

STENOGRAPHER'S MINUTES

THE RESERVE BANK

ORGANIZATION COMMITTEE.

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

TS.

At El Paso, Texas.

Date February 7, 1914

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El Paso, Texas, Feb. 7th, 1914.

Met pursuant to adjournment at 8:00 P.M.

PRESENT:

THE SECRETARY OF THE TREASURY.

THE SECRETARY OF AGRICULTURE.

APPEARANCES:

U. S. STEWART (El Paso, Texas) Pres. El Paso Clearing House.

T. M. WINGO, (El Paso, Texas) for the El Paso Clearing House.

JAMES G. McNARY, (El Paso, Texas) Vice President First National Bank of El Paso, Texas.

ROBERT KHAKAUER, (El Paso, Texase) for the Jobbers and Merchants of El Paso.

H. D. SLATER, (El Paso, Texas) for the "Herald".

G. M. NEWMAN, (El Paso, Texas) for the Live Stock Industry.

J. J. ORMSBEE, (El Paso, Texas) Supt. El Paso Smelting Works.

JAMES S. DOUGLAS, (Douglas, Ariz.) for The Bank of Douglas, Ariz.

E. W. GRAVES, (Douglas, Ariz.) Cashier, First National Bank of Douglas.

W. H. BROPHY, (Bisbee, Ariz.) President of The Bank of Bisbee.

C. F. SOLOMON, (Tucson, Ariz.) President, Arizona National Bank.

R. E. MOORE, (Morenci, Ariz.) General Manager of the Gila Valley Bank & Trust Company in Arizona.

P. P. GREER, (Globe, Ariz.) for the First National Bank of Globe.

H. H. KELLY, (Deming, N. M.) President Deming National Bank.

JACKSON ABBE, (Silver City, N.M.) Cashier, American National Bank.

THOS. L. LOWE, (Silver City, N.M.) Vice-President Silver City National Bank.

FRANK R. COON, (Lordsburg, N. M.) Cashier, First National Bank of Lordsburg.

MARK B. THOMPSON, (Las Cruces, N.M.) for the Bowen Bank & Trust Co., First National Bank, First State Bank and Elephant Butte Water Users' Association of New Mexico.

J. B. HERRDON, (Albuquerque, N.M.) President, State
National Bank.

E. A. CAHOON, (Roswell, N.M.) President, First National
Bank.

H. P. SAUNDERS, (Roswell, N.M.) Cashier, American
National Bank.

V. R. STILES, (El Paso, Texas).

GEO. D. FLORY, (El Paso, Texas) for the State National
Bank of El Paso.

STATEMENT OF U. S. STEWART.

The Secretary of the Treasury: Gentlemen, kindly come to order. I see Mr. Stewart is the first speaker on the list. Will you state your full name, residence and occupation.

Mr. Stewart: U. S. Stewart, banker, of El Paso.

The Secretary of the Treasury: What bank?

Mr. Stewart: President of the City National Bank.

The Secretary of the Treasury: And you are president of the Clearing House also?

Mr. Stewart: Of the Clearing House Association, yes, sir.

The Secretary of the Treasury: What does the Clearing House include here, the state as well as national banks?

Mr. Stewart: The state and national banks; all the banks of El Paso are members of the Clearing House Association.

The Secretary of the Treasury: Has your Clearing House Association taken any action in this matter?

Mr. Stewart: We have.

The Secretary of the Treasury: Have you the resolutions?

Mr. Stewart: We did not embody it in a resolution; it was simply a resolution appointing this committee to present the case.

The Secretary of the Treasury: You know our problem.

It is to divide the country into not less than eight nor more than twelve Federal Reserve districts and to locate a bank in each one of those districts. Will you kindly give us your views in your own way as to what should be done.

Mr. Stewart: To state El Paso's case briefly, El Paso comes before your Honorable Committee, not as an applicant for a Regional Reserve Bank, as have most of the other cities in which hearings have been held, but simply asking that our territory be kept intact. By our territory, I mean that part which we consider the trade territory of El Paso, set forth by this map which I will file.

(The map was filed accordingly.)

The Secretary of the Treasury: How much of Texas do you include in this?

Mr. Stewart: We include the part west of the Pecos River.

The Secretary of the Treasury: You mean including San Antonio?

Mr. Stewart: No, west of the Pecos.

The Secretary of the Treasury: I do not see the Pecos indicated here.

Mr. Stewart: Well, it was on the other map, but they changed that map. Pecos is about 250 miles east of here,

and runs into the Rio Grande about Eagle Pass. Eagle Pass is the limit of our district; running north, you might say, in a direct line to the Panhandle of Texas.

The Secretary of the Treasury: Where do you think this El Paso district, including New Mexico and Arizona, should be put? In what district should it be?

Mr. Stewart: The Clearing House has held aloof from that question. We have not really any decided preference, the idea being that we wanted the southern portion of New Mexico and the southern portion of Arizona, our trade district, included with El Paso in the same Regional Reserve district.

The Secretary of the Treasury: You are familiar, of course, with the course of trade and commerce throughout this district?

Mr. Stewart: Yes.

The Secretary of the Treasury: Where would you say this district should be put, with least violence to the customary course of business?

Mr. Stewart: Well, I do not think there is very much difference, Mr. Secretary, between Kansas City, Denver and San Francisco, very little.

The Secretary of the Treasury: What would be your first

choice, expressing yourself from the standpoint of what would be to the very best interests of this district?

Mr. Stewart: Well, I should say that any of those three points would serve this district equally well.

The Secretary of Agriculture: Where does your trade go, where do you ship your cattle?

Mr. Stewart: Cattle are shipped west to California, north through Denver to the finishing grounds in Montana, and east to Kansas City and to Fort Worth and the different slaughtering points.

The Secretary of the Treasury: Where does most of it go?

Mr. Stewart: I think probably that will be given in detail in a later paper, exactly where it all goes, Mr. Secretary.

The Secretary of the Treasury: Will you file that as an exhibit to your testimony?

Mr. Stewart: That will come in another paper and will be filed as an exhibit.

The Secretary of the Treasury: Very well, proceed.

Mr. Stewart: I have a very short paper here; it is simply really to introduce the question, and the other papers will deal with it in detail.

Gentlemen of the Federal Reserve Organization Committee: El Paso comes before your Honorable Committee, not as an applicant for a Regional Reserve Bank, as have most of the other cities in which hearings have been held; but rather ask that the territory from which she draws the greater part of her business be not divided.

This territory, you will observe from consulting the map, which is to be a part of the evidence submitted for your consideration, comprises all of Arizona and New Mexico, together with that part of Texas lying west of the Pecos River.

During this hearing El Paso hopes to show that in this request she is joined by the majority of banks and business men included within this district. With this paper will be filed an exhibit showing a copy of two telegrams, one sent out from El Paso by the Clearing House to the banks in this district and the other sent out by the Chamber of Commerce to kindred organizations, both asking an endorsement of our plea, that our trade territory be placed in the same Regional Reserve district. The letters and telegrams, too numerous to read, but all endorsing to a greater or less degree our proposition, are also filed as an exhibit with this paper.

El Paso's prosperity really dates from the time direct railroad connections were opened with most of this territory. The greatest activity in development in El Paso and in El Paso's trade district has been since the year 1900, and the government census shows El Paso has gained in population during the period from 1900 to 1910, approximately 23,000, or about 140 per cent.

The Secretary of the Treasury: What is the population now?

Mr. Stewart: The last census showed us about 39,000 population, in 1910. The directory since then shows us approximately between 50,000 and 60,000, including the suburban districts, which are not in the city limits and were not included when the census for 1910 was taken.

Our Clearing House was organized in November, 1907, and complete clearings are only available beginning with the year 1908. Clearings for 1908, \$41,360,966, and for 1913 were \$78,241,344, a gain of \$36,880,378, or an average of approximately \$5,000,000 per annum; and this, despite the fact that trade relations with the Republic of Mexico have been interrupted almost continuously since early in the year of 1911.

The papers which follow this will deal with the question in detail, as this paper is only intended to place squarely before your committee the one proposition which El Paso feels is more important to her welfare than any other (the completion of the great Elephant Butte Irrigation project not excepted), viz:- That the district shown as her legitimate trade territory be placed as a whole in the same Regional Reserve Bank district.

The Secretary of the Treasury: Now who will follow you, Mr. Stewart, and give us the facts?

Mr. Stewart: Mr. Wingo will follow me, and will give the facts in detail, and Mr. McNary --

The Secretary of Agriculture: Who can give the facts as to where you keep your reserves?

Mr. Stewart: Mr. Wingo's paper will cover all this. This is simply introductory.

The Secretary of Agriculture: Then you prefer to have these other gentlemen come now?

Mr. Stewart: Yes, they will follow me now.

The Secretary of the Treasury: Who comes next?

Mr. Stewart: Mr. McNary will speak next.

STATEMENT OF JAMES G. McNARY.

The Secretary of the Treasury: You may state your full name, residence and occupation.

Mr. McNary: James G. McNary, Banker, Vice-President of the First National Bank, El Paso.

The Secretary of the Treasury: And you are connected with the Clearing House also?

Mr. McNary: I am Secretary of the Clearing House.

The Secretary of the Treasury: You may proceed.

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Mr. McNary: El Paso is the natural centre of a territory over 400,000 square miles in extent, comprising most of Arizona and New Mexico, and that portion of Texas lying west of the Pecos River, and the northern states of Chihuahua and Sonora in Mexico. Within this circle, or wheel, of which El Paso is the hub, this city has no competitor, either commercially or financially. This territory, which constitutes a great empire in itself, is united to us with a network of railroads, giving quick and ready communication in all directions. By intimate personal acquaintance and numerous kindred interests, and by almost daily affiliation, the people of this district are closely

united to this city. El Paso, as financial headquarters, claims a peculiarly close and intimate relationship with the banks and bankers located in this district, which we term our natural trade territory.

Within this district, and including El Paso, there are located 183 banks, 65 being national and 108 being state, with a combined capital and surplus of over \$15,000,000, and combined deposits of over \$70,000,000. In New Mexico, out of a total of 40 national banks, 20 or 50 per cent carry accounts in El Paso. Based on the capital invested, this percentage is increased to 72, while based on the deposits, the percentage increases to 83 per cent. In other words, out of a total of \$17,000,000 deposits shown by the national banks of New Mexico, those carrying accounts in El Paso show total deposits of over \$14,000,000. The twenty national banks in New Mexico which do not carry accounts in El Paso represent only 17 per cent, on the basis of deposits, and much of the business representing this 17 per cent comes to El Paso indirectly, through those banks which carry accounts here.

The Secretary of the Treasury: Well, El Paso is not a reserve city, so those are natural balances.

Mr. McNary: Yes, sir. The percentages shown from Arizona are even more significant. Out of the total number of national banks in Arizona, 85 per cent carry accounts in El Paso, the only two exceptions being the Yuma National and the Tempe National, whose combined deposits are under \$500,000. Based on the invested capital of national banks in Arizona, 93 per cent bank in El Paso, and based on the total amount of deposits, 95 per cent are connected with El Paso by active accounts.

I do not wish to take up your time with too many statistics and will, therefore, file an exhibit showing in detail the exact degree to which the banks of Arizona, New Mexico and West Texas favor El Paso with their business, these figures showing percentage based on the number of banks, total capital and total deposits, and covering both national and state banks. I do, however, beg to call your attention to the very interesting facts developed by the recapitulation of these figures.

There are 173 national and state banks in our district exclusive of El Paso. These banking institutions carry 134 accounts on the books of El Paso banks. The total

J. G. McNary

invested capital of all the banks of this district, exclusive of El Paso, is \$12,279,000. The total capital of those banks, both national and state, which carry accounts in El Paso, is \$8,570,000, or 66 per cent. The total deposits of all banks in this district, exclusive of El Paso is \$57,000,000, while the deposits of those banks carrying accounts in El Paso is \$43,900,000, or 77 percent of the total. Every large and prominent bank in the district carries an account here, and of those constituting the 23 per cent not doing business here directly, the great majority have connections through which their items are routed into El Paso. A great many banks in this district absolutely regard El Paso as banking headquarters. When they need outside accommodation to take care of the demands of their customers, they come to El Paso for it. They carry their principal reserves here and such balances as the requirements of their business make it necessary for them to carry in New York and other eastern centres they maintain by drafts on their El Paso accounts.

The Secretary of the treasury: How can they carry their reserves here?

Mr. McNary: This is a reserve city for state banks.

The banks of this district, both national and state, nominally carry in El Paso over \$4,000,000 in deposits, or a reserve larger than they would be required to carry in the Regional Reserve bank if all were members.

I wish to call your special attention to the fact that, as El Paso is not a reserve city, the national banks of this district which carry El Paso accounts, representing over 80 per cent of the total based both on deposits and capital invested, cannot take credit for El Paso balances in reckoning their reserve. It is, therefore, apparent and significant that they have found their El Paso connections sufficiently attractive to warrant carrying balances here in spite of the fact that such balances do not count as reserve. Of course, in the state banks their El Paso accounts pass as reserves, according to the laws of New Mexico and Arizona.

The Secretary of the Treasury: What is the aggregate of accounts carried by the national banks of El Paso?

Mr. McNary: The aggregate of these accounts runs around \$2,000,000. Our business is about divided between state and national banks.

The Secretary of the Treasury: What do you pay on those

balances?

Mr. McNary: Two and one-half per cent.

The Secretary of the Treasury: What is your rule about check collections; do you collect them free or not.

Mr. McNary: No, in most instances, where the balances of our correspondents warrant it at all, there are no exchange charges. You understand, in this circle which we call our district there are no exchange charges from the circle to El Paso and going back to the circle. But on foreign endorsements there are generally exchange charges, but within the circle going out from El Paso to all this district, generally speaking, there are no charges.

The Secretary of the Treasury: You mean within this district?

Mr. McNary: Within this district.

I do not believe it necessary for me to argue that El Paso banks have shown sufficient strength and liberality to take care of the requirements of their banking customers and extend proper accommodation to them at all times, as the extent to which the banking business of this district has been centered here, as shown by the above figures, is the best possible evidence to this effect.

In this district, which we call El Paso's natural trade territory, many of the banks are located in mining towns where large numbers of men are employed and heavy payrolls must be met. In meeting these demands, the banks of El Paso have made total shipments of currency of over \$5,000,000 during the past year to the banks in our district. This figure covers strictly shipments to our customers for their use.

By figures, taken from our books with great care and covering an average month's business, and multiplied by twelve, we find that the yearly volume of outgoing items between El Paso and her territory totals \$38,000,000; while the yearly volume of items coming into El Paso from correspondents in this district, reaches a total of \$110,000,000. The testimony at Denver showed that her total volume of incoming items was \$249,000,000, only a little over twice ours.

In representing the above facts and figures, I have not attempted to take into account the immense volume of banking business from Mexico which is directed to El Paso under normal conditions. The northern portion of Mexico is one of the richest and most resourceful sections of this

continent, and wonderful development of the vast resources there will follow close upon the settlement of Mexico's present troubles. In estimating the importance and influence of El Paso as a banking center, we ask you not to lose sight of the great volume of business and the large transactions in exchange which must pass through El Paso, a considerable portion of which, involving commercial, mining and cattle operations is actually centered here.

The Federal Reserve Act provides that "the districts shall be apportioned with due regard to the convenience and customary course of business." In most respectfully petitioning your Committee to respect El Paso's relationship with her natural trade territory by locating this city and this territory in the same regional district served by a branch bank in El Paso, we feel that we are asking only that we be permitted to retain that business which is naturally and rightfully ours. By so doing, you will make it possible for El Paso to continue to enjoy the commercial and financial supremacy in this district, which is united to us by geographical position, by railroad development, by the intimate ties of personal acquaintance, and by the existing status of our commercial, industrial and financial

life.

I have prepared figures here on exchange and on the details of all this business which I would like to file.

The Secretary of the Treasury: Yes. Let me ask you just a few questions along those lines. Where do you keep your reserves now, the bulk of them?

Mr. McNary: The reserves of El Paso?

The Secretary of the Treasury: Yes.

Mr. McNary: Of course, they are kept principally in New York; New York, Chicago, St. Louis, Kansas City and Denver.

The Secretary of the Treasury: In what proportion; for instance, how much in New York, would you say?

Mr. McNary: I have not made an attempt to analyze that, but I would suppose, generally speaking, fully 30 per cent of our reserves are in New York.

The Secretary of the Treasury: And how much in Chicago?

Mr. McNary: I would suppose that probably 10 per cent are in Chicago.

The Secretary of the Treasury: And how much in St. Louis?

Mr. McNary: I should imagine about the same in St. Louis. My figures on Chicago may be a little low. Taking all the

banks in 1910, maybe 15 per cent in Chicago and 10 per cent in St. Louis.

The Secretary of the Treasury: And Kansas City?

Mr. McNary: Kansas City, I should imagine, would run about 10 per cent.

The Secretary of the Treasury: And Denver?

Mr. McNary: In our own bank, ours would be 10 per cent, and other banks in town probably not so much.

The Secretary of the Treasury: How about San Francisco?

Mr. McNary: I do not suppose there is 5 per cent of the reserves in town carried in San Francisco, if that much.

The Secretary of the Treasury: Looking at this problem solely from the standpoint of what would be best for the district, where would you say that this territory should be put; should it be attached to San Francisco or Denver or to Kansas City?

Mr. McNary: If you would permit me to answer that question in that way, our own feeling is that it is not of very great importance to us what district we should be attached to, so long as it is a strong district and we go with out territory. The Clearing House of El Paso has not felt inclined to favor by definite action any reserve city,

because we do not feel that it is vital. We are perfectly willing to leave that to the discretion and good judgment of the Committee, so long as they leave us our territory, which we feel is vital.

The Secretary of the Treasury: We have had a good deal of testimony from Arizone, expressing a preference for San Francisco, because their relations, of course, are more with California, they say. Now you have included that in this district.

Mr. McNary: Yes. They all bank with us.

The Secretary of the Treasury: If this whole district were thrown somewhere else, this western end of it might not be so well satisfied as with California; so, viewing the general situation, would you say that your interests would be just as well served if you were attached to San Francisco as to Denver or to Kansas City?

Mr. McNary: I think the general feeling in El Paso is that our interests would be properly served if attached to a bank in San Francisco, if our territory goes there. That would not be displeasing to us at all.

The Secretary of the Treasury: Your whole point is to keep this territory intact and not divide it.

Mr. McNary: To keep this territory intact and not divide it, and we believe that in most of our territory that is their paramount wish, too.

The Secretary of the Treasury: There are bankers here from points in New Mexico and Arizona who will present their views?

Mr. McNary: Yes, a dozen of them, who would like to express themselves to that effect, if they may.

The Secretary of the Treasury: Have you some exhibits to file?

Mr. McNary: Yes.

The Secretary of the Treasury: Have you them in triplicate?

Mr. McNary: Yes.

The Secretary of the Treasury: Kindly file them.

(The papers were accordingly filed.)

STATEMENT OF T. M. WINGO.

The Secretary of Agriculture: You may state your full name, residence and occupation.

Mr. Wingo: T. M. Wingo, Vice-President, Rio Grande Valley Bank & Trust Company, and Vice-President Clearing House

Association, El Paso.

The Secretary of Agriculture: What do you wish to present?

Mr. Wingo: I have prepared some statistics here on El Paso's financial conditions. I wish to say our bank has made application for admission, as a state bank, into the system.

The Secretary of Agriculture: You are a state bank?

Mr. Wingo: Yes.

The Secretary of Agriculture: What is the law in this state?

Mr. Wingo: In what respect?

The Secretary of Agriculture: May a state bank subscribe to stock in these banks?

Mr. Wingo: So far as we are advised, there will be no objection raised by our State Banking Department. We have written to Washington for the proper papers and will put them up to the Banking Commissioner as soon as received. Our stockholders have favorably considered the proposition.

The Secretary of Agriculture: The Bank Superintendent has raised no objection?

Mr. Wingo: He tells us he believes there will be no objection raised.

The Secretary of Agriculture: And if he raises none, there will be none raised?

Mr. Wingo: No, I do not think so.

The Secretary of Agriculture: You may proceed.

Mr. Wingo: El Paso doesnot come before your Honorable Committee asking for anything at the expense of any other city nor seeking any unwarranted favors for herself nor for anyone else.

She doesnot intend to occupy your time with claims or counterclaims intended to influence you in the slightest in the selection of the cities that will be headquarters for District Reserve banks. El Paso only asks the right to exist and to enjoy and further develop the territory that her geographical location, her transportation facilities and her enterprise have made her own. The right to exist, I say, advisedly, for if, as has been suggested as possible, but we cannot believe probable, El Paso should be thrown into a Regional Reserve District with headquarters at say, New Orleans, or some Texas City, New Mexico placed in a different district with headquarters at say Kansas City or Denver, and Arizona in still another district with California, the connections and business relations El Paso has been years in building up would be seriously impaired, and the effect very detrimental, not only to El Paso's

banks, but to her general business interests as well.

While doing a large amount of business outside these boundaries, El Paso claims as her special trade territory that part of both New Mexico and Arizona lying south of the Santa Fe Railway and that part of Texas west of the Pecos River.

El Paso is, commercial and financially speaking, not a part of Texas, but is with New Mexico and Arizona. Her growth and development as a financial centre has at all times been in direct relation and proportion to the development of Arizona and New Mexico and their interests at all times mutual and interdependent. The importance of El Paso as a banking centre really dates from the construction of the El Paso & Southwestern Railroad across Southern New Mexico and into the copper camps of Arizona. Most other sections have several cities that are in direct competition for the business of any given district, but throughout practically all of the trade territory claimed by El Paso, her location and transportation facilities, with the so much greater distance to any other centre of importance, place her beyond competition as a financial and clearing centre.

To emphasize the very close relation between the

development of El Paso as a banking centre and the development of the district claimed by her, I beg leave to submit a little history. At the beginning of the year 1900 there were comparatively few banks in this territory. These few were much smaller institutions than they are today. I have been unable to obtain exact figures for the totals of the district as of the year 1900, but can state from personal recollection that there were less than one-third as many banks in the district than as now, with less than one-fifth the total resources of the present day. In 1900 El Paso had two banks with combined capital and surplus of \$235,000, and total deposits of \$1,607,000, of which \$163,000 were deposits from other banks, presumably from the district under consideration. As the mining districts of Arizona and New Mexico were developed, new lines of railroad constructed, lands brought under irrigation and ranches developed in stock, new banks were organized throughout the district, and the business of those already established increased, all looking, naturally, to El Paso as their clearing house and as the point where they could most quickly obtain credit for their items, and in the shortest time receive the supplies of currency and coin required for

enormous payrolls; and further, where they, or some of them at least, could come as personal acquaintances for assistance in the handling of such loans as they might not be able, from various reasons, to handle themselves. I might add that more than one country bank obtained assistance in El Paso in 1907 after having been denied it further away. While I know of no source from which exact figures covering a given period of time can be obtained, I may say that at no time during my experience of 14 years in El Paso has there been a time that El Paso banks were not carrying loans either directly or indirectly for country correspondents.

As nearly as I can ascertain the amount direct and indirect carried at this time is approximately \$600,000, and this is doubtless much less than at any time during the last eight months.

The growth of mutual interests and business has been so rapid that now the \$235,000 capital and surplus of El Paso banks in 1900 has grown to be \$2,993,000, the number of banks, ten, the total deposits \$15,957,000, and the deposits from country banks, \$3,527,418. El Paso's clearings have grown from \$32,000,000 in 1907, the date of the organization of the Clearing House Association, to \$78,250,000 in 1913.

It is worthy of note, as showing their strength and conservatism, that at the last call El Paso's banks showed cash and exchange of \$6,511,356.73, or 41 per cent of all deposit liability.

The Secretary of the Treasury: You state there that at the last call of the Comptroller you showed 41 per cent of your deposits in cash and exchange?

Mr. Wingo: Yes, that is all deposit liabilities.

The Secretary of the Treasury: Why is that, because you could not lend the money, or were you just strengthening your reserves?

Mr. Wingo: We usually figure we are so far from the base here that we need to carry as much as 35 per cent, and the banks here generally figure as much as 35 per cent; that includes all balances, not necessarily technical balances, but all working reserve balances. We are situated here so that we have to carry working balances both west and east, in California and Kansas City and some of the Texas towns and St. Louis, Chicago and New York.

The Secretary of the Treasury: You will not find it so necessary to do that under the new system.

Mr. Wingo: We do not feel that we will.

The Secretary of the Treasury: It will reduce the necessary amount of reserves materially.

Mr. Wingo: And we feel that is one of the necessary results of the new system.

The Secretary of the Treasury: If the banks here take some of the crop moving funds last fall.

Mr. Wingo: No. We have very little agricultural interests at the present time.

The Secretary of the Treasury: What other city would you say New Mexico's business relations were more intimate with?

Mr. Wingo: The northern part has quite a drift into Kansas City and Denver, and the southern part to some extent to Kansas City and Denver.

The Secretary of the Treasury: Which should you say mostly?

Mr. Wingo: Probably Kansas City. Our connections with Denver are not quite so direct.

The Secretary of the Treasury: How about Arizona?

Mr. Wingo: Arizona is mostly west.

The Secretary of the Treasury: Well, to San Francisco?

Mr. Wingo: To San Francisco. And I believe that a

majority of sentiment, if the district were taken as a whole, would be inclined the California way.

The Secretary of the Treasury: It would?

Mr. Wingo: It is my opinion. With us it makes but little difference, but I believe a majority, taking in the whole district, would vote that way. But most of our friends have --

The Secretary of Agriculture: Would that be true of West Texas?

Mr. Wingo: Probably not. Our business east of here is generally light, and they are generally favoring either some Texas City or Kansas City.

The Secretary of the Treasury: How much of Texas east of El Paso would you say would certainly want to be included in this district, about which there would be no controversy?

Mr. Wingo: I think probably not further than Alpine on the Southern Pacific, and not farther than Pecos on the Texas & Pacific. That is a district that keeps accounts here, and beyond that we have no business.

The Secretary of the Treasury: Pecos and Alpine?

Mr. Wingo: Yes.

The Secretary of Agriculture: Not so far as Eagle Pass?

Mr. Wingo: Eagle Pass would probably prefer to go to Houston, or possibly New Orleans. I do not know; we do not consider that as part of our trade territory, we do very little east of Pecos.

The Secretary of the Treasury: Would it go as far as the east line of New Mexico, extending south?

Mr. Wingo: That is a little beyond Pecos, the point I gave.

The Secretary of the Treasury: It would be along the line of the Santa Fe Railroad?

Mr. Wingo: Yes, that is the Pecos Valley Road on the map.

The banks of El Paso bought and sold during the year 1913 \$28,000,000 in Mexican money and exchange, and this is the largest and most important Mexican money market in the United States. As Mr. McNary has gone more deeply into our relations with country banks, I will not further elaborate. You will also have presented to you facts and figures showing El Paso to be the centre for the southwest in mining, live stock, jobbing and distributing, buying, railroads and manufacturing, and as your Honorable Committee has announced its intention of disturbing as little as possible existing trade and business movement,

we feel sure that you will admit the justice of our petition that we be not separated from our friends and business associates, in New Mexico and Arizona.

Mr. Stewart: We allotted about one hour to El Paso and about 30 minutes to the others here, but we will cut that down to suit your convenience, if you prefer to hear these other gentlemen.

The Secretary of the Treasury: I think we had better hear from those out of town gentlemen. Your case is in pretty well, now, is it not?

Mr. Stewart: We would like to have Mr. Krakauer of El Paso, and then take up the others.

STATEMENT OF ROBERT KRAKAUER.

The Secretary of the Treasury: Will you state your full name, residence and occupation?

Mr. Krakauer: Robert Krakauer; I am Secretary of Krakauer, Ford & Mays Successors, Incorporated.

The Secretary of Agriculture: And you are president of the Chamber of Commerce?

Mr. Krakauer: Yes, I have that distinction at the present time.

The Secretary of the Treasury: You may proceed.

Mr. Krakeuer: In following up the statements made and data given by the bankers of El Paso it might be well to say that of course that commercial interests of our city are so closely allied and interwoven with banks and banking that the welfare of jobbers, manufacturers and retailers alike is identical with that of the financial institutions.

The trade territory that is covered by the business houses of El Paso is practically the same as that in which our banks do their business.

As the representative of the mercantile interests of our city, I might say that we have come before you asking only at this time that you act favorably upon our appeal that we be not separated, if I may be allowed to use the expression, from the largest part of our commercial and financial family.

The basis of our request is, of course, we must acknowledge, a selfish one, and yet one of which you will see the justice, we are sure, if you will take into consideration a few facts and figures given below. All of these will tend to show that the very heart of our business would be vitally affected should we be placed in a separate

Regional Reserve District from our friends in Arizona, New Mexico and West Texas. Our facts and figures are as near correct as careful investigation can make them and are for 1913, which year was not a normal one in parts of our trade territory, owing to local conditions in those districts.

In proof of our claim that El Paso's interests are in common with those of New Mexico, Arizona and West Texas, we beg leave to submit the following facts:

The number of traveling salesmen representing the manufacturers and wholesalers, together with firms carrying branch stocks in this city, number 212; of which 86 travel as far west as Phoenix, Arizona; 67 north as far as Albuquerque, New Mexico, on the line of the Santa Fe; 65 as far north as Tucumcari on the eastern division of the El Paso & Southwestern System; 55 on the line of the Texas & Pacific to Harstow, Texas, and 57 on the Atlantic System of the Southern Pacific to Sanderson, Texas. In addition to the 212 El Paso salesmen there are approximately 60 men traveling from this city representing eastern firms, and making this their headquarters on account of the excellent railway, telegraph, mail and a long distance telephone facilities, enabling them to keep in the very closest touch

with their customers in the territory mentioned.

The approximate value of the shipments made by the manufacturers, wholesalers and firms having stocks in this city to El Paso's trade territory in the year 1913 was very near \$16,000,000. This does not include the value of merchandise sent into the district by the retailers of our city, as we have no manner of arriving at the correct amount of their sales.

The tonnage forwarded by freight for the same period to the same territory was 724,912,808 pounds. It will be noted that this amount is only freight shipments; the weight of express and parcel post forwardings would tend to increase this very considerably.

In order to place this city as a distributing point in the closest touch with this section, a mention of the freight merchandise service may not be out of order. Shipments from El Paso made to-day are in Tucumcari, New Mexico, the second morning, and all points intermediate prior to that time; for the Douglas-Bisbee district the delivery is made the next forenoon after shipment; for Clifton-Morenci, Arizona, and surrounding points, the second morning; for

the Globe-Miami mining district, the second evening; Tucson, Arizona, the second morning; Phoenix and the Salt River Valley points, the third morning; Silver City, New Mexico, district, delivery is made the day following shipment; Albuquerque, New Mexico, second morning; Henderson, Texas, on the Atlantic System of the Southern Pacific, second evening; and Barstow, Texas, on the Texas & Pacific, the second forenoon. The service is daily, Sundays excepted, which enables the purchasers in this territory to secure quicker delivery than can be given from any other city. The map filed by our committee will bring to your attention in a forceful and clear way the districts to which reference is made in this argument.

Long distance telephone lines reach from El Paso to practically every town of any importance in the entire section in which we wish to be included, and several intersecting lines give us two wires to many points. It may illustrate to you more clearly the superb telephone service we have by mentioning some of the sections to which the lines extend, for example, down the Rio Grande Valley, which connects with another line reaching Pecos, Barstow, Fort

Stockton, and other points in Texas; another one northeast through the White Oaks section, thence east extending from Carlsbad in the lower part of the Pecos Valley of New Mexico, north through that valley to Clovis, New Mexico; directly north through the Rio Grande Valley via the Elephant Butte Dam, Albuquerque, Las Vegas and Santa Fe to Raton, New Mexico; another to Silver City, the contiguous mining section and mining district of the Mogollon Mountains; to the Clifton-Morenci mining and smelting district; through the Gila Valley to the Globe-Mission section; to Douglas, Bisbee, Nogales and Tucson; to the Ray-Hayden district; through the Salt River Valley to Phoenix; north to Prescott, United Verde Copper camp, and also extending east to Flagstaff, Holbrook and other points.

The Western Union and Mackay telegraph-cable service is so comprehensive that it places our city in quick connection with every town regardless of size, in the states of Arizona, New Mexico and West Texas. On the Southern Pacific east from this city there are four wires, Texas & Pacific seven, Northeast through New Mexico on the Eastern Division of the Southwestern System; four; on the Santa Fe System eight, Southern Pacific Lines west nine, Western

Division Southwestern System four, or a total of 36 lines reaching from El Paso.

We believe our statistics will show that Arizona, New Mexico and West Texas can truthfully and fairly be considered El Paso's legitimate and most important trade territory. We look to them for the largest percentage of our business, and they in turn to us, we are safe in saying, for an enormous share of their supplies and merchandise in all lines.

Geographically, of course, we are situated in Texas, but financially and commercially our interests are identical with the two states to the west, with a small portion of the western part of this State, and we ask that in considering in what district you will place El Paso, that you will bear in mind our business relations with our neighbors, particularly to the north and west of us, not forgetting that we consider that our very business life is at stake, and that we are pleading with you not to separate us from those with whom we have enjoyed close business intercourse for many years, to whom we look in the future for aid in the upbuilding of this city, and who have at heart in common with El Paso the future progress and prosperity of this

great Southwestern section.

The Secretary of the Treasury: How about your mail facilities?

Mr. Krakauer: That will be taken up by a separate paper for two or three minutes.

The Secretary of the Treasury: Who will present that?

Mr. Krakauer: Mr. Stiles.

The Secretary of the Treasury: Let Mr. Stiles just file it as an exhibit, because we may want to refer to that data.

Mr. Stewart: yes, we will. It shows about 10 hours throughout this district.

The Secretary of Agriculture: How far is it from El Paso to San Francisco?

Mr. Krakauer: 1250 miles.

The Secretary of the Treasury: How much time is required from here to Kansas City?

Mr. Stiles: 27 hours 30 minutes.

The Secretary of the Treasury: That is the fast mail?

Mr. Stiles: That is the fast mail.

The Secretary of the Treasury: How is it to Denver?

Mr. Stiles: 33 hours.

The Secretary of the Treasury: How is it to San Francisco?

Mr. Stiles: 38 hours 45 minutes.

The Secretary of Agriculture: You are nearer to Kansas City?

Mr. Stiles: Yes.

The secretary of the Treasury: How about Los Angeles?

Mr. Stiles: That is 24 hours 30 minutes.

The Secretary of Agriculture: What is the time to St. Louis?

Mr. Stiles: St. Louis is 40 hours, and Chicago 42 hours 15 minutes.

The Secretary of Agriculture: You may file that data.

(The statement was accordingly filed.)

Mr. Stewart: We would like to have Mr. Douglas, of Douglas, Arizona, speak for a moment.

The Secretary of the Treasury: How many of these witnesses represent Arizona, Mr. Stewart?

Mr. Stewart: Six; from Mr. Douglas down to and including Mr. Greer's name on that list, and below that are representatives from New Mexico.

The Secretary of the Treasury: Are these gentlemen all from different places in Arizona?

Mr. Stewart: Yes.

STATEMENT OF JAMES S. DOUGLAS.

The Secretary of the Treasury: You may state your full name, residence and occupation?

Mr. Douglas: James S. Douglas; I am President of a bank in Douglas, Arizona, the Bank of Douglas.

The secretary of the Treasury: A state bank?

Mr. Douglas: Yes.

The secretary of the Treasury: What is your view as to where you would be best served by a Federal Reserve Bank?

Mr. Douglas: On the Coast.

The Secretary of the Treasury: on the western Coast?

Mr. Douglas: Yes, sir; for the future.

The Secretary of the Treasury: Yes. Do you think that is the general sentiment of the bankers and business men in Douglas?

Mr. Douglas: Yes, sir.

The Secretary of the Treasury: And Bisbee?

Mr. Douglas: Yes, sir.

The Secretary of the Treasury: Are you familiar with it there?

Mr. Douglas: Yes, sir.

The Secretary of Agriculture: Are your relations intimate

with El Paso?

Mr. Douglas: Yes, sir, very. The bulk of the current of our business now is to El Paso, against the coast. We do not do the business with the coast at present that we do with El Paso.

The Secretary of the Treasury: But you think it would preserve the general trade relationship and exchange relationship better if this territory was thrown into the California district, do you?

Mr. Douglas: I do.

The Secretary of Agriculture: Would you prefer to be connected with San Francisco, even if El Paso were connected with another district, or is it paramount that you be in the same district as El Paso?

Mr. Douglas: We would rather be in the same district with El Paso.

The Secretary of Agriculture: Even though you might be connected with a city to the northeast?

Mr. Douglas: I am not quite sure of that. I think that we have hoped in Douglas, in the southern part of the territory in the State of Arizona, that we would be put in the same district with New Mexico and El Paso, and El Paso, New

Mexico and Arizona would be connected with the Regional Bank on the coast.

The Secretary of Agriculture: You want to follow El Paso towards the west?

Mr. Douglas: Yes.

STATEMENT OF WM. H. BROPHY.

The Secretary of the Treasury: Mr. Brophy, you may state your full name, residence and occupation.

Mr. Brophy: William H. Brophy, President of the Bank of Bisbee, and general manager of Phelps-Dodge Mercantile Company.

The Secretary of the Treasury: What is your view about this question, Mr. Brophy?

Mr. Brophy: Well, it is very similar to Mr. Douglas' who has just spoken. Bisbee is only 25 miles distant from Douglas, and the same conditions pertain to Bisbee as to Douglas.

Our preference is to be in the reserve district on the Pacific Coast. Our relations with El Paso are very close and of a large volume at the present time. We ship our currency from El Paso, and handle a large volume of our

collections through this point. And representing the banking and commercial interests of Bisbee, they desired to express their views that they hoped El Paso would be assigned to the same district as Arizona.

The Secretary of the Treasury: Would you prefer San Francisco to Denver or Kansas City, for instance?

Mr. Brophy: Yes, sir; it would be preferable.

The Secretary of the Treasury: Do you represent a clearing house or commercial organization of any kind?

Mr. Brophy: I represent the three banks of Bisbee, the bank of which I am president and the other two banks.

The Secretary of the Treasury: Are either of those national banks?

Mr. Brophy: Neither. There is not a national bank in Bisbee. There are three state banks with a capital and surplus and profits of approximately \$400,000 and deposits of \$4,000,000.

The Secretary of the Treasury: Is it the intention of any of them to enter the system?

Mr. Brophy: Well, I think some of them will.

The Secretary of Agriculture: Does the state law permit it?

Mr. Brophy: Yes, I think so.

The Secretary of the Treasury: That is all, thank you.

Mr. Stewart: We would like to have Mr. Graves speak. He is a national banker in Douglas.

STATEMENT OF E. W. GRAVES.

The Secretary of Agriculture: Will you please state your name, residence and occupation?

Mr. Graves: E. W. Graves; Cashier of the First National Bank of Douglas, Arizona.

The Secretary of Agriculture: Do you represent any organization?

Mr. Graves: Yes, the Chamber of Commerce and also the Bank of Douglas as well as the First National Bank. There are only two banks in Douglas. I have letters from the Chamber of Commerce and Mines and from the Bank of Douglas.

The Secretary of the Treasury: Those may be filed.

(The papers were filed and are as follows:)

The Douglas Chamber of Commerce and Mines.

Douglas, Ariz., Feb. 6, 1914.

The Honorable Members of the Organization Committee,

El Paso, Texas.

Gentlemen:

In introducing Mr. E. W. Graves, representing the banks and mercantile interests of Douglas, Arizona, we wish to say that the efficiency and integrity shown by Mr. Graves during his years of residence among our citizens gives us the privilege of stating that any figures or statements made by him will be given in the same whole hearted manner that has characterized his every action among us.

We take this opportunity to second the efforts of Mr. Graves in presenting to your Honorable Committee the wish of El Paso to be placed in the same district as the rest of the southwest. Our interests are mutual and we shall be greatly pleased to see El Paso placed in the same district as Arizona and New Mexico.

We wish further to say that from our personal knowledge of the business relations of our merchants in dealing with other cities of the United States, that while the freight rates at the present time are such that a large percentage of the business is now transacted through the northern and eastern cities, we believe that with the completion of the Panama Canal, there will be a readjustment of business transactions to such an extent that within two years 75 per cent

of our business relations will be through the Pacific Coast cities. For that reason, we respectfully petition your Honorable Committee to include this part of Arizona in the California district.

Yours very truly,

R. G. Arthur,

President.

The Bank of Douglas.

Douglas, Ariz., Feb. 5, 1914.

Mr. E. W. Graves,

Cashier First National Bank,

Douglas, Arizona.

Dear Sir:

As you have been delegated to represent the banking and other commercial interests of Douglas before the Federal Reserve Organization Committee at its hearing in El Paso on February 7th, 1914, we beg to submit to you the following expression of our views as to the needs of the community.

On account of the close business relations due to geographical location and transportation routes, it is to the best interest of the community that El Paso be included

in the same district with Arizona and New Mexico.

Owing to the probability of increasing commerce with western points, due to the Panama Canal, and to the fact that increasing quantities of our food supplies must come from the west, we believe it to the best interest of those states that Arizona and New Mexico be included in the Pacific Coast or San Francisco district.

The following table shows the different percentages of our foreign business sent to each important part of the country during the last six months:

New York	37
Chicago & Kansas City	15
El Paso	19
Los Angeles	6
San Francisco	7
All other	16

Yours very truly,

C. O. Ellis,

Cashier.

The Secretary of Agriculture: You have heard the views

expressed by Mr. Douglas.

Mr. Graves: Yes, sir, and we concur in them.

The Secretary of Agriculture: And you concur in them, do you?

Mr. Graves: Yes, sir.

The Secretary of Agriculture: You prefer to be attached to San Francisco?

Mr. Graves: Yes. I might say that with El Paso we carry probably 10 per cent of our total cash resources, although of course, it is not a reserve city; and in the six months ending December 31st, we handled 25.2 per cent of our entire transit items through El Paso. The Bank of Douglas in that same time handled 19 per cent of their transit items here.

The Secretary of Agriculture: Do you want to file that data as an exhibit to your testimony?

Mr. Graves: Yes, if you please.

(The statement filed by Mr. Graves, and is as follows:)

Transit Items for the Period of Six Months

Ending December 31, 1913.

New York	\$1,020,182.	37.4%
Kansas City	116,310	4.2%

El Paso	689,544	25.2%
San Francisco	55,462.)	5.6%
Los Angeles	99,015.)	
Sundry	<u>749,235.</u>	27.6%
	\$2,729,748.	100.

E. W. Graves,

Cashier.

Mr. Stewart: Will you please repeat the question to Mr. Graves as to what selection would be for a reserve city.

The Secretary of the Treasury: What is your preference?

Mr. Graves: Personally it seems to me that Kansas City would meet our requirements, but it seems to me that that is an immaterial point. We hope to be in the same district and desire to be in the same district with El Paso, and in the hope of having a branch bank established here, in that case it would be rather immaterial. But as I understand, the opinion of the majority of the Arizona banks is in preference for San Francisco.

The Secretary of Agriculture: Let me ask you the same question I asked Mr. Douglas: Suppose El Paso were connected to some city to the northeast, would you still prefer to have Arizona in the San Francisco district?

E. W. Graves.

Mr. Graves: So far as our personal individual interests are concerned, we would prefer to be in the same district with El Paso.

The Secretary of the Treasury: No matter where it is put?

Mr. Graves: Yes. The preference of the other banks is for San Francisco.

The Secretary of Agriculture: Do you think the banks in the eastern district of New Mexico would be better served if they were connected with San Francisco than with Kansas City or some other eastern point?

Mr. Graves: The eastern district?

The Secretary of Agriculture: Yes, this section here (indicating). Take the eastern three-fifths of Arizona, would that be better served in San Francisco?

Mr. Graves: Do you say it would be better served at San Francisco?

The Secretary of Agriculture: No, can Kansas City, St. Louis or Denver, or some other city to the southeast serve that section better?

Mr. Graves: I do not know how it would be with the other portion. I can speak for our own individual concern.

The Secretary of Agriculture: I judge from that map that

the influence of El Paso reaches especially to just west of the centre, west of Glendale and Prescott, just to that line.

Mr. Graves: I think El Paso draws accounts from practically every city in the state.

Mr. Stewart: All the banking towns are supposed to be shown on this map, whether they keep their accounts in El Paso or not. In that territory blank there are no banks.

The secretary of the Treasury: That is all, Mr. Graves. Thank you. We will hear Mr. Solomon.

STATEMENT OF CHARLES F. SOLOMON.

The secretary of the Treasury: You may state your name, residence and occupation?

Mr. Solomon: Charles F. Solomon, Tucson, Arizona, President of the Arizona National Bank. Can I submit this to you gentlemen.

The Secretary of the Treasury: Yes. These are your credentials, authorizing you to appear here?

Mr. Solomon: Yes. Also the statement of the banks, of which there are four, two national and two state.

The secretary of the Treasury: You may file them.

(The statement is as follows:)

CHAMBER OF COMMERCE,

Tucson, Arizona, Feb. 6th, 1914.

Hon. W. G. McAdoo, and
David F. Houston, of the
Organization Committee.

Gentlemen:

The Tucson Chamber of Commerce ^{has} appointed Mr. Charles F. Solomon to represent this organization in presenting our petition to have El Paso included in the same reserve district with Arizona and New Mexico, and while Mr. Solomon will be able to cover the ground thoroughly, we beg to present the following arguments on which we feel very strongly.

El Paso is the largest railroad center in the inland southwest and most important trade centre in the region. Our interests are therefore common, and it will seriously affect our business relations were El Paso and West Texas to be placed in another district.

We naturally call upon El Paso for assistance in any matters which we find it impossible to handle alone, and the quick communication possible with that city is very

valuable to us. We feel that El Paso is an important part of this business community, and that to divide the community in any way will work an injury.

We sincerely trust that our present business and banking relations with El Paso will continue undisturbed through placing that city in our reserve district.

Very truly yours,

L. H. Manning,

President.

The Secretary of the Treasury: What is the view of your community?

Mr. Solomon: We feel very strongly on the point, especially so far as El Paso is concerned. We want to go with El Paso, wherever you put us.

The Secretary of the Treasury: you seem to be pretty strongly wedded to El Paso?

Mr. Solomon: Yes, sir; we feel very kindly to El Paso. We think our business interests, in every sense of the word, are interwoven so that it would be an injustice for you to separate us.

The Secretary of the Treasury: What would be your preference as to the location of a Reserve Bank?

Mr. Solomon: San Francisco.

The Secretary of the Treasury: San Francisco?

Mr. Solomon: Yes.

The Secretary of Agriculture: What would be your second choice?

Mr. Solomon: Under these questions you submitted to the national banks, our second choice is Los Angeles, and Third El Paso.

The Secretary of Agriculture: You have not gone as far as fourth and fifth?

Mr. Solomon: We do not know anybody else east of El Paso. X

The Secretary of Agriculture: Is that your view of all your banks and business men?

Mr. Solomon: They feel very strongly on the subject, and I think that letter will cover the subject very thoroughly, if you will permit me to read it.

The Secretary of Agriculture: you may read it.

(Mr. Solomon then read the letter above referred to.)

Mr. Solomon: I just want to state that I represent the First National Bank of Clifton, Arizona, and their relations are just as close. For instance, on the exchange--

The Secretary of Agriculture: Where is Clifton?

Mr. Solomon: On the eastern line of Arizona, near the mining section. They use a great deal of currency up there and have to use large volumes. They even keep as much as 50 per cent of their available reserves in El Paso in currency. It being a mining town they have to pay out a great deal of currency, and they feel strongly on the subject. I think I stated I represent four banks in Tucson, two national and two state, and also the Bank of Clifton.

The Secretary of the Treasury: Have you any statistics you want to file?

Mr. Solomon: Not any in typewritten form. I can give you the figures.

The Secretary of the Treasury: That may be incorporated in the record.

Mr. Solomon: Arizona National, capital \$100,000; surplus and undivided profits \$30,000; deposits \$700,000.

Continental National, capital \$100,000; surplus and undivided profits \$150,000; deposits, \$1,500,000.

Southern Arizona Banking & Trust Co., capital, \$75,000; surplus and undivided profits \$50,000; deposits \$950,000.

Merchants Bank & Trust Company, capital \$50,000; surplus

and undivided profits \$15,000; deposits \$367,000.

Total capital \$335,000; surplus and undivided profits
\$345,000; deposits \$3,517,000.

STATEMENT OF R. E. MOORE.

The secretary of Agriculture: Will you state your name, residence and occupation?

Mr. Moore: R. E. Moore. I am general manager of the Gila Valley Bank & Trust Company, in Arizona.

The Secretary of Agriculture: Just where is that, at Globe or Gila?

Mr. Moore: We have eight banks, we are a string of banks, one main bank and seven branches. The main office is at Morenci, and we have a branch at Clifton, at Safford, Globe, Miami, Hayden, Ray, and Winkelman.

The Secretary of Agriculture: All in the southeast?

Mr. Moore: In the south and central portion.

The Secretary of Agriculture: What is your view on this question?

Mr. Moore: Well, we much prefer to have El Paso in the same district that we are in, because we do about 70 per cent of our business through the banks in El Paso. These

towns are small mining towns and we ship a good deal of money out there for paying the payrolls. We can get our items quicker and get our cash quicker from El Paso than we can from any other large town.

The Secretary of Agriculture: Where do you do the other 30 per cent of your business?

Mr. Moore: Well, I suppose about 30 per cent in New York, and the other 10 per cent in San Francisco and Los Angeles.

The Secretary of Agriculture: What is your preference for the location of the reserve bank?

Mr. Moore: You mean as to Kansas City or San Francisco?

The Secretary of Agriculture: Yes, any city that would serve this territory.

The Secretary of the Treasury: Or Denver?

Mr. Moore: We do no business with Denver, and very little with Kansas City, and quite a little bit with San Francisco. I suppose we would prefer that, but it would be but little difference to us.

The Secretary of Agriculture: Your main desire is to be included in the same district with El Paso?

Mr. Moore: Yes, sir.

The Secretary of Agriculture: Thank you. Have you

anything you would like to submit, any credentials?

Mr. Moore: No, I did not come prepared with any.

STATEMENT OF P. P. GREER.

The Secretary of the Treasury: Will you state your name, residence and occupation.

Mr. Greer: P. P. Greer, my occupation is banking business, and my residence is Globe, Arizona.

The Secretary of the Treasury: What bank do you represent?

Mr. Greer: The First National Bank of Globe.

The Secretary of the Treasury: Do you represent any other banks or commercial organizations there?

Mr. Greer: No, I do not.

The Secretary of the Treasury: What is your view about this matter, Mr. Greer?

Mr. Greer: Well, sir, my ideas are that our interests are identical with El Paso, that we should be associated with El Paso in whatever district they may be placed. I think we have gone on record as preferring San Francisco for the Regional Bank.

The Secretary of Agriculture: Did you have a representative at Los Angeles, or did you send that to Washington?

Mr. Greer: I do not think we had a representative at Los Angeles. I had a letter from our secretary of the association quite recently, but I do not know whether they sent a delegate to Los Angeles or not. We prefer El Paso because about 70 per cent of our business is done through El Paso.

The Secretary of Agriculture: What would be your second choice for the location of a Reserve Bank? You indicated San Francisco as your first.

Mr. Greer: I think we have not any special choice. We have not any business relations with Kansas City or Denver.

The Secretary of the Treasury: You have no second choice?

Mr. Greer: We have no second choice, no.

The Secretary of the Treasury: Couldn't you think up one?

Mr. Greer: Oh, I would not object to Kansas City at all.

The Secretary of the Treasury: If you did not have San Francisco, you think probably Kansas City would be best?

Mr. Greer: I think Kansas City would best serve our interests probably.

The Secretary of the Treasury: You think it would be better than Denver?

Mr. Greer: Yes.

STATEMENT OF H. H. KELLY.

The Secretary of the Treasury: Please state your full name, residence and occupation?

Mr. Kelly: Harry H. Kelly, President Deming National Bank, Deming, New Mexico.

The Secretary of the Treasury: That is in the south here (indicating)?

Mr. Kelly: Yes, sir.

The Secretary of the Treasury: You have heard what these other witnesses have said about this problem. What are your views?

Mr. Kelly: Our desire is to be placed with El Paso regardless of where the Regional Reserve bank for this section is established.

The Secretary of the Treasury: Where do you think it ought to be established to best serve the interests of this territory?

Mr. Kelly: The natural trend of business is eastward, and my personal sympathies, and I think the interests of

our bank would be best served if the Regional Reserve bank would be established in Kansas City. However, it is immaterial with us where it is located; we merely desire to be placed in the same district with El Paso.

The Secretary of the Treasury: You have more business with Kansas City than with San Francisco?

Mr. Kelly: We have no business whatever with San Francisco.

The Secretary of Agriculture: How about Denver?

Mr. Kelly: We have some business with Denver, and the banks in our town are divided on that subject; some prefer Denver and some Kansas City.

The Secretary of the Treasury: Have you any that prefer San Francisco?

Mr. Kelly: No, we have no western business whatever.

The Secretary of the Treasury: What would be your second choice?

Mr. Kelly: Personally it would be Denver.

The Secretary of the Treasury: And San Francisco would come third if you had a third choice?

Mr. Kelly: I would even give Dallas third, I think.

(Laughter) Mr. McAtee, I will state that 80 per cent of our business is done in El Paso, and consequently we have

H. H. Kelly
Jackson Ages.

got to be placed with El Paso. If we are not placed with El Paso, it would put us out of business.

The Secretary of the Treasury: As long as you are married to El Paso, you are satisfied?

Mr. Kelly: We are satisfied.

The Secretary of the Treasury: That is all, thank you.

STATEMENT OF JACKSON AGES.

The Secretary of the Agriculture: Please state your name, residence and occupation?

Mr. Agee: Jackson Agee, Cashier of the American National Bank at Silver City, New Mexico.

The Secretary of Agriculture: Silver City is in the southwestern part of the state?

Mr. Agee; Yes.

The Secretary of Agriculture: Do you represent any organization?

Mr. Agee: I have a resolution from the Chamber of Commerce which I would like to file.

The Secretary of Agriculture: Yes, what is the essence of it.

Mr. Agee: That the business interests of Silver City

desire that we be annexed or in the same district as El Paso and not be separated from her.

The Secretary of Agriculture: Have you any preference as to where the Regional Bank should be?

Mr. Agee: None whatever.

The Secretary of Agriculture: What is the direction of your business in that section?

Mr. Agee: Well, for the mail facilities Kansas City would possibly suit us better. It is nearer than any other town.

The Secretary of Agriculture: It would suit you better than Denver?

Mr. Agee: Yes, I would prefer Chicago to Denver. We are just about the same time to Chicago as we are to Denver.

The Secretary of Agriculture: How about San Francisco?

Mr. Agee: Well, we would not object to San Francisco if it suits El Paso. We do a great deal of business with El Paso. We live in a mining country and it requires a great deal of cash, and we have got to get it from El Paso. We could get it quicker and it costs less to ship it in.

The Secretary of Agriculture: That is all, thank you.

(The resolutions presented by Mr. Agee are as follows)

Jackson Ages

RESOLUTIONS ADOPTED BY THE CHAMBER OF COMMERCE OF
SILVER CITY ,GRANT COUNTY, NEW MEXICO ON
THE SIXTH DAY OF FEBRUARY, A. D. 1914.

WHEREAS, the country is about to be divided for banking purposes into regional districts, in conformity with the provisions of the Act of Congress commonly known as the Currency Bill, and

WHEREAS, it is believed that such division will be made along lines calculated to promote and conserve the best interests of the various parts of the country to be affected, and

WHEREAS, Silver City is, by reason of good railroad, telegraph and telephone facilities, closely connected with, and in a business way largely dependent upon El Paso, and

WHEREAS, from statistics furnished by our local bankers it is believed that fully fifty (50) per cent of the banking business of Silver City and adjacent country comes through El Paso banks, while there is not more than one (1%) per cent of such business that comes through the combined banks of California, and

WHEREAS, it is believed that it will be a great

detriment to the business interests of Silver City and adjacent country, to be separated from and placed within a different regional district from El Paso.

NOW, THEREFORE, BE IT RESOLVED, that it is to the best interests of Silver City and the country adjacent thereto, that it be attached to and included within the same regional district in which El Paso is included, and

BE IT FURTHER RESOLVED, that the officers of the Chamber of Commerce be, and they are hereby authorized and directed to take such steps as to them shall seem proper in the premises.

NEW
STATE OF MEXICO }
COUNTY OF GRANT } ss.

WE, the undersigned, Harry J. Burgess, as President, and E. Woodhull, as Secretary, do hereby certify as follows: That the said Harry J. Burgess is the president and the said E. Woodhull is the Secretary, respectively, of the Chamber of Commerce of Silver City, Grant County, New Mexico; and that the foregoing resolution is a true and correct transcript of a resolution duly presented and adopted by the said Chamber of Commerce of Silver City.

D

Jackson Agee
F. L. Lowe

3163

Grant County, New Mexico, on the sixth day of February,
A. D. 1914.

Dated at Silver City, New Mexico, this sixth day
of February, A. D. 1914.

H. J. Burgess,

President.

Attest:

E. Woodhull,

Secretary.

STATEMENT OF THOS. L. LOWE.

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

Mr. Lowe: Thos. L. Lowe; Vice President Silver City
National Bank, Silver City, New Mexico.

The Secretary of the Treasury: What are your ideas about
this problem.

Mr. Lowe: I am very much like the parties who have
preceded me. We desire to be placed in the same district
with El Paso.

The Secretary of the Treasury: What is your first choice

for the location of a Regional Reserve bank?

Mr. Lowe: Denver.

The Secretary of the Treasury: And second?

Mr. Lowe: Kansas City.

The Secretary of the Treasury: And third?

Mr. Lowe: Possibly San Francisco.

The Secretary of the Treasury: You do most of your business with El Paso?

Mr. Lowe: We do probably 50 per cent of our business with El Paso. As Mr. Ague said, a few minutes ago, we are a mining country and ship a great deal of currency and it all comes from El Paso. We do not feel that the existing conditions should be changed.

The Secretary of the Treasury: That is all. Thank you.

STATEMENT OF F. R. COON.

The Secretary of Agriculture: Will you state your name, residence and occupation.

Mr. Coon: Frank R. Coon; Cashier, First National Bank, Lordsburg, New Mexico.

The Secretary of Agriculture: How far is that from here?

Mr. Coon: It is about 144 miles.

The Secretary of Agriculture: What is your view of this problem?

Mr. Coon: Like the witnesses who have gone before, we desire to be in the district with El Paso. We do nearly all our business through El Paso.

The Secretary of Agriculture: What is your choice for the location of a Regional Reserve Bank?

Mr. Coon: We have expressed a first choice for Denver on the cards which have been sent us by the department.

The Secretary of Agriculture: You have received those?

Mr. Coon: Yes, sir.

The Secretary of Agriculture: And the second choice?

Mr. Coon: Kansas City, I presume, would be our second choice.

The Secretary of Agriculture: What would be your third choice?

Mr. Coon: I had not thought of that. Possibly Los Angeles or San Francisco.

The Secretary of Agriculture: That is all, thank you.

STATEMENT OF J. B. HERNDON.

The Secretary of the Treasury: Will you state your full

name, residence and occupation.

Mr. Herndon: J. B. Herndon; Albuquerque, New Mexico; President State National Bank, and I represent three other banks in New Mexico.

The Secretary of the Treasury: Have you any credentials?

Mr. Herndon: No. I am President of two of the banks and Vice President of the other; one national and two state banks.

The Secretary of the Treasury: What is your view about this question, Mr. Herndon?

Mr. Herndon: Our relations with El Paso are very close, and we would like to be in the same district. My first preference for a Regional Reserve Bank is Kansas City and second Denver.

The Secretary of the Treasury: And third?

Mr. Herndon: Chicago.

The Secretary of Agriculture: What is your connection with Kansas City, what is the mail time?

Mr. Herndon: About 36 hours.

The Secretary of the Treasury: You are closer to Denver, are you not?

Mr. Herndon: I believe, a little.

The Secretary of Agriculture: But you prefer Kansas City?

Mr. Herndon: Yes, sir.

The Secretary of the Treasury: Do you have more business with Kansas City?

Mr. Herndon: Yes, more than three times as much.

The Secretary of the Treasury: Where do you keep your reserves?

Mr. Herndon: Kansas City, Chicago and New York.

The Secretary of the Treasury: In what proportion?

Mr. Herndon: Well, about 40 per cent each in Kansas City and Chicago, and 20 per cent in New York.

The Secretary of Agriculture: How many other banks are there?

Mr. Herndon: There are five banks in Albuquerque.

The Secretary of Agriculture: Do you know what their preference is?

Mr. Herndon: The First National Bank, the largest bank in New Mexico, wants to be in the same district with El Paso. They express no particular preference; they want to do what El Paso wants to do.

The Secretary of the Treasury: Would you think that

the interests of that section of New Mexico would be served by a Reserve Bank in San Francisco equally as well as a Reserve Bank in Kansas City.

Mr. Herndon: No, I do not.

The Secretary of the Treasury: What is the time to San Francisco?

Mr. Herndon: It would be only a guess; I think 48 to 50 hours.

The Secretary of the Treasury: What is the view of the other banks there, the same as yours?

Mr. Herndon: In Albuquerque?

The Secretary of the Treasury: Yes.

Mr. Herndon: Yes. At a meeting of our Executive Committee, representing the Bank Association of New Mexico, they divided the state; part of them favored Denver and part of them Kansas City. I sent out letters myself to all the banks which would be eligible for membership, and I got 29 replies; 23 favored Kansas City and the others favored Denver.

The Secretary of the Treasury: How many banks are there in the state?

Mr. Herndon: There are 93, but only some forty odd which

would be eligible; the others have too small capital.

The Secretary of the Treasury: How many national banks are there?

Mr. Herndon: I think 43.

The Secretary of the Treasury: And how many national banks replied?

Mr. Herndon: About 20. They were all national banks that replied.

The Secretary of the Treasury: And have you all these letters with you?

Mr. Herndon: No, I have not. I left them at home.

The Secretary of the Treasury: They have since replied, I presume, to the department, in response to that inquiry?

Mr. Herndon: Yes.

The Secretary of the Treasury: That is all, thank you.

STATEMENT OF MARK B. THOMPSON.

The Secretary of the Treasury: You may state your name, residence and occupation.

Mr. Thompson: Mark E. Thompson; Las Cruces, New Mexico. I am representing the Bowman Bank & Trust Company, the First National Bank of Las Cruces, the First State

Bank of Las Cruces, and the Elephant Butte Water Users' Association of New Mexico.

The Secretary of the Treasury: You have heard the views expressed by these other gentlemen?

Mr. Thompson: Yes.

The Secretary of the Treasury: Do you concur in their views as to the location of the Reserve Bank?

Mr. Thompson: In a general way, yes, sir.

The Secretary of the Treasury: Where do you think it should be put?

Mr. Thompson: The preference there, I think, is for Kansas City. However, it is of no material interest to us as long as we are attached to El Paso. It is extremely vital that we should be on account of the government project there and the financing of it under peculiar conditions, all the land being mortgaged to the government.

The Secretary of the Treasury: These remarks of yours can be attached to the record. That is in substance all you wished to say, was it?

Mr. Thompson: Yes, sir.

The Secretary of Agriculture: Unless there is some point you desire to emphasize.

Mr. Thompson: They are all covered in my brief here.

The Secretary of Agriculture: Thank you, Mr. Thompson.

(The papers filed by Mr. Thompson are as follows).

Las Cruces, New Mexico, Feb. 6th, 1914.

This is to certify that Mark B. Thompson is the duly accredited representative of the Bowman Bank & Trust Company, Las Cruces, New Mexico, to appear in the interest of said bank before the Honorable, The Secretary of the Treasury, and the Honorable, The Secretary of Agriculture, at a hearing to be held in the City of El Paso, Texas, on Saturday, February 7th, 1914.

H. D. Bowman,

President, The Bowman Bank & Trust Co.

El Paso, Texas, February 6, 1914.

This is to certify that Mark B. Thompson is the duly accredited representative of the First National Bank, Las Cruces, New Mexico, to appear in the interest of said bank before the Honorable, The Secretary of the Treasury, and the Honorable, The Secretary of Agriculture, at a hearing to be held in the City of El Paso, Texas, Saturday, February 7th, 1914.

S. F. Campbell,

Cashier, The First National Bank.

Las Cruces, New Mexico, February 6, 1914.

This is to certify that Mark E. Thompson is the duly accredited representative of the First State Bank of Las Cruces, Las Cruces, New Mexico, to appear in the interest of said bank before the Honorable, The Secretary of the Treasury, and the Honorable, The Secretary of Agriculture, at a meeting to be held in the City of El Paso, Texas, on Saturday, February 7th, 1914.

T. R. H. Smith,

President, First State Bank of Las Cruces.

Las Cruces, New Mexico, Feb. 6, 1914.

This is to certify that under and by virtue of a resolution of the Board of Directors of the Elephant Butte Water Users' Association of New Mexico, passed at the regular meeting held at the office of the said Association on the 2nd day of February, A. D. 1914, Mark E. Thompson was duly appointed as the accredited representative of said Association to appear before the Honorable, The Secretary

of the Treasury, and the Honorable, The Secretary of Agriculture to represent the interest of said Association at the hearing to be held at El Paso, Texas, on Saturday, February 7th, 1914.

Witness my hand and the seal of said Association this 6th day of February, A. D. 1914.

Fred S. Hess,

Secretary, Elephant Butte Water Users'

Association of New Mexico.

STATEMENT IN BEHALF OF THE RIO GRANDE VALLEY
OF NEW MEXICO.

That portion of the Rio Grande Valley of New Mexico to which the attention of the Commission is directed, begins at Elephant Butte at which point is located an impounding dam of the United States Reclamation Service. This point is about one hundred and twenty miles above the City of El Paso and the valley between the Elephant Butte and El Paso contains 110,000 acres of irrigable land of which about 65,000 acres are in cultivation at the present time. On either side of the valley lay the table lands comprising some very rich grazing lands, and along to the east of the

valley are the San Andres, Oregon and Franklin ranges, all of which are highly mineralized and in which are a number of very promising mines; heretofore a great deal of mineral has been shipped from these mines and extensive preparations are now being made to work them on a large scale. Situated in this valley are three banks, the Bowman Bank & Trust Company, a state institution; the First National Bank; and the First State Bank, all located in the town of Las Cruces, and a new state bank has just been started at Anthony, near the Texas border, which has not as yet issued any formal statement. The town of Las Cruces is situated 45 miles north of El Paso, and is a city of about 5000 people. One railroad traverses the entire length of the valley, the Atchison, Topoka & Santa Fe Company, being a branch of the main line running from Albuquerque to El Paso. The Bowman Bank & Trust Company is an institution having resources of \$454,185; it deposits in the City of El Paso 65 per cent of all of its funds; its correspondents are located in El Paso, Chicago and New York; in clearings from El Paso they receive 90 per cent of items in number and 70 per cent in amount, and of clearings to El Paso 90 per cent of items in number, and 90 per cent of items in amount; all re-

discounts of this bank are handled in the City of El Paso. The First National Bank of La Cruces has a total amount of resources, or \$185,000; it deposits 66 per cent of its funds in El Paso; the average clearings with El Paso the past 30 days aggregate \$84,800; clearings with El Paso incoming amount to \$61,849; this institution carries a reserve in New York and Chicago, and has correspondents in El Paso, Chicago and New York. The First State Bank has total resources of \$260,000; it carries 80 per cent of its funds on deposit in the City of El Paso, and has correspondents in El Paso and New York; its clearings from El Paso amount to about 90 per cent of items in number and 70 per cent in amount, and outgoing clearings are handled through El Paso as well as all re-discounts. In brief, practically all of the banking business of this region is done directly with El Paso. During the latter part of 1907 when it became necessary to issue clearing house certificates, the certificates from the Clearing House of El Paso circulated in this region to the same extent as they did within the City of El Paso itself.

The United States Government, through its reclamation service, is now spending the sum of \$10,000,000 in this

valley in the construction of an impounding reservoir at Elephant Butte, and a canal system necessary for the distribution of the water. When this system is complete it will irrigate about 110,000 acres which, when brought to a proper degree of cultivation, will be worth at least \$200 per acre, or \$22,000,000 in the aggregate. However, in order to properly settle and cultivate such a great area, the past experience of the United States Government upon the various irrigation projects undertaken, has been that on account of speculation and lack of intelligent and sympathetic financial assistance to the settlers, that the degree of success which was hoped for at the time of passage of the Reclamation Act has not developed as anticipated. During the month of November a Committee of the Elephant Butte Water Users' Association met, at extended conferences with the Secretary of the Interior and Reclamation Commission to discuss the propriety of the immediate construction of distributing systems and the matter of settlement of unoccupied areas and of the importance of cutting up the larger areas into smaller farm units. At that time the Committee of the Association presented to the Department of the Interior a statement from the banks of El Paso and Las

Cruces to the effect that they had heretofore and were now bending every energy to assist the actual farmer on the land and the discouraging of speculation of such lands and it was largely due to the belief in this statement that the Secretary of the Interior ordered the immediate construction of canals, and the Reclamation Commission, in an open letter to the Association made use of the following language:

"That speculative tendencies, so detrimental to the success of many irrigation projects, have not been dominant upon the Rio Grande project in New Mexico up to the present time."

A large amount of money will necessarily be required for the proper preparation of the land for cultivation and taking care of the settlers during the first few years occupancy of the land, and it is not only necessary that this money be forthcoming for the proper developing of this section, but that the financial interests furnishing the same must have the intelligent, sympathetic and first hand knowledge of conditions as they obtain in this section. El Paso, being located at one end of the valley, has to the highest degree, these qualifications, and there is no other city within a range of several hundred miles, and it is

obvious that no other place could in any measure handle this situation. The United States Government through its Reclamation Commission, has pledged, through its contracts with the owners of these lands, to provide every assistance for the success of the settlers, and from conferences held with the Secretary of the Interior and the Reclamation Commission, the Secretary of the Interior believes that the success of this project is probable on account of the fact that it has at hand a city such as the City of El Paso that can give the proper financial assistance to its citizens. There is no doubt if this section be placed in a different territory than that in which El Paso is located, that it would not only make it impossible for the two state banks to take advantage of the provisions of the Currency Act, but that it would very seriously hamper the national bank therein located and make it impossible for such bank to render the degree of assistance as its possibilities would otherwise enable it to do.

Mr. Stewart: We have two people from El Paso, one representing the cattle interests and one the mining interests and also another representing manufacturing interests who have statements prepared. We can file them

if you do not care to hear them.

The Secretary of the Treasury: If they are statistical, I think it would be well to file them, unless there are some of the points which the witnesses desire to emphasize briefly. If so, we will hear from them.

STATEMENT OF H. D. SLATER.

The Secretary of the Treasury: You may give your name, residence and occupation.

Mr. Slater: H. D. Slater; Editor and Publisher of the El Paso Herald.

At the request of the Chamber of Commerce, Mr. Secretary, I am asked to emphasize the solidarity of this southwestern district, and as an additional reason why it should be kept together. In calling your attention to the map, those red marks indicating the distribution of resources, are not spotted upon the map at random, but each one represents a distinct locality where there is a copper or silver mine or coal interest, as there is largely.

El Paso's field for distributing the products of her factories extends from the Colorado line to the City of

Mexico, 1700 miles, and from Yuma, on the California border to Houston on the east, 1400 miles. As to certain products such as those of her woodworking mills and her smelter, the market is worldwide.

90 local concerns are engaged in manufacturing to some degree for general trade; the figures given do not include the railroad shops, building trades, exclusive repair shops, or special service such as tailoring and millinery.

In manufacturing industrials in El Paso, nearly 5000 wage workers are employed, with annual payroll of \$3,500,000, annual output of \$30,000,000, and capital investment of \$7,500,000.

Chief among El Paso's industries are:

El Paso Milling Company, employing 2000 men in normal times (lumber supplies solely from Mexico has been curtailed during revolution); annual payroll \$1,500,000; annual output \$8,500,000; investment \$1,000,000.

El Paso Smelter, of the American Smelter & Refining Company, employing 1400 men; annual payroll \$1,000,000; annual output \$12,000,000; investment \$2,000,000.

Southwestern Portland Cement Company, employing 160 men; annual payroll \$200,000; annual output \$900,000;

investment \$1,000,000.

El Paso Grain & Milling Company, employing 25 men, annual output \$1,000,000; investment \$250,000.

El Paso Foundry, in normal times employing 350 men, (trade largely from Mexico); annual payroll \$300,000; annual output \$850,000; investment \$300,000.

Products of El Paso's manufacturing industries cover nearly 50 different lines, which are specified in detail on another page further on. The principal lines however are highly finished white pine products; metal shop products; brick; household furnishings; products of smelters and foundries; cement, flour, cigars and food products.

The biggest industries have been established with outside capital, which has been brought here not merely by investors looking for a safe place to put money, but, most significantly, in every one of these cases, it has been brought in by men of long experience in their special lines, active manufacturers, having other plants elsewhere, but recognizing the tremendous strategic advantage of El Paso as a great factory centre.

Natural resources will be specifically alluded to further on. The principal factors entering into making

El Paso a most profitable factory center are:

1. El Paso's central position with regard to the great sources of raw materials; and the fact that this city commands within her trade district the raw materials for more different lines of manufacturing than any other city in the United States.

2. Cheap labor, due to unlimited supply from Mexico, favorable climate, wide advertising of the city, metropolitan character of the city and good living at lower rates than prevail elsewhere in the southwest .

3. Pure soft water in abundance at low rates.

4. Reasonably cheap power, due to proximity of coal, oil and wood, with highly favorable rates in Texas on oil, a water level route down from the coal fields, and vast quantities of cheap waste for fuel from the lumber working industry. Upon completion of the Elephant Butte Dam, from 10,000 to 20,000 horse power will be available in El Paso for manufacturing as a by-product of irrigation operations. New Mexico has more coal than any other state west of Illinois.

5. Cheap transportation both in and out, due to keen railroad competition to and from every point of the compass,

and water rates affecting all tariffs.

6. Comparatively cheap living, due to metropolitan commercial centre, very favorable freight rates in, and keen competition. The one exception is in cost of house rent, and there is a great opportunity here for sound investments, yielding large profits and rendering public service by reducing this very important item in living cost. When by increase of available capital for investment it becomes possible to place prime vendor's lien paper at six per cent instead of eight, and prime mortgages on inside improved business property at five to six per cent instead of six and a half and seven, the cost of living and carrying on all business will be very materially cheapened.

7. The vast extent of rapidly developing markets within the inner trade district that are and always will be dependent upon El Paso as a factory centre for the reason that not a single other locality within 600 miles of El Paso in any direction has more than two of the six great advantages which El Paso possesses in marked degree.

El Paso's natural resources within her trade district as to raw material for manufacture include: First, the largest body of extra clear white pine timber in the known

world (near El Paso in Chihuahua, Mexico) --

The Secretary of the Treasury: That is in Mexico?

Mr. Slater: Yes, sir, three and a half million acres, affording an estimated output of 1,500,000 board feet per day for 100 years, at least two-thirds of which is to be manufactured in El Paso. The product is shipped all over the world; it goes into British war ships and Australian public buildings; into the finest Grand Rapids furniture; into hardwood veneered doors, sash and moldings for foreign and domestic trade; into Burrowes' fly screens made in Maine, and into siding for Massachusetts bay side cottages; into millions of onion crates annually for the Texas crop, and into boxes for Oregon apples.

2. The largest body of yellow pine on this continent, in New Mexico and Arizona.

3. Copper deposits now producing one-fourth of the world's copper and scarcely opened yet.

4. Iron, silver, lead, zinc, gold, manganese, quick-silver, platinum, tungsten, and the earth metals in abundance.

5. Sulphur, salt, plaster, fertilizer.

6. Cotton in Texas, Arizona, New Mexico and Mexico, producing more than one-fourth of the world's supply of the

H. D. Slater.

great staple.

7. Leather, hides, hair and fertilizer, from herds of 1,500,000 head of cattle.
8. Wool and mohair from millions of sheep and goats.
9. Furs from countless wild animals.
10. Live stock for packing houses.
11. Various fibers in unlimited quantity.
12. Rubber and gum plants, and sources of alcohol?
13. Cement materials, all three constituents present together in unlimited quantities.
14. Lime and sand, brick, clay and tile clay unlimited and cheap.
15. Cereals for milling.
16. Vegetables and fruits for canning.
17. Broom straw, sugar cane and beets.
18. Mineral springs of all kinds.
19. Gems, onyx and paint materials.

The Statutes of Arizona, New Mexico and West Texas form one compact unit as an industrial, commercial, financial and social community of communities, with El Paso as the undisputed metropolis, and El Paso respectfully urges that this solidarity be respected in establishing a regional

bank district.

The products of El Paso's manufacturing industries cover the following lines:

. Finished wood products, especially clear white pine, including interior finish, siding, sash and doors, cores for hard wood veneering, molding, box shoeks, crates and so forth.

General building lumber and timber.

Iron, steel and brass foundry and shop products, including complete mine equipments from bottem of shaft to top of stack; machinery parts and castings, iron and wire fences.

Sheet iron and tubing; cornices and other galvanized iron building finish.

All the principal metals reduced from their ores.

Flour, meal and other cereal products.

Brick, including face brick, art brick and fire brick, building tile, conduits and tubing.

Portland cement, lime, composition stone products, marbles and stuccos.

Saddlery, harness and general leather goods.

Furs, wholly or partly manufactured.

Cigars and processed tobacco.

Mattresses, bed springs, tents, awnings and camp equipment.

Wagons, portable houses; bank, store and bar fixtures.

Printing and stationery, boots and shoes, furniture, mantels.

Beer, general bottled goods, bakery and cannery products, coffee and spices, packed meat products, confectionery, lard compounds, oils, ice, creamery products, brooms, paints, electrical supplies, art glass, gems, jewelry, art goods, clothing, optical goods; photo engravings.

The Secretary of Agriculture: Where ought the bank to be for this district?

Mr. Slater: I think, judging from the standpoint of a newspaper man, and I have talked to a great many people on the subject, bankers and others, and I should say the consensus is for what we would term a western city. El Paso does not wish to be included in the New Orleans district, for instance, but Kansas City, Denver or San Francisco, any one of them, would suit El Paso and all of this district, so far as I knew.

The Secretary of Agriculture: Do you think it would do

any violence to the interests of a large part of this section to be related to San Francisco?

Mr. Slater: So far as any business men and bankers I have talked to are concerned, they seem to regard it as almost immaterial what regional bank we enter, so long as our district is kept solid.

The Secretary of Agriculture: I was thinking of this section here, West Texas and New Mexico; where do the cattle in West Texas go, for instance.

Mr. Slater: Very largely to California.

The Secretary of Agriculture: They do?

Mr. Slater: Yes, sir; largely west, a considerable part of the cattle shipped through El Paso from West Texas and Old Mexico goes to California, though, of course, the great bulk of our cattle goes to the northern feeders and packers.

The Secretary of Agriculture: Where does this timber in Arizona go?

Mr. Slater: It has not been opened up yet. It is still in the Forest Preserve.

The Secretary of the Treasury: There is a large timber development at Flagstaff, of course.

Mr. Slater: Yes, that has just opened up.

The Secretary of the Treasury: Where does that go?

Mr. Slater: I presume it has a national market.

STATEMENT OF J. J. ORMSBEE.

The Secretary of the Treasury: You may state your name, residence and occupation?

Mr. Ormsbee: J.J.Ormsbee, Superintendent of the El Paso Smelting Works . I was asked to write on El Paso's mining industry.

The Secretary of the Treasury: Now if there are any statistics, if you will emphasize any particular point you wish to call to our attention, it will save time.

Mr. Ormsbee: I think it would be better to file the whole paper, because it has to be statistics.

The Secretary of the Treasury: Yes, it may be filed.

(The statement was filed, and is as follows):

El Paso never has been a mining camp, in the ordinary sense of the term. But a glance at the map submitted herewith shows that its railroad location, with reference to the mining districts of Arizona, New Mexico and the northern part of Mexico, makes it essentially a distributing point for supplies to the many mines of the southwest. The proof

of this exists in the fact that so many of the large mining machinery and supply houses have branches of agencies in El Paso. This city takes its toll from the supplies going to the mines and from the metals going to market.

Arizona is still, and has been for several years, the largest copper producer of the United States. The advance figures of the U. S. Geological Survey indicates an output of over 400,000,000 pounds for the year 1913. New Mexico's copper production will be over 50,000,000 pounds, or about double that of 1912. An appreciable amount of Arizona's copper and practically all New Mexico's production is smeltered in El Paso, our local smelter having handled over 60,000,000 pounds in 1913. (See Exhibit A.)

Arizona produces gold to the value of about \$4,000,000 per year, and silver to the value of about \$2,000,000. Some of this is treated in California, but most of it either in home plants or in El Paso. New Mexico's gold and silver output is smaller but to a larger extent goes to El Paso; practically that does not come here is treated at home plants.

Arizona's lead output increased from 6,800,000 pounds in 1912 to 14,000,000 pounds in 1913, 75 per cent of which

was smeltered in El Paso. New Mexico's 1913 production of lead was about 4,700,000 pounds, over 90 per cent of which was treated in El Paso.

Arizona's estimated zinc output of 4,550 tons for 1913 is a slight decrease, but New Mexico shows a total of 10,763 tons, or an increase of nearly 60 per cent.

The vanadium deposits of southern New Mexico and Arizona are just beginning to be worked.

The iron deposits of Grant County, New Mexico have been drawn heavily by the Colorado plants for 20 years. Those of Otero and Lincoln counties are just beginning to be mined.

The quicksilver deposits in Presidio County, Texas, are producing steadily, as are also the silver mines near Shafter.

Due to the revolution in Mexico, production from the mines in Chihuahua and Sonora has been greatly curtailed; nevertheless, as shown by the figures in Exhibit A, the value of Mexican metals smeltered at El Paso is very considerable.

The above facts show that mining in the southwest is an industry that is growing rapidly. They also give some

idea of the size of this industry in the territory tributary to El Paso. No matter how much other cities may desire the business from these districts, natural and transportation conditions lead it to El Paso.

Smelting in the United States is barely half a century old, but recognition of El Paso's importance as a smelting point came 30 years ago with the establishment of the local smelting works to handle ores mined in the southwest. The plant grew until it became the largest lead smelter treating custom ores, most of its raw material originating in Mexico. As a result of changing conditions lead ore receipts fell off, and the plant was altered recently so as to handle copper ores also, the bulk of the material treated now coming from Arizona and New Mexico. The payroll of this smelter now amounts to nearly \$1,000,000 per annum. Its purchases of supplies through local houses amount to approximately three-quarters of a million. Its payments to the railroads for freight, to a like amount. The value of the metals treated averages over \$1,000,000 a month, or more than \$12,000,000 per annum. (See Exhibit B.)

Mr. Stewart: Mr. Cahoon, of Roswell, would like to speak just a moment, as that section has not been represented.

STATEMENT OF E. A. CAHOON.

The Secretary of Agriculture: Will you state your name, residence and occupation.

Mr. Cahoon: E. A. Cahoon, President, First National Bank of Roswell, New Mexico.

The Secretary of Agriculture: How many banks are there at Roswell?

Mr. Cahoon: Four.

The Secretary of Agriculture: Can you speak for any except your own?

Mr. Cahoon: Yes, I think I can speak for them all.

The Secretary of Agriculture: What is your judgment on this matter ?

Mr. Cahoon: And I am also connected with three or four other banks in the valley.

The Secretary of Agriculture: What is your preference?

Mr. Cahoon: We prefer Kansas City or, failing that, could a Regional Bank be placed at an eastern point, say Dallas, we would prefer that, and after that St. Louis. We do not desire to be placed with Denver or San Francisco under any conditions, in that valley, as we have no business

relations with them. You can see from this line of railroad, we run straight east 32 hours to Kansas City.

The Secretary of Agriculture: Kansas City is your first choice?

Mr. Cahoon: Yes, sir.

The Secretary of Agriculture: What about your relations with El Paso?

Mr. Cahoon: We would be very glad to be placed in the same district with El Paso. We have considerable business with it, but not enough so we would care to be placed in the district of San Francisco if El Paso was placed in it.

The Secretary of Agriculture: Your principal business is with the northeast?

Mr. Cahoon: Yes.

Mr. Stewart: There is a cattle paper here which is brief, and we can file it or Mr. Newman can read it.

The Secretary of the Treasury: Let him summarize it.

(The following paper, by Mr. C.M. Newman, was then read by Mr. Krakauer).

Live Stock.

El Paso occupies its unique and important place in the live stock industry of the United States and Mexico on

account of its location. It is in the center of the immense breeding district embraced within southern Arizona, southern New Mexico, West Texas and portions of the Mexican states of Sonora, Chihuahua, Durango, and Coahuila. This territory contains approximately 427,000 square miles, equal to about one-seventh of the total area of the United States, exclusive of Alaska. It is the largest area directly controlled by any live stock center.

The climatic conditions of the El Paso territory enable it to produce live stock more cheaply than any other territory on the North American Continent. Live stock are not subjected to extremes of heat and cold. Consequently they live and produce on the open range the year round. They are also practically free from disease in this region.

Estimates show 1,500,000 cattle, 350,000 horses, and 1,750,000 sheep grazing on this El Paso territory, valued at approximately \$60,000,000. Because of transportation facilities and market advantages, this entire sum is a direct El Paso asset.

The many railroads centering at El Paso enable the stock raiser of this territory to enjoy the sales facilities of this point. Colorado, Wyoming, Montana, Nebraska,

the Dakotas and Canada on the north, Mexico on the south, Kansas, Nebraska, Missouri and Texas on the east, and New Mexico, Arizona and California on the west, all send cattle buyers to El Paso. This is the only market where the California buyer competes with the eastern buyer. This fact gives the producer in the El Paso territory an exceptional advantage, as range conditions are sure to be good at one or the other of the points from which buyers come. El Paso is in effect a clearing house for the live stock interests of this great section, since it offers an intra-sectional, as well as inter-sectional market.

El Paso has four stockyards owned by railroads or individuals. The capacity of these yards is 400 cars per diem, and within the last six months they have handled 180,404 cattle.

In the past El Paso has felt and appreciated the importance of the great live stock industry, and to-day those who are conversant with conditions affecting this business internationally, nationally and locally, realize that the influence of the live stock industry in El Paso is bound to increase and to continue to attract the general attention of the country. The eastern range country is fast

becoming unsuitable for range stock raising. The live stock breeders are crowding into El Paso's territory. Arizona and New Mexico have been granted Statehood, and the change in their land laws is permitting large areas heretofore unutilized to be stocked with cattle, horses and sheep. The northern states of Mexico, up to the present time, woefully undeveloped, are gradually being occupied and stocked by American interests, and as soon as conditions in the Republic of Mexico warrant, a marked development of this district may be expected.

The early development of the Rio Grande Valley, made certain by the \$10,000,000 Elephant Butte project, will add the extensive raising of hogs to our live stock industry. This heralds the advent of packing houses. Even at the present time two of the largest packers are seriously considering the location of plants at this point.

We believe El Paso's live stock industry is great enough, her territory is immense enough, her control is strong enough to stamp El Paso as American's live stock centre. In order to develop along broad lines, this industry as well as any other industry, must have excellent banking facilities. El Paso bankers have in the past

furnished the funds for this territory, and intend to do so in the future. Their experience has proven that loans made on this class of security are among their best and most liquid paper, and their assistance has supported and fostered the business. With the advent of the government into the control of the credit conditions of the country, it is important that the location of a branch bank here at this controlling point of the live stock industry be assured.

I have intentionally condensed my remarks in order that you, who undoubtedly desire answers to specific comparative questions, may give me an opportunity to further explain those points which, in your mind, bear the strongest on the question of bank location. I have tried briefly to show first, that it is of paramount importance to the live stock interests, and therefore to El Paso, that the trade relations of this territory which from natural causes have become so interdependent and beneficial, remain undisturbed by the alienation of the finances from this point, and second, that the size of this industry and the indications of future growth under present conditions, warrant your decision in our favor.

The Secretary of the Treasury; Mr. McNary, are the

El Paso banks here able to take care of the extreme peak demand when it appears?

Mr. McNary: You mean in all lines?

The Secretary of the Treasury: Yes, or do you have to re-discount largely in the fall.

Mr. McNary: The last statement of the El Paso banks did not show any re-discounting, and very rarely have any banks shown any re-discounts.

The Secretary of the Treasury: But do you ever re-discount at all, directly or indirectly?

Mr. McNary: We have rediscounted, yes, sir.

The Secretary of the Treasury: What is the period of extreme demand here?

Mr. McNary: We do not have any period, Mr. Secretary, such as they experience in the cotton industry, for instance, where they have a tremendous demand for cotton. Our demand is heaviest in the fall, but it is fairly equal the year round. There is always plenty of demand in El Paso, but there has never been, except in extreme conditions, such as in 1907, or for a few months last fall, when we could not take care of everything required without re-discounting.

The Secretary of Agriculture: She does take care of

everything required or --

Mr. McNary: We take care of the demands of our territory.

The Secretary of Agriculture: I just wanted to find out if you take care of the legitimate demands, or when your reserves got to a certain point, you stop.

Mr. McNary: When our reserves get to a certain point, of course we do not let them go below that, because, as this statement shows, we show 40 per cent reserve, and when it would go below that, we would re-discount in order to take care of our district. We are not afraid to re-discount.

The Secretary of the Treasury: That is the point. Do you simply stop business after your reserve gets down to the minimum?

Mr. McNary: No.

The Secretary of the Treasury: Or do you re-discount?

Mr. McNary: We re-discount if we are required to. We believe that the duty of a bank is to take care of the community. That is the effort of the El Paso bankers, not only in this community, but around us.

The Secretary of Agriculture: Could you give us any idea of the extent of the rediscounting in the heaviest period?

Mr. McNary: I can only speak of that with accuracy

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referring to my own banking institution. It has only shown a statement once in the last 15 years showing any re-discounts, and it re-discounted about \$600,000 last fall for 90 days. That was about the time the crop moving money was offered, but we thought it was simpler and quicker to get it by re-discounting than through the other method.

The Secretary of Agriculture: Well, that is a proper function of banking, of course?

Mr. Stewart: I have been in El Paso banks for 25 years, and last year is the first time there has ever been any necessity for re-discounting except in 1907 and 1893, both of which panics I went through in El Paso.

The Secretary of Agriculture: The first time there has been any necessity?

Mr. Stewart: Yes, sir.

The Secretary of the Treasury: Was there an unusual demand?

Mr. Stewart: There was an extraordinary slump in deposits last fall. The demand kept along steady, but the deposits in El Paso at one time last fall fell off.

The Secretary of Agriculture: Was that due to local conditions?

Mr. Stewart: Yes.

Mr. McNary: And general, too.

The Secretary of Agriculture: To what extent are these varied operations in this section financed from abroad directly?

Mr. McNary: For instance, you mean the manufacturing or mining?

The Secretary of Agriculture: Yes.

Mr. McNary: Of course, the larger copper companies are financed largely in New York. The Phelps-Dodge Company, which operates here, has capital employed in this region of over \$40,000,000, which is, of course, largely eastern capital. Companies like our cement company here obtained a portion of their capital in El Paso, probably 20 per cent, and part of it from Los Angeles and part from Denver. It is a million dollar corporation.

The Secretary of the Treasury: We are not speaking so much of the plants themselves, but as to their normal business.

Mr. McNary: That is furnished by the El Paso banks.

The Secretary of the Treasury: It is?

Mr. McNary: Yes, sir.

The Secretary of the Treasury: Throughout this district?

Mr. McNary: Yes, sir.

The Secretary of the Treasury: When you get down to 40 per cent reserve, do you begin to re-discount?

Mr. McNary: No, sir, we would not re-discount with a 40 per cent reserve.

The Secretary of the Treasury: Well, I understood you to say that you maintained your reserves at 40 per cent.

Mr. McNary: Ordinarily the rest of the town would show about 40 per cent. They did in the January statement, right at 40 per cent.

The Secretary of the Treasury: At what point would you begin to re-discount, for instance?

Mr. McNary: What point in our reserve?

The Secretary of the Treasury: Yes.

Mr. McNary: We would begin to re-discount, I should say, at about a 25 per cent reserve; if we found ourselves dropping below that, we would begin to re-discount.

The Secretary of the Treasury: Of course, the law requires you to keep only 15 per cent?

Mr. McNary: Yes, sir.

The Secretary of the Treasury: And when you get to 25 per cent you would feel --

Mr. McNary: We would begin to feel uneasy and want to build up our reserve.

The Secretary of Agriculture: Have you any peculiar paper here?

Mr. McNary: Any peculiar paper?

The Secretary of Agriculture: Yes, in this section.

Mr. McNary: The only class of paper that is strictly peculiar to this section would be the vendor's lien paper. That, you understand, is created on home buildings.

The Secretary of the Treasury: That is on real estate.

Mr. McNary: That is on real estate.

The Secretary of Agriculture: There is nothing unique?

Mr. McNary: Nothing, I should say.

The Secretary of the Treasury: No live stock or mining paper?

Mr. McNary: We handle a great deal of live stock paper but no mining paper. We handle all the live stockpaper offered here, practically.

The Secretary of the Treasury: Do you handle much commercial paper here?

Mr. McNary: Yes, sir.

The Secretary of the Treasury: Have you any idea as to

what percentage of the business of the banks is represented by commercial paper?

Mr. McNary: Would you answer that, Mr. Stewart?

Mr. Stewart: I would say about 60 per cent.

Mr. McNary: I would not say it was that high; I have never estimated it exactly.

The Secretary of Agriculture: You know the law gives the Federal Reserve Board the power to define the paper eligible under this Act?

Mr. Stewart: I understand.

The Secretary of Agriculture: I was asking the question simply to discover whether there was any paper in this section which would be unique and would have to be taken into consideration in that definition.

Mr. Stewart: The only unique paper we would have probably would be the mortgages on our Valley lands which are really second mortgages, because of the fact that the Elephant Butte land has a first mortgage owned by the government.

The Secretary of the Treasury: That is not eligible under the bill.

Mr. Stewart: No, that would come under the Land Mortgage provision. But our commercial paper we call such as defined

by the bill, and cattle and other commercial and trade contracts.

STATEMENT OF H. P. SAUNDERS.

The Secretary of the Treasury: Will you state your name, residence and occupation?

Mr. Saunders: H. P. Saunders; Cashier, American National Bank, Roswell, New Mexico.

The Secretary of the Treasury: What are your views about this district?

Mr. Saunders: We are friendly in our part of the state to El Paso.

The Secretary of the Treasury: You are from Roswell?

Mr. Saunders: Yes. We would like well enough to be in the same district, but not well enough if she goes to San Francisco for a Regional Reserve Bank. I would like to explain that our products are agricultural. We have a great deal of live stock which goes to El Paso and a great deal of apples and potatoes to Texas points.

The Secretary of Agriculture: What location would you prefer?

Mr. Saunders: We have canvassed this with our banks

at Roswell, and they favor Kansas City. Individually I favor Dallas. I am from there originally and we keep a strong reserve there, but Kansas City would suit us best.

The Secretary of the Treasury: What about Denver?

Mr. Saunders: It would not suit us. We have no trade relations or bank connections there.

The Secretary of the Treasury: How about New Orleans?

Mr. Saunders: It is too far off.

The Secretary of the Treasury: Have you any trade connections with New Orleans?

Mr. Saunders: We have a connection with one bank in New Orleans, two in Kansas City and two in Dallas.

The Secretary of the Treasury: That is all, thank you.

Gentlemen, before adjournment, if there is anyone here who desires to be heard on this question and who can give us any new light on it, we will hear him briefly. If not, the hearing will now adjourn.

Whereupon, at 9:30 o'clock P.M., the hearing was adjourned.