

STENOGRAPHER'S MINUTES

---

THE RESERVE BANK

---

ORGANIZATION COMMITTEE.

---

---

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

---

---

vs.

---

---

At Cincinnati, Ohio.

Date February 16, 1914.

Law Reporting Company, Official Stenographers

115 BROADWAY, — NEW YORK

TELEPHONE, 2820 RECTOR

CINCINNATI, OHIO.

February 16th, 1914.

The Organization Committee met pursuant to notice at  
10:00 A. M.

-----  
PRESENT:

THE SECRETARY OF THE TREASURY.

THE SECRETARY OF AGRICULTURE.

APPEARANCES:

WL S. ROWE, President First National Bank, Cincinnati,  
and Chairman of the various Committees in the  
Regional Bank matter.

GEORGE F. DIETERLE, President, Cincinnati Chamber of  
Commerce.

CHARLES A. HINSCH, President, Cincinnati Clearing  
House Association, and President of the Fifth-Third  
National Bank.

E. W. EDWARDS, President, Business Men's Club, Cin-  
cinnati.

FREDERICK C. HICKS, Professor of Economics, University  
of Cincinnati.

J. S. McHENRY, (Nashville, Tenn.), representing

Nashville Clearing House; Vice President of the Fourth and First National Banks.

S. D. CARR, (Toledo, Ohio), President National Bank of Commerce.

H. A. SHARP, (Zanesville, Ohio), Cashier, Old Citizens National Bank.

JOHN L. BUSHNELL, (Springfield, Ohio), President, First National Bank.

N. B. GEBHARDT, (Dayton, Ohio), representing the Dayton Clearing House.

C. D. CRITES, (Lima, Ohio), Cashier and Manager of First National Bank.

J. S. HILL, (Charleston, West Virginia), Cashier, of the National City Bank.

ROBERT L. ARCHER, (Huntington, West Virginia), Cashier First National Bank.

W. E. BAKER, (Vincennes, Indiana), Cashier, German National Bank.

J. E. BUCKINGHAM, (Paintsville, Kentucky), Cashier, Paintsville National Bank.

L. N. DAVIS, (Ashland, Kentucky), President, Second National Bank.

S. A. FLETCHER, (Indianapolis, Indiana), representing

the Indianapolis Clearing House Association.

ANDREW SMITH, (Indianapolis, Indiana), Secretary of Indiana Bankers Association; Vice President Indiana National Bank, Indianapolis.

MARCUS S. SONTAG, Vice President Indiana Bankers Association, Evansville, Indiana.

C. H. CHURCH, (Muncie, Indiana), Cashier of the Delaware County National Bank; also Secretary of the Muncie Clearing House Association.

H. C. SHARP, (Mayeville, Kentucky), Cashier State National Bank.

WALTER S. HARKINS, (Prestonburg, Kentucky), appearing for the Bank Josephine, Prestonburg, Kentucky), and others.

C. E. FROST, (Athens, Alabama), appearing for First National Bank at Athens and others.

A. E. JACKSON, (Decatur, Alabama), Cashier of the City National Bank, and President of the First National Bank of Hartsell, Alabama.

H. M. JOHNSTON, (Knoxville, Tennessee), President Knoxville Clearing House Association.

C. C. BOWYER, (Point Pleasant, West Virginia), appearing for the Point Pleasant National Bank and the

Point Pleasant Trust Company and the Merchants National Bank.

J. B. WALKER, (Centerville, Tennessee), for First National Bank of Centerville and other banks.

M. W. RENICK, (Middletown, Ohio), President First National Bank of Middletown, also representing Oglesby and Barnett Banking Company.

S. D. PITTON, (Hamilton, Ohio), President First National Bank.

R. L. BURCH, (Cincinnati, Ohio).

JAMES A. GREEN, (Cincinnati, Ohio), for Matthew Addy & Company.

-----

## PROCEEDINGS.

The Secretary of the Treasury: Gentlemen, this Committee is charged with the duty of dividing this country into not less than eight nor more than twelve Federal Reserve districts, and the locating within each one of a Federal Bank. The Act requires that the Committee shall have due regard for convenience and customary course of business in making this apportionment. What we desire is to get facts relating to the problem from that standpoint, as well as, of course, general information which would be pertinent to the issue.

As we have had cause to remark before, it is not oratory or eloquence that we are so much in quest of as facts. Owing to the brief time which the Committee has at its disposal, we have to confine the witnesses, so far as possible, to the character of facts which we think are necessary for the purpose.

There are a good many cities to be heard here today, according to this list; more than we had supposed we would have, so that we shall have to get at the matter very directly, and we shall ask you all to speak to the point.

We will take up Cincinnati first. Mr. Rowe, I see,

is Chairman of the Joint Committee.

STATEMENT OF W. S. ROWE.

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

Mr. Rowe: W. S. Rowe; President, First National Bank of Cincinnati, and Chairman of the various Committees in the Regional Bank matters.

The Secretary of the Treasury: You have a statement to make. You may proceed.

Mr. Rowe: I am going to talk from memos, and am going to try to avoid statistics as far as possible. We have statistics in the briefs and in the maps. It is our understanding that the Committee in several places has asked for suggested divisions of the country in 8, 10, 11 or 12 divisions, and with your permission we will offer a suggested division of the country that was made for eight or more banks, the lines being drawn in --

The Secretary of the Treasury: Have you extra copies of this?

Mr. Rowe: We will furnish them. The black lines in general divide the country into eight districts. The red lines show

the territory to be sub-divided if nine banks are chosen. That would probably necessarily come off of the New York and New England territory. The green line shows the district to be made out of the Central district, west of the Mississippi if ten are chosen. The purple and light blue lines show the possible changes to be made if the country were to be divided into 11 or 12 districts. The thought in the purple line about Texas is that with the area of that country in its rapid settlement and great growth, in a reasonably short time there would probably have to be a division made of that territory.

The Secretary of the Treasury: Now, in any suggested division, the district proposed for Cincinnati is unaltered.

Mr. Rowe: Practically, except that we have drawn some rough lines here.

The Secretary of the Treasury: Have you a map showing the specific district, indicating more clearly than this does, what you propose for Cincinnati?

Mr. Rowe: There is a map there, Mr. Secretary. Now that map is drawn for practically all of the five states.

The Secretary of the Treasury: You might describe them for the sake of the record.

Mr. Rowe: The states comprising the districts which we propose consist of Ohio, Indiana, West Virginia, Kentucky and Tennessee, or the greater parts of them. A glance at the map shows that it covers particularly in Ohio and in Indiana, what is a densely populated section of the country with an occasional county here and there that seems to be devoted to agriculture with fewer people in it, in the undeveloped country, and it shows the parts of West Virginia, Eastern Kentucky and Tennessee that are covered by the continuation of the Appalachian range, coming down through Pennsylvania and New York.

The Secretary of the Treasury: What do you make the capital of the Reserve Bank so organized, and the resources of it?

Mr. Rowe: The capital would be somewhere from ten to twelve million dollars.

The Secretary of the Treasury: Have you any exact figures on it?

Mr. Rowe: We have no exact figures, although they have been prepared. I think we have them in the brief which has been submitted to you, and if you will stop long enough, I shall have the question answered.

The Secretary of the Treasury: We should like to have the

question answered now.

Mr. Rowe: The capital and surplus of the bank -- this includes State banks -- Mr. Hinsch's estimate of the capital of a bank covering this district would be \$11,700,000.

The Secretary of the Treasury: On the 6 per cent basis, of course?

Mr. Rowe: On the 6 per cent basis, with deposits of \$42,000,000.

The Secretary of the Treasury: Exclusive of Government deposits?

Mr. Hinsch: We include the Government deposits as they now are, but not as provided for by the Act.

Mr. Rowe: There are probably three quarters of a million dollars of Government money in the local banks:

The Secretary of the Treasury: In this entire district there is a great deal more than that. I think it would be well to take out the Government deposits, in order that we may see what you have as a reserve for this bank without such deposits, I think if you would give the capital and surplus of the State banks at this point, that is, separate them from the National banks, it would be well.

Mr. Rowe: The National banks in the district number 1,009;

their capital and surplus is \$202,107,000, and their deposits \$761,971,000. The State banks in the district number 2,551 and their capital and surplus is \$188,393,000, and their deposits \$913,543,000. The total number of the banks is 3,560, and the capital and surplus \$391,094,000, and the deposits \$1,675,524,000. Of course a lot of these banks could not qualify.

The Secretary of Agriculture: What is the law as to the State banks joining the system?

Mr. Rowe: The law has been amended in Ohio, and I think is acceptable to the Department at Washington.

The Secretary of the Treasury: Has that law been passed as yet?

Mr. Rowe: Yes, it has become a law.

The Secretary of the Treasury: How many of the State banks in this district are eligible to membership under the Act, and what capital and surplus do they show, and what deposits?

Mr. Rowe: There are 348 banks in Ohio having sufficient capital to nationalize.

The Secretary of the Treasury: Or to become members?

Mr. Rowe: Or to become members, yes; I stated it incorrectly. Their capital is \$40,991,000, their surplus \$20,729,000,

and their deposits \$338,995,000.

In Indiana there are 449 banks with a capital of \$34,032,000, surplus of \$5,738,000, and deposits of \$139,905,000.

In Kentucky there are 155 banks with a capital of \$12,950,000, surplus \$3,597,000, and deposits of \$48,255,000.

Tennessee has 130 banks with a capital of \$11,487,000, surplus of \$2,063,000, and deposits of \$48,645,000.

West Virginia has 157 banks, capital \$10,664,000, surplus \$5,445,000 and deposits \$51,060,000.

That comprises the districts.

The Secretary of the Treasury: You have not that summarized for all these State banks, the totals?

Mr. Rowe: This has not been aggregated? I will have that done, if I may. Shall I proceed?

The Secretary of the Treasury: Yes.

Mr. Rowe: Now, in drawing the line for the five states roughly, I have done it with the full realization that in the northwestern part of Indiana the natural trend of the business of most of these banks would be towards Chicago.

The Secretary of the Treasury: The trend of commodities is the same?

Mr. Rowe: The trend of commodities would go either way, it would simply depend on the demand, railroad freights and

trade, wherever it happens to be developed.

In West Virginia at the northern end, the natural trend there would be towards Pittsburgh and on the east side Baltimore and Richmond, which we think have some dealings with the banks, and a considerable trade with them. Central and Southern West Virginia deal largely with Cincinnati, because it is on this side of the divide, and the roads come through, and the train service is frequent and active, and it is their nearest large city.

Eastern Kentucky and Central Kentucky deal here for the same reasons. Going down into Tennessee we have purposely left at the western edge there the Memphis District, which would naturally go to St. Louis and beyond the river. In Kentucky, beyond Paducah, there is a little part at the edge there that would probably have more business with St. Louis than any other section.

Now that territory as drawn represents our views in a general way, and we believe that the figures will show that it is self-supporting.

The Secretary of the Treasury: Have you any figures on that?

Mr. Rowe: Yes.

The Secretary of the Treasury: Can you submit these now,

Mr. Rowe?

Mr. Rowe: This map represents the country banks by counties that made loans in Cincinnati in the year 1913 at various times. The green represents the loaning banks by counties, and the red dots the banks that rediscounted in Cincinnati during the season.

These gentlemen have prepared maps showing the seasonal demands. We sent out a number of inquiries to banks all through the district, and asked them when they experienced the greatest demands, what season of the year, dividing it into four sections, spring, summer, autumn and winter, and the result has been that the replies have been tabulated and calculations made, and the results here are shown.

The left hand map represents the seasonal demands through this proposed district by seasons, green, spring; red, summer; yellow, fall; and the brown is the winter. They vary in the different parts of the country considerably, but taken as a whole, the result obtained is that it shows a fair and steady demand during the whole year. Of course the peak of the load is in the fall.

Now a table of the rediscounts and loans shows that during the year the country banks up through Ohio and the

eastern part of Kentucky, particularly in Ohio and some part of Indiana, had more money loaned in Cincinnati at all times than others borrowed.

The Secretary of the Treasury: Have you any figures showing what the rediscounts were for the National banks of the entire district at the peak of the demand?

Mr. Rowe: No.

The Secretary of the Treasury: The National banks of the entire district?

Mr. Rowe: The rediscounts of the National banks of the entire district?

The Secretary of the Treasury: Yes.

Mr. Rowe: No.

The Secretary of the Treasury: You could get that from the Comptroller's statement.

Mr. Rowe: Yes, Mr. Secretary. Would you like us to get it and produce it before the day is over?

The Secretary of the Treasury: We would like to have it. We would like to have some idea of the excess of the supply here over the demand in the local districts.

Mr. Rowe: The rediscounts in the districts when the heaviest rediscounts were shown, and the amounts?

The Secretary of the Treasury: Yes, as far as practicable, we would like to have the same information about the State banks and trust companies. Perhaps you could get that from the report of the State Superintendent, and you could send it to us later, if it is impossible to get it to-day.

Mr. Rowe: Yes. Have a memorandum made, of that, Mr. Baxter.

The Secretary of the Treasury: We should like to know something, as far as it is practical to get such information, about the indirect rediscounts that the banks do in this section of the country. We find these methods are practiced in many parts of the country, and are not reflected in the statements of the National banks to the Comptroller. That is accomplished by several methods that you bankers are perhaps more familiar with than we are, but if we can get some knowledge of that, we should like to have it, because it reflects the demand.

Mr. Rowe: It is becoming very much less prevalent than it used to be 5 or 6 or 7 years ago, or 10 or 20 years ago. It is getting pretty well stamped out.

The Secretary of the Treasury: Yes.

Mr. Rowe: I do not know if--

The Secretary of the Treasury: Our purpose there, of course,

is to get as fair an idea as possible of the extreme demand at the peak load, so to speak, of the year. Some of the banks sell securities with an agreement to buy them back at a certain time, and accomplish it by that method, and sometimes they do it by not endorsing the paper themselves, and having the Directors officiate.

Mr. Rowe: So far as I know, and I think I know something about it, if not all, so far as this City is concerned, there is practically none of it in Cincinnati, so far as I know. Now occasionally we will have a man that has come up from the country, and any one will be that is richer than his bank, and somehow or other they will have a heavy demand, and he will come in and put up his own bonds and make a loan, and we put it to the credit of the bank, and he loans them his bonds and credit and makes the deposit of it. You could scarcely treat that as a rediecount for the bank, where it was entirely a voluntary act of the man with his own securities, but where he made the deposit of the securities with his own bank, it is not easy always to draw the line.

The Secretary of the Treasury: So far as our purpose is concerned now, it is not a question of the purpose or the motive, but the effect. We want to get as correct an idea of

the extreme demand upon the district for loanable funds, as possible.

Mr. Rowe: I think my answer that there is little or none of it in Cincinnati is correct.

The Secretary of Agriculture: So far as your knowledge extends, should you say your district which you have laid out, is capable of taking care of itself, except in a stringency?

Mr. Rowe: Yes, sir; and for that purpose that dotted line at the south end of Tennessee was put there with the idea if in any division of the country which was made it were thought best to add any territory from the south or from the heavy cotton or Southern crop moving district, some territory could be added there that this community, with its density of population and large capital and varied lines of activity, could take care of.

The Secretary of the Treasury: To what extent do the banks throughout this district, as you propose it, keep their reserves in Cincinnati? The Comptroller's report of October 31st shows that you held reserves of other National banks amounting to \$13,554,000. Now, can you give us an idea of the number of banks in the different states, from which these reserves were drawn, or from which these balances

were drawn?

Mr. Rowe: Yes. May I speak of that map right there?

The Secretary of the Treasury: Yes. Is this the map?

Mr. Rowe: That is a map showing sectional correspondent relations by counties. We realized that while we could get a list of all the bank accounts that Cincinnati has, we could not get them for the various other cities in the district, so we found a method of drawing that map that we thought would be fair. We took the Bank Directory of last year, and have only named banks in counties there that thought their Cincinnati correspondent, or any other correspondent in the district of sufficient importance to have them named in the directory. In other words, the list is from the directory. That is fair to every city in the State. It shows we run pretty well to the centers of the various states surrounding us, and it shows that in the case of Louisville, Indianapolis, Columbus, Cleveland, Nashville, Knoxville, Chattanooga, and not as much into West Virginia, but in the places I have previously mentioned, each of those centers has a number of correspondents with the district around it, and that each one of those centers does the clearing for their own district, and any business that comes into the southern part of  
Ohio or

Ohio comes mostly from them directly into Cincinnati. Each one of these centers clears for its immediate district.

The Secretary of the Treasury: To what extent are your relations intimate with Indianapolis, taking Indianapolis for example; where does Indianapolis do the bulk of its business? We will say first, banking business.

Mr. Rowe: I would have to see their figures to answer that question intelligently. I think first their business goes to Chicago; but the business in all these counties, the farming communities, the grain, of course, goes one way or another, through Cincinnati or up to the lakes, or the Chicago. Of course, the grain movement is east and southeast.

The Secretary of the Treasury: Take Louisville, for instance; are your relations with Louisville every intimate? I mean banking relations and trade relations?

Mr. Rowe: Yes; and of long standing, and the daily amounts are large, both ways, both from and to Louisville.

The Secretary of the Treasury: And Nashville and Tennessee?

Mr. Rowe: With Nashville they are large also in proportion to these other places.

The Secretary of the Treasury: At Chattanooga?

Mr. Rowe: It depends upon the size of the City. Of course

Cincinnati built the Southern Road at Chattanooga, and owns it to-day, and it has been instrumental in building up that territory to the South, which has since been used in bringing up all the fruits and berries and vegetables. A large amount of it which does not go to New York by water, comes direct to Cincinnati from all those states.

The Secretary of the Treasury: To what extent do Nashville, Chattanooga and Knoxville keep their reserves in Cincinnati?

Mr. Rowe: Of course it is impossible for me to have their figures. They keep fair reserves here, several of the banks, with the different banks, and on occasions get currency from Cincinnati.

The Secretary of the Treasury: Where do the Cincinnati banks keep their reserves? How do you distribute them between the central reserve cities, and in about what proportion, should you say?

Mr. Rowe: I should say that New York had the largest balance.

The Secretary of the Treasury: What percentage about?

Mr. Rowe: Probably from 37 to 40 per cent; the remainder being divided between Chicago and St. Louis as central reserve cities; and frequently the balance in St. Louis getting larg-

er than the Chicago, because it is harder to move without cost, exchange is harder to move without cost there than Chicago is. That is simply a trade relation, that is all. It does not mean/except <sup>anything</sup> a trade relation. Exchange on New York, for instance is at a greater premium most of the time than it is in Chicago, or at less of a discount at other seasons, and we can trade more conveniently there.

The Secretary of the Treasury: What effect do you think the provisions of this Act are going to have on the exchange situation, and provisions requiring the parring of exchanges between these Federal Reserve Banks?

Mr. Rowe: Well, it will undoubtedly make a great difference. There would be no real reason why we should keep any large amounts of money in any of the central reserve cities or any real reason why any country bank should keep any large amounts of money in a city.

The Secretary of the Treasury: The present system has resulted, of course, in a very <sup>large</sup>/artificially in respect of these matters, has it not, Mr. Rowe? I mean to say the creation of these central reserve cities, and the necessity for keeping exchange balances in those cities.

Mr. Rowe: It has concentrated capital in those places,

unquestionably, and it <sup>is</sup> also partly the cause of trades being settled by exchange on those central reserve cities, by creating a demand and use for them as such.

The Secretary of the Treasury: The restoration of these reserves of the banks to the different communities, under the conditions proposed by this bill, ought to create a return to normal conditions, ought it not?

Mr. Rowe: Well, the conditions now will be vastly different from what they were 40 or 50 years ago, when the Act was created.

The Secretary of the Treasury: Yes, but speaking of the present Act.

Mr. Rowe: Oh, yes, it will make a great difference. We have, speaking for our own bank, if I may, just for a minute, we have large transfers to make at seasonable periods for the railroads. They come in for \$100,000 or \$150,000 or \$250,000, or large customers come for three or four hundred thousand dollars on New York, at a time. As I understand the law, there would some occasion for <sup>by</sup> keeping such balances as that in New York. I could go to the Regional Bank and give them my check against my own account with them and get such exchange as I need in quantities, and I presume later, if telegraphic

transfers are necessary, that after a while that can be done.

The Secretary of the Treasury: Well, exchange under this law will have current just exactly as National bank-notes do now.

Mr. Rowe: Very largely. Of course, there is a distinction made when you cross from one district to another, and between the checks on a bank and the checks of one member bank on another.

The Secretary of the Treasury: What inducements are held out by Cincinnati for reserve balances?

Mr. Rowe: Of the country bank balances on which it is customary to pay interest, my estimate is that probably 80 per cent or 75 per cent at least of those balances are here at 3 per cent and some few at 2 1-2 per cent. I think that such accounts and balances as we have in Cincinnati are here because of convenience, because of the trend of all those communities toward this city, and because of the facilities and the services that we render. So far as I know, there has been no effort on the part of this City to draw capital from the territory that would be beyond its useful sphere of influence, by either increased rates of interest or the practically free collection of checks.

The Secretary of the Treasury: What is the practice about collections of checks now?

Mr. Rowe: There is no Clearing House rule on either the interest that the banks pay or the charges for exchange or for collection, so called. It is open competition.

The Secretary of the Treasury: And what is the practice? Does it result in free check collections, practically?

Mr. Rowe: No, it results in an equivalent, the City banks getting the balance and for that balance selecting such country checks for each country bank as it can collect without cost in either places, where it has correspondents.

The Secretary of the Treasury: Well, the effect is free check collection, is it not, practically?

Mr. Rowe: No, not entirely, because a large number of these banks route a great number of items than Cincinnati would charge for into other places where they get them through without cost, although they cost the places that they send them to.

The Secretary of the Treasury: To what extent do you think that this Cincinnati is pre-eminently the business and financial center of the district as you have laid it out?

Mr. Rowe: Well, it seems to us, as we have laid out

the district--

The Secretary of the Treasury: Pre-eminently, I say.

Mr. Rowe: That is the most central point, and the point <sup>be</sup> that could/most easily reached by railroads from any section.

The Secretary of the Treasury: Now as to the transportation facilities and all of those features, we are familiar with those.

Mr. Rose: You are thoroughly familiar with those?

The Secretary of the Treasury: Yes, but as the financial and trade pre-eminence, we would like you to address yourself to that, and as to why, outside of accessibility, you consider it better than any other city in the entire district for this bank.

Mr. Rowe: Taking the State of Ohio, our statistics show that a little over one half of the National banking capital and surplus in the State is south of a line drawn east and west across the middle of the State; more than half of the banking capital and surplus would be south of that line. Of the bank accounts --

The Secretary of the Treasury: Where do you say that line would be, drawn east and west at what point? Do you mean

the Southern half of the State?

Mr. Rowe: The southern half of the State. Of the various bank accounts in the State, one other city has a greater number than Cincinnati and--

The Secretary of the Treasury: What City is that?

Mr. Rowe: Cleveland;. They have more bank accounts in the State of Ohio than we have in Cincinnati, and they do the largest amount of clearing of country checks in the State, for the reason that they have gone after the business.

The Secretary of Treasury: I was going to ask you what inducements they hold out for balances and--

Mr. Rowe: Well, they have gotten that business. Now, of course, they will have to tell you what their charges are and what their interest rates are. They have gone after this work of other cities, including reserve cities and Federal reserve cities, and they have undertaken the collection --

The Secretary of Treasury: How much greater number have they than Cincinnati, in Ohio?

Mr. Rowe: Cincinnati has 877 accounts in the district. In Ohio it has 338 accounts. Cleveland has in Ohio, 437 accounts. Now, in the district Cleveland has seven accounts in Indiana, none in Kentucky, Tennessee or West Virginia, as--

I will qualify that statement in a moment. Cincinnati

has in Indiana 173 accounts. and I say against Cleveland, 7; in West Virginia, 43; in Kentucky 286, and in Tennessee 37. Louisville has in this district, 506 accounts, of which 47 are in Indiana; 423 in Kentucky, and 37 in Tennessee. Indianapolis had 480 accounts in the district, all of which are in Indiana. I gave you Cleveland. Nashville has 374 accounts in the district, of which 30 are in Kentucky, and 354 in Tennessee.

You will see from that that Cincinnati is the only one that has the accounts in all of the five states. Cleveland and the cities in the northern part of Ohio, Columbus, Cleveland Toledo and so on, do not go south of the Ohio River with their business. We have a large part of the Kentucky and Tennessee and West Virginia business that is tributary to Cincinnati.

Now it is fair to state that these statistics are taken from the Bank Directory of 1913. Of course all of these places have other accounts, country accounts, that do not list in the directory, probably in a few cases, but this seemed a fair way of getting at it, just taking what the directory claimed.

The Secretary of Agriculture: You have not mentioned a

city which proposed a district to us, including Ohio--  
Pittsburgh.

Mr. Rowe: Oh.

The Secretary of Agriculture: Pittsburgh was very friendly  
towards Ohio.

The Secretary of the Treasury: And was willing to absorb  
it.

The Secretary of Agriculture: They made a district including  
it.

Mr. Rowe: Yes.

The Secretary of Agriculture: You have no figures in this  
connection for Pittsburgh?

Mr. Rowe: No, none at all.

The Secretary of Agriculture: You evidently had not that  
city in your mind at all, it was not on your map.

Mr. Rowe: Well, I do not know that there is anything I can  
say to that, Mr. Secretary.

The Secretary of the Treasury: Of course where these  
accounts are under the existing system is not a matter of such  
very great importance except as replacting at the moment certain  
tendencies. All that is going to be altered very materially  
under the new Act. But the data has some bearing upon present  
conditions, and we would like to have it for that

reason all the data you have given us there relates to National banks only.

Mr. Rowe: No; these accounts are National and State.

The Secretary of the Treasury: State and National?

Mr. Rowe: Yes.

The Secretary of the Treasury: You may proceed, if you have anything else to present.

Mr. Rowe: Yes. I will be as brief as possible, Mr. Secretary. The banking relations that the City has with the places in this territory are of long standing, covering a long period during which time the City has done its full share of service to the territory that it serves. I think I am entirely safe in say that there is a pretty general feeling that in any calamity of any description, Cincinnati can be looked to for aid quickly. That was proven by the March floods a year ago, when these people were cut off from every center practically. We have one way of reaching them, and hundreds of thousands of dollars were sent to Cincinnati all up through that territory within two days after the water went down, and at a time when they needed the money and could not get it, when they needed it to pay labor, which had to be paid every night, so that the people could get something

to eat. I remember one shipment in a box car; we sent up something over three tons of silver dollars, over \$100,000 of them; and numerous other shipments were made. The currency was rushed in there with automobiles, with a policeman or two. Help was extended in every way. I think those people all know that.

I want to make a slight reference to the statistics here also. The banks have statistics that it has taken them years to collect, credit statistics, and statistics as to the peak load, and the period of activity, the greatest borrowing demands in the various countries, and the values of crops, and the length of time for/they have to be carried, all of it which would take a great deal of time to gather over again. That of course, would all be at the service of any organization that came here.

The Secretary of the Treasury: Would not that be true, no matter where the reserve bank is located in the district?

Mr. Rowe: It depends upon the value of the information they have. I simply say that we have got information here. Yes, it may be true in a great many places.

The Secretary of the Treasury: No, but I mean the informa-

tion you have of that character would be available to the reserve bank no matter where it is located, would it not? For this reason, if the reserve bank is located in Cincinnati, it does not mean that only Cincinnati men are to be directors on that Board. They are drawn from the entire district, and they would have to get it from the Cincinnati banks, even if the Reserve Bank was located in Cincinnati, as they would if it was located anywhere else.

Mr. Rowe: My understanding is that the City in which the bank is located would have only one man out of nine, at most.

The Secretary of the Treasury: It might so happen, so that the location of the bank within the City does not necessarily mean there is going to be a very large local influence in the directory of the Reserve Bank.

Mr. Rowe: I had no thought of local influence at all.

The Secretary of the Treasury: No, I was speaking however, of local influence in the way of information, or anything else that would be enjoyed particularly, no matter where the bank was.

Mr. Rowe: It would be at their service if it was there.

The Secretary of the Treasury: And in that connection we

might ask you what would be Cincinnati's second choice if the districts were laid out as suggested, if it did not get the bank.

Mr. Rowe: In any ordinary times, as this Bill is drawn, Cincinnati could be probably served just as well with a branch of the bank, the Regional Bank being put at Nashville, Indianapolis, Columbus, Cleveland or almost any other City in the district. The point we make<sup>is</sup> that we do not think the rest of the district as drawn would be as well served as it would by putting the head bank in Cincinnati. If you gentlemen, with the knowledge you get from the statistics that we do not see, and that you will gain at other places, see fit to redraw that district, it of course would change all that.

The Secretary of the Treasury: What, in your judgment, would be the next best place to put it after Cincinnati?

Mr. Rowe: For convenience?

The Secretary of the Treasury: Yes.

Mr. Rowe: For the whole district?

The Secretary of the Treasury: Yes, looking, of course, to the interests of the whole district.

Mr. Rowe: I would have to study the railroad map and the time of the trains to be certain about that, because I realize

that when a crisis comes you have got to get to the head quickly. Those periods do come, and we know -- I have seen them come a number of times in my banking work, and I know it is just a case then of first aid to the injured, to get together and take responsibility quickly, and in those cases you want to go to the head.

The Secretary of the Treasury: Of course, with the headquarters bank anywhere in this district reasonably accessible, as you suggest it, and well placed branches in the district, you would be in close proximity with every facility, particularly in view of the fact also that you have excellent telephonic communication, I assume throughout this district.

Mr. Rowe: We have:

The Secretary of the Treasury: As well as mail and telegraph?

Mr. Rowe: Yes.

The Secretary of the Treasury: We always like to know what the second and third choice of these cities is, as it gives us a line upon their ideas as to the relative importance of other places.

Mr. Rowe: We took a vote more than a month ago at one of the Clearing House meetings, and it showed a good deal of  
Some of them put New York as second choice--

W. S. Rowe

The Secretary of the Treasury: I am speaking of the district. You have to consider contiguous territory.

Mr. Rowe: I know, but unfortunately could not pin them down to that, and in fact the complete poll was not made. Some of them wanted to go to St. Louis.

The Secretary of the Treasury: Did you mention Louisville? You spoke of Columbus and Indianapolis, and--

Mr. Rowe: I think I did. I meant to.

The Secretary of the Treasury: You may proceed, Mr. Rowe.

Mr. Rowe: There is not very much more that I want to add, except simply to say that in showing the service Cincinnati renders, and I think its general reputation, in five months of the panic in 1907, including from August to December inclusive, there was shipped by the banks to correspondents in this territory, over fifteen millions of currency in the five months the shipments being the heaviest in October and November, the two months of greatest strain, and in the period in which currency was at its greatest premium. This is exclusive of currency furnished bankers who came by train and arranged for rediscounts, taking the money away at the time. We had a great many men who came in with their grip sacks in that period. One banker took out a million and a half of additional circulation. , receiving it in October and November, and

served notice of its requirements before the last of it was received, all of it being retired in the following January, February and March. It was simply taken out to serve during the strain.

The Secretary of the Treasury: To what extent did you issue Clearing House certificates at that time?

Mr. Rowe: We issued no Clearing House certificates, but in their stead we issued Cashier's checks in 2's, 5's, 10's, and 20's. These were issued to the amount of about \$3,350,000, and were used for payroll purposes, and were retired as soon as the necessity for their use was over. In speaking of this currency, the currency was all shipped to various parts of the district, whenever conditions in any locality gave evidence of depleted reserves, frequently the assistance being asked by telephone. I am referring now to that million and a half of National bank notes, additional circulation, and to the currency we shipped during that period. We would get a telephone message that reserves were getting low in a town anywhere, and that they would have to have currency, and it was shipped out of Cincinnati and that help was given, and the fire put out in a great many different directions. I speak of that to show

that the City bankers addept their responsibility, and have always done so, for the territory.

In the year 1913, the local banks shipped altogether for payroll and crop moving purposes, over \$40,00,000 of currency out of the City. It might interest you that over \$1,000,000 went into the state of Georgia, between the 30th of September and the end of October, just during the cotton moving period.

That is practically all I have to say, unless you want to ask me something else. After we get through, we want the privilege of having some of these gentlemen who have come here, many of their own volition, just simply to state the trend of their business, and their preferences, after we get through with the five men we have mentioned.

#### STATEMENT OF GEORGE F. DIETERLE.

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

Mr. Dieterle: George F. Dieterle; Cincinnati, Ohio; President of the Cincinnati Chamber of Commerce.

The Secretary of Agriculture: What is your occupation?

Mr. Dieterle: I am Treasurer of the Union Distilling Com-

pany

Secretary of Agriculture: You know the problem we are considering?

Mr. Dieterle: Yes. Mr. Secretary, I am here in behalf of the Cincinnati Chamber of Commerce, and in order not to conflict with the representation that is being made by several speakers who are to follow, I thought that the Cincinnati Chamber of Commerce would present the claims of Cincinnati along four captions.

I would say first, the trend of commerce is through the Ohio Valley.

Second, the confidence of the people in Cincinnati banks.

Third, our reciprocal relations with the South.

Fourth, Cincinnati as a manufacturing center of many diversified industries.

And, as this is the memorandum shape, it is not my intention of taking your time and giving you all of this information in detail; in fact I am going to file this in three different copies with the Committee. I will however, talk along the marginal notes, and only touch the high spots of this presentation.

The Secretary of the Treasury: Do you propose to give some information of your distribution area?

Mr. Dieterle: I am going to give information along the four lines I have <sup>just</sup> mentioned, namely as to why Cincinnati is an important commercial point, and why it has been given that distinction in the middle West, and why the method of establishing our friendly relations with the South should entitle us to be considered in connection with the question.

The Secretary of the Treasury: Just proceed.

Mr. Dieterle: I will talk along the high spots and the marginal notes I have presented in this memorandum, and trust I will not take long.

Scientists have drawn logical map, not a fantastical map, and they say when the glacial period placed a dam across the Ohio River somewhere in the vicinity of Cincinnati, it formed a body of water which they called the Ohio Lake. It extended eastwardly 400 miles, and had a width as it pushed up to the several valleys on both sides of the Ohio River, covering an area about twice the area now covered by the Lake Erie. When the waters receded, it left the fertile valleys that were soon sought by the cliff dwellers, they being exterminated by the savage Indians, and the very fer-

tility of that region made it desirable.. The pioneer traveller came down the Ohio River as the natural line of least resistance, in finding his way westward, and these first trails of the pioneer were followed by a trading post being located at Fort Pitt, at Fort Hamer, Limestone, Cincinnati, Louisville, and Old Vincennes.

The map of this glacial period is in blueprint form and is part of the memorandum.

The early settling of Cincinnati was followed by raft and barge transportation in which Cincinnati took quite a part. Steamboating was the next step to commerce over the Ohio River, and startling as it may seem, just nine years after Fulton floated the Clermont on the Hudson River, the Steamer New Orleans was built at Pittsburgh, and steamboat traffic began with New Orleans.

The population trends along this same Ohio Valley, as is shown by the statistics in the several censuses taken by the United States Government, and I present the second blueprint in the shape of a drawing taken from the 10th Census, Volume 1, in which you will find that the center of population for more than 120 years has travelled on the 39th meridian. The location of Cincinnati is 39 degrees, 4 minutes

North latitude. As early as 1790, the center of population was just about 40 miles east of Baltimore. In 1800 it was 35 miles west of Baltimore; In 1810 it was near the City of Washington. In 1820 it was about 100 miles west of Washington. In 1830 it was about 140 miles west of Washington; in 1840 it was about 25 miles south of Clarksburg. In 1850 it was 25 miles southeast of parkersburg. In 1860 it was 25 miles south of Chillicothe,. In 1870 it was 100 miles east of Cincinnati. In 1880 it was at Cincinnati. In 1890 it was 50 miles west of Cincinnati. In 1900 it was at Columbus, Indiana, and in 1910 it was 40 miles east of Bloomington.

Almost, as I said, along the 39th meridian, following the same line of least resistance down the Ohio Valley.

The center of Manufacture, strange as it may seem, is also marked on this map, and you will find it is passing through the center part of Ohio, and the combination of these two facts covered by statistics, show that you can reach with a radius, making Cincinnati the center, not only the greatest population, but the greatest manufacturers, with any given area. Within 100 miles of Cincinnati, 2,793,187 population. Within 200 miles, 8,678,526. Within

300 miles, 20,880,946. Within a radius of 400 miles, 30,901,518. Within 500 miles, 42,939,812. Within 600 miles, 62,415,102 people.

Early banking might be considered under Caption 2, which I have just mentioned, namely the confidence of our people, when we point out that in 1803 the Miami Export Company was formed in Cincinnati, having a most peculiar purpose. Its charter states that it was formed "to try to develop facilities for shipping goods." And incidentally, "to do a conventional banking business." In 1814, Cincinnati had three banks to "facilitate the shipping of goods," and in 1914 Cincinnati has eight National banks, 30 State banks and trust Companies, with a capital of over \$19,000,000, and with clearings in 1900 of \$795,000,000, and in 1912, of \$1,369,000,000.

Our postal receipts at this particular period in 1900 were \$1,291,000; and in 1912, were \$2,621,000. Each and all of these still "facilitating the shipping of goods", aiding the farmer, the miner, the manufacturer, to bring his products to sale, and enabling all of them to pay millions of dollars in operating expenses, including an average weekly

payroll of a million dollars to many people.

Cincinnati has withstood the panics of 1873, 1893 and 1907 without any dire effects. Conservative banking, combined with the cordial co-operation of the banks with each other through the excellent Clearing House Association of Cincinnati, has enabled Cincinnati to weather the storms which some other cities, less favorably situated, have found more difficult to overcome. No payroll in the City of Cincinnati has ever been defaulted, and the confidence of our people is great.

I might say that the population of Cincinnati consists in great part, of foreign or born from foreign parentage. They have added not only artistic temperament and mechanical skill but have instilled into Cincinnati the spirit of economy and thrift. Saving deposits and building associations and savings banks have made Cincinnati a city of homes.

The Secretary of Agriculture: I think if you will just omit this historical part of your memorandum, it will save time.

Mr. Dieterle: I might however, desire to mention the reciprocal relations with the South. The early exchange of products with the South built up reciprocal relations along

the Ohio and the Mississippi Rivers, and our merchants, many of them still in business, attribute their success to the early days when they took every character of goods to New Orleans and sold them in the markets. They created by that direct connection and that business in the South, many friendly relations. Their business was confined along the lines of water navigation, and it left a fond desire of getting and controlling more of Southern trade, and as early as 1836, \$1,000,000 was subscribed for the building of a road directly south to get the Central Southern trade and the Southeastern trade. They say that on the evening when that million dollars was subscribed, they had a grand jubilation in which the windows in our City at that time were lit with thousands of candles, and so forth. It was, however, only a fond hope, and was not realized, for many reasons, until 1869 when our --

The Secretary of Agriculture: Will you not just omit that, please.

Mr. Dieterle: You will allow me, however, to make some reference to the building of the Southern Railroad at this point. It was completed at an expense of \$23,000,000 and covers a length of 336 miles from Cincinnati to Chattanooga --

The Secretary of Agriculture: I am not suggesting that you omit it because it has no bearing, but because we are very familiar with it.

Mr. Dieterle: You are familiar with the real good friendly feeling that the South has for the City of Cincinnati?

The Secretary of Agriculture: Yes, and also the industrial evolution that has taken place.

Mr. Dieterle: Cincinnati has been a manufacturing center for many years. It prides itself upon the marvelous growth and by its foreign population it has added scientists and mechanics to this city, so that to-day it occupies an important position in many branches. The point that I want to make is this, that the diversified interests that are comprised in these industries within the City of Cincinnati, should be carefully considered in the study of this question.

According to the statistics you will find that Cincinnati has many industries, as compared with other industries that have a few of a large amount, and these tell a story which I need not tell at length, in as much as it creates conservatism not to have any one location confine its efforts to any one or any several large enterprises. According to the figures that we here presented and we think that

they are convincing, with any panics which might come over the country, Cincinnati will suffer less than if it depended on a few industries in large amount.

There is a table which follows in due course, in which the total industries as compiled in the Census Reports of 1910 are given, which show that these manufactures are in specific lines itemizing 27 industries amounting to \$280,000,000.

The Secretary of the Treasury: That is industries alone of Cincinnati?

Mr. Dieterle: We call that the Metropolitan District, including that part of Hamilton County which is not a corporate part of Cincinnati, and also Newport across the river, and the City of Covington across the river, the importance of these two cities being in such close proximity with Cincinnati, and I would like you to consider that the population of Cincinnati is approximately 600,000 instead of 463,000 which was accorded in the census of 1910.

The Secretary of the Treasury: You are speaking of the Metropolitan District of Cincinnati?

Mr. Dieterle: Yes.

The Secretary of Agriculture: And within what radius?

Mr. Dieterle: Within a radius of not exceeding ten miles from this building. You will find a table there on pages 12 and 13 which itemize the importance of these industries, and I will not read them. In conclusion I will say that the Cincinnati Chamber of Commerce presents for your consideration; the captions under which these facts have been presented to you, namely, the trend of commerce is through the Ohio Valley, the confidence of the people in Cincinnati banks, our reciprocal relations with the South, and Cincinnati as a manufacturing center of many diversified industries. It had been our intention of presenting these in pyramid form, each caption to be a block of granite, all completing the structure. We had intended to rest this pyramid upon a solid foundation, made up of their careful consideration by your Committee, cemented, as it were, by your feeling of good will.

We will eliminate the picture we have so beautifully drawn, and close by offering to you our prayers that whatever your conclusion will be, that you will disappoint but few, and satisfy many. We hope that the six hundred thousand people making up Metropolitan Cincinnati and their millions of friends, South, North, East and West, may be among the many whom your

Now if I may file this memorandum --

The Secretary of Agriculture: We shall read it with care. As a matter of fact, I have already gone over it. Is somebody going to present the distribution area?

Mr. Dieterle: What distribution do you mean?

The Secretary of Agriculture: Of your manufactured products, the area of your distribution of your great business houses?

Mr. Dieterle: I have an idea there is some map here which is to be covered by Professor Hicks, but I did not go into that because I feared I would take your time unnecessarily. Our manufactured products go all over the world.

The Secretary of Agriculture: I mean your distribution and wholesale houses.

Mr. Dieterle: They are also covered in statistical figures which will be furnished you.

#### STATEMENT OF CHARLES A. HIRSCH.

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

Mr. Hirsch: Charles A. Hirsch; President of the Cincinnati Clearing House Association, and of the Fifth-Third

National Bank.

Mr. Hinech: At a meeting of the Cincinnati Clearing House Association held Tuesday, December 23rd, 1913, the representatives of the Eight National Banks unanimously resolved to recommend to their respective institutions to accept the terms and provisions of the Federal Reserve Act.

Believing Cincinnati to be a logical location for a Federal Reserve Bank, a Committee of three was appointed, with full power to act, to present the claims of our City.

The first consideration of our Committee was the selection of a District which would as nearly as possible, be in harmony with the provision of the Act, reading;-

"That the district shall be apportioned with due regard to the convenience and customary course of business, and shall not necessarily be coterminous with any State or States."

As the result of our deliberations, we have outlined a District, pursuant to the expressed wishes of your Honorable Committee, consisting of the following States:- Ohio, Indiana, West Virginia, Kentucky and Tennessee.

As this District, without question, will be more than self-sustaining, the District could with safety be enlarged by

the addition of one or more so called Cotton States, or parts thereof.

The Secretary of the Treasury: Which, for instance, would you suggest?

Mr. Hinech: Well, I should say all of Alabama and say Georgia, or the northern parts thereof.

The Secretary of the Treasury: How about Mississippi?

Mr. Hinech: Well, possibly the northern end of that might be, because we have quite a good many accounts down in that section, especially down through Alabama and Georgia and a great deal of business moves that way, and a great deal of currency moves that way during the crop moving period.

This district comprises 184,640 square miles, or 5 per cent of the area of the entire country.

13,161,000 population . . . . .	13 per cent.
1,009 National Banks . . . . .	14 per cent.
2,551 State Banks . . . . .	12 per cent
384,365,000 Combined Capital	
<u>&amp;</u> Surplus. . . . .	10 per cent
1,716,234,000 combined deposits. . . . .	8 per cent

See Exhibits A, B and C attached.

The following facts were potent factors in the selection of the district:-

First, A Federal Reserve Bank composed of only the National Banks in the District would be possible having a:

Capital of .....	\$11,758,000
Deposits of .....	42,536,000
Issue of Federal Reserve	
Notes .....	29,395,000
L Loans of .....	57,044,000

This does not include additional U. S. Deposits

Authorized by the Federal Reserve Act. Including the State

Banks of the District, a Bank would be possible having at

Capital of .....	\$23,062,000
Deposits of .....	68,213,000
Issue of Federal Reserve Notes .....	57,657,000
Loans of .....	115,000,000

In our calculations we have not eliminated the

State Banks ineligible on account of not having sufficient capital.

2nd: This Section would, without question, be self-sustaining, incident to the evenly distributed demand for credit, during the several seasons of the year.

3rd: It would be a well balanced district, on account of the diversity of agricultural products, wheat,

corn, oats, tobacco, hemp, with possible some cotton and Naval Stores.

The Secretary of the Treasury: Have you prepared any map which shows the rotation of credit demand in that district?

Mr. Hinech: I think we have it.

The Secretary of the Treasury: Yes, but that is merely diagrammatic; I mean have you figures which would give the demands for the whole district?

Mr. Hinech: No, not for the whole district.

The Secretary of the Treasury: Could you get that together and send it to us?

Mr. Hinech: I think we can.

Its production of raw materials, coal, iron, wood, etc., encourage a wide and varied production of manufactured products.

We respectfully recommend and request your Honorable Committee to locate a Federal Reserve Bank in Cincinnati, for the following reasons:-

1st: Twenty "Railroads radiate from Cincinnati, North, South, East and West, rendering it possible to reach Cincinnati by rail from any city in the District, within a maximum of say ten hours. Mail or currency can be sent

to or from Cincinnati in one night's run.

Cincinnati has the distinction of having constructed the Cincinnati Southern railway, extending from Cincinnati to Chattanooga, a distance of Three Hundred & Thirty-Eight (338) Miles. This property is still owned by the City, and leased to the C. N. O. & T. P. Railway, and is the most valuable asset of our City.

Our excellent telegraph and telephone service facilitates the speedy shipment of currency, transfer of funds, and credits.

2nd. Cincinnati is the nearest large city to the center of population, the population of the Metropolitan District of Cincinnati being nearly Six Hundred Thousand (600,000). Twenty million (20,000,000) people reside within a radius of Three Hundred miles.

3rd. Cincinnati is neither a northern nor a southern city; is located near the border of three great States, Ohio, Indiana and Kentucky.

4th. In the establishment of the Sub-Treasury in Cincinnati, the Government recognized the geographical and strategical relation of the city to the density of population, and the industrial and agricultural activity of the

district.

5th. Cincinnati is a Reserve City and the commercial center of the district selected by our Committee, and banks located in substantially every county in the district maintain business relations with this city, many of them have expressed in writing a preference for the location of a Federal Reserve Bank in Cincinnati, stating that the natural trend of their business is toward this City.

The detailed responses will be submitted in the general brief.

The Secretary of the Treasury: To what extent have those expressions from banks been solicited?

Mr. Hinesch: Well, I think we asked each bank in this whole district to indicate the trend of their business, the amount of currency that they required, and from where they received it --

The Secretary of the Treasury: Have you a copy of the letter addressed to the banks?

Mr. Hinesch: Yes, I think we have. I will see that you get one.

The Secretary of the Treasury: You may put those in, and you put in a copy of the inquiry together with the

reply, and they may be attached as an exhibit to your testimony.

Mr. Hinsch: This map will indicate to your minds very quickly, the number of the banks and the ramification of the business of Cincinnati. Practically every county in this whole district has a red dot in it. That indicates there are one or more accounts kept in Cincinnati by the banks located in that county.

The knowledge of the needs and credits of the district, predicated upon the close personal contact of the banks of Cincinnati with their correspondents throughout the territory, would be available and of great value to the Federal Reserve Bank.

Cincinnati is normally an easy money market, and it is seldom that any of the banks in this city show either a Bills Payable Account or Bills Rediscounted. The banks of this city have given a good account of themselves during the several financial crises which have swept the county, and the disposition, ability and courage shown by Cincinnati banks in extending aid to their correspondents in times of financial stress, account to large extent for their loyalty to this city, and of their desire for a continuation

of the relations which have existed in the past.

The Secretary of the Treasury: Isn't your belief the same as that expressed by Mr. Rowe, on that point, that you do not actually rediscount or that there is any indirect re-discounting?

Mr. Hinsch: I do not believe there is any practice of that kind in this city.

The Secretary of the Treasury: No indirect rediscounting?

Mr. Hinsch: No, not to my knowledge.

The banks of Cincinnati shipped \$13,754,000.00 currency to their correspondents in Ohio, Indiana, West Virginia, Kentucky and Tennessee from August to December inclusive, in the year 1907, most of which was shipped during the months of October and November, the extreme period of the currency panic. This does not include currency delivered direct to the representatives of our correspondents.

(See Exhibit B.)

On January 13, 1914, the National Banks of Cincinnati had deposits from other banks of \$31,501,412.00 due largely to the banks located in this district.

The Secretary of the Treasury: That is State and National of course.

Mr. Hinsch: Yes.

These deposits are the result of years of personal effort, and close attention to the interests of their patrons and not due to the extension of abnormal terms in an effort to attract balances from their legitimate channels.

6th. The combined resources of the National Banks of Cincinnati are the largest of any city in the proposed district.

They had on January 13, 1914:

Capital, Surplus of .....	\$23,164,000
Deposits of.....	75,900,000

The National and State banks combined had:

Capital, Surplus & Profits of .....	\$34,922,000
Deposits of.....	135,314,600

(See Exhibit E.)

The Clearing House banks of Cincinnati were recently allotted \$1,500,000.00 crop moving money by the Honorable Secretary of the Treasury. As we did not need it, we waived our rights to same, thus rendering the funds available to other sections.

This is a further evidence of the stability of this

district.

The shipment of currency by the banks of Cincinnati to their correspondents in the proposed district during the year 1913 amounted to \$45,000,000.00, and during the same period, loans to correspondents were extended at reasonable rates, in harmony with the balances maintained.

The Secretary of the Treasury: What do you mean by reasonable rates?

Mr. Hinsch: I would say along about five per cent during this period. It has been pretty tight, you know.

In the exchange operations between the large money centers, exchange rates in this City are not subject to violent fluctuations, and exchange is furnished to correspondents practically at par at all seasons of the year.

7th. The bank clearings of Cincinnati are the largest in the district, the total for the year being \$119,433,000.00 (See Exhibit G.)

The Secretary of the treasury: On that point of bank clearings, we find so much artificiality in these bank clearings, we like to get some comparisons as well as some information about them. Some places they seem to be very largely artificial, and in some cities they are almost wholly

so, and then again they use a different system in every city for bank clearing. There are duplications of items, so that while you may state the amount there, we would like at the same time, to have you give us an idea of how they are made up.

Mr. Hinsch: The settlement here is largely in cash. Occasionally I suppose a bank not needing the money, might possibly carry over the credit until the following day, but the large banks here have such a demand upon them from this great area for crop moving money and for shipments of currency for various purposes, that they must of necessary collect the credit items to supply them with the necessary money to supply their correspondents. That is largely true. It would be somewhat difficult to get all the exact facts in that case. Each bank would have to testify to their own uses. It might be interesting to compare these. Cincinnati, 110,000,000; Cleveland --

The Secretary of the Treasury: If you should state the basis upon which each City clears, we would listen to it, otherwise it is not worth while.

Mr. Hinsch: This is simply taken from Bradstreets.

8th. With the completion by the Government  
and  
the series of locks/dams now under construction

in the Ohio River, Cincinnati will enjoy a nine foot stage of water the year round, from Pittsburgh to the Gulf of Mexico, thus insuring the lowest possible transportation rates for all of the Ohio Valley.

(See Exhibit H).

9th. The Internal Revenue Collections of this district amounted last year to \$10,102,646.00.

10th. The Post-Office of Cincinnati is one of the most important in the country, our receipts having increased in 1900 from \$1,341,000.00 to \$2,715,000.00 in 1913.

Under the provisions of the Vreeland Aldrich Bill, the Clearing House banks of Cincinnati formed The National Currency Association of Cincinnati, embracing:

- 11 Counties in Ohio,
- 5 Counties in Kentucky,
- 3 Counties in Indiana.

A total membership of 37 banks, the largest membership in the country under the Act, with combined capital and surplus of \$26,634,000.00

We have every confidence in our ability to prove our case, and trust that when all the facts and evidence are presented to you, your verdict will be favorable to us

for the establishment of a Federal Reserve Bank in Cincinnati.

The Secretary of the Treasury: You may file that in triplicate with the reporter.

Mr. Hinsch: I will, yes.

The Secretary of the Treasury: Take the territory of Northwest Indiana which you included in this district; its trade and banking relations would be very intimate with Chicago, would they not?

Mr. Hinsch: Naturally.

The Secretary of the Treasury: How much of that territory would you say should go to Chicago; if a bank should be located there?

Mr. Hinsch: Well, I should say probably one third.

The Secretary of the Treasury: A third of it?

Mr. Hinsch: One third of the State.

The Secretary of the Treasury: What about Indianapolis?

Mr. Hinsch: Well, they do a great deal of business with Chicago, and they do a great deal with Cincinnati.

The Secretary of the Treasury: Where do they do it most?

Mr. Hinsch: Undoubtedly Chicago.

The Secretary of the Treasury: If that should be true,

and you cut<sup>out</sup>/that part and take Indianapolis out of that district, and the part of the state north of Indianapolis, there would be how much reduction in the capital of the proposed bank?

Mr. Hinesch: I have not got those figures.

The Secretary of the Treasury: Take Western Kentucky.

(At this point a map was produced).

The Secretary of the Treasury: This map will suit our purpose, if it is furnished. Can you furnish it in triplicate?

Mr. Hinesch: Yes, I might say that the total for Indiana is \$81,000,000 capital and surplus and \$358,000,000 deposits, that is of the National and State Banks, and I would assume for arguments sake, say half of it, or that map will give it more in detail, if you care to have it that way.

The Secretary of Agriculture: It would be taking off about \$2,500,000 on the National Banks.

Mr. Hinesch: That is all. In Indiana, just the National Banks alone have \$40,000,000 capital and surplus.

The Secretary of Agriculture: Yes, I say it would take off about \$2,500,000.

Mr. Hinesch: Yes.

The Secretary of the Treasury: Take Western Kentucky and Western Tennessee, all of which is included in the figures

which you have submitted, a large part of those sections undoubtedly have more intimate trade relations with some other place.

Mr. Hinesch: I should say Paducah would go to St. Louis and probably Memphis, but I think the balance of the territory could very properly be included in our district.

The Secretary of the Treasury: Now, how about Louisville? We had evidence from some strong people that they preferred to be connected with St. Louis and go westward as a second choice. What is your view about that, as to where Louisville should more properly be placed in the arrangement of a district?

Mr. Hinesch: Well, it would seem to me they properly belong in our district, that is, in the district we have described here, whether Cincinnati were the location for the Reserve Bank or not, because in many ways the business of the City is similar, we being so close to the tobacco and hemp growing sections of those states, so that the convenience of their patrons should be considered, and I do not believe it would be convenient for them to go to St. Louis.

The Secretary of the Treasury: I notice you call South-

West Virginia from this territory. Your relations with Southwest Virginia are not intimate?

Mr. Hinesch: Very intimate, and I think they will become more so when the C. C. & O. Railroad is built up through that section.

The Secretary of the Treasury: On the other hand, you have included northern West Virginia?

Mr. Hinesch: Yes, sir.

The Secretary of the Treasury: The testimony which was submitted to the Committee at Washington from Wheeling and some other portions of that district, was to the effect that they preferred to be attached to a district of which Pittsburg was a part, that their relations are more intimate that way than West, and it would do the least violence to their customary course of business.

Mr. Hinesch: Yes, that is true.

The Secretary of the Treasury: You do not include any part of Western Pennsylvania in this district?

Mr. Hinesch: No, they have very little in common with us, except, of course, Pittsburg itself, there is a very large exchange between Pittsburg and Cincinnati.

The Secretary of the Treasury: Can you give us any figures

showing that?

Mr. Hirsch: I do not believe we have any prepared.

The Secretary of the Treasury: Can you investigate that and prepare some figures on that point?

Mr. Hirsch: We can.

The Secretary of the Treasury: The Federal Reserve Act provides in Section 13, page 14, among other things, the following:

"Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act."

Now there are some provisions relating to that which I will not read. But we should like to address to the Cincinnati Clearing House that question, and ask you to supply the Committee at your earliest convenience, say by the 15th of March, if possible, with a brief of memorandum

subject, giving us your ideas of what would be the proper definition of commercial paper within the meaning of this Act, and also describe to the Committee any paper peculiar to this region, and what it means, and what its characteristics are.

Mr. Hinsch: Yes.

The Secretary of the Treasury: And also if you will indicate by suggestion, the forms of notes and bills of exchange which you think can be properly used by the Federal reserve banks and their branches and the member banks, with a view to standardizing, so far as possible, these functions of trade.

Mr. Hinsch: Yes.

The Secretary of the Treasury: On page 19 of the Act, Section 16, it is provided that

"The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such federal reserve banks, or may designate a federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks."

Clearing House as to the proper charges to make for transfer of funds between the Federal reserve banks and their branches, more particularly within the district which you suggest, and also as to what would be the best machinery to employ to effectuate the purpose of the Act in respect to clearance of checks between banks and their branches and member banks.

Mr. Hinesch: That you want us to give later?

The Secretary of the Treasury: Yes; by the 15th of March if possible. File a memorandum on that,

Mr. Hinesch: Yes.

The Secretary of the Treasury: There is another provision in this Act which I will read:

"Every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal Reserve bank or member bank upon funds to the credit of said depositor in said reserve bank or member bank. Nothing herein contained shall be construed as prohibiting a member bank from charging its actual expense incurred in collecting and remitting funds, or for exchange sold to its patrons. The Federal Reserve

shall, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the federal reserve bank."

That whole subject is related and inter-related, and if you will consider the whole problem as presented by those two clauses, and submit any views you have on that subject and suggestions, the Committee will be glad to receive them.

Mr. Hirsch: Yes.

The Secretary of the Treasury: That will be all. Thank you Mr. Hirsch.

#### STATEMENT OF E. W. EDWARDS.

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

Mr. Edwards: E. W. Edwards; President of the Business Men's Club, Cincinnati.

The Secretary of the Treasury: You may proceed.

Mr. Edwards: Mr. Secretary: Not wishing to reiterate what has been said, I would like to file this brief with

your Secretary, and a booklet here describing Cincinnati and giving some facts concerning it, and I would like to say, to show that Cincinnati is the logical City, that we manufacture more playing cards than any city in the world, more whiskey and more bottles, and more jails.

The Secretary of the Treasury: It is your view that these are liquid assets.? We heard some similar claim from Louisville except as to the playing cards. Have you any data there relating to the distribution of commodities throughout this district, to and from Cincinnati?

Mr. Edwards: No, except as to our diversified manufacturing establishments?

The Secretary of the Treasury: How about your mercantile establishments?

Mr. Edwards: We have some three thousand factories, and I would judge as many more mercantile establishments.

The Secretary of the Treasury: Now the commodity distribution from both of these sources throughout this district, showing the sphere of Cincinnati trade influence would be of value. If you have not such data, the Committee will receive it if you will prepare it and forward it to Washington. In some of the cities we have had composite maps

presented showing the sphere of trade influence of these cities in a fade-away style, diminishing, of course, as you get further away from the center, and those maps would be of value, and if you could supply them, we should like to have them.

Mr. Edwards: I think we could.

The Secretary of the Treasury: May we look for that by the 15 th of March, say at the outside?

Mr. Edwards: Yes.

The Secretary of the Treasury: Have you anything else you care to submit?

Mr. Edwards: Nothing further.

The Secretary of the Treasury: We refer to jobbing houses, of course. That is a very good index.

Mr. Edwards: Jobbing rather than manufacturing?

The Secretary of the Treasury: Both, but I say jobbing as well as retail houses.

Mr. Edwards: I wichte file a statement, which is as follows:  
(Statement filed).

#### Forceful Facts.

Cincinnati is the large city to the center of population.

Center of the market, being within 24 hours of 76,000,000 people.

Cincinnati is the tenth metropolitan city in the United States, with metropolitan population, according to the latest census bulletin of 563,804.

More fruits and vegetables are shipped through the Cincinnati gateway than to any other market, excepting only New York.

Has a greater variety of factories than any other city in the country.

Center of the largest soft coal producing fields in the world.

Has the largest soap factory in the world.

Leads the world in the manufacture and quality of machine tools.

Ranks first also in the manufacture of acids, book-cases, field musical instruments, printing inks, laundry machinery.

Leading market in the country for medium-priced clothing.

The largest center of hardwood lumber in the world.

Leads the world in the manufacture of wood-working machinery.

W. D. Edwards.

Has the largest and most complete bottle factory in the world.

Leads the world in the manufacture of prison and ornamental iron.

Has the largest factory in the world devoted exclusively to the manufacture of washing machines.

Has the largest office furniture factory in the world.

Has the largest tannery under one roof in the world.

Has the largest leather supply house, the largest harness factory.

Has the largest trunk factory in the United States.

Cincinnati manufactures more playing cards than any city in the world.

Ranks third in the manufacture of electrical machinery.

It is a rapidly growing automobile factory center.

Ranks third in the manufacture of "Tailor to the Trade" clothing.

Greatest lithographing center in the United States.

First and largest compressed yeast factory in the United States.

Has the largest piano factory in the Middle West.

Leads in the export of special pianos built for tropical and

other countries.

Ranks second in the production of women's cloaks and men's caps.

Is a leading shoe manufacturing center. Third in the manufacturing of jewelry.

Ranks third in the manufacture of street cars. Leads in the production of cigar boxes.

Center of the greatest carriage producing district in the country.

Largest distributing center for whiskey in the world.

-----  
STATEMENT OF FREDERICK C. HICKS.

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

Mr. Hicks: Frederick C. Hicks, University of Cincinnati.

The secretary of the Treasury: State what chair you occupy.

Mr. Hicks: The Chair of Economics.

The Secretary of the Treasury: If you will be good enough to give us any new light you can on this subject, avoiding repetition of the facts which have already been presented, as far as practicable, we would be glad to hear from you.

Mr. Hicks: I accepted the invitation of the Committee to

appear before you, largely because I have had the privilege of working with them in selecting this material, and I would like to get any additional light that you may have to give as to what further material you desire. I have been listening to what you have had to say, and I would like to know as to the length of time that we could get up anything of that sort. Of course my work in connection with this Federal bank matter has been the getting together of this data, and I understood from the statements that you gentlemen made in Chicago, that you were to read this data, if it was not too voluminous, and I have assumed that part of this argument that I had to offer would probably be offered to you through that brief.

The Secretary of the Treasury: We shall of course, analyze these figures. It is impossible to give them very serious consideration when they are read and thrown at you in volume as we get them at these hearings, but we shall, of course, consider these things very carefully.

Mr. Hicks: In preparing this brief, you gentlemen have asked some questions here as to the industries and magnitude of the business at Cincinnati itself. In working up our brief, we have laid special stress on the question of the service which Cincinnati could render to the surrounding

territory rather than upon the extent of its own industry. For instance, I think I have only a couple of pages in my own brief as to the extent of Cincinnati's own industry, and quite a good deal as to the facilities for communication between Cincinnati and the surrounding country, transportation and the communication and the various evidences that go to show that Cincinnati would be a normal center of a district, if such a district as this were established.

I think perhaps I ought to say with reference to the boundary of this district, as it is outlined on the map, that the data we have gathered here has been practically of necessity, or at least much of it, gathered on the basis of State lines, inasmuch as it was not possible to get much of it on the basis of County lines, and so these maps have been drawn to include all of these counties, not signifying that the Committee believed the district to be just the boundaries of these states, but rather as showing the area of the statistics and figures that we have given.

I think you gentlemen have asked with reference to expressions of choice. We started to collect that data when we received from your organization in Washington a request to state first, second and third choices, and we

have not pursued that any further. As far as we went, it was very favorable to Cincinnati, but still it was incomplete, and so although we prepared what we had, as it was incomplete, we did not think it was a fair showing of the status of Cincinnati as compared with the other places in this district.

The Secretary of the Treasury: To the extent to which you did proceed, the Committee will receive the inquiry and the replies as an exhibit to your testimony.

Mr. Hicks: I will make a memorandum of it, and see that you get it. Now you have asked for the distribution of commodities. If I understand it, you wish to know the specific markets in which specific commodities go, is that the idea? We can give you -- I have, for instance in the brief, a statement of the total movement of commodities from Cincinnati as a distributing center.

The Secretary of Agriculture: No, that is not what we had in mind when we asked the question. Take this thing, for instance. One of the great hardware houses in one of the cities we visited, gave us its volume of business over the entire country with the percentage in various states, showing its natural trade area. That was done for half a dozen of the largest business houses in that city. In Chicago

they made us up a composite map, as well as an individual map on the same basis. Those maps show pretty clearly what the city's trade area is, especially if you give it in percentage for various states.

Mr. Hicks: May I ask whether a map of that sort is something along the line you desire (indicating). That shows the coal trade.

The Secretary of Agriculture: Yes.

The Secretary of the Treasury: Yes, except if you would give the percentages in the different states, it would be better.

Mr. Hicks: Yes, that we would give in the brief. But I have prepared some data of that kind, and you would like rather complete data on the subject of the movement of these commodities?

The Secretary of the Treasury: The principal commodities.

Mr. Edwards: How long a time will we have?

The Secretary of the Treasury: Until the 15th of March, we could receive it up to that date.

The Secretary of Agriculture: We would like to have it earlier, if possible.

The Secretary of the Treasury: If possible, but that would be the maximum.

Mr. Hicks: You would suggest that we file what we have now, and file that as supplemental.

The Secretary of Agriculture: Well, I do not think you will find it so difficult, because each of your big houses who have the data will have it now.

The Secretary of the Treasury: Each of the big manufacturing and jobbing houses can supply that very quickly.

Mr. Hicks: You have asked for this material in triplicate?

The Secretary of the Treasury: Yes. We prefer it in triplicate.

Mr. Hicks: How far would you desire us to go? For instance, we have prepared some rather large maps like that one back of you --

The Secretary of the Treasury: You need not have that map in triplicate or the large maps, but the small exhibits which accompany your memorandum or brief, we desire to have those in triplicate.

Mr. Hicks: Gentlemen, unless you have something you wish to ask me specifically, I think the time of Cincinnati can better be taken by these other gentlemen.

The Secretary of the Treasury: That is all. Does anyone

also desire to be heard from Cincinnati?

Mr. Rowe: We would like to have these gentlemen who came up from Nashville, given an opportunity to state their views.

The Secretary of the Treasury: Yes; Nashville is on the list, and we expect to hear from them. We will take them next.

STATEMENT of J. S. McHENRY.

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

Mr. McHenry: J. S. McHenry:, representing the Nashville Clearing House; I am Vice President of the Fourth and First National Bank of Nashville.

I will preface what I have to say by saying that when the plan of the new Currency Bill was first considered, the banks and commercial organizations of our City felt that Nashville would be an ideal location for one of the Regional Banks.

The trade territory tributary to Nashville comprises on the one hand a considerable amount of cotton territory, and also a very large section of tobacco territory. These two products combined afford the basis for an ideal rotation of

liquidation. Active plans were at once made to obtain a hearing before your Committee, and such a hearing was accorded to us in Cincinnati today.

In view of the many candidates appearing among the various cities of the South, we finally became convinced that the situation might become very confusing to the Committee, and after careful consideration and consultation, our Clearing House taking the lead, we come to the conclusion that the territory to be embraced in the district to which Nashville is to be attached is of paramount importance; that while Nashville is a logical location for a Regional Bank, embracing a territory probably extensive enough to establish a Regional Bank of the minimum capital, yet, involving as the matter did the actual investment of the money of our banks in subscriptions to the capital stock of the Regional Bank, that we should waive the question of local pride, and use our best efforts to assist in the establishment of a district of which we would be a part that would be strong enough to command respect, as compared to the other Regional Banks of the country, and which should comprise a well-balanced territory, enabling the bank to employ its funds during the entire year, and also to be able to take care of the needs of the borrowing

members without assistance from other Regional Banks.

This idea, in connection with our belief that the natural trend of the trade in our territory is towards the North and East, led us to the conclusion that the establishment of a Bank in Cincinnati along the lines proposed by those in charge of the movement in that City should have our hearty endorsement, and to this end our Clearing House, and other commercial organizations, voted unanimously endorsing the location of the Bank in Cincinnati, and directing that their representatives urge you to that decision.

The Secretary of the Treasury: Are you also speaking to this identical district?

Mr. McHenry: I should like to make a suggestion, that in our opinion the district proposed by the Cincinnati banks is capable of carrying considerable more borrowing territory.

The Secretary of the Treasury: What would you add to it?

Mr. McHenry: I would Alabama and Georgia, at least the greater part of those two states. If a bank were established in New Orleans, probably half or two thirds of the State.

The Secretary of the Treasury: You may proceed.

The Secretary of Agriculture: Do you know to what extent

that would reflect the views of the interests you represent?

Mr. McHenry: It would reflect the unanimous sentiment of our Clearing house.

The Secretary of Agriculture: That it would be desirable to add this other territory?

Mr. McHenry: Yes. Northern Alabama is exclusively tributary to Nashville.

We did not believe that sentiment and sectional pride should have first consideration in the determining of a question with which our future prosperity is so intimately connected. Especially have we taken the view that a region composed entirely of cotton producing states, or in which such states preponderated would fail to meet the requirements to be imposed upon the new system. The handling of the immense cotton crops has been, and will continue to be one of the greatest burdens placed on the banks of this country.

The South's needs, in order to be properly taken care of, in our opinion, requires that the Southern States should be divided into at least four districts, each district having attached to it some of the stronger and capitalistic sections, dividing the territory of the Regional Banks longitudinally, rather than grouped around a particular center.

In order to present an idea of the position of Nashville, commercially and financially, I would state that the banking capital of Nashville at the present time amounts to \$6,259,000; with gross deposits of \$25,980,000.00. At the time of the last statement there was carried on deposit in Nashville banks \$5,877,000.00 of country bank deposits, representing accounts from 618 banks, located in Georgia, Tennessee, Kentucky, Alabama, Mississippi and Florida.

During the months of October, November and December, 1913, there was received from these, and other banks, out-of-town items, not including those drawn on reserve cities amounting to \$141,014,428.00.

By a comparison, we claim that Nashville is the largest depository of country banks in the South, exclusive of reserve cities.

The comparison of figures of National Banks alone, in their statements of January 13, 1914, showing \$1,130,000.00 greater bank deposits than in the National Banks of Atlanta, Georgia. The figures indicated for Nashville showing only actual country bank balances, collection accounts representing

The Secretary of the Treasury: What do you pay on balances there?

Mr. McHenry: We pay three per cent on what we term "Reciprocal Accounts" that carry collection features with them.

The Secretary of the Treasury: Free collection?

Mr. McHenry: Free reciprocal collection. They collect our items and we collect theirs free. Nashville is a non-reserve city, and we have figured that three per cent is not a great deal higher than the two per cent paid by reserve cities, owing to the reserve requirement.

The Secretary of the Treasury: You may proceed, Mr. McHenry.

Mr. McHenry: Well, I have stated that we are here more in the capacity of witnesses than for any claims for Nashville.

The Secretary of the Treasury: You are more concerned in the construction of the district itself than in the location of the regional bank?

Mr. McHenry: Exactly.

The Secretary of the Treasury: How many banks are represented in your Clearing House?

Mr. McHenry: We have nine.

The Secretary of the Treasury: How many national banks?

Mr. McHenry: We have five National banks.

The Secretary of the Treasury: And Four State?

Mr. McHenry: And four State.

The Secretary of the Treasury: And they are unanimous in the opinion you have expressed?

Mr. McHenry: They are.

The Secretary of the Treasury: Where do they keep their reserves now principally, what part of them, for instance, are kept in Cincinnati?

Mr. McHenry: Well, I should say that 25 per cent.

The Secretary of the Treasury: In Cincinnati?

Mr. McHenry: Our reserves are scattered in Nashville.

I think the present system of reserves is so artificial and has so intimate a connection with the collection feature, we keep our reserves where we can collect items. You will find that to be the case with practically every National bank in the country, except, of course, in the central reserve cities. The collection facilities determine the balances.

The Secretary of the Treasury: You spoke of the number of districts in which you thought the cotton states ought to be divided. What was your idea about that, what number do

you think the cotton states ought to be divided into?

Mr. McHenry: Eliminating New Orleans as a possible location, I would say four.

The Secretary of the Treasury: Where would you put them?

Mr. McHenry: I would put the Atlantic Coast States attached to a bank at either Richmond, Baltimore or Washington. I would put Alabama, Georgia and if necessary Mississippi attached to the Cincinnati bank.

The Secretary of Agriculture: What would you do with Louisiana?

Mr. McHenry: I would like to put that with St. Louis, if they were not given a bank at New Orleans.

The Secretary of the treasury: And Texas you would put where?

Mr. McHenry: Either with a bank in Texas or with St. Louis or Kansas City.

The Secretary of Agriculture: There have been a number of suggestions that substantially this district which you are suggesting be laid out. What would you do with Memphis?

Mr. McHenry: Well, Memphis naturally would be served best, I think, from St. Louis.

The Secretary of the treasury: She said her second choice

was New Orleans.

Mr. McHenry: Well, it occurs to me that she would be going -- would be getting into trouble. I think this district could carry Memphis without any question. St. Louis, if it has Texas and Arkansas attached, has got a considerable territory to carry, and a territory that has immense needs.

The Secretary of Agriculture: Louisville suggested substantially this district, and Chattanooga also. Now why do you suggest Cincinnati as the City for this district rather than some of the others?

Mr. McHenry: Because of its greater financial importance, and the greater support it can receive from the district. We would just as soon be served by any city conveniently located in that district, if it was as accessible. There is no sentiment about it.

The Secretary of the Treasury: What would be your second choice, supposing Cincinnati were not chosen?

Mr. McHenry: For this particular district?

The Secretary of the Treasury: Yes.

Mr. McHenry: My second choice would be Nashville.

The Secretary of the Treasury: I rather expected that reply. So we will ask now for the third choice.

Mr. McHenry: Well, my third choice would be Louisville.

The Secretary of Agriculture: What would you think of Atlanta?

Mr. McHenry: Well, I would rather not express myself. I feel that our trade relations are of such little importance that we would not feel at home at all.

The Secretary of the Treasury: How about Chattanooga?

Mr. McHenry: Well, we would have no objection to Chattanooga if the cost of the district would be satisfied. It does not occur to me that it would be nearly so convenient as Cincinnati.

The Secretary of the Treasury: Who represents Knoxville?

Mr. McHenry, did you bring some resolutions from your Clearing House? We would like to have them filed if you have.

Mr. McHenry: We have our Clearing House Manager here who has the resolution.

The Secretary of the Treasury: Just let it be filed, if you please.

Mr. McHenry: I will file it.

The resolution is as follows:

Believing that a well balanced and logical territory is of more importance than the incidental location of a Regional Reserve Bank, the Nashville Clearing House Association, after a careful consideration of the best interest of this territory, do hereby extend their unqualified endorsement of Cincinnati, Ohio, as being the logical location of the Regional Reserve Bank to serve Nashville and its tributary territory, and authorize the special Committee of this Association to urge the selection of Cincinnati at the hearing granted by the Organization Committee February 16th.

---

Further State of W. S. ROWE.

The Secretary of the Treasury: Does anybody represent Knoxville?

Mr. Rowe: We have a number of resolutions that I will just refer to and file.

For instance, on the 9th of January, Columbus, Ohio recommended Cincinnati to this extent:

"Columbus, O., January 9th, 1914.

"To the Organization Committee of Federal Reserve Banks:

"Gentlemen:-

The bankers of Cincinnati are making an earnest effort

to have a Federal Reserve Bank located in their city. In so far as our commercial, agricultural and industrial interests are concerned, such selection will be very convenient. Cincinnati serves a very large portion of the population in the Middle West through the centering there of transportation lines.

We believe that you will find it advisable to locate a Federal Reserve Bank somewhere in Ohio. If you see fit to designate Cincinnati, we shall feel that the business interests of this section have been very well served.

respectfully",

That is signed by nine or ten of the 13 or 14 banks there.

The Secretary of the treasury: Let me ask you, what sort of solicitation has evoked that reply?

Mr. Rowe: I think one or two officers of one of the banks went up there and saw those people and had a talk with them. It is fair to state now that Columbus is an applicant for a Reserve Bank.

The Secretary of the treasury: Yes; Columbus is to be heard tomorrow.

Mr. Rowe: Yes, but I simply offer that for what it is

worth.

The Secretary of the Treasury: So far as Nashville is concerned, what representations were made by Cincinnati to Nashville as an inducement?

Mr. Rowe: So far as I know, absolutely none. The Nashville people came to their own conclusions --

The Secretary of the Treasury: I meant to ask Mr. McHenry, that. Was that a voluntary expression of opinion on the part of Nashville, or was it solicited in any way?

Mr. McHenry: I will state the situation exactly. We authorized our Clearing House to communicate with those in charge of the movement in Cincinnati, asking them to come to Nashville. There was no solicitation on the part of Cincinnati. It was voluntary on our part. They came there and presented their district, and our Clearing House then made this announcement.

Mr. Rowe: Here is a resolution of the Knoxville Clearing House that was passed early in January.

The Secretary of the Treasury: Was that in response to Cincinnati's solicitation?

Mr. Rowe: Yes, some of the bankers went down there and saw those people.

The Secretary of the Treasury: Can you give us any idea of the representations made to Knoxville to induce that resolution?

Mr. Rowe: I will have to ask Mr. Hinsch to give you those. Here is the resolution, and the results.

"Knoxville, Tennessee, January 14, 1914.

"Cincinnati Clearing House Association,  
Cincinnati, Ohio.

Gentlemen:-

At a call meeting of the Knoxville Clearing House Association held today the following resolutions was adopted:-

That this Association endorse the City of Cincinnati as a place for the establishment of a Regional Reserve Bank and the request be made to the Reserve Board to have Knoxville, Tennessee placed in the District to be served by Cincinnati, believing that the interest of this section can best be served by having the Regional Bank in Cincinnati, Ohio."

Mr. Hinsch: The resolution was largely the result of a telegram sent out by the banks of Cincinnati, the same kind of a telegram that was sent to all this territory, and

pursuant thereto, the Knoxville Clearing House Association had a meeting, and at that meeting they passed this resolution. There was no one down there at the time, and outside of this telegram, I do not know of any representations that were made.

The Secretary of the Treasury: You will file a copy of the telegram along with the Resolution?

Mr. Hinsch: Yes.

The Secretary of the Treasury: You may proceed, Mr. Rowe, Are you gentlemen both aware of the individual pressure which was brought to bear upon banks and bankers there, by individuals certainly, but there has never been a meeting of the Clearing House since that resolution, and it has never been rescinded.

Here is one from the Clearing House banks of Dayton Ohio.

The Secretary of the Treasury: Suppose you file it. It need not be read.

Mr. Rowe: That is within 50 miles of us.

The Secretary of the Treasury: Naturally their view would be that, so it is not necessary to read it.

Mr. Rowe: Here are some resolutions so far as I know, that are unsolicited from Group 3 of the West Virginia Bankers'

Association, at their meeting at Huntington. We will file that also with pleasure.

The Secretary of the Treasury: What territory does that represent in West Virginia?

Mr. Rowe: I am afraid I cannot answer that. It is group 3. Presumably that is the Huntington territory.

Here is a resolution passed by the Chamber of Commerce at Huntington, West Virginia, recommending Cincinnati.

Here is the telegram which Mr. Hirsch just hands me from Williamson, West Virginia.

"We have no representative, banks in this section unanimsously in favor of Cincinnati as location for regional bnaks, as no other point would be satisfactory or as easily reached from North and West sections.

National Bank of Commerce, First  
National Bank, Williamson, West Virginia."

We have a letter from the First National Bank of Terre Haute. I think we have dealt with them for more than fifty years: "Next to Chicago, Cincinnati would be the choice of this bank for the location of a Regional Reserve Bank for the district or zone in which Terre Haute is situated."

The Secretary of the treasury: Just give the names of the

Cities as you go along, and we will tell you which ones to read.

Mr. Rowe: Muncie, Indiana. That is rather a long letter.

The Secretary of the Treasury: Is it from a bank?

Mr. Rowe: Yes, it is a good letter, and states his wishes clearly.

The Secretary of the Treasury: You may file it.

You see, the Department is taking its own poll, and these letters will be considered in connection with its poll, and it is hardly worth while to read them in full for the moment.

Mr. Rowe: Here is one from the First National Bank of Chattanooga, saying their next choice would be Cincinnati.

The Secretary of the Treasury: Yes, we have that from Mr. Preston himself from Chattanooga.

Mr. Rowe: We will file these, but we would like to have a few of these gentlemen on this list present their views.

The Secretary of the Treasury: There is one other question I would like to ask you which I omitted before, and that is as to the number of banks in the Cincinnati Clearing House.

Mr. Rowe: There are 13 all told, of which eight are National and five are State Banks.

(The letters and resolutions were accordingly filed).

The Secretary of the Treasury: We will hear from Toledo next. Who represents Toledo?

STATEMENT OF S. D. CARR.

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

Mr. Carr: S. D. Carr, President National Bank of Commerce, of Toledo.

The Secretary of the Treasury: What do you represent?

Mr. Carr: The Clearing house --no, I will not say that, the National Bank of Commerce.

The Secretary of the Treasury: You do not represent the Clearing House?

Mr. Carr: Not particularly, no.

The Secretary of the Treasury: Are you an officer of the Clearing House?

Mr. Carr: Yes.

The Secretary of the Treasury: What position?

Mr. Carr: Vice President.

The Secretary of the Treasury: Will you kindly give us your ideas on this subject, Mr. Carr.

Mr. Carr: Well, the facts are the banks, a majority of them

had signified Cleveland as their first choice and Cincinnati as next.

The Secretary of the Treasury: How many banks are in the Clearing House?

Mr. Carr: 13.

The Secretary of the Treasury: How many State and how many National?

Mr. Carr: 4 National and 9 State.

The Secretary of the Treasury: And a majority express a preference for Cleveland?

Mr. Carr: No, sir, I do not think a majority, But I think just the National banks, and perhaps one of the State banks, the Ohio Savings Bank.

The Secretary of the Treasury: What is the preference of your own bank?

Mr. Carr: Well, in some ways Cleveland is a little nearer to us, but Cincinnati I have favored some, because of the fact that it has a sub-treasury here, and it seemed to me it would be a practical advantage to have the Reserve Bank here.

The Secretary of the Treasury: Which city would you say would best serve Toledo's trade and commercial interests?

Mr. Carr: I should say Cleveland. We have a larger volume of business there than with Cincinnati.

The Secretary of the Treasury: Have you an idea what the general sentiment of your community is on that subject? I mean of the bankers and business men?

Mr. Carr: I think they rather favor Cleveland because it is so much nearer, and we have so much larger business.

The Secretary of the Treasury: If some city outside of Ohio should be chosen, what would be your second choice?

Mr. Carr: Chicago.

The Secretary of the Treasury: How are your trade relations with Chicago as against Cleveland and Cincinnati, larger or smaller?

Mr. Carr: Well, we have more business with Cleveland and next Chicago.

The Secretary of the Treasury: That is all, thank you. Is there a representative of Zanesville here?

STATEMENT OF H. A. SHARP.

The Secretary of the Treasury: State your name, residence and occupation.

Mr. Sharp: H. A. Sharp, Cashier of Old Citizens National

Bank of Zanesville.

The Secretary of the Treasury: Do you represent the Clearing House?

Mr. Sharp: I do not.

The Secretary of the Treasury: What is your view about this question?

Mr. Sharp: I do not wish to take your time, but as a representative of the largest bank in North Eastern Ohio and all the banks in Zanesville, I heartily recommend the appointment of Cincinnati as one of the locations for a Regional Bank.

In the matter which was touched upon by Mr. Rowe, in regard to this flood, Zanesville was visited by the flood, and our county suffered a loss perhaps of eight or nine million dollars. We were in the midst of it. All the banks in Zanesville were closed for seven days, and many of the houses went down the river, and the mortgages, perhaps went with them. We did not know what would be our condition when we opened up, but we were in communication with Cincinnati all the time, and it was due to the First National Bank of Cincinnati that we received our first relief by funds shipped from Cincinnati which came very promptly, and instead

of trouble after the seven days of closing our bank, our deposits increased continually thereafter. But I will say in preparation for that opening, we were in touch with Cincinnati, which furnished us the aid, which we greatly appreciate.

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

Mr. Sharp: We have our reserves in Cincinnati, Cleveland and Chicago.

The Secretary of the Treasury: What percentage in Cincinnati?

Mr. Sharp: I should judge about forty per cent.

The Secretary of the Treasury: Are you speaking for the banks of Zanesville, or your own bank alone?

Mr. Sharp: I am speaking for my own bank, and other banks in Zanesville.

The Secretary of the Treasury: Have you any authority to speak for them?

Mr. Sharp: I have.

The Secretary of the Treasury: Have you any resolution of the banks?

Mr. Sharp: No, I have not.

The Secretary of the Treasury: Just by word of mouth?

Mr. Sharp: Just by word of mouth.

The Secretary of the Treasury: You think you reflect their sentiment as being a weight to be attached to Cincinnati?

Mr. Sharp: I am positive of it.

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

Mr. Sharp: I would think Cleveland would be their second choice?

The Secretary of Agriculture: How would they look upon Columbus?

Mr. Sharp: Columbus has never been mentioned in our discussions.

The Secretary of the Treasury: Or Pittsburgh?

Mr. Sharp: Not since 1907.

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

#### STATEMENT OF JOHN L. BUSHNELL.

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

Mr. Bushnell: John L. Bushnell, Springfield, Ohio.

The Secretary of the Treasury: What do you represent?

Mr. Bushnell: I am President of the First National Bank, but I have not any written authority as to the other banks. It is only hearsay, and I do not know whether you want to consider it or not.

The Secretary of the Treasury: We will not consider hearsay. We will hear what you have to say, however.

Mr. Bushnell: Our first choice in this is Cincinnati. That is unanimous with all the banks in Springfield.

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

Mr. Bushnell: There are six national banks and two savings banks, eight altogether.

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

Mr. Bushnell: I think Cleveland would.

The Secretary of the Treasury: Is this the district which you think should be created?

Mr. Bushnell: Yes, I would feel pretty well satisfied with that. Speaking personally now, our bank would favor Chicago for second, but the other banks of Springfield favor Cleveland as second choice.

The Secretary of the Treasury: Is that because of State pride, or of more intimate business relations than with

Chicago?

Mr. Bushnell: I think the choice of Cleveland for second is more State pride. Our business next to Cincinnati is with Chicago. Cincinnati, Chicago and New York are our principal connections.

The Secretary of Agriculture: Had you thought of Columbus?

Mr. Bushnell: No, that is new, since there has been any discussion had. But even so, even if we are only 40 miles from Columbus and twice that distance from Cincinnati, I am satisfied we would prefer Cincinnati.

The Secretary of the Treasury: Your trade relations are more with Cincinnati?

Mr. Bushnell: Very much more, yes, sir.

#### STATEMENT OF W. B. GEBHARDT.

The Secretary of the Treasury: State your name.

Mr. Gebhardt: W. B. Gebhardt.

The Secretary of the Treasury: What do you represent?

Mr. Gebhardt: I represent the Clearing House of Dayton, Ohio.

The Secretary of the Treasury: By resolution?

Mr. Gebhardt: No; they asked us to come down, and the

Secretary and Treasurer came down, and they delegated me to speak for the other banks, and asked me to attend and represent them.

The Secretary of the Treasury: With what bank are you connected?

Mr. Gebhardt: City National Bank and the City Trust and Savings Bank.

The Secretary of the Treasury: Your position with them is what?

Mr. Gebhardt: President of both.

The Secretary of the Treasury: What is Dayton's preference?

Mr. Gebhardt: Cincinnati, strong.

The Secretary of the Treasury: That would be natural, of course.

Mr. Gebhardt: Cincinnati we choose, because we are in more direct communication with them, and we can communicate with them. The gentleman from Zanesville mentioned about the flood. I wish to say our loss in Dayton was over one hundred million dollars. We had no way to get to any place except by automobile to Cincinnati; and as he says, we did not know what the result would be, but Cincinnati responded nobly to our request. No other City could have answered the purpose, be-

cause we could not get to them. The whole Miami Valley can send to Cincinnati in the morning and return to their house in the evening and be accommodated.

The Secretary of the Treasury : What is your bank, did you say?

Mr. Gebhardt: The City National and the City Trust and Savings.

The Secretary of the Treasury: Washington kind of helped you out, did it not, or offered to, about that time?

Mr. Gebhardt: Washington County?

The Secretary of the Treasury: Washington, D. C.

Mr. Gebhardt: Yes, but it took time, and it did not take time for Cincinnati. They did it at once.

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

Mr. Gebhardt: I do not think we have any second choice. It is Cincinnati altogether.

The Secretary of Agriculture: Suppose we found that we could not put the bank in, then where should we put it?

Mr. Gebhardt: We say Cincinnati. We hope you cannot find any such reason.

The Secretary of the Treasury: Would you not favor Dayton next?

Mr. Gebhardt: No, sir, we do not care for it; we know we could not get it, so we are not asking for it.

The Secretary of the Treasury: Would the natural trend of your business be towards Chicago or Cleveland after Cincinnati?

Mr. Gebhardt: That is very hard to say. We carry accounts at both places, and we have a good deal of dealings with both.

The Secretary of the Treasury: Where do you carry your reserves now, how are they distributed now?

Mr. Gebhardt: I should say Cincinnati would have at least one half, 50 per cent of our reserves.

The Secretary of the Treasury: Where is the remainder placed?

Mr. Gebhardt: New York, Chicago, Philadelphia, Cleveland and St. Louis.

#### STATEMENT OF C. D. CRITES.

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

Mr. Crites: C. D. Crites, Lima, Ohio.

The Secretary of the Treasury: Whom do you represent?

Mr. Crites: I am not authorized to speak for anybody really, and did not expect to be called upon, but I am Cashier and Manager of the First National Bank of Lima.

The Secretary of the Treasury: What is your preference for the location of a reserve bank in this district?

Mr. Crites: If located within a region circumscribed on this line, Cincinnati.

The Secretary of the Treasury: And your second choice?

Mr. Crites: Chicago.

The Secretary of Agriculture: Is your first preference for a district in which Cincinnati would be the headquarters, or a district in which Chicago would be the headquarters?

Mr. Crites: My first preference, but probably that is a little selfish, would be Chicago, because the distances are about the same, and no further in matters of remittance to and from, and we probably would get a better guarantee of six per cent dividends as accommodations, because of larger assets. That is only a presumption. We are equally near Cincinnati, with equal business facilities, and more of our business trends this way than Chicago.

The Secretary of Agriculture: How do you look upon Cleveland; are your relations intimate there?

Mr. Crites: Yes, so far as bank relations are concerned, I should say about equal with these of Cincinnati.

STATEMENT OF J. S. HILL.

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

Mr. Hill. J. S. Hill, Cashier of the National City Bank, Charleston, West Virginia.

The Secretary of the Treasury: Whom do you represent?

Mr. Hill: The Charleston Clearing House Association.

The Secretary of the Treasury: How many banks?

Mr. Hill: 12 banks.

The Secretary of the Treasury: State and National?

Mr. Hill: Yes.

The Secretary of the Treasury: How many of each?

Mr. Hill: 4 National and 8 State.

The Secretary of the Treasury: Have you a resolution from your Clearing House?

Mr. Hill: The resolution was passed, but I have not a copy of it.

The Secretary of the Treasury: What is the purport of it?

Mr. Hill: Favoring Cincinnati.

The Secretary of the Treasury: Was that in response to

solicitation?

Mr. Hill: The resolution, I think, was passed before we had any letters or telegrams from Cincinnati.

The Secretary of the Treasury: Cincinnati was a bit slow that time, wasn't she?

Mr. Hill: Yes.

The Secretary of the Treasury: What is your view about the district?

Mr. Hill: Are you asking that question with reference to our State?

The Secretary of the Treasury: Yes, I am speaking of your State. It is incorporated in this district. Do you think that is the best disposition to make of it?

Mr. Hill: My personal opinion is that our State should be divided.

The Secretary of the Treasury: In what way?

Mr. Hill: I think the northern part of the State would naturally go to Pittsburgh, or to some other section that we should not be connected with on account of the railroad facilities and mail facilities.

The Secretary of the Treasury: And the natural course of business?

Mr. Hill: The natural course of business, yes, sir.

The Secretary of the Treasury: Now we had some testimony from some cities in southern West Virginia in favor of Richmond or Washington.

Mr. Hill: That was in the Norfolk & Western section.

The Secretary of the Treasury: Your trade relations are more with Cincinnati than with any other large city in the district?

Mr. Hill: Yes, sir.

The Secretary of the Treasury: Is that the unanimous settlement of the banks of Charleston?

Mr. Hill: Yes, sir.

The Secretary of the Treasury: How about the business men, what is their view?

Mr. Hill: The Chamber of Commerce and the Business Men's Association both endorse Cincinnati by resolution.

The Secretary of the Treasury: What would be your second choice, assuming that Cincinnati was not chosen, and that this district was laid out?

Mr. Hill: I suppose if I answer like the rest of them, I would say Charleston, but I really think we would favor Richmond, Virginia or Baltimore.

## STATEMENT OF ROBERT L. ARCHER.

The Secretary of the Treasury: State your name, residence and occupation?

Mr. Archer: Robert L. Archer, Cashier of the First National Bank, Huntington, West Virginia.

The Secretary of the Treasury: Do you represent the Clearing House?

Mr. Archer: No, sir; I represent Group 3 of the West Virginia Bankers' Association.

The Secretary of the Treasury: What does that comprise in the way of territory?

Mr. Archer: The territory in southwestern West Virginia, consisting of Cabell, Wayne, Putnam, Lincoln, Logan and Mingo Counties.

The Secretary of the Treasury: What is the view of your group as to the district that should be located here?

Mr. Archer: Our group has a resolution on file with your committee now and their unanimous opinion was that our territory ought to be attached to Cincinnati.

The Secretary of the Treasury: That is your first choice?

Mr. Archer: Yes, sir.

The Secretary of the Treasury: What will <sup>be</sup> your second choice, either of a city within this district or outside?

Mr. Archer: We really have no second choice. Cincinnati is our only city. But if it had to be some other city, I think Richmond, Virginia, would serve us as well or better than any other.

The Secretary of the Treasury: That is all, thank you. Is there any one here representing Chillicothe? Or Vincennes, Indiana? If not, we will hear next from Paintsville, Kentucky?

#### STATEMENT OF W. E. BAKER.

The Secretary of the Treasury: State your name, residence, occupation?

Mr. Baker: W. E. Baker; cashier German National Bank Vincennes, Indiana.

The Secretary of the Treasury: What do you represent?

Mr. Baker: I represent all three of the National Banks in Vincennes.

The Secretary of the Treasury: Have you any credentials from them?

Mr. Baker: I have a letter from each one of them. One of the banks has recommended Chicago as their first choice and the other two Cincinnati.

The Secretary of the Treasury: Let these be filed as exhibits to your testimony.

The papers were filed accordingly.

The Secretary of the Treasury: What would be your second choice, if you were not attached to Cincinnati?

Mr. Baker: Chicago.

The Secretary of the Treasury: What is your third choice?

Mr. Baker: St. Louis, then. We prefer not to be with St. Louis, though, if we can get around it.

The Secretary of the Treasury: Why?

Mr. Baker: The relations with St. Louis are not as convenient as they are with Cincinnati and Chicago.

The Secretary of the Treasury: You mean transportation facilities are not?

Mr. Baker: Yes, sir. Cincinnati is most convenient to

us of all of them.

The Secretary of the Treasury: Where do you have the most intimate trade relations?

Mr. Baker: I should judge most of it would be with Cincinnati and then it would be with Indianapolis.

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

STATEMENT OF J. E. BUCKINGHAM.

The Secretary of the Treasury: State your name, residence and occupation?

Mr. Buckingham: J. E. Buckingham, cashier Paintsville National Bank.

The Secretary of Agriculture: How far is Paintsville from Cincinnati?

Mr. Buckingham: It is 155 miles.

The Secretary of Agriculture: What do you represent?

Mr. Buckingham: Paintsville, Pikeville, W. H. Jenkins, McRoberts and Wayland.

The Secretary of Agriculture: By resolution?

Mr. Buckingham: I am cashier of the Paintsville Bank and Vice President of the National Bank of Pikeville and

President of the First National Bank at Jenkins and President of the bank at McRoberts, and President of the bank at Wayland.

The Secretary of Agriculture: Where are these places?

Mr. Buckingham: Up the Big Sandy River.

Mr. Rowe: They are all in that newly developed coal region up the Big Sandy River.

The Secretary of the Treasury: On what railroad?

Mr. Buckingham: The Chesapeake & Ohio.

The Secretary of Agriculture: How many banks do you represent?

Mr. Buckingham: Five.

The Secretary of Agriculture: State or National?

Mr. Buckingham: Three National and two state.

The Secretary of Agriculture: And what are your views and wishes?

Mr. Buckingham: For Cincinnati.

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

Mr. Buckingham: My personal choice or expressing the wishes of Eastern Kentucky?

The Secretary of Agriculture: Both.

Mr. Buckingham: My personal choice would be Baltimore, but I think Eastern Kentucky would prefer Louisville.

The Secretary of Agriculture: You think Eastern Kentucky would prefer Cincinnati over Louisville?

Mr. Buckingham: Yes, sir. All of their business is with Cincinnati and 90 per cent of their banking business is with Cincinnati.

The Secretary of Agriculture: And they would follow that rather than any State pride?

Mr. Buckingham: Yes.

#### STATEMENT OF L. N. DAVIS.

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

Mr. Davis: L. N. Davis, President, Second National Bank of Ashland, Kentucky.

The Secretary of Agriculture: Do you represent any one except that bank?

Mr. Davis: We live in a tri-State section, so-called. We have six banks there, with a combined capital and surplus of \$1,000,000 and deposits aggregating about \$3,300,000 and

about 15 per cent. of our money is kept in Louisville and New York and other cities and 85 per cent. in Cincinnati.

The Secretary of Agriculture: You are speaking for all the banks?

Mr. Davis: All those six banks, yes, sir.

The Secretary of Agriculture: Did they authorize you to speak for them?

Mr. Davis: Yes, sir.

The Secretary of Agriculture: Have you any resolution from them?

Mr. Davis: No.

The Secretary of Agriculture: Their first choice is for a district substantially as this is outlined?

Mr. Davis: Yes, sir.

The Secretary of Agriculture: With Cincinnati as the headquarters?

Mr. Davis: Yes, for convenience of getting here for money.

The Secretary of Agriculture: What would be their second choice if we could not take this action?

Mr. Davis: Louisville.

The Secretary of Agriculture: And their third choice?

Mr. Davis: Chicago or East. We want to get quick connection. Our community is an iron and lumber district.

The Secretary of Agriculture: By East, what city would you have reference to that would be within range?

Mr. Davis: It is 15 or 16 hours to Washington or Baltimore. There would not be any difference between those two places.

The Secretary of Agriculture: What about Richmond?

Mr. Davis: We would not make much choice between the three places.

The Secretary of Agriculture: Have you any present connections with those cities to speak of?

Mr. Davis: None whatever.

The Secretary of the Treasury: Is Indianapolis represented?

Mr. Fletcher: I am here for Indianapolis.

#### STATEMENT OF S. A. FLETCHER.

The Secretary of the Treasury: You may state your name,

Mr. Fletcher: S. A. Fletcher.

The Secretary of the Treasury: What do you represent?

Mr. Fletcher: The Clearing House.

The Secretary of the Treasury: Does Indianapolis wish to present a claim for the bank itself?

Mr. Fletcher: No.

The Secretary of the Treasury: As it is pretty nearly lunch time perhaps you will require a little more time--

Mr. Fletcher: No just a moment.

The Secretary of the Treasury: I was going to say we will give you more time after luncheon, but you may proceed until that time.

Mr. Fletcher: Our preference is for Chicago.

The Secretary of the Treasury: You have some resolutions from your Clearing House?

Mr. Fletcher: No resolutions, but I appear here and have brought some figures which I understand you asked some one to bring from Indianapolis, who represented the Clearing House. It is a comparison between our trade relations with Cincinnati, Chicago and St. Louis, and shows practically 80 per cent. of our business is with Chicago, in and out.

The Secretary of Agriculture: And what with Cincinnati?

Mr. Fletcher: The items sent in a period of six days in February, out of 100 per cent, to Cincinnati were 15.9 per cent. of our total, and in our receipts 15.6 per cent. and Chicago during the same period 74.8 per cent and 80 per cent.

The Secretary of Agriculture: You are speaking of bank

items?

Mr. Fletcher: Yes.

The Secretary of Agriculture: How far do you think this reflects normal or artificial conditions?

Mr. Fletcher: That is a very accurate reflection of the average volume of business which passes between the towns.

The Secretary of Agriculture: Under the present system the balances you keep are not determined solely by normal conditions.

Mr. Fletcher: These are not based on balances. The figures I am giving you, which I understand you asked for, are to show the routing of items, and this represents the volume of items that we file for creditor receive or remit.

The Secretary of Agriculture: I understood that Indianapolis expressed that preference at Chicago and that you were to submit some figures.

Mr. Fletcher: Yes.

The Secretary of Agriculture: Will you just file them with the reporter?

Mr. Fletcher: Yes.

The papers were accordingly filed.

The Secretary of the Treasury: Have you anything else to

offer?

Mr. Fletcher: No.

The Secretary of the Treasury: What is the second choice of Indianapolis, Chicago being first?

Mr. Fletcher: They have no second choice up there. They figure it would entirely disturb their collection arrangements to have them use any other point than that.

The Secretary of the Treasury: Well your ordinary arrangements between banks will not be disturbed by this system.

Mr. Fletcher: We figure we would save the same time we would save now.

The Secretary of the Treasury: If you had to face that alternative what would be the next best place to locate the bank, so far as Indianapolis is concerned?

Mr. Fletcher: We have no preference at all and have not attempted to figure that any routing of mail would be--

The Secretary of the Treasury: If this district should be laid out as outlined, of course you could not be attached to Chicago.

Mr. Fletcher: No.

The Secretary of the Treasury: Considering it in that

light, as an hypothesis for the question, then where would you think you would be best served?

Mr. Fletcher: Cincinnati would probably disturb us least.

The Secretary of the Treasury: Of course you are aware that the ordinary transactions between banks will not be interfered with by this arrangement; and that this reserve bank holds the reserves of the district.

Mr. Fletcher: What facts could a person take into consideration in attempting to make a second choice, if the only thing we can figure on is just the ordinary economy of time in doing business now?

The Secretary of the Treasury: Of course those factors have to be considered naturally, but you speak of the ordinary transactions between your bank and Chicago. That will not be disturbed, even if you should be put in a district in which Chicago is not located. The Federal Reserve Bank will hold the reserves of the banks of the district and it will be resorted to for re-discounting by member banks and will also exercise such clearing house functions as the Federal Reserve Board determines it shall do.

Mr. Fletcher: I should think it would be a knowledge of what percentage of clearings they do for us which would

lead us to make a decision. Of course if we use the same channels we do now, it would be with Chicago 80 per cent.

The Secretary of the Treasury: What would you say about the southern part of Indiana?

Mr. Fletcher: I think they have some statistics here gathered by the Indiana State Bankers' Association, by Mr. Sontag and Mr. Smith.

At 1 P. M. a recess was taken until 2:30 P. M.

## AFTER RECESS

## STATEMENT OF ANDREW SMITH.

The Secretary of the Treasury: State your name, residence and occupation?

Mr. Smith: Andrew Smith; Secretary of the Indiana Bankers' Association, Indianapolis; also Vice President of the Indiana National Bank, Indianapolis.

The Secretary of the Treasury: You may proceed.

Mr. Smith: Gentlemen, at your Chicago hearing you requested Col. McCullough, Ex-President of our Association, and Mr. Mallett of Indianapolis, to gather some interesting information for you regarding the establishment of a Federal Reserve Bank and where Indiana would prefer to be attached. They turned this matter over to me as Secretary of the State Association and asked me to present it to you at your hearing in Cincinnati. With that end in view we sent out a letter to every bank in Indiana requesting that they give us the amount of reserves carried in Chicago, St. Louis and Cincinnati and also their preference as between Chicago, St. Louis, Cincinnati and Louisville, naming a first choice and second choice; also the preference as between Chicago and St. Louis.

We also asked them to indicate the percentage of business between their locality and the above named cities. We received 666 replies out of 937 banks of all kinds in Indiana.

The Secretary of the Treasury: You have a copy of the inquiry which you will file, have you?

Mr. Smith: Yes. Of this total of 937, 205 National Banks with a capital of \$33,333,000 reported and 354 State Banks and Trust Companies with a capital of \$25,339,656, capital and surplus, and 107 private banks with a capital and surplus of \$1,402,950, making a total of 666 banks with a capital representing \$60,274,838.

Of this number the National Banks reported favorably to Chicago, 132 with capital and surplus of \$25,267,062. Cincinnati 52 with capital and surplus of \$6,294,985; St. Louis, none; Louisville, 18, with a capital and surplus of \$1,893,585. Three were scattering, representing \$75,200 capital.

This gives a total of 205 National Banks reporting, with \$33,532,332 capital and surplus, for Chicago.

For second choice Chicago 60 banks with a capital and surplus of \$7,547,735; Cincinnati, 36 banks with a capital

and surplus of \$15,323,710; St. Louis 21 banks with a capital and surplus of \$7,447,935; Louisville 30 banks with a capital and surplus of \$1,956,300; and scattering 38 banks with a capital and surplus of \$1,257,512.

As between Chicago and St. Louis, Chicago 201 banks with a capital and surplus of \$33,453,797; St. Louis 4 banks with a capital and surplus of \$78,435.

Number of State Banks and Trust Companies reporting 354. For Chicago 241 with a capital and surplus of \$19,148,125; Cincinnati 65 with a capital and surplus of \$4,042,640; St. Louis 1 with a capital and surplus of \$28,000; Louisville 25 with a capital and surplus of \$1,015,400; scattering 22 with a capital and surplus of \$1,105,491.

For second choice Chicago 58 with a capital and surplus of \$3,544,700; Cincinnati 112 with a capital and surplus of \$8,833,136; St. Louis 34 with a capital and surplus of \$5,301,300; Louisville 38 with a capital and surplus of \$1,481,970; scattering 112 with a capital and surplus of \$6,178,550.

As between Chicago and St. Louis, Chicago 291 with a capital and surplus of \$22,480,620; St. Louis 7 with a capital and surplus of \$320,000; scattering 56 with a capital and surplus of \$2,539,036. Private banks Chicago 74 with a

A. Smith

surplus of \$951,350; Cincinnati 20 with a capital and surplus of \$274,100; Louisville 4 with a capital and surplus of \$56,000; scattering 9 with a capital and surplus of \$121,500.

Second choice 18 with a capital and surplus of \$249,300; Cincinnati 37 with a capital and surplus of \$457,200--

The Secretary of the Treasury: That is not material, in view of the fact that they cannot become members of the system. It is merely indicative of their sentiment.

Mr. Smith: Yes. It is merely history.

The Secretary of Agriculture: Have you anything to show where the banks are that express preference from Cincinnati and Chicago and St. Louis?

Mr. Smith: They are all over the state, from the northern boundary to the Ohio River.

The Secretary of the Treasury: You can supply a list?

Mr. Smith: I have not it with me, but I can supply it.

The Secretary of the Treasury: Furnish that, giving the address of each bank.

Mr. Smith: I will be glad to do that.

The Secretary of the Treasury: How far do you think the

A. Smith

banks in making these replies have been influenced by the consideration as to which district or which city would be likely to be the one to earn a dividend on the stock; where that consideration has been the prevailing one, how far would you say that has influenced the action of these banks?

Mr. Smith: I think they feel that a bank in Chicago would be a pretty good money getter and would probably declare a good dividend.

The Secretary of the Treasury: Do you think that has more influence with them that more economic and fundamental question that ought to determine the question?

Mr. Smith: I think a good many favor Chicago on account of many of their business interests going in that direction.

The Secretary of the Treasury: You think that has influenced them more than to be in a bank which is sure to earn 6 per cent, interest?

Mr. Smith: Yes.

The Secretary of the Treasury: Is there any doubt in your mind that a bank laid out in the district proposed by Cincinnati would be able to earn its interest on the stock?

Mr. Smith: I believe it would. It is certainly a good territory.

A. Smith.

The Secretary of the Treasury: Have you anything else to suggest?

Mr. Smith: For your further edification we took the matter up with the Chamber of Commerce in Indianapolis, of which I am a member, and I represent them. Their secretary sent out a letter to various Chambers of Commerce and Boards of Trade over the State asking whether they favored Chicago, Cincinnati or St. Louis or Louisville for the establishment of a Federal Reserve Bank and indicating--

The Secretary of the Treasury: A copy of that letter of inquiry will be filed also?

Mr. Smith: Yes, that is all here. Of course there are not many Chambers of Commerce or Boards of Trade scattered over Indiana, but we have 12 replies here and of the 12 seven favored Chicago, four Cincinnati and one scattered. I will be glad to leave these with you.

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

Papers accordingly filed.

STATEMENT OF MARCUS S. SONTAG.

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

Marcus S. Sontag.

Mr. Sontag: Marcus S. Sontag, Vice President Indiana Bankers' Association. This correspondence has been had with all the banks of the State, and I will file that without any further statement unless you want to hear from Evansville.

The Secretary of the Treasury: If the State should be divided between two districts, where should you say the southern part of the state should be put?

Mr. Sontag: Well we favor Chicago, but for second choice, St. Louis by a long ways. You see we are away down in the pocket.

The Secretary of Agriculture: That is Evansville?

Mr. Sontag: Yes. And St. Louis is on a direct line with us.

The Secretary of the Treasury: How much of Southern Indiana would be regarded as tributary to St. Louis naturally?

Mr. Sontag: As far north as Vincennes or probably Terra Haute. I notice one of the banks of Terra Haute has appeared here.

The Secretary of Agriculture: Would that apply to the southeastern part of the State?

Marcus S. Sontag.

Mr. Sontag: No, they would naturally come to Cincinnati. Practically everything east of Vincennes would all go to Cincinnati, but we are so situated that our railroad facilities and everything favor St. Louis. That would be our second choice. I should like to file this paper which came out Sunday, which gives our full bank standing and every bank in the City. We have ten banks in the Clearing House.

The Secretary of the Treasury: That is an accurate statement.

Mr. Sontag: Yes, sir: compiled by one of our bankers.

The papers were accordingly filed.

The Secretary of the Treasury: Who represents Terra Haute?

Mr. Rowe: I do not think there is anybody here.

The Secretary of the Treasury: Is there anyone else from Indiana who wished to be heard?

Mr. Rowe: Mr. Church of Muncie is here.

#### STATEMENT OF C. H. CHURCH.

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

Mr. Church: C. H. Church, Muncie, Indiana; Cashier of the Delaware County National Bank. I am also Secretary of

the Muncie Clearing House.

The Secretary of the Treasury: Do you represent the Clearing House?

Mr. Church: Only informally; they took no action. I represent the three national Banks there.

The Secretary of the Treasury: My authority?

Mr. Church: That much so.

The Secretary of the Treasury: By authority?

Mr. Church: By authority, yes, sir, or by request.

The Secretary of the Treasury: What is your view of this matter?

Mr. Church: Muncie is located half way to Chicago, just about, with the same facilities either way, telegraph, mail or railroad. Now for six days past ending Saturday night we had \$214,000 remittances, 45 per cent. of them coming this way. The other was divided between Indianapolis and Chicago.

The Secretary of the Treasury: Was that indicative of the general condition?

Mr. Church: That is just about, as nearly as I can estimate it, it is the way it would all turn out.

The Secretary of the Treasury: So you favor Cincinnati,

do you?

Mr. Church: I favor Cincinnati on the ground that we send more stuff here, that is they clear more for us. I would like to explain that two weeks ago I took in \$125,000 of deposits in one day. \$10,000 of that was cash and \$115,000 was checks, and \$100,000 of those checks were foreign, away from Muncie. Forty per cent or \$40,000 was against State banks and bankers. Now that is something that perhaps you wanted to know as to the per cent, \$40,000 would not have been cleared through the Regional Bank with any comfort, without expense. That was perhaps an unusual thing, but still we have it about that way all the week.

The Secretary of the Treasury: That is about the proportion all the time, is it?

Mr. Church: Yes. Forty per cent has to go for clearance through State Banks and bankers and trust companies.

The Secretary of the Treasury: How are they going to be affected, if you have a Federal system of clearances which does not include them?

Mr. Church: Well, we will have to provide for them or pay the expense.

The Secretary of the Treasury: Well, will they not have to

C. H. Church.

pay some expense too?

Mr. Church: I am getting them free now, that is the point. I am getting all of these free, and if it is put into the Federal Reserve Bank we will have to pay the expense. I am only calling your attention to this because I heard you make an inquiry this morning something along that line.

The Secretary of the Treasury: There may be some compensating advantages, we cannot tell yet. We are getting information on that now. That is all, thank you. If there is no one else from Indiana we will hear from Kentucky now. Is Lexington represented?

Mr. Rowe: Mr. Sharp of Maysville, Kentucky, is here.

#### STATEMENT OF H. C. SHARP .

The Secretary of the Treasury: State your name residence and occupation.

Mr. Sharp. H. C. Sharp, Cashier State National Bank, Maysville, Kentucky. I do not want to take up your time but wish to file this for your information.

The Secretary of the Treasury: You favor Cincinnati?

Mr. Sharp: Yes.

The Secretary of the Treasury: For whom do you speak,

your own bank or the town?

Mr. Sharp: The whole town. It is all stated in this brief.

The Secretary of the Treasury: It may be filed.

MAYSVILLE, KENTUCKY, URGING A  
REGIONAL BANK FOR CINCINNATI.

Maysville is sixty-three (63) miles East of Cincinnati on the Ohio River and L. & N. and C. & O. R.R., and we can reach Cincinnati in one and three quarters (1-3/4) hours.

We have one large Cotton Mill shipping goods all over the United States and Canada; one large Plow Factory, with customers in Cuba and South America; one Wood Split Pulley Factory, whose goods go to all points of the Globe; we have the second largest Loose Leaf Tobacco Market in the whole Burckley Tobacco District, selling last year over the "breaks" 23,000,000 pounds, totaling over \$3,000,000.00; we are surrounded by very fertile farming lands, in high state of cultivation; we have three large Distilleries, and numerous smaller interests; we have five (5) Banks

with aggregate Capital of	\$491,000.00
" " Surplus "	92,000.00
" Individual Deposits of	2,500,000.00

and ninety (90) per cent of all the business from these

H. C. Sharp

for no better reason why it is our interest to have a Regional Bank established in Cincinnati than the above, for any other point would be very inconvenient indeed.

Please allow me to add, that within a radius of thirty-five (35) miles of Maysville, there are twenty smaller towns, with thirty-four (34) banks, reporting:

Aggregate capital .....	\$1,096,600.00
Surplus and profits .....	556,500.00
Deposits .....	5,068,000.00

and we may safely say, that 95 per cent of this banking business is done through Cincinnati, and this applies equally strong, if not stronger, to the whole of Eastern Kentucky, the coming section of our State and our Country, whose mineral resources are unsurpassed, though the development is in its infancy.

Speaking from a strictly business and commercial standpoint, laying aside any personal feelings, we think Cincinnati with her Sub Treasury, splendid banks and geographical situation, is the best located city in the United States to serve the largest number of banks in this section, and we earnestly request your Honorable Board to locate a bank there.

Respectfully submitted,  
 H. C. Sharp.  
 Chairman.

## STATEMENT OF WALTER S. HARKINS.

The Secretary of the Treasury: State your name, residence and occupation.

Mr. Harkins: Walter S. Harkins, Prestonburg. My principal occupation is that of an Attorney at Law, but I am interested in the two banks where I live and some others.

The Secretary of the Treasury: What are they, National Banks?

Mr. Harkins: One is National and the other is State. The Bank Josephine at Prestonburg, Kentucky, is a National Bank. I am a stockholder in the Paintsville National Bank and the Paintsville Trust Company.

The Secretary of the Treasury: Are you authorized to appear here for them all?

Mr. Harkins: I am authorized to appear for those in our town. Mr. Buckingham has appeared for the others.

The Secretary of the Treasury: What is your view?

Mr. Harkins: With respect to the establishment of a Regional Bank in Cincinnati?

The Secretary of the Treasury: Yes.

Mr. Harkins: Unquestionably Cincinnati.

Walter S. Harkins.

The Secretary of the Treasury: Have you a second choice in this district?

Mr. Harkins: I have a second and third one.

The Secretary of the Treasury: You might name them.

Mr. Harkins: The first one, influenced by State pride, would be Louisville, and Cincinnati second, but the logic of the situation and our business relations are such that, waiving the matter of State pride, it makes Cincinnati unquestionably the place at which a Regional Reserve Bank should be established for all this district. The third choice we have is Richmond, Virginia.

The Secretary of the Treasury: That is all, unless you have something else to say.

Mr. Harkins: I do not want to take up the time of the Committee, but I will say in all that region where I live our business, financial and commercial, is with Cincinnati. The natural resource of that country consists in the main of a large coal district, oil and timber. The market for the coal passes through Cincinnati into the northwest, therefore we think the clearances should come the same way, and they would be quite distant between those two points and serve us better than a Regional Reserve Bank at any other

Walter S. Harkins.

point. There are other reasons, but it is not necessary to mention them.

STATEMENT OF C. E. FROST, Athens, Ala.

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

Mr. Frost: C. E. Frost, Athens, Ala.

The Secretary of the Treasury: You are on the Louisville & Nashville Railroad.

Mr. Frost: Yes, sir.

The Secretary of the Treasury: And your occupation?

Mr. Frost: Banker.

The Secretary of the Treasury: What do you represent?

Mr. Frost: I represent the First National at Athens and two other banks there, which are both State Banks.

The Secretary of the Treasury: Are you authorized to speak for all of them?

Mr. Frost: I can speak for one other.

The Secretary of the Treasury: Which one?

Mr. Frost: The Farmers' & Merchants'. It is our desire to get into the Cincinnati territory because we are on the

C. E. Frost

outposts of both New Orleans and Cincinnati, and Cincinnati would be our preference over New Orleans, because we believe there would be more capital in this territory than there would be in a bank in New Orleans, and what we need in the South is more capital and for that reason we are for Cincinnati.

The Secretary of the Treasury: Which way are your trade relations?

Mr. Frost: This way altogether.

The Secretary of the Treasury: Do you <sup>do</sup> business with Cincinnati?

Mr. Frost: Not very much, but our people do. We keep no account with Cincinnati at present. We do our business through Nashville, Baltimore and New York.

The Secretary of Agriculture: You think it better to have a district running north and south than east and west.

Mr. Frost: According to my idea it would be altogether north and south, because then you would have diversified crops which would be taken care of at different stages of the year. Our cotton in the fall and tobacco in the summer and these other commodities in the other seasons could be taken care of.

C. E. Frost.

The Secretary of Agriculture: You doubtless know that a district was suggested running east and west with Atlanta as the center.

Mr. Frost: I do not think you would find that practical; at least it would not be my idea. It would be north and south to put the lean and the fat together, if you will pardon the expression.

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

Mr. Frost: Louisville. But I come to insist on Cincinnati and protest against being put into the New Orleans territory. Mr. Harding you heard Saturday urging Birmingham I do not think Birmingham is a logical conclusion of the situation at all. I would not be in favor of that, notwithstanding it is a city we are proud of and has a great future for it; but at present I do not think it is a proper place, because we need more capital, and more than Birmingham can command in that territory.

The Secretary of Agriculture: Have you discussed the question with many people in your section?

Mr. Frost: No, sir; I have not, because it is a new question and they do not know anything about it and I do

G. E. Frost.

not either. I do not pretend to know anything about it, and I do not think the others do either. It is a new question. But what the future holds out for this question is more than any of us can say.

The Secretary of Agriculture: But you want to get into a strong district?

Mr. Frost: We want to get into a strong district because I want to see us succeed, and second if I do get into a strong district, I think it is more probable, but if I throw the money through the transom, I think I would be making a good investment, if it would keep out panics. I have been in the banking business 25 years and never put on the limit yet, but I do not mean that I will always do that. I may not next time. But those are my views about it, and if that is all you want to ask me--

The Secretary of the Treasury: Do you think the whole State of Alabama should be attached to this district?

Mr. Frost: No.

The Secretary of the Treasury: How far?

Mr. Frost: As far as Montgomery. The southern part might perhaps go to New Orleans.

The Secretary of Agriculture: Would not that give a still

## C. E. Frost

leaner district?

Mr. Frost: It would be pretty lean, but that is their misfortune. If it went entirely to the Gulf it would seem to me much better.

The Secretary of Agriculture: Do you think it would be desirable to have a district downthere with New Orleans as a center?

Mr. Frost: I do not. But I supposed that New Orleans was going to insist on it and probably would get it.

The Secretary of Agriculture: A good many have insisted on it.

The Secretary of the Treasury: It is more a question of what they will get.

Mr. Frost: I think the slice through this territory including Alabama, Georgia, a part of middle Tennessee and Kentucky, as these people have outlined it here, the part of the territory you have been discussing today, seems to me to be most practicable, but it would occur to me that Mississippi, Georgia and Alabama ought to be included clear to the Gulf. From the Lakes to the Gulf would be my idea, right through the middle of the United States ought to constitute this territory. That is my view. I do not pre-

C. E. Frost.

tend to know everything, but that is just my view of it. But if you could cut the State of Alabama in two down to Montgomery, and you have to establish another territory, put them in with New Orleans, Louisiana.

The Secretary of the Treasury: Suppose we did not have a Reserve Bank at New Orleans, your idea would be that the whole state would be incorporated in this district?

Mr. Frost; Yes. I would much prefer it, even if I was right there in Mobile. That would be my idea about it.

STATEMENT OF A. E. JACKSON.

The Secretary of the Treasury: State your name, residence and occupation?

Mr. Jackson: A. E. Jackson, Decatur, Alabama, Cashier of the City National and President of the First National Bank at Hartsell, Alabama.

The Secretary of the Treasury: What do you represent?

Mr. Jackson: I represent both those banks and the Central National of New Decatur.

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

Mr. Jackson: I think we should belong to Cincinnati,

C. E. Frost.

Certainly we do not want to belong to Atlanta or New Orleans, because we want money down there. We are the second largest stock market at an interior point in the State of Alabama, and we do not think we could be taken care of at New Orleans or Atlanta.

The Secretary of the Treasury: Is the course of your business more with Cincinnati than with Atlanta or New Orleans?

Mr. Jackson: Yes.

The Secretary of the Treasury: You do more business there?

Mr. Jackson: We do more business of course with Nashville, Tennessee; that is our real point, but we came up here at the solicitation of--

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

Mr. Jackson: With New York.

The Secretary of the Treasury: You say you came up at the solicitation of whom?

Mr. Jackson: The Nashville Clearing House.

The Secretary of Agriculture: You want to go with Nashville?

Mr. Jackson: Yes.

The Secretary of Agriculture: Wherever Nashville goes?

A. E. Jackson

Mr. Jackson: Yes, sir.

The Secretary of Agriculture: Your reasons are the same as those just given as to the strength of the district?

Mr. Jackson: Practically, so, yes, sir.

The Secretary of Agriculture: Anything else you desire to add?

Mr. Jackson: No, sir.

The Secretary of the Treasury: Mr. Rowe, have you any one else?

Mr. Rowe: The Knoxville Clearing House has representatives here now.

The Secretary of the Treasury: We will hear from Knoxville. Who represents Knoxville?

Mr. Johnston: I do.

STATEMENT OF H. M. JOHNSTON.

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

Mr. Johnston: H. M. Johnston; President of the Knoxville Clearing House Association.

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

H. M. Johnston.

Mr. Johnston: The Union National Bank.

The Secretary of the Treasury: Have you credentials from your Clearing House?

Mr. Johnston: Our Clearing House passed a resolution which I think was read this morning.

The Secretary of the Treasury: Yes, it was read this morning.

Mr. Johnston: At which the banks unanimously endorsed Cincinnati.

The Secretary of the Treasury: Was that expression solicited in any particular way?

Mr. Johnston: No.

The Secretary of the Treasury: Or was it a voluntary expression?

Mr. Johnston: It was voluntary. It came before any committee had visited Knoxville. I want to offer in explanation of that resolution, that since that time we have had committees from Atlanta, from Louisville and from Richmond and I think that one or two members of the Clearing House feel that they should endorse Atlanta, one that I know of particularly, but the Clearing House resolution has not been rescinded and there has been no question in regard

H. M. Johnston.

to it, and it was unanimous at the time.

The Secretary of the Treasury: Where do the Knoxville Banks keep their reserves?

Mr. Johnston: Well, the larger part of their reserve is carried in New York I presume. And outside of that, Louisville, Cincinnati and Baltimore you might say would be the principal ones.

The Secretary of the Treasury: In what percentage is it distributed between those points?

Mr. Johnston: I should say 60 per cent of the reserve was in New York at the present time?

Mr. Johnston: Well, I should say possibly 30 per cent.

The Secretary of the Treasury: That is the next largest point, is it?

Mr. Johnston: Yes. The trend of business from our section is largely toward Cincinnati and always has been. The relations between our section and Cincinnati have been very pleasant, and possibly the banks in Knoxville are represented in Cincinnati larger than in any other city, on account of the convenient mail service and of the pleasant relations that exist between the officials of the banks in Cincinnati and our territory.

H. M. Johnston

The Secretary of the Treasury: What would Knoxville's second choice be?

Mr. Johnston: Well, I have been trying to think, after discussing the matter with our bank people, that possibly they would feel Atlanta, from a philanthropic standpoint.

The Secretary of the Treasury: Philanthropic?

Mr. Johnston: Largely, I think they would all. I have never heard one yet, and I have questioned them very closely, say but what they would prefer to be served from Cincinnati and would like very much--

The Secretary of the Treasury: From sentimental more than practical reasons to be served from Atlanta?

Mr. Johnston: Yes.

The Secretary of the Treasury: Dismissing sentiment and looking at it more from the standpoint of economics where do you think Knoxville would be best served, if she was not attached to this district, East Tennessee including Knoxville?

Mr. Johnston: If she was not attached to the Cincinnati district?

The Secretary of the Treasury: Yes, if she was not attached to this proposed district, but eastward.

H. M. Johnston

Mr. Johnston: Well possibly Richmond.

The Secretary of the Treasury: Or Washington?

Mr. Johnston: Yes.

The Secretary of the Treasury: Or Baltimore?

Mr. Johnston: Yes, from these three there would be very little difference in service.

The Secretary of the Treasury: That would be the natural bent, would it not, if you did not come to Cincinnati?

Mr. Johnston: You might say that 60 miles above Knoxville the trend of business is towards Richmond, but below that point the trend is all towards Cincinnati, and I feel that on account of the district as I understand that Cincinnati has laid out, it seems like a very desirable district on account of the fact that the wants of the district are not the same at the same season of the year. The district that they have laid out, it seems to me, ought to be self-sustaining in every sense of the word. And our timber interests and coal and marble and our trucking interests are largely this way altogether. Our connections with the banks are almost entirely in Cincinnati. We have a few that have Atlanta accounts and one possibly in Richmond.

The Secretary of the Treasury: Why do you keep such a

H. M. Johnston

large part of your reserve in New York?

Mr. Johnston: We have used New York largely for discounting.

The Secretary of the Treasury: Exchange purposes and discounts?

Mr. Johnston: Yes, especially exchange.

The Secretary of the Treasury: With the parring of exchanges between these Reserve Banks, the necessity for that would disappear, would it not?

Mr. Johnston: In a sense, yes, sir. I think this, that <sup>who</sup> banks/are not members of the Regional Bank, such as State Banks and Trust Companies, on account of the connections we have had with our correspondents, especially through the Cincinnati district, we would possibly be able to handle those exchanges better than we would to change our general routing to some other parts where they are not accustomed to handle these exchanges from non-member banks.

The Secretary of Agriculture: You are familiar with the section to the south?

Mr. Johnston: Fairly so.

The Secretary of Agriculture: What do you think of the suggestion that the district ought to be extended southward

to include part of Alabama and Mississippi?

Mr. Johnston: I do not see why a part of Alabama and Mississippi could not be served advantageously.

The Secretary of Agriculture: In what would the advantage consist?

Mr. Johnston: Well largely in points of the wants of the district being diversified.

The Secretary of Agriculture: That is all, thank you. Does any one else wish to speak for Knoxville?

Mr. Rowe: Point Pleasant, West Virginia is here.

The Secretary of Agriculture: We will hear from Point Pleasant.

#### STATEMENT OF C. C. BOWYER.

The Secretary of Agriculture: What is your name?

Mr. Bowyer: C. C. Bowyer, Point Pleasant, West Virginia.

The Secretary of Agriculture: Where is Point Pleasant?

Mr. Bowyer: We are on the Ohio River 204 miles above here.

The Secretary of Agriculture: Is it near Parkersburg?

Mr. Bowyer: We are 87 miles south of Parkersburg.

The Secretary of the Treasury: Whom do you represent?

Mr. Bowyer: I represent the Point Pleasant National Bank.

the Pt. Pleasant Trust Company and the Merchants National Bank, of which I am cashier.

The Secretary of the Treasury: What is your view of this matter?

Mr. Bowyer: Well, sir; we favor Cincinnati very much. Most of our business is here. 75 or 80 per cent. of our business I suppose comes to Cincinnati and the business of our merchants is largely here, and most of our exchanges are made with Cincinnati.

The Secretary of the Treasury: Your business is almost wholly with Cincinnati?

Mr. Bowyer: Yes, sir; almost wholly.

The Secretary of the Treasury: What would be your second choice in this district if Cincinnati did not have a bank?

Mr. Bowyer: Well sir we really have no second choice, but in response to an inquiry from your office awhile ago as to the first, second and third choice, we gave Cincinnati first, Washington second and Baltimore third.

The Secretary of the Treasury: That is all, thank you. Is there any one else?

Mr. Rowe: We have Mr. Welch of West Virginia and Mr. Swope. They do not seem to have come in yet. Mr. Brown from

Springfield and Mr. Walker from Centerville are here.

STATEMENT OF J. B. WALKER.

The Secretary of the Treasury: State your name, residence and occupation?

Mr. Walker: J. B. Walker, Centerville, Tennessee.

The Secretary of the Treasury: Where is Centerville?

Mr. Walker: Middle Tennessee.

The Secretary of the Treasury: Near what point?

Mr. Walker: Fifty miles west of Nashville.

The Secretary of the Treasury: What do you represent?

Mr. Walker: The first National Bank of Centerville personally and two other banks by proxy.

The Secretary of the Treasury: What is the desire of the banks in your community?

Mr. Walker: Well the national interests and ours are identical. The banks of Middle Tennessee and Nashville are identical. Personally I prefer Cincinnati, regardless of what Nashville wants, but especially so since they think it is to their interest, as I think it is. I think it is greatly to our interest to have Cincinnati as our Reserve Bank.

The Secretary of the Treasury: It is your view that Alabama should be included in the district?

Mr. Walker: I should not object to it.

The Secretary of the Treasury: Would you think it desirable?

Mr. Walker: Yes, I think it would be.

The Secretary of Agriculture: Memphis represented us with a district with Memphis as the center.

Mr. Walker: Yes.

The Secretary of Agriculture: Would you think that wise?

Mr. Walker: No, sir; there is too much red ink in the South for a Reserve Bank.

The Secretary of Agriculture: Too much what?

Mr. Walker: Red ink.

The Secretary of the Treasury: Have you appeared voluntarily or by the solicitation of Cincinnati?

Mr. Walker: I was not solicited by Cincinnati at all. Well, I might have had a letter. I have had a correspondence here for years and years and have been identified with them for years and years. And by the way, during the panic of 1893, and I am a young man to have gone through three panics, we got money from Cincinnati when we could not have gotten

it elsewhere. I am a strong believer in the financial strength of Cincinnati.

The Secretary of the Treasury: Is the course of your business largely with Cincinnati?

Mr. Walker: No, sir; it is divided considerably. We keep a fair balance here with our correspondents.

The Secretary of the Treasury: How much of your reserves do you keep here?

Mr. Walker: About one-fourth.

The Secretary of the Treasury: Does that represent normal business?

Mr. Walker: Yes, normal.

The Secretary of the Treasury: Or is it induced by the interest rate and other facilities given?

Mr. Walker: Well our present account is somewhat quiet, although we check on it whenever it is convenient. We keep it as a matter of exchange and business facilities.

The Secretary of the Treasury: What is your second choice?

Mr. Walker: Nashville.

The Secretary of the Treasury: Have you a third.

Mr. Walker: Not in this district, the way it is laid off.

The Secretary of Agriculture: Of any other district?

J. E. Walker.

The Secretary of the Treasury: Any other district you have in mind that would be practicable and conform with this law?

Mr. Walker: If I were to suggest, I would make the districts larger still. I am a believer in the fat frying the lean, I think we ought to go clear across the country. I think north and east where money is easy ought to be thinned with the south and west where the money is lean, where they hold the resources and raw material.

The Secretary of Agriculture: You could take Michigan, and that is about all you could extend north and south.

Mr. Walker: That is about all. But I think the line might even go to New Orleans possibly, but I doubt the wisdom of it. I think it might go across Alabama and Georgia and Mississippi.

The Secretary of Agriculture: In that case have you thought what you might do with New Orleans?

Mr. Walker: Well no, sir. I am leaving that to you gentlemen.

The Secretary of the Treasury: You do not mind making the problem more complicated, do you?

Mr. Walker: No. I will tell you what I think about it.

I think it ought to be balanced up as near as possible. I do not think it amounts to so much, the distance you have to go, if the goods are there when you get there, and I think the matter of branch banks -- there is no restriction on them and they will come in at the right time and place.

STATEMENT OF J. W. BROWN:

The Secretary of the Treasury: State your name, residence and occupation?

Mr. Brown: J. W. Brown, Springfield National Bank, Springfield, Tennessee.

The Secretary of the Treasury: Where is that?

Mr. Brown: About 30 miles from Nashville, Tennessee, between Nashville and Guthrie, Kentucky.

The Secretary of the Treasury: Whom do you represent?

Mr. Brown: The Springfield National Bank.

The Secretary of the Treasury: Only?

Mr. Brown: Yes.

The Secretary of the Treasury: How large a bank is it?

Mr. Brown: Well we have \$60,000 capital and \$130,000 surplus undivided profits.

The Secretary of the Treasury: What is your view about

J. W. Brown.

this matter?

Mr. Brown: We are in favor of Cincinnati. We think it is a better balanced territory.

The Secretary of the Treasury: That is an unsolicited preference?

Mr. Brown: Yes. Only the Nashville Clearing House invited us up here.

The Secretary of the Treasury: If you did not have Cincinnati, what other city in this district would you prefer next?

Mr. Brown: We prefer Nashville first and then Cincinnati and St. Louis.

The Secretary of the Treasury: How about Louisville?

Mr. Brown: Well that would be alright.

The Secretary of Agriculture: Two other cities have been hospitable: Chattanooga--

Mr. Brown: Well we do not have much business that way. I guess it would serve us about as well, but our business is this way.

The Secretary of Agriculture: And how about Memphis?

Mr. Brown: Our business trends towards Cincinnati and New York.

J. B. Walker.

The Secretary of the Treasury: How much reserve do you keep here?

Mr. Brown: We do not do any business here.

The Secretary of the Treasury: You do business with Nashville?

Mr. Brown: Our business tends towards Nashville and New York. We keep a reserve in St. Louis.

STATEMENT OF M. W. RENICK.

The Secretary of the Treasury: State your name, residence and occupation.

Mr. Renick: M. W. Renick, Middletown, Ohio. I am a manufacturer and banker incidentally, and President of the First National Bank of Middletown and represent the Ogelesby-Barnett Banking Company, a private bank.

The Secretary of the Treasury: Middletown is sort of a suburb, is it not?

Mr. Renick: Kind of a suburb, yes, only 25 miles away.

The Secretary of the Treasury: Your business and trade relations are almost altogether with Cincinnati?

Mr. Renick: Almost entirely. About 85 per cent of our surplus reserves are carried here, none in Chicago, or a

M. W. Renick.

very little with one of the banks, and only a small percentage in New York. We rely on Cincinnati for our payrolls, and our town being largely a manufacturing town, of about 18,000 people, we require about \$255,000 a month for our payrolls in cash; and we can get that much more advantageously from Cincinnati than any other city.

The Secretary of the Treasury: Have you a second choice in this district?

Mr. Renick: I had not thought of a second choice; Cleveland or Chicago, we can reach one about as well as the other, except Chicago is a little furtheraway and our mails are not quite so regular.

The Secretary of Agriculture: You had not thought of Columbus?

Mr. Renick: I had not, and I do not think I would consider it.

The Secretary of Agriculture: Did you say you were a manufacturer?

Mr. Renick: Yes, sir.

The Secretary of Agriculture: Do you do much of a distributing business to the south?

Mr. Renick: Yes, very largely to the south.

S. D. Renick

The Secretary of Agriculture: How far down do you go?

Mr. Renick: Birmingham, Nashville, Atlanta, and New Orleans are the principal points.

The Secretary of the Treasury: What is the manufacture?

Mr. Renick: Manufacture of paper bags.

The Secretary of Agriculture: Do you cover Mississippi and Alabama pretty well?

Mr. Renick: Well only from the Cincinnati jobbers, who cover that territory. We cover Alabama from Birmingham and Georgia and Florida and North and South Carolina from Atlanta, and Lower Mississippi and Louisiana and Eastern Texas from New Orleans.

The Secretary of the Treasury: But they handle your products?

Mr. Renick: Yes. A large percentage of your product comes through Cincinnati, the raw material and finished product as well.

STATEMENT OF S. D. FITTON.

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

Mr. Fitton: S. D. Fitton, President First National Bank Hamilton, Ohio.

The Secretary of the treasury: Do you represent the Clearing House?

Mr. Fitten: Yes.

The Secretary of the treasury: Have you the resolution?

Mr. Fitten: No I was absent and 'phoned them yesterday and they asked me to come and represent them, unanimously.

The Secretary of the Treasury: You are in favor of Cincinnati, I presume?

Mr. Fitten: Yes, sir.

The Secretary of the Treasury: Naturally?

Mr. Fitten: Yes.

The Secretary of the treasury: Most of your trade is here?

Mr. Fitten: Yes.

The Secretary of the treasury: And your bank exchanges are largely with Cincinnati?

Mr. Fitten: Yes, sir.

The Secretary of the treasury: How far is Hamilton from here?

Mr. Fitten: About 25 miles.

The Secretary of the treasury: Is that the view of all the banks in Hamilton?

Mr. Fitton: Yes.

The Secretary of the Treasury: What is your second choice within this district as proposed?

Mr. Fitton: If we were to have one I should say Chicago.

The Secretary of the Treasury: Chicago?

Mr. Fitton: Yes.

The Secretary of the Treasury: Within this district excluding Chicago what would you say next?

Mr. Fitton: Well I rather think Indianapolis would be next.

The Secretary of the Treasury: Indianapolis?

Mr. Fitton: Yes.

The Secretary of the Treasury: How do you regard Cleveland?

Mr. Fitton: I think Cleveland would not be quite so advantageous to us as Indianapolis.

The Secretary of Agriculture: How about Columbus?

Mr. Fitton: Well I would regard Columbus and Cleveland about the same. I would think Cincinnati would be more eligible for all the district than either Columbus or Cleveland.

## STATEMENT OF R. L. BURCH.

The Secretary of the treasury: State your name, residence and occupation?

Mr. Burch: RL. Burch, Publisher of The Merchant and Manufacturer and The Southern Woman's Magazine.

The Secretary of the treasury: What do you represent?

Mr. Burch: The Nashville Board of Trade.

The Secretary of the treasury: Have you some resolutions?

Mr. Burch: No, sir; we concurred in the resolutions of the Clearing House.

The Secretary of the Treasury: What official position have you with the Board of Trade?

Mr. Burch: I have not any official position just at present. I was President and am now ex-President.

The Secretary of the treasury: They have delegated you to appear here?

Mr. Burch: Yes, they delegated me to appear here. I have a brief statement concerning the trade relations and the course of trade in our part of the country, and if you care to, I will read it. I do not think it will take but a few minutes.

The Secretary of the treasury: Read it.

Mr. Burch: As we wish to be in Cincinnati's territory, we think it proper to state our views as to what that territory should be, and present briefly our importance as a business and banking center, and our relationship to the commerce and business of the states of Tennessee, Kentucky, Mississippi, Alabama and Georgia.

The conclusion of the business men of our territory, after a careful analysis of the purposes of the "Federal Reserve Bank Law", is that it is to their best interest, and hence to the best interest of the country, to be in a region of diversified industries, one which possesses the means and facilities for taking care of all the business requirements of the region, and as far as possible independently of any other region. We deem it absolutely essential, in order that the general purposes of the law may be attained; that the region in which we are located shall be strong enough to finance itself, realizing full well that unless the system in all its parts is a success, that the success of the system as a whole will be imperiled. With this end in view, the banking and business interests of Nashville and tributary territory have put aside local pride and have endorsed Cincinnati's claim for a Federal Reserve Bank, in

the belief and understand that the region which it will serve will be so balanced, and its regional bank of such capitalization and strength that the industries of the region, agricultural, manufacturing and commercial, may readily be accommodated at all times.

We fully realize that a regional bank to be a success must be governed by the same laws and conditions as those surrounding a bank doing a commercial business, that is, it must have both depositors and borrowers. We believe, therefore, that the South should be so divided as to be in regions composed of both Southern and Northern territory. Our region should, therefore, in a general way, comprise the states of Ohio, Indiana, West Virginia, Middle and Eastern Kentucky and Middle and Eastern Tennessee, and that portion of Alabama lying North of Montgomery. This will attach the older manufacturing and strong financial communities of the North to the newer manufacturing and agricultural communities of the middle South, making sure that the banks will not only have heavy deposits, but what is just as necessary, have demands for money.

It is unnecessary to remind this Committee that it is not business reasons alone which cause the South to need large

sums of money from the outside to carry on its industries, particularly its agricultural industries, but bearing on the case are conditions resulting from the Civil War, when all its industries were paralyzed, and an entire readjustment of conditions made necessary.

As to the bearing and importance of Nashville and surrounding country on the industries of the South, and particularly those of the States of Kentucky, Tennessee, Alabama, Mississippi and Georgia - trade moves South, and banking moves North. Nashville does a wholesale and manufacturing business of approximately \$100,000,000 a year, most of which is in the territory South of it, although it does a considerable business with Southern Kentucky. Nashville's wholesale houses and manufacturing concerns have salesmen every day of the year in the territory immediately adjoining Memphis, Atlanta, Birmingham and Jackson, Miss. But generally speaking these cities never have representatives in our territory. The bulk of their business is South of them, save that of an immediate and contiguous territory lying North.

The payment for the goods we sell South, that is the banking, comes North to Nashville; and our banking business likewise moves North towards Cincinnati, As an evidence of

the way in which business moves South I call the fact to your attention that one of the magazines which I publish, in order to get distribution in Savannah and Charleston, for example, must first be shipped to Washington, which distributes to all Atlantic Coast cities South of it.

Nashville's position as a banking center is exceptionally strong, as is shown by the fact that without being a reserve city, it carries naturally in the course of business considerably more deposits of out of town banks than do any of the Southern cities named above.

Nashville itself is an ideal city for a regional bank, if more than eight banks are deemed advisable, as it is the center of a territory which handles successively wheat, cotton and tobacco. No other Southern city possesses this advantage. Its wheat is harvested and sold in June, July, August and September, and the money deposited in the banks ready for handling the cotton crop, which is gathered and sold in September, October November and December.

The money for this crop is deposited in its banks ready for handling the tobacco crop, which is sold in January, February and March, so that each crop furnishes money for moving the succeeding crop.

Nashville is a very large manufacturing center, having more diversified manufacturing industries than any city South of the Ohio River, some of them being flour mill products, wood-working products, cotton and foundry products, it is also a live-stock center of importance. The live-stock business of Tennessee amounts to \$120,000,000 a year, and Nashville is the chief live-stock city of the state. Nashville's manufacturing products amount to \$40,000,000 per annum. Nashville is recognized as the South's greatest educational center. In this way it is constantly in touch with every portion of the South. It is in any easy night's ride of Cincinnati, St. Louis, and Indianapolis and of principal Southern points, as Louisville, Memphis, Birmingham, Atlanta, giving it a strategic advantage as a clearing house between the sections.

The Secretary of the Treasury: What would be Nashville's second choice; in this territory as outlined?

Mr. Burch: In the territory as outlined I think we all of us feel that our own city is --

The Secretary of the Treasury: I am excluding Nashville for the purpose of the discussion.

Mr. Burch: Yes, I understand. I would say Louisville,

but I hardly feel you could say second choice, for the reason we do not believe the territory lying north of Louisville and sufficiently far north to make it a good strong district would with good grace cooperate with Louisville, and for that reason I do not think you could call it second choice.

The Secretary of the treasury: What is your view about the extension of this district further south?

Mr. Burch: I stated there in the paper which I drew up before I left home and before I heard the discussion this morning that I thought it should go at least to Montgomery.

The Secretary of the Treasury: I was speaking about going further south than Montgomery.

Mr. Burch: I think it would be hardly proper. The trade further south moves naturally to Mobile and New Orleans, and my opinion about that territory is that New Orleans should be in the St. Louis territory and hence the territory in Alabama south of Montgomery would naturally be in the New Orleans-St. Louis regional territory.

The Secretary of the treasury: Do you think that kind of a split would work well, to attach a part of Alabama and connect it up with New Orleans and then connect that up with St. Louis?

Mr. Burch: Well, sir, I do not think there would be any special objection to that. The territory south of Montgomery moves southward and the line has to be drawn somewhere, where they divide.

The Secretary of Agriculture: You are suggesting another northand south district west of the Mississippi River, practically?

Mr. Burch: Yes.

The Secretary of Agriculture: What would you do with Florida and Georgia?

Mr. Burch: I would place Florida and most of Georgia in the Atlantic Coast division with Washington or Baltimore at the head.

The Secretary of Agriculture: What is the controlling thought in your mind in arranging these districts north and south?

Mr. Burch: That they should be balanced; that is, there should be a manufacturing and money district, as it might be termed, a district where there is a reservoir of money, old centers such as Baltimore, Cincinnati and St. Louis and cities of that description which have for a long period of time been depositors of money and lenders of money;

they would<sup>be</sup>/the center of the region of the Southern districts lying south of them, so that the various Southern districts when they needed money would have a place where they could get the money.

The Secretary of Agriculture: You have figured out some gain to the lower South from having States like Ohio and Indiana connected with them?

Mr. Burch: Yes

The Secretary of Agriculture: Can you figure out any gain to Ohio and Indiana from that connection?

Mr. Burch: Yes, sir, I think it would be a gain to the Regional Bank in so much as there would be a considerable use of money at a time when possibly there would be large deposits of money in those cities in those states.

The Secretary of Agriculture: One end of the district, in other words, would have the supply and the other the demand?

Mr. Burch: Yes, sir.

The Secretary of Agriculture: Which in your judgment is necessary to give a well balanced district?

Mr. Burch: Yes, and a successful bank, which is also necessary. The holders of stock in the bank, the banks themselves wish to see that stock pay dividends like any other investment, I take it.

#### STATEMENT OF JAMES A. GREEN.

The Secretary of the Treasury: State your name, residence and occupation.

Mr. Green: James A. Green; Cincinnati. I am a pig iron merchant, with Matthew Addy & Company, Cincinnati is the

clearing house for a very large part of the iron which is made in the State of Ohio, and for practically all of the iron which is made in the south and which is not consumed locally.

The Secretary of the Treasury: Are you speaking of the Alabama district?

Mr. Green: I am speaking of the Alabama district and of the Tennessee and Kentucky districts. I presume that nine out of every ten tons of iron made in the State of Tennessee are handled through Cincinnati, and nine out of every ten tons of Alabama iron not used in Alabama, are handled herein Cincinnati. There are great coke fields in the south where the coke is a merchant proposition, like Wise County, and the coke not used locally is all handled through Cincinnati. Cincinnati is the home of several very large and extensive pig iron houses which distribute this coke and this iron. The distribution, of course, is mainly in the central west, but it goes all over the country.

The Secretary of the Treasury: Are you familiar with the distribution of general commodities from Cincinnati.

Mr. Green: Yes.

The Secretary of the Treasury: What lines particularly

outside of iron, what general commodities?

Mr. Green; I have the general knowledge that any business men in Cincinnati would have who had spent all his life here.

The Secretary of the Treasury: What is Cincinnati's chief sphere of trade influence for the distribution of general commodities, how would you describe it as to the territory itself? I mean by that the territory in which Cincinnati is dominant as the trade center.

Mr. Green: I think Cincinnati's influence is in Tennessee, Kentucky, and a very large part of northern Alabama and Georgia, all of southern Ohio, Indiana, and a large part of southern Illinois.

The Secretary of the Treasury: All of Indiana?

Mr. Green: Southern Indiana and all of West Virginia.

The Secretary of Agriculture: The northern part?

Mr. Green: The northern part as well as the southern. You see we reach indirectly on the -- our railroads run absolutely straight into northern West Virginia, and we do an immense amount of direct business.

The Secretary of the Treasury: In what line if Cincinnati especially strong as a distributing center?

Mr. Green: There is no city that compares with it in the distribution of coke and iron.

The Secretary of the Treasury: Now as to other things? It is a large bacon and pork market, is it not?

Mr. Green: Yes, comparatively so. It is a tremendous lumber market. Cincinnati is distinguished for its large number of minor manufacturers, as you are aware; varnishes, printing ink, paints, and all that sort of thing, printing inks particularly, and furniture manufacture.

The Secretary of the Treasury: How the jobbing lines?

Mr. Green: You must ask me about my specialties. I am familiar in a general way, but I do not want to rush in where there are others much more competent to speak.

The Secretary of Agriculture: But in your line it dominates that section?

Mr. Green: Absolutely.

The Secretary of the Treasury: You are largely sales agents for these different concerns, are you not?

Mr. Green: Very largely. Cincinnati has immense interests in these concerns, however, and has financed them very largely. A great many of them are owned and controlled here. There are none that Cincinnati is not interested in. Cincinnati financed the Birmingham district from <sup>the</sup> beginning.

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

Mr. Rowe: Mr. McGill is here from Marion, Ind.

The Secretary of the Treasury: Do you care to say anything, Mr. McGill?

Mr. McGill: I believe not. We have covered the ground through our secretary.

#### FURTHER STATEMENT OF W. S. ROWE.

The Secretary of Treasury: Mr. Rowe, we should like to ask you one or two more questions, if you want to resume the stand.

The Secretary of Agriculture: It was <sup>just</sup> to ask you to make a special point of presenting to us between now and the first of March, if possible, maps or other exhibits showing us as fully as you can Cincinnati's trade area in general commodities. Take Cincinnati as a distributing center, either of things she manufactures or distributes in other ways, and so far as you can, indicating the volume of it and percentages. Perhaps you will have to take half a dozen or a dozen leading concerns and get it for us. We are not asking for the volume in combination, but the percentages shown in different communities.

Mr. Rowe: I am very much obliged for the suggestion. I assumed this morning that with what we had in the maps which would go in with the brief it would be understood/<sup>that</sup> from Ohio's position, with its enormous manufactures, and the position it has in proportion to other states, its percentage is large, very large, that it would be thoroughly understood without saying very much about in the brief. Now where there is such a diversity as there is in these states, and particularly in Ohio, because Ohio does 53 per cent of the manufacturing in these five states, it would just be assumed that these goods would go everywhere.

The Secretary of the Treasury: We are speaking of Cincinnati's dominance as a trade center, for the distribution of commodities throughout the district you have mentioned.

Mr. Rowe: Yes, I am coming to that. I do not think there is any doubt in the world that we handle daily in one bank here somewhere between a million and a million and a half dollars of country checks in a day that are scattered from Main to California. And that is the result not only of the manufacture but the jobbing and distributing. We know how many we handle of them because they simply mean the giving of immediate credit and the tying up of that

money until they are liquidated, and it is a big element.

The Secretary of Agriculture: Of course, you need not go so far afield as that, but taking the district you have laid out, and taking the district straight south to the Gulf if you could give us information, it might help us in very many ways than one.

Mr. Rowe: We would be very glad to do it, and are glad of the chance.

The Secretary of the Treasury: You understand what we want?

Mr. Rowe: I think I do now.

The Secretary of the Treasury: Take the large jobbing and manufacturing lines and show us where the principal distribution of that product is through this trade district in which you claim you are dominant.

Mr. Rowe: I believe we have the largest tannery in the country--

The Secretary of the Treasury: You believe that, but let us have the figures.

Mr. Rowe: I believe it as a fact, and can prove it.

The Secretary of Agriculture: Let me illustrate what we have in mind. In St. Louis the hardware companies gave us

without any trouble the percentage of their business in all the states, especially within the reach of the city that they were representing. The same was done by some of the large shoe houses and other large establishments. Now if half a dozen or a dozen of those were to show us their business, it might turn out that they would do a very large business in some territory that would give us very considerable trouble in placing, and as we are compelled to give attention to the course of trade, just that sort of an exhibit may help us solve the very difficult problem; and it of course, would have a very direct bearing on your proposal to have Cincinnati recognized. I do not think you will find it very difficult to give and it would help us very considerably.

Mr. Rowe: We would be very glad indeed of the chance.

The Secretary of the Treasury: For instance, take the tannery you spoke of. Suppose they file a map here showing how much of the total product in their line they manufacture, and then show the percentage of that product sold in the different states.

The Secretary of Agriculture: Or even where it draws its supplies and materials from.

The Secretary of the Treasury: Exactly, and here it draws its materials and from what portion of the country it draws its raw material; and take shoes or any other jobbing line, of which you have a big jobbing business, and show us the same.

Mr. Rowe: The reporter will give us those points?

The Secretary of the Treasury: Yes. Now before this meeting adjourns, as it is a public hearing, we desire to give anybody who wishes to be heard an opportunity to speak, provided they can shed any new light on the problem, with emphasis on the new.

Mr. J. B. Walker: May I file <sup>a</sup> little exhibit?

The Secretary of the Treasury: Yes.

(The paper was accordingly filed, and is as follows):

The enactment of the Currency Law is the greatest achievement of modern history. Even those who were unfriendly to the legislation are becoming its strong advocates, and the fore-glow of its beneficent and far-reaching effects are becoming apparent to the great body of the people, portending the great benefits to follow.

In view then of the great travail through which the nation has passed in bringing to light its greatest

production, it certainly behooves those who have charge of the precocious youngster to see that fair and proper treatment are accorded its advent into life.

Now as to the division of the country into districts, and the designating of the cities where parent Regional Banks shall be established is a herculean task, and one that demands the highest order of effort and patriotism. But I fully believe and expect that the result of the Committee's action will, like the law itself, prove more satisfactory than anyone can foresee. Patriotic motives and the highest order of business principles should dominate every action in working out the details of the great problem now in your hands. As indicated, I have full faith in your disposition and ability to accomplish the task assigned you to the satisfaction of yourselves, and to the American people. I verily believe that the financial emancipation of this nation has been accomplished. The reserve districts, whether twelve or a less number, should be as well balanced as possible, and as nearly equal in pecuniary strength and financial resources as possible. When Abraham Lincoln was asked his opinion as to the proper length of the human leg he replied he was unable to

answer accurately, but it was his judgment that the leg should at least be long enough to reach from the body to the ground. And that is my idea as to the subdivision of our country into reserve districts. They should be long enough and broad enough to accomplish the purpose intended, with as many branch banks to follow as may be required, I see no reason whatever why the lines should not extend clear across the continent, if need be. For example, I see no reason why Jacksonville, Fla., and Chicago, Ill. should not be in same district if thought necessary, or why Cincinnati, Ohio, Atlanta, Ga., and even New Orleans, should not be in the same district. The prevailing and all-important need is equilibrium and balance. The distance does not count for so much as the ability to render service -- to furnish the goods. To use a homely phrase "The fat must fry the lean." The south and west bound in natural resources, and raw material. The north and east have the capital to make the wheels go round. The eastern and northern states should not be grouped into districts of their own. These sections need a large portion of the business originating in the south and west.

The Secretary of the Treasury: If there is nothing further the hearing will be adjourned.

(Whereupon at 4:30 P.M., the hearing at Cincinnati, Ohio, was adjourned.)

-----