings Bank.

William M. Kavanaugh, Esq., Little Rock, Arkansas, President  
of Southern Trust Company.

Samuel W. Reyburn, Esq., Little Rock, Arkansas, President  
Union Trust Company.

C. H. Murphy, Esq., Eldorado, Arkansas, Cashier of  
Citizens National Bank.

David S. Lanssen, Esq., Cairo, Illinois, representing all the Cairo banks and Cairo Commercial Club.

A. H. Hinchey, Esq., Cape Girardeau, Mo. representing Southwest Missouri Federation of Commercial Clubs.

J. F. Abell, Esq., Paducah, Kentucky, representing Paducah Clearing House.

W. J. Eckles, Esq., Ft. Smith, Arkansas, President Merchants National Bank.

Henry Reis, Esq., Evansville, Indiana, Vice-President Evansville Clearing House.

J. M. Winters, Esq., Quincy, Illinois, representing Quincy National Bank.

Jackson R. Pearce, Esq., representing the Ricker National Bank.

R. F. McNally, Esq., Chillicothe, Missouri, Cashier of Citizens National Bank.

James P. Hinton, Esq., Hannibal, Missouri, Cashier of Hannibal National Bank.

S. Y. Trimble, Esq., Russelville, Kentucky, Director of Citizens National Bank.

W. L. Kemple, Esq., Collinsville, Illinois, representing Improvement Association of Collinsville.

W. F. Paxton, Esq., Paducah, Kentucky, President of the  
Citizens Saving Bank.

O. H. Leonard, Esq.,

J. H. Jennings.

The Secretary of the Treasury: Gentlemen, the meeting will come to order.

Mr. Secretary Houston will make a statement of the purposes of the committee.

The Secretary of Agriculture: Gentlemen, we are charged today by the Federal Reserve Act with the duty of dividing the country into not less than eight and not more than twelve districts, and of locating in each of the districts, a place for a regional reserve bank. The law requires that due regard shall be given to convenience, and to the customary course of trade. We are here to get all the information we can bearing on that problem. We desire to know the opinions, of the bankers and of the business men of St. Louis as to where a bank should be located in this section, where it would best serve the business of this section.

The problem is a purely economic one. Of course, you realize that it is a national problem; you realize that the committee cannot easily map out any district without reference to all possible districts. It is a problem that we desire to consider in the broadest possible way, aside from any mere local considerations or considerations of local pride. We should like to have all the facts we can get concerning

the course of business in this section, and especially concerning the financial movements, and connections. We shall, therefore, ask the gentlemen who desire to be heard to direct their remarks, to those points.

We are familiar in a general way with the industrial situations in the different sections of the country, especially in this section, and we shall concede in advance all the oratory that you might desire to furnish. What we want is the facts, and we should be very glad to hear any representatives of the business men and the bankers, of the city.

Who will first speak?

The Secretary of the Treasury: Mr. Wade seems to be the gentleman.

The Secretary of Agriculture: Mr. Wade, will you keep your seat please, and give the reporter your full name and your occupation, and what you represent.

#### STATEMENT OF FESTUS J. WADE.

Festus J. Wade, occupation, President of the Mercantile Trust Company and Mercantile National Bank, and as President representing the Clearing House Association of St. Louis.

The Secretary of Agriculture: Mr. Wade, may I ask you to speak as loud as it is convenient so that those who are here

may hear you, and if you have in mind a district that you desire us to consider, and you have a map of it, it would be a convenience if we could have it at this time.

Mr. Wade: A map will be presented here, Mr. Secretary, later.

Those of us charged with the responsibility of presenting the claims of St. Louis for a Federal Reserve Bank, and seeking the territory that we are going to ask you to allot us, fairly realize the difficulties that you are confronted with, and while the territory that we are going to suggest for the St. Louis Reserve Bank is much larger than we really desire, yet, from our knowledge of this locality, we think it important that you should give us the territory remotely away from us, for the reason that it will be a borrowing territory, while we are distinctively a lending locality.

In order to conserve your time, and to utilize the opportunity given us, we have divided our work up. Those following me will present plans and data in addition to what I will advance. The banks of the section that we have suggested for the territory for the regional reserve bank at St. Louis comprise in number 6,393.

The Secretary of Agriculture: State or National?

Mr. Wade: State and National, but of that number there are 3,104 which are ineligible owing to the provisions of the bill in regard to capital and surplus.

One of the common errors that are made in discussing the subject has been to ignore the state system, whereas an examination of our territory, particularly, will prove that the state system is of equal importance to the National system. For instance, in the territory that we are going to suggest to you, there are 1,483 national banks, and there are 4,910 state banks, and trust companies.

The capital of the banks, that are in the territory, from the standpoint of national banks, is over \$200,000,000. while the state banks and trust companies are about \$250,000,000

The reason why we think a bank should be located in St. Louis is that we have one seventh of all the capital invested in our banks and trust companies that is invested in this entire district, and we have one sixth of the deposits of the whole district, and we have loaned into that district, outstanding today, \$247,000,000. We are distinctively a lending community to the southwest and the middle west.

I believe you want no data in regard to the stability of the town because you accept that, naturally, but in passing,

I want to say that St. Louis has been immune from bank failures of any kind for more than a quarter of a century.

These 3,100 banks that are now ineligible are our customers, and while there is a provision in the law which gives the Federal Reserve Board a right to allow them to deal with us, yet we believe and we hope that if you will give us the district we have allotted, before the year expires we will induce a great many, if not all, of those banks to increase their capital sufficiently to come into the system.

Every National Bank in St. Louis has already notified they are going to join. The State banks in St. Louis are eager to get the application blanks in order to know under what rules they can come in, and I am quite sure, from what I know of the local situation here, that we will start out with a stock subscription of \$75,000,000. of capital and surplus in the banks of St. Louis. That is to say, six per cent of that amount.

Now, the territory that we have selected is entirely the commercial territory that is trading with St. Louis. We have tried to avoid as much as possible any other territory. The bankers and the merchants of that locality

know us, we know them, we know the value of their credit, they know what we have done for them.

In conclusion, we are all unanimous on one subject and we beg of you not to establish more than eight banks, no matter where they may be located. If you can make eight banks successful, which I have no doubt you can, and you find it necessary and wise to expand the system, then the others can be added at any time, as you have the power to do so. But we believe, for the best interests of the whole country, particularly our section of the country, the establishment of more than eight banks would be a mistake, to start with.

I thank you, gentlemen.

The Secretary of Agriculture. Mr. Wade, just a moment, please. What did you say the deposits of this section, with the balances, with the St. Louis Banks are?

Mr. Wade: I did not have the balances with the St. Louis banks. The capital of the national banks in the section which we have allotted, the capital and surplus, is \$262,703,000; of the state banks and trust companies, \$295,811,000. making a total of \$558,514,000, divided among 6,393 banks, of which 1,483 are national and 4,910

are state banks and trust companies.

The deposits of the national system in this territory are \$1,010,438,000; of the state banks and trust companies, \$848,657,000.

The Secretary of Agriculture: Have you figured out definitely what the strength of this regional bank would be?

Mr. Wade: Well, you cannot figure that out, Mr. Secretary because you do not know how many are going to come in, but if all of them did come in,-

The Secretary of Agriculture: Suppose only the national banks come in, have you figured that out?

Mr. Wade: Well, that is an impossible supposition because we know that the state banks are just as eager to come in as the national banks are.

The Secretary of Treasury: Assuming the national banks as a minimum?

Mr. Wade: Well, with the national banks as a minimum it would be \$12,500,000.

The Secretary of the Treasury: What would be its capital?

Mr. Wade: Yes, sir.

The Secretary of the Treasury: What would its resources be?

Mr. Wade: Its resources would be about \$120,000,000. in addition. In other words, it would be about,-

The Secretary of the Treasury: You do not mean that it would hold that much in reserves, do you, just on the national banks?

Mr. Wade: You mean the reserves in the association?

The Secretary of the Treasury: Yes, I mean in the bank.

Mr. Wade: No, it would be about \$60,000,000.

THE SECRETARY OF THE TREASURY: Without reference to any government deposits?

Mr. Wade: Without reference to any government deposits, without reference to any state institutions?

The Secretary of the Treasury: Yes; I understand; You are assuming the national banks now as a minimum?

Mr. Wade: Yes, sir.

The Secretary of Agriculture: What is the practice in this city in the matter of paying interest on balances?

Mr. Wade: As a general proposition, in fact, as a universal proposition, the state banks all pay interest. Many of the national banks do also. The usual rate is two

per cent on daily balances.

The Secretary of Agriculture: What about check collections?

Mr. Wade: Check collections are governed under a clearing house rule for those that are doing business and living within the clearing house zone. For firms, outside, in order to induce outside deposits, it is discretionary with a bank or a trust company, whether they charge for collections, and where a thing of that kind is left discretionary, why, there is usually no charge.

The Secretary of Agriculture: What would you say the general rule is?

Mr. Wade: The general rule is to collect the checks of outside customers without charge.

The Secretary of Agriculture: In making out this district, Mr. Wade, have you considered the other possible districts? Have you laid it out with reference to other possible districts?

Mr. Wade: We have laid out the country as we think it would be best for the country.

Mr. Watts: The Chairman of our Bankers Committee will present that and the reasons why they are laid out.

The Secretary of the Treasury: Mr. Wade, you spoke of the number of ineligible state banks in this district. I have forgotten the number. How many were there?

Mr. Wade: 3,104.

The Secretary of the Treasury: They must, therefore, have a capitalization of less than \$25,000.

Mr. Wade: No; that does not necessarily follow. A state bank in St. Louis would be required to have a capital of \$220,000.

The Secretary of the Treasury: I was thinking of country banks, of course.

Mr. Wade: Well, a country bank would be required, first, to have a capital of \$25,000. and then if it were in a city of over 6,000 inhabitants, it would have to have \$50,000.

The Secretary of the Treasury: But a great majority of them, I presume, of the banks, you are referring to, have less than \$25,000. capitalization?

Mr. Wade: Probably half of them, the others are disqualified by reason of the fact that they are in localities where their capitalization is not up to the standard.

The Secretary of the Treasury: I understand; not up to the national banking act.

Mr. Wade: Yes, sir.

The Secretary of the Treasury: And you think that the banks would be disposed to increase their capital to make them eligible under this bill, do you?

Mr. Wade: That is my impression, particularly if you give us the district with those banks in it that are dealing with us, and that will take our advice and be guided by our methods of doing business. And we, of course, are vitally interested in getting every bank in our district into our reserve bank, because we want it the most important bank in the country if we can make it so.

The Secretary of the Treasury: You are not trying to make this a dominant bank, are you.

Mr. Wade: No, sir. And there is one feature as to which we could change the conditions throughout the United States and the commerce of the country if you give us the territory we seek, and it is that we will sell our exports in dollars instead of in marks, pounds and francs. We are right here in the midst of a territory that creates fully fifty per cent of the exports that create foreign exchange and yet, because of the preponderance of capital and centralization of capital, in the east, we have been unable to create

a foreign exchange market; but if you give us a bank taking in the territory which we have laid down, which is some of the poorest territory in the United States, as well as the best, we will create a foreign exchange market in St. Louis that will change the disgraceful condition of handling the business of the United States today, because every dollar we export and every dollar we import, we import in foreign money, and if you will allow us to have a bank here strong enough to handle the foreign exchange of this section of the country, we will then have the power to sell foreign exchange in dollars and cents, and to buy imports in dollars and cents, which you and I know cannot be done today even in the Philippine Islands, that we own.

The Secretary of the Treasury: Mr. Wade, the argument of the bankers in New York, in line with your suggestion, was that it was necessary to have a great, dominant bank in New York for the very purpose of dealing with this foreign exchange question. Now, to what extent, do you think that argument has force.

Mr. Wade: It has no force, From practical experience with one institution, comparatively new, practically unknown in Europe, we have handled in our office \$30,000,000 of

foreign exchange in one year, and we could just as well handle \$150,000,000. of foreign exchange in one year with the capital that we have there.

The Secretary of the Treasury: You do not think, therefore, that in order to command the respect of Europe, as was argued in New York, that it is necessary to have one large, preponderant bank in this system?

Mr. Wade: No, sir, I do not.

The Secretary of the Treasury: On the other hand, do you not think that the European Bankers will look to this system as a coordination of strong units, provided we get a sufficient degree of financial equipoise in the districts.

Mr. Wade: No question about that.

The Secretary of the Treasury: And that they will look more to the strength of the system than to the strength of any individual unit of the system.

Mr. Wade: No question about that. And the strength of the system, Mr. Secretary, is going to be secured by dividing those banks up so they can stand on their own bottom and take care of their own territory and never use the power that is vested in the Federal Reserve Bank to consider them altogether, except in times of financial con-

gestion in that territory, and then they will have the help of every bank.

The Secretary of the Treasury: That is the question I was raising, whether or not the financial equipoise in getting together units that would be so maintained and capable of taking care of themselves under ordinary conditions, and then the power of the Federal Reserve Board to require essential cooperation in times of distress, would not that be a system as an entirety that would be of commanding influence in the financial world.

Mr. Wade: Absolutely. And the theory of requiring a great big bank to handle foreign exchange is a myth. The foreign banker does not buy a bill of exchange unless he is satisfied with the bill of lading attached, with the drawer of the bill, with the acceptor of the bill, and if he is satisfied with that, he would just as soon buy it from a bank with a capital of \$10,000,000. as he would of a bank with a capital of \$1,000,000,000.

The Secretary of the Treasury: Mr. Wade, there is one aspect of this question I should like to ask you about. Under the present system of carrying reserves, in the different cities, and in addition to that exchange balances,

so called, the country banks, carry very large balances in New York and the other central reserves, and more particularly in the central reserve cities, and New York exchange is usually in demand. Now, with this system of parring, all exchanges between these federal reserve banks, do you think it is going to be necessary to carry exchange balances in the different cities, to the extent that it is now done?

Mr. Wade: It will not be necessary to carry a dollar, Mr. Secretary, under the provisions of the bill. The check of a bank of Chillicothe, Missouri, will be as good as the check of the National City Bank of New York, or the National Bank of Commerce of St. Louis, New York or Chicago.

The Secretary of the Treasury: Precisely. Now, is not that going to tend to destroy the artificiality of the present system.

Mr. Ward: Absolutely.

The Secretary of the Treasury: And restore normality throughout the country?

Mr. Wade: That is one of the sound, fundamentals of the bill.

The Secretary of Agriculture: Mr. Wade, referring to the

argument that the Secretary just raised, it was contended that there should be one very strong unit in the East, not only to inspire confidence abroad, but to control the discounts. Is it your judgment that European Bankers would direct their attention to any one of these eight or twelve units, or, would they think of the National Reserve power established under this system, and the powers of the central reserve board?

Mr. Wade: We must give the European the credit for having the same average degree of intelligence that we possess in this country, and if they will read that bill they will see that while there are eight, separate, distinct banks, the power is vested, and will unquestionably be used at any time, to protect any of the weaker banks, or any bank in any district in an hour of distress, and they are going to deal with us as a whole.

While, of course, they will deal with a bank in St. Louis or with a bank in Chicago, or with a bank in New York directly, yet they will recognize that in the last analysis the transaction is with the National Reserve System of the United States of America.

The Secretary of the Treasury: Precisely. Is not the

potential factor in the influencing of the gold movements, and of exchange, the discount rate that may be established from time to time?

Mr. Wade: Yes.

The Secretary of the Treasury: And since that resides ultimately in the Federal Reserve Board, having the power to review the rates of the different reserve banks, it can exercise that power of review in the interest of all of them where required.

Mr. Wade: That is true, and right there, Mr. Secretary, is where the power of the Federal Reserve Bank of St. Louis will come in, if you give it a territory which we have outlined, or approximately such, because we create the exchange that is used by Europe to take gold away from us or send it back to us. Now, at any time, with a strong bank here, by locking up our bills of exchange, or by a free selling of them, we can stop the flow of gold, or bring it back to us any time we choose.

The Secretary of the Treasury: Now, Mr. Wade, we might like to ask you, or I might, rather, I might say, like to ask you some questions in relation to this district that you have in mind, but I will defer this until the map

can be presented, and I think it would elucidate this matter very considerably if we could have that map presented next. We might call Mr. Watts. I think you said he has the map.

Mr. Wade: Yes, Mr. Watts has the map.

The Secretary of the Treasury: We might have Mr. Watts now.

(Statement presented by Mr. Wade, marked F. J. Wade's Exhibit No. 1, January 21st, 1914, and is attached hereto.)

Mr. Watts: I will offer my apologies to the Secretaries, for approaching with such voluminous documents, but they are not as formidable as they appear.

The Secretary of Agriculture: We will decide whether an apology is necessary after you appear a little further.

STATEMENT OF F. O. WATTS.

The Secretary of the Treasury: You give your name to the record, Mr. Watts, and your connections?

Mr. Watts: F. O. Watts, President of the Third National Bank of St. Louis and Chairman of the Special Committee appointed from the St. Louis Clearing House Association.

Gentlemen, I want the privilege, if it is your pleasure, of first presenting certain exhibits and then it would give me pleasure to answer any inquiries that you may desire to propound to me, or to volunteer information, as suits your pleasure.

The Secretary of Agriculture: If you will, let me have the map you have in front of you and proceed.

Mr. Watts: The first exhibit is the map of the St. Louis territory.

The Secretary of Agriculture: Of the proposed territory. Now if you will just trace this map and give us the reasons that you have for selecting this territory, and putting in your argument in the way you wish then we will ask you quest-

ions afterwards.

Mr. Watta: Mr. Commissioner, the map as presented probably forms a composite of all the St. Louis commercial territory and of such other communications of trade and commerce as the mail order business, the circulation of the St. Louis daily papers and of the banking transactions, being the natural course of exchanges. It is the consensus of opinion of the Committee of sixteen representing St. Louis. It was the idea of this committee, and those now being in charge that the essential of any district was for it to have an for it to be well balanced financially, for the privileges of the act could not be exercised unless there was a foundation of reserve, of banking capital and resources. Nor can the territory known as the cotton territory, or the agricultural territory, of this country be properly served unless it is so balanced by another part of the country furnishing that foundation for credit, banking capital, resources or reserves. The St. Louis idea conforms in my opinion to this fundamental. We feel that in secondary importance is the natural course of business. Banking, as you know, is the machinery of commerce, and follows the

commerce of the country. We feel that the territories, as outlined, follow, therefore, both the natural course of business and the course of banking, the course of exchanges.

I would call your attention to a map which might be taken in conjunction which, realizing that any district, as the Secretary has so aptly stated, must be taken in consideration and in connection with all the other districts to be formed. And we, therefore, take the liberty of presenting a map showing the connections that the proposed St. Louis District would have with all other districts of the territory.

It can be seen from that map--the second map--I desire also to make a part of the exhibit certain figures covering the various districts.

The Secretary of the Treasury: The capital and reserves?

Mr. Watts: We have that indicated, both of the natural banks and the state banks of that district, and the estimated capital of the proposed federal reserve bank, taking the national bank capital plus fifty per cent of the state bank capital in the various districts. Our reason for taking fifty per cent of the state bank capital is that in our

opinion twenty-five per cent of that capital would be available and twenty-five per cent would not accept the terms of the act. So, for the purpose of making the figures, we have taken the entire capitalization of the national banks and fifty per cent of the capitalization of the state banks.

The Secretary of the Agriculture: What is your information, Mr. Watts, as to the legality of the subscriptions from state banks in this State?

Mr. Watts: I understand that the Attorney General of this State has given the opinion that the State banks may subscribe to the capital.

It will be seen that in the St. Louis district, as related to the entire system, that there are three banks--four banks--larger in size somewhat, though not materially than the others.

It will be seen that districts number three and five are in a larger area and have a somewhat larger capitalization; the idea being that these districts would bear the burden of the stable crop of this country, the two districts taking, as they do, the entire cotton section.

The district number three, running as far west as the

eastern line of Mississippi; and district number five, being the St. Louis district, taking in the cotton states of Mississippi, Louisiana, Arkansas, Texas and Oklahoma.

We feel that it is necessary to give such banks, the banks carrying that district, a somewhat larger capital than is given to other banks having a different kind of an obligation.

The Secretary of the Agriculture: I notice in one of the districts you include a part of Pennsylvania with the far south. What was your reason for that?

Mr. Watts: That is for the purpose of obtaining sufficient banking capital and resources and reserves to balance the large amounts of cotton territory given to that district.

The Secretary of the Agriculture: You want a borrowing section with the loaning section?

Mr. Watts: A loaning section with a borrowing section.

The Secretary of the Treasury: Has that idea been followed wherever possible in laying out these districts?

Mr. Watts: It has, Mr. Secretary.

The Secretary of the Agriculture: What would you do then with Denver in No. 7? That seems to be a sort of a

misfit?

Mr. Watts: Number seven, we haven't had much to do with, like when we were boys and we were playing with the box and adding puzzle, we got seven in and the eight was the one that gave us the trouble.

The Secretary of Agriculture: The seventh one here is the one that has given you the trouble?

Mr. Watts: Well, we didn't finish the Pacific Coast,

The Secretary of Agriculture: You don't give us the capital that would be left for that district in this statement.

Mr. Watts: We have not, Mr. Secretary, and felt--

The Secretary of Agriculture: You don't mean you could not discover it, do you, Mr. Watts?

Mr. Watts: We could discover it, but in such limited quantities that I feared the miner would not consider it pay. We felt that in the St. Louis district, or the Chicago district, as placed,--we gave for those districts what is in our opinion the natural course of business and the natural course of banking. We felt that possibly or probably there might be taken from No. 6 and No. 5 such

territory as seemed advisable for making fair proportions with district No. 7. On the other hand we felt like advancing this, Mr. Secretary; in connection with that particular district, that inasmuch as this is practically a government system, that inasmuch as it is entirely under the control of the Federal Government, and that inasmuch as the deposits of the United States Government can and probably will be used as a method of balancing any where in the system at any time, that the United States Government could well afford in district No. 7 to give to that district an ample part of its deposits for the purpose of meeting the needs of that district in the matter of reserve.

The Secretary of the Agriculture: Wouldn't that be artificial, Mr. Watts?

Mr. Watts: I don't think it would require so much attention of that kind for the reason that it is in a district with very large demands upon it.

The Secretary of the Treasury: Now in referring to district No. 5, as you have laid it out here, and having in mind the requirements of the Act: That the district shall be so established as to serve the convenient and the customary course of business of the country, we will take Indianapolis

and consider that. Does Indianapolis have larger business relations with St. Louis, for instance, than with Chicago?

Mr. Watts: I don't think so, Mr. Secretary. But there must be some inconvenience in the distribution of territory, and in my opinion it is no violence to the business of Indianapolis; and St. Louis needs the reserve and non-borrowing territory for the purpose of enabling it to carry Mississippi, Arkansas and the borrowing part of its territory.

The Secretary of the Treasury: Well, but aside from that now--I am getting down to the fundamental that I have just presented--Indianapolis the normal course of exchange and business would be more to Chicago than to St. Louis.

Mr. Watts: I think so.

The Secretary of the Treasury: We have testimony to that effect.

Mr. Watts: I think so.

The Secretary of the Treasury: Now take the whole of that section, all of Indiana which you have incorporated into that district, does the same argument apply?

Mr. Watts: It is probably the only part of the district to which the argument would apply.

The Secretary of the Treasury: Now excluding that for the purpose of discussion--you draw the line across Illinois here north of Springfield.

Mr. Watts: Yes.

The Secretary of the Treasury: Isn't that doing violence to the ordinary course of business? Isn't Springfield's relations, business, commercial and financial, more with Chicago than with St. Louis?

Mr. Watts: I would be unable to say, Mr. Secretary, as to that; but taking this occasion to speak of the modesty of our friends of Chicago, claiming East St. Louis and the entire southern part of Illinois, we felt like reciprocating in a sense--we don't claim Evanston and Englewood.

The Secretary of Agriculture: Is that a compromise?

Mr. Watts: Yes, a compromise.

The Secretary of the Treasury: That is a counter-claim?

Mr. Watts: Yes.

The Secretary of the Treasury: Now, Mr. Watts, laying out a line here in Southern Illinois which would really conserve the ordinary course of business, where would you put that line?

Mr. Watts: I would put it very near Springfield.

The Secretary of the Treasury: Well, how near?

Mr. Watts: I don't know but what Springfield would probably be the boundry line.

The Secretary of the Treasury: Would you incorporate Springfield in this district?

Mr. Watts: I think I would.

The Secretary of the Treasury: The City itself.

Mr. Watts: I think I would.

The Secretary of the Treasury: To what extent now are its exchanges with St. Louis as against Chicago?

Mr. Watts: I fancy the larger part of its exchanges are with Chicago at present.

The Secretary of the Treasury: Well, now when you get to East St. Louis, how far north of that would be a normal line if you would divide Illinois?

Mr. Watts: Well, Mr. Secretary, it is my desire to file with you several hundred letters that have been received from banks all over the country as a result of a letter sent out by the St. Louis Clearing House Association, a copy of which I will also file. I desire to furnish the record with

these letters.

The Secretary of the Treasury: These may be filed as an exhibit to your testimony.

Mr. Watts: You will find more than fifty letters there from all over Southern Illinois which more aptly than I can state it express the sentiment of Southern Illinois, and we take it from that you will probably see how high up there was a drift of business and the desire to come to St. Louis.

The Secretary of the Treasury: I imagine that would be true particularly to the territory through which these east and west lines run--railways lines--which bring them into close and convenient intercourse with St. Louis.

Mr. Watts: Yes.

The Secretary of the Agriculture: Now the question is how far north of St. Louis that line ought to be drawn.

Mr. Watts: I think that line ought to be drawn just as far north as would be fair between convenience and violence.

The Secretary of the Treasury: You want a twilight zone?

Mr. Watts: Yes. Now I don't think the question of convenience should be the dominant factor.

The Secretary of the Treasury: Not the controlling factor but a contributing one.

Mr. Watts: For St. Louis is in a different kind of territory than Chicago, and therefore the line should be forced as high up towards Chicago as would not do violence to the territory.

The Secretary of the Treasury: Now I see you take in Kansas City. Do you also include Omaha? The way your line is drawn I cannot tell whether Omaha is placed in the district.

Mr. Watts: We rather desired to leave that discretionary.

The Secretary of the Treasury: In your figures do you include Omaha in the capitalization?

Mr. Watts: No.

The Secretary of the Treasury: That is not included?

Mr. Watts: That is not included.

The Secretary of the Treasury: Would Kansas City's normal intercourse be more with St. Louis than any other city in the volume of banking exchanges and commercial exchanges?

Mr. Watts: I think so.

The Secretary of the Treasury: That it would be more with St. Louis, is that based upon any facts that you have given or is that merely belief?

Mr. Watts: Well, I only state that as my own opinion from close observation and experience covering a year and a half or two years.

The Secretary of the Treasury: To what extent does Kansas City now carry reserve in St. Louis as against Chicago and New York? Have you any facts on that?

Mr. Watts: I fancy that there is not much difference between the reserve carried in the two cities. On the other hand, I think the volume of business done with St. Louis would be larger than with Chicago, but Kansas City bankers could, of course, speak best for themselves on that.

The Secretary of the Treasury: You have no data on that subject?

Mr. Watts: No.

The Secretary of the Treasury: Coming down into--coming south you include New Orleans and the whole State of Mississippi?

Mr. Watts: Now, Mr. Secretary, I may state there that after much discussion it was not included because St. Louis particularly desired the territory, but because we felt that the cotton territory or cotton belt of the country--

The Secretary of the Treasury: Yes.

Mr. Watts: --should be divided and put into two strong districts. St. Louis would just as soon the line would be drawn west of Louisiana.

The Secretary of the Treasury: Please understand in these questions it is not gone into to indicate the preferences; it is for the purpose of developing the facts that will enable us to determine how--

Mr. Watts: I understand thoroughly.

The Secretary of the Treasury: Now, New Orleans, for instance, are its trade relations and financial relations more intimate with St. Louis, for instance, than with Chicago and New York?

Mr. Watts: I should say they were about equal with St. Louis and Chicago, except that probably Chicago has some larger bank capital and relatively it might be some larger than St. Louis.

The Secretary of the Treasury: To what extent does New Orleans carry here reserves in St. Louis now?

Mr. Watts: I presume every bank in New Orleans has a reserve account in St. Louis.

The Secretary of the Treasury: Do you know what percentage of the New Orleans reserves are deposited here as against New York and Chicago?

Mr. Watts: I do not.

The Secretary of the Agriculture: Take Nashville, Tennessee--in regard to attaching Nashville and all of middle Tennessee territory, for instance to St. Louis--

Mr. Watts: Mr. Secretary, I desire to say in regard to Nashville I am qualified as an expert, probably the only subject upon which I can qualify.

The Secretary of the Treasury: If you can qualify as an expert on Tennessee I will take off my hat to you. I have been trying to qualify as an expert on Tennessee myself for the last year. I used to live there.

Mr. Watts: If you and I put our heads together we might between us make one satisfactory solution of it. I realize that the Secretary was a former citizen of Tennessee; and having myself lived in Tennessee for thirty years, and only recently-- a year and a half ago-- left there, I feel very familiar with Tennessee and the Kentucky territory. The trade lines, as you will recall, are drawn very closely in Tennessee. In

Nashville the bank of which I was the head had a very large number of banks doing business with it throughout Tennessee, Kentucky, Mississippi and Alabama. We rarely ever attempted to get banking business east of the Cumberland Mountains. It was distinctively a different trade territory, much more so than Kentucky. Usually we go directly to Mississippi or Alabama. The Cumberland Mountains, as you know, forms the trade line, so that the eastern part of the state beginning with Chattanooga, would have its trade relations with Cincinnati rather than with Louisville or rather than with St. Louis, Louisville being much closer as the crow would fly, but much farther as commerce goes. Therefore in the distribution of territory--the location of a regional bank in district No. 4 would in my opinion effect the position of part of Tennessee the eastern part--if the regional bank were located at Cincinnati I should say that East Tennessee should be put in the No. 4 district. Upon the other hand, if the regional bank in district No. 4 were located at Cleveland or Pittsburg, I should say that East Tennessee should be placed in No. 3, because the drift of business from East Tennessee would be more to the east--to Baltimore or Philadelphia, than to any other city in district No. 4, than Cincinnati.

The Secretary of the Treasury: Well, now Nashville is more on the dividing line, of course?

Mr. Watts: Nashville's business is largely with St. Louis. Nashville's business is largely St. Louis and New York. Of course, all lines heretofore led to New York.

The Secretary of the Treasury: Well, don't you think Nashville's business is very largely with Chicago also?

Mr. Watts: Well, I don't think so in proportion to the business of St. Louis with Nashville or those parts of Tennessee east of the middle or west Tennessee. I think if you would take a poll of the bankers or business men of that part of Tennessee lying west of the Cumberland Mountains that seventy five per cent would express a preference for St. Louis, after waiving their own desire to have a regional bank in either Nashville or Memphis.

The Secretary of the Treasury: Now getting back to Missouri again for a moment. Representatives of St. Joe came to Chicago yesterday and asked to be annexed to the Chicago District. What would you say about the normal course of business so far as St. Joe is concerned?

Mr. Watts: Well, I should say that due to the large bank-

ing interest there that probably the interests would preponderate towards Chicago.

The Secretary of Agriculture: The same was true of Iowa. Iowa indicated, as far as we had an indication, a preference for Chicago?

Mr. Watts: Yes.

The Secretary of Agriculture: You have included Iowa?

Mr. Watts: Well, practically none. There was a small corner there in which the lines of railway led direct to St. Louis instead of to Chicago, and I included that part having the location of the Keokuk dam, upon the principle that that great work would somewhat change the industrial drift in that section towards St. Louis.

The Secretary of the Treasury: Now you take in Eastern Kansas, including Topeka. That territory seems to be tributary--and of course is tributary--to Kansas City?

Mr. Watts: Yes.

The Secretary of the Treasury: And if Kansas City were included in this district I presume that would serve the normal course of business?

Mr. Watts: Yes.

The Secretary of the Treasury: And of exchanges.

Mr. Watts: Yes. That is an arbitrary line.

The Secretary of the Treasury: Now, of course, you understand that there are applicants for reserve banks?

Mr. Watts: Yes.

The Secretary of the Treasury: Among them Kansas City?

Mr. Watts: Undoubtedly.

The Secretary of the Treasury: Assuming that a reserve bank were established at Kansas City, and another was established at St. Louis, the division of territory would be, as between St. Louis and Kansas City, very difficult, would it?

Mr. Watts: It would be rather difficult, but I don't know--

The Secretary of the Treasury: Have they or not a very distinctive territory which they serve?

Mr. Watts: Undoubtedly. Every city has a distinct territory.

The Secretary of the Treasury: Is it or not more distinctive in these two instances than almost anywhere else as between two cities serving--largely the same character of territory?

Mr. Watts: I think Kansas City comes east a very short distance.

The Secretary of the Treasury: Now southwest. Take Oklahoma; are her business relations more with Kansas City or St. Louis?

Mr. Watts: I think it would require someone more expert than I to divide up Oklahoma.

The Secretary of Agriculture: How about west Texas?

Mr. Watts: I rather feel that the same question would apply to West Texas, Mr. Secretary. Certainly a large part of Texas--a larger part of Texas, and possibly a part of Oklahoma would come to St. Louis, even if a reserve bank were established at Kansas City for district No. 7.

The Secretary of Agriculture: The cattle business goes to Kansas City also?

Mr. Watts: Yes, sir.

The Secretary of Agriculture: What would you think in No. 7 there-- just for discussion-- what would you think of including Kansas City and part of this territory here in No. 7 and having that serve a regional bank in Kansas City instead of Denver?

Mr. Watts: I think it would be a logical thing to do, as the course of business is eastward from that section of the country.

The Secretary of Agriculture: Would it not also serve the other purpose of giving a loaning and a borrowing section?

Mr. Watts: I think so.

The Secretary of Agriculture: And a very diversified territory?

Mr. Watts: I think so.

The Secretary of Agriculture: In that case how would you be inclined to draw a western line of district five?

Mr. Watts: I would start about, I should say--I don't know the distance in mileage, but in a point on the Iowa line running south and possibly fifty miles east of Kansas City. The mileage is immaterial, however.

The Secretary of the Treasury: Generally?

Mr. Watts: Generally it may be seventy-five miles, might be eighty-five miles. And running down southwestwardly, taking in Joplin, Missouri, and the north Arkansas line, putting the entire State of Arkansas in the St. Louis district, and then up to the very difficult, and the most difficult question, of the line through Oklahoma.

The Secretary of the Treasury: And Texas?

Mr. Watts: And Texas.

The Secretary of Agriculture: West Texas?

The Secretary of the Treasury: Would you include under those circumstances, Mr. Watts, Nebraska in that district.

The Secretary of the Treasury: Where would you put the rest of it--in Chicago?

Mr. Watts: No.

The Secretary of the Treasury: Would you put Omaha with Chicago or with Kansas City?

Mr. Watts: I think probably Omaha would prefer going to Chicago. It would very forcibly prevent the view--the natural course of business in exchanges for them would be to go west or south. But upon the other hand it would quite a desirable thing to place them in that territory for the purpose of further balancing the territory.

The Secretary of Agriculture: Of course, you know, Mr. Watts, that the act makes the establishment of branch banks compulsory?

Mr. Watts: Yes.

The Secretary of Agriculture: You think that branch banks in parts of this territory could reach the facilities

desired?

Mr. Watts: Undoubtedly. I think, therefore, Mr. Secretary, aside from those districts in which there are localities standing out in public opinion and in our relation with foreign countries as financial centers -- aside from those points, where regional banks should be established that it is rather immaterial, so far as the service is concerned, whether a bank is located in one city or another, having due regard for the natural course of exchange. I think, for instance, the entire cotton section of No. 3, or any part of No. 5, could be just as well served from Philadelphia or Baltimore as served from any other point, with a branch located, for instance, in Richmond, and Charlotte, and Atlanta, and Savannah, and Birmingham, and Montgomery, and Mobile, and such points.

The Secretary of Agriculture: One argument that has been used is that the banks do not feel at home. Now you think they would feel in sympathetic touch with St. Louis and this territory?

Mr. Watts: Undoubtedly. I think St. Louis can serve New Orleans or Little Rock or Memphis or Nashville; and those in that territory would be served through the branch

at those respective places just as well as if they had a regional bank. The law provides that, as you recall, the local board will operate that bank, composed of four appointees of the regional banks, and three of the federal reserve board. So that there would be a local board or executive committee that passes upon the daily routine of business.

The Secretary of Agriculture: Then the directors of the regional bank are not selected from the locality of that bank at all?

Mr. Watts: They are not.

The Secretary of Agriculture: You think it would be good policy to distribute them?

Mr. Watts: I think it would.

The Secretary of the Treasury: Would the director of the branch bank come nearer representing actually the local community?

Mr. Watts: I think so.

The Secretary of the Treasury: That the directors of the regional bank itself would come nearer representing the local community?

Mr. Watts: I think so. In the case of the Federal Reserve Bank--that is the headquarter bank--there is selected from all parts of the district. Now in the case of the branch, the very object of having a branch bank is for it to look after the more local territory connected with that branch. And I assume, Mr. Secretary, (addressing the Secretary of Agriculture) that the area of this very influence would be at home ultimately, so it would bring it in very close touch with the local influence.

The Secretary of the Treasury: I would like to ask you about Memphis. Memphis' relations are more intimate where?

Mr. Watts: I think with St. Louis than any other city.

The Secretary of the Treasury: Than any other city?

Mr. Watts: Yes.

The Secretary of the Treasury: More so than with New York, for instance?

Mr. Watts: Well, not more. There would be a difference between intimacy, Mr. Secretary, and volume of commercial transactions. Under our old system, you understand, we all had to go to New York.

The Secretary of the Treasury: You qualify "intimacy" under those circumstances?

Mr. Watts: Yes. We attended their dinners and did everything else we could.

The Secretary of the Treasury: Well, with the establishment of this system and the disbursing of the necessity now existing for maintaining these exchange balances or reserves, you think that the normal course of things as between Memphis and St. Louis would be to have those balances in St. Louis?

Mr. Watts: I think so.

The Secretary of the Treasury: The normal transaction or great bulk of them, would, you think, be with St. Louis?

Mr. Watts: I think so. I think the Memphis bankers would say, if you do not grant their request for a regional bank, that they would like to be attached to the St. Louis territory.

The Secretary of the Treasury: I thank you, Mr. Watts.

Mr. Watts: I feel like suggesting, Mr. Secretary, that if district No.5 is changed upon its western boundry that it would be very pleasing to have added to its eastern boundry of St. Louis some of the territory, such as Louisville, Kentucky, for instance, if a regional bank were not established in Cincinnati.

The Secretary of the Treasury: Yes.

Mr. Watts: I believe, for instance, Louisville would prefer coming to St. Louis rather than going to Pittsburgh or Cleveland.

The Secretary of Agriculture: As between St. Louis and Cincinnati what would be your impression?

Mr. Watts: I think Louisville would prefer going to Cincinnati, but I think the only point in No. 4 which Louisville would prefer to St. Louis.

The Secretary of the Treasury: The suggestion has been made, Mr. Watts, that the regional bank here should be established in Kansas City with the branch in St. Louis. What do you think of that?

Mr. Watts: Well, I would not think very well of that for sentimental and other reasons which are apparent, I am sure. I do not think it is necessary for any such issues to arise, because I think they serve rather different territories; and in the language of a certain distinguished Admiral "there is glory enough for us all".

Mr. Secretary, before leaving, I would like to file with you here as an exhibit a statement of the St. Louis Clear-

ing House Association. It is data that you probably could not obtain otherwise, owing to a rule of the St. Louis Clearing House that when the banks are called on, national banks or other institutions, both state and non-member banks, must file with the secretary a statement. So we have an up-to-date statement of all the financial institutions of St. Louis.

The Secretary of the Treasury: You don't think it would be of much value to us or these banks in the Clearing House in view of the tremendous alteration going to exist.

Mr. Watts: This is a statement of capital and of reserve. I want to file a statement of the number of banks doing business in St. Louis and the balance they carry from the territory.

The Secretary of the Treasury: Could you furnish these in triplicate, Mr. Watts?

Mr. Watts: I can have them made in triplicate.

The Secretary of the Treasury: And also the maps, because it is difficult to copy these exhibits.

Mr. Watts: I would be glad to furnish these exhibits in triplicate.

The Secretary of the Treasury: I am speaking more particularly of the maps and the data you are now exhibiting -- I mean make us more copies.

Mr. Watts: This is an exhibit showing the loans and investments of the St. Louis bankers and trust companies in this particular territory; particularly information that the St. Louis banks have loans and investments in this territory, outside of Missouri of \$63,500,000, and deposits from that territory of \$32,400,000, showing a credit of \$31,000,000 in that territory.

The Secretary of the Treasury: Do you care to retain these until you make a copy?

Mr. Watts: Yes.

The Secretary of the Treasury: The exhibits are to be supplied and can be numbered afterwards.

Mr. Watts: I would like to correct my friend Wade in one statement he made. He and I usually agree, Mr. Secretary, but probably he is not as familiar with one particular subject as I, being a bank doing a larger commercial banking business with other banks in this territory.

I do not think it is the custom here for the St. Louis

bank to take all outside checks at par. I think rather they have adopted--there has grown up because of the discretionary rule of the Clearing House rather this: That in the immediate industrial territory of St. Louis, or in those towns that ordinarily expect the commercial center to take for them its evidences of barter and exchange, that St. Louis is taking them at par. But in territory, such as Tennessee, Mississippi, Kentucky, Arkansas, Texas, Oklahoma and Kansas we only furnish a par list, and the banks accept from their correspondents in those places such items at par as can be used by them without money cost.

I believe Mr. Wade would accept that as being a statement as to what the facts are regarding the paring of checks in this city.

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#### STATEMENT OF FESTUS J. WADE.

Mr. Wade: If I may be permitted to explain. I think Mr. Watts didn't quite understand me. He has in mind the deposits of banks or bankers. I had in mind the deposits of commercial establishments whose headquarters are outside of St. Louis, not banks. Where a large commercial

establishment will keep a substantial account in St. Louis. It can generally, and I believe almost universally, clear its check at par, but not the banks; that is the difference.

Mr. Watts: I understood the purpose of the Secretary's question to be to arrive at what were the artificial reserves and clearings at St. Louis?

The Secretary of Agriculture: That is it precisely.

The Secretary of the Treasury: You are, you say, Mr. Watts, the chairman of the special committee of the Clearing House. Is the president of this Clearing House Association here?

Mr. Watts: Mr. Wade is the president.

The Secretary of the Treasury: I will address this question to Mr. Wade:

Section 13 of this Act provides, among other things-- I will just read the section, so you will see the point of the question.

"Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions;

that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act".

Now there are some additional provisos which need not read for the purpose of this question. What the committee would like to have is the idea of the Clearing House Association, or the banks of St. Louis, as to what would be a proper definition of commercial paper under the provisions of this bill, and also as to what should be the form of the-- as to what would be best to put forward as more or less of a uniform system of bills and notes of exchange, and so forth, in order to have the system made up especially upon some basis of uniformity; and if you gentlemen will give consideration to that and file a brief with the committee later on --

Mr. Wade: Within what time, Mr. Secretary?

The Secretary of the Treasury: Within the next two or three weeks--as early as practical.

Mr. Watts: I am contemplating leaving on a southern trip. I will take pleasure in filing that.

The Secretary of the Treasury: As a matter of fact, you may appoint a special committee for the purpose. There is another matter upon that we would like to have a similar brief.

In Section 16 of the Act there is also a provision that the Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

Now that is a very important problem.

Mr. Wade: Yes, undoubtedly.

The Secretary of the Treasury: The Federal Reserve Board and this committee would like while we are at work on this problem to secure all possible data and information which would enable the Federal Reserve Board, when organized,

to deal as promptly as possible with all those phases of the problem; and if in like manner you gentlemen would investigate that subject and submit a brief, making recommendations--of course, it will have to be national in scope.

Mr. Watts: Yes, I will take pleasure in doing so.

The Secretary of Agriculture: Mr. Watts, I wonder if you will put in an alternative map revising the districts?

Mr. Watts: I would be glad to do so if it is the Committee's desire.

The Secretary of the Treasury: Mr. Watts; if you care I have a copy which I have indicated pages 14 and 19 as the particular sections I have referred to.

Mr. Watts: Yes.

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#### STATEMENT OF A. L. SHAPLEIGH.

The Secretary of Agriculture: Will you give your full name and what you represent?

Mr. Shapleigh: A. L. Shapleigh, president of the Business Men's League, and Chairman of the Shapleigh Hardware Company.

The Secretary of Agriculture: Mr. Shapleigh, you are familiar with the Act and with the problem that we are

attacking?

Mr. Shapleigh: Yes, sir; I have read the act.

The Secretary of Agriculture: We desire to have any information you can give us--facts and business relations.

Mr. Shapleigh: I will give you a few facts as to the City of St. Louis first as to showing why that city claims naturally the establishment of one of the Federal Reserve Banks.

First, because it is the fourth city in the United States.

Its industrial district is the third largest in the United States. It has for years been one of the three central reserve cities of the United States. The name of Saint Louis as a banking center has been synonymous with solidity and stability.

Its bank clearings for the year just closed aggregate four billions. I will give you the exact figures. Saint Louis is a genuine center of population. About one-third of the population of the United States reside within ten hours ride of the city. It is entirely surrounded by land--its adjacent territory not being interspersed with, or cut up by bodies of water.

As a distributing center, it serves a population of approximately thirty million people. Twenty-six trunk lines of railroads center here. These roads radiate in all directions--their rails covering a distance of 64,071 miles. These figures do not include the mileage of controlled systems.

St. Louis is advantageously located on the great Mississippi Valley water-way, which is used to a great extent today and which with the completion of the Panama Canal will carry largely increased tons of traffic. In 1914 the movement of freight in and out of Saint Louis was 56,901,358 tons, of which the railroads handled 2,189,309 carloads.

By the figures of the census of 1910 Saint Louis leads the world in the manufacture of stoves, street cars, chewing tobacco, drugs, chemicals, perfumery and kindred lines. That is one classification. Shoes, woodenware, clay products, vehicles, not including automobiles, white lead, paints and kindred lines, car seats and car furnishings. The total value of the manufactured products of Saint Louis by the census of 1909 was \$327,677,000.00. It is probably now more than four hundred million annually.

Saint Louis is the focus of mid-continental distribution of goods and leads all other markets in shipments of hardware,

agricultural implements, coffees, horses and mules, hardwood lumber, millinery, saddlery and harness, bags and bagging, and only one or two markets excel in shipments of dry goods, beer, tinware, wool and other commodities.

It is the largest primary fur market in the world.

It is second in the manufacture of railroad freight and passenger cars. The annual capacity being 52,500 freight cars and 1320 passenger cars.

It is third as a cattle market. There were 77,614 carloads of live stock received here in 1913. It ranks second as a hog market.

St. Louis is very close to the center of population for the Central States.

For the above reasons and many others, we claim one of the eight Federal Reserve Banks should be located here.

Now with respect to the territory, in our judgment, which should be included in the Saint Louis District, it is as follows:

All of Missouri; Southern Illinois including Springfield and south of it; Southern Indiana including Indianapolis and south and west of it.

The Secretary of the Treasury: Are you taking the same as this map?

Mr. Shapleigh: Very close to it, but not exactly. I have neither Nebraska nor Iowa in this.

All if Kentucky; Tennessee, west of Knoxville and Chattanooga, all of Mississippi, Louisiana, Texas, Oklahoma, Arkansas, eastern Kansas including Wichita and east of it.

The above territory comprises about 12% of the total wealth of the United States. It is a well balanced territory covering wheat sections, corn sections, cotton sections and other crops, as well as covering large manufacturing centers and money lending sections.

The seasonable crops are all represented and the demand for aid in crop moving can well be served from here by reason of the fact that these various crops are harvested at different times and do not all mature at once.

Our lines of railroad and river touch quickly all points in this territory and from no other point can this district be served as well.

By means of package cars--and that is a St. Louis innovation--destined to prominent points merchandise from Saint Louis is

delivered to all principal places in this territory without breaking bulk--thus affording a great saving in time.

Years of trading has brought all this district in close touch with Saint Louis and this district looks on Saint Louis as its financial center. With the transportation facilities offered from Saint Louis and with the immense stock of goods kept here to be drawn upon this district has looked upon Saint Louis not only as its financial central reserve city, but its merchandise central reserve city. A by-word in the trade is "Saint Louis has the Goods."

The channels of trade follow the channels of transportation. The channels of banking follow the channels of trade. These channels for this district all lead to and from Saint Louis and we ask that you establish one of the regional banks here, so that Saint Louis may continue adequately to serve the needs of this section, which has for so many years relied upon this center.

I have in addition some matter here in the shape of an exhibit, being resolutions from various commercial bodies from many parts of the section described.

The Secretary of the Treasury: Those might be filed as an exhibit.

Mr. Shapleigh: I would like to call your attention to a few, Mr. Secretary, which relate to the questions that were asked concerning southern Illinois. There are a number from that section.

The Secretary of the Treasury: You might call our attention to the territory without reading them, just giving the towns:

Mr. Shapleigh: One from Union City, Tennessee; Belleville, Illinois; Cairo, Illinois; Cape Girardeau, Missouri.

The Secretary of the Treasury: Are these the resolutions of the Chambers of Commerce of these towns?

Mr. Shapleigh: Most all of them. Centralia, Illinois Commercial Club; Chester, Illinois, East St. Louis Commercial Club. They don't want Illinois.

The Secretary of Agriculture: Are those in response to letters?

Mr. Shapleigh: These are in response to letters asking them what their views were with regard to the establishment of a bank here and if they desired to be included in this district.

The Secretary of Agriculture: Have you any map showing the

distribution area of St. Louis from your large distributing houses?

Mr. Shapleigh: The map I have will be practically the map you have before you.

Of course, the distribution of goods from St. Louis varies largely with the kind of goods. If you will take the line of industry in which I am principally engaged, we cover forty-one States of the Union. Other men in the same line of business here perhaps cover one or two more States.

The Secretary of the Treasury: In Chicago they had a composite map and the line was made heavier where the territory served by the different businesses happened to co-incide, and that was rather an illuminating map.

Mr. Shapleigh: I have this information, and which is not yet fully tabulated, and that is a statement of the volume of goods in the various lines distributed by St. Louis to the various cities in the Union. If that would be of interest to you I would be glad to have it compiled and filed with you.

The Secretary of the Treasury: If you will have that platted on a map I think it would be useful.

The Secretary of Agriculture: Is that made up from a

number of your big business houses or the whole volume of business?

Mr. Shapleigh: That is the concensus from the representations of all lines of business. For instance in the dry goods line, not one house's representations, but all of them; and that would make their judgment as to the amount of goods, for instance, which were put in Missouri, Arkansas, Tennessee, Kentucky and the other States.

The Secretary of Agriculture: There would be no easy way of showing the area from which St. Louis draws their trade?

Mr. Shapleigh: You mean the distribution?

The Secretary of Agriculture: No, from which it draws the commodities flowing into St. Louis, the area.

Mr. Shapleigh: You mean the products of the farm and the factories?

The Secretary of Agriculture: Any certain trade.

Mr. Shapleigh: Yes, I think that can be furnished.

The Secretary of Agriculture: Or relatively furnish it?

Mr. Shapleigh: I think I can give it to you without any difficulty at all.

The Secretary of the Treasury: I thank you, Mr. Shapleigh.

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STATEMENT OF E.C.SIMMONS.

The Secretary of the Treasury: Your name and connection,  
Mr. Simmons?

Mr. Simmons: E. C. Simmons, Chairman of the Simmons Hardware Company.

The Secretary of the Treasury: Mr. Simmons, you know the problem which we are trying to solve here, the division of the territory into these districts. I should be glad to have you give us any views you may have on that subject.

Mr. Simmons: Well, gentlemen, I am here--

The Secretary of the Treasury: You speak a little louder,  
please--

Mr. Simmons: I am here to ask for the establishment of a bank in St. Louis because it is the best distributing center, in my judgment, by far in the United States. It is the center and hub of the great Mississippi Valley, the fertility of which is so well known to you that it is hardly necessary to mention it, and the service from St. Louis reaches equally well south and west. St. Louis is a composite city. That is

to say, it is the most southern and western. Our friends from the south class us as a southern city, and our friends from the other sections class us as a western city.

The question of distribution of merchandise is recognized to be a much more difficult problem than that of manufacturing. The distribution from St. Louis has been built up in such a large area where the daily tribute from that is so great that it would seem to me almost unreasonable for us to ask for a bank covering the entire area.

The service of our customers of St. Louis--I speak now for St. Louis as a whole--in the way of prompt delivery of goods is perhaps one of the greatest factors in commanding trade. Those not in business today as we are scarcely recognize that the first thought when a man wants to send a mail order for goods is where can I get it the quickest. We have a package car service from St. Louis that is especially well conducted and of very great help in the distribution of these goods.

The place as to where people will buy is largely a matter of rates and of local temperament and to a large extent sentiment. The difference between the southern trade and the

northern trade, of which St. Louis enjoys quite an equal share, is shown in such a statement--a homely statement, probably trivial statement, as this: When the southern merchants come to visit our place they rarely ever leave the house without asking to see the founder of the business. The northern merchants never do. That is simply the difference in the customs and hospitalities of the different sections.

But the fact that St. Louis has tributary to it all the States that grow cotton, and equally as strongly has the tribute of all the States that grow grain, and those two are the great crops of this country, is what makes it the best distributing center we have. In certain lines of business the distribution from St. Louis has far exceeded that of any other city, notwithstanding our population is not so large as some others.

Almost every foot of soil directly tributary to St. Louis is fertile, and the products from it are tremendously varied, embracing minerals, grain, cotton.

Mr. Shapleigh has made some statements that I would have made were I asked. I am trying to give facts, as I see they are desired, by stating that I submit to you here a map which

shows where our package car service of this city extends, very briefly, it will take but a moment. Speaking for our own business-

The Secretary of the Treasury: Could you furnish us with four copies of that, please?

Mr. Simmons: Yes, sir, with pleasure.

The Secretary of the Treasury: We would be very glad if you will do that.

Mr. Simmons: I will be glad to do that. We have six houses, five besides the St. Louis house, and one more, which is an exporting house, but we don't count that, and that map shows the section we cultivate from the other houses, and also from the St. Louis house, and shows especially that the distribution from St. Louis is so much more satisfactory that it permits a distribution more than all of the other five houses, or fully as great.

Now let me illustrate a little what I mean by the use of just the package car service and of quick transit of merchandise. It is hard for those not engaged in general merchandise to realize that many men make price secondary to prompt delivery. We have a house in Wichita, which is only one hundred

miles from Oklahoma City. We have no package car service from Wichita to Oklahoma City, and Oklahoma City, I don't remember now, is four or five times the distance from St. Louis that it is from Wichita, and yet all that section has requested us to discontinue selling our business from Wichita and to get it from St. Louis.

The Secretary of the Treasury: What is the package car service?

Mr. Simmons: The package car service for example, Mr. Secretaries, twenty or thirty lots come to the Frisco Railroad in St. Louis for Oklahoma from that many different houses; they are all consigned in one car; the rates are the same as though they went differently; that car is given special service to be put through as-

The Secretary of the Treasury: Is that a freight car?

Mr. Simmons: It is a freight car. That same package car service obtains in other cities the same as there.

The Secretary of the Treasury: It isn't in the nature of an express freight, but fast freight?

Mr. Simmons: A very fast freight, but it has a great advantage, and it is the great thing that we are trying to

accomplish, and that is to improve car service.

I have a paper here which shows the circulation of our newspapers. We have a great many more travelling men. Our house employes at least five hundred, and we find that wherever St. Louis travelling men go the St. Louis newspapers go; and that simply shows the circulation of them.

Here is a matter that some may consider a very trivial one, but it shows where the Symphony Society of St. Louis goes to shed its beneficents on different parts of the country who have asked for them to come from St. Louis and give them the benefit of the beautiful music they dispense.

Here is a map I submit for your consideration showing what we call the legitimate bounds of St. Louis' territory as exemplified by the fact that we get a very large business from that territory and that we sell in St. Louis in most every line the principal part of the merchandise that is furnished in every county in the State shown here.

I would be glad to furnish a duplicate of these. They are made in our own shop--they are home made and all right.

The Secretary of the Treasury: Please give us four copies of that.

Mr. Simmons: I will with pleasure.

The Secretary of Agriculture: Have you interpreted this any where?

Mr. Simmons: Yes, sir, the back covers the whole thing.

The Secretary of the Treasury: I see.

Mr. Simmons: It is all printed there. I would like to make my talk just as briefly as possible because I know what you want is facts, and therefore I am going to probably trespass upon what might be called good form and show you something that has occurred with our own business in the last forty eight hours, and recite to you the number of orders received by our St. Louis house on Monday of this week, and then tabulate it by states, to show the diversity of territory of St. Louis--not only can cover but does cover regularly. From Missouri 447 orders; from Illinois 415; Texas 234; Arkansas 178; Mississippi 154; Iowa 117; Indiana 98; Alabama 81; Kentucky 79, Oklahoma 74--Oklahoma being divided between this house and the Wichita house makes it a less number than from here; Tennessee 66; Kansas 56; Louisiana 56; Colorado 32; New Mexico 32; Wisconsin 29; Arizona 28; California 20; Nebraska 11; Idaho 11; and a lot of scattering from twelve other states, making a total of about three thousand orders

received at that time, of which twenty-eight were full car-loads.

The Secretary of Agriculture: That was in one day?

Mr. Simmons: One day of this week. There was no padding. There was not an item taken from Saturday's orders, wasn't one single one from yesterday's orders; and I submit that there is positive proof of the splendid distributive point that St. Louis has, because it would be impossible to receive that many orders of which one-half--about one half--were from our salesmen and about one half open mail orders from the merchants--all wholesale orders; we do no retailing.

The Secretary of the Treasury: Is it not a fact that the Simmons Hardware Company has a larger area of distribution than any other single concern in St. Louis?

Mr. Simmons: I am not quite sure that is a fact. I think perhaps Mr. Shapleigh's house has not quite as large as we have, but they do a large business, and are very enterprising.

The Secretary of the Treasury: I asked the question merely to get some indication of the extent to which general business may have an equal distribution with the hardware business.

Mr. Simmons: Well, my observation, sir, would lead me to

believe that the dry goods business, the boots and shoes, and other industries have about the same territory. There are five or six dry goods houses but practically only two large hardware houses--two large ones and two others not so large.

The Secretary of the Agriculture: Do you know whether any of the other distributing houses have maps of that kind?

Mr. Simmons: I do not, sir, Mr. Secretary. We have used these in our business and sent them to our salesmen for the last ten years, and we have simply adapted them to this purpose here.

The Secretary of the Treasury: Do you care to take these back and furnish the other copies?

Mr. Simmons: I will, and I will furnish them to you tomorrow, send you four copies of each.

The Secretary of the Treasury: Yes, if you will. I thank you very much, Mr. Simmons.

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## STATEMENT OF THOMAS H. WEST.

The Secretary of Agriculture: Your occupation?

Mr. West: Chairman of the Board of the St. Louis Union Trust Company.

The Secretary of the Treasury: Mr. West, we would be glad to have you views on this problem.

Mr. West: I haven't any data, but I have gone over the data that has been gotten up by the committee of the Clearing House very carefully with Mr. Watts, and it seems to me that the map that I saw and went over is--the lines are admirably drawn on account of the fact that they embrace a large territory that is a producing territory, cotton and so forth, largely cotton; and he has endeavored to draw his lines so as to pick a section of country that would not fall upon us at the same season of the year, the southern and western sections. It seems to me from the figures that have been given as to the area surrounding St. Louis that we occupy a central position of the greatest commercial part of the United States. The fact is it would seem to me that if there were only one reserve bank that St. Louis would be the natural center, on account of its embracing a rich territory, and you have a producing territory, and this territory has been selected

in the way that I think would work out very well.

Of course, you run up against some part of the territory here that might necessarily be claimed by others. For instance you take your number seven, which appears to be a little lean territory. But the natural flow of the business as laid out by this map would be on the whole largely towards St. Louis. Of course, I don't mean to say that there is not territory included in this that would go just as naturally to Chicago.

The Secretary of the Treasury: To what extent right there, Mr. West--to what extent of territory would you say that Chicago might just as well have as St. Louis? What is the debatable ground in that respect?

Mr. West: Well, you take for instance--I judge from the questions you asked that we run--in running to Springfield, Illinois. Take Springfield. I have no doubt their more natural inclination might be to Chicago, and yet they could be served equally as well in St. Louis.

The Secretary of the Treasury: What would do the least violence, though to the customary course of business?

Mr. West: Well, I don't know as it would cut any--it would in a way, but I don't see that it would cut any part--

icolar figure.

The Secretary of the Treasury: Now take northern Missouri as well, St. Joe, for instance, and that district up there. What would you say about that?

Mr. West: I think that can be served just as well here as anywhere, and naturally. There may have to be some shifting and changing. There is one thing we have all got to think about and that is--I am quite familiar with the cotton section, having been in the cotton business. That business has been changing for several years, and the old fashioned way of doing cotton business has passed away. The cotton is sold at smaller places, sold to buyers direct and shipped--either exported or shipped to the mills in New England; and those bills of lading have largely been cashed by their local banks and forwarded to New York and there the exchange has been sold, generally speaking. If exported they sell to New York houses, and I think that would still continue to a certain extent, except if they had a local reserve bank that was large enough to take care of this business they would more readily send it there, because they could get quicker returns, and the country banks could realize just that much quicker, and certain seasons of the year twenty-four hours

would make a great deal of difference, because they are loaded to the guards during that period.

The Secretary of the Treasury: What is the extreme limit, I mean in the matter of time what is the extreme mail limit here in your district? Now take southern Texas, how long does it take to get in there, Mr. West?

Mr. West: I don't think there is any point here that would require much over a nights run, say twelve hours run, not much over that.

The Secretary of the Treasury: You couldn't get down there is a night's run--

Mr. West: You couldn't in quite a night's run, that would be about thirty-six hours.

The Secretary of the Treasury: El Paso I suppose would take about two days, wouldn't it?

Mr. West: Well, it would not be--that is really out of the cotton section as that goes. This gives it here (indicating map)--it runs from twenty-five to twenty-seven hours; that takes in the extreme Texas border. The average, I should say, would be about, from these figures, some twelve hours, maybe a little more. But the point is this with us in laying off this territory: At a certain season of the year we are going to have a tremendous burden

to carry and take care of the products in this particular section. I think there is no question but we can handle it if you give us a certain territory that would be drawing from it at the same period, and that is why I think this line is drawn taking some of the lean with the fat. That is my idea.

The Secretary of the Treasury: Mr. West, would it be your idea under this act, and assuming these districts to be organized as there--is your idea that if the regional reserve bank here needed funds and had in turn to rediscount some paper that it would seek the assistance of some other reserve bank with more money or make application to the Federal Reserve Board?

Mr. West: Well, I think probably it would go to the reserve board up to a certain point. I think that would depend. I think New York, for instance, which has to reach out over this producing territory in the use of capital would, I think, invite our business if we were overcome and be glad to get it, and I think the natural thing would be to go there with it largely. I don't think that we can get away from the fact that New York will still be a very

large money center.

The Secretary of the Treasury: The tendency of the Act in your judgment would be, therefore, to cause a rediscounting between the regional banks without resorting to the compulsory power which is lodged in the Federal Reserve Board? That is, in other words, you feel that if New York had the available funds and you had the paper that the transaction would be between the two banks? You wouldn't like to have to resort to the compulsory power of the board to compel one of these banks to rediscount for another.

Mr. Watts: I don't think it would be necessary.

The Secretary of the Treasury: It is a good thing to have the power rest somewhere.

Mr. West: I don't think it is objectionable at all. I didn't quite agree with it at first, but I think it is not unwise to have it.

The Secretary of the Agriculture: Any other point, Mr. West, you want to bring out?

Mr. West: No, I think not. The Committee has covered the field very thoroughly.

The Secretary of the Treasury: You entirely endorse the views of that Committee?

Mr. West: Yes, so far as I have gone along with them I think their grounds are well taken.

The Secretary of the Treasury: I thank you.

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STATEMENT OF ROBERT S. BROOKINGS.

Mr. Brookings: I don't know in what capacity I am called here, whether as a school teacher or woodenware manufacturer or banker?

The Secretary of the Treasury: We would like to have you set both as a school master and as a citizen.

The Secretary of Agriculture: You know our problems and we should be very happy to have your views.

Mr. Brookings: Mr. Secretary. I really don't know why they called me, except possibly thinking I might have retained some sort of a sentiment about this thing, as I have been out of active commercial business for some years, and in the University, you know, we recognize no regional limitations. In a business way my concern, the concern I have always been associated with, the Cupples concern, equally has no regional limit. It does business in every state in the United States and most foreign countries. But St. Louis is the headquarters of the concern, and possibly our busi-

ness might be some indication of the way in which merchandise might flow--might flow without much regard to its banking influence. We ship goods very largely all over the United States from different points, but the financial side of our affairs center here entirely. I have a certain sort of sentiment about the St. Louis territory. I have seen this map. And in a general way if anyone if anyone had asked regarding the banking business of St. Louis, the merchandise relations of St. Louis to contiguous territory, if any person was asked in that territory as to which was the metropolis--the metropolis in my mind being the largest nearby city in sympathy with the interest of that country--I should say unquestionably the reply would be St. Louis.

I am sure if you started with the northern line of Missouri, and then spread out fan shaped as this territory practically does, which might touch Springfield, east of that including Southern Illinois, probably the middle and southern Indiana, eastern Kentucky, Tennessee, Mississippi, and on the western side it would come into Kansas, spread out again taking in Oklahoma and Texas. Now I do feel that there is no city of the size of St. Louis, no large city, that would be under-

stood as dividing that question as to the metropolis of that section, especially in the way of a city most in sympathy with that section of the country. All this Mississippi Valley country, of course, you know it has a tradition for many many years of boats coming up the Mississippi River, while the channel of that has been changed by reason of the railroads dividing it from the river still there is all through west Tennessee, and Western Kentucky, a dominating St. Louis interest along certain lines. I don't know that there is much of anything else to say. With the University one of the arguments we make all through this section of the country to induce students to come here, we say come to St. Louis, because here is where you will meet and make acquaintances of people that will probably be of the most use to you in your future business or professional careers, St. Louis being unquestionably the metropolis of this vast section of the country. I do not know of anything more in detail.

The Secretary of Agriculture: Mr. Brookings, in looking at the country as a whole, throughout this matter we have had several districts suggested to us, such as Section Three without the territory north of the Potomac. If you will just take this map. We have had one suggested to us from the Potomac through Georgia and Florida. Now we have one suggested here of these mountain states. Would you think it to the best interest of a section like this to be confined wholly to such territory as indicated there, or would you think it best for that section to be connected with territory like Philadelphia or Pennsylvania?

Mr. Brookings: I do not think I am quite competent to pass on a thing of this kind. I should think you would have the data and information that would give you a relative value of the flow of trade as compared with the balanced territory.

I think on the principle of this being altogether a common country through there that it should have some other resources, manufacturing and agricultural products, and balance it. In other words, a lending community, and that it might properly take in Pittsburgh or some of that industrial section of the country.

As to this central country over here, I feel very much as the others who have expressed their opinion, that it is sentimental largely; that a branch bank at Denver would practically cover all the needs of the country, and if, after all, you determine on eight banks, and after you get all your data and information, there is bound to be some action to take, if eight banks is the initial feature.

The Secretary of the Treasury: What is your idea, Mr. Brookings, about that, that the minimum number would be what?

Mr. Brookings: My idea is the minimum number, I am perfectly clear—I feel that you could not have more than eight banks of that mobility and of that importance that it seems to me the success of the measure requires.

The Secretary of Agriculture: Mr. Brookings, there are intimations that we are going to be asked to establish a district here in the southwest.

Mr. Brookings: I suppose there is no end to the districts that you may be requested to establish, and I myself have no disposition or desire to anyway belittle any particular section, but the necessity.

The Secretary of Agriculture: It is wholly with that.

idea I was referring to the point mentioned at the outset, of having a district made up exclusively of borrowing territory. Would you think such a thing would be best for that district?

Mr. Brookings: No; I should think it would be very bad. I should think the district as nearly as possible, without too much forcing of unnatural channels, that would be pretty well balanced, would be the sine qua non, that is, a very important feature. And I wish to endorse fully the enthusiastic utterances of my friend Mr. Simmons, but I honestly and truly believe there is no city in the United States that embodies just that equilibrium that St. Louis does. We are the very center of a very large manufacturing, grain, mineral and live stock country. There is certainly no other city of our size, our importance, our diversity of interest that is anything like us close to the cotton trade south of us, if that is the main thing. Comparatively speaking, I will say that I do not know of any other city in the country that has as much to offer for a regional bank as St. Louis.

The Secretary of the Treasury: Thank you, Mr. Brookings.

STATEMENT OF HON. DAVID R. FRANCIS.

The Secretary of Agriculture: Governor, will you give your name, please?

Mr. Francis: David R. Francis, House of Francis Bro. & Company.

The Secretary of Agriculture: Governor, do you want to talk to us?

Mr. Francis: Yes, sir; I have some conception of the subject. I want to make a statement in the beginning that you may not concede, but that I am prompted to make, not only from what I have seen, but from what I have read. I want to go on record as impressed with the energy and fidelity with which this organization committee is performing a most difficult task.

The Chairman and Messrs. Secretary, you said in the beginning of this hearing that you would concede oratory and you did not want any sentiment. There are some facts, however, that are so impressive that they inspire sentiment and approach to oratory.

I wish to have exhibited to you a map which I have had prepared there - and if you gentlemen will raise it.

That is a map which has been prepared with the census of 1910. There have been circles drawn around the City of

St. Louis, one with a radius of 100 miles, one with a radius of 300 miles, and one with a radius of 500 miles.

The 500 mile zone takes in 40,000,000 of the population of this country.

The center of population of this country from the census of 1910, or when it was taken, was at Bloomington, Indiana, and has been constantly moving west.

The zone of the corn production of this country is in Des Moines, Iowa.

The center of the wheat production is in west central South Dakota, of oats, in southeastern Iowa, of cotton, in Northern Alabama and live stock, the center of production of horses is in central Missouri, of mules, in western Kentucky, of cattle, in northeastern Kansas, of hogs, in southwestern Iowa, and of sheep in southwestern Wyoming.

I do not want to encumber your records with the map, but if you desire it you may have it and I will file it as an exhibit.

The Secretary of the Treasury: Yes.

(The map so identified and referred to was marked D. R. Francis Exhibit No. 1 of January 21, 1914.)

Mr. Francis: Now, I am familiar with the map which has been submitted to you by the Committee, and while the territory embraced in the St. Louis division is large, it is homogeneous, it is territory which is commercially and socially tributary to St. Louis.

You have asked a number of questions, concerning the northeast corner of that division, Springfield - not the northeast corner, but towards the northeast corner. The relations of Springfield, Illinois, with St. Louis are unusually close, and becoming closer every day. There is an electric line running from Springfield to within a stone's throw of where we sit, or certainly to within a golf stroke of where you sit.

The Secretary of Agriculture: Your stroke.

Mr. Francis: That road has a bridge of its own; it brings in I do not know how many passengers every day, and our department stores operate free electric buses between that station and their respective establishments. So that Springfield, in my judgment, is much closer to St. Louis than it is to Chicago, and it is becoming closer every day.

The Secretary of the Treasury: That is the capitol of the state, is it not?

Mr. Francis: It is the capitol of the state; it is ninety-three miles from St. Louis, and, as I say, it can be reached in a little over three hours from a station that is within the Secretary of Agriculture's golf stroke from where we sit now.

The Secretary of Agriculture: Might not the sentiment which you referred to dictate that that be connected with Chicago?

Mr. Francis: I think not. The social relations between Springfield and St. Louis, in my judgment, are closer than they are between Springfield and Chicago. Southern Illinois is settled very largely by Kentuckians and Virginians, and people from the south generally.

We include in our community about ten or twelve miles of river front which contains a population today of approximately 100,000, and I think will double that in ten years. That is virtually a part of St. Louis.

Now in taking the whole of Texas we may deprive Division No. 7 of some banking capital which it will require, at the same time I think there will be no trouble whatever in securing all the capital desired for every Federal reserve bank, four million being the minimum, I think that can be done without the Government being called upon to subscribe

to any of the stock. I would be very glad, speaking for myself personally, and I have no doubt I would echo the sentiments of a great many of my friends, to subscribe to the full limit giving to any individual in any one of those banks, which is \$25,000.

The Secretary of the Treasury: I do not think it is a question, Governor, of raising the capital that is required, because that is simple, as you say. It is a question of how the country can be apportioned in the best manner, that will best serve the business of the country, and if we could raise the capital as you suggest that would not justify us in creating some district which would not of itself be homogeneous and where the bank would not be successful in the highest degree.

Mr. Francis: This district is much more homogeneous than No. 7 would be if you cut off from No. 5 western Oklahoma and western Texas and put in in No. 7.

The Secretary of Agriculture: What would you think, Governor, about the cutting off of western Missouri, and Kansas and extending No. 7 eastward?

Mr. Francis: Well, I should dislike to see Missouri divided in anyway, but that reminds me of something I was

going to speak of, and that is that these divisions, in my judgment, should be based, not solely upon the business of the country as it is today, but upon the business of the country as it is likely to develop. No one can foretell what will be the effect of the completion and operation of the Panama Canal, not only on the business of the entire country, but on the commerce of the Mississippi Valley especially.

Already the Argentine is shipping corn to Gulf ports as well as Atlantic ports. Over a million bushels of Argentine corn have been received within the past four or five or six weeks. The country that we have embraced in this division No. 5 has more territory to be developed in it than any district lying east of us or north of us, and we anticipate with hope, if we do not hail with delight, the coming of the time when the development of this country will not be dependent upon one section of this country and one center, where all the money has been assembled. We are tired of being told that a section of the country cannot have a railroad because a construction of a road-bed there will interfere with the operation of some other system, and that other system will enter that territory at its own

good time and pleasure. Mr. Wade impressed me very much when he said that he could establish here a foreign bank, a bank which would enable us to sell our exchange in dollars and cents and pay for our imports in dollars and cents, instead of pounds, marks and francs.

I agree with Mr. Simmons also, or Mr. West, I believe it was who made this statement, that if there should be but one regional bank outside of New York that he thinks that St. Louis should have it.

Now I trust you will not consider us presuming when we say that we think St. Louis, outside of New York, is about the best known city in this country throughout Europe and throughout China and Japan. You cannot go into a town in Europe with twenty thousand people or more that you do not see diplomas hanging there from the St. Louis Exposition held here in 1904. They know St. Louis better than they know Chicago. St. Louis is better known in China and Japan than Chicago. I am not disparaging Chicago. I am a little surprised that Chicago did not ask that St. Louis be included in its division as well as East St. Louis.

Now, this, as I said, is our natural territory. We do business, as Mr. Simmons and Mr. Shapleigh and others have

told you, not only with this entire territory, but with almost every section of the Union. We are the largest city southwest of the Mississippi River, and the Mississippi River is a factor in the development of this country, which not even this Committee can afford to ignore. I think it is going to be in the future more than it has in the recent past, an artery of commerce, and along its banks are millions of acres of rich soil that are about to be reclaimed. I am saying nothing about the production of those acres, but I mean to say that we want here a bank that is strong enough to furnish the capital to reclaim those lands.

Some of us have been very active in this favor of measure from the time it was first mentioned. We believe in it thoroughly. We think that the country will be benefited greatly by it. I am not going to dwell upon that fact, and I have nothing more to say to you, but would be very glad to answer any questions which you may propound.

Our case has been so thoroughly and so tersely stated by the gentlemen who have preceded me that it would be super-arrogation for me to give you any figures. I have a number of them here, but they have been covered by the

speakers that have been presented to you.

The Secretary of the Treasury: You concur, Governor, very thoroughly in the views that the gentlemen who have preceded you have expressed on this subject?

Mr. Francis: I do; very thoroughly.

The Secretary of the Treasury; We are very much obliged to you, Governor.

We will take an adjournment until 2:30.

Whereupon, at 12:35 o'clock P. M., a recess was taken until 2:30 o'clock P. M.

## AFTER RECESS

The Secretary of the Treasury: Mr. Van Riper.

## STATEMENT OF J. G. VAN RIPER.

The Secretary of the Treasury: Mr. Van Riper, you know our problem. Have you anything to add to what these gentlemen have already told us about this question?

Mr. Van Riper: Well, I have not any facts or figures. I might say that I am president of the American Trust Company and Chairman of the Committee of the Clearing House who met with clearing houses throughout the southwest, and the bankers in the southwest. I do not care to talk to the Committee about St. Louis or the commercial end of it.

I am intensely interested in the bill itself, believing it to be the greatest piece of constructive legislation since the Civil War. I believe this bill was passed and that in the minds of the framers of it and of the administration it meant for regional banks or reserve banks to be so located as to not disturb the channels of trade, in a diversified district so as to be self supporting, and that no attention particularly was to be paid to state lines, and that the banks should be as nearly equal as possible.

I noted and read with a great deal of interest the testimony in New York and especially that part of the testimony relative to the necessity of a big bank in New York City on account of the way it would look to the foreigner, the people in the old country who have to do business with it, and it occurred to me that in that part of their testimony there was not very much to it, from the fact that this Federal Reserve Board, with all its powers, controlling all of these banks, will naturally, and without any suggestion from anyone, publish a statement from time to time which is a consolidated statement of the Federal Reserve Banks, showing the assets and liabilities, and which as a whole will probably impress Europe more than any banking institution whose statement is published.

I do not think there is anything in this cry about the necessity of a large bank in New York.

I think there is a great deal in the thought that these banks ought to be practically as near of equal capital stock as possible, and that the regions ought to be, the reserve districts ought to be laid out with that in view. Therefore, I disagree somewhat with the witnesses here as to the location of these districts.

I believe that a district in New York should be a very confined district which would be a large bank, even if it was Manhattan alone; I believe in the Boston district; I believe there ought to be one located at Philadelphia, Washington or Baltimore. I believe in Washington for the simple reason that the Reserve Board, in my judgment, ought to be in constant and daily contact with an active bank.

A branch bank means as much to Baltimore Philadelphia, and I think, in fact, it means much more to a great many communities, than a reserve bank itself. I believe another bank ought to be established south of Washington that would take in all of that great southern territory. That would be a lean bank in a way, but Boston says that within themselves they have more money than they need, New York the same thing, Philadelphia the same. Therefore, the lean district, which must be one, would naturally be tied onto the very strong district.

I believe the next district ought to be located so as to take in Western Pennsylvania, New York, Ohio, eastern Kentucky and Tennessee, and located either at Pittsburgh, Cincinnati or Cleveland, and that would make a bank of practically ten per cent of the entire stock of the regional banks. That would make five, and leave the whole west with

three banks, or, in other words, there would be sixty-five per cent of your capital stock used up practically whenever you come as far west as the west line of Ohio and eastern Kentucky and Tennessee, and a line from there south, leaving only three places on the map where I think reserve banks should be established, one at Chicago, one at St. Louis and one at San Francisco.

The Secretary of Agriculture: Mr. Van Riper, would you make a map for us giving your ideas definitely, outlining those districts?

Mr. Van Riper: I would be glad to. I issued a map and some figures, both of which I misplaced, both the maps and the figures.

This territory that is outlined for St. Louis I think, is in the natural trend of trade. I have been all through the Southwest very recently and talked with all the bankers through Oklahoma and Texas, that is, in the principal cities. It is the natural trend of trade and has been since the beginning. The territory from Kansas goes directly through Kansas City and it flows to St. Louis, this having been a central reserve city all these years. When you get as far west as Colorado you get to Denver and their tendency

is toward the east and toward Chicago and St. Louis, and it seems to me with the territory divided up that these three banks having thirty-five per cent, which is no more capital than they ought to have considering what they must care for - I do believe that the capital stock and the three banks in this western territory, which would mean this to the entire west - there are thousands of banks throughout the west as well as in Illinois, Indiana and Ohio who keep reserve accounts - I do not mean reserve accounts, but I mean who keep a little account in New York, Chicago and some in St. Louis, but mostly in New York, and for one express purpose, and that is to furnish exchange to their customers. They have no business in New York, they never re-discount in New York, but they keep their money there only for that purpose. I believe that there are thousands of these accounts that are in New York at this time going to be moved back nearer home for the reason that a draft drawn on a reserve bank is just the same as a draft on New York, Chicago or St. Louis in the territory where it is to be sent.

The excuse for drawing out of New York is greater than any other central reserve city, next Chicago and next St. Louis, and I believe it will center in the great west where

only thirty-five per cent of the entire capital stock is-  
will center moneys to such an extent that each bank will  
stand on its own bottom. I do not believe with three banks  
furnishing the capital for the great west but what each one  
will be capable of taking care of itself and taking care of  
its territory absolutely.

My plea for the strong bank in St. Louis is this - in  
St. Louis rather than in any other city - for the reason that  
the bankers are going to do business not only with the  
reserve bank, but they are going to do business with the  
banking friends they have made in all these past years.  
St. Louis alone has three institutions of practically over  
ten million of capital stock and numerous other institu-  
tions of large capital, while a bank in this locality would  
have, based on the national bank figures, something like  
thirteen millions of capital, or, in other words, would  
have its proportion of the entire capital that is to be  
distributed if only its banks, which some of us are in  
hope will be established - only eight - it would only have  
its proportion, and it would serve a territory which is  
developing very fast and which is going to need large sums  
of money which St. Louis and the large surrounding territory

has furnished and can still furnish for not only their development, but to take care of their commerce.

I had many talks with men located in cities where they desire a reserve bank. They had no idea apparently of the branch bank or its function. They had not looked enough into the question to realize that the functions of the branch bank are practically the same as the reserve bank, as I interpret it, until it was explained to them, and they, of course, were for a reserve bank in their own locality. But many bankers throughout the southwest, who had definitely made up their minds for a reserve district, said to me "Since you have talked with us and talked about this diversified territory and especially about the functions of the branch bank, we are satisfied we would be better served by a branch bank than a reserve bank."

The thought I had in mind was that if a bank was located in St. Louis with probably nine directors we would possibly have one director, not to exceed two, and the balance would be scattered all over the southwest, while the branch bank would have its four local directors and the three appointed by the Federal Reserve Board, which would naturally mean that the man in the town where the branch bank was would

come in direct contact with people he knew and in securing any aid he might desire he would be among his friends who know the business and would probably secure accommodations much quicker than we here in St. Louis who might have only one director out of nine, and, therefore, the other eight might not be so familiar with the things that we had to do. I think that is the advantage of the branch bank.

The reason why this territory, and I think the people in it, would like to come to St. Louis largely is that the large banking capital here, the large trust companies, who have indicated that they are going into this system, as well as the national banks, know the southwest and the southwest would come here for banking facilities and for moneys for the developments that are entirely outside of what the reserve bank will give them. In that particular I differ from some of our committee as to the territory and as to the divisions. I believe that the division ought to be made in the trend of trade and the capital stock as nearly equal as possible. In other words, in Denver, for instance, I do not know - in some of these maps that I have seen - you could not get four million of stock in Denver, and you would make people do business in Denver who never had a

check on Denver in the whole wide world. This whole country trends toward the east. Denver trends toward the east. I do not think it would make any difference to Denver whether they went into St. Louis or Chicago, if they had a branch bank there, as far as facilities are concerned, and I think the same of the west and the northwest.

The Secretary of the Treasury: I assume Denver is more accessible to Chicago than to St. Louis, is it not? I mean the train service is better?

Mr. Van Riper: No; I do not think so. I have been west twice this summer, and the service is all through Kansas City practically, except the one through Omaha. I do not think it makes an hour difference, hardly. In fact I think they would reach St. Louis just a little quicker than Chicago.

The Secretary of the Treasury: The Rock Island does not go through Kansas City, nor the Burlington- I mean from Chicago to Denver. These are certainly more direct lines than of communication between Chicago and Denver, more of them passing through Kansas City and St. Louis, is not that a fact?

Mr. Van Riper: I do not know as I could say that, and I

think you are probably wrong, because the Missouri Pacific runs from St. Louis to Denver, the Rock Island the same thing. I have been twice over the line. The Wabash and Union Pacific have a through train every day. The Burlington has a through train. I do not think there is any difference in that, and I do not think it makes any difference at all.

The Secretary of the Treasury: I was acting more for information.

Mr. Van Riper: I think they are practically equal on that, except they would reach St. Louis ahead of Chicago as to hours, I think.

The Secretary of Agriculture: I understand you are suggesting the inclusion of all this western and southwestern country to the Rockies?

Mr. Van Riper: Yee, sir. I do not want to disturb what St. Louis has asked for, but I do not believe there should be more than three banks, because there is only thirty-five per cent of the entire capital stock left- practically thirty-five per cent; and I think those banks ought to be as nearly equal as possible, so that the reserve Board does not have one week one over here and another good strong one

over here; but that they have practically eight as equally balanced as it is possible, as to territory, without disturbing too much the trend of trade.

The Secretary of the Treasury: Your idea then would be to have, then, three banks west of the Mississippi River counting Chicago, for instance?

Mr. Van Riper: Counting Chicago.

The Secretary of the Treasury: One Chicago, one St. Louis and one San Francisco?

Mr. Van Riper: Yes, sir.

The Secretary of the Treasury: Then you would divide this territory to the Rocky Mountains between Chicago and St. Louis?

Mr. Van Riper: Just in accordance with the trend of trade.

The Secretary of the Treasury: What would you do with the northwest?

Mr. Van Riper: The same in the northwest here. There is a dividing line somewhere here.

The Secretary of the Treasury: Is not the trend in the northwest more east and west than north and south?

Mr. Van Riper: Yes; I think it is more east and west.

The Secretary of the Treasury: You reduce the power of the Pacific coast bank very materially under those circumstances?

Mr. Van Riper: I hardly think so, in this: I believe Oregon and Washington, being more directly north, while it is true the trend of trade is this way they would have their branch banks. In fact, I do not know that they would have to send anything to the parent bank at all.

The Secretary of the Treasury; You would attach them to San Francisco?

Mr. Van Riper: I certainly want to equalize the capital. It is hard, of course, to equalize this capital without disturbing somewhat, but I say with the least disturbance possible it ought to be done, I think.

The Secretary of Agriculture: If you will be good enough to give us your map drawn according to your ideas we will appreciate it. You can send it to the Committee at Washington if you do not make it up before we leave.

Mr. Van Riper: Yes, sir.

The Secretary of the Treasury: I think if you can hand it to the Committee before we leave tomorrow it would be better, and make four of them, if you please.

Mr. Van Riper: I will do that. Thank you.

Mr. Chairman, I have to present here eight-four letters from banks in Arkansas and in Oklahoma, and there are more to follow afterwards, but I would like to have these made exhibits.

The Secretary of the Treasury: They may be made exhibits to Mr. Van Riper's testimony.

(The letters so identified and referred to were marked Van Riper Exhibit No. 1, January 21, 1914.)

The Secretary of the Treasury; Mr. Whitaker.

STATEMENT OF EDWARDS WHITAKER.

The Secretary of the Treasury: Mr. Whitaker, will you state your name and occupation to the reporter.

Mr. Whitaker: Edwards Whitaker, president of Bremen Bank.

Gentlemen, I am somewhat familiar with the problem before you, and being a member of the Clearing House committee I think I was put on it more to explain about the State banks. Mine is the largest in the State, and from the experience I have had I think the State banks are very much inclined to come into the system. In this State, however, they have run up against opinions saying the

local law would prohibit it. Since one opinion was published through the press the Attorney General, the Bank Commissioner and the Governor have signified their willingness to permit the banks to go ino, rather indicating they would secure the necessary legislation afterwards. That being the case, I am satisfied that the great majority of banks that are eligible, and some that are not eligible will come in. I have one instance in mind where they are increasing their capital stock so as to be able to enter the system.

I have been over the map with the Committee, and while it may look that we are pretty grasping, still I think you should bear in mind that the City of St. Louis in the last forty or fifty years has been a reserve city; that all the channels of commerce and everything have been broken loading to the city, and everything in the southwest, when it was a wilderness, looked to St. Louis, even as far north as the Dakotas, when the fur trade was here, and lately the Government has seen fit to send its furs here and I understand this late sale was most satisfactory, more satisfactory than that in London, and on that account I think St. Louis has a very strong claim for a regional bank.

The other people in the different sections, I think, will find that it will work to their advantage, and the expressions I have had through my bank from southern Illinois, Kentucky, Tennessee, Oklahoma, they all prefer St. Louis to any other place.

Now with that statement, as you have had so many statistics and will hear from the merchants, who can give you better information than the bankers, I will not consume any more of your time.

The Secretary of the Treasury: Mr. Johnson.

STATEMENT OF MR. JACKSON JOHNSON.

The Secretary of the Treasury: Mr. Johnson, state your name and occupation, please.

Mr. Johnson: Jackson Johnson, President of the International Shoe Company.

The Secretary of the Agriculture: Mr. Johnson, you have heard the statement of this problem and the questions we have been asking. We should like to have you give us any additional information that you have that would throw light on this.

Mr. Johnson: It has been covered very fully by the bankers here, and also by the merchants; I have very little to add to it, gentlemen. What I have in mind

especially is that in dividing up this country and making eight regional banks, assuming that would be the number, that there should be taken into consideration about all things the flow of trade, the natural trend of trade, which is more nearly according to the natural conditions than is the flow of capital that has been brought about largely by banking conditions. St. Louis is pre-eminent in the Southwest, especially west of the River, and I take it that it is largely a matter of a question what the St. Louis territory will be, not that St. Louis will not be recognized as one of the logical centers. And in laying out this territory I would have in mind the one fact, that you would like to balance the borrowers with the lenders as nearly as possible, and to that end we should have to take not only the manufacturing sections but the grain section along with the cotton section.

In the last few years west of the River has produced from forty-five to fifty per cent of the cotton crop. If St. Louis covers Texas, Louisiana, Arkansas and Oklahoma they will then have in their territory half of all the cotton crops looking to this center to be financed. Now to balance that I think that we should take along with Missouri, say,

Kansas and a portion of Nebraska and southern Illinois.

Secretary of Agriculture: Have you any facts, Mr. Johnson, which you could give us concerning the area of distribution and the volume of distribution over particular parts of that area of your business?

Mr. Johnson: Well, our business extends all over America, and we do not quite a little foreign business, but we are stronger in the Southwest than any other section

I think all of St. Louis is stronger in the Southwest.

The Secretary of the Treasury: About what is the field of your influence, so to speak? What is your distribution area?

Mr. Johnson: We cover all of America except New England.

The Secretary of the Treasury: Where is it mostly concentrated? Where is the largest business?

Mr. Johnson: I should say the southwest. The flow of the trade in this country is from the southwest to the northeast. All the lines or railroads - if you follow the lines of the railroads, you follow the line of commerce.

The Secretary of Agriculture: How about Mississippi.

Mr. Johnson: Well, Mississippi is a strong commercial territory for St. Louis; very strong.

The Secretary of Agriculture: Do you have large shipments for there?

Mr. Johnson: Yes, sir, our business in Mississippi, Alabama, Georgia and the Carolinas is probably all about the same.

The Secretary of Agriculture: How about Colorado?

Mr. Johnson: Well, we cover Colorado and are strong in Colorado.

The Secretary of Agriculture: I wonder if you could give us a map showing the percentages of the United.

Mr. Johnson: I could give you a map showing the amount of business our Company does in each State.

The Secretary of Treasury: We should like to have that, particularly in reference to the Southwest.

Mr. Johnson: Yes, sir.

The Secretary of the Treasury: Do you have a large business with Louisiana?

Mr. Johnson: Yes, sir.

The Secretary of the Treasury: Arkansas, I presume, is very much your territory?

Mr. Johnson: Yes; Arkansas, I suppose, outside of St. Louis is the strongest trade alliance.

The Secretary of the Treasury: How about Texas and Oklahoma?

Mr. Johnson: Texas is almost equally strong. Of course, Southern Texas is cut off in a measure on account of cheap water transportation from the East, that is, the section around Houston, Galveston and Beaumont.

The Secretary of the Treasury: If you will be good enough to give us these statistics, four copies, Mr. Johnson.

Mr. Johnson: Yes; I would be very glad to.

There is one other thing I want to mention in reference to the point raised this morning as to whether Springfield should go to Chicago or to St. Louis. Our company probably employs one tenth of all the labor in Springfield, so, naturally I should feel that the trend of trade would be this way rather than towards Chicago. In fact, I think it should be.

Mr. Wade: Springfield, Illinois?

Mr. Johnson: Springfield, Illinois.

The Secretary of the Treasury: How do you mean you employ a tenth of the labor, do you have a factory there?

Mr. Johnson: Yes, sir.

The Secretary of the Treasury: Thank you, Mr. Johnson.

Mr. Barroll:

STATEMENT OF MR. JOSEPH R. BARROLL.

The Secretary of the Treasury: Mr. Barroll, please give your name and occupation?

Joseph R. Barroll, House Manager of Butler Brothers.

The Secretary of the Treasury: Can you add anything new, Mr. Barroll, to what has been presented already to the Committee.

Mr. Barroll: Well, I have a map here that may be of interest to you gentlemen as outlining the natural trend of trade towards St. Louis, and if you will excuse the sunburst of prosperity that I have endeavored to show there, -

The Secretary of the Treasury: You seem to be accurately portraying conditions.

Mr. Barroll: In explanation of the map, let me say that at the time our St. Louis house was established, we had a house in Chicago, and although St. Louis is within 300 miles of Chicago, we found that there was a peculiarity about the trade tributary to St. Louis which made us resolve to open a house in St. Louis, with the result that the opening of the house in St. Louis has given us eight times the business from this center that we formerly secured from Chicago, showing that there is a natural trend of business in that district to St. Louis, which we could not secure from Chicago.

Now, while it is true that salesmen can annex almost any territory to their home town by strenuous effort, our particular house is subject, I think, to the natural flow of trade, because all of our business is secured by mail, and the mail orders naturally flow along what might be

called the natural tradelines.

At the time the St. Louis house was started, we sent special clerks out throughout this territory in the center to visit the different states, in fact, to visit every town in every one of the states, giving the merchants an opportunity to select which town, or which city they would patronize, and this map is made up from the voluntary election on the part of the merchants as to whether they would buy from St. Louis, or Chicago, or New York, as the case might be.

Understand, of course, that there is no effort on my part to suggest a bank territory with this map.

The Secretary of the Treasury: I understand.

Mr. Barroll: It is merely a map illustrating the trade territory of St. Louis.

The Secretary of Agriculture: You have nothing to show how this shades off?

Mr. Barroll: No; I have not prepared any statistics as to that.

The Secretary of Agriculture: Could you do that by States in that section?

Mr. Barroll: Yes, sir; if those figures would be of any

value, I should be very glad to prepare them.

The Secretary of Agriculture: Let us see how it shades off as it leaves St. Louis?

Mr. Barroll: The percentage to the total, I suppose, would be sufficient?

The Secretary of Agriculture: Yes.

The Secretary of the Treasury: And if you would not object to giving us the total volume also, so that we might get some approximation of the value of this business to the district here, it would be useful. If you prefer not to disclose those figures, you need not do so.

Mr. Barroll: I will prepare something for you that I think will be of advantage.

The Secretary of the Treasury: This map may be filed as an exhibit to Mr. Barroll's testimony.

(The map so identified and referred to, marked Barroll's Exhibit No. 1, January 21st, 1914.)

The Secretary of the Treasury: Mr. Carleton.

#### STATEMENT OF MR. MURRAY CARLETON.

The Secretary of the Treasury: Mr. Carleton, please give your name and occupation:

Mr. Murray Carleton, Chairman, of Ferguson-Carleton

Day Goods Company.

Mr. Secretary, as I am familiar with the question that is before you, - I have been sitting here most all morning - there is really nothing I can add to what has been covered by Mr. Shapleigh, Mr. Simmons, Mr. Barroll and Mr. Johnson.

Of course, I do not intend to offer any suggestions about the banking end of this business, but there are a few things I might say as to what has made possible this sunburst

of Mr. Barroll: You take a line from Puget Sound to Raleigh/<sup>North</sup> Carolina, running straight across, and the freight rates in that section and south of that are favorable to St. Louis, and that is really the basis of the building up of the commerce.

The Secretary of the Treasury: Are they more favorable than to Chicago?

Mr. Carleton: Yes, sir, more favorable.

The Secretary of the Treasury: Throughout the competitive territory?

Mr. Carleton: From a line from Puget Sound southeasterly to Raleigh, North Carolina, and south of that, it is proven territory, it is territory where St. Louis can beat competition from any market on an equal basis on freight rates.

Mr. Simmons referred to this car service. It is based on several years experience as Chairman of the Traffic Bureau of the Traffic League, and based on the knowledge that St. Louis enjoyed that differential in freight rates. For instance, take Des Moines, Iowa, equal distance with Chicago, the freight rate is a trifle in our favor, and the time about the same. It forms a triangle. And take a circle from Des Moines, and go as far away across the State of Illinois north as far as Monmouth, quite a distance above Springfield, and along down to Terre Haute, Indiana, Western Kentucky, and Western Tennessee, and of course, the territory that the Committee of the Clearing House has presented to you is practically debateable territory, I mean, the proven territory of St. Louis commercially, speaking of where we can place large lines of merchandise.

The Secretary of the Treasury: Do you come in competition in your line with Kansas City, for instance?

Mr. Carleton: Well, yes, Kansas City supplies a local want there, though we go right by Kansas City into Oklahoma, and sell nearly a \$1,000,000 worth of goods, my house does, in Oklahoma last year, right through Kansas City's gateway; a large business in the State of Kansas, Southern Nebraska,

Southern Iowa. We recognize Kansas City as a good market.

The Secretary of Agriculture: Could you give us such a map as we have suggested?

Mr. Carleton: Yes; I saw the importance of that; Mr. Secretary this morning when you referred to it.

The Secretary of Agriculture: These maps will be very helpful, especially in certain sections of the country.

Mr. Carleton: I think I could give you the total of the jobbing business in the dry goods line, but can comprise my own business with other houses

The Secretary of Agriculture: And showing how it shades off from the other territory.

Mr. Carleton: Yes, sir.

The Secretary of the Treasury: Could you not, in connection with the leading jobbers, prepare some sort of map that would give us in consolidated form, -

Mr. Carleton: I could undertake to do that, Mr. Secretary if I had the time:

The Secretary of the Treasury: We will give you time.

The Secretary of Agriculture: How much time would you require? Would two weeks be sufficient?

Mr. Carleton: Ten days or two weeks.

The Secretary of the Treasury: Showing the sphere of your trade influence.

Mr. Carleton: Yes, sir, I will do that.

The Secretary of Agriculture: And send it to Washington to the Committee.

The Secretary of the Treasury: Just address it to the Reserve Bank Organization Committee at Washington.

Mr. Carleton: There is just one thought that occurred to me that has not been touched on here, if you will indulge me a moment, that the trade goes in natural channels, and it is competitive. Trade does not follow banking, but banking will follow trade. I believe that is fundamental.

The Secretary of the Treasury: Trade follows transportation?

Mr. Carleton: Yes. It is not what we are - as I understand the spirit of this bill, it is to adjust some things that have not been right in the past, and if that adjustment comes then we have the banking facilities in St. Louis that are adequate and commensurate with its commercial situation.

The Secretary of the Treasury: The bill not only intends to apply corrective measures, but to make provision for

things that have not heretofore been supplied.

Mr. Carleton: We recognize that, and if you will give St. Louis the bank it should have, so it will be on a parity with its commercial standing.

The Secretary of the Treasury: We can, at least, promise you fair consideration.

STATEMENT OF MR. BRECKENRIDGE JONES.

The Secretary of the Treasury: Mr. Jones, will you kindly state your name and occupation?

Breckenridge Jones, President of the Mississippi Valley Trust Company, St. Louis.

The Secretary of the Treasury: Mr. Jones, will you kindly give us the benefit of your views as to this proposed territory.

Mr. Jones: I have heard the statements of the other gentlemen, and without attempting to repeat what they have gone over, I have only one or two suggestions that possibly have not been covered in the same way. I mention that in the main because my business brings me in touch with that line. The merchants have told you of the mercantile interests and the commercial bankers of the banking relations and collections. I would like to draw your attention to

St. Louis as the center of the investments of the Southwest and to the very important part which St. Louis, in response to the public demand, has taken in connection with the matters of internal improvement all through the southwest. I believe if you were to make inquiries largely in the territory that has been set out by the Committee here in the map filed by the Clearing House Committee, the men in that territory, if they wanted money in such amounts that they could not get at home for internal improvements, whether it was the building of larger hotels, street railroads, gas companies, electric companies, or a matter of that kind, and you asked them where they would go, that a very, very large proportion of them would say St. Louis was their natural market, and that is where they have been getting their best accommodations.

I think there is no other city in the territory that is mentioned, or on the map that we have shown there, that can compare in any way at all with St. Louis in that regard. The large capital and surplus that is in the banks and trust companies in St. Louis is not here for sentimental purposes, but it is here because it has been found necessary to respond to the needs of the territory that is

tributary to this center, and the fact that that capital and surplus is so much larger in St. Louis than in the other cities in the district which we have pointed out, I think, is largely an answer to the question which you gentlemen are asking, that is, as to what is the trend of business.

I think attention might be drawn to the fact that here in St. Louis there are 13 general offices of the railroads. You may fairly consider, I think, that a railroad places its general offices on matters most convenient in the line of travel and in the currents of business and trade. No railroad, I believe, that enters St. Louis from the Southwest or West has general offices anywhere about but what are in St. Louis.

The Secretary of the Treasury: You think that this district that is outlined by your Committee is about the district that St. Louis ought to have?

Mr. Jones: I believe that is what you would fairly denominate the trade territory of St. Louis, and I believe that it is equalized in a way that would enable a bank here to fairly take care of the needs of that district.

Just one other statement as somewhat an evidence of the

trend of travel and trade, that there are more through trains passing through coming into this Union Station at St. Louis than into any other one station on the continent. There are practically 300 daily trains coming into St. Louis. And I ask you gentlemen in going into any other hearing that you have in the territory pointed out on that map, if you will ask the question as to where the people in that territory naturally go for their commodities, - the Broadway, - the answer will be almost certainly St. Louis.

The Secretary of the Treasury: Thank you.

STATEMENT OF MR. EDWARD F. GOLTRA.

The Secretary of the Treasury; Mr. Goltra, kindly give your name and occupation?

Edward F. Goltra, President Missouri Iron Company.

The Secretary of the Treasury: Will you be good enough to give us any new light you can, Mr. Goltra, on this problem.

Mr. Goltra: As I intended, the problem is one of financial geography, so to speak. I am sorry the map is so large. I did not make it, but it seemed to me that this map would assist in the solving of the problem probably as

well as any map that could be presented.

I do not favor any general divisions that have been made here as the divisions for this problem, but in making up the division when you are sizing up the claims of any of the various centers, you will have before you, gentlemen, the statistics here which are absolutely accurate, and which will give you a very clear idea as to how, if you subtract from one portion of one section, it would be necessary, in order to equalize, to add another portion to that section.

I speak for the iron and steel interests.

The Territory that is suggested by our Committee is territory which the iron and steel manufacturers ship to continuously. It is true that we bring our pig iron now from both Chicago and the Birmingham districts, and in fact as far east as Detroit and Toledo, but St. Louis is a great fabricating center, and while we will bring pig iron from Birmingham, for instance, to St. Louis, we will fabricate that into other articles, finished articles, and we turn out raw material in a different form down towards them, or, at least, very close to them, so that the territory which our Committee has outlined to you thoroughly and reasonably

and truthfully represents what, from an iron and steel standpoint, would be a tributary territory to St. Louis.

I appreciate that in the solving of this problem you must take into contemplation the future as well as the immediate present, and I would call to your attention, gentlemen, that Chicago began to rise right after St. Louis had exhausted her sources of supply of raw material in the shape of iron ore. At the time when the iron ore that was tributary to St. Louis, so to speak, became exhausted, the discoveries were made up here on the Messaba Range, and with the movement of that ore through Chicago, Chicago began to rise, but the enormous amount of iron ore that has been taken out from Lake Superior range has now brought those ranges down to such a low percentage of metallic contents that ores, which could not have been used heretofore, when they had some high percentage ores at hand, ores which are now tributary to St. Louis, are, so to speak, coming into fashion, and in point of fact, as I said before, looking not into the far future, but into the immediate future, matters are on foot here to again place St. Louis on the pig iron map.

There is one other thing that I would like to call to

your attention, gentlemen, and that is this: it seems to me that we, the American people, are engaged in a measure upon an experiment because, as I understand the correct definition of an experiment, it is something that has not been tried before. The bill provides for at least eight, and possibly twelve regional banks. I respectfully ask that you most seriously consider that we should not make a greater experiment than is necessary, by having twelve instead of eight banks. I strongly ask for eight banks.

The Secretary of the Treasury: This map may be marked as an exhibit.

(The map so identified and referred to, marked Edward F. Goltra's Exhibit 1.)

The Secretary of the Treasury: Mr. D.C. Nugent.

STATEMENT OF MR. D. C. NUGENT.

The Secretary of the Treasury: Mr. Nugent, kindly state your name and occupation?

Mr. D. C. Nugent, President of D. C. Nugent Dry Goods Company.

The Secretary of Agriculture: Mr. Nugent, have you anything to add to what these other gentlemen have given

us.

Mr. Nugent: I think I have, Mr. Secretary, and inasmuch as I am the last member of the Clearing House Committee to appear before you, our Chairman, Mr. Watts, like a good general, has kept his best soldiers for the last, for the rear, so that they will protect everything that has gone before.

They have told you that trade follows transportation, and also that the banking facilities will follow trade, but there is an influence back of that all which they have not mentioned, and to which I wish to call your attention.

As representing the retail interests of St. Louis, and catering to the ladies, I want to say to you that where the ladies come, there other things will follow, and I would like to just fortify what I have said by a few statistics which I would like to read to you gentlemen as reasons for locating a regional bank in St. Louis from the retailers standpoint.

The Mercantile sales of St. Louis, as furnished to me by the License Collector's Office, show a grand total of over three hundred and fifty millions annually, (and

these do not include the sales of Manufacturers, Commission men, or Brokers) and this fact offers a good reason why a Regional Bank should be located in this City.

In face of the fact that the United States census returns for the ten year period, 1900 to 1910, show an increase in population of but nineteen per cent, the Retail Sales of St. Louis during this same period increased more than fifty per cent.

This is proof that the Retail Dealers of St. Louis are drawing to this City, business from the surrounding country in a constantly increasing volume and from a constantly enlarging territory.

Many of the Retail Houses of St. Louis operate large and well equipped Mail Order Departments, issuing therefrom approximately three million catalogues, price lists and bulletins annually. In this way are cared for the needs and wants of hundreds of thousands of customers in the States tributary to St. Louis, namely; Texas, Kansas, Oklahoma, Arkansas, Kentucky, Tennessee, Louisiana, Mississippi, Nebraska, Indiana, Illinois, and Missouri.

Your attention is called to the remarkable increase in

the last ten years in the floor space occupied by the six largest Department Stores of St. Louis. Ten years ago these Stores used 600,000 square feet; today, they cover an area of 2,500,000 square feet.

Furthermore, the Stocks of Merchandise in St. Louis ten years ago were but \$30,000,000; today they amount to \$50,000,000.

We respectfully submit that these enormous increases in Store Equipment, in Stocks carried, in Capital invested and in volume of Sales by the Retail Business of St. Louis in the past ten years, have put this City far in advance, from the standpoint of retail facilities, of any City to the South or West of us.

St. Louis is today best equipped to handle the Retail business of the middle Western and Southwestern States, and that it is handling this business, and in a highly satisfactory manner, is shown by the amazing expansion which has taken place in the past ten years, and which still continues in the Retail business of St. Louis.

The convenience and the customary course of business which the lawmakers had in mind in determining the location of the Reserve Districts, seem to me are here

manifestly met, as indicated in the foregoing brief sketch of the growth of the Retail Business in St. Louis with which I am most familiar.

The Secretary of Agriculture: How far east and west does the retail jobbing district extend?

Mr. Nugent: East and West?

The Secretary of Agriculture: Yes.

Mr. Nugent: Well, I should say as far west as Fort Dodge, Kansas in a direct line, Dodge City, Kansas, Abilene, Kansas, to the northwest Lincoln, Nebraska. All of those people's faces are familiar in our stores for shopping.

The Secretary of Agriculture: How far east?

Mr. Nugent: Terre Haute, Indiana, Danville, Illinois.

The Secretary of the Treasury: And South?

Mr. Nugent: El Paso, Mexico.

The Secretary of Agriculture: Evansville?

Mr. Nugent: Yes, a large trade from Evansville, and some from Louisville, but not so much, but a great deal from Evansville.

The Secretary of the Treasury: How about New Orleans? Do you get as far south as that?

Mr. Nugent: Yes; we have considerable business there; there are no competing stocks as large as we have here, no open stocks as large for their selection in any of that territory.

The Secretary of the Treasury: Is your Parcel Post business growing?

Mr. Nugent: Oh, yes.

The Secretary of the Treasury: You find that is responding?

Mr. Nugent: Yes, responding very largely.

The Secretary of the Treasury: That is extending the sphere of your trade influence, is it not?

Mr. Nugent: Well, I do not think so so much. The provisions of the Postal Laws are such that it handicaps the mail order business beyond 150 miles from any point, and to that extent it gives us a cinch on the 150 miles, but beyond that, the others have better advantage; but having larger stocks and better facilities, we overcome that advantage.

The Secretary of the Treasury: Thank you, Mr. Nugent.

As there are a number of gentlemen, from outside towns we will hear from Mr. Faulkner first, of Helena, Arkan-

sas. He wants to leave, I believe.

## STATEMENT OF MR. S. S. FAULKNER.

The Secretary of the Treasury: Kindly give your name and occupation.

Mr. Faulkner: S. S. Faulkner, President of the First National Bank of Helena, Arkansas.

The Secretary of the Treasury: Mr. Faulkner, you had something you wished to present to the Committee?

Mr. Faulkner: Mr. Secretary, I have not anything to say about the advantages of St. Louis, why they should have a regional bank, as I think their advantages have been fully explained to you, but I want to say in behalf of our Clearing House that we feel that St. Louis is that natural point for our section of the State of Arkansas. We are on the west bank of the Mississippi in the eastern part of the State.

The Secretary of the Treasury: Just south of Memphis?

Mr. Faulkner: Yes, sir. We have a population of about 15,000 people; we have five banks, and the Clearing House has passed a resolution endorsing St. Louis as the logical point in that section of the State for the regional reserve bank.

The Secretary of the Treasury: If you will file that.

Mr. Faulkner: I have a copy of their resolution.

The Secretary of the Treasury: Just file, that, please, as an exhibit.

(The resolution so identified and referred to is marked S. S. Faulkner Exhibit No.1, January 1, 1914.)

The Secretary of Agriculture: Mr. Faulkner, what do you say about Memphis?

Mr. Faulkner: I do not think that Memphis would be of advantage to us on account of its size as would St. Louis. We can get better accommodations from St. Louis and always have. St. Louis has been our logical banking point. In fact I think it has been for most of the banks in that section of Arkansas.

The Secretary of the Treasury: Do you think the whole state of Arkansas should normally and naturally be included in a district of which St. Louis was made the reserve bank?

Mr. Faulkner: Yes, sir. If there should be any question about Memphis our part of the State would naturally be partial to Memphis on account of being nearer, but we realize at Henena we could not possibly have the advantages at Memphis that we have at St. Louis.

The Secretary of the Treasury: You are not seeking to

have the reserve bank located at Helena?

Mr. Faulkner: We would if we thought there was any chance for Memphis.

The Secretary of Agriculture: Is that the idea of other business men also?

Mr. Faulkner: Yes, sir.

The Secretary of the Treasury: Thank you, Mr. Faulkner.

Now we will hear from East St. Louis - Mr. Sexton.

STATEMENT OF HENRY D. SEXTON.

The Secretary of the Treasury: Kindly state your name and occupation.

Mr. Sexton: Henry D. Sexton, President Southern Illinois National Bank, East St. Louis, Illinois.

I am not going to burden you very much. I will just refer to some facts here. I am representing at this time the St. Claire County Bankers Association of Illinois, immediately opposite across the river here from St. Louis. At a meeting they appointed a committee and adopted resolutions and we were asked to present the following facts, and further asked to say we hope that St. Louis would be established as a site for one of the regional banks.

The Secretary of the Treasury: And that you be attached

to that district?

Mr. Sexton: And that we be attached to that district, yes, sir.

The population of St. Claire County is 144,870. We have two cities, East St. Louis and Belleville, one with a population of 80,000 and the other with a population of 30,000.

The agricultural farm value in that country is \$40,000,000, the live stock value in that country is \$50,000,000, the farm crops, fruits, and nuts, is \$5,780,000.

The coal mines, being located in the coal regions of Illinois is five million tons annually.

We have nineteen banks in that country with a capital, surplus and profits of \$3,974,000; deposits, \$18,000,000, resources \$22,194,000; estimated annual clearings \$295,535,000

The Secretary of the Treasury: How many are national and how many are state?

Mr. Sexton: Well, I could not answer that right off, but I know there are more state than national; it was about two to one.

Of these clearings I would say eighty-five per cent is done in the city of St. Louis.

The number of industries we have there is 120 with an

estimated capitalization of \$100,000 and employing 25,000 people; an annual pay-roll of \$20,000,000, with a coal consumption in East St. Louis alone of three million tons.

I attach to this, which I will file, a list of the most important products created in that territory.

As to transportation, we have twenty-four railroads, with a total trackage of 292 miles, side lines and switches, 460 miles, with the values of the properties exceeding \$15,000,000.

Interurban line, with main line track of 62 miles and thirteen miles of sidetracks, or side-lines, total value \$1,328,000.

In considering these statistics we desire to call your attention to the fact a large majority of the industries located in East St. Louis and St. Claire County maintain their important banking connections in the City of St. Louis and are principally financed by St. Louis institutions. Likewise, it is estimated that the major part of the East St. Louis industrial pay-roll is spent in the stores of St. Louis.

The banking transactions of the St. Claire County banks are chiefly handled through St. Louis banking institutions.

three of the largest of these banks belonging to the St. Louis Clearing House Association, thus constituting St. Claire County an integral part of the financial and industrial community of St. Louis and rendering it exceedingly desirable to us as bankers and most important to the agricultural and commercial interests of the country that it be included in any district created by your Committee in which the City of St. Louis may be located.

With reference to the City of East St. Louis, I want to say that East St. Louis ranks as the ninety-first city in size in the United States. There are forty-eight states in the United States; eighteen states have no city as large as East St. Louis, seventeen states have one city larger than East St. Louis.

The Secretary of the Treasury: All that statistical data it would be better that you file, because we cannot carry it in our minds.

Mr. Sexton: I will file it.

(A statement so identified and referred to was marked Henry D. Sexton, Exhibit No. 1, January 21, 1914.)

The Secretary of the Treasury: The only point is that East St. Louis wants to be attached to the St. Louis district.

Mr. Sexton: Yes, sir. One other matter. I want to present one other matter in behalf of the bankers. In determining what proportion of Illinois should be constituted a part of the St. Louis district, I beg to offer you a map here which shows the north line across the State of Illinois, which you will observe from this point to the southern point, about in the center, is located the city of St. Louis. These lines are the north lines of the different groups from six to ten that constitute a part of the Illinois State Bankers Association. They have put this territory below here into six to ten groups, that is, five groups, and all the railroads radiate towards St. Louis, and a majority of the banking business is transacted in St. Louis within that territory, and to my mind that is about the proper line across the state - if southern Illinois is added to the St. Louis district that it constitute that territory. Now the bankers themselves have fixed that on account of conveniences in railroad, mail and other things.

The Secretary of the Treasury: You mean the bankers of this section?

Mr. Sexton: Yes, sir; the Illinois State Bankers Association formed themselves into groups.

The Secretary of the Treasury: What group represents this district?

Mr. Sexton: Five groups, they constitute fifty-two counties.

The Secretary of the Treasury: Have those five groups taken any formal action on this?

Mr. Sexton: Not to my knowledge.

The Secretary of the Treasury: Would it be possible to get an expression from them as to where they prefer to be put?

Mr. Sexton: No doubt of that, but hardly by tomorrow.

The Secretary of the Treasury: Would you undertake to communicate with those groups and get some official expression from them as to what they would think would be the best arrangement of this southern district of Illinois?

Mr. Sexton: I would be pleased indeed to do so.

The Secretary of Agriculture: And if not for this whole territory --

The Secretary of the Treasury: What part of it should come to St. Louis and what part should come to Chicago. You do that and send it to the Reserve Bank Organization Committee at Washington.

Mr. Sexton: I would be glad to.

The Secretary of the Treasury: In the meantime leave this as an exhibit.

Mr. Sexton: I have with me a book which describes these groups. I would be glad to leave it.

The Secretary of the Treasury: I think that would hardly be necessary.

The Secretary of Agriculture: Are there any others who have additional information.

STATEMENT OF MR. LUCIUS D. TURNER.

The Secretary of Agriculture: Please state your name and occupation.

Mr. Turner: Lucius D. Turner, Belleville, Illinois, President of the Belleville Savings Bank.

The Secretary of Agriculture: Do you desire to express the opinion of Belleville on this problem?

Mr. Turner: Yes, sir. Primarily we are very much interested in having the Federal Bank located in the City of St. Louis, and with all this array of facts and figures from a commercial standpoint it seems almost overwhelming, and that it would go almost without saying that St. Louis, as a city, is entitled to a Federal Reserve Bank. But in

addition to that it seems to me that these gentlemen have been a little bit modest. As you know, when Camille was asked to show her jewels she simply brought her two boys and said, "These are my jewels." I think the men who manage the affairs of St. Louis ought to be taken into consideration, their conversatium, their honesty. They will make this currency law a success, they will put their shoulders to the wheel. In the bank, which is for the benefit of the whole country, the people of this city and bankers, and business men can be relief upon to do that very thing. They have done so in the past and will do so again. I feel kindly to them because the Belleville Savings Bank has a capital of \$150,000, a surplus of \$300,000 and undivided profits of \$991,000, it has deposits of nearly \$2,000,000, it keeps the most of its reserve in the City of St. Louis, practically \$150,000; it has a large reserve in Chicago, about \$30,000, and it has a large reserve in New York City, so that I can speak disinterestedly when I say that I prefer St. Louis to all these other places, notwithstanding I do business with all of these places.

The City of Belleville follows right upon the limit of the City of East St. Louis. They are both in the same county.

East St. Louis extends to the east seven miles, Belleville takes it up and extends it on to the west ten miles further. It is a very rich agricultural country as well as a rich mineral country. The country is so rich, in fact, that you will remember when Charles Dickens the elder traveled over this country he designated that country as looking-glass prairie, it was so rich.

The Secretary of the Agriculture: I have been over it since that time.

Mr. Turner: Now then, from a practical standpoint the resources of the country are very great.

First, its mineral output. Its output of coal alone is four million tons a year, and this of itself is quite important. The value of its farm property is \$40,000,000, it produces a wheat crop annually of nearly 2,000,000 and that is around about between eighty cents, ninety cents and a dollar a bushel, which is a large factor; it also has a corn crop of over 2,000,000 and that is anywhere from forty to sixty cents a bushel. It has very large manufacturing plants.

Belleville itself is a city of about 30,000 people; the country itself possibly 125,000, conservatively estimated.

Taking Belleville and East St. Louis we think they are only one city, because the limits of one join the other.

The Secretary of Agriculture: And economically you regard the community as largely a part of St. Louis?

Mr. Turner: It is very largely a part of St. Louis.

The Secretary of Agriculture: To what extent do you speak officially for the community?

Mr. Turner: I present here a resolution of the Commercial Club of Belleville.

The Secretary of Agriculture: Will you file that?

Mr. Turner: All right, sir.

(The paper so identified and referred to, marked Lucius D. Turner, Exhibit No. 1, January 21, 1914.)

STATEMENT OF MR. WIRT WRIGHT.

The Secretary of the Treasury: Kindly state your name and occupation?

Mr. Wright: Wirt Wright, President of the National Stock Yards National Bank.

The Secretary of Agriculture: Mr. Wright, have you any additional facts to present to the Committee?

Mr. Wright: I wish to speak particularly with reference to the live stock industry which centers here at St. Louis, with the suggestion -

The Secretary of the Treasury: If your argument is addressed merely to the fact that East St. Louis should be attached to St. Louis, I think you had just better

file your statistical data as an exhibit to your testimony, and we will give it consideration.

Mr. Wright: I should be very glad to do that. I have prepared tables showing receipts of live stock by states in this territory represented by the map prepared by the Clearing House, and the distribution of manufactured meat products in that same territory by States.

The Secretary of Agriculture: Did you make a map showing that?

Mr. Wright: I have a map showing the territory delivering live stock to the St. Louis market and tables prepared showing the distribution.

The Secretary of Agriculture: Let us see the map.

Mr. Wright: The map is merely suggestive as to the other; it is practically in outlines coincident with the map prepared by the Clearing House Committee.

The Secretary of Agriculture: This relates to the live stock industry?

Mr. Wright: Live stock and the distribution of manufactured meat products, and the distribution of horses and mules. This is the largest horse and mule market in the world.

The Secretary of Agriculture: How does it rank in cattle?

Mr. Wright: We are the third largest live stock market in the United States, and I might suggest in this connection that that the marketing of live stock and the distribution of the manufactured product probably follows the natural lines of trade as much as any other one industry for the reason that we have so many other competitive markets, and the delivery of live stock to this market depends purely upon the transportation service, the demand at the market, and the facilities for financing, and that is true, of course, of the Kansas City market, under the Chicago market, so that the delivery of live stock to this market and the distribution of the manufactured meat products probably represents pretty closely the actual St. Louis territory from a natural business standpoint.

The Secretary of the Treasury: Chicago, according to your statistics here, is first, Kansas City second, St. Louis, third.

Mr. Wright: That is correct.

The Secretary of Agriculture: What is the percentage as between Kansas City and St. Louis and East St. Louis?

Mr. Wright: As to the amount of live stock received?

The Secretary of Agriculture: Yes.

The Secretary of the Treasury: And the meat products distributed.

Mr. Wright: I am not acquainted with the distribution of Kansas City, but the receipts of Kansas City are probably 25 per cent larger than St. Louis.

The Secretary of the Treasury: How much larger is Chicago?

Mr. Wright: I would not hazard a guess as to that, probably twice as large as St. Louis.

The Secretary of Agriculture: But in your mind there would be no question that East St. Louis should be attached to St. Louis if the bank is established here?

Mr. Wright: Absolutely, from the standpoint of the live stock industry, which, it is unnecessary to remind you, is in a critical stage right now. The present lines of communication between this territory and this market ought not to be disturbed any more than is absolutely necessary, purely from the standpoint of the live stock industry, which is one of our great industries in this territory.

With your permission, I would be glad to file these tables.

The Secretary of the Treasury: File this with the map.

(The map so identified and referred to marked

Wirt Wright's Exhibit No. 1.)

(Statement so identified and referred to marked

Wirt Wright's Exhibit No. 2.)

The Secretary of the Treasury: Mr. Waite.

STATEMENT OF A. H. WAITE.

The Secretary of the Treasury: Please give your full name, occupation and address?

Mr. Waite: A. H. Waite, President of the Joplin National Bank at Joplin, Missouri.

We live down in the extreme southwestern corner of the State. Without any attempt to advertise, or to say anything relative to the importance of our city, we would just like to state that during the year 1912, our country produced about \$18,000,000 worth of zinc and lead ore. We did not produce quite so much in 1913, on account of the price of ore; there was about 370,000 tons more ore, but we received \$10.00 per ton less for it, which, of course, reduced our output nearly \$4,000,000.

I have been banking in Joplin for 33 years continuously. The natural trend of our business comes to St. Louis.

The Secretary of Agriculture: You are nearer Kansas City, though.

Mr. Waite: Yes, sir, we are 155 miles directly south of Kansas City, but St. Louis is rather the daddy of our country on account of in the very early days all of the product came to St. Louis, and was sold by the commission merchants in St. Louis, and it was very natural for it to come here, and very natural for us to continue to come here.

The Secretary of Agriculture: Do you represent any Association, Mr. Waite:

Mr. Waite: No, sir, I do not, Mr. Secretary.

The Secretary of the Treasury: What is the sentiment of the bankers in your town as to where you should go?

Mr. Waite: Well, I would like to explain that situation if you will bear with me. The Kansas City boys, I think, are a little quicker on the trigger than the St. Louis boys. Now, the Kansas City boys, I think, asked the Clearing House of Joplin to pass resolutions in favor of Kansas City, which they did. I personally rather want

to join the Association in St. Louis. We have made our application, which we ought to do, but the Clearing House passed a Resolution favoring Kansas City. I signed that, before the last one. There were two statements made in the resolution that I did not like. The first was that the natural trend of business was Kansas City, and that we wanted to join the Kansas City Reserve Bank. Personally, I want to join the St. Louis, but I signed that, -

The Secretary of the Treasury: With repugnance?

Mr. Waite: Yes, with a great deal. Not because of Kansas City. I want to say when you go out to Kansas City you will find the busiest live wires out there you ever saw; they are certainly on their job, and Kansas City is full of that sort. We call it "pep". The nicest lot of fellows you ever met, and if Kansas City was not out there, I think you would have no trouble about determining the location of a Federal Reserve Bank for St. Louis, but, naturally, they are ambitious, and it is right that they should be. They will ask you to remember them.

The Secretary of Agriculture: Mr. Waite, this is a question of fact, not a question of resolution. Is there not any way of showing where the business of Joplin goes?

Mr. Waite: I think, Mr. Secretary, we could present to you the heavy shipments of ore, which is the principal product of our country, and I think we would have no trouble in showing you that that ore, and those metals, come this way.

The Secretary of Agriculture: What about the banking relations and the business men's relations?

Mr. Waite: I think that all the banks in Joplin carry an account in St. Louis, as well as they do in Kansas City, but my impression is, Mr. Secretary, that their larger balances are carried in St. Louis. That is our experience in our bank.

The Secretary of the Treasury: Do you carry balances in Chicago and New York?

Mr. Waite: Yes, sir.

The Secretary of the Treasury: To what extent?

Mr. Waite: Well, our balances in New York are largely for purposes of drawing our New York drafts. We have customers that require New York Exchange, and our principal balance is carried for that purpose. Our principal balances, however, are carried in St. Louis.

The Secretary of Agriculture: Could you let us know

what percentage of your business is in those cities.

Mr. Waite: What business do you have reference to, the banking business?

The Secretary of Agriculture: Yes, Mr. Waite, I think I/ could do that without much trouble. I would be very glad to.

The large part of the business, I think, is the shipment of metal and ore. We have a town of 40,000 people and our miners are all Americans, and they are industrious and ordinarily make money. We have some bankers who were miners.

The Secretary of Agriculture: It is your impression Joplin would be better served if it were attached to a bank located in St. Louis?

Mr. Waite: Well, Mr. Secretary, personally, I would feel that way. I don't like, however, to say a word against our friends in Kansas City, because I know that they are going to ask for a Federal Reserve Bank, and if I had my way I would give them one.

The Secretary of Agriculture: You would be generous in distributing them?

Mr. Waite: Yee, sir, very generous.

The Secretary of the Treasury: You would not, though,

if you were under oath to administer this law with absolute impartiality and try to divide the country into districts in such a way as to conserve in the greatest measure the convenient and customary course of business, would you?

Mr. Waite: Well, I think there is no doubt in the minds of the people but that is the purpose of this Committee. You gentlemen have come out for that purpose, and I know the people have faith in your purpose, and in your thought of doing that sort of thing.

The Secretary of the Treasury: I meant by that, that you would not divide it merely on sentiment or generosity.

Mr. Waite: Well, not entirely, Mr. Secretary. I can see how you gentlemen can give Kansas City a Federal Reserve Bank - perhaps not quite so much territory as St. Louis would like to have. I appreciate and admire the spirit of St. Louis to get as much territory as they can. I have never thought that there was any doubt of St. Louis getting a Federal Reserve Bank, nor have I ever given it a thought that there was any rivalry between St. Louis and Kansas City.

The Secretary of the Treasury: Thank you, Mr. Waite:

Is Mr. Leonard, of Tulsa, here?

## STATEMENT OF O. H. LEONARD.

The Secretary of the Treasury: Please give your name and occupation?

Mr. Leonard: O. H. Leonard, Tulsa, Oklahoma; occupation Vice President of the Exchange National Bank.

The Secretary of the Treasury: Mr. Leonard, you are familiar with the problem the committee is struggling with?

Mr. Leonard: Yes, sir.

The Secretary of the Treasury: And I suppose you want to give us some information as to the sentiment and desires of your town with respect to the division of the country into districts, and as to what city you ought to be attached to.

Mr. Leonard: I would say I noticed in consulting your maps we are not even on the map.

The Secretary of the Treasury: You have not consulted the right map because you are on our map anyway.

Mr. Leonard: I represent a district that has not been mentioned heretoday. I represent a district in the heart of the oil and gas industry of the mid-continent field, at Tulsa, Oklahoma. A few years ago, of course, we had no city. Today, I think, without any doubt we have a city of 36,000 or 40,000 people, and business is very active; we have two of

the largest banks in Oklahoma?

The Secretary of Agriculture: State or National?

Mr. Leonard: National. Two of the largest aggregate deposits of any bank in Oklahoma. As my Joplin friend said, the Kansas City people are very quick on the trigger. They are a very nice bunch of fellows; we are very fond of them; they came to Tulsa and we endorsed them. Since that time we have become a little more familiar with the conditions, and it is a question in our minds whether the Committee would locate two banks in Missouri. When they possibly thought in their minds they would only locate only eight in the entire United States, we hardly thought that was possible. There is one thing, however, that we do have in our minds, that if you expect to locate a bank in Texas, we do not want to be attached to that, because we have no business relations with Texas, neither do we have any business relations with Denver, Colorado, The only business relations we have where we would like to be attached to would be either Kansas City or St. Louis.

The Secretary of the Treasury: Well, as between the two, which do you think would best serve the convenience and customary course of business in your territory?

Mr. Leonard: Well, possibly, Kansas City can serve us a

little quicker, but St. Louis has always given us good service, and I am sure it would be entirely satisfactory, so far as we are concerned, if there was only one to be located, to be located in St. Louis; it would serve us without any question.

The Secretary of the Treasury: Suppose you had a reserve bank here and you had a branch in Kansas City, a branch of that bank in Kansas City, you would get adequate service under those circumstances, would you not?

Mr. Leonard: I think so.

The Secretary of Agriculture: How was the question raised before your banks?

Mr. Leonard: Well, it was largely solicited.

The Secretary of the Treasury: What representations were made to you, for instance, about the matter?

Mr. Leonard: Well, nothing further than that Kansas City was, - it is only about 300 miles from Tulsa, and St. Louis is about probably 500 miles. Of course, we take a train out of Tulsa for Kansas City and we reach there much quicker than we do St. Louis, and practically only one line of road from Tulsa to St. Louis.

The Secretary of the Treasury: With which city have you

the most trade relationships, and the volume of your business is done where?

Mr. Leonard: I would say the volume of business possibly was with St. Louis from the iron industry. For instance, Pittsburgh alone made a statement at Tulsa last year at a banquet that they had sold \$80,000,000 of iron and products in our territory. Now all that comes through St. Louis. St. Louis furnishes large amounts of long piping and things of that kind for the oil fields.

The Secretary of Agriculture: On which of those cities is your section of the country the more dependant financially.

Mr. Leonard: I should say St. Louis, for this reason: St. Louis has practically financed the internal improvements, although Kansas City has never - like making loans on buildings and various things of that kind, St. Louis has largely done that. Kansas City has been very good to finance short time paper and things of that kind equally, I think, with St. Louis, but for the internal improvements, St. Louis, I presume, is a great deal more interested in all those things.

The Secretary of Agriculture: Larger financial undertakings.

Mr. Leonard: Yes, sir; St. Louis finances those.

The Secretary of the Treasury: Where do you keep the bulk of your reserves?

Mr. Leonard: Well, now, speaking from Tulsa, - it would be different from other cities - we carry large balances in Pittsburgh and New York.

The Secretary of the Treasury: You do that for a specific reason?

Mr. Leonard: That is for the oil business; that is for a specific reason.

The Secretary of the Treasury: Are you attracted to Pittsburgh at all by the high rate of interest that is paid on your balances there?

Mr. Leonard: Not particularly, it is more reciprocity.

The Secretary of the Treasury: You would keep it there anyway?

Mr. Leonard: We would keep it there anyway.

The Secretary of the Treasury: Outside of that special consideration, and as between St. Louis and Kansas, where do you keep the larger part of your balances?

Mr. Leonard: We have more in Kansas City.

The Secretary of the Treasury: That would imply that you have more active accounts between Kansas City and Tulsa

than between St. Louis and Tulsa?

Mr. Leonard: Yes, sir.

The Secretary of the Treasury: Does Kansas City pay a higher rate of interest for balances than St. Louis, or is it the same?

Mr. Leonard: Just the same.

The Secretary of the Treasury: And the matter of check collections, the same? The cost of collecting checks is the same, the charge for collecting checks?

Mr. Leonard: Well, Kansas City is a little more lenient on the collecting of checks.

The Secretary of the Treasury: Does that influence the size of your balances there?

Mr. Leonard: I think so.

The Secretary of Agriculture: How much more lenient?

Mr. Leonard: Well, that part of it I have never figured it out to know just what it would be.

The Secretary of Agriculture: But they are more liberal in the matter of check collections?

Mr. Leonard: Yes, sir, it seems to me they have a better organization for collecting the checks than we get in touch with than St. Louis.

The Secretary of the Treasury: Is there very much division of sentiment in Tulsa as to where you want to go?

Mr. Leonard: No, sir, I think not. The Clearing House had a meeting and discussed this matter since we endorsed Kansas City, and the only thing we feel about it is this, that we want to be attached to one or the other of those cities.

The Secretary of Agriculture: You do not want to go south?

Mr. Leonard: No; we could not do that; we have no business relations with the south, none at all.

The Secretary of the Treasury: All right.

The Secretary of Agriculture: Mr. Fort.

STATEMENT OF MR. STERLING FORT.

The Secretary of the Treasury: Kindly state your name please and occupation?

Mr. Fort: Sterling Fort, President of the Northern Bank of Tennessee, Clarksville, Tennessee.

The Secretary of Agriculture: Do you represent any Association?

Mr. Fort: No, sir, just the bankers of Clarksville.

The Secretary of the Treasury: Do you come with authority

to speak for all of them?

Mr. Fort: We had a conference down there with this St. Louis Committee.

The Secretary of the Treasury: What St. Louis Committee was that?

Mr. Fort: Some St. Louis bankers were around getting facts, and we just all agreed that we wanted Nashville or Louisville first and St. Louis second. That is the authority that I have from Clarksville.

The Secretary of the Treasury: Would it do great violence to the normal course of business in middle Tennessee if that section was attached to St. Louis?

Mr. Fort: What is that,

The Secretary of the Treasury: I say, would it do great violence to the ordinary course of business and exchange if middle Tennessee were attached to a district, of which St. Louis would be headquarters.

Mr. Fort: No.

The Secretary of the Treasury: Are your relationships considerable with St. Louis now?

Mr. Fort: Yes, sir.

The Secretary of the Treasury: Financial and otherwise.

Mr. Fort: Our staple crop down there is tobacco. Clarksville is the largest strictly dark tobacco market in the country. We are in the center of what is known as the black patch. We grow and have a heavy export of dark tobacco. Ninety per cent of it is exported to foreign countries, and, of course, is paid for with foreign capital. Those exchanges are now made largely through New York, but it requires from 4 to 6 days. St. Louis is as near us in mail facilities as a town 10 miles away. We can mail a letter tonight in Clarksville and it is in St. Louis the next morning, and then back the next day.

The Secretary of the Treasury: Do you keep any part of your reserves in St. Louis?

Mr. Fort: Yes, sir.

The Secretary of the Treasury: How much of them?

Mr. Fort: Well, we do not have to keep a reserve, you know.

The Secretary of the Treasury: Oh, you are a state bank.

Mr. Fort: My bank is a state bank.

The Secretary of the Treasury: Where do you do the most

of your banking?

Mr. Fort: Well, Louisville and Nashville principally. St. Louis has lately stolen from Tennessee the best banker we had, we think, in the person of Mr. F. O. Watts.

The Secretary of the Treasury: Is that the reason you want to be annexed to the St. Louis district?

Mr. Fort: That is one reason. We think he is good stuff, and, in fact, Tennessee feels like we furnished the ginger that made the Honorable W. G. McAdoo bore New York full of holes, and we are also very proud of the fact that the President's Father was a Professor in our College at Clarksville, and so we feel like we know a good thing when we see it, and we feel like St. Louis is a pretty good place for arregional bank.

The Secretary of Agriculture: Your first choice, you say, would be for a district with Louisville as the headquarters?

Mr. Fort: Louisville or Nashville.

The Secretary of Agriculture: Do you think that would be better for the country than these others?

Mr. Fort: Well, I don't know about that.

The Secretary of Agriculture: Do you think it would be a stronger district?

Mr. Fort: Would Louisville and Nashville?

The Secretary of Agriculture: To have a district with Louisville or Nashville as the location instead of one at St. Louis.

Mr. Fort: No; I could not say that. The idea is, as I understand it, to make a balanced financial institution of this regional bank, and in our territory there we have a feast or a famine. Our maximum receipts in Clarksville of tobacco are around 40,000 hogsheads, or 60,000,000 pounds, and the minimum 20,000 hogshead, or 30,000,000 pounds, and it takes about 90 days to handle it.

The Secretary of the Treasury: What is the value of that?

Mr. Fort: The value of that is from \$3,000,000. to \$6,000,000.

The Secretary of the Treasury: And it is handled in a period of about 90 days?

Mr. Fort: Yes.

The Secretary of the Treasury: At what time of the year?

Mr. Fort: December, January, and February, usually. That depends on the season. Some times a season is changeable.

This year we had a favorable season, and the tobacco has come in earlier; last year, we had the reverse.

The Secretary of the Treasury: As a rule, it is December, January and February of each year?

Mr. Fort: Yes, sir.

The Secretary of the Treasury: Thank you.

Mr. Fort: I just want to say to you gentlemen when you have gone the rounds, and have all the statistics, if you cannot agree, we would be glad for you to compromise and put a regional bank at Clarksville.

## STATEMENT OF L. W. DUNCAN.

The Secretary of Agriculture: State your name and connection?

Mr. Duncan: L. W. Dunca, cashier of the First National Bank of Muskogee.

The Secretary of Agriculture: What do you represent?

Mr. Duncan: The Muskogee Clearing House.

The Secretary of Agriculture: Have you any resolutions?

Mr. Duncan: No, sir, we haven't. They just commissioned me to be present at both the St. Louis and Kansas City hearings and endorse either one city or the other .

The Secretary of Agriculture: Are you indifferent?

Mr. Duncan: Well, I would not be in a position to commit myself to either one. I think the relations between the two cities are very much the same as far as we are concerned. The only thing we want to guard against is being put into a southern district. The period of the year that we need money they need money in the south. We want to be in either St. Louis or the Kansas City district.

The Secretary of Agriculture: You are not here to advocate either one or the other?

Mr. Duncan: No, sir.

The Secretary of Agriculture: You don't care at this time to express an opinion?

Mr. Duncan: No, sir. I could state here our personal relationship is really closer to Kansas City, that is, personal acquaintances, but we have always regarded St. Louis as the financial center and we have looked to St. Louis to finance any large matters.

The Secretary of Agriculture: Where do you keep your reserve?

Mr. Duncan: Muskogee is a reserve city and we keep it in St. Louis, Chicago and New York.

The Secretary of Agriculture: Which has the larger volume of transactions with your section, St. Louis or Kansas City?

Mr. Duncan: I think the number of items we handle is probably two or three times larger through Kansas City than St. Louis. We handle Missouri, Kansas and Oklahoma through Kansas City, and the Oklahoma item consisting of the volume of the business.

The Secretary of the Treasury: Is Muskogee a reserve city?

Mr. Duncan: Yes, sir. I have forgotten but I thought it

was.

The Secretary of the Treasury: Now as between the three central reserve cities where do you carry the largest balance?

Mr. Duncan: St. Louis. We have always carried a big balance in St. Louis. Recently, within the last two or three years we have carried nearly as large a balance in Kansas City, but up to two years ago over half of the exchange in St. Louis.

The Secretary of Agriculture: Taking the enterprises in your section, which of these cities do your section is most desirable?

Mr. Duncan: Well, that would depend, of course. All of our stock and grain and hay, all that business passes through Kansas City, practically all of it; and all of our wholesale people buy from St. Louis at Chicago. I don't think there is a great deal of wholesale buying done with Kansas City.

The Secretary of Agriculture: You are tied to both places?

Mr. Duncan: Yes, sir.

The Secretary of the Treasury: We thank you.

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## STATEMENT OF THOMAS W. LONG.

The Secretary of the Treasury: Give your full name and address.

Mr. Long: Thomas W. Long, Cashier of First National Bank, Hopkinsville, Kentucky.

The Secretary of Agriculture: What do you represent?

Mr. Long: Only that bank. There is only one national bank in the city.

The Secretary of Agriculture: You want to tell us about your relations?

Mr. Long: Yes, sir; I would be very much pleased to do so.

The Secretary of the Treasury: You are in the southwestern part of the state and just north of Clarksville?

Mr. Long: North of Clarksville, we are going to take Clarksville in before the next census.

The Secretary of Agriculture: You haven't been skillful enough to take them in up to this time?

Mr. Long: No, sir, not yet. I am sorry that I didn't bring a map showing that Hopkinsville was the center of the United States.

The Secretary of the Treasury: We will admit that.

Mr. Long: I am glad we are in the St. Louis district. We are in the center, as Mr. Fort, of Clarksville, told you of the largest tobacco district in the world. Our county, Christian County, in Kentucky, raises more wheat than any other county in the state. Our banking facilities are not of the best. Perhaps our county has less than three quarters of a million dollars bank capital. Thus a portion of it is where we are compelled to borrow money. Heretofore we have been going to Louisville, and to be perfectly candid with you Louisville is our first preference in the establishment of a regional bank. It is one hundred miles nearer than St. Louis. It is State town, and we are very intimately associated with them in a business way, and in a social way too. Next to Louisville our choice is St. Louis, beyond any possible question. Many of St. Louis' prominent men were from Kentucky and we are almost as intimate here as we are at Louisville. They are acquainted with our methods; they are acquainted with our circumstances. Especially the folks of the Third National, Mr. Watts and Mr. Houston; they

know our people by name and know whether a note on Ed Jones would be good for ten thousand dollars or twenty-five thousand dollars, and we feel at home in St. Louis.

I understand that most of the national bankers-- the majority of the national bankers in eastern Kentucky have accounts in St. Louis. It would be very much to the advantage of our community if we could not get in the Louisville district to come to St. Louis.

The Secretary of the Treasury: This isn't a national bank?

Mr. Long: Yes, sir, and the only national bank in the town.

The Secretary of the Treasury: Have you a bankers association here for this western end of Kentucky?

Mr. Long: No, sir. We are a part of the State organization and the State has some district organizations. There are no meeting organized--meeting of the bankers. They had a meeting a few days ago and expressed this what I am expressing.

The Secretary of the Treasury: What bankers had that meeting?

Mr. Long: All of the four banks.

The Secretary of the Treasury: Four banks--

Mr. Long: Of Hopkinsville. There are two gentlemen here from the Planters Bank, the cashier of that bank and one of the directors. I would be very glad if you gentlemen would give them a few minutes here.

The Secretary of Agriculture: We would be very glad to do so.

Mr. Long: If we can't get Louisville we want St. Louis. We are in direct connection, get on the train at night, spend the day and go back home the next day.

The Secretary of Agriculture: We would be glad to hear from one of those gentlemen. The time is so short we can only hear from one of them.

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STATEMENT OF A. H. ECKLES.

The Secretary of Agriculture: Give your name and position.

Mr. Eckles: A. H. Eckles, cashier of the Planters Bank and Trust Company, Hopkinsville, Kentucky.

The Secretary of Agriculture: Do you desire to endorse what has been said by Mr. Long?

Mr. Eckles: Yes, sir. I don't know as I could add anything special, and I don't like to take up your time, except I might add out of 962,000,000 pounds of tobacco raised in the United

States Kentucky produces three hundred and sixty thousand. We are endorsing Louisville for first place, and I don't know as I can add anything to what Mr. Long has said.

The Secretary of Agriculture: You are advocating St. Louis as your second choice?

Mr. Eckles: Second choice.

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The Secretary of the Treasury: Mr. Duncan, did you want to be heard here?

Mr. Duncan: Mr. Secretary, the Little Rock delegation is coming tomorrow.

The Secretary of the Treasury: Mr. Brown of San Antonio seems to be here.

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#### STATEMENT OF J. N. BROWN.

The Secretary of the Treasury: Do you desire to be heard here or in Texas when we reach Texas?

Mr. Brown: I am from San Antonio and the Clearing House had a meeting last Monday in which they appointed three of us to come up to this meeting.

The Secretary of the Treasury: All right. We expected to

hear you in Texas but we will hear you now. Kindly give your full name?

Mr. Brown: J. N. Brown, President of the Alamo National Bank, San Antonio, Texas.

The Secretary of the Treasury: And you are a committee?

Mr. Brown: A committee of three appointed to come to this meeting.

The Secretary of the Treasury: A committee representing what?

Mr. Brown: Representing the clearing house of San Antonio.

The Secretary of the Treasury: Are you the chairman of the committee?

Mr. Brown: Why, we didn't elect any chairman. I was just requested to make a statement.

The Secretary of the Treasury: Mr. Brown just make your statement.

Mr. Brown: The clearing house adopted a resolution at the last Monday's meeting with reference to the scope of the district in which San Antonio would like to be placed.

The Secretary of the Agriculture: Have you a copy of that resolution with you?

Mr. Brown: Yes, sir.

The Secretary of Agriculture: Suppose you read it.

Mr. Brown: Resolved that it is the sense of the members of the San Antonio Clearing House that in arranging the districts with reference to Regional Banks that this section would be benefitted by being placed in a district west of the Mississippi River embracing the entire State of Texas and extending north to include St. Louis, Mo. and all of the territory intervening.

Resolved further that the San Antonio Clearing House favor the establishing of a Regional Bank in Texas, but if this can not be accomplished, retaining the district as outlined, we waive the claim for a Regional Bank in Texas as we feel that the outlines of the district are of more importance than the location of a Regional Bank in our State.

The Secretary of the Treasury: What district did you outline?

Mr. Brown: Well, taking San Antonio--San Antonio you know is in the southern part of Texas.

The Secretary of the Treasury: You have seen the map presented here by St. Louis of that territory?

Mr. Brown: Yes, sir. And that embraces all of the territory that we speak of, and more. We didn't go outside

of the territory I have mentioned to discuss either east or west--Mississippi on the east and Louisiana, or any district on the west except that we thought the entire State of Texas should be kept intact, and that the interest of Texas would be best served by being connected with a district west of the Mississippi River geographically, that embracing a greater diversity of interest.

The Secretary of Agriculture: Now, Mr. Brown, your territory extends from the Rio Grande to St. Louis?

Mr. Brown: Yes, sir. We are about one hundred and thirty or one hundred and fifty miles from the Rio Grande.

The Secretary of Agriculture: I know the section intimately. Would you suggest that a regional bank be placed in Texas with which St. Louis should be connected?

Mr. Brown: Yes, sir.

The Secretary of Agriculture: Have it as one of your branches possibly?

Mr. Brown: Yes, sir.

The Secretary of Agriculture: You think that would be in justice to the course of trade? What city would you suggest in Texas?

Mr. Brown: Well, San Antonio is not an applicant. There are three applicants. I would not like to express a preference between these three.

The Secretary of Agriculture: Do you think it would be normal to relate St. Louis to one of those financial capitals?

Mr. Brown: Well, of course, we haven't—some of our cities are anything the size, you know, or importance as St. Louis.

The Secretary of Agriculture: Waiving the question of local pride, looking at this thing in its large view, if you were mapping out that district and had the responsibility of making the location would you select one of the Texas cities or St. Louis?

Mr. Brown: I have a personal State pride to see the bank there, but I believe that St. Louis would serve the best.

The Secretary of the Treasury: What cities did you have particularly in your mind for the purpose of the district? You refer to the whole of Texas but you embrace Louisiana, Arkansas, Oklahoma and Missouri in the district?

Mr. Brown: We had specially in mind Texas, the whole of Texas, Arkansas, Oklahoma, and that portion of Missouri that is adjacent to St. Louis. I don't know whether it would in-

clude the whole of Missouri or not, but we hadn't thought of either of the other western cities.

The Secretary of Agriculture: All of Louisiana.

Mr. Brown: All of Louisiana. Louisiana interests and Texas interests are very much identical. They are both cotton growing States; grows some sugar and some rice. Our interests are the same. If we do borrow money we borrow money at the same time. If we have a supply of money we have a supply of money at the same time.

The Secretary of Agriculture: You think it undesirable to have a district made up entirely of States that had these movements at the same time or that would normally borrow money at the same time?

Mr. Brown: At the same time.

The Secretary of Agriculture: Let me ask you another question. You people in San Antonio have a great deal of touch with the cattle business?

Mr. Brown: Yes, sir.

The Secretary of Agriculture: Would you throw west Texas into a district related to St. Louis or Kansas City?

Mr. Brown: I think it would be better served from St. Louis, or any other city embracing all of the western

territory.

The Secretary of Agriculture: What is your reason for that?

Mr. Brown: Well, a great deal of our country comes to St. Louis, but I don't think that that fact is of very much importance with reference to communication and railroad transportation. We are just as convenient to St. Louis as we are to Kansas City.

The Secretary of Agriculture: In your section which is looked upon as a true center for financial transactions or for financial enterprises in Texas, St. Louis or Kansas City?

Mr. Brown: St. Louis I think.

The Secretary of the Treasury: Do you have larger amount of business with St. Louis than Kansas City?

Mr. Brown: I believe the entire State has. There may be some portions of the very far western section I am not familiar with.

The Secretary of Agriculture: Take San Antonio?

Mr. Brown: Take San Antonio I suppose as compared to Kansas City St. Louis has two or three times as much busi-

ness from our section as Kansas City.

The Secretary of the Treasury: Where do you keep your reserve, Mr. Brown, under the present system?

Mr. Brown: Of course, we keep the reserve in the three central banks in St. Louis, in Chicago and New York.

The Secretary of the Treasury: Dividing it about equally?

Mr. Brown: Dividing it about equally between the three cities.

The Secretary of the Treasury: The rates of interest are the same in each, or about the same?

Mr. Brown: Oh, I don't think there is but very little difference in the rate.

The Secretary of the Treasury: Would you find any necessity for keeping a balance in Chicago and New York, assuming this system in operation and a reserve bank at St. Louis and your section of the country attached to that bank?

Mr. Brown: We would always keep some accounts in New York.

The Secretary of the Treasury: Why?

Mr. Brown: Largely on account of the exchange. You see

our cotton goes largely to New York. The buyers either have an agency in San Antonio or Houston and buy for eastern houses or foreign houses. All of our foreign exchange goes through New York, and of course we would, as I understand the purpose of handling outside drafts regional banks can only credit par upon receiving banks in their particular districts.

The Secretary of the Treasury: Assuming now it was a clearing of exchange between those reserve banks so that the check of your reserve bank would pass at par in New York; would there under those circumstances be any necessity for keeping accounts there for exchange purposes?

Mr. Brown: There would for this reason--

The Secretary of the Treasury: To settle balances?

Mr. Brown: Say for instance sometimes we get out one hundred to one hundred and fifty thousand cotton exchange a day. If we send that to St. Louis there would be a day's delay. If we sent it direct to New York it would reach there and credited to us one day earlier than St. Louis.

The Secretary of the Treasury: Suppose you had a system of clearings between these different reserve banks by which you get the credit as--

Mr. Brown: Take the St. Louis reserve bank--

The Secretary of the Treasury: Assume you would get just as quick credit through the St. Louis bank as you would if the exchange was sent to New York, then the necessity for keeping money in New York for exchange purposes would disappear wouldn't it?

Mr. Brown: You see it is not supposed that member banks draw on the regional bank for that purpose as I understand it. Even if we wanted to sell exchange on St. Louis we would be necessarily compelled to buy of some St. Louis bank-- not the regional bank. And the same in reference to New York we could get to New York a day earlier, and then in selling exchange we would draw on New York, and we would save a day's time.

The Secretary of Agriculture: How would in your section the State of Texas being attached to New Orleans be received?

Mr. Brown: I don't think Texas would think its interests could be served from New Orleans because our interests are the same; simply in my judgment borrow at the same time, and neither of us have very large manufacturing interests, and our business would be all one kind. In other words,

all the banks in the district would be effected in the same way, all of the demands for money and of over-supply.

The Secretary of Agriculture: Have you very large relations with New Orleans?

Mr. Brown: We have considerable but not near so much as St. Louis. I suppose our balance in New Orleans don't run ten per cent of what they do in St. Louis.

The Secretary of Agriculture: Would that be true of San Antonio as a whole?

Mr. Brown: I believe it is. I believe it is pretty generally with reference to the banking interests; I believe it is.

The Secretary of Agriculture: I thank you.

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The Secretary of the Treasury: Did anybody else want to be heard from San Antonio? Unless they can add something now to what Mr. Brown has said I don't think it will be necessary to hear them.

Does Mr. Terrill wish to be heard?

Mr. Terrill: I would rather you call on Mr. Frost.

Mr. Frost: Mr. Frost says he does not wish to be heard.

The Secretary of the Treasury: The Committee will adjourn until 10:30 tomorrow morning.

(Thereupon, at 4:40 P.M., the hearing was adjourned to Thursday, January 22nd, 1914, at 10:30 AM.)

St. Louis, Mo., January 22nd, 1914.

Mr. Pursuant to adjournment at 10:30 A.M.

Present: Parties as before.

STATEMENT OF R. H. STOCKTON.

The Secretary of Agriculture: Please give your full name to the reporter?

Mr. Stockton: R. H. Stockton.

The Secretary of Agriculture: And your business, Mr. Stockton?

Mr. Stockton: Manufacturer of ranges for cooking.

The Secretary of Agriculture: Mr. Stockton, you know the problem that we are trying to solve, of locating--arranging these districts and the location for a regional reserve bank?

Mr. Stockton: I believe I do.

The Secretary of Agriculture: We have had a great deal of information presented by the gentlemen here. We would be glad to have any additional light you can throw on the subject.

Mr. Stockton: My business, as I say, is of such a nature and of such a shape that I volunteered the information to Mr. Watts that I thought I was prepared to come down here and show you gentlemen the actual facts, as I noticed in yester-

day's papers, you were hunting for a little more detail.

I have a few maps showing my business and how these different claims are made. Shall I show you?

The Secretary of Agriculture: Yes.

Mr. Stockton: Take the State of Illinois, if you please. (exhibiting map); a little question I believe as to whether St. Louis should go above Springfield. Here is where Springfield is located (indicating), and here is the business I have in that part of the State that is north of Springfield. Each one of these tacks represent a town in which I transact business.

The Secretary of the Treasury: What is the significance of the different colors?

Mr. Stockton: The standing of the merchants; that is all.

The Secretary of the Treasury: Not the size of the order?

Mr. Stockton: No, sir; the standing of the merchants.

The Secretary of Agriculture: Is the volume of your business considerable in that north central section?

Mr. Stockton: Yes, sir; the volume of business is more in proportion there than it is here. There is a section of the country right in there (indicating) that isn't very good.

The Secretary of the Treasury: Has Chicago got any competing stove manufacturer of similar standing and character to yours?

Mr. Stockton: Not in size. Chicago is not much of a market in our line, Detroit covering the line almost entirely in that direction.

The Secretary of Agriculture: Have you the largest business in this section in your line?

Mr. Stockton: Yes, sir; I have considerably the largest?

The Secretary of Agriculture: Now if you will show us some of the other maps.

Mr. Stockton: In tone we send one thousand and fifty-seven tons into that state in a year.

The Secretary of Agriculture: You may show us Indiana, Mr. Stockton, if you will.

Mr. Stockton: Well, I don't believe St. Louis has made much claim for instance as to Iowa. We do a larger business in Iowa than we do in Illinois. And you can see following the point you wanted to make there whether the business of St. Louis covers the state or whether it might be centered at one particular point, you see we sold 1394 tons of

manufactured goods in Iowa last year.

The Secretary of the Treasury: What is the money value of that about, per ton?

Mr. Stockton: The money value is about one hundred and fifty thousand dollars.

I have the same showing of the State of Indiana. We cover that state pretty well. This part there (indicating) is a poor country, our goods being a little high priced don't sell so well there. Practically we cover the territory. Here is very little sold.

The Secretary of Agriculture: Four hundred and fifty-eight tons?

Mr. Stockton: Four hundred and fifty-eight tons in that State.

The Secretary of Agriculture: Now can you show us Mississippi.

Mr. Stockton: Yes, sir. You see considering the state of the country, in Mississippi where people are either very rich or very poor, and I believe it is more so there than anywhere else,--we cover that state there very well.

The Secretary of Agriculture: One hundred and thirty-three tons?

Mr. Stockton: Yes, sir.

The Secretary of Agriculture: Could you show us Oklahoma and Texas?

Mr. Stockton: Yes, sir. Oklahoma is I might say our territory, of course. It is considered really as much so as the State of Missouri, from the ease with which we can get in there, and being a new country we think that we do better in Oklahoma in proportion than any state in which we sell goods; for instance, three hundred and thirty-seven tons of manufactured goods.

The Secretary of Agriculture: Six hundred and seventy-four thousand pounds?

Mr. Stockton: Yes, sir; twenty-nine car loads.

The Secretary of the Treasury: Show us Texas and Louisiana.

Mr. Stockton: The maker of these maps had to make that in two divisions. This is the eastern section; the other, however, comes on here.

The Secretary of Agriculture: That is Dallas and Ft. Worth?

Mr. Stockton: When you get to the pan-handle country

you will notice it is not very much.

The Secretary of Agriculture: One million one hundred and fifty-two thousand pounds?

Mr. Stockton: Yes; five hundred and seventy-six tons.

The Secretary of Agriculture: Let us see Louisiana now.

Mr. Stockton: Louisiana. I don't know whether you gentlemen are thoroughly posted in that state, but it is a little on the order of Mississippi. There isn't many good distributing towns, but wherever there is we transact business.

The Secretary of Agriculture: These are towns distributing goods?

Mr. Stockton: I should say wherever we ship--we ship everything from St. Louis. While I am at it it may be appropriate to say I talked to my chief clerk this morning and I find we received during the year 1913 not to exceed forty complaints against delays in shipments. Our shipments don't average--exceed an average of sixteen hundred pounds. So we make an average of one hundred and twenty to one hundred and forty shipments every day, and our railroad service is

so good that we do not received on an average of over forty-claims in a day as to delays, and most of that arises because the merchant himself attempts to route the goods.

The Secretary of Agriculture: Now will you show us Kansas and Arkansas?

Mr. Stockton: Yes, sir. Arkansas is, we consider, thoroughly covered, except this part in here, which is the Ozark Mountains. We shipped one hundred and fifty tons in there by covering one hundred and three points. But this blank section here is where the Ozark Mountains reach into it.

The Secretary of Agriculture: Kansas.

Mr. Stockton: Kansas makes a good showing.

The Secretary of the Treasury: How about Nebraska?

The Secretary of Agriculture: Six hundred and thirty-seven thousand tons in Kansas.

Mr. Stockton: Yes. This is the drought stricken country here (indicating), and probably always will be.

Here are shipments in Georgia, which is a strictly cotton country; three hundred and forty-seven tons, and we cover the country well.

The Secretary of Agriculture: Take Nebraska.

Mr. Stockton: Yes, sir.

The Secretary of Agriculture: This is eastern Nebraska?

Mr. Stockton: Eastern Nebraska.

The Secretary of Agriculture: You cover that whole state but especially the eastern part?

Mr. Stockton: Yes. There is no railroad in here (indicating). This comes pretty close to the black belt. Now we cover South and North Dakota just as well as this.

The Secretary of Agriculture: Three hundred and fifty-seven tons?

Mr. Stockton: Yes, sir.

The Secretary of Agriculture: I thank you, Mr. Stockton. I think that covers the section in controversy.

The Secretary of Agriculture: Who represents Little Rock?

STATEMENT OF W. M. KAVANAUGH.

The Secretary of Agriculture: Please give your name to the stenographer?

Mr. Kavanaugh: William M. Kavanaugh.

The Secretary of Agriculture: State your business?

Mr. Kavanaugh: I am President of the Southern Trust Company, and President of the Little Rock Railway & Electric Company.

The Secretary of Agriculture: You know the problem, Mr. Kavanaugh, that we are trying to settle, the question of the district and the center for a regional reserve bank.

Mr. Kavanaugh: Yes, sir.

The Secretary of Agriculture: Will you tell us what is in your mind - what you desire?

Mr. Kavanaugh: Representing the business interests, in fact, all of the interests of Little Rock, and I believe all of the interests of the State of Arkansas, which are varied, mining, timber, agriculture, commercial and manufacturing, it is our belief one of the large regional reserve banks should be established in St. Louis, and we

want to become members of that bank.

The Secretary of Agriculture: Do you represent any particular association, Mr. Kavanaugh.

Mr. Kavanaugh: I am here now as a delegate from Little Rock Clearing House Association, which adapted a resolution.

The Secretary of Agriculture: Will you give us the essence of these?

Mr. Kavanaugh: These resolutions are as follows:

"WHEREAS, it is of extreme importance to the City of Little Rock and the State of Arkansas that one of the Regional Reserve Banks be located in St. Louis and that every effort should be made to assure the establishment of an institution commensurate with the requirements of the Southwest, And

WHEREAS, Little Rock is now situated in the St. Louis banking district and it is of vital interest to the commerce of this city and state including both trade and agriculture that Arkansas should be in the Federal Reserve District of the St. Louis Federal Reserve Bank, And

WHEREAS, After deducting the New York and Boston territory, Ninety per cent of the banking business and commerce

of this section is tributary to St. Louis.

NOW THEREFORE BE IT RESOLVED, by the Little Rock Clearing House Association allied with the Little Rock Commercial Organizations at a meeting held January 12th, 1914, that we urgently recommend upon the Organization Committee the selection of St. Louis as a location for one of the Regional Reserve Banks and further urge upon said Committee that Arkansas be placed in the territory of said St. Louis Reserve Bank, and

BE IT FURTHER RESOLVED, That Gordon N. Peay, Ed Cornish, Sam W. Reyburn, C. A. Pratt, W. M. Kavanaugh, R. D. Duncan, and R. E. Wait of the Little Rock Clearing House, and Geo. R. Brown, Secretary of the Little Rock Board of Trade, and C. C. Kirkpatrick, Secretary of the Little Rock Chamber of Commerce, be constituted a Committee to present the foregoing resolution to the Organization Committee and that a copy of the resolution be forwarded to the Organization Committee of the Federal Reserve Board, Washington, D. C."

The Secretary of Agriculture: There is no doubt in your mind, Mr. Kavanaugh that Arkansas should, if possible, have a location to the north.

Mr. Kavanaugh: None whatever.

The Secretary of Agriculture: And that it should be St. Louis rather than any other city?

Mr. Kavanaugh: Yes, sir.

The Secretary of Agriculture: You would not look with favor on a district with a regional bank to the south anyway.

Mr. Kavanaugh: No, sir.

The Secretary of Agriculture: What would be your principal objection to that?

Mr. Kavanaugh: Our business has always been with St. Louis. When we needed money for developments or in times of distress, we have gotten it from St. Louis. St. Louis has done more to help develop the resources of the State of Arkansas, and is doing it now, and we believe will continue to do so, than any other city.

The Secretary of Agriculture: What is the extent of your business connection with Kansas City?

Mr. Kavanaugh: Well, our grain business; the grain is shipped from Kansas City into Arkansas; we ship some lumber; some fruit, and I should say a little coal probably into Kansas City, principally.

The Secretary of Agriculture: You would think it undesirable to have a district made up exclusively of these southern, or southwestern states?

Mr. Kavanaugh: Yes, sir.

The Secretary of Agriculture: What would be your objection to that?

Mr. Kavanaugh: Well, our objection is that car relations have always been to the north, have been in St. Louis.

The Secretary of Agriculture: Would it be a self sufficient area, or would it be a dependent area?

Mr. Kavanaugh: Why, it would be a dependent area. The south and the southwest haven't the capital with which to develop the country, and conduct the business.

The Secretary of Agriculture: You think it is necessary to attach the borrowing and lending sections?

Mr. Kavanaugh: Yes, sir, and one will depend upon the other.

The Secretary of Agriculture: And you think you express the sentiment of the entire state, as well as the Clearing House.

Mr. Kavanaugh: I think I do, sir. There are gentlemen here from the largest cities in the state; Mr. Faulkner was

here yesterday from Helena. Mr. Echols is here from Ft. Smith, one of the best cities in the southwest, Mr. Landsen is here from the State National Bank of Texarkana, and I met this morning the Manager of the largest manufacturing company, Mr. Roe, of the Cotton Mill at Monticello, who is a director in two of the banks. I thought he would be here, but he said he came here as a manufacturer to urge that Arkansas be attached to St. Louis.

The Secretary of Agriculture: You would not care to go to Memphis?

Mr. Kavanaugh: We would rather go to St. Louis, but Memphis is our neighbor and the relation would be very pleasant.

The Secretary of Agriculture: Do you think it would be wise?

Mr. Kavanaugh: We think it would be to our interest to go to St. Louis. Mr. Reyburn is here with some statistics.

The Secretary of the Treasury: I would like to add one or two questions, Mr. Kavanaugh:

Mr. Kavanaugh: Yes, sir.

The Secretary of the Treasury: To what extent do you

carry your reserves in St. Louis now?

Mr. Kavanaugh: I should say out of the reserves carried by Little Rock 75 per cent is in St. Louis.

The Secretary of the Treasury: And where the remainder?

Mr. Kavanaugh: Chicago and New York.

The Secretary of the Treasury: How is the division between those two?

Mr. Kavanaugh: I should say, judging from my own experience, they would be equally divided between Chicago and New York.

The Secretary of the Treasury: 75 per cent in St. Louis?

Mr. Kavanaugh: Yes, sir.

The Secretary of the Treasury: Do you carry any in Kansas City?

Mr. Kavanaugh: Some of our banks do, but the institution with which I am connected does not carry any Kansas City account.

The Secretary of the Treasury: Do you carry any in New Orleans?

Mr. Kavanaugh: A small amount.

The Secretary of the Treasury: Just for exchange purposes.

Mr. Kavanaugh: In my particular business, I am in the street railway business, and it is owned down there.

The Secretary of Agriculture: Do you say Mr. Reyburn has something?

Mr. Kavanaugh: He has some statistics.

The Secretary of the Treasury: They might be filed.

Mr. Kavanaugh: He also represents 112 banks, over the state.

The Secretary of Agriculture: Suppose you just take the chair a moment, Mr. Reyburn, and give your name and occupation.

#### STATEMENT OF SAMUEL W. REYBURN.

The Secretary of Agriculture: What is your occupation?

Mr. Reyburn, President of the Union Trust Company of Little Rock, Arkansas.

The Secretary of Agriculture: Do you endorse the statement made by Mr. Kavanaugh?

Mr. Reyburn: Yes, sir.

The Secretary of Agriculture: What do you represent, Mr. Reyburn?

Mr. Reyburn: I represent chiefly the banking interests. I have been a banker all my life, and am a director in

a National Bank, and President and Manager of the Union Trust Company.

The Secretary of Agriculture: Do you represent officially any association or group?

House  
Mr. Reyburn: On the Committee of the Clearing/Association and the Commercial bodies of Little Rock to present this question.

The Secretary of Agriculture: To what extent could you speak for any of the banks outside of Little Rock?

Mr. Reyburn: I have a wide acquaintance in the state, having been connected with banking there for the last 20 years, and I think I know the sentiment of bankers and business men generally.

The Secretary of Agriculture: What is the nature of your documents?

Mr. Reyburn: These are letters in reply to a letter sent out by us on the 13th from bankers all over the state.

The Secretary of the Treasury: Have you a copy of the letter you sent out?

Mr. Reyburn: Yes; it is in here in several places where they have replied, on the face of the letter.

The Secretary of Agriculture: What is the drift of their

replies?

Mr. Reyburn: An enthusiastic endorsement of St. Louis.

The Secretary of Agriculture: You said you had some statistics. What do they cover?

Mr. Reyburn: This what the judge referred to.

The Secretary of Agriculture: Will you file that as an exhibit to your testimony?

(The papers so identified and referred to, marked S. W. Reyburn's Exhibit 1, January 22nd, 1914.)

Mr. Kavanaugh: One reason for our preferring St. Louis over Kansas City is the difference in time. It is only ten hours over night from Little Rock to St. Louis, and from St. Louis to Little Rock; Kansas City is eighteen hours.

Mr. Murphy, President of one of the banks of Eldorado, right on the Southern Line, is here.

STATEMENT OF C. H. MURPHY.

The Secretary of Agriculture: Please give your name to the stenographer?

C. H. Murphy.

The Secretary of Agriculture: Your occupation?

Mr. Murphy: Cashier Citizens National Bank, Eldorado,

Arkansas.

The Secretary of Agriculture: Do you endorse Mr. Kavanaugh's representation?

Mr. Murphy: Yes, sir; and all of our business trend is to St. Louis, and the state line, the political line, is the commercial line.

The Secretary of Agriculture: You are on the southern border?

Mr. Murphy: Yes, sir. Eldorado is the county seat of Union County, and the southern boundary of Union County is Louisiana.

The Secretary of Agriculture: Do you carry accounts in St. Louis?

Mr. Murphy: Yes, sir, we carry accounts in Little Rock, St. Louis and Chicago.

The Secretary of Agriculture: Any in Kansas City?

Mr. Murphy: No, sir, none whatever.

The Secretary of Agriculture: What percentage do you carry in St. Louis.

Mr. Murphy: We carry about 70 per cent in St. Louis and the balance in New York.

The Secretary of the Treasury: You are a National Bank

do you say?

Mr. Murphy: Yes. Our balances are created from the sale of lumber and cotton, and the pay roll checks from the Iron Mountain and the Rock Island, and nearly all of that paper is payable in St. Louis, and, I felt, being right on the southern boundary of the state, if New Orleans was made a reserve center, and if we were put with New Orleans, it would be an artificial placing, and if we were put with St. Louis, why, it would flow with the trade and the way the exchanges all move.

The Secretary of Agriculture: I think that is sufficient Cairo, Illinois, Mr. Lansden.

STATEMENT OF DAVID S. LANSDEN.

The Secretary of Agriculture: Will you give your full name and your business.

Mr. Lansden: David S. Lansden, I am Director of the Alexander County National Bank at Cairo, and I appear for all of the banks in Cairo, and the Cairo Commercial Club, which is the business organization of that community.

The Secretary of Agriculture: Have you any resolutions?

Mr. Lansden: I think the resolutions adopted by the Commercial Club have already been presented here. I have

a copy.

The Secretary of Agriculture: I do not recall them.

Mr. Sansden: Well, they were sent to the Business Men's League, and I suppose they were presented yesterday.

Mr. Wade: They were filed with the others.

Mr. Lansden: The resolution was simply to the effect that we believe a reserve bank should be established in St. Louis, and that we believe Cairo and the greater part of Southern Illinois, in fact, all of Southern Illinois should be in the St. Louis district.

The Secretary of Agriculture: How far north?

Mr. Lansden: We have drawn a line across the State of Illinois on this map, which indicates our judgment as to that part of the state which should be included in the St. Louis district, which line leaves all of the State for the Chicago district except 38 counties, in the southern part of the state.

The Secretary of Agriculture: On what basis did you make that division?

Mr. Lansden: On this basis: I find upon examination of bank directories, that it appears that every bank in all the county seat towns in each one of the northern

tier of counties follow that line for business in St. Louis and keep accounts here, and every one of those places can easily be reached by railroad from St. Louis. None of them are over 150 miles from St. Louis.

Speaking for Cairo, particularly, I would say this, we have two National Banks there, both of which have already adopted resolutions to go into the system, and we have two state banks that have not yet acted upon the question, but our exchanges, between the banks, and our community are settled almost entirely by drafts drawn on their St. Louis Correspondents. The course of business for our part of the state is much more towards St. Louis than towards Chicago. In fact, there is as much business from our part of the state with St. Louis as with Chicago and New York put together, almost twice as much.

The Secretary of Agriculture: What percentage of your accounts is kept in St. Louis?

Mr. Lansden: I am not able to give you the exact figures, but the gentlemen who are with me here from the banks have stated it is considerably more than half of the total.

The Secretary of Agriculture: What else do you keep

accounts?

Mr. Lansden: The Alexander National Bank keeps two accounts in St. Louis, one in Chicago, and one in New York; the Cairo National Bank keeps accounts in New York, Chicago and St. Louis, and small accounts in Louisville and Memphis; the First Bank & Trust Company keeps accounts in Chicago, St. Louis, New York, Louisville, and New Orleans.

The Secretary of Agriculture: You have no doubt that you express the sentiments of the business men and bankers of Cairo?

Mr. Lansden: I have no doubt at all of that.

The Secretary of Agriculture: Will you mark this exhibit.

(The map so identified and referred to, marked D. S. Lansden's Exhibit No. 1, January 22nd, 1914.)

The Secretary of the Treasury: Have you any second choice for a bank? Suppose you were not attached to the St. Louis district, where would you want to go then?

Mr. Lansden: We would have to go to Chicago then.

The Secretary of the Treasury: That would be the next, naturally.

Mr. Lansden: That would be our next choice. Of course, we are in Illinois, and we have the same amount of State pride that ordinary people have, but in this case the convenience and course of business is towards St. Louis.

The Secretary of Agriculture: Mr. Hinchey.

STATEMENT OF A. H. HINCHEY.

The Secretary of Agriculture: State your name and occupation, please.

Mr. Hinchey: A. H. Hinchey, Cape Girardeau, representing the Southeast Missouri Federation of Commercial Clubs.

The Secretary of Agriculture: What do you desire to present to the committee?

Mr. Hinchey: Well, Mr. Secretary, I represent the commercial organizations of twenty counties in Southeastern Missouri; not only the commercial organizations but district organizations of other professions and callings.

We held our annual meeting Monday, at which there were 500 delegates, business men of Southeast Missouri, representing the 20 counties in Southeast Missouri, and there were visitors there from three of the towns in Northeastern Arkansas who participated in our meeting as visitors

and endorsed this movement. There was a resolution unanimously passed by this meeting endorsing St. Louis for one of the regional banks and asking that it be done.

The Secretary of Agriculture: Have you a copy of that?

Mr. Hinchey: I have the resolution.

The Secretary of Agriculture: Will you file that and make it an exhibit?

Mr. Hinchey: Yes, sir.

(The resolution so identified and referred to, marked A. H. Hinchey's Exhibit No. 1, January 22nd, 1914.)

Mr. Hinchey: I would like to state, Mr. Secretary, that the part of the country I represent is in the center of the Mississippi Valley and it is one of the most rapidly growing parts of the Mississippi basin, and I represent a country down there that has done a great deal in development in the past two or three years by its own resources. We have expended \$15,000,000. for drainage work, and we are now expending \$5,000,000. more of our own money. We have the largest railroad mileage of any rural district in the United States, and we want to build more, and want to develop more, and we feel that St. Louis will be the best place for us to look for our finan-

cial assistance.

The Secretary of Agriculture: What percentage of your business would you say would be with St. Louis?

Mr. Hinchey: Practically all of it.

The Secretary of Agriculture: You would have no second choice?

Mr. Hinchey: No thought for any other place.

The Secretary of Agriculture: And that is true of your 20 counties?

Mr. Hinchey: That is true of the 20 counties.

The Secretary of Agriculture: Well, I think that is sufficient.

#### STATEMENT OF J. F. ABELL.

The Secretary of Agriculture: What section do you represent, Mr. Abell?

Mr. Abell: Paducah, Kentucky Clearing House.

The Secretary of Agriculture: And will you tell us what is in your mind in this connection?

Mr. Abell: Well, our sentiment in Paducah is unanimously in favor of a federal reserve bank in Louisville, if that is possible. Seventy five per cent of our checks, I think, are cleared through Louisville; fifty per cent of

our reserve, I think, is carried there. Next to that, we would favor St. Louis from a geographical standpoint, and I think it comes second in business.

The Secretary of Agriculture: Do you know what percentage of your reserves are carried in St. Louis?

Mr. Abell: Well, roughly speaking, I have it 20 per cent, although I have no statistics.

The Secretary of Agriculture: Your first choice then is for Louisville?

Mr. Abell: Yes, sir.

The Secretary of Agriculture: Your second for St. Louis?

Mr. Abell: Yes, sir, we have about \$1,500,000 banking capital in Paducah, deposits of about \$3,500,000. The City is about 30,000 population.

The Secretary of Agriculture: Do you have any resolutions to present?

Mr. Abell: No; I have not.

The Secretary of Agriculture: Has your Clearing House taken action?

Mr. Abell: Well, an informal meeting.

The Secretary of Agriculture: Do you represent the

Clearing House?

Mr. Abell: Yes, sir, I am a delegate from them.

The Secretary of Agriculture: You can officially speak for them.

Mr. Abell: Yes, sir.

The Secretary of the Treasury: That is the sentiment of the clearing house?

Mr. Abell: That is the sentiment of the clearing house, yes, sir. Mr. Paxton is also here from our city.

The Secretary of Agriculture: And he endorses your statement?

Mr. Abell: Yes, sir; and he is much older in the banking business.

The Secretary of Agriculture: All we want is the sentiment of the people, and that will be sufficient?

Mr. Abell: Yes, sir.

The Secretary of Agriculture: Thank you, Mr. Abell.

Mr. Echols of Fort Smith.

STATEMENT OF W. J. ECHOLS.

The Secretary of Agriculture: Will you tell us what you represent, Mr. Echols?

Mr. Echols: President of the Merchants National Bank,

Fort Smith, Arkansas.

The Secretary of Agriculture: Do you represent any association?

Mr. Echols: Yes, sir; I represent the banks of the Fort Smith district, about 88 banks. I bear requests from the 88 banks that St. Louis be made the regional reserve for that district. That was filed here yesterday.

The Secretary of Agriculture: Have you a Clearing House?

Mr. Echols: No, sir.

The Secretary of Agriculture: What percentage of the banks do these 88 banks represent?

Mr. Echols: That is more than fifty per cent of the banks doing business in Fort Smith; about seventy-five per cent of them.

The Secretary of Agriculture: And you think you can speak officially for them?

Mr. Echols: Yes, sir.

The Secretary of Agriculture: What percentage of your business do you think is done in St. Louis?

Mr. Echols: I should say 50 per cent.

The Secretary of Agriculture: And Kansas City?

Mr. Echols: About 30 per cent; the balance in New York and Chicago.

The Secretary of Agriculture: You are closer in a banking and industrial way to St. Louis than to Kansas City?

Mr. Echols: Very much, yes, sir.

The Secretary of Agriculture: I think that is all, thank you very much.

Evansville, Indiana, Mr. Reis.

## STATEMENT OF MR. HENRY REIS.

The Secretary of Agriculture: Please state your full name and occupation to the stenographer, Mr. Reis.

Mr. Reis: Vice President of the Evansville Clearing House.

The Secretary of Agriculture: Do you officially represent the Clearing House?

Mr. Reis: As Vice President and also President of a bank there - Vice President of the Evansville Clearing House - we wish to pay our respects to the Honorable gentlemen and give our assurance of loyalty to the Federal Reserve Act and our desire to support it.

We are located on the Ohio River. Kentucky is opposite us and Illinois on the right. We do business with the three states, Indiana, Illinois and Kentucky. The banks at Evansville have about three hundred correspondents in that section so that we are a money center, and when the people in that section want any accommodations, of course they do not think of going to the larger cities, they come to Evansville, where we are glad to take care of them. What we really need down there later on, when the proper time comes, is a secondary regional bank.

The Secretary of Agriculture: Do you mean a branch?

Mr. Reis: A branch bank. We hope to be honored with that later on when the proper time comes.

I have a little information here, if you will allow me to read a few words. It will not detain you but a few minutes.

"Evansville has thirteen banks and trust companies with total resources of approximately \$27,000,000.00, so ably managed that there has never been a failure. At the close of 1913 Evansville ranked 58th among 134 of the largest cities of the country in bank clearings and in population it was 80th, in accordance with the United States census of 1910, which was 69,647. Based on the city directory for 1913 the population is 89,105.

"The bank clearings of 1912 as compared with those of 1902 showed a gain of 122%.

"The clearings for 1912 were \$136,976,000.

"The clearings for 1902 were \$ 57,091,041.

"The following comparative statement of the bank clearings of cities of about the same rank as Evansville clearly attests the claim that this city in proportion to population, is among the best commercial and manufacturing centers in the United States".

There is some other information, and some resolutions here

I would be glad to submit.

The Secretary of Agriculture: Just read the resolutions, will you?

Mr. Reis: "At a meeting of the Evansville Clearing House, duly called and held on the 14th day of January, 1914, the following resolution was offered, seconded and unanimously adopted.

"WHEREAS, The Bankers of Evansville believe that the Federal Reserve Act is based on fundamentally sound principles, and, if met in a spirit of earnest co-operation by the bankers of the country, has in it the possibilities of much good and, believing that the interests of this community and of the adjacent territory, of which it is the financial center, can best be served by the inclusion of the City of Evansville in the geographical limits of the district to be served by a Federal Reserve Bank in the City of Chicago,

"And WHEREAS, the Organization Committee named by Congress is about to meet in the City of Chicago for the purpose of conferring with bankers in the Middle West relative to the establishment of a Federal Reserve Bank in said district.

"NOW THEREFORE BE IT RESOLVED, that the President of the Evansville Clearing House Association be and he hereby is authorized to convey to the Honorable William G. McAdoo, Secretary of the Treasury, and to his associates on the Organization Committee, the assurance of the loyal and earnest support of all the banks in Evansville to the end of achieving the best obtainable results for the banks, for their communities and for the country under the new banking and currency measure.

"AND BE IT FURTHER RESOLVED, That the President of this Association be and he hereby is authorized to respectfully request that, in the event of the establishment of a Federal Reserve Bank in the City of Chicago, the geographical confines of the district to be served by it extend southward at least as far as the Ohio River and that such confines may include the City of Evansville and adjacent territory.

"AND BE IT FURTHER RESOLVED, That this Association express the hope, through its President, to the Organization Committee, that, in the successful working out of the Regional Bank plans, it may be deemed expedient to establish branch banks in such Regional Reserve Districts, the City of Evansville may be chosen as the location for a branch

bank to serve the communities of Southern Indiana, Southern Illinois and Western Kentucky, of which territory it is the recognized financial and commercial center."

The Secretary of Agriculture: Will you file those as an exhibit in your testimony.

Mr. Reis: Yes, sir.

(The statement and resolutions so identified and referred to were marked Henry Reis, Exhibit No. 1, January 22, 1914.)

The Secretary of Agriculture: Why did you not present that in Chicago?

Mr. Reis: I think it was forwarded privately to the Honorable Secretary and perhaps not delivered, so it was deemed best to come here with it as the proper place.

The Secretary of Agriculture: Have you any second choice?

Mr. Reis: Yes; St. Louis.

The Secretary of Agriculture: What percentage of your business is done with Chicago and what percentage here?

Mr. Reis: I think about four or five times as much in Chicago as we do here.

The Secretary of Agriculture: Would that be true of the banks there generally?

Mr. Reis: I think so.

The Secretary of Agriculture: Your first choice then is to be attached to Chicago and your second choice to St. Louis?

Mr. Reis: Yes, sir.

The Secretary of Agriculture: How about Louisville?

Mr. Reis: We have not so much with Louisville as with St. Louis.

The Secretary of Agriculture: Your city is industrially in closer touch with Chicago?

Mr. Reis: Yes, sir.

The Secretary of Agriculture: What is the difference in time?

Mr. Reis: The distance to St. Louis is very much shorter, but still our business seems to drift towards Chicago.

The Secretary of Agriculture: Suppose Evansville were attached to a bank here, if one were established here, would it cause any serious inconvenience of disturbance?

Mr. Reis: I think not, sir. We can adjust ourselves to any change that is made and we can be perfectly happy in St. Louis if we do not get Chicago.

The Secretary of Agriculture: Thank you.

Quincy, Illinois, Mr. Winters or Mr. Pearce.

## STATEMENT OF J. M. WINTERS.

The Secretary of Agriculture: State your full name to the reporter.

Mr. Winters: J. M. Winters.

The Secretary of Agriculture: What do you represent?

Mr. Winters: The Quincy National Bank, and Mr. Pearce is here for the Ricker National Bank, the only two national banks in Quincy.

The Secretary of Agriculture: There are two?

Mr. Winters: Yes, sir.

The Secretary of Agriculture: How many state banks?

Mr. Winters: Four, and one private bank.

The Secretary of Agriculture: Do you speak simply for your bank?

Mr. Winters: I speak for our bank and Ricker Bank and for the Mercantile Trust and Savings Bank directly; I have an expression from the State Savings Loan and Trust Company.

The Secretary of Agriculture: And what do you desire to present?

Mr. Winters: We desire to be attached to the St. Louis district, believing that our interests are materially with that city.

The Secretary of Agriculture: To what extent do you think you can speak of the business interests, the business men, merchants and others?

Mr. Winters: Decidedly, sir, in the same favorable manner. Quincy is a large manufacturing and trading point, the largest, I believe, between St. Louis and Chicago. We are 130 miles from St. Louis and 260 miles from Chicago, and the manufacturing and trading interests of Quincy have spent many years in developing a trade that is largely with the West and Southwest. The items that come to Quincy banks are at least two-thirds cleared with St. Louis and Kansas City as against one third with Chicago. The volume of that business is pretty hard to estimate, but as an indication, the local clearings of the banks there are in excess of \$75,000,000 a year. There are five lines of railroad extending out of Quincy into the West and Southwest, and along those lines of railroad there are more than one hundred banks that have accounts and direct connections with the Quincy banks.

The Secretary of Agriculture: Do you know whether there are any banks at Quincy that want to be attached elsewhere?

Mr. Winters: I do not, sir.

The interests of the banks to my mind are directly with this district. The banks in Missouri contiguous to us there have been for years carrying their accounts with us; they have been borrowing money from us, and they have been selling securities to us. Now, I think the most important reason of all is that Quincy banks have banking resources of at least \$15,000,000. More than half of that must go outside of its immediate territory for investment. We have cultivated the West and the Southwest for our investments and we believe it is very important to us that we be in the same district to make that relation closer and stronger and better for our advantage, and for the territory that we have heretofore served. We feel that if we were out off from this West and Southwest district it would be almost a calamity to us.

The Secretary of Agriculture: What percentage of your resources are carried here?

Mr. Winters: With ourselves at least two-thirds.

The Secretary of Agriculture: Where else do you carry accounts?

Mr. Winters: At Chicag; we carry nominal amounts at New York.

Secretary of Agriculture: I think that is sufficient,

Mr. Winters.

Do you think, Mr. Winters, that Mr. Pearce has anything to add, or just to endorse your statement?

Mr. Winters: Well, I do not know.

STATEMENT OF JACKSON R. PEARCE.

The Secretary of Agriculture: What do you represent?

Mr. Pearce: The Ricker National Bank.

The Secretary of Agriculture: What are your views of the matter?

Mr. Pearce: My views of the matter are that it would be very much to our interest to be connected with the St. Louis district, from the fact, as already stated to you by Mr. Winters, that we have quite large manufacturing interests that have spent years in building up a trade in the South and Southwest, from the fact that the Missouri territory, if a reserve bank were established in St. Louis, would very probably immediately west of us be attached to St. Louis, that is, the Missouri part of our correspondents and our trade is more than half, I think, west of us in Missouri. The tendency up east and north of us is to go to Chicago for their clearings and their correspondence.

There is one other matter which I believe Mr. Winters did

not speak of, and that is the law providing that national banks may loan upon real estate and the line which would come though would cut very close to us, we presume. If we were in the Chicago district we would probably be cut off entirely on the west. As I understand the law the national banks are not allowed to loan except upon real estate within the reserve district in which they may be situated. That would cut us off from the immediate territory that would naturally belong to us and with which we are most familiar and that we are best situated to serve. Were it not for that line which might cut off there I presume that we could be very well served by either the Chicago or St. Louis district, although preferably the St. Louis district. If I remember, reading the law, it provides they can only loan on real estate within the reserve district in which they are situated. This line coming through, if we are put into the Chicago district, would undoubtedly follow the Mississippi River past Quincy, which, as you know, is located on the Mississippi River and would cut off the territory west of us entirely.

The Secretary of Agriculture: That is where your relations would naturally be?

Mr. Pearce: That is where our relations are fully one-

half, or more than half. If that line were left out of the question I think we could be served very well by either district, but preferably by the St. Louis district.

One thing Mr. Lansden said, if it is permissible, he would like to change his map that he put in here to Adams and south of Adams instead of Pike.

The Secretary of Agriculture: Will you just take the map and change it.

Thank you very much, Mr. Pearce.

Mr. McNally.

#### STATEMENT OF R. F. MCNALLY

The Secretary of Agriculture: Give your name to the stenographer.

Mr. McNally: R. F. McNally.

The Secretary of Agriculture: What do you represent?

Mr. Nally: Cashier of the Citizens' National Bank, Chillicothe, Missouri.

The Secretary of Agriculture: Do you represent any group or Association?

Mr. McNally: I am the representative of our clearing house association.

The Secretary of Agriculture: Officially?

Mr. McNally. No.

The Secretary of Agriculture: You have no resolutions?

Mr. McNally: No resolutions.

The Secretary of Agriculture: How do you speak for the clearing house?

Mr. McNally: Well, in this way, that in regard to the proposition recently advanced by St. Joseph I believe, to put our section of north Missouri in the Chicago District, that we are opposed to it. The position of my bank is that we prefer to be in the St. Louis district, because we handle the greater part of our business from there.

The Secretary of Agriculture: What about Kansas City?

Mr. McNally: Kansas City is mostly our shipping interest; the hogs and cattle go there, and the grain down to St. Louis. The reserve accounts are distributed, from what I can learn, about equally between the two cities. Practically every bank in northwest Missouri has a St. Louis account as well as at Kansas City.

The Secretary of Agriculture: You are very much nearer to Kansas City?

Mr. McNally: Eighty-five miles from Kansas City and 225 from St. Louis.

The Secretary of Agriculture: How many banks are there?

Mr. McNally: Five.

The Secretary of Agriculture: Do you think you state the preference of all of them?

Mr. McNally: No, not in regard to between St. Louis and Kansas City, I do not.

The Secretary of the Treasury: How about Chicago?

Mr. McNally: As to Chicago I think I do. We have very few relations with Chicago.

The Secretary of Agriculture: Suppose a bank were established at each place what would be your preference?

Mr. McNally: Well, for neighborly, sentimental reasons I think the preference would be with Kansas City.

The Secretary of Agriculture: What would be the trade reasons?

Mr. McNally: The balance of trade, if you count the dry-goods and the shipping interest, the balance of trade is in favor of St. Louis, outside, of course, of the live stock and hogs.

The Secretary of Agriculture: Could you give us any expression from all the banks of their first and second choice?

Mr. McNally: Well, I think that from our immediate vicinity the first choice, for the reasons given, will be for

Kansas City, but my own preference, however, is for St. Louis, but there is one thing that must be remembered, in our part of the state very few banks will be eligible to enter this system because of capital requirements.

The Secretary of Agriculture: Is yours a national or a state bank?

Mr. McNally: National bank.

The Secretary of Agriculture: How many of the banks there are national?

Mr. McNally: Two.

The Secretary of Agriculture: How many of the state banks do you think would take steps to enter the system?

Mr. McNally: In our county out of about fourteen state banks there is only one state bank eligible to enter the reserve bank system, and I do not think it is going to enter.

The Secretary of the Treasury: Eligible for what reason?

Mr. McNally: Because of capital requirements, at Shula, a little town.

The Secretary of Agriculture: Do you know the preference of the other national banks?

Mr. McNally: I talked to them before I left. It did not have any decided preference but rather inclined towards

Kansas City because they knew the people up there a little better.

The Secretary of Agriculture: How many state banks in your section do you say would probably be eligible?

Mr. McNally: In our county out of fourteen - either thirteen or fourteen, and I think it is fourteen, one is eligible, and I have polled them indirectly and I know of none that intends to comply with the capital requirements. Only one state bank in our section, our county and the adjacent counties, only one have adopted resolutions to join the system, that is the Carrollton State Bank of Carrollton. That is the only one so far as I can learn.

The Secretary of Agriculture: Thank you, Mr. McNally.

Mr. Hinton of Hannibal.

#### STATEMENT OF JAMES P. HINTON.

The Secretary of Agriculture: Give your name to the reporter.

Mr. Hinton: James P. Hinton.

The Secretary of Agriculture: What is your occupation?

Mr. Hinton: Cashier, Hannibal National Bank, Hannibal, Missouri.

The Secretary of Agriculture: What do you represent, Mr.

Hinton?

Mr. Hinton: I represent the clearing house of Hannibal.

The Secretary of Agriculture: Officially?

Mr. Hinton: Officially; and the Commercial Club.

The Secretary of Agriculture: And what do you desire to present?

Mr. Hinton: Well, we want to be in the St. Louis district. While officially I cannot speak for our entire district, I would like to state that the First Congressional District, comprising ten counties of northeast Missouri, in which we are located, does four-fifths of its business with St. Louis. Out of 140 banks with a capitalization of three and a half million \$3,100,000 does its business with St. Louis.

The Secretary of Agriculture: That district extends to the northern border?

Mr. Hinton: To the Iowa line, yes, sir; the ten counties in northeast Missouri.

The Secretary of Agriculture: What part of that business goes to Chicago?

Mr. Hinton: Well, to be exact, 24 of the 140 banks have accounts with Chicago and not with St. Louis.

The Secretary of Agriculture: Not at all with St. Louis?

Mr. Hinton: No.

The Secretary of Agriculture: How many with St. Louis and not with Chicago?

Mr. Hinton: Oh, 50 or 60. Ninety six have their principal accounts with St. Louis; 20 of the banks do not have accounts with either city, but clear through larger banks, like our own and those of Quincy.

The Secretary of Agriculture: Do you know how many of the banks there are National?

Mr. Hinton: No; I do not; I should say not to exceed 10 in that entire district.

The Secretary of Agriculture: What would be their relations?

Mr. Hinton: Their relations would be entirely with St. Louis, I should say. Our own bank is a National Bank, and we keep at least 50 per cent of our reserve in St. Louis, about 23 per cent in Chicago and 25 per cent in New York, but we clear at least 75 or 80 per cent of our items in

St. Louis, so that our active business is very much larger with St. Louis than with both of the other cities.

The Secretary of Agriculture: You heard the suggestion from Quincy that on account of this provision for lending to a certain extent on lands, that it would be unfortunate to be included in the northern district?

Mr. Hinton: Well, it would affect us if you cut out any portion of Missouri and put it in the northern district. If you put us in the northern district, it would very seriously affect us, not alone the banking conditions as between the two cities, but the mail facilities are such between Chicago and Hannibal it would be impossible for us to handle our business with any satisfaction.

The Secretary of Agriculture: You think the entire section should come into this district rather than Chicago if those two districts are created?

Mr. Hinton: I think there is no question about the greater proportion of the banks keeping their accounts, voluntarily with St. Louis, and it is evident that if a vote should be taken, all of the banks to the Iowa line would prefer St. Louis.

The Secretary of Agriculture: Have you any resolutions

to offer?

Mr. Hinton: Well, the resolutions of the Commercial Club have been filed through the Committee of the St. Louis Associations.

The Secretary of Agriculture: Is there any other fact that you desire to bring out?

Mr. Hinton: Nothing else, sir.

The Secretary of Agriculture: Thank you very much.

Mr. Trimble, of Russellville, Indiana.

STATEMENT OF S. Y. TRIMBLE.

The Secretary of Agriculture: What is your occupation?

Mr. Trimble: I am a lawyer, director of the Citizens National Bank of Russelville, Kentucky.

The Secretary of Agriculture: Just where is that?

Mr. Trimble: That is in southwestern Kentucky, near the Tennessee State Line.

The Secretary of the Treasury: How far from Cairo, Illinois.

Mr. Trimble: It is quite some distance. I live in Hopkinsville, Our banking connections are almost altogether with Louisville, Nashville and New York. Of course, we would much prefer to be in a Louisville District if Louis-

ville can get it. We would next prefer to go to Nashville if there is any possibility of Nashville having it, but we do not want to be with Cincinnati. We would much prefer to be with St. Louis rather than Cincinnati, because we have no business connections with Cincinnati, or the Cincinnati banks, while we have some connections with St. Louis, I think there is not much connection between our section and St. Louis. The connection between St. Louis and our section now is in a business way; the financial connections all go east.

The Secretary of Agriculture: How do you explain that?

Mr. Trimble: I suppose we are better known there; it has been the rule always that accounts have been kept in Louisville and New York but St. Louis now sells a great deal of merchandise in our country, and we have business relations with them in that way.

The Secretary of Agriculture: Do you keep accounts in Louisville?

Mr. Trimble: Yes, sir.

The Secretary of Agriculture: Do you get interest?

Mr. Trimble: Yes, sir.

The Secretary of Agriculture: What per cent?

Mr. Trimble: Two per cent; I think it is.

The Secretary of Agriculture: What about check collections?

Mr. Trimble: They go through Louisville.

The Secretary of Agriculture: Free?

Mr. Trimble: Yes, sir.

The Secretary of Agriculture: Would it do any violence in your judgment to your peoples interests there if you were awarded to a reserve bank in St. Louis?

Mr. Trimble: Well, I hardly think so, but, of course, we would very much prefer to be in Louisville.

The Secretary of Agriculture: Louisville is your first choice?

Mr. Trimble: Yes, sir.

The Secretary of Agriculture: Nashville your second?

Mr. Trimble: Yes, sir.

The Secretary of Agriculture: Thank you.

Mr. Francis: Mr. Secretary, here is a resolution just handed me with the request that I file it with you.

The Secretary of Agriculture: Will you incorporate that in the record?

(The resolution so identified and referred to, marked

The Secretary of Agriculture: Mr. Kemper, of  
Collinsville, Illinois.

STATEMENT OF W. L. KEMPER.

The Secretary of Agriculture: Give your name to the  
reporter, Mr. Kemper?

Mr. Kemper: W. L. Kemper, Collinsville.

The Secretary of Agriculture: Just where is Collins-  
ville located?

Mr. Kemper: Just across the river from St. Louis.

The Secretary of Agriculture: Have you a resolution?

Mr. Kemper: I have a resolution from the Improvement  
Association of Collinsville.

The Secretary of Agriculture: Do you present this?

Mr. Kemper: Yes, sir.

The Secretary of Agriculture: Endorsing St. Louis?

Mr. Kemper: As a center.

The Secretary of Agriculture: Will you attach that to Mr.  
Kemper's testimony?

(The resolution so identified and referred to, marked  
Kemper's Exhibit No. 1, January 22nd, 1914.)

The Secretary of Agriculture: Do you desire to add  
anything to that?

Mr. Kemper: No, sir; except the natural flow of business is to St. Louis, and, of course, any other city, Chicago, or any other, would greatly inconvenience us.

The Secretary of Agriculture: You are economically a part of this city?

Mr. Kemper: Yes, sir, we are only an hour's ride from the city.

The Secretary of Agriculture: I think that will be sufficient, Mr. Kemper.

## STATEMENT OF W. F. PAXTON.

The Secretary of Agriculture: Well, will you give your name and business?

Mr. Paxton: W. F. Paxton, president of the Citizens Savings Bank, Paducah, Kentucky.

The Secretary of Agriculture: What do you desire to present to the committee, Mr. Paxton?

Mr. Paxton: Nothing in particular, except say that following the line of railroad travel Louisville is the most convenient place for a regional bank for us; after that we prefer St. Louis. That was the action of our--

The Secretary of Agriculture: That has all been presented here, I believe.

Mr. Paxton: Yes.

The Secretary of Agriculture: You have nothing to offer?

Mr. Paxton: No, sir.

The Secretary of Agriculture: Mr. Paxton endorses the request that Louisville be given first consideration and St. Louis second.

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The Secretary of Agriculture: Now are there any other gentlemen here that desire to be heard on this subject, gentlemen who represent other communities who can add anything to what we have?

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STATEMENT OF O.H.LEONARD.

Mr. Leonard: I would be glad to be heard on this one point. The matter has come up here that no bank can loan on real estate outside of their district, which I guess is true?

Mr. Secretary of the Treasury: That is true.

Mr. Leonard: As testified yesterday the Oklahoma district has been financed for internal improvements by St. Louis. Now if these trust companies of St. Louis, which I am not informed, should go into this regional bank we would be absolutely cut off. Kansas City has not financed our internal improvements--

The Secretary of Agriculture: Well, the provisions of the act--

The Secretary of the Treasury: The provisions applies only to National banks.

Mr. Leonard: Well, would it apply to a state bank if

it joined the association?

The Secretary of the Treasury: Yes; it would apply to a state bank if it joined the association. They can only loan money on real estate within the Federal reserve district in which they are. My understanding is that a number of these banks in St. Louis expect to join--that is, the state banks and trust companies.

The Secretary of Agriculture: That applies only to a national bank.

The Secretary of Treasury: Oh, I believe you are right. That applies only to a national bank.

The Secretary of Agriculture: The provision applies only to national bank associations, those not situated in the central reserve city, on farm land situated within its Federal reserve districts.

Mr. Leonard: Well, that would not affect us any.

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STATEMENT OF DAVID S. LANDSENS.

Mr. Landsens: I would like to ask one question. What has been decided, if anything, as to the time within which a state bank may apply for membership in the Federal reserve or pass the resolution to become a member? That

is, must they act within sixty days?

The Secretary of Agriculture: No limit on the state banks.

Mr. Landsens: The reason I ask it the paragraph of section 2 of the law says that national banks are required, and every eligible bank in the United States is authorized within sixty days.

The Secretary of the Treasury: Yes.

Mr. Landsans: Now does that limit--

The Secretary of the Treasury: There is a subsequent provision which permits state banks to apply at any time.

Mr. Landsens: At any time.

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The Secretary of Agriculture: Is there any other gentleman that desire to contribute anything to this hearing? If not the hearing will close.

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STATEMENT OF HON. DAVID R. FRANCIS:

Mr. Francis: A question, Mr. Secretary. The gentleman has just read where a national bank is compelled to come in within sixty days. There isn't any time fixed for a state bank or trust company to enter the system. But can this

Committee give us any information as to how a state bank or trust company will have a voice in the organization of the reserve bank?

The Secretary of the Treasury: They will have to become members of the regional organization in order to have a voice in the selection of directors. National banks have sixty days within which to accept the provisions of the Act. Within thirty days after the organization committee has laid out the districts and located the headquarters of the banks the national banks and the other banks which have signified their acceptance of the provisions must subscribe to the stock. Now after that the organization is effective; the banks are organized. If the state banks come in within that time they participate in the selection of directors.

Mr. Francis: Come in within thirty days after the Federal Reserve Board have located--

The Secretary of the Treasury: Thirty days after the Committee makes the decisions.

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## STATEMENT OF H. J. JENNINGS.

Mr. Jennings: I would like to ask if the twenty-five per cent clause to a national bank on real estate applies to the state banks, too?

The Secretary of the Treasury: The Committee does not desire to give any formal ruling on that, but it is a matter that the Board, when organized, will run on; but I should say that--simply say informally--that that has application only to national banks.

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The Secretary of Agriculture: If there is no other gentleman who desires to be heard the hearings will close.

(Whereupon, at 11:55 A.M., the hearing was adjourned to meet in Kansas City, Missouri, January 23rd, 1914.)