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RICHMOND
AS THE
**Location of a Federal
Reserve Bank**

Respectfully Presented to

Hon. **WILLIAM G. McADOO**

Hon. **DAVID F. HOUSTON**

Hon. **JOHN SKELTON WILLIAMS**

Organizing Committee

Joint Committee
John Kerr Branch
John B. Duane, Chairman

GEO. C. GREGORY, Secretary
C. P. WALFORD, JR., Treasurer

From City of Richmond:

W. H. ADAMS
R. LEE PETERS

From Banks:

OLIVER J. SANDS
J. KERR BRANCH
JAS. N. BOYD
E. L. BEMISS
J. B. PURCELL

From Chamber of Commerce:

B. C. LAIRD
EDMUND STRUDWICK
S. DABNEY CRENSHAW

From Business Men's Club:

JOHN LANDSTREET
D. G. WHITEREAD

From Travelers Protective Association:

CLARENCE COLEMAN
B. H. RANDOLPH

From United Commercial Travelers:

W. T. SHEPHERD
O. C. HOPE

From Retail Merchants Association:

I. H. KAUFMAN
W. S. RHODES

Committee on Locating Federal Reserve Bank in Richmond

AMERICAN NATIONAL BANK BUILDING

PHONE: MADISON, 5280

Executive Committee.

OLIVER J. SANDS, Chairman
E. L. BEMISS
EDMUND STRUDWICK
JOHN LANDSTREET
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R. LEE PETERS
CLARENCE COLEMAN

Richmond, Va. Feb. 17, 1914.

Honorable John Skelton Williams,
Comptroller of the Currency,
Member of The Reserve Bank Organization Committee,
Washington, D. C.

Sir:

We respectfully transmit to you herewith our argument for a certain territory as a Reserve District with Richmond as the location of a Federal Reserve Bank.

In preparing our brief it has been our purpose to outline a well defined natural division of country as a logical zone requiring few branch banks, which we hold to be desirable.

We are fully aware that the location of the Federal Reserve Bank demands consideration of the various zones in their relation to each other, and that final determination must be in the interest of the country as a whole, and that in respect to the situation as a whole, the Committee is now in possession of more complete information and a fuller comprehension than we can possibly have. Therefore we recognize that this consideration may involve some modification or enlargement of the zone which we have presented, and that it is the

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Richmond, Va.

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problem and the province of the Committee to make such adjustments. But we are convinced that no zone can be formed having the headquarters of a bank in the South Atlantic States which does not include all or a large part of the territory proposed.

We also believe that it must and will be recognized that the Federal Reserve System is essentially a branch banking system, with several heads instead of one, the whole coordinated by the Federal Reserve Board, a fact which apparently is not generally or fully understood at the present time.

The law demands a territorial distribution of the parent banks, and the exigencies of the situation will necessarily leave many important sections, and many important cities in those sections, to be served by branch banks.

We have, as we believe, conclusively shown that Richmond can best serve the whole zone mapped out by us better than any other city in it or any city north of it, and that Richmond is the decided choice of the banks in the larger portion of this zone.

It would not impair the integrity of our argument to have certain territory added to it either at the north or at the south.

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Richmond, Va.

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It is difficult, we believe, to establish a strong zone in the south outside of the zone we have mapped out, with due regard to convenience and trade relations, and yet the south is such a rapidly developing section that within a few years, if not at present, it can justly claim and its interests may demand another Federal Bank.

The State of Alabama, with its great iron and steel interests, must within a few years become second only to Pennsylvania in those industries.

The northern half of West Virginia, the District of Columbia, and Maryland, might, we believe, with benefit and in the general interest, be included in the zone, to be served by a branch bank in Baltimore, since the Baltimore & Ohio Railroad ties that section intimately with Baltimore, just as the railroads in the zone presented tie together the states in that zone.

Transactions of banks in that section with the parent bank might be carried on entirely through the Baltimore branch which could beyond question serve that city and section with complete efficiency and to advantage although the whole section is within twelve hours' communication with Richmond.

A
Natural and Economic Territory
for a
Federal Reserve District
with
RICHMOND
as the Location of the Bank

Respectfully Submitted to
The Reserve Bank Organization Committee
by the
Committee representing Richmond

COMMITTEE REPRESENTING RICHMOND

Appointed by

CITY OF RICHMOND,
RICHMOND CLEARING HOUSE,
RICHMOND TRUST COMPANIES,
RICHMOND CHAMBER OF COMMERCE,
RICHMOND BUSINESS MEN'S CLUB,
POST "A" TRAVELERS' PROTECTIVE ASSOCIATION,
RICHMOND BRANCH UNITED COMMERCIAL TRAVELERS,
RICHMOND RETAIL MERCHANTS' ASSOCIATION,
RICHMOND REAL ESTATE EXCHANGE,
RICHMOND ASSOCIATION OF CREDIT MEN,
RICHMOND TOBACCO EXCHANGE,
RICHMOND ROTARY CLUB,
RICHMOND BAR ASSOCIATION,
RICHMOND MINISTERIAL UNION.

RICHMOND

AS THE LOCATION OF A FEDERAL RESERVE BANK

*(A brief prepared by GEORGE J. SEAY, on behalf of the committee
representing Richmond.)*

The territory mapped out by Nature as the most perfect geographical division of this continent lies south of the Potomac river—east of the Appalachian mountains—and extends to the Gulf. By reason of superior facilities of communication and the consequent trade relations which have sprung up and become established, portions of contiguous States are now and long have been, commercially allied with this territory.

It is, therefore, believed that one of the most sharply defined and perfect zones for the operation of a Federal Reserve Bank is embraced in the following named States: Virginia, North Carolina, South Carolina, Georgia, Florida, the Southern half of West Virginia, part of Eastern Tennessee, and part of Eastern Kentucky.

Since the Organization Committee has at all of its hearings sought and invited the expression of opinion, we now desire to express the conviction that the Committee can render an inestimable service to the country, the value of which will grow with time, by defining the Federal Reserve Bank zones in harmony with commercial zones, determined by natural boundaries, so far as may be done in agreement with the act.

It has been recognized as desirable, for purposes of economic comparison, to cut the country into units, or divisions.

Given a natural division of territory, and the conditions in it, financial and commercial, must always be more uniform than could otherwise be the case.

The Comptroller has adopted six divisions—within State lines.

The Inter-State Commerce Commission, for comparison of the operations of railways, has made ten arbitrary divisions—within State lines.

Poor's Manual, a very high railroad authority of very long experience, makes eight divisions—within State lines.

The United States Government has established nine Judicial Circuits, one of which comprises the States of Maryland, West Virginia, Virginia, North Carolina and South Carolina. Richmond was selected as the location of the Court of Appeals for this Circuit, and the Chief Justice sits here.

There are no standard divisions.

Comparisons by States will always be desirable and necessary, but these divisions are too numerous for economic purposes.

The Federal Reserve Act marks an epoch in the commercial and financial history of the United States, and, while zones once determined may be readjusted, the service which can now be rendered to the country by the Committee in fixing these zones, which need not be coterminous with States, and, therefore, are contemplated to be according to the natural divisions and trade relations of the country, is of the very highest order.

In fixing the zone which we have mapped out, we have been guided by this principle, and, in presenting an argument to prove that Richmond can better serve this zone than any other city in it, and that by reason of her commercial and financial preëminence she is entitled to be the location of a Federal Reserve Bank, we have endeavored to eliminate all irrelevant matter, and have confined ourselves to the consideration of the following points, all of which are involved in the operation of the act:

1. The importance of Richmond's geographical position—her facilities of communication, her *convenience* of location and accessibility to members with whom we now do business, and her *advantage* of location in all banking transactions between the North and South.
2. The present trend of business—the present course of commercial transactions—the natural currents of exchange—the present banking and trade connections and banking customs of the people.
3. The natural advantages of Richmond's location with relation to other Federal Reserve Banks necessary to be established on the Atlantic Seaboard, in a territory embracing one-half of the national banking capital of the United States and 41 per cent. of the population.
4. Comparative commercial importance in the territory covered, measured by capital, deposits, and other banking transactions.

5. Diversity of industries and agriculture—in their effect upon seasonal demand for credit and currency.
6. Necessity of having capital resources to handle the business of the district.
7. The wishes and views of those engaged in banking and commerce in the district outlined as to the location of their regional bank.

In presenting our case we shall be compelled to state facts and figures which we know to be within the knowledge of the Committee, and with which by now we fear they may be surfeited. We desire to bring these facts together and present them in such form and manner as will serve for convenient reference, and to make more clear their relations to each other and their bearing upon our position.

Addressing ourselves to these facts in their order :

1. The Unsurpassed Advantage of Richmond in Geographical Position.

Practically and effectively on the Atlantic Seaboard, about midway of the entire coast—reaping the greatest advantage of the favoring curve—opposite the gap in the Appalachian mountains giving the shortest, easiest and quickest communication between the Coast and the great centres of the Middle West—within one hour and a half of the greatest of Atlantic harbors—plans being now under way to make it the greatest naval base—in quick communication by rail and water with all other parts of the Coast and easily accessible to the ocean commerce of the world. Rear Admiral Stanford has just made the following report on this harbor :

“The most frequent mobilizations of the fleet are in Hampton Roads and large ships ordinarily assigned to other yards must pass this point proceeding to and from the Gulf to the West Indies. In view of this central location, and the use of Hampton Roads as a base of operations, there is greater possibility of unforeseen repairs being required for vessels than at any other coast point.”

Richmond's three north and south trunks lines—the Atlantic Coast Line, the Seaboard Air Line and the Southern Railway, and we may be pardoned for reminding the Committee that the genius, brains and energies of Richmond men were very prominent in the development of the last two, and are prominent in the management of the first.

Two of the most important east and west trunk lines—the Chesapeake & Ohio, and the Norfolk & Western—connect Richmond with the finest coal area in the world and the greatest natural producing area on this continent, while into Norfolk, within two hours and a half travel from Richmond, run the Virginian Railway from the West and the Norfolk & Southern from the South.

All of which is well known to you, but necessary to be stated for the logical bearing of our argument.

We wish to impress upon the Committee the natural advantages of the territory surrounding Hampton Roads, because it is generally regarded as inevitable that the heaviest population of the State will be divided between Richmond and that territory. Mr. O. P. Austin, for 15 years Chief of the Bureau of Statistics of the Department of Commerce, in a report on the zone which we have mapped out, which report fully confirms our own argument and position and accompanies this brief, refers to “the possibilities of the great harbor at Hampton Roads becoming the natural gateway for the Mississippi Valley, with its enormous production for foreign markets, and consumption of foreign merchandise.” He also states that “the officers of the War Department in charge of the 105 river and harbor works on the water frontage from the upper Potomac to the western coast of Florida, report the value of the water-borne freight traffic at these places in 1912 at the enormous sum of \$1,680,000,000, about one-half of which is at Hampton Roads.”

We believe that this region must and will have an economic development which will far surpass any equal area in the Atlantic States—All of which has a practical and most intimate bearing upon Richmond as the location of a Federal Reserve Bank for the South Atlantic States.

Reverting to Richmond’s railroad facilities—they place her within eighteen hours of all the important cities within the district defined, with the exception of part of the most southern territory, and reference is made to the map and time table accompanying.

She is therefore in a position to ship with the greatest promptness and under the quickest schedule—currency—not only to the banks in her zone, but to the numerous cotton, tobacco and peanut buyers—and a telegram received in Richmond before the close of banking hours would enable currency shipments to reach practically all important points on the next day, in most cases before the opening of bank, and few situations will appeal more strongly to practical country bankers than this.

Again,—Richmond is within easier and quicker reach of all the eastern centres of trade and finance than any other important Southern city, and is in the most exceptional position to act for the North in banking relations with the South, and for the South in dealing with the North.

No other city in the Atlantic Coast States occupies this advantageous position.

The numerous lines to the South and West are not only a guarantee of promptness and efficiency, but an insurance against disaster.

Into Washington and Baltimore and on to points beyond there is only one connecting line.

It is worth while to consider that a railway disaster, easily imaginable, to this line would cut off the South from any Reserve centres placed north of Richmond, and should this occur at a critical time, might cause financial confusion and even disaster to the South Atlantic States, and, since this idea emanates from a railroad man, it is entitled to the greater consideration.

2. Present Trend of Business.

It is a fact, certainly applicable to the Atlantic Coast States, that the trend of business, the course of commercial transactions, and the currents of exchange are Northward, or, in other words, from the outside towards the centres of finance and manufacture. This is the natural course of exchanges.

We believe that the operation of the Federal Reserve act will revolutionize the existing method of using exchange in making settlements.

No act or rule will, however, reverse the natural course of settlements—where the money is due, there it must be paid.

Virginia, occupying the position of head of the Southern States, places Richmond in direct line with this natural trend, on the principal avenues of travel and transportation.

The railway lines from the South come into Virginia as into a funnel, Richmond being at the apex—the one line of railway being the tube leading to Washington and points North. She is a natural converging point.

The overwhelming volume of travel and transportation must go through this point.

3. The Natural Advantages of Richmond's Location with Reference to Other Federal Reserve Banks on the Atlantic Seaboard.

It is plainly contemplated in the Act, and must so work out in its normal operation, that these Federal Banks will act not only as clearing houses for members in their own zones, but between zones. The clearings between zones we believe will develop into enormous proportions, and the bank most advantageously located for clearing the transactions of any large section of country will have a great service to perform.

Time and distance must necessarily be most important factors in determining the location and selection of this bank for such a purpose.

To best perform it, the means of communication must be superior.

The bank should not only be readily accessible to members in its own district, but in the general line of trade and natural current of banking transactions of the entire section, so as to preserve the continuous trend toward the centre of manufacture and finance where the greatest volume of settlements is made.

This essential principle is peculiarly applicable to the Atlantic Coast States, and can there be worked out to greater economic advantage than in any other part of the country.

It is axiomatic that quickness of communication is better assured by being on the lines of greatest frequency of travel, and all railroad schedules have been arranged with regard to the Northward trend *and with particular reference to the financial and business centres in line with that trend.*

Therefore, to serve its own zone as a whole with the highest efficiency and economy, and at the same time to equally serve other zones in intimate relation with its own zone, a point midway along the line of quickest and most frequent communication, offers the ideal location, and Providence has placed Richmond in that position.

The Atlantic Coast States afford a distinct and peculiar problem in putting into effect the Federal Reserve Act.

It was recognized both before and during the framing of and debate upon the act that the problem in the East was to decentralize reserves—while the object in other parts of the country is to concentrate them.

The States bordering on the Atlantic Coast have about 41 per cent. of the population and 52 per cent. of the national banking capital of the country, as follows:

FIGURES IN MILLIONS.

New England States—	
Maine	11
Vermont	7
New Hampshire	9
Massachusetts	96
Connecticut	31
Rhode Island	11
	165
Eastern States—	
New York	344
Pennsylvania	253
New Jersey	46
Delaware	3
Maryland	29
	675
Southern States—	
Virginia	29
North Carolina	11
South Carolina	8
Georgia	25
Florida	11
	84

Total, \$924,000,000, or about 52 per cent. of the National Banking capital of the United States.

In giving our views upon this situation, we are doing, as we understand it, only that which the Committee invites us to do, as before stated, and chiefly because it has an intimate relation with our own case. We, therefore, assume that the Atlantic Coast States, where the Banking Capital essential to the operation of the System is heavily concentrated, are entitled to, and perhaps must have several Reserve Banks, located according to the density of banking operations, so as to carry out the purpose and spirit of the Act, and not disrupt or disturb the natural course of business and financial settlements.

It is accordingly natural to assume, as we look upon it, that the greatest cities in that section will receive the first consideration, and these cities are, of course, in geographical order: Boston, New York and Philadelphia. And if the selection of these cities will, as we be-

Her bank deposits have not been built up because of any inducements which other competing cities do not offer.

She is a natural Reserve city.

The law governing Virginia State Banks requires no specified amount of liabilities to be kept either in vault or in other banks.

The business of Richmond has flowed to her from other Virginia points and from Southern and Western States as a result of natural causes governed by the trend of business, the numerous and unexcelled means of communication as well as by the attraction of capital.

The industrial and commercial relations and needs of this section have developed these banking relations.

The customary trend of business, free from all extraneous compelling influences, has developed these relations, and the established custom of keeping checking accounts has simply grown up as a natural result of everyday business transactions.

It is to be considered that the Federal Reserve Act will, with its new principles of Credit and Reserve, clearing and par of exchange, alter in a great measure the banking customs and practices which have grown up under the old law, and may, and probably will, revolutionize some of the practices of banking.

The trend and flow of exchanges will be altered to the extent that they have become artificial, and to the extent that they have been influenced by the location of Reserve Centres, the requirements of keeping reserve accounts, and the custom of sustaining balances in order to command credit.

It is altogether probable that results in many cases will be of an astonishing nature.

It is one of the purposes of the Act to promote free banking relations, and under free banking relations it is clearly a justifiable conclusion that the service Richmond will have to perform will be a greater one because of being a natural trade, transportation and banking centre. The law of physics is the law of commerce—it will follow the lines of least resistance. We will develop this point further on.

To further illustrate the natural flow of business to Virginia and Richmond—

The National Banks of Richmond	
on October 21, 1913, had deposits	
from other National Banks of	\$ 7,500,000
Deposits from other State Banks, etc.	10,000,000
	<hr/>
	\$17,500,000

which compares with corresponding totals for Georgia.....	9,700,000
North Carolina	8,200,000
South Carolina	6,200,000

These deposits were exceeded by no other southern State east of the Mississippi river.

Illustrating the rapid growth and concentration of banking capital, the resources of Richmond banks were in—

1890	\$ 14,000,000
1903	32,000,000
1913	74,000,000

Her clearings in—

1900	175,000,000
1912	424,000,000

Richmond ranks in bank clearings among the first thirty cities in the United States, and compares with other southern cities as follows:

Washington	\$387,000,000
Richmond	424,000,000
Atlanta	693,000,000

In the case of Richmond these clearings were for the city alone, while in the case of Atlanta they cover the State with its 117 National and 669 State Banks, with a few exceptions, and, as we understand, also points in adjoining States; and furthermore, in addition to her local clearings, Richmond handled \$400,000,000 in checks and drafts on the southern States named, making her clearings on the same principle, as we think, practically \$800,000,000.

Richmond's banking relations with States south of her show the great intimacy of trade relations with these States, and the statement following sets forth in the most illuminating manner the custom and trend of business under existing conditions, and notwithstanding the present system of bank reserves:

(From Comptroller's Report of 1912.)

Number of State and National Banks in—

Virginia	380
North Carolina	429
South Carolina	346
West Virginia	297
Georgia	760
Florida	204

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*RICHMOND AS THE LOCATION OF***Number of accounts carried in Richmond by banks from—**

Virginia	528
North Carolina	397
South Carolina	182
West Virginia	82
Georgia	85
Florida	18

Maximum deposits carried by other banks in Richmond—

Virginia	\$5,467,697
North Carolina	4,465,455
South Carolina	926,779
West Virginia	1,793,838
Georgia	440,115
Florida	142,918

Maximum loans by Richmond to other banks in 1913—

Virginia	\$1,459,080
North Carolina	2,200,480
South Carolina	2,423,915
West Virginia	90,700
Georgia	669,900
Florida	79,750

Maximum deposits in Richmond to credit of individuals, firms and corporations in—

North Carolina	\$3,225,369
South Carolina	1,416,997

Maximum loans made in Richmond in 1913 to individuals, firms and corporations in—

North Carolina	\$5,245,451
South Carolina	3,129,815

Maximum deposits of banks and individuals outside of Virginia in Richmond banks—

North Carolina	\$7,690,820
South Carolina	2,343,776

Maximum loans by Richmond to banks and individuals in—

North Carolina	\$7,445,931
South Carolina	5,553,730

So that—banks, corporations and individuals outside of Richmond carried on deposit in Richmond banks, \$18,000,000.

It will be observed that in Virginia the number of bank accounts with Richmond greatly exceeds the number of banks in the State.

In North Carolina it nearly equals the number of banks, and in South Carolina and West Virginia the number of accounts in proportion to the number of banks is very large.

Richmond's loans to other southern States, and to individuals and corporations in these States, aggregated nearly \$14,000,000, a sum not far short of the aggregate borrowings and rediscounts on October 21, 1913, of national banks in any six southern States, excluding Texas.

Richmond lends practically all of this capital in the South outside of Virginia. She does not use it herself.

She is a Credit Clearing House.

To meet the demands for crop and other purposes, Richmond during 1913 shipped \$14,000,000 in currency into this section.

In the volume of corporate capital, upon the income of which Virginia pays to the Government a tax, she ranks easily first among all the southern States.

Virginia	\$942,000,000
Texas	873,000,000
Georgia	485,000,000

The amount Virginia pays to the support of the Government in Internal Revenue taxes is exceeded only by that of the State of North Carolina among all the southern States.

Virginia	\$8,300,000
North Carolina	8,900,000
Georgia	541,000
Alabama	338,000
Louisiana	5,000,000
Tennessee	2,300,000

These comparisons are not given simply to show the commercial importance of the State of Virginia and of the City of Richmond, but rather to set forth the volume of business transactions centred in Richmond out of which grow banking transactions and customs of trade, and trend of commerce and exchanges, and exchange of credits.

The jobbing and the manufacturing business of Richmond are

further practical illustrations that she is a trading and distributing centre. Her jobbing business is \$30,000,000, and the value of her manufactures \$100,000,000.

5. Diversity of Industry and Agriculture.

As to diversity of industry and agriculture in the district which Richmond could serve better than any other location, it cannot perhaps be better illustrated than by giving the annual value of products of factories, farms, forests and mines, which are the principal divisions of labor.

The business of the Southern States as represented by industry in these divisions is as follows:

Factories	\$1,391,000,000
Farms	1,197,000,000
Forests	266,000,000
Mines	106,000,000

Total values of all products
as above \$2,960,000,000

Dr. S. C. Mitchell, in his admirable paper read to you at the hearing given Richmond, states that:

"The diversity of interests in this region are as striking as its natural and economic unity."

Perhaps in no other division of the United States will you find so great a variety of interests."

The developing character of the District is of equal importance. Your Committee shares with us the knowledge that it is within little more than two decades that this region began its real recovery from utter prostration, and that now *its rate of progress exceeds that of any other portion of the country.*

Mr. O. P. Austin, whom we have previously quoted, estimates the value of the merchandise handled in the district at \$5,000,000,000, or more than the entire ingoing and outgoing foreign commerce of the United States.

Richmond is today and probably always will be the chief tobacco centre of the United States.

Four governments, or their chief tobacco interests, maintain the headquarters of their buyers, or handle their business through Richmond.

40 per cent. of the tobacco crop raised in Virginia, North Carolina and South Carolina in 1913, came directly to Richmond for re-handling and manufacturing, and Richmond banks supplied the tobacco trade of Richmond in exchange to the various tobacco markets, and paid out in Richmond in 1913 the enormous sum of \$53,000,000, or 88 per cent. of the total value of the crop in North Carolina, South Carolina and Virginia.

A considerable portion of this sum, however, was sent to Kentucky and West Virginia.

Of the total collections of internal revenue by the Government from tobacco in its various forms for the year 1912, 20 per cent. was collected from territory within a radius of eight hours from Richmond.

As to diversity of crops of the District, *in their effect upon the demands for credit and currency*—Richmond being situated at the northern limit of the district, occupies this incontestible advantage as a Federal Reserve Bank location—The climatic differences of the Southern States in their effect upon crop development come in orderly rotation up to Virginia. The demands upon the Federal Reserve Bank of Richmond would be uniform and continuous.

The peak of the load would doubtless be in the fall, but that would be the case everywhere else, and it is the purpose of the new law to provide for it.

Further illustrating the diversity of crop and industrial conditions in this district—the railroads serving it are at present among the most prosperous in the country. We do not know how to account for it on any other basis than the diversity of interests and the consequent absence of any general depression.

Added to her advantages for assembling and manufacturing the products of industry, her facilities for distribution heretofore described are positively unsurpassed by any other southern city.

We will give you a very recent concrete instance.

One of the very large corporations of this country, with headquarters at St. Louis, has just selected Richmond as one of two depots on the Atlantic Seaboard most advantageously located for the storage and distribution of its products—New York being the other point.

Richmond is a Reserve Centre of products.

6. Capital Resources of the District.

As to the confines and capital resources of the district of which Richmond is the logical and most advantageous location for a Federal Reserve Bank:

The rules laid down by the Organization Committee for their guidance are so just and wise that all men must acquiesce in and approve them.

Under the language of the law, and the spirit and purpose of the Act, we believe that the natural territory of a district,—considering geographical convenience, natural boundaries, ease and quickness of communication and transportation—as great diversity of industry and agriculture as may be found anywhere, natural trend of business and exchanges, the banking customs and trade relations of a majority portion of the territory, the desires of a majority portion of the people,—is embraced in the zone mapped out to be served by a Federal Bank located in Richmond; namely—

Virginia,
North Carolina,
South Carolina,
Georgia,
Florida,
Southern part of West Virginia,
Part of Eastern Tennessee,
Part of Eastern Kentucky.

These States have adequate national bank resources to contribute the necessary capital and reserves for a Regional Bank.

They also have a strong system of State banks, which would add largely to resources should these banks elect to enter the System, which possibly may not be counted upon in time for organization of the Federal Banks.

National banking capital in the proposed district according to the Comptroller's figures October 21, 1913—

	Capital and Surplus	Capital Subscribed to Federal Reserve Bank
Virginia	\$ 29,300,000	\$1,758,000
North Carolina	11,300,000	678,000
South Carolina	8,500,000	510,000
Georgia	22,900,000	1,374,000
Florida	10,600,000	636,000
West Virginia, one- half	8,300,000	498,000
East Tennessee	8,300,000	498,000
East Kentucky	1,300,000	78,000
	<hr/>	<hr/>
	\$100,500,000	\$6,030,000

The total capital and surplus of the State banks in the States named, including one-half of West Virginia, omitting for the moment those portions of Kentucky and Tennessee included in the zone, is \$68,000,000.

Now as to the net deposits requiring reserves:

	<i>Net Deposits</i>
Virginia	\$100,000,000
North Carolina	36,000,000
South Carolina	23,000,000
Georgia	50,000,000
Florida	33,000,000
West Virginia—say one-half.....	29,000,000
	<hr/>
Total net deposits	\$271,000,000,

not taking into account the portions of Tennessee and Kentucky, included in the district, for lack of Comptroller's figures.

Classifying these as country banks, the amount of Reserve required to be kept in the Federal Reserve Bank, under full operation of the act would be—

say 5 per cent., or	\$13,000,000
Government deposits divided in proportion to the capital involved would probably be, say, 6 per cent. or	9,000,000
State banks might swell the amount say	2,000,000
Full paid capital	6,000,000
	<hr/>
Total probable resources.....	\$30,000,000

Omitting from consideration the note issuing powers of the bank, the resources would serve as a basis for the expansion of credit in the usual way to possibly \$75,000,000.

It is considered by many that the credit business of these banks will far overshadow the note issue business, and we share that view.

Now the banking power of these banks is not to be measured solely by capital resources, but by their ability to acquire gold, and to build

up deposits and loans in the usual way upon their reserves as a base, and also by their note issue power upon this base.

It is estimated that the floating supply of gold or its representative in this country not in banks is approximately \$800,000,000, doing duty as currency, or hoarded.

It is certainly not performing its greatest economic function as currency.

In Federal Reserve Banks it would serve as the basis for two and one-half times its volume in a safe and sound currency, and it is clear that here is a large source of gold supply.

It is probable that with stable banking conditions, as one beneficial result of the act, gold will to a large extent cease to be hoarded; and gradually come from hiding.

The total amount of borrowings and re-discounts of all the Southern States, excluding Texas, was on October 21, 1913, about \$40,000,000, and of the States named \$25,000,000.

It is clear that the resources of a Federal Reserve Bank in the district mapped out would be entirely adequate to serve the district.

Furthermore—It is to be borne in mind that the reserve figured upon is the minimum reserve,—and if the banks make any use whatever of the Federal Banks they will be compelled to keep more of their reserve with them.

The area covered would be about 250,000 square miles, and the population about 10,000,000.

7. Wishes and Views of the Banks and People in the District and their Present Banking Connections.

In Virginia, out of a total of 437 banks, 404 have voted for Richmond as first choice.

In North Carolina, out of a total of 486 banks, 373 have voted for Richmond as first choice and 69 as second choice.

In South Carolina, out of a total of 405 banks, 82 have voted for Richmond as first choice, and 122 as second choice, Columbia being of course first choice;—only 18 of the remaining banks in South Carolina voted, and these were scattered.

The capital and deposits of the South Carolina banks voting first for Richmond were greater than those voting first for their own city—Columbia.

So that—out of a total of 1,328 banks in three States, of the number voting, 863 gave Richmond as first choice and 191 gave Richmond as second choice.

Eliminating Charlotte and Columbia, 1,052 banks out of a total of 1,328 in the three States regard Richmond as the proper location of their Federal Reserve Bank.

In West Virginia, in the southern half of the State, 49 banks have selected Richmond as first choice, and 26 as second.

Richmond has been designated as the preferred location by firms and individuals, outside of Richmond as follows:

Virginia	1,063
North Carolina	870
South Carolina	141
West Virginia	154

We are therefore fully justified in the statement that there is a very strong feeling in Virginia, North Carolina and South Carolina that they must be included together in any zone which may be formed, and that whatever territory may be incorporated in their zone, a Federal Reserve Bank located in Richmond would serve their interests better than if located in any other city.

The interests of these three States are too closely interwoven to be separated.

If any further corroboration can possibly be desired by the Committee, we respectfully refer to the sentiments expressed by North Carolina, South Carolina and also by West Virginia bankers at the hearing given Richmond in Washington on January 15th, and to the exhibit of resolutions, petitions, letters and telegrams accompanying this brief.

We respectfully submit that compliance with the letter and intent of the law, which declares that the Federal Reserve Districts shall be determined with due regard to the convenience and customary course of business, would demand that these three States shall be kept together in one district, so that their mutual trade and financial relations may not be disrupted or disturbed.

The district we have outlined is the most perfect geographical division of the country that can be carved out. Nature has placed her boundaries, sharply defining it. We believe it is an equally perfect economic unit. It is a political division equally sharply defined.

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The district we have outlined is the most perfect geographical division of the country that can be carved out. Nature has placed her boundaries, sharply defining it. We believe it is an equally perfect economic unit. It is a political division equally sharply defined.

The inhabitants are more homogenous than in any other division or part of the United States. All of these considerations have a practical bearing.

Our crops and the credits based upon them, are distinctive, and the management of the Regional Bank should bear the closest relation to, and have the closest familiarity with, the needs and customs of the district. For this reason, as well as for all the foregoing reasons, whatever territory may be added to this zone, the headquarters of any bank organized to serve the zone or any large part of it, should not be located north of Richmond.

This position, and all of these conclusions are separately and independently confirmed, by the learned and experienced authorities, Dr. S. C. Mitchell and O. P. Austin, former Chief of the Bureau of Statistics of the Department of Commerce, whose papers have been filed with you.

Finally—

Why Richmond can better serve the zone mapped out than any city in it, or any city in territory north of Richmond which might be added to the zone, and why Richmond may therefore be entitled to the location of a Federal Reserve Bank.

In the entire zone mapped out Virginia is the dominating State financially, and Richmond clearly the dominating city. Since colonial times Virginia has been the dominating State in the South.

Richmond has played a part far ahead of any other city in the zone in its development from a banking point of view, an industrial point of view and a railroad point of view.

Long ago Richmond found that in this zone she had a preferential freight rate territory, and that in this territory the cities north of her could not compete on equal terms with Richmond. This preferential territory extends through the zone described to southern Georgia and Alabama and the eastern State line of Mississippi.

It does not embrace the State of Florida because of water competition. The territory is more graphically portrayed on the map which accompanies.

The trade relations of Richmond in this territory, out of which spring banking relations and settlements, must continue to grow, and more and more exclude cities north of Richmond.

The average first-class rate in the territory gives Richmond an advantage over—we will say Baltimore, by way of illustration, that being the next large city of commercial importance north of Rich-

mond—gives Richmond an advantage of 11 2-10 cents per hundred pounds, or approximately 13 per cent.

This relative proportion in favor of Richmond applies to all class and commodity rates, and in some instances it is greater in favor of Richmond.

For full details we refer to the statement of Mr. W. T. Reed, President of the Richmond Chamber of Commerce, which statement accompanies.

Commercial supremacy in this territory must go hand in hand with banking supremacy, particularly under a natural and free system of banking.

Granting the selection of this territory, or any large part of it, as a zone, the advantage of Richmond in point of time and distance in dealing with the members of the zone is so great as to exclude any city north of her from consideration; and the equal advantage of Richmond as a clearing point between zones, for the same reasons, would likewise exclude any northern city.

It is firmly to be borne in mind, as we understand, that the purpose of the Federal Reserve Act is to afford additional banking facilities to the people, and that Federal Reserve Banks shall be so placed as to best serve the people with reference to the operation of the system as a whole. Should Federal Banks be placed in the three great cities of the East which we have named, that fact in itself, we believe, would justly exclude from consideration the location of headquarters of another bank in any city north of Richmond.

They are not intended to be local, and for that reason branches are provided, and due consideration is not generally given to the power and facilities of these branches.

It goes without saying that this zone mapped out will be provided with these additional facilities, superior to any which they have heretofore enjoyed, by the location of a bank in Richmond, that branch banks will answer local needs, and that the zone will be more independent of the financial considerations which have bound it to large money centres in the East; and this, too, was intended, and can best be brought about by the location of a bank within the region described as a natural division of country.

Is there any man who doubts that, if State lines were obliterated and the country apportioned in these geographical divisions, Richmond would by acclaim be chosen the capital of this division?

Although resting our claims upon the financial strength and the

economics of the situation, we have also those considerations in our favor which are most powerful in moulding the character and ideals of a nation.

Richmond has a place in the affections of the South which no other city possesses.

She has a place in the annals of the nation and the world which is imperishable.

The debt of the nation to Virginia is inextinguishable.

It is difficult to see how this Republic could have been formed but for Virginia.

Richmond has that dignity of standing, that atmosphere of sentiment and history, that position in science and learning, which render her worthy of any honor or distinction that can be bestowed upon her, and the intelligent judgment of the whole country, having a knowledge of these considerations, would approve the location of a Federal Reserve Bank in Richmond.

The names of Virginians will be associated for all time in the financial history of this country with the Federal Reserve Act.

All of these considerations pre-eminently distinguish Richmond as the location of a Federal Reserve Bank.

THE SOUTH ATLANTIC COASTAL PLAIN

**A distinct geographical and climatic unit--Its products,
peculiar to its own soil and climate, should be
financed by men acquainted with
local conditions.**

*(By O. P. AUSTIN, fifteen years Chief of the United States Bureau of
Statistics; Secretary of the National Geographic Society.)*

Nature has set aside the South Atlantic frontage of this continent as a distinct and peculiar section, and has given to it a class of products which are peculiar to itself, and with the financing of which its own people are more closely acquainted than those of any other section are or can become. The Atlantic Coastal Plain, which in recent geological ages emerged from beneath the ocean, stretches from New York southward to the Gulf of Mexico, and is shut off from the West by great mountain ranges.

PECULIARITIES OF PRODUCING POWER.

At the northern end it is a narrow and sandy plain, but gradually widening toward the South. At about the point at which the Potomac crosses it, it suddenly broadens to a width of approximately 200 miles, and at that point enter two new and important factors in its producing power—a fertile soil and a genial climate.

EXPERT TESTIMONY AS TO SOILS.

Prof. Jay A. Bonsteel, a distinguished soil expert of the Department of Agriculture, in a general description of the soils of the United States, which appeared in the 1911 edition of the official publications of the Department of Agriculture, "The Agricultural Year Book," and in a similar discussion of the soils contributing to the trucking system of the South Atlantic Coast, presented in the 1912 issue of that official publication, says:

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RICHMOND AS THE LOCATION OF

“The Norfolk Fine Sandy Loam extends from Eastern Virginia southward along the Atlantic coast to Florida and thence westward. Among all the truck soils in use or available along the Middle Atlantic Coast, the Norfolk fine sandy loam easily occupies the premier place both with regard to its total extent and its wide range of possible products. It has been formed as a sedimentary deposit, laid down under the waters of a more extended marine occupation, and later elevated to become a portion of the present land area.

AN IDEAL SOIL FOR MARKET GARDENING.

Physically it is almost ideally constituted for the intensive growing of crops. It is of prime importance for the production of vegetables and small fruit. In the eastern counties of Virginia and North Carolina it is also used for the production of corn, winter oats, peanuts, and bright cigarette tobacco, and from the southern boundary of Virginia to Texas it is highly prized as a cotton soil. Where local transportation facilities are adequate it is intensively farmed for the production of vegetables and small fruits for shipment to northern markets.

PRESENT PRODUCTS MAY BE MANY TIMES MULTIPLIED.

Soil surveys throughout this region have encountered a total area of 4,346,000 acres of this soil, and it is possible that 20 million acres will be found to exist. Not one-tenth of one per cent. of this total area is now occupied for truck farming, and it is probable that not 25 per cent. is now used for any agricultural purposes other than grazing.”

EXPERT TESTIMONY AS TO CLIMATE.

These extracts from official descriptions of the peculiar soil factor in the producing power of this section should be considered in conjunction with that other important factor, climatic conditions.

A GREAT OUT OF DOORS GREENHOUSE.

That the conditions of climate are as peculiar as those of soil and equally effective in developing a production different from that of other parts of the country is also indicated by Professor Bonsteel in his 1912 discussion, in which he describes this coastal frontage as “a great out of doors greenhouse,” and, in another place, “the great winter garden which supplies the cities of the northeastern States with fresh vegetables demanded for consumption during the later months of winter and those of early spring.”

THE GULF STREAM A FACTOR IN PRODUCING POWER.

This peculiar condition of climate and thus of producing power he attributes in part to the presence of the Gulf Stream, which, as is well known, flows close to the Atlantic Coast as far north as Cape Hatteras, but leaves the Coast at that point, moving in a northeasterly direction across the Atlantic.

A TROPICAL AND SUB-TROPICAL CLIMATE.

The peculiarities of climate (and, therefore, of the producing power) of this section are also pointed out in the International Encyclopedia, edited by that great scholar and educator, the late Daniel Coit Gilman, for twenty-five years the President of Johns Hopkins University, which says: "The United States has been divided into eight (climatic) sections; two of these are tropical, Florida and Texas; two are sub-tropical, including the coast States from Texas to Virginia and the California region; the other four sections are temperate or boreal."

ITS PRODUCTS REQUIRE FINANCING FROM WITHIN THIS AREA.

These statements from two distinguished authorities regarding the peculiar characteristics of the South Atlantic frontage in the great factors of production, soil, and climate, are presented with the purpose of sustaining the statement already made by us, that the chief products of this section, which must prove the basis of its requirements for credit and currency, are peculiar to this section, and would be much better understood in their relation to credit and to currency requirements by the officers of a bank located within that section than would be possible elsewhere.

AN AREA OF PECULIAR AND VARIED PRODUCTION.

What are the products of this section which nature has thus set aside with a peculiar soil and climate, and, therefore, a class of products to itself? Beginning at the South, we may name sea island cotton, approximately 7 million dollars; phosphates, about 10 million; peanuts, 15 million; turpentine and rosin, 30 million; cotton seed oil and cake, approximately 45 million; fruits, 15 million; tobacco, 32 million; vegetables, exclusive of potatoes, 36 million; sweet potatoes, 15 million; products of the mines, 100 million; animals, sold or slaughtered on farms, 92 millions; all cereals, 167 millions; cotton, 255 millions; all farm crops, 690 millions; all manufactures, 987 millions; these being in nearly all cases the figures of the census of 1909.

THE WORLD'S CHIEF PRODUCER OF IMPORTANT ARTICLES OF COMMERCE.

It will be seen that a large proportion of the articles produced in these six States are intensely local, the product of the peculiar soil and sub-tropical climate referred to by the distinguished scholars already quoted. The United States is now one of the principal sponge-producing and exporting countries of the world, and practically all of this produce is peculiar to the coast of Florida. We are the world's largest producers of turpentine and rosin, and practically all of our output is produced in Florida and Georgia. Our sea island cotton is famed the world over, and practically all of it is produced along the extreme South Atlantic Coast. Of the 23 million dollars worth of citrus fruits produced in the United States, nearly one-third are grown in Florida. The United States is the world's largest producer of rock phosphates, and most of this is now mined in the State of Florida. The value of peanuts produced in the United States increased from 7¼ million dollars in 1899 to 18¼ millions in 1909, and 78 per cent. of these were produced in Virginia, North Carolina, Georgia and Florida. Of the approximately 120 million dollars' worth of cotton seed oil and meal produced in the United States in 1909, more than one-third was the product of Virginia, North Carolina, South Carolina and Georgia. Of the one billion pounds of tobacco grown in the United States in 1909, practically one-third was the product of the six States—Virginia, West Virginia, North and South Carolina, Georgia and Florida.

VALUE OF ITS DISTINCTLY LOCAL PRODUCTS \$500,000,000 PER ANNUM.

The value of these distinctively tropical or sub-tropical products of this section is, stated in round terms, 450 million dollars per annum; sea island cotton, 7 million dollars; citrus fruits, 6 millions; sugar, 3 millions; dry peas, 3 millions; peanuts, 15 millions; sweet potatoes, 15 millions; turpentine and rosin, 30 millions; vegetables, 36 millions; fruits, 15 million; small fruits, 4 million; tobacco, 32 million; cotton seed oil and meal, 45 million; cotton, 255 million; while, if we add to these the phosphates and sponges of Florida, and other land and water products peculiar to that section, we get a grand total of approximately 500 million dollars' worth of products distinctly tropical or sub-tropical in character.

ITS PRODUCTS SHOULD BE FINANCED FROM WITHIN ITS OWN AREA.

The fact that the grand total of the production of this section is made up of a large number of articles not closely related to each other,

but having for each a distinctive characteristic as to production and use, intensifies the importance of selecting some convenient point well within that section as the locus of the Reserve bank for the district. While the economic methods of the South as a whole have been criticized upon the ground that it does not sufficiently diversify its products, such charge cannot be sustained with reference to the area which we are bringing to your attention. One of the speakers who appeared before your honorable body, a gentleman of high standing in the financial circles of the capital city of the nation, remarked that one of the objects of this law is to decentralize reserves as they now exist and distribute them among several reservoirs, each reservoir to be located with regard to the due convenience of a district wherein a great number of diversified industries are carried on, to build up every branch of industry and commerce; a suggestion which, we submit, applies with great force to the South Atlantic section as one having great diversity of production, and to Richmond as the natural center of the finance and commerce growing out of such production.

RICHMOND AN IDEAL FINANCIAL CENTER OF THE DISTRICT.

That this great mass of distinctively southern products can be more intelligently understood and financed from a distinctively southern city cannot be doubted. Not only would Richmond be conveniently located for the prompt transmission of mails and expressage to the section in which this great mass of products originates, but the acquaintance of her people with the peculiar products in question—the phosphates, the naval stores, the peanut crop, the tropical fruits, the tobacco, the cotton seed oil and meal, and the sea island and upland cotton, their seasons of growth and preparation for market—all these would be better understood and the interests of their producers better served from Richmond than Washington, which has no active business relation with the producing, manufacturing, or commercial interests, or from Baltimore, which is still farther removed from the area of the chief production of these peculiar and distinctively “local” products.

VOLUME OF LOCAL BUSINESS REQUIRES A RESERVE BANK.

The section lying south of the Potomac and east of the Appalachians is amply sufficient in area, population, and the value of its products for the service of a regional bank. The population of the six States which we propose as that section—Virginia, West Virginia,

North Carolina, South Carolina, Georgia and Florida—is, in round numbers, 11 millions by the census of 1910; the value of its farm property, $2\frac{1}{2}$ billion dollars; its capital invested in manufactures, over one billion dollars; the products of its manufactures, nearly one billion dollars in 1909, and now much more than one billion; the value of its farm crops, by the census of 1909, 690 million dollars; the product of its mines, 100 million dollars; the length of its railways, 29,000 miles; and the navigable mileage of its rivers, over 5,000 miles, or one-fifth of the total of the United States. The officers of the War Department in charge of the 105 river and harbor works on its water frontage from the Upper Potomac to the western coast of Florida, report the value of the water-borne freight traffic at those places in 1912 at the enormous sum of \$1,680,000,000, of which about one-half of which is at Hampton Roads.

VALUE OF MERCHANDISE HANDLED \$5,000,000,000 PER ANNUM.

The census of 1910 placed the value of the manufactures of this area at 987 million dollars; the farm crops at 688 million; the products of the mines, 100 million; the farm animals slaughtered or sold, 92 million dollars; and, adding a reasonable estimate for the products of the forests and fisheries, the total production of the area in that year may be set down at nearly 2 billion dollars, indicating that the annual value of its various products at the present time is more than $2\frac{1}{2}$ billion dollars. Most of this $2\frac{1}{2}$ billion dollars' worth of annual products is moved from the place of production to other parts of the country or to other sections of the world, and in their stead there is purchased about an equal value of other merchandise, suggesting that the value of the merchandise handled in this district in a single year is approximately 5 billion dollars, or more than the entire foreign commerce of the United States.

BUSINESS OF THIS AREA IS RAPIDLY INCREASING.

That this enormous total of 5 billion dollars' worth of merchandise annually handled in this section is likely to grow very rapidly, is apparent from the figures of actual growth during recent periods. The total value of the manufactures produced in these six States increased 123 per cent. from 1899 to 1909, while the gain in all other parts of the country was but 80 per cent. The value of all farm crops in these States increased 120 per cent. for the period from 1899 to 1909, while that in other parts of the country increased but 83 per cent.

The coal production of this area increased 250 per cent. in the ten-year period, while that of the country as a whole only doubled. The capital invested in manufacturing in these States increased 171 per cent. from 1899 to 1909, while the gain in the whole manufacturing capital of the country was but 105 per cent. The wages and salaries paid in manufacturing increased 123 per cent., while that in other parts of the country increased but 80 per cent. The railroad mileage increased 70 per cent. from 1890 to 1911, and in the other portions of the country increased but 47 per cent. The internal revenue paid increased from 10½ million dollars in 1903 to 21 millions in 1912, a gain of 100 per cent., while the gain in the other parts of the country was but 40 per cent. in the same period. The estimated true value of all property as shown by the United States Census increased from 4 billion dollars in 1900 to over 5 billion in 1904, an increase of 26 per cent., while the increase in other parts of the country was but 21 per cent. The total indebtedness less sinking fund of these six States was according to the United States Census, 94 million dollars in 1890, and 100 million in 1902, an increase of less than 7 per cent., while the indebtedness of other States of the Union showed an increase of 64 per cent. in the same period. The average per capita indebtedness of these six States fell from \$12.82 for each individual in 1890 to \$11.02 in 1902, while that of the country as a whole increased from \$18.16 per capita in 1890 to \$23.73 in 1902. The expenditures on public roads in these six States now aggregate about 15 million dollars per annum, a fact which in itself promises great development of its agricultural power.

ALL GREAT INDUSTRIES REPRESENTED IN THIS REGION.

The value of the three great products of this section,—agriculture, manufactures and mining—are quite evenly distributed in proportion to the products of the entire United States. The farm crops of the section in question formed in 1909 about 12 per cent. of those of the entire United States, the manufactures about 5 per cent., and the minerals approximately 5 per cent. of those of the entire United States.

FOREIGN COMMERCE OF THIS AREA RAPIDLY GROWING.

The value of the foreign commerce of the frontage from the mouth of the Potomac to the western coast of Florida is now approximately 150 million dollars, and shows a rapid growth when compared with other sections of the country. At Norfolk and Newport News

RICHMOND AS THE LOCATION OF

especially, lying as they do at that great natural harbor of the United States—Hampton Roads—the exports of the fiscal year 1913 show a remarkable growth, having practically doubled in the past two years.

A GATEWAY FOR THE PRODUCTS OF THE MISSISSIPPI VALLEY.

The possibilities of this great harbor in becoming the natural gateway for the Mississippi Valley, with its enormous production for foreign markets and consumption of foreign merchandise, are worthy of serious attention in considering the future possibilities and probabilities of the commerce and commercial requirements of this section. With two great railway lines now transporting to this port the merchandise of the upper Mississippi Valley, over remarkably easy grades and free from the interruption of a northern winter climate, it may be expected that the remarkable growth of recent years will be continued.

A SHIP CANAL POSSIBILITY.

Still another possibility of an enormous increase in the foreign commerce of Hampton Roads is found in the suggestion of a ship canal to connect the Great Lakes with the Atlantic Ocean. Our experience at Panama has demonstrated the ability of our country and its engineers in opening a passageway for ocean vessels through a country where the natural obstacles are much greater than those which lie between the Atlantic and the Great Lakes, and if the Government of the United States should see fit to utilize for this great enterprise, the men and machinery which have accomplished the work at Panama, the route from Hampton Roads, along the lines suggested by George Washington to the Ohio River and thence to the Great Lakes, would be worthy of serious consideration, and if adopted, make this the gateway for the outflow of the products of that greatest producing section of the world—the Mississippi Valley, and the route by which it would in turn receive its requirements from foreign countries.

PANAMA CANAL WILL INCREASE TRADE AND CURRENCY REQUIREMENTS.

The Panama Canal will, when opened to commerce, immediately stimulate the coastal trade of this section. At present a narrow strip of country along the Atlantic frontage sends its merchandise for the Pacific Coast by water by way of the trans-Isthmian railways, which demand for their service one-third of the entire coast to coast charges, the annual volume of that trans-Isthmian traffic between the Atlantic

and Pacific Coasts being now more than 100 million dollars per annum. With the possibility of passing the products of the eastern and western coasts across the Isthmus without the cost of rail movement, the volume of this traffic between the Atlantic and Pacific Coasts will greatly increase. In addition to this, the export of our manufactures and agricultural products to the western coasts of South America, and, in fact, to all the countries fronting on the Pacific, may be expected to rapidly increase with the opening of the Canal, and thus greatly enlarge the foreign commerce of this South Atlantic country, and the requirements of currency for that purpose.

SUMMARIZATION.

Now to sum up the great general facts as to the production, commerce and commercial possibilities of the area in question.

The section of country lying south of the Potomac and east of the Appalachians is set aside by nature as a distinctive region by reason of its peculiar soil and climate and geographic surroundings, and has therefore products peculiar to itself.

Its total products which aggregated nearly 2 billion dollars in value in 1910 and more than that at the present time, are distributed with remarkable uniformity among the three great industries: agriculture, mining and manufactures; agricultural and mineral products forming about one-half, and manufactures the other half of this grand total.

The agricultural products represent an unusually large variety of articles which have their peculiar seasons of maturity, and thus co-operating with the manufacturing and mining industries in maintaining within the district a comparative uniformity and steadiness of demand for currency.

Approximately one-third of these three great articles of commerce—manufactures, farm crops, and minerals—are produced in the two Northern States of the group—Virginia and West Virginia—and approximately two-thirds in the four States lying to the South—North Carolina, South Carolina, Georgia and Florida; but as most of these products of the Southern States move toward the North, Richmond, which lies within sixty miles of the southern line of Virginia and on the natural line of the northward trend of commerce and communication, becomes the natural center for the trade and finance of both sections of this natural region.

The productions of this area may be expected to increase with

great rapidity. Both manufacturing and agriculture showed in the period of 1900-1910 a much larger percentage of growth than that of all other parts of the country, and with the greatly increased use of water-power through the co-operation of electricity the contribution of the rivers of this section to its manufacturing power will rapidly increase its industrial and commercial activities.

The foreign commerce of this section may be expected to rapidly increase. The value of the merchandise exported from the ports from the mouth of the Potomac to the western line of Florida is now approximately 140 million dollars per annum, and those two cities at the great natural harbor—Hampton Roads—have actually doubled their exports in the last two years, suggesting that the possibilities of this section as the gateway for the surplus products of the Mississippi Valley should be given careful consideration in connection with the financing of its prospective business.

The value of the merchandise passing over the waters of the navigable rivers and harbors from the Potomac to the western boundary of Florida was $1\frac{3}{4}$ billion dollars in 1912, the total value of its own products in 1912 fully $2\frac{1}{2}$ billion dollars, and the value of the commerce handled by it, approximately 5 billion dollars per annum, and may be expected to increase with great rapidity in view of the rapid growth which has characterized recent years.

Richmond is the natural railway center for the movement of this commerce and its mail and express requirements with reference thereto, having three trunk lines from the South, two from the West, and two from the North, and a close communication with Norfolk, with its western and southern lines.

MARYLAND AS A POSSIBLE FACTOR IN THE RESERVE ZONE.

While a portion of the State of Maryland lies geographically and geologically within the South Atlantic coastal plain, the distinct area proposed as the basis of a banking district, that State has not been included in the proposed Federal Reserve Region, because of the fact that its products are, as a whole, not of the distinctively tropical or sub-tropical type which distinguishes those of the section further South, where the presence of the Gulf Stream affects climatic conditions, and also because of the equally important fact that the trade currents carry most of the commerce and therefore the finances of that State towards the great commercial and financial centers at the North. On the other hand, it has been thought proper to include West Virginia

in the proposed regional bank area, even though it lies outside the coastal plain region, because of the fact that the commerce and finances of a large part of the State, especially the southern half, are distinctly associated with those of the Atlantic coastal plain, and with the State of Virginia and the city of Richmond, a fact which is clearly shown in the discussion of present banking relations of Richmond with surrounding territory.

It is proper to add, however, that a careful comparison of the figures of industry, production, and commerce of the two States, Maryland and West Virginia, when considered article by article and item by item, show that a substitution of Maryland for West Virginia in the statement of products, manufactures and business conducted would not materially change the total of the area as a whole, or seriously affect the percentage of growth, or other evidence of prosperity of that area. The population of West Virginia in 1910 was 1,221,000, and that of Maryland was 1,295,000. The combined value of the products of farm, factory and mine were, in West Virginia, 274 million dollars, and in Maryland, 366 million dollars; and the value of all farm property in West Virginia, 314 million dollars, and in Maryland, 286 million dollars.

STATEMENT

**Showing Freight Rates from Richmond to Southern West
Virginia, Eastern Kentucky, Eastern Tennessee,
North and South Carolina and Georgia; also
tonnage from Virginia cities into North
and South Carolina and Georgia.**

(By RICHMOND CHAMBER OF COMMERCE, WILLIAM T. REED, President.)

The railroads serving the above-mentioned territory years ago recognized Richmond as the proper distributing point, and the above as the natural territory to Richmond, owing to the fact that they were enabled to give quick service, and from one to four days quicker delivery than Baltimore, or any city north of us. In view of this fact the rates into this territory were fixed at an average approximately of 13 per cent. lower than Baltimore. The average first-class rate in the territory designated by the railroads as the natural territory to Richmond is 75 2-10 cents per hundred pounds, while the average first-class rate to the same territory from Baltimore is 86 4-10 cents per hundred pounds, giving Richmond an advantage on the first-class rate of 11 2-10 cents per hundred pounds, or approximately 13 per cent. This relative proportion in favor of Richmond applies to all class and commodity rates, and, in some instances, it is greater in favor of Richmond.

Attached herewith, on page 41, is a map clearly defining the territory recognized by the transportation companies as Richmond's territory, and in which the above-mentioned freight rates favorable to Richmond apply. Attached, also, on page 40, are the actual rates in groups of cities in this respective territory, giving the respective rates to these cities from Richmond and Baltimore. These cities are chosen with respect to their prominence, and also with respect to their proximity to the borders of the territory as designated by the map, on page 41. Some of the rates in the interior of this territory will even show greater advantage to Richmond.

The Chamber begs to call attention further to the tonnage originating at and forwarded to this southern territory, North and South Caro-

lina, Georgia and Florida, from the Virginia cities; Richmond, Norfolk, Portsmouth, Suffolk, Petersburg, Lynchburg, Roanoke, Danville and South Boston. The total tonnage from these cities for the year 1913 reaches the enormous amount of 2,228,908 tons freight, and of this amount the tonnage from Richmond into this territory was 629,495 tons.

Owing to the limited time, and also to the fact that the tonnage into Eastern Tennessee, Eastern Kentucky and Southern West Virginia had not been separated by the railroads from the tonnage to this territory and points beyond our territory, we are unable to give the actual tonnage to this portion of our territory.

We have been unable to get the tonnage from Baltimore into Richmond's territory, North and South Carolina, Georgia and Florida, but from such information as we have received we feel assured that any statement Baltimore makes, that her tonnage exceeds, or even approaches, the amount of tonnage of Richmond in the territory mentioned, is a pretense, and, inasmuch as Baltimore made this claim before the Honorable Committee at Washington, it is incumbent upon the Baltimore people to state their exact tonnage, as we have done, and which we are prepared to verify.

STATEMENT OF RATES FROM BALTIMORE AND RICHMOND, SHOWING DIFFERENCES IN FAVOR OF RICHMOND

The places are chosen with respect to their prominence and also with respect to their proximity to the borders of the territory designated on map.

RALEIGH, N. C.—GOLDSBORO, N. C. GREENSBORO, N. C.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	78	67	53	43	37	28	24	20	28	25	37	43	54
Richmond	61	51	42	32	28	21	17	22	21	18	28	32	42
	17	16	13	11	9	7	7	7	7	7	9	11	12

NEWBERN, N. C.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	55	46	36	33	27	22	22	20	17	27	20	34	
Richmond	46	36	30	26	21	17	17	16	15	11	21	22	24
	9	10	8	7	6	3	5	5	5	6	6	7	10

CHARLOTTE, N. C.—HAMLET, N. C. ABERDEEN, N. C.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	85	74	61	49	42	32	25	31	30	27	42	40	58
Richmond	68	58	48	38	33	25	18	24	23	20	33	38	46
	17	16	13	11	9	7	7	7	7	7	9	11	12

FAYETTEVILLE, N. C.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	85	74	61	49	39	26	24	20	19	16	39	39	36
Richmond	68	58	48	38	31	20	18	18	17	14	31	31	34
	17	16	13	11	8	6	6	2	2	2	8	8	2

LUMBERTON, N. C.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	92	81	68	56	46	35	27	32	32	27	47	56	58
Richmond	80	70	60	50	40	32	22	28	25	22	41	47	50
	12	11	8	6	6	3	5	4	7	5	6	9	8

LANES, S. C.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	92	81	68	56	46	36	27	32	32	27	47	58	58
Richmond	85	75	62	50	40	32	24	29	28	24	44	47	50
	7	6	6	6	6	4	3	3	4	3	3	11	8

ORANGEBURG, S. C.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	92	81	68	56	46	35	27	32	32	27	47	56	58
Richmond	85	75	62	50	41	34	24	29	28	24	44	47	50
	7	6	6	6	5	1	3	3	4	3	3	9	8

COLUMBIA, S. C.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	89	75	65	53	43	34	26	30	29	28	40	51	55
Richmond	76	64	59	50	41	34	18	27	24	20	36	48	44
	13	11	6	3	2		8	12	5	8	4	3	11

AUGUSTA, GA.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	89	75	65	53	43	34	26	30	29	28	40	51	55
Richmond	76	64	56	45	35	27	16	30	28	23	28	42	50
	13	11	9	8	8	7	10	9	1	5	12	9	5

MACON, GA.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	93	85	76	61	51	40	32	44	32	31	49	55	62
Richmond	84	79	64	52	43	40	24	34	28	27	45	55	55
	11	6	12	9	8		8	10	4	4			7

AMERICUS, GA.

	1	2	3	4	5	6	A	B	C	D	E	H	F
Baltimore	98	87	78	63	52	41	34	45	37	36	55	57	72
Richmond	98	87	78	63	52	41	34	45	37	36	55	57	72

CHARLESTON AND HUNTINGTON, W. VA.

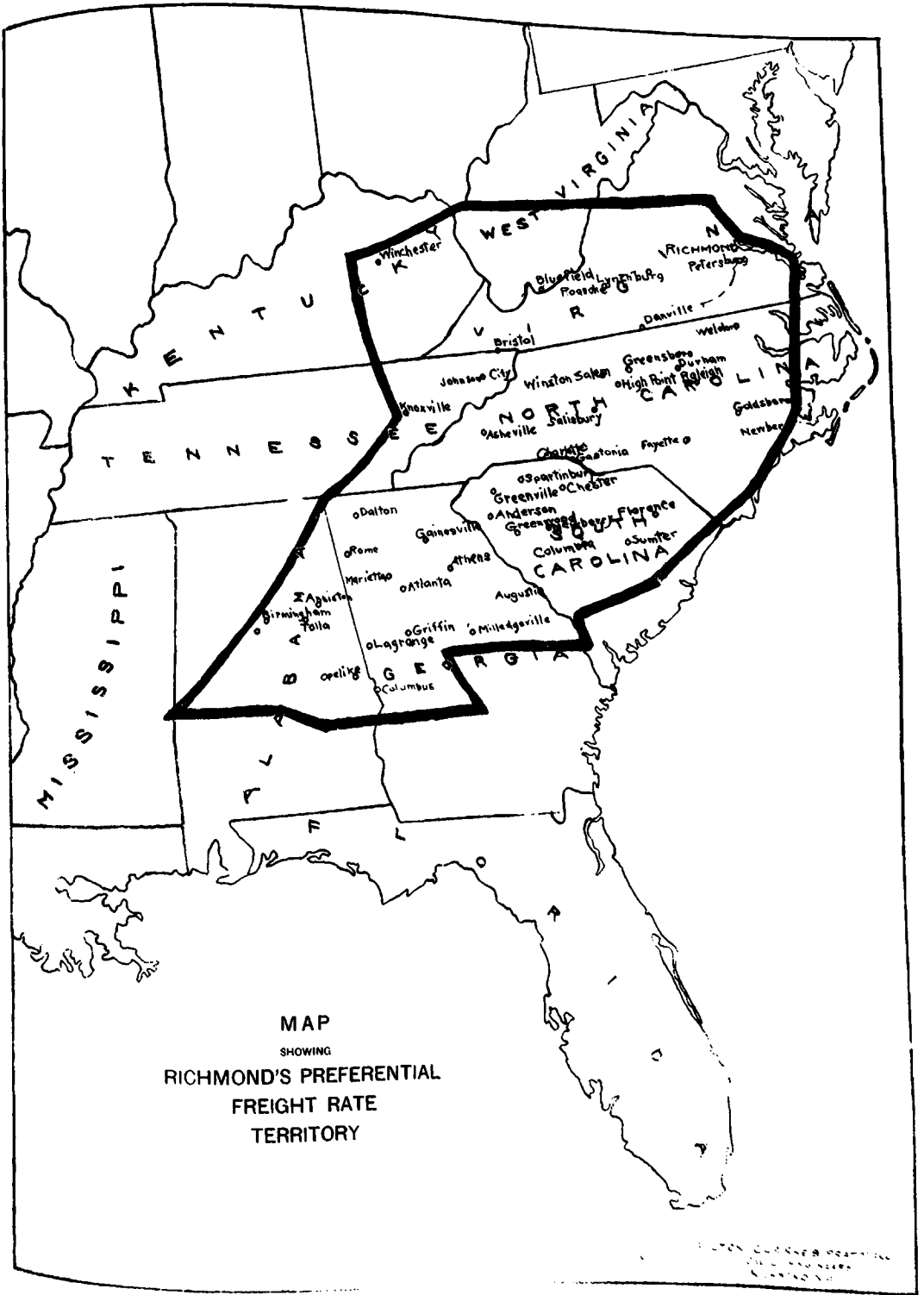
	1	2	3	4	5	6
Baltimore	54	47	38	25	22	18
Richmond	54	47	35	24	20	16
			2	1	2	2

LEXINGTON AND LOUISVILLE, KENTUCKY.

	1	2	3	4	5	6
Baltimore	50	51	43	29	25	20
Richmond	54	47	38	25	22	18
	5	4	5	1	3	2

KNOXVILLE, TENNESSEE.

	1	2	3	4	5	6
Baltimore	95	80	65	50	45	37
Richmond	84	79	64	50	43	37
	11	1	1		2	

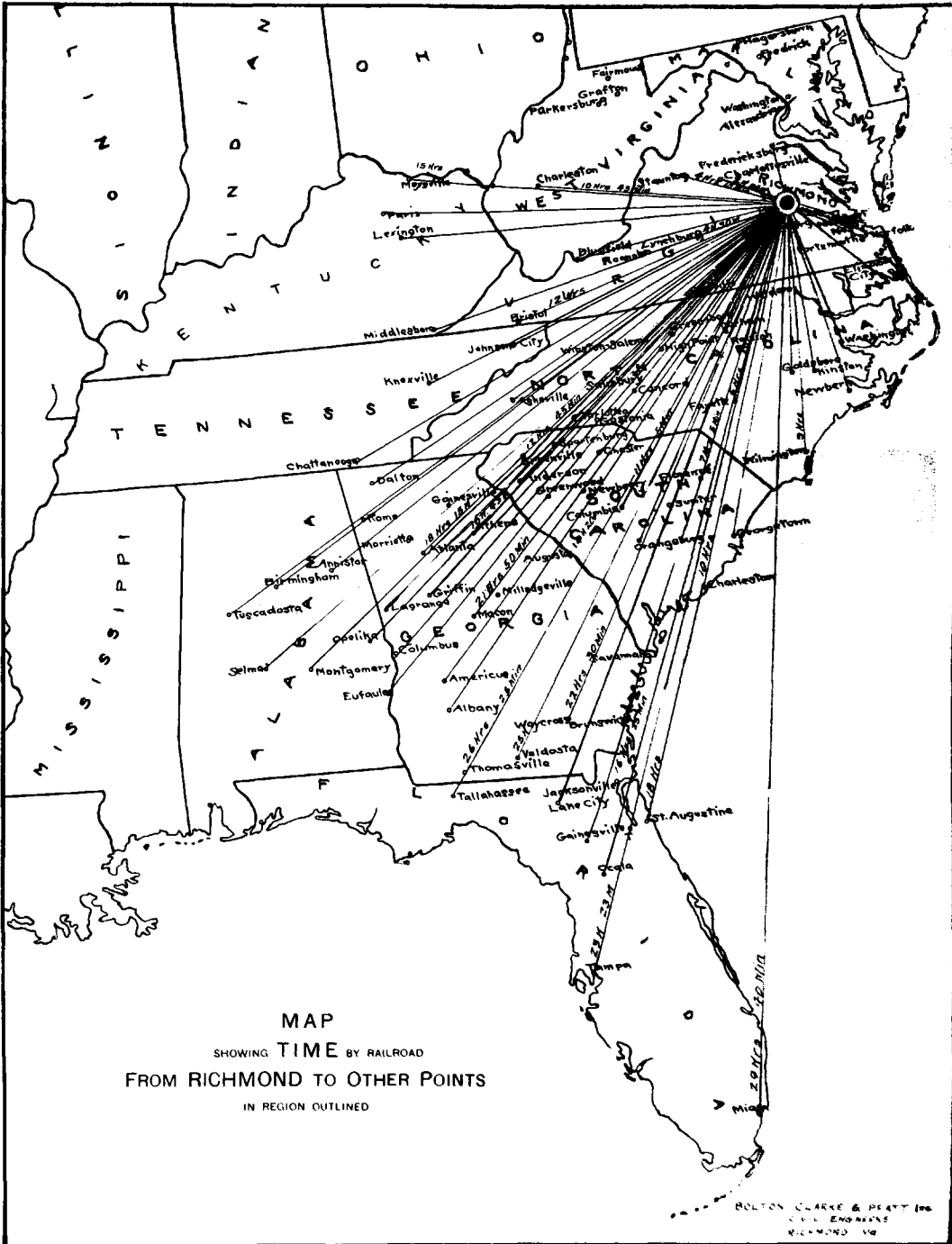


MAP
 SHOWING
 RICHMOND'S PREFERENTIAL
 FREIGHT RATE
 TERRITORY

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DISTANCE AND TIME TO RICHMOND FROM THE FOLLOWING CITIES

Via S. A. L. Ry.	Dist.	Time	Via Sou. Ry.	Dist.	Time
Petersburg (A. C. L.—					
N. & W.).....	22	0:36	Danville.....	141	5:00
Alberta (Virginian).....	61	1:50	Greensboro.....	189	6:55
LaCrosse (Sou.).....	70	2:20	Salisbury.....	239	7:25
Norlina.....	98	2:45	Charlotte.....	282	9:30
Raleigh.....	157	4:30	Spartanburg.....	358	11:50
Hamlet (N. & S. Car.).....	254	7:45	Greenville.....	386	12:45
Camden.....	327	10:05	Atlanta (C. of Ga.—S. A. L.).....	560	18:15
Columbia (A. C. L.—Sou.).....	380	11:05	Salisbury—Asheville.....	380	15:10
Denmark (A. C. L.).....	394	12:00	Morristown.....	509	17:25
Savannah.....	501	13:08	Knoxville (L. & N.—Tenn.		
Jacksonville.....	639	16:58	Central).....	509	17:25
Ocala.....	775	20:45			
Palmetto.....	911	27:29	Via N. & W. Ry.		
Hamlet—Chester.....	351	11:25	Petersburg (S. A. L.).....	22	0:36
Greenwood.....	425	13:14	Burkeville (Sou.).....	73	2:38
Athens (Cen. of Ga.).....	505	16:43	Lynchburg (Sou.—C. & O.).....	144	4:30
Atlanta (C. of Ga.—Sou.).....	550	18:15	Roanoke (Virginian).....	197	6:20
			Radford (Virginian).....	241	7:45
			Bristol.....	348	12:00
			Bluefield.....	373	10:40
Via A. C. L. R. R.					
Petersburg (N. & W.—					
S. A. L.).....	22	0:36	Via C. & O. Ry.		
Jarratts (Virginian).....	52	1:00	Doswell (R. F. & P.).....	28	0:45
Emporia (Southern).....	62	1:35	Gordonsville (Sou.).....	76	2:00
Weldon (S. A. L.).....	83	2:14	Charlottesville (Sou.).....	97	2:34
Rocky Mount.....	119	3:00	Basic (N. & W.).....	123	3:44
Wilson.....	135	4:12	Staunton (B. & O.).....	138	4:05
Wilmington.....	244	9:00	Clifton Forge.....	168	5:46
Pembroke.....	296	9:05	Lynchburg.....	147	6:00
Florence.....	294	7:05	Covington.....	205	6:08
Charleston (Sou.).....	396	10:09	Hinton.....	272	8:10
Savannah (C. of Ga.—Sou.).....	511	12:20	Charleston.....	369	11:00
Jesup (Sou.).....	568	16:25	Huntington (B. & O.).....	410	12:10
Folkston (Ga.).....	640	17:45			
Jacksonville (F. E. C.—G. S.			Vi. R. F. & F. Ry.		
& F.—S. A. L.—Sou.).....	683	16:25	Ashland.....	17	0:31
St. Augustine.....	676	18:08	Doswell.....	24	0:45
Palatka.....	694	20:42	Fredericksburg.....	62	1:27
Tampa.....	846	23:36	Washington.....	116	2:44
Augusta.....	443	14:20			

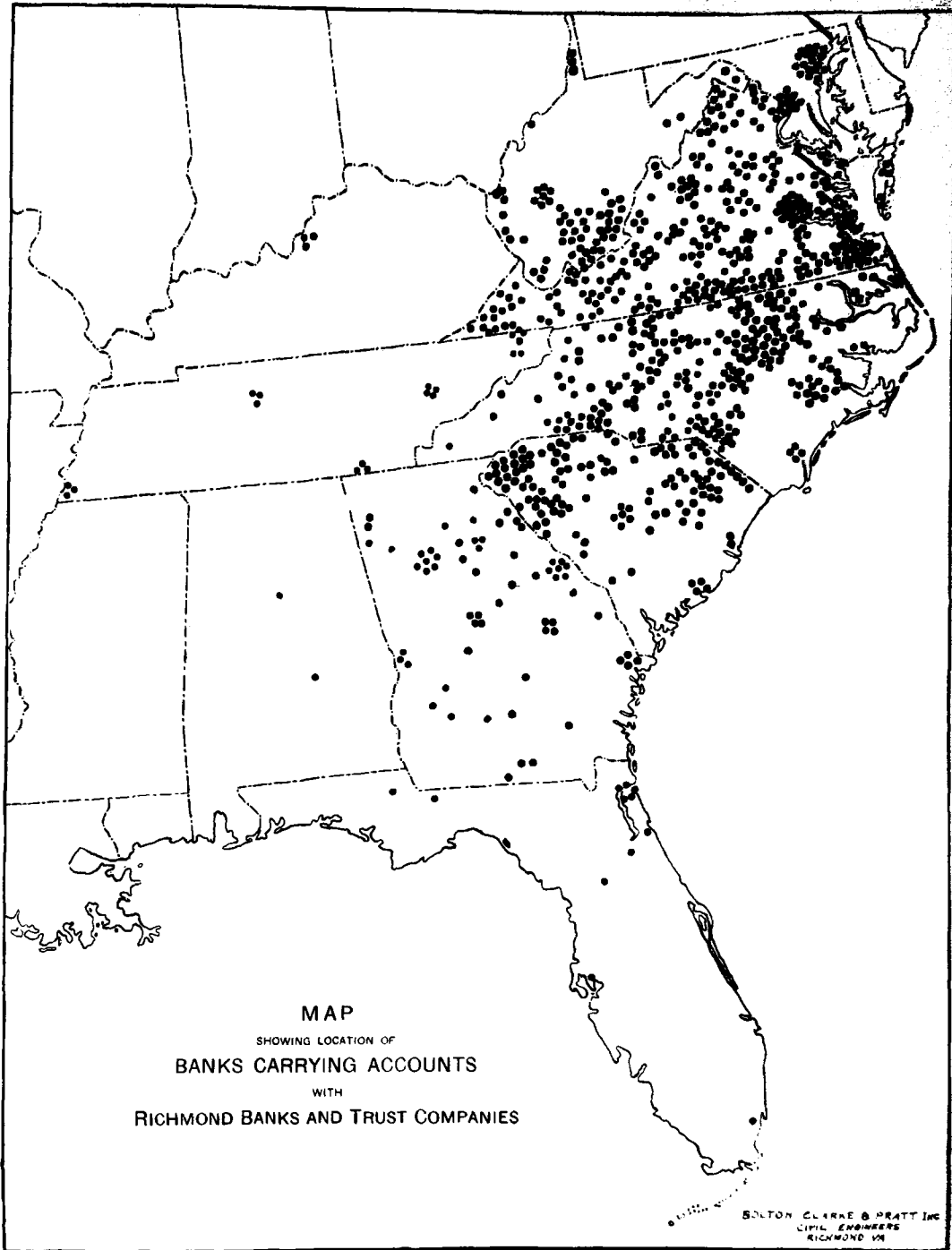


MAP
 SHOWING TIME BY RAILROAD
 FROM RICHMOND TO OTHER POINTS
 IN REGION OUTLINED

BOLTON CLARKE & DEAYT INC.
 CIVIL ENGINEERS
 RICHMOND VA

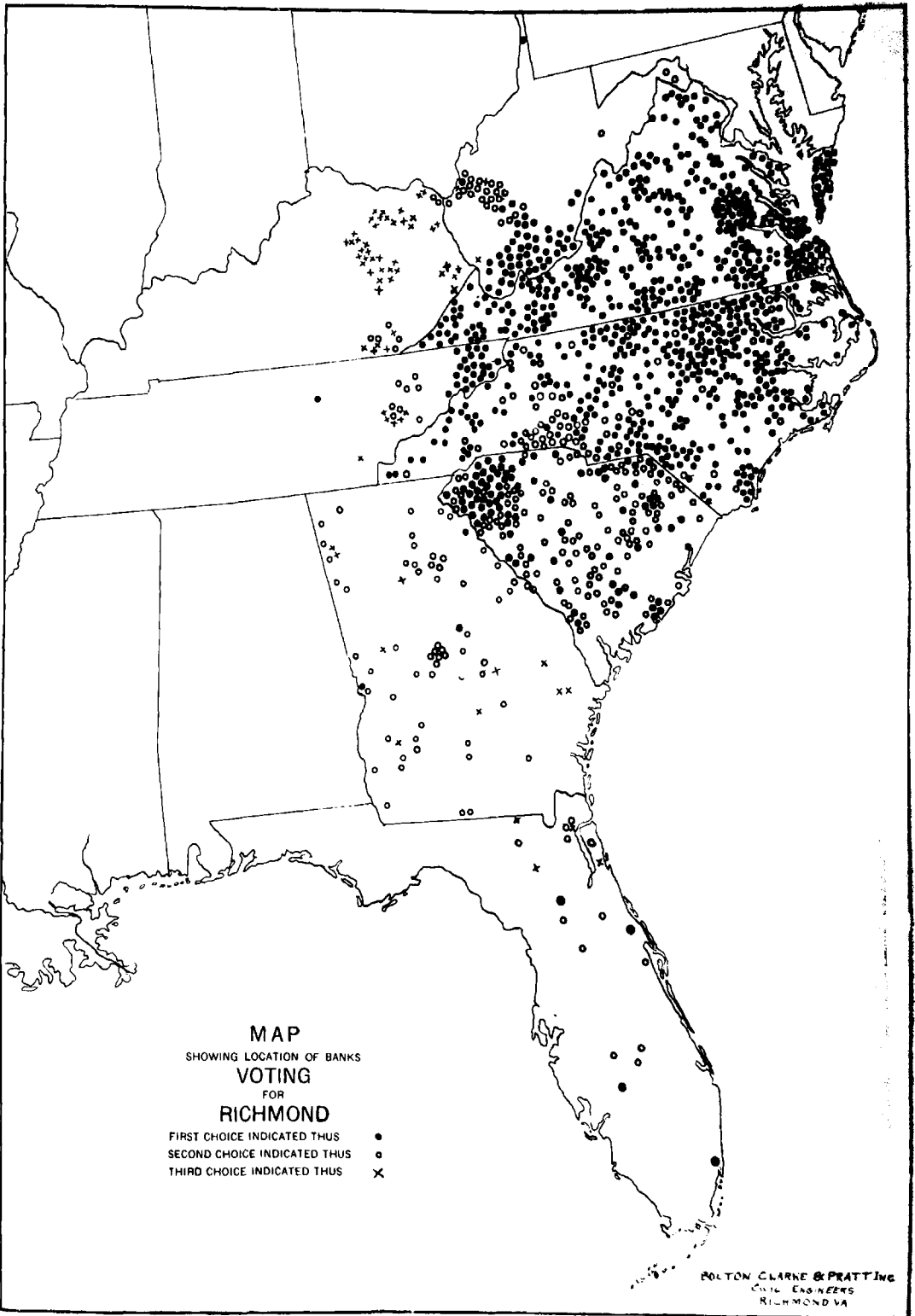
NATIONAL AND STATE BANKS

STATES	Number Banking Towns	Number Banks	Number Banks with Accounts in Richmond	Number Bank Accounts Carried by Banks in Richmond
Virginia.....	266	437	288	500
North Carolina.....	308	486	220	403
South Carolina.....	222	405	122	181
West Virginia (16 Cos.).....	40	95	61	82
Tennessee (10 Cos.).....	24	41	13	20
Kentucky (35 Cos.).....	57	111	3	3
Georgia.....	449	844	63	76
Florida.....	155	257	14	15



RICHMOND POLL OF BANKS

Choice	Va.	N.C.	S.C.	W.Va.	Tenn.	Ky.	Ga.	Fla.	Totals
Richmond	1st	415	373	82	49	25	4	4	952
	2d	3	69	123	26	10	7	12	308
	3d				3	11	47	12	78
Columbia	1st			102					102
	2d			9					9
	3d								
Atlanta	1st			2		6	96	8	112
	2d		8	4		7	22	8	49
	3d					2			2
Savannah	1st			1			22	2	25
	2d		3	2			30	6	41
	3d								
Charlotte	1st		46						46
	2d	1	17						18
	3d								
Birmingham	1st								
	2d						1		1
	3d								
Baltimore	1st	4		1	4				9
	2d	11	55	7	11		6	3	93
	3d		1		1				2
Washington	1st	1							1
	2d	6	10	1	3				20
	3d								
Cincinnati	1st				28	9	22		59
	2d		3		9	6	24		42
	3d					1			1
Louisville	1st					2	31		33
	2d		1			8	14		23
	3d								
Jacksonville	1st							9	9
	2d								
	3d							1	1
Nashville	1st					3			3
	2d		1			1			2
	3d								
Pittsburg	1st								
	2d				3				3
	3d								



**CAPITAL, SURPLUS, PROFITS AND DEPOSITS OF BANKS
VOTING FOR RICHMOND**

STATE	Choice	Capital	Surplus and Profits	Deposits
Virginia	1st	\$30,041,097	\$23,151,500	\$163,645,126
North Carolina	1st	\$14,542,770	\$ 7,844,000	\$ 81,996,650
	2d	2,203,100	1,252,000	8,190,000
South Carolina	1st	\$ 4,909,800	\$ 2,966,000	\$ 18,743,000
	2d	5,269,714	2,753,800	8,058,000
Georgia	1st	\$ 730,300	\$ 278,000	\$ 538,000
	2d	5,334,900	3,482,200	19,147,500
	3d	570,000	653,000	1,412,000
Florida	1st	\$ 320,000	\$ 74,000	\$ 1,660,000
	2d	1,995,000	586,000	5,676,000
	3d	245,000	262,000	2,353,000
West Virginia 16 Cos.	1st	\$ 2,561,000	\$ 1,641,000	\$ 4,084,000
	2d	2,909,175	1,859,000	12,775,000
	3d	350,000	35,000	597,000
Tennessee 10 Cos.	1st	\$ 909,350	\$ 423,300	\$ 6,041,000
	2d	547,500	234,000	2,370,000
	3d	1,075,000	350,000	5,664,000
Kentucky 35 Cos.	2d	\$ 450,000	\$ 118,000	\$ 1,502,000
	3d	5,725,000	3,113,372	17,140,000
Total		\$40,587,706	\$52,065,172	\$361,631,276

Total Capital, Surplus and Profits..... \$131,672,878
Total Deposits..... 361,631,276

**PARTIAL LIST OF MAXIMUM DEPOSITS AND LOANS
OF RICHMOND BANKS IN 1913**

MAXIMUM DEPOSITS OF BANKS FROM

Virginia.....	\$5,467,679	North Carolina.....	\$4,465,455
West Virginia.....	1,793,838	South Carolina.....	926,779
Georgia.....	440,115	Florida.....	142,918

MAXIMUM LOANS TO BANKS IN

Virginia.....	\$1,459,080	North Carolina.....	\$2,300,480
West Virginia.....	90,700	South Carolina.....	2,429,915
Georgia.....	669,900	Florida.....	79,750

MAXIMUM DEPOSITS TO CREDIT OF INDIVIDUALS, FIRMS AND CORPORATIONS IN

North Carolina.....	\$3,225,369	South Carolina.....	\$1,416,997
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MAXIMUM LOANS TO INDIVIDUALS, FIRMS AND CORPORATIONS IN

North Carolina.....	\$5,245,451	South Carolina.....	\$3,129,817
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MAXIMUM DEPOSITS OF BANKS AND INDIVIDUALS

North Carolina.....	\$7,690,820	South Carolina.....	\$2,346,776
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MAXIMUM LOANS TO BANKS AND INDIVIDUALS

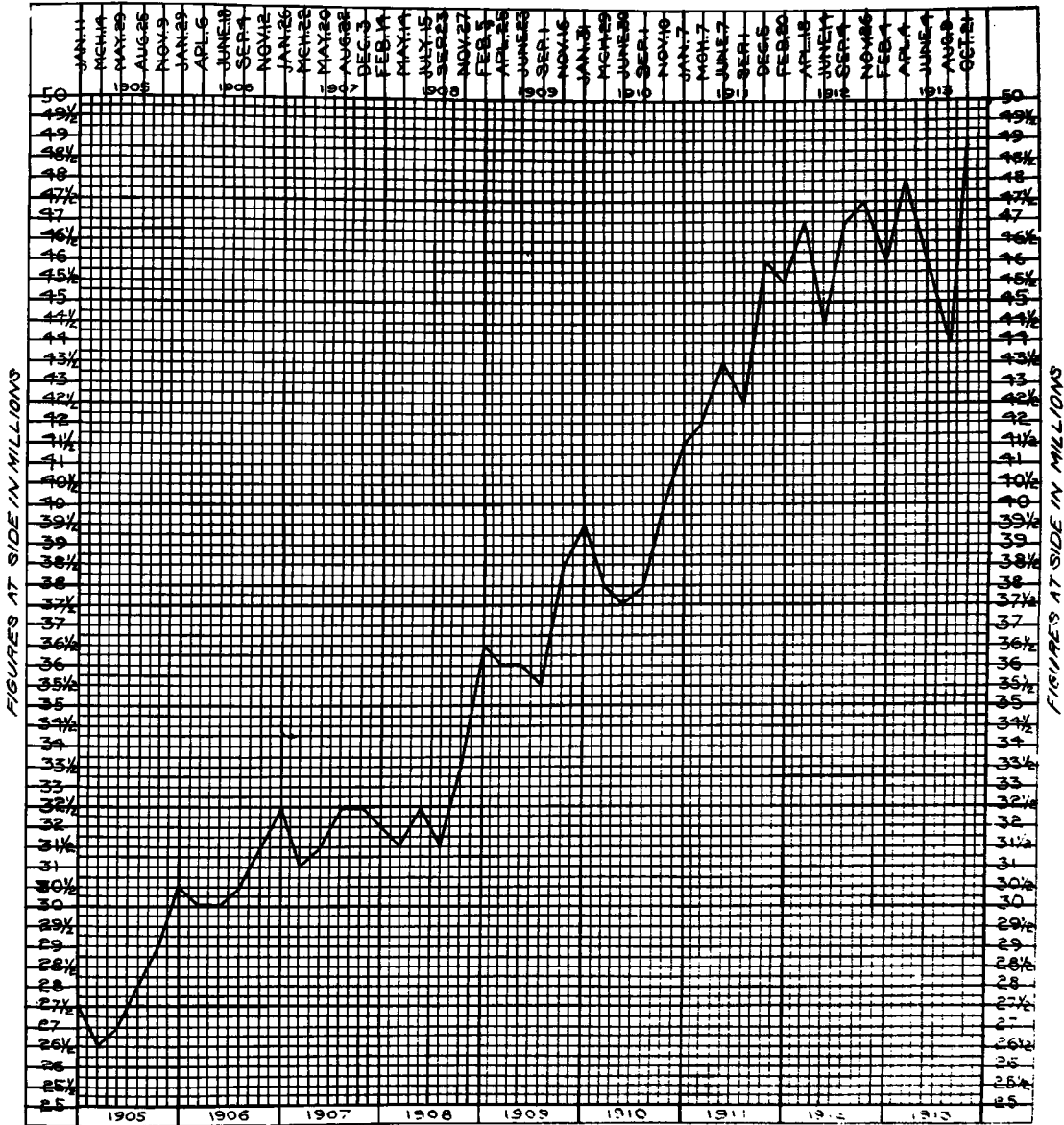
North Carolina.....	\$7,445,981	South Carolina.....	\$5,558,790
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	CAPITAL	SURPLUS AND UNDIVIDED PROFITS	TOTAL RESOURCES
MCH. 15, 1897	\$3,172,000	\$2,305,000	\$5,477,000
MCH. 1, 1898	3,197,000	2,675,000	5,872,000
FEB. 15, 1899	3,191,000	2,282,000	5,473,000
FEB. 21, 1900	3,374,000	2,312,000	5,686,000
FEB. 5, 1901	3,513,000	2,532,000	6,045,000
FEB. 25, 1902	3,743,000	2,707,000	6,450,000
FEB. 6, 1903	3,640,000	2,957,000	6,597,000
JAN. 22, 1904	3,776,000	3,098,000	6,874,000
JAN. 11, 1905	4,474,000	3,605,000	8,079,000
APR. 6, 1906	5,104,000	4,329,000	9,433,000
JAN. 26, 1907	5,617,000	4,534,000	10,151,000
FEB. 4, 1908	5,863,000	4,821,000	10,684,000
FEB. 5, 1909	5,863,000	5,137,000	11,000,000
JAN. 31, 1910	6,255,000	5,601,000	11,856,000
JAN. 7, 1911	6,643,000	5,918,000	12,561,000
FEB. 29, 1912	7,691,000	6,876,000	14,567,000
FEB. 4, 1913	8,745,000	6,439,000	15,184,000
JAN. 13, 1914	10,013,000	7,877,000	17,890,000

Bolton, Clarke & Pratt, Inc.
Civil Engrs.
Richmond, Va.

CHART SHOWING GROWTH OF RICHMOND BANKS

DEPOSIT FLUCTUATIONS OF RICHMOND BANKS



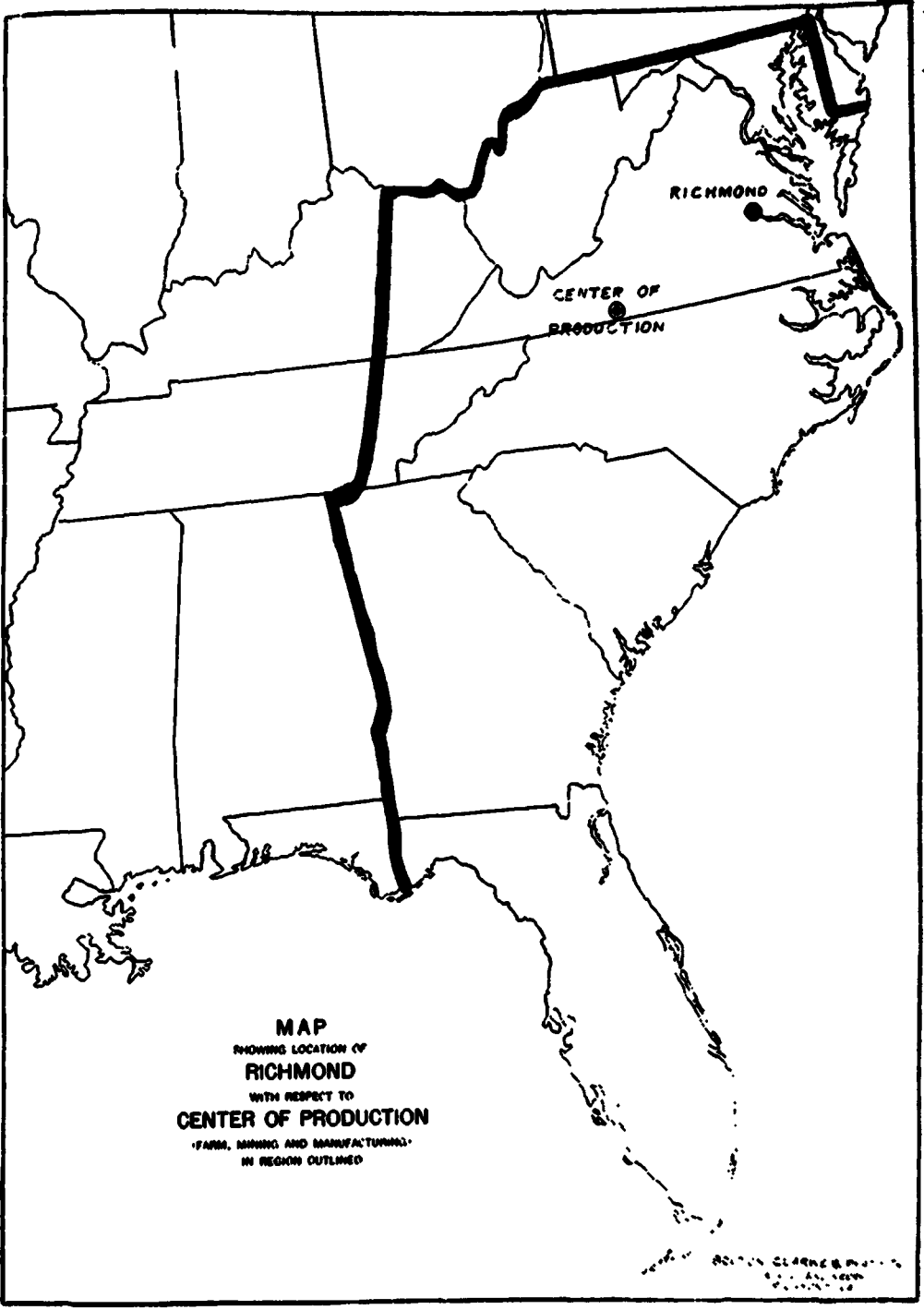
REPRODUCED FROM CHART
 PREPARED BY
 W. P. SHELTON

BOLTON CLARK & PARTNERS
 CIVIL ENGINEERS
 CHICAGO, ILL.

**STATEMENT OF CAPITAL, SURPLUS AND DEPOSITS OF
THE NATIONAL BANKS LOCATED IN THE
SOUTHEASTERN STATES**

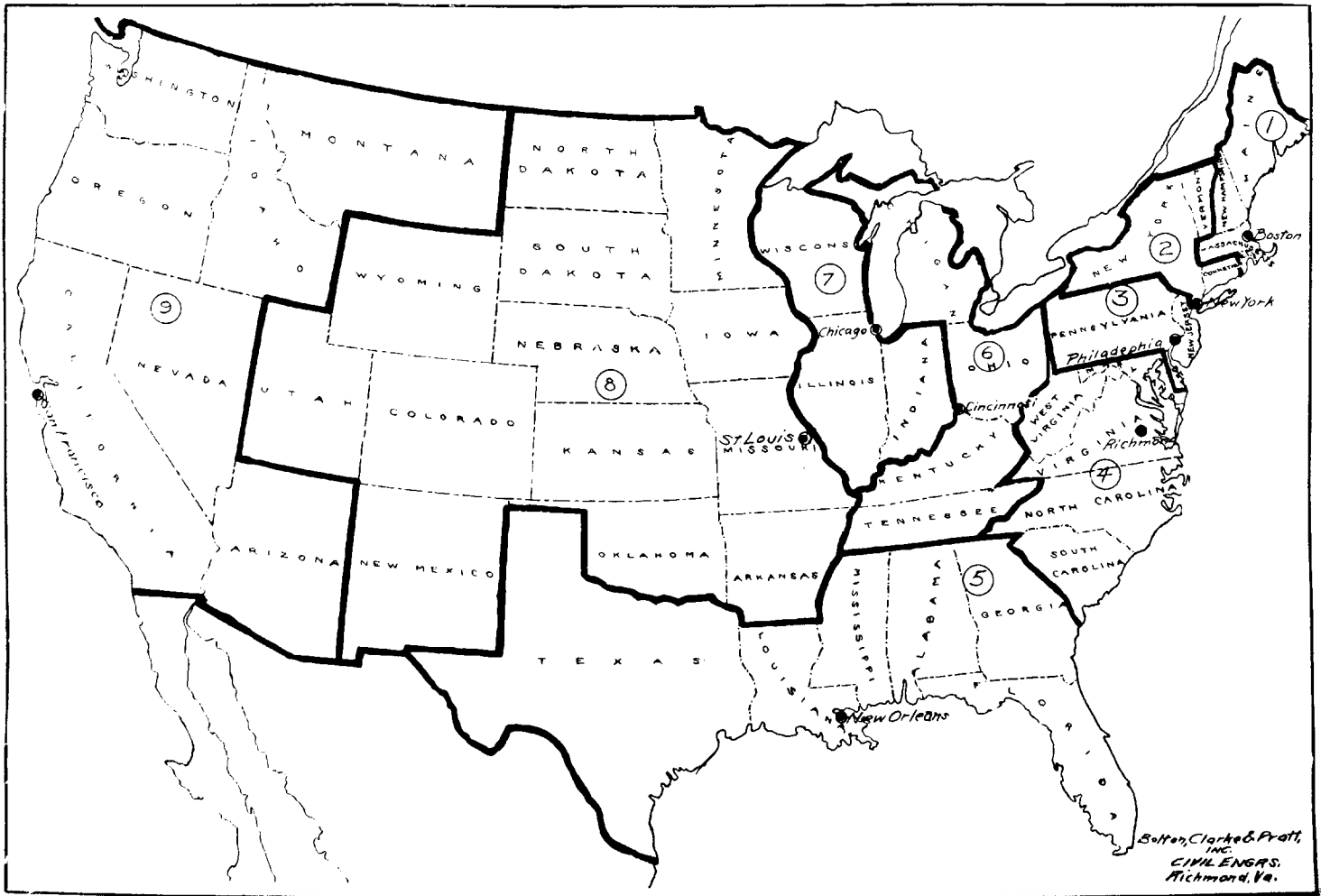
	Capital	Surplus	Gross Deposits
Virginia	\$17,600,000	\$11,800,000	\$113,000,000
West Virginia	10,000,000	6,400,000	64,000,000
North Carolina	8,400,000	2,800,000	46,000,000
South Carolina	6,300,000	2,100,000	30,000,000
Georgia	15,100,000	9,300,000	63,000,000
Florida	7,500,000	3,000,000	40,000,000
Alabama	10,200,000	5,800,000	50,000,000
Mississippi	3,400,000	1,600,000	17,000,000
Louisiana	3,000,000	2,300,000	17,000,000
Kentucky	12,300,000	5,200,000	46,000,000
Tennessee	13,200,000	5,500,000	78,000,000

	Capital and Surplus National Banks	Capital and Surplus State Banks	Total	Deposits
Washington City	\$11,500,000	\$16,200,000	\$27,500,000	\$83,000,000
Richmond, Va.	10,700,000	7,300,000	18,000,000	53,000,000
Atlanta, Ga.	9,700,000	7,300,000	17,000,000	35,000,000



MAP
 SHOWING LOCATION OF
RICHMOND
 WITH RESPECT TO
CENTER OF PRODUCTION
 FARM, MINING AND MANUFACTURING
 IN REGION OUTLINED

ROBERT CLARKE & PARTNERS
 111 N. 3rd St.
 PHOENIX, ARIZONA



MAP OF U. S. JUDICIAL CIRCUITS

