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**BEFORE THE FEDERAL RESERVE BOARD.**

IN THE MATTER OF THE  
DESIGNATION OF THE FEDERAL RESERVE CITY  
IN THE FIFTH FEDERAL RESERVE DISTRICT.

BRIEF ON BEHALF OF THE CITIZENS  
OF BALTIMORE.

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AND

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Committee of Baltimore.*

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## BEFORE THE FEDERAL RESERVE BOARD.

IN THE MATTER OF THE  
DESIGNATION OF THE FED-  
ERAL RESERVE CITY IN THE  
FIFTH FEDERAL RESERVE  
DISTRICT.

### BRIEF ON BEHALF OF THE CITIZENS OF BALTIMORE.

Section 2 of the Federal Reserve Act provides that the Reserve Bank Organization Committee "shall designate not less than eight nor more than twelve cities to be known as Federal Reserve Cities, and shall divide the Continental United States, excluding Alaska, into districts, each district to contain only one of such Federal Reserve cities. \* \* \* *Provided*, that the districts shall be apportioned with due regard to the convenience and customary course of business, and shall not necessarily be co-terminous with any State or States." The determination of the Organization Committee is subject to review by the Federal Reserve Board.

The Organization Committee designated Richmond, Virginia, as the Federal Reserve city in the Fifth Federal Reserve District, to comprise the States of Maryland, Virginia, North and South Carolina, the District of Columbia, and the State of West Virginia, except the four "Panhandle Counties." The most important step in apportioning the districts—the first step mentioned in the Act—is the designation of the reserve cities. In this feature of the apportionment of the Fifth Reserve District, the Committee disregarded the convenience and attempted to reverse the customary course of business.



For each and all of the following reasons we submit that a due regard to the convenience and customary course of business requires that Baltimore be designated as the Federal Reserve City in the Fifth Federal Reserve District:

I. (a) Baltimore is the natural commercial, financial and industrial capital of the Fifth District, the point at which and to which business in the Fifth District normally converges, and is in every essential respect, so far as commerce, finance and industry in the District are concerned, about five times as important as Richmond.

(b) A due regard to the convenience and customary course of business, within the contemplation of the Federal Reserve Act, means a due regard to the convenience and customary course of *all* business, commercial, financial and industrial, and requires that the natural commercial capital of a district be designated as the Federal Reserve city in such district.

II. Baltimore is geographically the natural location for the Federal Reserve Bank of the Fifth District:

(a) The customary course of business in the Fifth District is towards the north and towards the coast, *i. e.*, towards Baltimore as the largest, most important, and also the most northern, seaport in the Fifth District, and the point towards which commercial payments, liquidation of business transactions and exchange normally move.

(b) Baltimore, though near the northern end of the District, is accessible to all parts of the District, and is within seventeen hours by mail of practically every city in the District, so that business transacted with Baltimore by mail from any part of the District can be consummated on the next business day after it is begun. Richmond is farther distant than Baltimore from the most distant city in the District.

(c) Baltimore, though farther from the *geometrical* center of the District than Richmond, is at the center of greatest *density* of population and business in the District, and is, therefore, nearer than Richmond to the greater *volume* of the business transacted in the District, and to the greater part of the banking capital and resources of the District, and is directly in the *course* of *all* business, near or distant; Richmond is not only more distant from most of the business in the District, but is out of the general course of such business.

III. Baltimore is not only the natural capital of business generally in the Fifth District, but is also the natural center of business activities having special relation to the business of Federal Reserve Banks.

(a) Baltimore is a natural reserve city; Richmond, in the banking world, is a country town and the location of country banks.

(b) Baltimore is not only the principal banking center in the District, but is also the center of the greatest volume of commercial credits extending through the District. In these two respects it presents the largest opportunities in the District for the development of the rediscounting business of the new Federal Reserve Bank.

(c) As the principal Atlantic seaport of the South, with direct and easy means of communication by land with New York, Philadelphia, Chicago, Boston, Cleveland, and generally all other Federal Reserve cities, Baltimore is the natural location of the Federal Reserve Bank for the Fifth District, if such bank is successfully to perform its broadest, and in times of stress most important, functions in (1) keeping in close touch with and influencing general money and credit conditions; (2) co-operating with the other Federal Reserve Banks for these purposes and also in developing the collec-

tion facilities of the new system and making possible practically free domestic exchange throughout the United States; (3) in successfully competing in the market for the purchase and sale of foreign exchange, with the control over general market conditions resulting from the establishment of such a business; in developing the use and sale of American acceptances, with consequent increased facilities for the development of American foreign trade; and generally in developing, and aiding the development of, foreign connections of the Reserve Bank and of the member banks in the District.

## I.

- (a) BALTIMORE IS THE NATURAL COMMERCIAL, FINANCIAL AND INDUSTRIAL CAPITAL OF THE FIFTH DISTRICT, THE POINT AT WHICH AND TO WHICH BUSINESS IN THE FIFTH DISTRICT NORMALLY CONVERGES, AND IS IN EVERY ESSENTIAL RESPECT, SO FAR AS COMMERCE, FINANCE AND INDUSTRY IN THE DISTRICT ARE CONCERNED, ABOUT FIVE TIMES AS IMPORTANT AS RICHMOND.

The population of Baltimore (Census 1910) was 558,485; that of Richmond 127,628. The figures for Richmond include Manchester, which was annexed to Richmond just before the last census. The figures for Baltimore include none of the thickly populated suburbs of Baltimore, a large part of which is commercially and in every respect, except legally, a part of Baltimore City. The population of the Baltimore Metropolitan District (as defined in the United States Census for 1910) was 658,715.

The City having the largest population in a District should, other things being equal, be designated as the Federal Reserve city of that District. This stands to reason. Large popula-

tion in a limited area, such as a city, always means large trade and business, and necessitates bank facilities. Whether the large trade follows upon the large population, or the large population is brought about by a large and growing trade, makes no difference. They are found together, mutually interact on each other, and both are affected by geographical location favorable to the development of the trade, whether domestic or domestic and foreign.

This clear and evident principle was recognized by the Committee as a matter of course in the location of most of the other cities, but was abandoned without reason in the case of Baltimore.

Thus the Committee say in their published report of their decision designating reserve cities (page 24) :

“The Committee named as cities for the location of Federal reserve banks New York, Chicago, Philadelphia, St. Louis, Boston and Cleveland. In population these are *the six largest* cities in the United States. Their geographical situation and all other considerations fully justified their selection.”

Baltimore is the *seventh largest* city in the United States, considering strictly only its population as included within present city limits, amounting to 558,485 (only 2,178 less than the *sixth city*, Cleveland, which has a much greater area). If you consider, in addition, Baltimore's densely populated suburbs (within the Metropolitan District), continuously built up from the city, the total population would be 658,715 (that of the Cleveland Metropolitan District being 613,270).

Richmond has a population of 127,628, and is the *thirty-ninth largest city* in the country. The Committee, therefore, after giving regional banks to the *six* largest cities, suddenly balks and stops at the *seventh* largest city in favor of the *thirty-ninth* largest city, even passing over Washington, which is the *sixteenth largest city*, with a population of 331,069.

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**Baltimore—Blue**  
**Richmond—Red**

112  
125  
38  
15  
—  
290

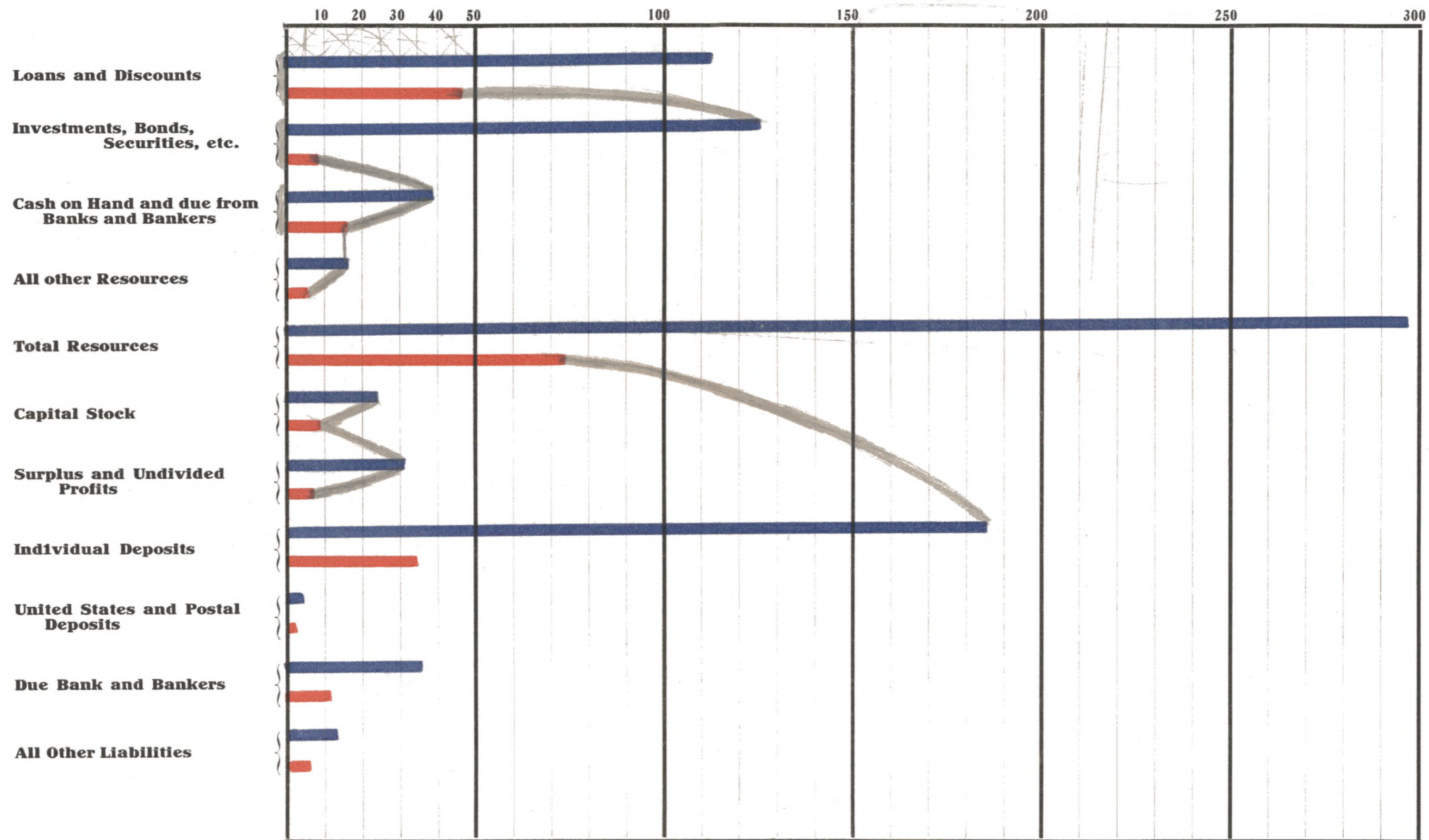
# BANKING STATISTICS

FOR

## BALTIMORE AND RICHMOND

See page 19 of Brief for Baltimore

MILLIONS OF DOLLARS



In tabulated form the comparison shows as follows:

Baltimore—Population 558,485—*Seventh* largest city.

Washington—Population 331,069—*Sixteenth* largest city.

Richmond —Population 127,628—*Thirty-ninth* largest city.

The Committee also say, referring to the population of the *six largest* cities, “their geographical situation and all other considerations fully justified their selection.”

It would seem that the thirty-ninth largest city, with a population of 127,628, would have to show commanding advantage in geographical and other considerations to secure a designation for a regional bank over the seventh largest city, with a population of 558,485.

As a plain and simple matter of fact, all these advantages are in favor of Baltimore and against Richmond, as will be shown in detail in this brief. Thus the designation of Richmond over Baltimore is not only contrary to the principles of the new Banking law, but is so strange and unaccountable as to have aroused a general adverse criticism of the action of the Committee.

How practical and compelling is this relation between the largest population in a restricted area, like a city, and volume of trade is shown by the action of the committee. They designated twelve cities, and out of these twelve, *ten* cities have the *largest population* in their respective districts, and of all the twelve there are only two exceptions, to wit, Baltimore and New Orleans, from both of which come vigorous protests. (The difference between Dallas and San Antonio is too small to make a real exception). Why should they be singled out and passed by, against the common rule adopted by the Committee itself? Both are important sea-ports, and in all other respects furnish the best locations in their respective districts (or, in case of New Orleans, a differently apportioned district) for regional banks.

The assessed valuation, for the purposes of taxation, of property in Baltimore City in 1914 is \$781,691,094; the

present assessed valuation of property in Richmond is \$148,768,790 (World Almanac, 1914, pages 686, 687).

In business done Baltimore and Richmond compare about as they do in population and in value of property. Necessarily, with respect to many kinds of business there are available no such precise figures as exist with respect to population and value of property. The figures which do exist show substantially the same relation between the two cities. The fact is generally recognized even where precise figures are not obtainable.

#### MANUFACTURES.

Manufactures constitute one of the largest and most important fields of business activity, and also one of those for which the most complete figures are available. As shown by the 1910 census, the City of Baltimore had 2502 manufacturing establishments; the Baltimore Metropolitan District had 2668 such establishments; Richmond, 380. The amount of capital employed in these establishments in Baltimore City was \$164,436,758; in the Baltimore Metropolitan District, \$199,735,181; in Richmond, \$31,659,687. The total value of the manufactured products in Baltimore City was \$186,977,710; in Baltimore Metropolitan District, \$260,213,324; in Richmond, \$47,357,985. The number of wage earners employed in these establishments was 71,444 in Baltimore City; 81,825 in Baltimore Metropolitan District, and 14,849 in Richmond.

Baltimore is the leading city in the United States in the manufacture of men's clothing, copper, tin and sheet iron products, fertilizers, cotton duck, straw hats and in canning and preserving. The value of clothing manufactured in Baltimore (Metropolitan District) in 1909 was over \$40,000,000, almost as much as the total value of all manufactured products in Richmond for that year. The total value of

clothing, plus any *one* of *eight* other classes of manufactures in Baltimore, exceeds the total of all manufactures in Richmond. The value of clothing manufactured in Baltimore in 1909 showed an increase of 73.9% over the same product in 1899. For copper, tin and sheet iron products the increase during the same period was 141.9%. For slaughtering and meat packing the increase was 110.8%. The total value of the products of the two last mentioned classes in 1909 was over \$28,000,000.

Manufactures in Baltimore are not only much greater in amount, but also much more diversified than in Richmond. Tobacco comprised over 43% of the total value of manufactured products in Richmond for the year 1909. Clothing, the largest single item in Baltimore, comprised but 15% of the Baltimore total—though almost twice the amount of the tobacco products in Richmond. Seventeen classes of manufactured products in Baltimore for the year 1909 amounted to more than \$2,000,000 each; in Richmond but two classes (one of which was tobacco) reached that amount.

For some months the Industrial Survey of Baltimore has been at work on a thorough survey of the present condition of each of the industries of Baltimore. This survey, when completed, will present an accurate, comprehensive, detailed view, based on an actual personal canvass of the entire city (and Metropolitan District), of Baltimore's industries. The report of the Industrial Survey has not yet been published, but much of the work has been completed. The Industrial Survey finds the total value of the products manufactured in Baltimore (Metropolitan District) during the year 1913 to be \$353,319,086. This is an increase of \$93,105,762—35.7%—over the Census figures for 1909.

#### AGRICULTURE.

Agriculture is obviously a most important business in the Fifth District. The close relations between Baltimore and the agricultural interests of the Fifth District are illustrated



by the size of the fertilizer business. The value of fertilizers manufactured in Baltimore during the year 1909 was (1910 Census), \$8,469,856, an increase of 117.4% over the figures for 1899. The value of Richmond's output in 1909 was less than \$500,000. Baltimore had sixteen fertilizer manufacturing plants. Richmond had two.

During the calendar year 1913 there was imported at the Port of Baltimore (as the records of the Collector of the Port show) fertilizers and fertilizer material amounting to \$3,032,195.

The Industrial Survey finds the total value of acids and fertilizers manufactured in Baltimore in 1913 to be \$15,976,306, an increase of \$7,506,450—88.6%—over the Census figures for 1909. The Industrial Survey finds that about 60% of these products go to the South and that the increase in the business is almost wholly in the South.

Dealing in live stock is also a business closely associated with agriculture. The volume of this business in Baltimore is almost ten times the volume of the business in Richmond. The amount and value of live stock received in Baltimore and Richmond respectively during the year 1913 were as follows (figures obtained by Mr. S. Greenwald, Secretary of the Greenwald Packing Company, from officials of the Baltimore and Richmond Stock Yards):

	<i>Number</i>		<i>Value.</i>	
	<i>Richmond.</i>	<i>Baltimore.</i>	<i>Richmond.</i>	<i>Baltimore.</i>
Cattle..	17,223	129,425	\$1,515,624.00	\$11,389,400.00
Calves..	2,800	19,889	38,220.00	271,484.85
Hogs..	89,157	884,387	1,203,619.50	11,939,224.50
Sheep..	12,579	375,582	90,568.80	2,704,190.40
Horses..		1,455		291,000.00
Mules...		848		212,000.00
			\$2,848,032.30	\$26,807,299.75

One-third of the cattle and sheep handled in Baltimore come from Virginia and West Virginia.

### JOBGING.

As a center of the jobbing trade, Baltimore is recognized as one of the principal cities in the United States. The leading items in the Baltimore jobbing trade are dry goods, notions, millinery, groceries, food products, lumber and mill-work, drugs and tobacco, all of which are steadily growing. The Industrial Survey finds the total amount of the jobbing trade in Baltimore during the year 1913 to be \$235,685,290. These figures do not include retail business or purchases, but are limited to sales by jobbing houses alone.

Among the items, as classified by the Industrial Survey, are the following:

Cottons and Prints.....	\$24,527,940
Boots and Shoes.....	9,671,122
Millinery and Lace.....	9,151,811
Hosiery & Knit Goods (including Notions)	5,597,000
Preserved and Canned Foods.....	15,883,269
Cereals, Spices, Teas and Coffee.....	15,382,000
Lumber and Mill-Work.....	11,164,000
Drugs and Preparations.....	3,338,762
Spirituos Liquors .....	25,785,658
Tobacco. . . . .	6,605,633

Of the total of \$235,685,290, sales outside of Baltimore amounted to \$162,203,340.

The trend of distribution, by States, of the products of Baltimore manufacturers and the goods of Baltimore jobbers, is indicated, probably as nearly as is possible, by a memorandum, filed as Exhibit No. 15 with the brief filed for Baltimore with the Organization Committee, showing the results (necessarily incomplete) of a special canvass by

mail among the manufacturers and jobbers in Baltimore City, and of returns made by one hundred and eighty-four manufacturers and jobbers, who had distributed, in the year 1913, business aggregating over \$135,000,000 (constituting, as the Industrial Survey has since shown, about 23% of the total distribution of manufacturers and jobbers in Baltimore, and a smaller fraction of the total number of manufacturers and jobbers). [This canvass was not made by the Industrial Survey, and the figures in this brief quoted from the Industrial Survey had not been ascertained when the Baltimore brief was filed with the Organization Committee.] That memorandum [Exhibit No. 15] shows (out of \$111,666,000 of goods distributed by one hundred and thirty-two manufacturers and jobbers in the year 1913), \$27,414,000, *i. e.*, 24.55%, distributed in Maryland; \$51,503,000, *i. e.*, 46.12%, distributed in Virginia, West Virginia, the District of Columbia, North and South Carolina; making a total of \$88,917,000, *i. e.*, 70.67%, distributed in the Fifth District (plus the "Panhandle" counties of West Virginia); \$11,836,000, *i. e.*, 10.60%, in Georgia, Florida and Alabama, and \$20,913,000, *i. e.*, 18.72%, elsewhere.

It thus appears that over seventy per cent of the products of Baltimore manufacturers and the goods of Baltimore jobbers are distributed in the Fifth District, another ten per cent go farther south, and less than nineteen per cent elsewhere. That is to say, Baltimore not only does a much larger business than any other city in the Fifth District, but does most of this business in the Fifth District,—the boundaries of which to a remarkable extent coincide with the boundaries of the field of Baltimore's commercial predominance. The magnitude, as well as the geographical extent, of Baltimore's jobbing trade is illustrated by the fact that Mr. Jacob Epstein alone carries 75,000 accounts throughout the South, and John E. Hurst and Company carry 10,000 such accounts. As we shall hereafter have occasion to point out, these ac-

counts represent not only business done, but also credit furnished from Baltimore to the South, principally in the Fifth District.

In the brief filed for Richmond, it is said that Richmond's jobbing business is \$80,000,000. No explanation is given of how these figures are arrived at. To a considerable extent the principal branches of the Baltimore jobbing trade are the same or similar to the principal manufacturers, *e. g.*, clothing, food products, drugs and tobacco. It is fair to suppose that the ratio between Baltimore's jobbing business and that of Richmond is not greatly different from the ratio between their respective manufactures.

#### TRANSPORTATION—RAILROADS.

The facts are so well known that it is hardly necessary to mention the respective transportation facilities of Baltimore and Richmond. The three North and South trunk lines through Richmond all run through Baltimore. Baltimore also has the three western trunk lines, the Pennsylvania, the Baltimore & Ohio, and the Western Maryland (which connects with the New York Central System, and of which Baltimore is the terminus). Through its connection with the Pennsylvania and the Southern, the Chesapeake and Ohio also runs direct trains through Baltimore. Through the Baltimore & Ohio and the Western Maryland, Baltimore connects with the Norfolk and Western, and thereby has direct communication with the Shenandoah Valley in Virginia itself, with which region Richmond has no direct communication.

#### BOAT LINES.

In water transportation, the only comparison between Baltimore and Richmond is the comparison between a great

Atlantic seaport and an inland city, on a stream of great historic interest, but of no commercial consequence since the seventeenth century. Baltimore has eighteen miles of water front suitable for docking purposes (including  $6\frac{3}{4}$  miles in the main inner harbor,  $3\frac{1}{2}$  miles on the Middle Branch within technical city limits, and at least 8 miles more adjacent to the city limits, *i. e.*, on the North Shore of the Patapsco down to Point Breeze and on the South Shore to Hawkins Point; not including Sparrow's Point—actually so used—or any other non-contiguous parts of the  $22\frac{3}{4}$  miles of water front, in the river approach to the city limits, under the jurisdiction of the city authorities and open to still greater development). It has 160 wharves in the main harbor, with 145,700 feet—say  $27\frac{3}{4}$  miles—of frontage of wharf room. Adding this amount of wharf frontage to the other water front of the Patapsco River and its tributaries, the total is 120 miles of water front—developed and undeveloped. [Annual Report of Harbor Board for year 1913.] Of this wharfage the City owns 13 piers with a wharf frontage of 26,385 feet,—5 miles.. Baltimore has spent \$6,161,000 on municipal docks, and has available \$5,000,000 more for extending the system.

Baltimore has seventeen foreign steamship lines, with regular sailings to more than that number of different ports throughout Europe, the British Isles and the West Indies. [Annual Report, Chief of Engineers, 1913, Report of Col. Lansing H. Beach, page 1803.] The number of foreign passengers at the Port of Baltimore increased from 19,720 in 1911 to 29,675 in 1912 and 43,611 in 1913.

The Merchants and Miners Transportation Company, the Baltimore Steam Packet Company (the "Old Bay Line"), the Chesapeake Steamship Company, the Baltimore and Carolina Steamship Company, the New York and Baltimore Transportation Line, and other steamship lines, connect Bal-

timore with Virginia, South Carolina and other southern ports, and also with New York, Philadelphia, Providence and Boston. So far as tidewater Virginia is concerned, Baltimore is thus in direct communication with both the Eastern and Western Shores, while Richmond has practically no facilities for prompt communication with the Eastern Shore and relatively none with the Western Shore.

#### SHIPPING.

In the Chesapeake Bay and coastwise trade are engaged 942 vessels documented (June 30th, 1913,) at the Port of Baltimore,—more than the number of vessels documented at any other Atlantic seaport, except New York. Adding the number of vessels documented at the Ports of Annapolis and Crisfield, the total number documented at Chesapeake Bay Ports (including Baltimore) is 1,792. In addition to these vessels, nearly all the vessels documented at Virginia and North Carolina ports trade on the Chesapeake Bay, making a total (estimated by the Collector of the Port of Baltimore) of about 4,000 documented vessels trading on the Chesapeake Bay. Most of these vessels, of course, trade at Baltimore.

The total net registered tonnage of vessels entered and cleared, in foreign and coastwise trade, at the Port of Baltimore in the year 1913 was 9,700,075 tons,—an increase of 1,081,219 tons over 1912. The number of vessels, foreign and American, which entered, cleared, arrived or departed, [including vessels not entered or cleared] at the Port of Baltimore during the year 1913, was 26,168; their aggregate net tonnage was 17,383,214; the number of passengers carried, 748,943. [Report, 1914, not yet published, of Col. Lansing H. Beach.]

The commerce, foreign, domestic and coastwise, of the Port of Baltimore during the year 1913 amounted, in freight carried, to a total of 14,781,548 tons, and an aggregate value of \$439,906,468. [Col. Beach, 1914 Report.]

### MINING.

Mining is of vast importance in West Virginia, Western Maryland, and elsewhere in the Fifth District. The intimate relation of Baltimore to the mining industry is illustrated, among other ways, by the fact that more than 5,000,000 tons of coal are shipped (in coastwise and foreign trade) from Baltimore annually. [Figures received February 6th, 1911, from the Bureau of Statistics of the Department of Commerce and Labor show a total of 4,875,609 long tons (*i. e.*, 5,460,682 short tons) for the year 1910. We understand that the Department has not continued similar statistics as to coastwise shipments for subsequent years. During the same year (1910), according to the records of the Western Maryland, Pennsylvania and Baltimore and Ohio Railroads, the total coal tonnage into Baltimore was 6,576,672 tons,—indicating consumption of more than 1,000,000 tons in Baltimore. As the above total of shipments for 1910 includes only 496,664 long tons (*i. e.*, 556,263 short tons) of exports, while the exports for 1913 amounted to 873,413 short tons, the increase in exports alone, without any allowance for increase in coastwise shipments, would bring the total shipments in 1913 up to 5,777,832 tons.] Almost all of this coal is shipped by companies managed and largely owned in Baltimore, including the Consolidation Coal Company, one of the largest coal companies in the United States, which has its principal mines in Maryland and West Virginia, and makes shipments from Baltimore all along the Atlantic Coast, and also to Europe, Africa, South and Central America. Exports of coal from the Port of Baltimore in the calendar year 1913 amounted to \$2,350,275 (873,413 tons).

### FISHERIES.

Baltimore is the natural center of distribution of the products of the Chesapeake Bay fisheries, not only those in Mary-

land, but largely those in Virginia. It is the leading city in this country in the oyster packing industry. Richmond has no business of this kind.

#### FOREIGN COMMERCE.

During the calendar year 1913 the domestic exports from the port of Baltimore amounted to \$117,269,378, imports \$35,553,514. Richmond has no exports or imports at all. Exports from Baltimore amount to fifty per cent more than exports from Philadelphia.

Almost twice as much corn is exported from Baltimore as from Boston, New York and Philadelphia combined. The total amount of wheat, corn and oats exported from Baltimore is over three-fourths of that exported from New York and substantially equal to the total amount exported from Boston and Philadelphia combined. [See detailed figures (1913), Annual Report of Baltimore Chamber of Commerce, for year ending December 31st, 1913, pages 120-121.] The value of exports from Baltimore of grain, hay and mill feed alone for the calendar year 1913 amounted to \$43,384,356 (including \$12,956,706 of Canadian products shipped to Baltimore in bond for export). [Records of Collector of Port.] This represents just so much foreign exchange created in Baltimore for these items alone. It also represents principally business done, not only through Baltimore but in Baltimore. Fully 80 per cent of this grain business is handled by Baltimore merchants and commission men, who either as purchasers or factors practically have to finance payment to the interior shippers for all the grain handled by them, and who then ship from Baltimore on their own account the grain thus purchased, and exported or otherwise disposed of. All these exports of grain from Baltimore thus represent not only exports from Baltimore, but two separate business transactions in and from Baltimore, viz, the pur-



chase of the grain from the inland shipper and the sale of grain to the foreign buyer. Both of these transactions have to be financed in or from Baltimore. They naturally are or should be financed in Baltimore.

Baltimore has large terminal elevators which can put aboard vessels more than 1,000,000 bushels of grain in a day. For the calendar year 1913, there were received in Baltimore, 70,915,824 bushels of grain (including 12,815,484 bushels shipped in bond and exported), and 2,086,097 barrels of flour (including 82,516 bushels in bond for export), which, together with hay, straw and mill-feed handled, aggregated a value of \$68,000,000. Taking into consideration other branches of the commission business not reflected in any of these figures (such as the handling of truck and fruits from the Atlantic seaboard and the West Indies, including, for instance, bananas, for which Baltimore is the largest market in this country), \$100,000,000 would be a conservative estimate of the annual volume of grain and commission business in Baltimore.

The opening of the Panama Canal will necessarily greatly increase Baltimore's foreign commerce. The recent, still progressing, growth of trade between the United States and South America will, both before and after the opening of the canal, have the same effect. Baltimore's geographical position is, with respect to trade through the canal or with any part of South America, more favorable than that of any other city on the Atlantic Coast. Baltimore has a double advantage over New York, Philadelphia and Boston alike. The distance by sea to the canal or to South America is shorter from Baltimore than from any of these other cities. The distance by rail is similarly shorter (with correspondingly lower freight rates) from Baltimore to the West, to the Great Lakes,—Chicago, Cleveland, Buffalo and other Lake Ports,—and to the whole great coal, iron and steel region from West Virginia and Pittsburg to the Lakes. Baltimore is thus *the* Atlantic Seaport—the junction point for transshipment—

on the shortest rail-and-water lines of communication between the Middle West and South and Central America, as well as the Pacific Coast and the Orient.

### BANKING.

The relative volume of banking transactions, as indicated in clearing house exchanges, in Richmond and in Baltimore is as follows:

	<i>Baltimore.</i>	<i>Richmond.</i>
Clearings for year ended September 30th, 1913.....	\$2,011,447,000	\$411,507,000
Clearings for year ended September 30th, 1912.....	\$1,878,324,000	\$424,316,000
Increase.....	\$133,123,000	
Decrease.....		\$12,809,000

(Report of Comptroller of Currency, 1913, page 788.)

Deposits and banking resources in Baltimore not only bear substantially the same relation to deposits and total resources in Richmond, but actually exceed the total of deposits and resources in the whole State of Virginia. This is shown by the following condensed statement of resources and liabilities of all reporting banks in Baltimore, Richmond and the whole State of Virginia (*including Richmond*), respectively, on October 21st, 1913 (the latest date for which published figures as to Virginia State banks are available). The figures for Virginia are published in the 1914 Report of the Banking Division of the State Corporation Commission (including abstract published by the Comptroller of the Currency as to National banks). The figures for Richmond were obtained from the same report (as to State banks) and from the Comptroller's office and statements published in Richmond news-

papers as required by law (as to National banks). The Baltimore figures were taken from the Comptroller's published abstract and the Maryland State Bank Commissioner's office (all published in newspapers as required by law) :

<i>Resources.</i>	<i>*Baltimore.</i>	<i>Richmond.</i>	<i>Virginia.</i>
Loans and discounts. . . . .	\$113,869,125	\$47,574,477	\$169,851,246
Investments, bonds, securities, etc. . . . .	128,031,937	8,730,538	29,864,312
Cash on hand and due from banks and bankers. . . . .	39,929,973	14,815,997	42,527,987
All other resources. . . . .	16,033,542	3,743,015	12,791,471
	<hr/>	<hr/>	<hr/>
Total resources. . . . .	\$297,864,577	\$74,864,027	\$255,035,016
 <i>Liabilities—</i>			
Capital stock . . . . .	\$23,492,300	\$10,250,437	\$31,395,417
Surplus and undivided profits . . . . .	32,929,507	8,383,971	25,389,599
Individual deposits . . . . .	185,901,434	35,704,121	151,526,522
United States deposits. . . . .	3,983,772	874,698	2,593,143
Postal savings deposits. . . . .	34,755	11,069	116,019
Due to banks and bankers. . . . .	37,861,201	12,634,413	19,176,614
All other liabilities. . . . .	13,661,608	7,005,318	24,837,702
	<hr/>	<hr/>	<hr/>
	\$297,864,577	\$74,864,027	\$255,035,016

\*[Including 16 mutual savings institutions as of December 31st, 1913, the nearest date obtainable.]

The general ratio of about five to one thus prevails with respect to deposits, and a ratio of four to one with respect to total resources. Capital surplus and undivided profits of Baltimore banks amount to three times the same item for Richmond banks. The smaller ratio between capital, surplus and undivided profits but illustrates the fact that the business of banking is transacted primarily with the money of depositors, not with the money of stockholders. Capital and surplus are practically only a margin of safety to depos-

itors. When a bank has reached a certain size and strength it is no longer necessary to increase capital and surplus in proportion to increase of business. Baltimore banks are on an average larger than Richmond banks. This condition indicates the basis of the statement by the Honorable Carter Glass that "in capital and surplus of national banks per capita Richmond exceeded New York, Chicago, St. Louis, Boston and every other applicant city having a population of as much as 80,000, except the City of San Francisco and one other" (Congressional Record, page 7728). That is to say, proportionately capital and surplus is a larger item with country banks than with banks in large cities. Thus Table F, appended to the decision of the Organization Committee, shows that the average capital and surplus of each of the fifty-five banks and trust companies in Baltimore was about fifty per cent more than the average capital and surplus of each of the twenty-six banks and trust companies in Richmond, but the per capita capital and surplus of the Richmond banks and trust companies was \$131 against \$85 for Baltimore. On the other hand, the per capita individual deposits in Baltimore were \$341 against \$277 in Richmond.

The distribution of banking resources among various kinds of banks is also different in large cities from the distribution among country banks. Greater specialization prevails in the larger cities. In Richmond there are no mutual savings banks, but national banks, like most country banks, do a savings bank business. National banks dominate the banking business in Richmond. In Baltimore the mutual savings banks occupy a strong position and the trust companies play a much more important part than they do in Richmond.

The following figures, showing capital, surplus and undivided profits, individual deposits and total banking resources, indicate the different distribution of banking business and resources in Baltimore and Richmond and the greater specialization in Baltimore:

## CAPITAL, SURPLUS AND UNDIVIDED PROFITS.

	<i>Baltimore.</i>	<i>Richmond.</i>
National banks.....	\$22,243,508	\$11,003,596
State banks, trust companies and stock savings banks.....	25,906,341	7,630,812
Mutual savings banks.....	8,271,958	.....
Total. . . . .	\$56,421,807	\$18,634,408

## INDIVIDUAL DEPOSITS.

	<i>Baltimore.</i>	<i>Richmond.</i>
National banks . . . . .	\$43,701,142	\$26,957,490
State banks, trust companies and stock savings banks.....	47,771,901	8,746,630
Mutual savings banks.....	94,428,390	.....
Total. . . . .	\$185,901,433	\$35,704,120

## TOTAL BANKING RESOURCES.

	<i>Baltimore.</i>	<i>Richmond.</i>
National banks . . . . .	\$114,973,461	\$57,056,235
State banks, trust companies and stock savings banks.....	80,183,110	17,807,791
Mutual savings banks.....	102,708,005	.....
Total. . . . .	\$297,864,576	\$74,864,026

In the effort to find a comparison between Baltimore and Richmond unfavorable to Baltimore, the Honorable Carter Glass and the Organization Committee compared certain figures, not for *all* banks in *Richmond* and *Baltimore*, but for *national* banks alone in *Virginia* and *Maryland*, thus ignor-

ing all the banks and trust companies in Baltimore except national banks and apparently assuming that Richmond includes the whole State of Virginia. As a matter of fact, as we have already pointed out, the total banking resources and the deposits of all kinds in Baltimore banks exceed the resources and deposits of all the banks in the State of Virginia.

#### ECONOMIC DEVELOPMENT.

Besides its ordinary current banking business, Baltimore is the most important reservoir from which is supplied capital for permanent investments in the economic development of the South, including especially the portions of the South included in the Fifth District. The relation of Baltimore to the South and to the District in this respect is almost too well known to admit of discussion. The Baltimore trust companies (which the Organization Committee and the defenders of its action would ignore in comparing the banking resources and activities of Baltimore and Richmond) have been developed largely to provide a channel for this regular flow of capital from Baltimore seeking investment in the South. Of the three railway trunk lines through Richmond two, as is well known, were developed mainly through Baltimore capital, and Baltimore is still the principal seat of the fiscal operations of the Atlantic Coast Line and to a lesser extent a seat of such operations of the Seaboard Air Line. Parts of the Southern Railway system were also originally financed in Baltimore, and the fiscal agency for the payment of interest on some of its underlying securities is in Baltimore. There are still owned in Baltimore very large interests in all three of these railroad properties.

The cotton milling industry itself has been largely developed in the South through Baltimore capital. In the North and South Carolina cotton mills particularly is invested a large amount of Baltimore capital.

This flow of capital from Baltimore to the South is a constant flow. Many of the Southern enterprises, like its trunk lines, which have since, with the trend towards consolidation, passed more under the influence of New York control, were originally financed from Baltimore. After control of Southern enterprises has passed from Baltimore to New York, new Southern enterprises are being developed by Baltimore capital when New York capital is not readily obtainable in the early stages of such industries.

The "Manufacturers Record," in a carefully prepared article, filed as "Exhibit No. 9" with the brief for Baltimore with the Organization Committee, says that a fair minimum estimate of the amount of Baltimore capital invested below the Potomac is \$200,000,000, and shows \$23,167,016 invested by three Baltimore savings banks alone in ten southern States, *not including Maryland*, but including all the other States in the Fifth District, and also Kentucky, Georgia, Florida, Alabama, Tennessee and Mississippi. The greater part of this amount undoubtedly represents investments in the Fifth District.

Just as the commercial business done by Baltimore through the Fifth District and the South in the distribution of its manufactured products and the goods sold by its jobbing houses creates a uniform flow of business (so far as payments and liquidation of credits is concerned), from the South to Baltimore as a center, so the permanent investments of Baltimore capital in the economic development of the South create a similar flow of payments from the South to Baltimore, comprising regular disbursements of interest and dividends from Southern enterprises which have their fiscal agencies in Baltimore, where they were originally financed. Three Baltimore trust companies alone act as fiscal agents in the payment of interest on about \$200,000,000 of securities of corporations in the Fifth District, making annual interest payments aggregating about \$10,000,000 per year. Of this amount only about one-fourth represents local companies operating in Maryland alone.

This flow of capital from Baltimore for permanent investment in the South, with the resulting smaller flow of interest and dividend payments through Baltimore, has no parallel in Richmond, as there is no accumulation in Richmond of capital seeking permanent investment in the Southern states. The Richmond banks no doubt satisfactorily handle the ordinary routine banking business of their immediate locality and to some extent of the Carolinas. It is to Baltimore, however, that the region, including Virginia itself, very largely looks for permanent outlay of capital in new economic development.

GOVERNMENT RECOGNITION OF BALTIMORE AS A FINANCIAL CENTER.

There were created by statute *ten* subtreasuries of the United States, all of which still exist except that at *Charleston*, which was discontinued in 1876.

These are at the following cities, in most of which regional banks have been designated by the Committee (6 Fed Stat. Anno. 541):

1. Boston	Regional Bank.
2. New York	“ “
3. Philadelphia	“ “
4. St. Louis	“ “
5. San Francisco	“ “
6. Chicago	“ “

Thus there are six cities where subtreasuries were located and regional banks designated.

7. Baltimore	No Regional Bank.
8. New Orleans	“ “ “
9. Cincinnati	“ “ “



The remaining three cities where subtreasuries are located have no regional banks, and among these cities we again have *Baltimore* and *New Orleans* discriminated against.

#### GENERAL.

Necessarily it is impossible to give definite figures for many branches of business which go to make up the total business in a large city, especially the more localized branches of business. Baltimore, in its department stores, as well as its older and other more specialized stores, does a large retail business, not only with the residents of Baltimore and its suburbs, but with shoppers from adjoining cities and States. Doubtless Richmond also has similar business sufficient to meet its local needs. There is at least nothing to indicate that in such branches of business the ratio between Richmond and Baltimore is less than the prevailing ratio of five to one which exists with respect to population and other branches of business.

*It cannot be too strongly stated that before the action of the Organization Committee no one ever thought of comparing Richmond with Baltimore, or questioning the commercial and financial pre-eminence of Baltimore in what has now been made the Fifth District. On the contrary, at the public hearings before the Organization Committee, Mr. Seay, the principal spokesman for Richmond, and the author of the Richmond brief, as well as others selected from the throng to voice their preferences for Richmond, when pressed first by the Secretary of Agriculture and later by the Secretary of the Treasury to compare figures for Richmond and Baltimore, admitted their inability to do so. (Testimony, pages 860, 861, 871.)*

If Richmond ever suggested that it be made the reserve city in a district including Baltimore, the suggestion was not made publicly, or through any channels equally open to

Baltimore. The remarks of the Honorable Carter Glass (copied by the Organization Committee, or *vice versa*) are pure afterthought, in defence of a preference of Richmond over Baltimore so gross and indefensible that before this preference was given by the Organization Committee, Richmond itself did not dare ask it,—at least not publicly.

The astute and energetic public campaign conducted for Richmond displayed a constant recognition of two facts, first, that in a district including Maryland and Virginia, Baltimore is the natural reserve city; second, that in a district not including Maryland, but including Virginia and southern states as far as Georgia, Richmond and Atlanta, two enterprising cities (which were not reserve cities) of about the same size, would be natural rivals for designation. These two facts were thus dealt with:

1. The natural pre-eminence of Baltimore over Richmond was met by a determined effort for the apportionment of a district *lying entirely south of the Potomac River*. Throughout the Richmond brief and the statements at the public hearing by the advocates of Richmond, emphasis is laid on the assertion that "Nature had mapped out" a district with the Potomac River as a natural northern boundary.

2. The claims of Atlanta, (which was principally feared by Richmond) were met by the argument that the course of business is from the south northward, and that for this reason Richmond could serve, not only Virginia, but even South Carolina better than could Atlanta, which is geographically nearer. This second argument is so obviously an argument for Baltimore that it but emphasizes the recognition by Richmond of the pre-eminence of Baltimore over Richmond.

In a word, Richmond recognized that, without an utter disregard of the convenience and customary course of business, it was impossible to subordinate Baltimore to Richmond.

Concluding, therefore, that Baltimore could not be so *subordinated*, Richmond sought to *exclude* Baltimore, putting it in a district with Philadelphia or New York as the reserve city. This was Mr. Seay's method of dealing with Baltimore (Testimony pages 862-3). Other direct or indirect references to Baltimore in the Richmond brief are made merely in support of Richmond's fundamental proposition that Nature had laid off a district bounded on the north by the Potomac River.

- (b) A DUE REGARD TO THE CONVENIENCE AND CUSTOMARY COURSE OF BUSINESS, WITHIN THE CONTEMPLATION OF THE FEDERAL RESERVE ACT, MEANS A DUE REGARD TO THE CONVENIENCE AND CUSTOMARY COURSE OF **All** BUSINESS, COMMERCIAL, FINANCIAL AND INDUSTRIAL, AND REQUIRES THAT THE NATURAL COMMERCIAL CAPITAL OF A DISTRICT BE DESIGNATED AS THE FEDERAL RESERVE CITY IN SUCH DISTRICT.

In its statement under date of April 10th, the Organization Committee said:

"The committee realized that the division of the country into districts was far more important and complex than the designation of the reserve cities, and that the latter duty was subsidiary and relatively simple, waiving considerations of local pride or prestige. In arranging the districts the consideration of the character and growth of industry, trade and banking, no less than the traditions, habits and common understandings of the people was much more intimately involved." (page 17.)

The Committee then proceeded to announce that "comparatively few people realized, or seemed to realize, what the Act was intended to accomplish; what the nature and

functions of the reserve banks were to be; and how little change would occur in the ordinary financial relations of the communities, the business establishments and the individual banks;" and that critics of the decision of the Committee do not know "that the Federal reserve banks are bankers' banks and not ordinary commercial banks;" and that "the ordinary every-day banking relations of the community, of business men and of banks will not be greatly modified or altered." (Pages 17-18.)

If by all this the Committee merely means that no act of the Organization Committee—or of Congress itself—can make Richmond the commercial equal of Baltimore, or reverse the natural positions which Richmond and Baltimore occupy in the commercial world, we fully agree with the Committee. Undoubtedly, "every city can continue to do business with individuals, firms or corporations, within its own limits, or in its own region, or in any part of the Union or the world in which it has heretofore done business." If, on the other hand, the Organization Committee is of the opinion that it is immaterial to the accomplishment of the purposes of the Act and the performance of the functions which the Federal reserve banks are designed to perform, what city in a given district is designated as the Federal reserve city,—then we respectfully submit that the Committee itself does not understand what the Act was intended to accomplish and has wasted the time and money which has been consumed under the authority from Congress "to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said Committee in determining the reserve districts, and *in designating the cities within such districts where such Federal reserve banks shall be severally located.*"

Banks are located and business is done not in districts, but in cities. The designation of Federal reserve cities is

mentioned in the Act, before the division of the country into districts, as obviously the fact of prime importance in the apportionment of the districts themselves.

Banking is essentially an ancillary business—"the servant of commerce." It occupies substantially the same relation to other business which money and currency occupy to other commodities. Money (except for the limited commercial uses of gold and silver) is of no value in itself. It is an indispensable medium in the distribution of all other commodities. Banking (except certain historic but practically obsolete functions) cannot exist apart from other business. At the same time practically no other business can exist without the aid of banking. This is commonplace.

What is true of banking generally is equally true (though apparently not equally obvious) with respect to the Federal reserve banks. The Federal reserve bank system is pre-eminently *not* a system complete in itself apart from our existing banking system. On the contrary, it is superimposed upon the whole existing system, presupposes the continued existence of the present system, and especially seeks, as far as possible, *to unify into one system all existing banks, both state and national*, together with the new Federal reserve banks, which are intended to constitute the nucleus, or, more properly speaking, the governing part of the unified system. With this determination to unite the Federal reserve banks with existing banks in an integral whole, Congress combined a second purpose (clearly manifested throughout the Federal Reserve Act), not to disturb existing conditions more than is absolutely necessary. Throughout the Act, Congress repeatedly displays (1) its determination to compel the establishment of the new system and such changes in the present system as are necessary for that purpose, and (2) its determination not to disturb existing conditions unnecessarily.

Without undertaking a minute review of the provisions of the Federal Reserve Act, with which this Board is familiar, it may be said that a cardinal feature—if not *the* cardinal feature—of the new system is its comprehensiveness. The present banking system had been found inadequate. It had been found to create an artificial concentration of the money of the whole country in New York City (and to a lesser extent in Chicago). This concentration, it has been thought, made the banking system too dependent upon speculation in the stock market and too little adapted to meet the more strictly commercial and agricultural needs of the country. Congress set out to correct these conditions, not, however, primarily by forbidding the practices which had been deemed undesirable, or unduly prominent in our banking system, but mainly by expanding the system and providing new (and supposedly more efficient) channels by which the money and banking resources of the country might naturally flow towards commercial transactions, as distinguished from speculation in stocks.

Besides compulsory membership in the new system, the Federal Reserve Act makes but one compulsory change from existing conditions. Banks can no longer (after the expiration of three years) keep part of their reserves with other banks as reserve agents, but must keep such reserves as are not kept in their own vaults with the Federal reserve banks alone. With this exception (and the further exception of changes in administrative details), the not infrequent changes made by the Federal Reserve Act in the existing status of banks, state and national, are all in the nature of enabling provisions giving to existing banks greater powers and a broader field of possible business than they now possess. The development of these new fields of activity, or the expansion of existing business in directions now not fully developed, is necessarily expected to result, to a considerable extent, in a deflection, into these new fields, of part of the money

and banking credit now employed in stock exchange dealings. The important fact is, however, that these expected changes Congress has left (with the single exception above referred to) entirely to the course which business will naturally take when new channels have been opened and artificial barriers have been removed, and not to prohibitions of existing business or to compulsion in the development of the new activities. Thus the *exercise* of the facilities for re-discounting and for the issuance of Federal reserve notes—the two features of the Act which have attracted most attention on the part of the general public—is optional with the banks. Congress has trusted the natural course of business to flow into the channels thus opened, hitherto unopened or obstructed by artificial barriers. The same is true of the other features, great and small, of the Act. The possibilities of the new system in handling domestic exchange and collections, the new powers of acceptance on the part of member banks in connection with exports and imports, the establishment of foreign branches of existing banks or of Federal reserve banks, the power to loan on farm land—are all instances of *permission* of what is now prohibited, or of the removal of existing barriers, and not of compulsory deflection of business into any particular channel or channels.

The intimate relation between the Federal reserve banks and every other part of the banking system is illustrated by the treatment of State banks and trust companies in the Federal Reserve Act. This treatment strikingly illustrates the comprehensiveness of the Act. In practice State banks and trust companies already bear a rather loosely defined relation to the national banks as parts of one general system. This relationship is, however, mainly extra-legal. The new Act deals directly with State banks and trust companies, authorizes them formally to become members of the new system, and recognizes that, whether members or not, all the banking institutions in the country are to a certain extent

to be regarded as parts of one system. The comprehensiveness of the Act in this respect is well illustrated by the provision in Section 20 that "no member bank shall act as the medium or agent of a non-member bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this Act, *except by permission of the Federal Reserve Board.*" Instead, therefore, of a flat prohibition even against non-member banks availing themselves of the peculiar advantages which the new system is expected to provide for its members, Congress leaves this matter to the discretion of the Federal Reserve Board, so that, if the Board in its discretion shall see fit to permit, those legally non-members of the new system may practically occupy a sort of subordinate or associate membership in the system, somewhat analogous to the relations which now exist between a clearing house and non-member banks and trust companies.

In view of the comprehensiveness of the new system, of the predominance in this new system of the Federal reserve banks, and of the necessarily intimate relations between the Federal reserve banks and all other parts of the unified system, it is impossible that the designation of the Federal reserve cities, *i. e.*, the location of the Federal reserve banks, can be unimportant. As well might it be said that the banks of New York City might be moved to Syracuse, those of Philadelphia to Harrisburg, those of Baltimore to Hagerstown, without inconvenience or disturbance of the customary course of business. Banks must be located where the commerce to which banking is an ancillary aid is located. In the case of the Federal reserve banks, this is equally important (1) where the Federal reserve bank deals with the public first hand as its customers (*e. g.* in "open-market operations") and (2) where it deals with the public second hand through existing banks (*e. g.* in rediscounting). The natural course of business has located existing banks where existing business is and goes. A due regard to the natural course of



business requires that the Federal reserve banks be located by law where Nature has already located both the business and the banks.

The Organization Committee observes "that the Federal Reserve Banks are bankers' banks and not ordinary commercial banks." To a limited extent this is true; not, however, in the sense that the Federal reserve banks are a peculiar kind of banks set apart from the other banks to do a peculiar kind of banking business. The Organization Committee continues (speaking of the Federal reserve banks) that "they are to hold the reserves and to clear the checks of member banks, make rediscounts for them and *engage in certain open-market operations.*"

With, perhaps, a more accurate sense of proportion, it might fairly be said that the Federal Reserve Banks are banks vested (1) with *special powers* of great importance not vested in other banks, and (2) with *general power* to conduct all branches of the business of banking, *except* that, in transactions with the public, they may not perform certain important but routine functions of ordinary banking, which are expressly or by implication reserved to the member banks belonging to the same united system.

Consciously or unconsciously, the Organization Committee in no case, except in the Fifth and Sixth Districts, has failed to locate the Federal reserve bank in the principal city in the district. In every other case it has shown due regard to the convenience and customary course of business by designating the principal city in the district—the natural commercial capital of the district—as the Federal Reserve City. Boston, New York, Philadelphia, Cleveland, Chicago, St. Louis, Minneapolis, Kansas City and San Francisco, are each the largest city and the natural commercial capital of their respective districts,—though in so designating Kansas City, New York and San Francisco, the Committee cast to the winds the supposed geographical considerations upon

which afterthought has laid so much stress in the defence of the selection of Richmond, and in so designating Cleveland both the objection to a city on the edge of a district and the alleged wishes of member banks (not mentioned in the Act but much discussed by the Organization Committee), are alike ignored. [In the Eleventh District, the difference in population between Dallas (92,104) and San Antonio (96,416) is negligible. Dallas is, therefore, no exception to the rule of selecting the largest city in each district. As a reason for the selection of Cleveland, the Committee itself says that Cleveland is the *sixth largest* city in the United States. Whether this is *substantially* true (*i. e.*, whether, allowing for suburbs, etc., Cleveland is really a larger city than Pittsburg), we do not, of course, undertake to say. We call attention to the *standard*,—in this instance expressly recognized by the Committee; with mere accuracy or inaccuracy of detail in there *applying* the recognized standard we have no concern.]

In the Sixth District (where, the Committee says, “the course of business is not from the Atlantic Seaboard towards New Orleans” [page 19]), New Orleans (population 339,075) is passed over in favor of Atlanta (population 154,839), which is a little less than half the size of New Orleans. Nothing in the circumstances with respect to the Sixth District can, however, compare with the Committee’s titanic effort in the Fifth District to reverse the customary course of business and subordinate not one but *two* large cities (in the northern part of a district in which the course of business is from the south northward) to a smaller city which is a mere way station on the customary course of business towards its natural center at Baltimore.

In the Fifth District the Committee has undertaken to turn the course of business backward to a comparatively small interior city from *two* large cities, one about three times, the other about five times the size of the city designated, *either* of

these much more convenient to *both* than Richmond is. There need be no wonder that Richmond never uttered aloud a request that the Committee (required by law to pay due regard to the customary course of business) subordinate both Baltimore and Washington to Richmond.

The Committee say that "it seemed undesirable to place a bank in the extreme northeastern corner or at Baltimore." (Page 24.) This, however, is the rule and not the exception in the Committee's own action. Trade tends towards the oceans, the lakes and the great rivers, and the large cities, therefore, grow up there. The Committee gave regional banks to the following cities, although they were *on or near the edge of the district* and not geometrically at or near its center:

Boston, New York and Philadelphia, on the Atlantic, on rivers running into it.

San Francisco, on the Pacific.

Cleveland and Chicago, on the lakes.

St. Louis, on the Mississippi River.

Here are seven cities of the twelve (besides Kansas City, which makes eight) on the very edge of the districts in which they are placed.

Practically on the edge of its district is also Minneapolis.

There are only three cities that are at all near the geometrical center of their respective districts:

1. Atlanta.
2. Richmond.
3. Dallas.

In the book of Thomas Conway, Jr., and Ernest M. Patterson, of the School of Finance and Commerce of the University of Pennsylvania, on "The Operation of the New Bank Act," written before the action of the Reserve Bank Organization Committee, the authors discuss the claims of various cities for reserve banks, and give the then current opinion. They say (page 33):

“Perhaps a few words should be said concerning the present rivalry between the cities that are eager for reserve banks. It seems to be generally conceded that New York and Chicago will be on the list because of their location and their financial prominence. San Francisco and New Orleans come next, but upon the rest of the number there is no consensus of opinion. Boston, Philadelphia, Baltimore and Washington are asking for recognition in the East; Atlanta and Houston (Texas) are mentioned for the South; St. Louis, Kansas City, Memphis, Cincinnati, Cleveland and Minneapolis in the Middle West, with Denver, Los Angeles and Portland (Oregon) in the West. Still others have been suggested, but most of the discussion centers around the ones named. Only the most careful sifting and weighing of the mass of evidence that will be presented will make a proper choice possible. The Committee is authorized to employ counsel and expert aid, to take testimony and in other ways to conduct such investigations as may be deemed necessary.”

In this forecast are ten of the cities actually chosen, to wit, Boston, New York, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City and San Francisco, whilst the other two actually designated by the committee, to wit, *Richmond*, which was designated in place of *Baltimore*, and *Dallas*, which was designated in place of *New Orleans*, are not even mentioned. So far as there was any serious discussion representing the trend of public opinion prior to the action of the Committee, it was in favor of Baltimore or Washington, as against Richmond, and New Orleans, decidedly as against Dallas.

It is very significant that in this expression of public opinion prior to the action of the Committee, Richmond and Dallas are not even mentioned, whilst both Baltimore and New Orleans are placed among the possibilities. This, of course, was because if the Districts were formed as they are now, the public well knew that Baltimore would be the finan-

cial and trade center of the district, its dominating commercial city.

The New York Journal of Commerce, edited by Dr. H. Parker Willis, the reputed author of the new Federal Reserve Act, in an editorial on April 17th, 1914, thus tersely stated why Baltimore and not Richmond should have been designated as the Federal Reserve City in the Fifth District:

#### “THE BALTIMORE PROTEST.

The bankers and business men of Baltimore are entirely justified in their vigorous protest against being tagged upon one corner of a reserve district with Richmond as the seat of its reserve bank. They show by figures that in population, in manufacturing industry, in trade and in banking resources and operations, Baltimore is just about five times as important as Richmond. The location of a reserve bank should be determined by these factors and not by territorial position. In one corner of the district as Baltimore is, just as New York is in one corner of its district, its means of ready and rapid communication for purposes of exchange and banking facilities throughout the district are far better than those of Richmond. What the Federal Reserve Act absolutely requires is that ‘the districts shall be apportioned with due regard to the convenience and customary course of business,’ and that has obviously not been done in the case of the Fifth District. It certainly has not been observed in locating the reserve city.

It was contended at the Baltimore meeting of protest, apparently upon good evidence, that the Organization Committee in its defensive statement did not fairly represent the facts. The claims made in behalf of Richmond, in regard to the number of banks and means of communication, had reference to rivalry in a district of which Atlanta was to be the reserve center. Baltimore was virtually left out of the account. At the time the hearing was given and the alleged vote was taken nobody knew what the division of districts in the South was to

be or how many of them there were to be. Baltimore evidently never dreamed of being tagged upon one with its reserve bank at Richmond or it would have made itself heard then.

The resolutions adopted at the Baltimore meeting call for a rehearing by the Organization Committee and, failing that, for an appeal to the Federal Reserve Board, yet to be appointed. Fortunately that board will have power to readjust the districts, though the committee has taken care to give it no chance to change the number, having already fixed it at the maximum. There will be need of a good deal of readjustment before the reapportionment will have due regard to the convenience and customary course of business, which the law requires."

Thereafter, the Richmond Committee put their case before the Journal of Commerce in a letter which evoked the following editorial reply, on April 24th:

"CUSTOMARY COURSE OF BANKING BUSINESS.

We have received from the Richmond Committee, which worked so energetically and successfully for the location of a Federal Reserve Bank in that city, a communication contesting our view that 'the convenience and customary course of business' would have been better served by locating that institution at Baltimore for the district as it was laid out, on account of the superior banking connections and facilities of that city and the greater flow of exchange transactions to and from it. The committee submits certain maps and diagrams as well as figures to sustain its contention that Baltimore, at one corner of the district as designated, has not better 'means of ready and rapid communication for purposes of exchange and banking facility throughout the district' than Richmond. These illustrations relate in part to a district which was originally proposed to the Organization Committee, and which included Georgia and Florida. It gives lines of distance and time for mail communication and figures relating to the number of banks in the region, to show how much more conveniently located Richmond is for banking purposes.

"A large part of the argument seems to us quite irrelevant to the main point in controversy, and it would require more space to go into a close analysis than is worth while. There is a tendency to ignore the distinction between ordinary banking operations and the real functions of the reserve banks. The former are likely to take their customary course in spite of some inconvenience, while the latter may be subject to some unnecessary inconvenience if it proves that the reserve bank is not located with due regard to the convenience and customary course of business. It is not so much a question of area and distances as of distribution and concentration of the actual currents of trade. The Richmond Committee says that in the middle and southern portion of its district as designated, the three States of Virginia, North Carolina and South Carolina have nearly 6,000,000 population and 1,223 banking institutions, while the northern part, in which Baltimore is situated, has less than 3,000,000 population and only 494 banks. It also shows how much more convenient for railroad and mail communication Richmond is than Baltimore to this large portion of the district.

"To our mind this has very little to do with the case. It is not a question of area and distances, or of population and number of banks so much as of density of population within certain areas, volume and character of transactions and number of daily communications to be made. A limited area might be marked out in this city containing a greater population than any one of the three States named, and another in which more commercial and financial business is transacted in a day than in all three of them, while there is only a fraction as many banks in the whole city as in the States which constitute the southern part of the Richmond district. Number of banks has scarcely any relation to the question. A national bank may be organized in most of this district with a capital of \$25,000, and there are few outside of Baltimore having more than \$50,000, with corresponding resources. There are single banks in this city with capital and resources equal to a thousand of the former or five hundred of the latter. The

matter of mail communication is not determined by distance or time of transmission, but by demand for the communication on account of the volume of business served by it.

“However, as we have already said, most of these considerations are apart from the real question, on account of the distinction so often ignored in the discussions between ordinary banking operations and the special function of the Federal Reserve Banks. In the daily transactions of domestic exchange, the drawings and transfers upon deposit accounts and the settling of balances, business will take its customary course regardless of district lines. So far as it is normally drawn to Baltimore, it will go there, and so far as it can be attracted to Richmond it will be diverted to its banks. In that regard the districting is not likely to make much difference. If there is inconvenience or added expense, it will be due chiefly to the requirement for keeping a large part of the reserve of the member banks with the Federal Reserve Bank of the district, and to making them dependent upon that institution for the rediscount of commercial paper.

“It will certainly not be convenient or economical for Baltimore banks to keep the required proportion of reserves against their own deposits in Richmond any more than for those of Jersey City to keep theirs in Philadelphia. There is probably more commercial paper of the kind ‘eligible for discount’ by the reserve banks handled by the banking institutions of Baltimore than in all that southern part of the district below Richmond and above the district of which Atlanta is made the centre. It seems to us that the location of the reserve bank of this Fifth District at Richmond, however little it may interfere with the convenience and customary course of general banking operations, is likely to exert considerable restraint upon the rediscounting of commercial paper. This may, however, be done for most practical purposes, where its object is not to draw the treasury reserve notes into circulation, without resorting to the reserve banks; and our chief objection to what seems to us to be mistakes of location, is that



they are liable to hamper the working of the new system and deter banking institutions which are not organized under the National law from entering it."

In the May, 1914, issue of the Journal of Political Economy, published by the University of Chicago, it is said, (page 487):

"By making Baltimore, for example, tributary to Richmond, and New Orleans to Atlanta, an injury was done not only to local pride, but also to the convenience and customary development of trade relations."

## II.

### BALTIMORE IS GEOGRAPHICALLY THE NATURAL LOCATION FOR THE FEDERAL RESERVE BANK OF THE FIFTH DISTRICT.

- (a) THE CUSTOMARY COURSE OF BUSINESS IN THE FIFTH DISTRICT IS TOWARDS THE NORTH AND TOWARDS THE COAST, *i. e.*, TOWARDS BALTIMORE AS THE LARGEST, MOST IMPORTANT, AND ALSO THE MOST NORTHERN, SEAPORT IN THE FIFTH DISTRICT, AND THE POINT TOWARDS WHICH COMMERCIAL PAYMENTS, LIQUIDATION OF BUSINESS TRANSACTIONS AND EXCHANGE NORMALLY MOVE.

The one fact as to the customary course of business in the Fifth District, and, indeed, along the whole southern seaboard concerning which at the public hearings there seemed to be entire unanimity of opinion on the part of representatives of Baltimore and Richmond, advocates of Richmond from North and South Carolina, and apparently the Organization Committee itself, was that the customary course of

business in this region is from the South northward. So far as the relations between Richmond and Baltimore are concerned, the logical consequence of this admitted fact is so obvious that (as we have already remarked) it became a cardinal point in Richmond's case to establish the Potomac River as the northern boundary of the district which should include Richmond. With Mason and Dixon's line as the northern boundary of the district, this conceded fact (on which Richmond properly laid so much stress), irresistibly points to Baltimore as the natural Federal Reserve City of the Fifth District. Mr. Seay, in his testimony before the Organization Committee, before the Committee had questioned him as to the availability of Baltimore, spoke of "an incontestable advantage as the Federal Reserve Bank location" which he said Richmond "being situated at the northern limit of the district" possessed. (Testimony, page 852.)

In the Richmond brief it was properly said:

"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 centers of finance and manufacture. This is the natural course of exchanges. \* \* \*

"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." (Page 7.)

In truth, the overwhelming volume of travel and transportation south of Richmond must go *through* Richmond to Baltimore. In addition to the transportation *from the district which Richmond sought to have apportioned*, the vast volume of business from West Virginia and Maryland (as well as business from tidewater Virginia and from the western parts of Virginia and North Carolina) comes direct to Baltimore without even passing through Richmond.

The facts hitherto mentioned concerning the amount and distribution of Baltimore's manufactures and jobbing trade, the volume of credits carried both by the banks and the commercial houses of Baltimore in the other parts of the Fifth District, the relation of Baltimore and Baltimore capital to the mining industry in West Virginia and Western Maryland, and the constant permanent investment of Baltimore capital in the district, with the resultant regular flow of interest payments from other parts of the district to and in Baltimore—all combine to produce that natural customary course of business, from the south northward, and from the inland points coastward, to Baltimore, which at once explains and is explained by the fact that Baltimore is so predominantly the commercial and financial capital of this district. What doubtless is true in a small local sense of the course of business from the Carolinas to Richmond (so far as there is any course of business between Richmond and these points), is true in a much larger and more general sense with respect to the course of the great volume of business from all parts of the district to Baltimore. Baltimore is a creditor city. The remainder of the district is, with respect to Baltimore, debtor territory. This situation is in no sense confined to the relations of the Baltimore banks with the other parts of the district, much less of the national banks alone. The great jobbing houses in Baltimore, with their thousands of southern accounts, regularly finance (as Mr. Hurst explained in his testimony before the Organization

Committee [Testimony, pages 765-766, 768-773]) the small southern business men, whose accounts are carried by these Baltimore houses sometimes for the greater part of the year, until with the disposition of the cotton crop these southern buyers are able to liquidate in Baltimore the accounts thus owing and to make the payments thus due in Baltimore. As Mr. Ingle suggested in his testimony (page 805), it is likely that these thousands of southern accounts will, under the new system, form the basis of two and three name paper, discounted with the Baltimore banks, and rediscounted with the Federal reserve bank, instead of being financed (as they now are) directly by the Baltimore merchants—who in turn finance their own operations, either with their own capital or by their own individual credit through loans from their own banks in Baltimore or from New York. Be this as it may, the fact, (which no Federal reserve bank can change), is that these thousands of southern accounts mean thousands of checks flowing from the South to Baltimore in payment and liquidation of accounts owing from the South in Baltimore, and thus constitute the customary northern course of business in the district.

Under the present system, these southern accounts may be paid by checks of the southern debtors, drawn on their local banks (in which event in most cases the checks are sent south from Baltimore for collection and are then paid by the southern banks in New York Exchange), or the southern debtors may in the first instance pay their accounts in Baltimore in New York exchange in the form of checks drawn by the southern banks on their New York correspondents.

Under the new system, this condition will be materially changed. Collections within a district will probably be made through the Federal reserve bank and collections between districts will largely be made between the several Federal reserve banks. When a Baltimore merchant receives a check from a southern customer, drawn on a south-

ern bank, and deposits it with his Baltimore bank, it will no longer be necessary for the Baltimore bank to send this check south for collection, and probably afterwards receive a New York check which will require a second collection to liquidate the one transaction. Instead, the Baltimore bank will deposit the original check in the Federal reserve bank and collection will be made immediately by charging the account against the southern member bank.

To remove the Federal reserve bank from its natural location in Baltimore to Richmond involves no mere question of distance, but an attempt to turn backward the existing course of business. Not only is there in Baltimore five times the volume of local banking transactions that there is in Richmond, but there is flowing to Baltimore a constant stream of payments from other parts of the district, which normally should be liquidated through the Federal reserve bank, and which conveniently can be so liquidated only if the bank is located at the center to which this business moves. To consummate these transactions through a Federal reserve bank at Richmond means that the whole course of this business must be turned backward, that a business day must be lost in mailing to Richmond, from the Baltimore banks, these very checks, many of which on their way to Baltimore have already passed Richmond.

If the Federal reserve bank is located at the natural commercial capital of the district, where in the customary course of business the greatest volume of payments flow, and where also by far the largest volume of local transactions occur, manifestly the convenience of business is best subserved. Thus, and only thus, can be made possible the consummation, on the same business day, of the receipt, deposit and collection of a larger volume of out of town business than flows into any smaller place in the district, as well as the handling of local business five times larger than exists at Richmond or at any other place in the district. Necessarily, wherever

a Federal reserve bank is located, practically one business day will be consumed in all cases (with one important exception in the Fifth District) of transactions between such bank and banks situated anywhere in the district outside of the Federal Reserve City. This cannot be avoided. Ordinarily, only business in or very near the Federal Reserve City itself can be begun and consummated on the same day. Common sense and convenience, therefore, dictate the location of Federal reserve banks at natural commercial capitals, so that the greatest volume of business may enjoy this saving of time resulting from the proximity of the Federal reserve bank to the business. With a Federal reserve bank located at Richmond, all Richmond local business, and also the comparatively small out-of-town business coming to Richmond, could be transacted, by customers with the local banks and by the local banks with the Federal reserve bank, on the same day. With respect to all other business in the district, practically a day would be consumed in communication by mail between the member bank and the reserve bank. With the Federal reserve bank in Baltimore, fully five times this volume of business would be immediately liquidated without the loss of this day, and (except only the business going to Richmond itself), all other business in the district could be handled just as conveniently as if the Federal reserve bank were at Richmond.

The proximity of Baltimore and Washington multiplies the convenience of locating a Federal reserve bank at Baltimore. These two cities are so situated geographically and have such abundant means of communication by railroad and such frequent mail service that they constitute a unique and important exception to the general rule that only the business in a Federal reserve city itself can be transacted with a Federal reserve bank without the loss of a day. Geographically, Baltimore and Washington are practically suburbs of each other, with almost as easy communication as Manhattan

and Brooklyn. With respect to the relative convenience of business, therefore, the difference between locating a Federal reserve bank in Baltimore and locating it at Richmond is practically not merely the difference between locating it in the commercial capital of the district, and locating it in another place one-fifth the size of such capital. The real difference is the difference between locating the bank in a community of a million people and locating it in a place of *one-seventh* that size.

The practical importance of a due regard to the customary course of business and the inconvenience necessarily resulting from a disregard of the course of business were well stated in the testimony of Mr. Levi L. Rue, President of the Philadelphia National Bank and Chairman of the Clearing House Committee of Philadelphia, before the Organization Committee. Mr. Rue's remarks were addressed to the suggestion that a Federal Reserve Bank be located at Pittsburg, although the customary course of business is *from* Pittsburg to the east and northeast, *i. e.*, to Philadelphia and New York. What Mr. Rue said on this point is so manifestly applicable to any proposal to turn backward the course of business, as from Baltimore to Richmond, that we may well quote Mr. Rue's exact words:

"THE SECRETARY OF AGRICULTURE—\* \* \* What would the banks do, do you think, if Pittsburg were made the head?

MR. RUE—I think Pittsburg would be an unnatural location, for this reason. The course of trade is to the east and northeast. The best evidence as to what is the real course of trade is the demand for exchange. That shows the course of trade, where a merchant has to make his settlements. Now Pittsburg exchange is never sought. The fact is it is shunned by—

THE SECRETARY OF THE TREASURY—It does not pass at par?

MR. RUE—You make that comment, sir. I simply said shunned. And why is it shunned? Because it is not needed, and no settlements are made in Pittsburg.

THE SECRETARY OF THE TREASURY—But under this situation the exchange will be at par, and so the parring of exchange everywhere will correct that situation.

MR. RUE—But what would be the result, if a Federal Reserve Bank was put in Pittsburg, and the demand for the exchange, if the Philadelphia banks had to throw into Pittsburg, we will say, and all this section towards the west, the business which they get which produces their exchange. Now as I say, the trend of trade is east and northeast.

THE SECRETARY OF THE TREASURY—It would get down to a question of clearance, that is all.

MR. RUE—Exactly. The result would be from a practical standpoint that the banks of this territory which I have outlined there in Section 3, would send their business of that description out to Pittsburg with the loss of a night or a day's mail, to that bank to create reserve in their Federal Reserve Bank. Now what would that Federal Reserve Bank do with it? It would have to send it for collection eastward again, either to a Federal Reserve Bank in New York, or Atlanta or Boston, or wherever you gentlemen may, in your wisdom, locate them. And the merchants of Philadelphia, our reserves being in Pittsburg, say, would have an exchange, which while you say it would pass at par through these other Federal Reserve Banks, would be unnatural, and it would create such a preponderance of exchange against the Federal Reserve Bank at Pittsburg, that it would be a continual debtor to the Federal Reserve Banks of the east, and would require a constant shifting of balances of currency. I do not care how you locate these banks, you cannot overcome the laws of trade.

THE SECRETARY OF THE TREASURY—That is exactly what we do not want to do.

MR. RUE—I know that, I am sure you do not, but you cannot overcome the laws of trade.

THE SECRETARY OF THE TREASURY—That is the reason this is the kind of information we want.

MR. RUE—I understand, and I am trying to explain that you cannot overcome the laws of trade. If you should place a Federal Reserve Bank in Pittsburg to rep-



resent this eastern district, the balance of exchange is always eastward, because there is always the great density of population, and the great consuming powers, and there are the important ports, and settlements have to be made in the east. Now the Federal Reserve Bank in Pittsburg would be a continual debtor to the Federal Reserve Banks on the Atlantic Coast, and would require continual shifting of money to off-set that debit balance.

THE SECRETARY OF AGRICULTURE—Suppose you took exactly the same area, and put it in Pittsburg, instead of in Philadelphia.

MR. RUE—The same situation exists.

THE SECRETARY OF AGRICULTURE—You would have exactly the same amount of banking power?

MR. RUE—You would have exactly the same amount of banking power, but you would be going contrary to the law and trend of trade. The trend of trade is eastward and northeastward, towards the density of population, and the Pittsburg bank, even if you make the district as it is, would be a continual debtor to the east, as it is now, and you would put a great expense on that bank in making credit balance against the tremendous debit that would be coming from the other Federal Reserve Banks in the east, which gets the vast volume of exchange.

THE SECRETARY OF THE TREASURY—Would the difficulty be lessened if Baltimore were made the headquarters, I mean as against Pittsburg?

MR. RUE—Surely.

THE SECRETARY OF THE TREASURY—And so far as Washington is concerned, you think it would not be lessened anything like the same degree as if Baltimore were chosen?

MR. RUE—I think Baltimore and Washington are on a par as far as exchange goes.

THE SECRETARY OF THE TREASURY—Baltimore has a very large foreign exchange?

MR. RUE—Comparatively, sir. I will touch upon that later on.

THE SECRETARY OF THE TREASURY—We do not want to interrupt your argument, but sometimes it elucidates the matter to bring out points as you touch upon them.

MR. RUE—I understand. Banking is the servant of commerce, hence banking facilities must follow commercial transactions. \* \* \*

(Testimony, pages 1036-1040.)

- (b) BALTIMORE, THOUGH NEAR THE NORTHERN END OF THE DISTRICT, IS ACCESSIBLE TO ALL PARTS OF THE DISTRICT, AND IS WITHIN SEVENTEEN HOURS BY MAIL OF PRACTICALLY EVERY CITY IN THE DISTRICT, SO THAT BUSINESS TRANSACTED BY MAIL FROM ANY PART OF THE DISTRICT CAN BE CONSUMMATED ON THE NEXT BUSINESS DAY AFTER IT IS BEGUN. RICHMOND IS FARTHER DISTANT THAN BALTIMORE FROM THE MOST DISTANT CITY IN THE DISTRICT.

A bank does not bear the relation to business which a road house bears to travel. If it did, Trenton and Wilmington would be greater banking centers than New York, Philadelphia or Baltimore, the Bank of England might have its headquarters at Oxford, and the Bank of France somewhere in the chateau country. A bank should naturally be located where the greatest volume of business is, and where consequently the greatest volume of business can be handled with the *greatest convenience*, not at some point where business can come with the *least inconvenience* or loss of time. If the selection of a Federal Reserve City in a Federal Reserve District were a mere problem in geometry,—like the location of the center of population—Congress would doubtless have turned this matter over to the statisticians in the Census Department instead of authorizing the Organization Committee “to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and

to make such investigation as may be deemed necessary by the said committee \* \* \* in designating the cities within such reserve districts where such Federal reserve banks shall be severally located."

When the committee located a Federal reserve bank at Kansas City, on the very edge of a district, a thousand miles from the other end of the district, it apparently realized that mere distance is a subsidiary consideration, and that the location of the commercial and financial center of a district is very different from the location of the geometrical center. When Congress directed the Committee to pay "due regard to the customary course of business," it was evidently not ignorant of the difference (well known to every country justice or scrivener), between *courses* and *distances*. In other words, the direction in which business naturally flows is more important than the distance it goes.

The consideration of distance is wholly irrelevant in the Fifth District, for the simple reason that *Baltimore is within seventeen hours, i. e., within one business day*, of practically every city in the district. That is to say, business sent by mail to the Federal reserve bank at Baltimore can be consummated on the next succeeding day. Business from Baltimore with a Federal reserve bank in Baltimore can be consummated on the same day. On the other hand, only Richmond business itself, and no business from points outside of Richmond, can be transacted with a Federal reserve bank in Richmond before the next succeeding day. In the case of Baltimore there is not only the greater volume of business in Baltimore, but (as we have already pointed out) the peculiar opportunity for consummating Washington business on the same day. Practically the whole district being within one business day of either Baltimore or Richmond, the question of distance obviously becomes immaterial. The exact hour in the day at which a mail transaction is consummated is unimportant. The relative convenience of loca-

tion *in such a district* (though this would by no means be equally true in a district like the Kansas City district, where days have to be counted) depends, therefore, not only primarily, but *solely*, upon the volume of business at the Federal Reserve City itself, or (in the case of Baltimore) upon the volume of business of the twin cities of Baltimore and Washington.

Charleston, South Carolina, is the most distant from Baltimore of all the more important cities in the Fifth District. The actual mailing time between Charleston and Baltimore is *seventeen hours*. Charleston and Baltimore are thus well within one business day of each other. For practical purposes, this is exactly the same situation as exists with respect to Richmond and Charleston, though the mailing time between Richmond and Charleston is only twelve hours (See Appendix A).

As a matter of fact, Baltimore is actually nearer than Richmond to the most distant point in the district,—as well as to the greater volume of banking capital, resources and business and general business in the Fifth District. The erroneous assumption that Baltimore is farther distant than Richmond from the distant portions of the Fifth District is a not unnatural result of a superficial view of a map of the district. The assumption is, however, erroneous in at least two respects. First, it confuses geometrical distance with geographical distance, air lines with practical means of communication; in other words, distance in miles with distance in days and hours, which is the business way of measuring distance. Secondly, this assumption overlooks the fact that the greatest distance (in time, by actual means of communication) in the Fifth District is not from north to south, but from east to west. Distance from north to south is greater on the map. This distance is, however, traversed by trunk line railroads which bring Baltimore, at the north, and Charleston, at the south of the district, well within one business day. The western parts of the district are, however,

not only separated from the east by mountains, but, with respect to Richmond at least, have not such direct communication as exists between Baltimore and the south of the district.

The most distant place in the Fifth District which has a national bank is the town of Jonesville, in Virginia, which is reached by mail only by a star route. The actual mailing time between Richmond and Jonesville is 34 hours and 40 minutes. Between Baltimore and Jonesville the mailing time is 31 hours. Jonesville has one bank, with \$32,500 capital and surplus, and total resources less than \$150,000. Needless to say, it is a small and relatively unimportant place. The same is true of almost every place in the district which is more than seventeen hours from either Baltimore or Richmond.

No place of 5,000 or more inhabitants, no place with more than one national bank, no place with aggregate national banking resources of \$250,000 or more, is more than 24 hours distant from either Baltimore or Richmond. The only places of 5,000 or more inhabitants more than 17 hours distant from Baltimore or Richmond are Asheville, N. C. (population, 18,762), 18 hours; Union, S. C. (population, 5,623), 18 hours; Sumter, S. C. (population, 8,109), 19 hours; Anderson, S. C. (population, 9,654), 20 hours 20 minutes, and Newberry, S. C. (population, 5,028), 21 hours 30 minutes, from Baltimore; and Newberry, S. C., 17 hours 30 minutes; Anderson, S. C., 18 hours 20 minutes, and Cambridge, Md. (population, 6,407), 20 hours from Richmond.

On the other hand, Parkersburg, West Virginia, with five national banks (which have total resources amounting to about two-thirds of the total resources of the national banks of Charleston, South Carolina), is 16 hours and 30 minutes by mail from Richmond, and thirteen hours and thirty minutes from Baltimore. The distance from Baltimore and from Richmond, respectively, to the most distant of the more important cities in the district is thus almost the same.

- (c) BALTIMORE, THOUGH FARTHER FROM THE **Geometrical** CENTER OF THE DISTRICT THAN RICHMOND, IS AT THE CENTER OF GREATEST **Density** OF POPULATION AND BUSINESS IN THE DISTRICT, AND IS, THEREFORE, NEARER THAN RICHMOND TO THE GREATER **Volume** OF THE BUSINESS TRANSACTED IN THE DISTRICT, AND TO THE GREATER PART OF THE BANKING CAPITAL AND RESOURCES OF THE DISTRICT, AND IS DIRECTLY IN THE **Course** OF **all** BUSINESS, NEAR OR DISTANT; RICHMOND IS NOT ONLY MORE DISTANT FROM MOST OF THE BUSINESS IN THE DISTRICT, BUT IS OUT OF THE GENERAL COURSE OF SUCH BUSINESS.

As a matter of fact, Richmond, though somewhat nearer the *geometrical* center of the district, is not actually as near the *geographical* center of the *business* of the district. In the business world distance is measured in days not in miles. As we have already pointed out, days—rather than hours or fractions of a day—are important. Even in hours, however, Baltimore is nearer the greater volume and density of business in the Fifth District than Richmond.

Filed as an appendix to this brief, marked "Appendix A," is a complete list of every city and town in the Fifth District which has a national bank, with the number of national banks, the total capital and surplus, and the total resources of such national banks, and also the actual mailing time, calculated by the Chief Clerk of the Bureau of Information and the Assistant Chief Clerk, Railway Mail Service, at the Baltimore Postoffice, between each place and Baltimore and Richmond, respectively. This list was limited to national banks, only for the reason that complete statistics for all banks were not readily obtainable, and would moreover make the list still more voluminous. The inclusion of complete statistics for all banks would bring out more clearly the proximity of Baltimore to the greater volume of banking capital and re-

sources in the district, for the reason that in Virginia (most of which is nearer to Richmond than to Baltimore) national banks are relatively more important and represent a relatively larger part of the total banking resources and business than in any other part of the district, while in Maryland (all of which is nearer to Baltimore than to Richmond) national banks represent a relatively smaller part of the total banking resources and business than in any other part of the district. For example, taking the Comptroller's published figures for June 4th, 1913, the total resources of *all* banks in Maryland, Virginia, District of Columbia, North and South Carolina and West Virginia (without deducting for the Panhandle counties) was \$1,203,247,617, of which the total for Maryland, District of Columbia and West Virginia was \$694,989,798, *i. e.*, 57% of the total for the five States and the District (Comptroller's Report 1913, page 47). On the same date the total resources of *national* banks in the five States and the District was \$579,582,490, of which the total for Maryland, District of Columbia and West Virginia was \$314,397,468, *i. e.*, only 54%. As the complete list in "Appendix A" shows, all of Maryland and the District of Columbia and most of West Virginia is nearer to Baltimore than to Richmond, while all of North and South Carolina, and most of Virginia, is nearer to Richmond.

The list set out in "Appendix A" shows that out of 478 national banks in the Fifth District (on August 9th, 1913), 212 national banks, having an aggregate capital and surplus of \$51,573,570, and resources of \$293,770,622, are nearer by actual mailing time to Baltimore than to Richmond, while 250 banks, with an aggregate capital and surplus of \$49,699,130, and total resources of \$258,518,775, are nearer to Richmond than to Baltimore. Sixteen banks, with an aggregate capital and surplus of \$2,787,000 and total resources of \$14,837,975, are distant the same number of hours and minutes from Baltimore as from Richmond. The

greater *number* of banks nearer Richmond, with much less capital, surplus and resources, is made up largely of very small country banks in the remote parts of Virginia and the Carolinas.

“Appendix B” shows, from the same figures, that the *average distance* in hours from Baltimore to *all the national banking resources of the district* is less than the average distance from Richmond. In “Appendix B” all of the national banking resources in the Fifth District are twice grouped by hours; first by the number of hours from Baltimore; and, second, by the number of hours from Richmond. In each case all of the national banks in the Fifth District fall into thirty-one groups. The first comprises only the resources at a distance of zero from Baltimore to Richmond, respectively, *i. e.*, the resources of the national banks at Baltimore and Richmond, respectively (including those at Canton, Catonsville, Pikesville and Towson, in the Baltimore suburbs, constituting a part of Baltimore itself so far as mail service is concerned). The next group (there being no places between zero and one hour from either Baltimore or Richmond) includes all places not less than one hour nor more than one hour and fifty-nine minutes from Baltimore and Richmond, respectively. The next group includes those places between two hours and two hours and fifty-nine minutes, and so on up to the last groups. In the case of Baltimore the last group (from *31 hours* to 31 hours and 59 minutes) comprises Jonesville, Virginia, alone; in the case of Richmond, also, the last group comprises Jonesville only, but is the group from *34 hours* to 34 hours and 59 minutes.

Taking the mean distance (of  $1\frac{1}{2}$ ,  $2\frac{1}{2}$  and  $3\frac{1}{2}$  hours, etc.) for each group as applicable to all the resources in that group, multiplying the total resources in each group by such mean distance, adding the products thus obtained, and dividing this total by the total resources in the whole district, gives the *average distance* in hours of *all the resources* (of



national banks) in the District from Baltimore and from Richmond, respectively. From *Baltimore* this distance is 7.3 hours; from *Richmond*, 8.1 hours.

The natural course of business is all-important; mere distance is relatively unimportant. This was forcibly illustrated in the testimony before the Organization Committee of those persons from North and South Carolina whom Richmond so cleverly enlisted in its campaign for a Federal Reserve Bank at Richmond. South Carolina is nearer Atlanta than Richmond; most of North Carolina is as near or nearer Atlanta. Nevertheless Richmond succeeded in enlisting the aid of bankers and business men of North and South Carolina. Their reason (which they frankly avowed) for aiding Richmond was that the course of business is from the south north; they wanted to be connected with a bank north of them, not with Atlanta. They greatly feared that Atlanta might be made the Federal Reserve City in a district including North and South Carolina. They looked to Richmond to save them from Atlanta; naturally, they remained loyal to Richmond, when Baltimore was suggested to them. For example, Mr. Rhett, of Charleston, South Carolina, replied that he thought it would be inconvenient to have the bank at a corner of the district. As a matter of fact, Charleston is more distant from Richmond than from Atlanta, but Mr. Rhett and the South Carolina bankers wanted the bank at Richmond for the very reason that they were alarmed at the prospect of being put in the Atlanta district (Testimony, pages 924, 931). Mr. Rhett did not, however, undertake to say that even in South Carolina (where the supposed disadvantage of distance should be most felt) there was a uniform preference for Richmond as against Baltimore. He merely expressed a belief that from 60 to 80 per cent of the banks of South Carolina would prefer Richmond (Testimony, page 928). This estimate (though made by a Richmond partisan) doubtless comes nearer expressing the real *business* judgment

of South Carolina bankers than any mere vote, at a later stage of such a campaign, reflecting, as such a vote must do, sentimental considerations and other considerations evoked by campaigning methods.

Mr. Rhett, however, like Mr. Seay and others from Richmond itself, evidently realized that Baltimore is the natural capital of any district in which Maryland is the most northern State. In advocating Richmond as the Federal Reserve City, he, therefore, left Maryland out of his proposed district. Indeed, his remark (above referred to) as to the inconvenience of having a reserve bank at a corner of a district, was made in reply, not to any mention of Baltimore by name, but to a suggestion from the Secretary of the Treasury: "Suppose you put in Maryland?" That, to Mr. Rhett's mind, meant that Baltimore, not Richmond, must necessarily be the Federal Reserve City.

The following resolution of the South Carolina bankers clearly expresses (1) their *fear* of being placed in an Atlanta district, though Atlanta is nearer South Carolina than Richmond is; (2) their realization that a district with Richmond as the Federal Reserve City must lie *wholly south of Maryland*; and (3) the *importance* of the *course* of business and the *unimportance* of mere *distance*:

"That the banks of South Carolina favor the formation of a north and south district along the Atlantic coast, beginning with the southern boundary of Maryland as its northern limits, and extending from thence, southward. That the banks of South Carolina deem it exceedingly detrimental to their interest and the interests of the State for them to be placed in a district running east and west, with a reserve city located to the west of them, such being inconvenient to them and entirely out of the customary course of their business." (Testimony, page 927.)

The President of the North Carolina Bankers Association said frankly that the North Carolina bankers feared being placed in an Atlanta district.

"I will tell you frankly what we feared. \* \* \* We wished to be connected north of us, as the entire trend of our trade is toward the north. We feel as if it would be almost a calamity to be connected with the points south of us." (Testimony, page 912.)

He added that if "after co-operation with the City of Richmond" it is found impracticable to secure the location of a Federal reserve bank in Richmond, the North Carolina bankers would prefer some other city north of them as second choice, and that personally his second choice was Baltimore. (Testimony, page 913.) This notwithstanding the fact that Atlanta is, of course, nearer most of North Carolina than Baltimore is.

One of the North Carolina bankers thus abruptly expressed his views on the possibility of being connected with Atlanta:

"Should we be connected with a point south of us, we would be connected with a dead end \* \* \*." (Testimony, page 919.)

Another North Carolina banker (who said he spoke for the bankers of the entire State), said that "such a thing as going south of us to borrow money never occurs to any bankers in North Carolina." Whereupon the Secretary of the Treasury remarked: "That perhaps shows you are intelligent bankers in North Carolina." (Testimony, page 918.)

The Organization Committee (apparently trying to save the country banks of North and South Carolina from what they considered the calamity of being connected with a "dead end" south of them, and at the same time to gratify the wishes of the Richmond campaigners), has inflicted upon the business interests of the commercial metropolis of the entire district the very calamity which the Carolina bankers have succeeded in averting, and has attempted to turn back the natural course of business by making the bankers of Baltimore do what the Secretary of the Treasury says the North Carolina bankers show their intelligence by not trying to do.

## III.

BALTIMORE IS NOT ONLY THE NATURAL CAPITAL OF BUSINESS GENERALLY IN THE FIFTH DISTRICT, BUT IS ALSO THE NATURAL CENTER OF BUSINESS ACTIVITIES HAVING SPECIAL RELATION TO THE BUSINESS OF FEDERAL RESERVE BANKS.

- (a) BALTIMORE IS A NATURAL RESERVE CITY; RICHMOND, IN THE BANKING WORLD, IS A COUNTRY TOWN AND THE LOCATION OF COUNTRY BANKS.

The only compulsory relation (other than stock ownership) established by law between the Federal reserve banks and the member banks is the deposit of part of the reserves of the member banks. The only business which these new banks *must* have from the time they are established is the keeping on deposit of reserves in an amount gradually increasing up to the permanent amount which will prevail after three years. One of the many causes for astonishment at the selection of Richmond as a Federal Reserve City is that, in a district containing two important reserve cities, Baltimore and Washington, a country town (to use official banking parlance) should be selected as the Federal Reserve City. In this case, the place selected had for almost half a century elected to remain a country town, and *not* to take advantage of the opportunity to become a reserve city, with the privileges of a reserve city and the corresponding obligation, on the part of Richmond's national banks, to keep a larger reserve than is required of country banks.

By the Act of 1864, ch. 106 (Rev. Stat., sec. 5191) the following sixteen cities were made reserve cities under the National Banking Law:

1. Boston	Federal Reserve City under new law.
2. Chicago	“ “ “ “ “ “
3. Cleveland	“ “ “ “ “ “
4. New York	“ “ “ “ “ “
5. Philadelphia	“ “ “ “ “ “
6. St. Louis	“ “ “ “ “ “
7. San Francisco	“ “ “ “ “ “
8. Albany	Not a reserve city under new law.
9. Baltimore	“ “ “ “ “ “
10. Cincinnati	“ “ “ “ “ “
11. Detroit	“ “ “ “ “ “
12. Louisville	“ “ “ “ “ “
13. Milwaukee	“ “ “ “ “ “
14. New Orleans	“ “ “ “ “ “
15. Pittsburg	“ “ “ “ “ “
16. Washington	“ “ “ “ “ “

It is to be observed that Baltimore and New Orleans were made reserve cities by the Act of 1864 and have been such ever since, and yet they are ignored in favor of Richmond and Atlanta, which were not reserve cities under the old Act of 1864 at all.

It is further to be observed that by the Act of March 3, 1887, ch. 378, any other city of 50,000 people [changed to 25,000 by Act of March 3, 1903] could on application of three-fourths of the national banks located in said city, be designated a reserve city. Under this Act a number of other cities applied until now there are forty-seven reserve cities.

Among them are:

Dallas	Federal Reserve City under new law.
Kansas City	“ “ “ “ “ “
Minneapolis	“ “ “ “ “ “

The only two cities designated as Federal Reserve Cities under the new law that were *not reserve cities* under the old law are Atlanta and *Richmond*.

So here again Baltimore is discriminated against. It has been a reserve city since 1864.

Richmond was mentioned in the Act of 1864, ch. 106, sec. 31, as being a city that could be added to the reserve cities whenever in the opinion of the Comptroller of the Currency the condition of the Southern States would warrant it.

The time for this condition has long since passed, but Richmond has always failed to make application to become a reserve city, until after her designation as a Federal Reserve City under the new law.

In the work of Conway and Patterson on *The Operation of the New Bank Act*, published in February, 1914, the authors expressed what was evidently a universal opinion, thus:

“Looked at from another point of view, the problem of the shifting of the reserves of the reserve city banks is not so serious as would be indicated by the preceding general comparison. It is practically certain that the three central reserve cities will be selected for the establishment of Federal reserve banks; and it is equally certain that the remaining reserve banks—five in number, if eight are established, and nine in number if the maximum of twelve are established—will be located in the reserve cities. In other words, from five to nine of the forty-seven reserve cities will be the homes of the Federal reserve banks, and the fortunate cities will probably be numbered among the larger of the forty-seven.” (page 265.)

Richmond bankers themselves evidently realize the incongruity of locating a Federal reserve bank among country banks. They have shown their appreciation of this incongruity by the remarkable course of applying to be made a reserve city since the Committee announced its decision designating Richmond as a Federal Reserve City. This application the Comptroller of the Currency, with at least doubtful legality [Federal Reserve Act, sec. 11(e)] granted. By the

advertising which they expect to get from the Organization Committee's extraordinary decision, and by their own recognition of the incongruity of locating a Federal reserve bank among country banks, the Richmond banks have thus been induced to ask to be made a reserve city,—which they consistently omitted to ask during all the years when the status of reserve city carried with it advantages as well as responsibility. Now this status means (except to a limited extent for three years) only a permanent increase in the required reserve of all Richmond national banks, *without any permanent privilege* of holding the reserve of other banks or any other permanent privilege *whatever*. This belated application to be made a reserve city displays the sharp contrast between a natural reserve city like Baltimore (which has exercised the privileges and borne the burdens of a reserve city for half a century), and the artificial advantages which a smaller city, such as Richmond, may expect to get from its selection as a Federal Reserve City in disregard of the convenience and customary course of business.

Strange to say, the Honorable Carter Glass and the Organization Committee profess to find, in the fact that Baltimore was by law a reserve city, an artificial advantage which Baltimore possessed over Richmond. Just how Baltimore could get any artificial advantage out of being a reserve city, a privilege which Richmond or any other city of its size could have had for the asking, and which forty-seven cities as a matter of fact have so obtained, the Honorable Carter Glass and the Committee do not explain.

We had supposed that the artificiality of the present system lay, not in drawing reserves *to* the reserve cities, but in drawing them *from* the reserve cities *to* the *central reserve cities*, almost entirely to New York City. The reserve requirements exacted of central reserve cities are such that other cities could not successfully compete as central reserve cities with New York. Thus the existing system operated

still further to concentrate the money of the country in New York, where there was already the greatest previous concentration. The number of reserve cities, originally sixteen, increased steadily to forty-seven. The number of central reserve cities, originally three, has remained unchanged, with increasing concentration in New York as compared with Chicago and St. Louis. This contrast is sufficient to show that (whatever artificial concentration the present system may have produced in central reserve cities, particularly in New York as compared with cities not so well equipped to compete for the burdensome and somewhat dangerous opportunities of central reserve cities), the law has produced no such artificial concentration in reserve cities. Rather has it concentrated into New York *from* the reserve cities the resources which otherwise might naturally have accumulated in a considerable number of large cities. Indeed, the purpose of the Federal Reserve Act would seem to be, on the one hand to decentralize artificial concentration in New York City, and on the other hand to concentrate, in not more than twelve places, under unified control by the Federal Reserve Board, the reserves which naturally (not artificially) had to a very limited extent been centralized (without any unified control) in forty-seven reserve cities.

With respect to artificial methods, the truth is that the Richmond banks have, and the Baltimore banks have not, regularly employed the most efficient artificial method known for getting bankers' deposits, *i. e.*, the payment of interest on such deposits. The very fact that Richmond has not been a reserve city, and Richmond banks, as country banks, have, therefore, been required to keep a reserve of only fifteen per cent against their deposits, has, of course, made it easier for them to pay a high rate of interest on deposits than if they had been subject to the twenty-five per cent requirement applicable in reserve cities. This is undoubtedly the reason why Richmond so long omitted to ask for the



“artificial advantage” of being a reserve city. The payment of interest on deposits kept by other banks is so efficient a method of getting such deposits that it has generally been regarded as an efficient method employed by the New York banks to utilize their opportunities for concentrating the money of the country in New York City. Baltimore is not an exception to what has now become a general rule of paying interest on bankers’ deposits. Baltimore banks, however, generally pay but two per cent, while the Richmond banks customarily pay three per cent on such deposits. [Testimony, Mr. Newcomer, pages 738, 741; Mr. Ingle, page 804; Mr. Sands, page 845.] This unusual rate of interest is manifestly a most important artificial inducement of deposits by other banks with Richmond banks.

The fact is, Baltimore is a reserve city because it is a natural place for country banks to keep accounts under the existing system. Being a reserve city is the result, not the cause of other banks keeping accounts in Baltimore. On October 21st, 1913, the *national* banks of Baltimore held bankers’ deposits from the Fifth District amounting to \$18,730,000, of which only \$7,887,000 were deposits kept by national banks. [Figures obtained by Mr. Wm. Ingle from each of the national banks in Baltimore.] That is to say, less than half of the total bank deposits from the Fifth District kept with Baltimore national banks were so kept by banks which *could*, under the National Bank Act, count these deposits as reserves. As a matter of fact, doubtless only a comparatively small part of even this \$7,887,000 of balances of national banks actually represented necessary reserve of the depositing banks. Accounts kept with reserve agents are usually, for purposes of exchange and other business purposes, considerably larger than the minimum reserve requirements of the law. In other words, country banks keep their reserve where for business reasons they keep accounts. They do not keep accounts simply because they count as reserve. On October 21st, 1913, the 7143 country banks in the United States had on deposit with approved re-

serve agents \$533,837,506. Of this only \$320,138,407 could be counted as reserve under the law. There was thus on deposit with reserve agents \$213,699,099 which could not be counted as reserve. The same country banks then held cash \$56,921,542 in excess of the 6% cash reserve required by law. They, therefore, had \$56,921,542 more on deposit which legally could be counted as reserve, but actually was not needed to meet reserve requirements. This makes a total of \$270,610,641 either not available or not needed for reserve requirements. The actual balances with reserve agents were thus more than twice the minimum reserve requirements of the National Bank Act.

On October 21st, 1913, the total bank deposits with all the banks and trust companies in Baltimore was \$37,861,201. In Richmond the corresponding figure was \$12,634,413. The fruit of the efforts of the Richmond banks to get bank deposits by paying an unusually high rate of interest would seem to be that, while the individual deposits of Richmond banks are less than one-fifth the individual deposits of Baltimore banks, the bank deposits are one-third the amount of such deposits kept with Baltimore banks without such inducements.

(b) BALTIMORE IS NOT ONLY THE PRINCIPAL BANKING CENTER IN THE DISTRICT, BUT IS ALSO THE CENTER OF THE GREATEST VOLUME OF COMMERCIAL CREDITS EXTENDING THROUGH THE DISTRICT. IN THESE TWO RESPECTS IT PRESENTS THE LARGEST OPPORTUNITIES IN THE DISTRICT FOR THE DEVELOPMENT OF THE REDISCOUNTING BUSINESS OF THE NEW FEDERAL RESERVE BANK.

We repeat, the Federal reserve banks constitute not an independent system but a very important addition, superimposed upon our present banking system, and intended to render service, directly or indirectly, to all existing banks and all existing business. The natural location of such banks is, therefore, primarily where *business* is concentrated

and where *business* from other points flows,—without special reference to the particular kinds of business or the particular kinds of banking most prominent at such a point. The new system is not designed to prohibit or compulsorily to restrict existing current banking transactions of any kind. It is intended to put (to a much greater extent than heretofore) in the class of liquid assets (and, therefore, in the class of assets that can be most freely and most widely dealt in) commercial paper, which under the present system and prevailing customs is at a disadvantage in this respect. In opening a channel for the general rediscounting of commercial paper, the new law should undoubtedly make it easier for banks to extend their loans on commercial paper where the needs of business call for such extension. The primary effect, however, of extending the liquid character of commercial paper is essentially to aid *all* banking and to aid *all* business, even where further extensions of commercial credit are not needed.

Banking itself is essentially a liquid business. Whatever makes more easy the current of any part of the business correspondingly eases the flow of the whole business. For example, in a given locality the banks may already be extending substantially all the credit needed on commercial paper. In the same locality there may be actual need for increased collateral loans, in form similar to the stock exchange loans in New York, but in fact (particularly in Baltimore and in the South) often representing *bona fide* industrial advances. These industrial advances take the form of loans to a corporation secured by its own bonds; actually they could not easily be quickly liquidated, and are likely to run for several years, in fact for a much longer period than ordinary commercial paper. In such a region there would be practically no occasion for an extension of loans on commercial paper, in the sense in which such loans are generally now made. On the other hand, there would be actual need, for substantial industrial purposes, of further advances by collateral loans similar *in form* to mere speculative stock transactions. The

new law would, however, doubtless benefit such a locality in either of two ways. By making existing commercial paper a more liquid asset, the banks would to that extent be made more free to extend their loans of the kind that practically are not liquid assets. Moreover, many of the advances for industrial purposes which now take the form of collateral loans might, under the new system, doubtless be financed by commercial paper. Mr. Warburg stated before the Congressional Committee that commercial paper will, because of this change [the power of rediscount] largely take the place of the call loans upon collateral securities as the secondary reserve of our banks, thus making available for the business community a large amount of money which up to the present time, because of the inherent defects in our banking system, has necessarily been denied them. [Conway & Patterson, pages 99-100.]

It is, therefore, essentially fallacious to undertake to ignore the totality of business in a city or region, and to pick out a particular class or classes of business as the kind of business to be affected by the new Federal reserve system. This is true for two reasons: (1) Because the increased fluidity of commercial paper means increased banking facilities in every city that has any commercial paper at all, whether it is necessary to extend that line of business or not; and (2) because it is impossible to tell how much business which the necessities of the present system cause to be financed in other ways will hereafter come to be financed through commercial paper.

Necessarily, therefore, the importance of *all* business, rather than any single part of the commercial business of a city, is to be emphasized. It is, however, to be said, for what it is worth, that Baltimore is the center of the greatest volume of the commercial credits which may at least be assumed to constitute a basis of need for expansion in the handling of commercial paper by banks, and for the development of the rediscounting business by the reserve banks. It is unnecessary to repeat at this point what has already been said as to

the jobbing business and manufactures in Baltimore, and the thousands of accounts kept in the south. These accounts constitute a great mass of commercial credit, which is now financed through Baltimore merchants on their own credit, but may possibly in the future be financed through the rediscounting functions of the Federal reserve banks.

- (c) AS THE PRINCIPAL ATLANTIC SEAPORT OF THE SOUTH, WITH DIRECT AND EASY MEANS OF COMMUNICATION BY LAND WITH NEW YORK, PHILADELPHIA, CHICAGO, BOSTON, CLEVELAND, AND GENERALLY ALL OTHER FEDERAL RESERVE CITIES, BALTIMORE IS THE NATURAL LOCATION OF THE FEDERAL RESERVE BANK FOR THE FIFTH DISTRICT, IF SUCH BANK IS SUCCESSFULLY TO PERFORM ITS BROADEST, AND IN TIMES OF STRESS MOST IMPORTANT, FUNCTIONS IN (1) KEEPING IN CLOSE TOUCH WITH AND INFLUENCING GENERAL MONEY AND CREDIT CONDITIONS; (2) CO-OPERATING WITH THE OTHER FEDERAL RESERVE BANKS FOR THESE PURPOSES, AND ALSO IN DEVELOPING THE COLLECTION FACILITIES OF THE NEW SYSTEM AND MAKING POSSIBLE PRACTICALLY FREE DOMESTIC EXCHANGE THROUGHOUT THE UNITED STATES; (3) IN SUCCESSFULLY COMPETING IN THE MARKET FOR THE PURCHASE AND SALE OF FOREIGN EXCHANGE, WITH THE CONTROL OVER GENERAL MARKET CONDITIONS RESULTING FROM THE ESTABLISHMENT OF SUCH A BUSINESS; IN DEVELOPING THE USE AND SALE OF AMERICAN ACCEPTANCES, WITH CONSEQUENT INCREASED FACILITIES FOR THE DEVELOPMENT OF AMERICAN FOREIGN TRADE; AND GENERALLY IN DEVELOPING, AND AIDING THE DEVELOPMENT OF, FOREIGN CONNECTIONS OF THE RESERVE BANK AND OF THE MEMBER BANKS IN THE DISTRICT.

The Federal reserve banks are expected to be always with us, to constitute an integral part of the unified banking system which is to be in operation day in and day out

and year in and year out. The principal purpose of Congress, however, in devising this addition to our existing system, was evidently not so much to improve conditions at ordinary times as to provide a more satisfactory system in times of stress. The occurrence of panics and the inadequacy of the present system to deal with panics were undoubtedly foremost in the minds of Congress, as they have been in the minds of all who have interested themselves in banking and financial reform in this country. Except for certain so-called seasonal strains (which have not been greatly felt since the panic of 1907), our existing system has been fairly satisfactory in ordinary times. It is in times of stress that the weaknesses of the present system become manifest. These weaknesses it was the prime purpose of Congress to cure. The shifting of reserves from present reserve agents to the Federal reserve banks, the development of the business of rediscounting, and the issuance of a new form of currency, are the features of the new system that have received the greatest public attention. Of these three features, necessarily the first, probably to a considerable extent the second, and perhaps to some extent the third, will characterize the routine conduct of the business of the reserve banks, and may, therefore, constitute the greatest volume of their transactions.

In times of stress, however, to perform successfully the functions required of them, the Federal reserve banks must go beyond their mere routine business; they must have, and be able to exercise, broader powers. Primarily, they must be able to act in unison and to act not only with a comprehensive grasp of internal conditions in this country, but also with full knowledge of and as great control as possible over, general market and money conditions abroad and in the world markets. Congress has fully recognized these needs and has provided for them (1) by both the permissive and the compulsory powers granted to the Federal Reserve Board, and to the Federal reserve banks themselves, with reference to redis-

counting between districts, domestic exchange, collections and clearances [Section 11 (b), Section 16 (last two paragraphs), Section 13], and (2) by the broad powers, conferred upon the Federal reserve banks, to engage in so-called "open-market operations" of practically every kind, so far as foreign business is concerned [Section 14], and also by the extension of the powers of existing national banks with reference to foreign transactions [Section 13 (paragraph 5); Section 25].

Manifestly, Baltimore is, and Richmond is not, naturally adapted (1) to efficient communication and co-operation with the other Federal reserve banks, and (2) to the establishment and furtherance of foreign relations and connections (on the part of both the reserve banks and member banks), and to dealing in foreign exchange and developing the business of American acceptances in connection with export and import business.

With respect to relations between the different reserve banks, Baltimore obviously not only is geographically nearer, but already has much more intimate business relations than Richmond has with Boston, New York, Philadelphia and Chicago,—which are the reserve banks with which the reserve bank of the Fifth District would naturally have the most important relations. In the matter of mere distance and means of communication, Baltimore is in direct line of communication with every other Federal Reserve City yet designated. Baltimore is nearer than Richmond to every other city, except Atlanta and Dallas. Concerning existing relations between the cities, it is safe to say that Baltimore's relations are much more intimate than Richmond's with every other Federal Reserve City, not excepting Atlanta. Even Atlanta is in direct communication with Baltimore without going through Richmond. The fear so strongly expressed by North and South Carolina bankers of being connected with the Atlanta district, the emphasis which they lay on the total absence of banking transactions between Atlanta

and the Carolinas, and the fact (readily recognized by the Secretary of the Treasury) that Atlanta is in a borrowing, not a lending, district,—all go to show that the relations between the Fifth District and the Sixth District will be much less important and less intimate than the relations between most other adjoining districts. These considerations suggest that, when special interdistrict transactions become necessary, both the Fifth District and the Sixth District banks are much more likely to have business transactions with the more northern banks at Philadelphia or New York than they are to have transactions with each other.

Existing relations between Baltimore and the other large cities of the United States are also important with respect to the development of the collection and clearance facilities of the new system. The development of these facilities present great possibilities—practically free domestic exchange throughout the United States. The realization of these possibilities depends upon the *practical efficiency* with which the Federal reserve banks exercise their powers with respect to collections and clearance. Their legal powers are ample for these purposes. Prompt and efficient existing facilities will not, however, be supplanted, even by nominally free exchange and collection through the new banks, unless such *free* service is also actually *efficient*. Nothing could be more calculated to thwart the performance of these functions by the new system than the designation of Federal reserve cities which are situated out of the natural current of collections and exchange.

An illustration of the possibilities of the new system to effect changes in existing banking arrangements, and also of the fact that most businesses concentrate in large cities, is afforded by the bonding companies and by the insurance business. Baltimore is the place of origin of bonding companies. In the year 1913 the three leading Baltimore bonding companies paid in losses \$8,614,306, had total expenses



aggregating \$18,784,941, and total income amounting to \$21,254,365, and total assets worth \$25,571,120. [The Handy Chart of casualty, surety and miscellaneous insurance companies in America, published by the Spectator Company.] These companies do business in almost every part of the world. The nature of the business is such that most of it is done in or from large cities. Necessarily both in the collection of income and in the payment of expenses such a business requires frequent transfers of funds from one place to another. The transfers most frequent and greatest in amount are naturally those between the larger cities. The payment of losses involves not only the same frequency of payments over almost unlimited area but also (unlike transfers by a company to itself from one point to another) the additional element of providing exchange which will be worth par to all these numerous payees. Under existing conditions most of such payments made at distant points in the United States have to be made in New York exchange. If the collection facilities of the new system prove efficient, the bonding companies (and similarly all other insurance companies) can make pay losses anywhere in the United States from accounts kept with any member bank, instead of paying by a New York check or draft simply to make payment at par. In the case of the Baltimore companies the natural result, in such event, would be an increased use of Baltimore bank accounts and consequently increased deposits with Baltimore banks.

Manifestly the chance of supplanting existing facilities by the new system would be small if such exchange with Baltimore and collections at or from Baltimore had to be made through Richmond. The home office business of the Baltimore bonding companies and the business of insurance companies generally are but illustrations of businesses to be found in a large city like Baltimore, which require banking facilities, but which, in a smaller city like Richmond, either

do not exist at all, or are conducted and use banking facilities (including collection and domestic exchange) to an extent *at most* not relatively greater than the ratio between population or that between local clearing-house exchanges. In this case either ratio is, of course, one to five.

With respect to foreign relations, there is simply no room for comparison between Baltimore and Richmond. Baltimore is one of the most important seaports in this country. With the opening of the Panama Canal and the growth of South American trade it will become more important. It is the most important seaport south of Philadelphia. It has, and for years has had a large and growing export and import trade. It is well known in foreign commercial cities. It has existing relations abroad, which should form the natural nucleus, through the opportunities afforded by the new banking system, for the development of increased banking relations. Baltimore has a very large foreign exchange. [Testimony, pages 1039, 752. Secretary of the Treasury; Mr. Levi L. Rue; Mr. Newcomer.] It today creates foreign exchange, in connection with its exports of grain and similar products alone, amounting to over \$40,000,000 a year. [*Supra*, page 16.] With the present concentration of money in New York, this foreign exchange has to be sold through New York. The natural course of such foreign exchange would be to follow the goods from Baltimore. A Federal reserve bank at Baltimore should be the natural purchaser of any foreign exchange now created in Baltimore, but now sold through New York. With the new powers conferred upon member banks to accept drafts drawn upon them based on the importation or exportation of goods, and the powers conferred upon the reserve banks to discount such acceptances and to deal in foreign exchange, each stage of the financing of exports of grain and other commodities from Baltimore should naturally be consummated in Baltimore instead of being transacted in New

York as most of it now is. The power of the local banks to accept drafts drawn by the inland shippers of grain upon the local commission men who buy (for export) or finance the sale of this grain, and the opportunity to sell these acceptances to or have them rediscounted by a Federal reserve bank, would enable the local banks to extend through acceptances much larger credit than they can now extend when actual money or direct bank credit must be given. The ability to sell foreign exchange to a Federal reserve bank in Baltimore, or to local banks which could handle such foreign exchange directly through the local Federal reserve bank, would remove the need, on the part of Baltimore commission men, to sell or discount their drafts on European purchasers in New York. This consequently would remove the incentive for making their original loans or getting their acceptances in New York rather than from Baltimore banks.

By putting itself in the market for the foreign exchange that is now regularly for sale in Baltimore, the new reserve bank would begin business with an important line of foreign business of this kind, which should moreover constitute the nucleus of a growing general foreign business. In fact, primarily by such dealing in foreign exchange can the regional banks establish balances in Europe, which in times of stress may give them a much needed control over general market conditions and may measurably help them to prevent exports of gold from the United States, or even to bring about imports of gold.

The existence of present business relations between Baltimore and foreign countries not only offers an immediate field for existing banking business (*i. e.*, foreign exchange) which might be availed of by a regional bank in Baltimore. The fact that Baltimore is already well known commercially in England and in Europe, should also make it relatively easy for a Federal reserve bank at Baltimore to establish broader and more general relations abroad. Baltimore always has been

known, and necessarily is now known, throughout England and Europe, as one of the great American seaports, and a point to and from which a great part of the European imports and exports go. In the last few years Baltimore has become even better and more intimately known abroad, and still closer relations have been established between Baltimore and Europe. Today the majority of the stock of the Consolidated Gas Electric Light and Power Company of Baltimore is owned in England and in Europe, not by stock gamblers, but by English investors, who buy these securities for the income they yield, not to turn them over at a profit of a point or two above what they pay for them. In this way, Baltimore is already well known to a multitude of small investors, in England and throughout Europe, not only as a seaport and trading center, but as the site of important European investments. Only a year ago this same Company made an issue of debenture stock (a form of security popular in England but previously wholly unknown in this country), in an authorized amount of \$60,000,000, of which \$5,000,000 has already been issued and disposed of, principally in England and in Europe. Baltimore bonding companies, likewise, are well known abroad, and should, moreover, in their necessary transfers of funds in connection with their foreign business furnish foreign banking transactions which might be cared for through a Federal reserve bank. When existing artificial concentration of money in New York is removed, a Federal reserve bank at Baltimore should enter upon the exercise of its important open-market operations with a fair prospect of developing, like the New York, Philadelphia and Boston banks, its fair share of foreign business. Thus might it do its part towards establishing potential control (together with the other Federal reserve banks), over general money and credit conditions, which would make itself felt in times of stress.

The development of foreign connections, to an appreciable extent, by a bank with headquarters at Richmond would be simply out of the question. Richmond is not a seaport. It has no exports or imports. It is generally unknown abroad. The only foreign exchange which can be said to originate from Richmond is exchange in connection with exports of tobacco. As these goods are actually exported from the port of Baltimore, or other seaports, Richmond is not generally known abroad even in connection with the tobacco trade. There is no opportunity for the establishment of actual business relations between Richmond and Europe, and little even to make Richmond known in Europe, in the circumstance that Richmond is an inland city, which happens to be the headquarters of a number of tobacco buyers, who buy from Richmond (and other points in Virginia, North and South Carolina and Kentucky), tobacco grown in the fields of Virginia, North Carolina or Kentucky, shipped from Baltimore or other seaports, and paid for in New York exchange.

Mr. Warburg, in an article in the *North American Review* [October, 1913, page 540], said:

“The Owen-Glass Bill contains elaborate provisions for the development of bank acceptances and for dealing in foreign exchange. Both provisions are most appropriate, for without creating an effective machinery covering these two items the law would not achieve its aims.”

In the same article Mr. Warburg urged that the number of regional banks be limited to four or six. Without entering debated territory, on this much debated question of the number of regional banks, it can certainly be said that the inherent difficulty of maintaining uniform policy and harmonious action among a large number of regional banks,—especially with respect to just such matters as the development of bank acceptances and dealing in foreign exchange—enhances the importance of locating twelve banks with a due regard to the customary course of business, including existing relations between the several cities designated.

## IV.

## MISCELLANEOUS.

The Organization Committee, in a statement issued under date of April 10th, 1914, undertook to give reasons in defence of its action in designating Richmond rather than Baltimore as the Federal Reserve City in the Fifth District. In the speech of Honorable Carter Glass on April 8th, 1914, practically the same reasons were stated. Most of these reasons we have already referred to. Some which we have thus referred to, and others which we have not yet specifically mentioned, may be considered at this point.

The reasons relied on by the Committee are inconsistent with the only test prescribed by Congress. Moreover, except in the cases of Baltimore and New Orleans, these alleged reasons were completely ignored by the Committee whenever they would have led to the selection of a city other than the business capital of a district.

## NATIONAL BANKS AND OTHER BANKS.

On June 4th, 1913, there were in the United States 29,254 banks, of which 7,473 were national banks. On the same date the capital, surplus and profits of all banks in the United States was \$4,448,689,221, and of national banks was \$2,045,667,547. The deposits of all banks amounted to \$18,010,731,188, and of national banks to \$6,021,848,465. In other words, the national banks constituted in number barely one-fourth, in capital surplus and profits less than one-half, and in deposits one-third of the total banking power of the United States. (Report of Comptroller of Currency, 1913, page 46.)

All this banking power outside of the national banks was ignored by the Organization Committee in the figures offered in support of its designation of reserve cities. In its statement of April 10th, the Committee said:

“It should be borne in mind that the Committee could consider primarily only the statistics with reference to assenting banks. In this section of the country [referring to the New Orleans District] as in most others the assenting banks were the *national* banks.” (Page 19.)

As we have already pointed out, the new banking system was not created solely to handle the business now passing through national banks. The new system is, on the contrary, intended to constitute but the governing or regulating part of one comprehensive system embracing all banks.

The Act requires all national banks to signify their assent within a short time. This assent has already been expressed by practically all the national banks. The Act, however, carefully avoids imposing any absolute limit of time within which other banks may become members of the system. It was certainly never anticipated that State banks and trust companies would generally, or to any large extent, become members of the new system within the sixty days prescribed by the Act. It would be manifestly opposed to the purposes of Congress to organize the new system on the assumption that only those banks which have *already* signified their assent will *ultimately* be technically members of the new system, and that in organizing the new system all the enormous banking power outside of the national banks shall be disregarded.

#### THE PER CAPITA THEORY.

It is urged by the Committee in justification of their action that on March 4th, 1914, the capital and surplus of the national banks of Richmond were twice as much as the

capital and surplus per capita of the national banks of either Baltimore or Washington; the individual deposits in Richmond national banks \$201 per capita as against Baltimore \$76, and loans and discounts in Richmond national banks \$279 per capita as against Baltimore \$108. (See page 26, Committee's Report of Decision).

This is simply juggling with figures. If it means anything, it means that when the per capita of individual deposits, capital and surplus, or loans and discounts is greater, by so much is the city having the greater per capita a better city for a Federal Reserve City. This proves too much. It proves that Richmond is better entitled to be a Federal Reserve City than New York, Philadelphia, Chicago or Cleveland.

	<i>Capital and Surplus per Capita</i>	<i>Individual Deposits per Capita</i>	<i>Loans and Discounts per Capita</i>
	<i>Mch. 4, 1914.</i>	<i>Mch. 4, 1914.</i>	<i>Mch. 4, 1914.</i>
Richmond. . . . .	\$73	\$201	\$279
New York. . . . .	52	161	227
Philadelphia. . . . .	40	119	153
Cleveland. . . . .	25	72	112
Chicago. . . . .	31	97	154

(Committee's Report, page 15.)

Thus the per capita theory has nothing to do with the case. A small town with few banks may show better on a par capita basis than a very large city with many times the trade, business and banking resources of the small town.

#### STATES AND CITIES.

Most strangely at variance alike with the Act of Congress, and with the other reasons relied on by the Organization Committee, and the Honorable Carter Glass, is the



curious citation of comparative *national* bank statistics for the *States* of Maryland and Virginia (Statement of Committee, page 21). This use of figures ignores alike (1) the fact that cities, not states, are to be designated; (2) the express authority of the Act to disregard State lines (which authority has actually been exercised in the case of the Fifth District, as well as in every other district except the First and the Second); (3) the existence of banks other than national banks; and (4) the Committee's own favorite per capita theory. We have already pointed out that the resources of all banks in Baltimore City alone exceed the resources of all banks not only in Richmond but in the whole State of Virginia. The Committee limits its comparison to national banks. Richmond, however, does not embrace the whole State of Virginia. Even geographically it is not as near as Baltimore to a great part of the State of Virginia. The per capita theory is, however, most curiously ignored in this most curious comparison. Although the State of Maryland has about one-fourth the area and one-half the population of the State of Virginia, the Committee's figures show the capital and surplus, individual deposits and loans and discounts of *national* banks alone to be almost the same in the two States. If *all* banks are considered, the figures for Baltimore exceed those for the whole State of Virginia.

#### LOANS IN THE SOUTH.

Perhaps the most startling use of figures by the Committee is its comparison (page 25) of loans and discounts made by the *national* banks of Richmond and Baltimore, respectively, in "the thirteen southern States,"—showing a total of over \$33,000,000 for Richmond, and less than \$7,000,000 for Baltimore. At first blush, these figures certainly seem imposing. On examination, it appears, however, that these

*thirteen* southern States include *nine* States south of the Fifth District, and *include Virginia*, but *do not include Maryland*. In other words, this imposing comparison really means only this, and nothing more,—that the Richmond banks lend more money in Richmond than the Baltimore banks do.

These figures are followed by the statement that “The figures also show that in these portions of district No. 5 outside of the States of Virginia and Maryland, the Richmond national banks are lending twice as much money as all the national banks in Baltimore and Washington combined.” This is a good illustration of the utterly fanciful comparisons resorted to to defend the designation of Richmond instead of Baltimore. The Act requires the Committee to pay due regard to the customary course of business in the whole district. The district comprises five States, and the District of Columbia. To compare, therefore, the relative claims of Baltimore and Richmond, the Committee ignores the three principal cities in the district (including Baltimore and Richmond themselves), and three out of the six territorial divisions (including the two principal States, so far as the banking business is concerned). It is difficult to characterize such a comparison. If the reserve city for the Fifth District were to be located on the Pacific Coast, and the choice of a reserve city for the Twelfth District lay between Baltimore and Richmond, some such comparison might be very important. As it is, we fail to understand what possible significance this comparison can have.

#### POLL OF BANKS.

Of all the subjects which received elaborate discussion and consideration in Congress prior to the enactment of the Federal Reserve Act, probably none was more fully discussed than the question how and to what extent the wishes of member banks are to control the operation of the new system. It

is impossible to suppose that anything on this subject which is either included or omitted in the Act has been so included or omitted by inadvertence. It must be assumed that the elaborate provisions in the Act prescribing and limiting the powers of member banks as such and the method by which they may cast their votes measure the full extent to which Congress intended the operation of the new system to be controlled by the votes of member banks.

With respect to the division of the country into districts and the designation of Federal Reserve Cities, the Act leaves nothing whatever to the decision or vote of the member banks. On the contrary, it leaves the matter to be determined by the Committee and the Federal Reserve Board, with due regard to the customary course of business and without regard to State lines.

This stands to reason. The committee was dealing with the whole country, and its action as to each city and each district was to be for the good of the whole system. The wishes of individual banks might represent their individual interests, but ignore the interest of others whether in the same or in an adjoining district. Therefore, the law wisely placed the determination of the city and district in the hands of a central committee, whose outlook extended over the whole country, and even made their action subject to review by an independent board fairly representing the different commercial industrial and geographical divisions of the country. The proper relation of the parts to the whole was most important, and, therefore, individual preferences of banks and financial institutions were to be ignored, and full authority placed in a central body.

The Committee, without regard to the customary course of business, has apparently been guided almost entirely by the supposed wishes of member banks, and directly and indirectly by consideration of State lines. The Committee not only ascribes great, indeed controlling, importance to the poll of

the *national* banks in District No. 5; it also discusses this poll of banks largely with reference to State lines, concluding that the wishes of Virginia, North and South Carolina should outweigh the wishes of Maryland, District of Columbia and West Virginia. The poll itself and the circumstances under which it was taken, moreover, demonstrate that sentimental considerations and other considerations quite apart from the customary course of business principally determined the result of the poll. In the first place, Richmond, as the sentimental capital of the South, undoubtedly got a great many votes entirely regardless of all business considerations. For similar reasons, the States of North and South Carolina, having looked to Richmond to save them from Atlanta, doubtless to a considerable extent would feel constrained by loyalty to vote for Richmond even as against Baltimore. As a matter of fact, however, the North and South Carolina bankers evidently believed that the contest lay between Richmond and Atlanta, and did not contemplate the creation of a district which would include Baltimore. Accordingly only one vote from these two States was cast for Baltimore, and three for Washington, as against fifty-five for Richmond, although Mr. Rhett, one of Richmond's advocates from South Carolina, only ventured the estimate that from 60 to 80% of the South Carolina banks would prefer Richmond as against Baltimore. The remaining forty-seven votes from the Carolinas were cast for Carolina cities.

On the Committee's own basis of consideration by States, the State of Maryland was practically unanimous for Baltimore; the District of Columbia was unanimous for Washington, but, as against Richmond, of course, desired either Baltimore or Washington, as the Committee itself recognizes (page 24). West Virginia cast five more votes for Baltimore than for Richmond, and more votes each for Pittsburg and for Cincinnati than for Baltimore, illustrating the fact that the vote was cast without knowing what would be the boun-

daries of the District. Unquestionably, as between Baltimore and Richmond, the Committee's poll shows that Maryland and the District of Columbia would unanimously and West Virginia overwhelmingly prefer Baltimore. Except for sentimental and similar considerations, a large part of Virginia itself and both the Carolinas would prefer Baltimore to Richmond. The Committee's own figures (page 25) show that for the national banks alone in the Fifth District the totals, both of individual deposits (\$174,159,561) and also of capital, surplus and undivided profits (\$62,284,814), of the national banks (in the Fifth District) in Maryland, West Virginia and the District of Columbia exceed such totals for Virginia, North and South Carolina combined (deposits, \$150,269,928; capital, etc, \$57,404,156). If all banks were included, the disparity as against Virginia and the Carolinas would be greater. (Total capital, surplus and profits, June 4th, 1913, for *all* banks in Virginia, North and South Carolina, \$115,974,629.30; Maryland, District of Columbia and West Virginia, \$142,353,380.75. [Comptroller's report, 1913, page 49.] Deducting one-sixth of West Virginia total, to allow for Panhandle banks, leaves over \$137,000,000 for Maryland, District of Columbia and remainder of West Virginia. *National* bank figures for August 9th, 1913, show barely *one-eighth* of West Virginia totals in Panhandle counties. Total individual deposits, June 4th, 1913, for *all* banks in Virginia, North and South Carolina, \$299,204,951.43; Maryland and District of Columbia alone, \$332,928,118.63; Maryland, District of Columbia and West Virginia, \$458,515,093.13; Maryland, District of Columbia and *five-sixths* of West Virginia total, over \$437,000,000).

The total vote, regardless of State lines, shows not only the same effect of sentimental considerations and of the fact that the voters did not know that the choice lay between Richmond and Baltimore, but also the disparity between the *number of banks* and *banking power*. Virginia and North and South Carolina had two hundred and twenty-four votes;

Maryland, the District of Columbia and West Virginia only two hundred and seven. This disproportion between the number of votes and the amount of business of all kinds (including banking) done in these respective parts of the District results not only (1) from the large number of small country banks in the Carolinas and Virginia, as compared with the relatively smaller number of much larger banks in Baltimore and Washington, but also (2) from the fact that the State banks and trust companies, which have no vote at all, are relatively much less important in Virginia than in Baltimore.

Notwithstanding the sentimental and other considerations not proper to be considered by the Committee, which, however, undoubtedly swelled the Richmond vote, and the inequality of the whole scheme of voting,—which gave the same weight to a country bank with \$25,000 capital as to the largest bank in Baltimore and which gave no weight at all to the trust companies in Baltimore and elsewhere in the district,—the total vote for Richmond was but thirty-nine in excess of the vote for Baltimore, while twenty-five votes were cast for Washington, thirty-five for Pittsburg, twenty-seven for Cincinnati, and two for New York. So far as business considerations are concerned, any bank which voted for Pittsburg, Washington or New York should prefer Baltimore to Richmond, to say nothing of the fact that, if business considerations alone governed, undoubtedly a large number of the banks in both the Carolinas, as well as a larger number from Virginia, would vote for Baltimore.

The real facts, therefore, are: (1) That even the *vote* taken by the committee fails to show that Richmond would have received a larger vote than Baltimore had the voters known that the choice lay between Richmond and Baltimore; (2) that many of the votes for Richmond were cast for sentimental and other reasons quite foreign to business considerations; (3) that, in professing to follow a *vote* of member banks, *i. e.*, national banks, the committee did not follow the *wishes* of the banking interests—or even of the national

banking interests—in the district, or of the *customers* of the banks in the district, *i. e.*, the commercial, industrial and agricultural public. The *wishes* of the banking interests of the district—of the stockholders, depositors and customers—are in favor of Baltimore, if such wishes are to be ascertained by any method which makes allowance for the difference between a small country bank, with few stockholders, few customers and little business, and a large city bank, with many stockholders and customers and a very large business. The “one bank one vote” method—which Congress refrained from applying to the designation of Federal reserve cities, but which the committee professes so to have applied in the Fifth District—not only subordinates the interests of the country as a whole to local interests, but also subordinates to the wishes of the *bankers* in the district (*i. e.*, the national bank officers and directors), the wishes of the owners of the banks (*i. e.*, the stockholders) and the customers (*i. e.*, the general commercial, industrial and agricultural public which deals with the banks).

The Committee itself, however, has not really been governed to any substantial extent by the votes of member banks either in dividing the districts or in designating the reserve cities. If it had been so influenced, Connecticut and New Jersey would have been put in the New York District, and West Virginia would have been put in the Fourth District, with Pittsburg, instead of Cleveland, as the reserve city. (Congressional Record, pages 7731-7733.)

#### INCONSISTENCY OF COMMITTEE'S REASONING IN FOURTH AND FIFTH DISTRICTS.

The choice of Cleveland in the Fourth District strongly shows how little real weight the arguments urged by the Committee as controlling in the Fifth District had in the Fourth District. The choice of Cleveland is justified by the following single paragraph:

“The Committee named as cities for the location of Federal reserve banks New York, Chicago, Philadelphia, St. Louis, Boston and Cleveland. In population these are *the six largest* cities in the United States; their geographical situation and all other considerations fully justified their selection.” (Page 24.)

So far as geographical situation is concerned, it will be observed that Cleveland is on the northern edge of the district, and is at least no more accessible than Pittsburg to the other parts of the district. The only other consideration mentioned is that Cleveland is the *sixth* largest city in the United States. That is to say, Cleveland, the *sixth* city, with 560,663 persons, is slightly larger than Pittsburg, the *eighth* city, with 533,905. Baltimore, the *seventh* city, with 558,485 (*practically the same as Cleveland*), is, however, subordinated to Richmond, the *thirty-ninth* city, with 127,628 persons—for the alleged reasons which we have already discussed. It is interesting to note what force these reasons had in the selection of Cleveland rather than Pittsburg, which has a population over 95% of that of Cleveland.

District No. 4 comprises the State of Ohio and parts of Pennsylvania, Kentucky and West Virginia. In Pennsylvania the vote was 256 for Pittsburg and 3 for Cleveland. In Kentucky and West Virginia, Cleveland did not receive a single vote, and in Ohio itself the vote was 150 for Cincinnati to 107 for Cleveland. In the whole district Pittsburg received 291 votes, Cincinnati 194, and Cleveland 110, out of a total of 685. In capital and surplus the Committee's figures for national banks show a total of \$14,400,000 for Cleveland as against \$46,714,000 for Pittsburg; individual deposits, for Cleveland \$40,479,025, for Pittsburg \$120,260,088; loans and discounts, Cleveland, \$62,588,735, Pittsburg \$124,568,231. On the per capita basis, the comparison is, capital and surplus, Cleveland \$25, Pittsburg \$88; indi-



vidual deposits, Cleveland \$72, Pittsburg \$225; loans and discounts, Cleveland \$112, Pittsburg \$233.

Of so little consequence to subordinate the *sixth* city to the *eighth* city where the reasons now urged to defend the subordination of the *seventh* city to the *thirty-ninth*.

[We, of course, intimate no opinion on the question whether *in fact* Cleveland is (when allowance is made for suburbs or metropolitan district) larger than Pittsburg. We are not concerned with the accuracy or inaccuracy of the *application* by the Committee of the reasons assigned by it for its choice of the Federal reserve city in the Fourth District. The point we make is that the reasons—whether properly applied or misapplied—relied on by the Committee to justify its action in the Fourth District, have been ignored in the Fifth District.]

#### INCREASE.

The last excuse offered by the Committee for selecting Richmond instead of Baltimore is that the capital and surplus, loans and discounts and individual deposits of the *national* banks of Richmond show a greater percentage of increase in ten years than the same figures for the national banks of Baltimore. Fundamentally, such a comparison is unjust to Baltimore, being limited to national banks alone, thus leaving out of consideration the trust companies, which, largely for the purpose of financing the development of the South, have been brought to their present condition in Baltimore. The figures filed as Exhibits Nos. 4 and 5 with the brief for Baltimore before the Organization Committee show an increase in clearings of 72% in the ten year period from 1903 to 1913, and an increase in individual deposits from April, 1909, to June, 1913, for *all* banks and trust companies in Baltimore of 24%.

The Committee, however, properly had absolutely nothing to do with increases as such. Its own figures show that the national banks alone in Baltimore have shown a steady increase in deposits and resources in the past ten years. Whether this increase amounts to the same, a greater or a less percentage of increase than the corresponding increase in Richmond is wholly immaterial. The Committee has to do with the present, not with the past, or with dreams of the future. It is to be guided by a due regard for the customary course of business. If, in the remote future, Richmond—or any other now relatively insignificant city in the district—should grow larger than Baltimore in population or in business, so that the customary course of business should be different from what it now is, this board may then, under its powers to readjust districts, change the Federal Reserve City in the Fifth District to meet the change in the customary course of business. At present such a future is too remote even to speculate about.

It is peculiarly idle to compare rates of increase in a large city and in a city of one-fifth its size. It is a trite and obvious, but nevertheless adequate, answer to such comparison, to say that the smaller city has so much more room to grow that a larger percentage of increase may fairly be expected. If percentage of increase were to be accepted as a criterion, probably most of the twelve Federal Reserve Cities would be in Oklahoma. Even in the Fifth District doubtless some boom towns can be found which would stand ahead of either Richmond or Baltimore. Richmond is by no means a boom town, either in age or characteristics. It is, however, but the simple truth to say that, as Baltimore began earlier to recover from the effects of the Civil War, while Richmond was late in making such beginning, it would be but natural that Richmond's recovery thus longer deferred, should now, for a time at least, proceed at a relatively higher rate than the increase of Baltimore, which has

proceeded along more even and normal lines for many years. However this may be, it is futile to speculate on the obliteration—within any time that could now be remotely foreseen—of the difference in population and business which now exists between Richmond and a place five times as important.

This test, moreover, is a purely accidental one, which proves nothing, and which, the Committee's figures show, in no sense influenced its decisions. Of the twelve cities designated as Federal Reserve Cities, the capital and surplus of the national banks of San Francisco show an increase from 1903 to 1913 of 300%. The same figures for Cleveland show a *decrease* of 6.5%, and for Boston an increase of 2.7%; for Baltimore the increase was 4.4%. In loans and discounts the increase for San Francisco was 313%; for Cleveland, 24%; Boston, 21%; St. Louis, 22%, and for Baltimore, 35%. In individual deposits the increase for San Francisco was 308%; for St. Louis, 32%; Philadelphia, 33%; for Baltimore, 38%, and for New York City, 41%. (Statement of Committee, page 12.)

#### BRANCH THEORY.

In the examination of witnesses who testified before the Organization Committee in favor, respectively, of Washington, Baltimore, Richmond and Philadelphia, the witnesses were frequently asked by the Secretary of the Treasury, or by the Secretary of Agriculture, whether the particular city then being urged before them as a Federal Reserve City would not be as well served by a *branch bank*, the idea seeming to be that if a city could be served by a *branch bank*, it did not make much, if any difference, where the "headquarters" or "parent" bank was located in the district.

This view contains, of course, a very transparent fallacy. Branch banks are provided for by Sec. 3 of the Act:

“Each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located \* \* \*. Such branches shall be operated by a board of directors under rules and regulations approved by the Federal Reserve Board \* \* \*. Four of said directors shall be selected by the reserve bank and three by the Federal Reserve Board \* \* \*.”

It seems mandatory for the reserve bank to establish branches in its district, although no time is fixed for this, nor is the selection of the places where the branches shall be established governed by any rules other than the judgment or discretion of the reserve bank of the district.

The question of the location of branch banks does not come before the Organization Committee at all. They have no power to designate them. Their only concern is with the location of the Federal Reserve Bank in the district and to accomplish this duty they are enabled by the Act to employ experts and take testimony.

If this were not so, the purposes of the Act could be frustrated, and Federal reserve cities be selected from personal, sentimental or political reasons under the specious plea that the real city of the district entitled to the parent bank could fairly well be served by a branch bank. For example,—Albany, Harrisburg and Richmond, could be selected as the homes of the parent regional banks, whilst New York, Philadelphia and Baltimore could be served by branch banks.

In this way, and under this theory, the commercial metropolis of the district, where the greatest amount of trade and commerce centers, could be ignored.

This is, of course, not only contrary to the meaning of the Act, but contrary to reason. The branch is always inferior to the main thing of which it is the branch. This is clearly perceived by the bankers who testified before the Committee.

Thus, Levi L. Rue, President of Philadelphia National Bank and Chairman of the Clearing House Committee of Philadelphia, in substance says on this point:

“\* \* \* But the question you have got to solve,—where is the logical and best place to establish the head office. The head office ought to be where trade is concentrated, and where the vast amount of trade passes, because there a bank can more properly fulfill its functions.” (Page 1070.)

“The management of the head bank have got such tremendous problems to deal with in extending credit to any section which belongs to them. They must be men that are in touch with the great flow of trade and commerce. They must be men that have broad knowledge; men who are, I say, in touch with things and where the great commerce of that district concentrates. They must be. Now that naturally is true of the metropolis of the District.” (Page 1075.)

Even after Mr. Seay, who testified for Richmond, and wrote the Richmond brief, had admitted in his testimony that Richmond might be as well served by a branch bank, though the country tributary thereto might not (page 866), the Richmond advocates felt that a mistake had been made and put up Mr. Oliver J. Sands, President of American National Bank, Richmond, to counteract this idea. He says that “a branch bank would only operate and care for the particular location in which it served, and its lines of influence would be more or less limited” (page 899). “Those of us in practical business here who have had to deal with branches, know that it is not possible under the ordinary operations of business, to operate branches with the same facility and dispatch in handling business that you can with the head office, because that is the court of last resort.” (page 898.) Mr. Sands thought Richmond better for a headquarters bank, as he claimed that Baltimore was four and a half to five hours further from all the southern points, and meant the loss of a day’s business to the bankers of the south, an argument which might have had some little force in it when the northern edge of the district was proposed to be the Potomac River, but of

no force at all with the district as now constituted. (Page 898.)

There is no logic or reason in making Richmond the headquarters and Baltimore the branch. It would be like the tail wagging the dog.

#### EFFECT OF ACTUAL ESTABLISHMENT OF BANK AT RICHMOND.

On this review, the fact of the actual establishment of the bank at Richmond, of course, should have no effect. The review of the decision of the Reserve Bank Organization Committee by the Federal Reserve Board was intended to be a real review. In the absence of any rules of procedure it is not specified whether the method of review shall be by application to the Committee or to the Federal Reserve Board when constituted. Pending, however, the appointment and organization of this latter Board no rights of review can be lost or impaired by any proceeding of the Committee.

All this is fully set forth in the protest of the Banks of Baltimore to the Reserve Bank Organization Committee of April 29th, 1914, in which they were asked not to organize the Federal Reserve Bank for the Fifth District at Richmond, nor to proceed to collect subscriptions on the stock.

The Committee replied that the statute made it *mandatory* for them to proceed with the organization of the bank at Richmond, basing their contention on the use of the word "when." "*When* the minimum amount \* \* \* shall have been subscribed and allotted, the Organization Committee shall designate any five banks \* \* \* to execute a certificate of organization," etc. [Section 4].

The word "when," however, in this context does not mean "at the very moment." The word fixes a time before which the bank cannot be organized. It cannot be organized until

the minimum amount prescribed by the Act shall have been subscribed and allotted. When this is done, it shall be the duty of the Organization Committee to appoint the five banks to execute the certificate of organization; but not that this duty must be exercised on the very day the minimum amount is subscribed. In other words the subscription of the minimum amount is a condition without which they cannot organize the bank.

The word "when" frequently has this meaning in statutes.  
40 Cyc. 921.

However this may be, it is quite certain under the statute that the Organization Committee had in their hands the question of the time when the first one-half of the subscription should be paid. There was no reason for making a call pending this application for review.

The correspondence referred to is herewith inserted.

APRIL 29<sup>TH</sup>, 1914.

*To the "Reserve Bank Organization Committee."*

*Gentlemen:—*

The Regional Reserve Bank Committee of Baltimore, representing all the citizens of Baltimore, respectfully pray for a review of your decision designating the City of Richmond, instead of the City of Baltimore as the Federal Reserve City in the Fifth Federal Reserve District, under the Federal Reserve Act; and hereby also give notice that a similar application for Review will be made to the Federal Reserve Board as soon as it is constituted and organized, and under such form of procedure as it may provide.

The Baltimore Committee calls attention to the fact that the proposed bank at Richmond is using every effort to per-

fect an organization so that it will be the more difficult for the Federal Reserve Board to effectively review your decision.

The Baltimore Committee suggests that this is an injustice which should not be allowed, and its prevention lies in your hands.

When the Act of Congress gives a right of review from your decision to the Federal Reserve Board, which will be one of the most powerful, and it is expected, most highly efficient organizations in this Country after the Supreme Court of the United States, and, perhaps, the Interstate Commerce Commission, it means a real bona fide right of review, unobstructed and unhampered,—it means that the Board of Review shall approach the examination of the question submitted with the view of deciding, under circumstances free from all embarrassment, whether the Reserve Bank Organization Committee has designated the Federal Reserve city in question, in accordance with the spirit and letter of the Act of Congress, and in such a way as to subserve and not partially to frustrate the real objects of the Act.

The Baltimore Committee suggests that it is not responsible for any delay in starting proceedings for review, but that such delay is occasioned solely by the fact that the Federal Reserve Board, which is to hear and decide the application for review, has not yet been constituted.

It would seem, therefore, grossly unjust that pending the period of waiting for the appointment and organization of the Federal Reserve Board, the projected bank at Richmond should with your official help and assistance be allowed to perfect an organization under the Act of Congress as if the decision of the Reserve Bank Organization Committee was final. This method treats the application for review, which it was well known would be formally made, as amounting to nothing,—and really helps to *prejudge* the case.



Up to the present time, subscriptions to stock in the Federal Reserve Bank of Richmond have been made. *This* is really no obstruction to a review, as the bank is really the Federal Reserve Bank of the Fifth District, and would be the same bank, except in name, even if Baltimore were designated as the result of the Review as the Federal Reserve City of the Fifth District. In the contemplation of the Act, the bank would be the same, the only change being the change of name from "The Federal Reserve Bank of Richmond" to "The Federal Reserve Bank of Baltimore."

*But the Act of Congress puts the collection of the subscription and the Organization of the Bank as a corporation in your hands.*

The Act provides:—

"One-sixth of the subscription to be payable on call of the Organization Committee or of the Federal Reserve Board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal Reserve Board, said payment to be in gold or gold certificates."

So that you have in your hands the question of the time when the first one-half of the subscription shall be paid.

You have further in your hands the time when the Bank shall be allowed to organize and become a corporation, capable of enforcing its subscriptions to stock.

The Act of Congress gives you the right to select five banks to execute a certificate of organization therein fully described, and it is only on the due execution of this certificate and on its being filed with the Comptroller of the Currency that said Federal Reserve Bank becomes a corporation. This is what we meant by stating that it was only by your official help and assistance that the projected bank at Richmond could perfect its organization.

So the question comes to this: Is it just to Baltimore to officially assist the organization of the projected bank at Richmond, thereby giving matters a set and apparent conclusiveness, pending the hearing of the application for Review before a Board not yet constituted?

We respectfully suggest that it is not just nor right. The application of Baltimore for a review is bona fide and earnest. She is fully convinced that the spirit and letter of the Act of Congress have not been followed in the designation of Richmond; that it amounts to an official attempt to turn back the ordinary and usual course of trade and business, that it is taking from Baltimore that to which her pre-eminence as the financial and trade center of the Fifth District entitle her; and she only asks that she be allowed to present her case fully and completely before the Federal Reserve Board, unembarrassed and unhampered by any further organization of the Bank of Richmond.

The Baltimore Committee, therefore, respectfully requests, in view of the foregoing statement, that the "Reserve Bank Organization Committee" shall do nothing further toward officially assisting in the organization of the bank at Richmond until the application for review be fully heard and decided.

EDGAR H. GANS,

AND

CHARLES MARKELL,

of Gans & Haman,

*Counsel to Baltimore Committee.*

## RESERVE BANK ORGANIZATION COMMITTEE.

WASHINGTON, D. C., MAY 1, 1914.

*Messrs. Gans & Haman,  
Counsel to Baltimore Committee,  
1137 Calvert Building,  
Baltimore, Maryland.*

*Sirs:—*

On behalf of the Reserve Bank Organization Committee, I beg to acknowledge the receipt of your letter of April 29th, and to advise you that the same has been submitted to and considered by the Committee.

You request on behalf of the Regional Reserve Bank Committee of Baltimore:

First: That the decision of the Reserve Bank Organization Committee designating Richmond as the Federal Reserve City for District No. 5, be reviewed by the Committee.

Second: That pending an application to be made by your Committee to the Federal Reserve Board when organized for a review of the Committee's decision that no steps be taken by the Committee in the matter of the organization of the Federal Reserve Bank of Richmond.

In response to your first request, your attention is directed to that part of Section 2 of the Federal Reserve Act, which provides that:

“\* \* \* ‘The Reserve Bank Organization Committee’ shall designate not less than eight nor more than twelve cities to be known as Federal Reserve Cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal Reserve Cities. The determination of said Organization Committee shall not be subject to review *except by the Federal Reserve Board when organized.*”

The Committee has already filed the certificate required by law with the Comptroller of the Currency designating the several Federal reserve cities and defining the geographical limits of the districts to be served. Accordingly the matter is no longer in its hands, and under the clear provisions of the Act its determination is reviewable only by the Federal Reserve Board when organized.

In response to your second request that the Organization Committee defer the organization of the Federal Reserve Bank of Richmond until Baltimore has submitted its appeal to the Federal Reserve Board when organized, I am instructed to direct your attention to that part of Section 4 of the Federal Reserve Act, which reads as follows:

“When the minimum amount of capital stock prescribed by this Act for the organization of any Federal Reserve Bank shall have been subscribed and allotted, the Organization Committee *shall* designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state,” etc.

I am also instructed to direct your attention to that part of Section 2 of the Federal Reserve Act, which reads as follows:

“When the Organization Committee shall have designated the cities in which Federal Reserve Banks are to be organized, and fixed the geographical limits of the Federal Reserve Districts, every national banking association within that district shall be required within thirty days after notice from the Organization Committee, to subscribe to the capital stock of such Federal Reserve Bank in a sum equal to six per centum of the paid-up capital stock and surplus of such bank. one-sixth of the subscription to be payable on call of the Organization Committee or of the Federal Reserve Board, one-sixth within three months,” etc.

Pursuant to this provision of Section 2, the Organization Committee gave notice on April 8th to all national banks which had signified their intention of entering the Federal reserve system that the applications provided for stock in the banks of their respective districts should be filed with the Committee within thirty days as prescribed by law. The time limit will accordingly expire on May 8th, and according to the mandatory provision of Section 4, above referred to, the Committee is required to designate five banks to execute the organization certificate and is not empowered by any provision of the Federal Reserve Act to waive or disregard this obligation at the request of the representatives of any city.

Your petition for review will be called to the attention of the Federal Reserve Board as soon as that body has been organized. It is not probable that the Committee will call for the payment of any installments of the subscriptions to stock of any Federal Reserve Bank before the organization of the Federal Reserve Board, but under its interpretation of the sections referred to its duty to proceed with the organization of all Federal Reserve Banks is mandatory and not discretionary, and accordingly your request must be denied.

Respectfully,

M. C. ELLIOTT,

*Secretary, Reserve Bank Organization Committee.*

#### CONCLUSION.

The people of Baltimore (as well as great numbers of people throughout the United States) feel that a great mistake has been made. They are seeking in manner prescribed by law to have this mistake rectified. How the mistake was made is immaterial. The important thing is that it be cor-

rected. Justice to Baltimore demands this. The success of the new system requires it, in order that the people of the United States may be assured that the new system is to be administered with a strict impartial adherence to the letter and spirit of the law, and is not, at the very outset, to be controlled by considerations (even though they may be entertained in good faith) utterly inconsistent with the law.

We respectfully submit that this Board, reviewing the decision of the Organization Committee, should designate Baltimore as the Federal Reserve City in the Fifth Federal Reserve District.

EDGAR H. GANS,

AND

CHARLES MARKELL,

OF GANS & HAMAN,

*Counsel for the Regional Reserve Bank Committee of Baltimore.*

## Appendix.

"APPENDIX A."

LIST OF ALL CITIES IN THE FIFTH FEDERAL RESERVE DISTRICT IN WHICH A NATIONAL BANK IS LOCATED, WITH NUMBER OF NATIONAL BANKS, AGGREGATE CAPITAL AND SURPLUS AND TOTAL RESOURCES OF ALL NATIONAL BANKS IN THE FIFTH DISTRICT, WITH ACTUAL MAILING TIME BETWEEN EACH PLACE AND BALTIMORE AND RICHMOND, RESPECTIVELY.

(ALL FIGURES, AS OF AUGUST 9TH, 1913, FROM 1913 REPORT OF COMPTROLLER OF THE CURRENCY.)

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
								MARYLAND.				
.....	.....	.....	.....	\$ 60,000	\$ 330,683	1	1.30	.... Aberdeen ....	9.00	.....	.....	
.....	.....	.....	.....	378,000	1,561,050	1	1.50	... Annapolis ...	11.00	.....	.....	
.....	.....	.....	.....	19,760,720	110,896,349	16	0.00	... Baltimore ...	5.00	.....	.....	
.....	.....	.....	.....	40,000	261,521	1	7.00	.... Barton ....	14.00	.....	.....	
.....	.....	.....	.....	199,200	1,416,242	3	1.50	.... Bel Air ....	13.00	.....	.....	
.....	.....	.....	.....	28,500	85,424	1	6.30	.... Berlin ....	16.00	.....	.....	
.....	.....	.....	.....	35,000	363,189	1	3.00	... Brunswick ...	5.30	.....	.....	
.....	.....	.....	.....	272,000	2,029,464	3	8.00	... Cambridge ...	20.00	.....	.....	
.....	.....	.....	.....	105,500	1,077,912	1	0.00	.... Canton ....	5.00	.....	.....	
.....	.....	.....	.....	100,000	643,331	1	0.00	... Catonsville ...	5.00	.....	.....	
.....	.....	.....	.....	255,000	1,205,696	2	3.30	... Centreville ...	12.00	.....	.....	
.....	.....	.....	.....	37,500	237,127	1	3.30	.. Chesapeake City.	13.00	.....	.....	
.....	.....	.....	.....	80,000	820,593	1	6.00	... Chestertown ...	15.00	.....	.....	
.....	.....	.....	.....	30,000	174,072	1	4.00	... Clear Spring...	12.00	.....	.....	
.....	.....	.....	.....	61,000	452,357	1	1.00	.. Cockeysville ..	8.50	.....	.....	
.....	.....	.....	.....	1,115,000	7,701,407	4	6.00	... Cumberland ...	8.30	.....	.....	
.....	.....	.....	.....	252,500	1,271,903	2	4.00	.... Denton ....	14.00	.....	.....	
.....	.....	.....	.....	435,000	2,036,011	2	5.00	.... Easton ....	14.20	.....	.....	
.....	.....	.....	.....	210,000	1,723,123	2	2.00	.... Elkton ....	10.00	.....	.....	
.....	.....	.....	.....	130,000	870,251	1	1.00	...Ellicott City...	9.00	.....	.....	
				\$23,584,920	\$135,157,705	46		<i>Carried Forward.</i>				



“APPENDIX A”—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
				\$23,584,920	\$135,157,705	46		MARYLAND.				
				30,000	103,022	1	7.30	<i>Brought Forward</i>				
				830,000	6,764,939	3	4.30	.. Federalsburg ..	19.30			
				55,000	310,867	1	9.30	.. Frederick ...	11.00			
				245,000	2,216,339	2	8.10	.. Friendsville ...	16.00			
				75,000	309,475	1	2.00	.. Frostburg ...	11.10			
				42,000	178,490	1	13.00	.. Gaithersburg ..	4.30			
				590,000	3,532,785	3	4.00	.. Grantsville ...	19.00			
				30,000	200,069	1	2.00	.. Hagerstown ..	13.00			
				40,000	235,589	1	4.00	.. Hampstead ...	12.00			
				175,000	1,238,132	2	2.00	.. Hancock ...	12.00			
				50,000	280,232	1	1.00	.. Havre De Grace.	10.00			
				38,000	184,181	1	8.00	.. Hyattsville ...	5.00			
				44,000	317,884	1	3.00	.. Kitzmillerville .	13.00			
				110,000	525,020	1	1.00	.. La Plata ...	14.00			
				60,000	454,888	1	9.45	.. Laurel .....	5.00			
				30,000	157,406	1	7.00	.. Leonardtown ..	21.00			
				30,750	106,143	1	5.00	.. Lonaconing ...	14.00			
				50,000	258,829	1	7.00	.. Mechanicsville .	16.00			
				30,500	198,653	1	3.30	.. Midland ...	14.00			
				50,000	591,406	1	3.30	.. Monrovia ...	8.30			
				50,000	378,144	1	7.00	.. Mount Airy ...	8.30			
								.. Mount Savage...	14.00			
				\$26,240,170	\$153,700,198	73		<i>Carried Forward.</i>				

"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
								MARYLAND.				
				\$26,240,170	\$153,700,198	73		<i>Brought Forward</i>				
.....	.....	.....	.....	80,000	283,592	1	2.00	10.00	.....	.....	.....	
.....	.....	.....	.....	38,000	221,384	1	2.00	10.00	.....	.....	.....	
.....	.....	.....	.....	187,500	1,106,785	2	8.00	11.00	.....	.....	.....	
.....	.....	.....	.....	30,000	198,914	1	1.30	9.20	.....	.....	.....	
.....	.....	.....	.....	31,000	317,965	1	0.00	5.00	.....	.....	.....	
.....	.....	.....	.....	158,000	939,272	2	7.30	8.45	.....	.....	.....	
.....	.....	.....	.....	35,000	159,227	1	4.00	6.30	.....	.....	.....	
.....	.....	.....	.....	160,000	875,331	2	3.00	11.00	.....	.....	.....	
.....	.....	.....	.....	125,000	654,692	1	3.30	11.30	.....	.....	.....	
.....	.....	.....	.....	200,000	1,099,374	1	2.00	4.30	.....	.....	.....	
.....	.....	.....	.....	175,000	915,799	2	6.00	9.00	.....	.....	.....	
.....	.....	.....	.....	41,000	133,108	1	3.00	7.00	.....	.....	.....	
.....	.....	.....	.....	26,000	129,985	1	2.00	4.30	.....	.....	.....	
.....	.....	.....	.....	181,000	1,000,695	2	7.00	22.00	.....	.....	.....	
.....	.....	.....	.....	93,000	481,160	1	3.00	8.00	.....	.....	.....	
.....	.....	.....	.....	42,000	533,042	1	2.30	10.30	.....	.....	.....	
.....	.....	.....	.....	187,500	1,159,058	2	0.00	5.00	.....	.....	.....	
.....	.....	.....	.....	32,000	364,747	1	2.00	10.00	.....	.....	.....	
.....	.....	.....	.....	55,000	509,580	1	2.00	13.00	.....	.....	.....	
.....	.....	.....	.....	80,000	471,604	1	6.45	11.00	.....	.....	.....	
.....	.....	.....	.....	465,000	1,731,513	3	2.00	10.00	.....	.....	.....	
				\$28,662,170	\$166,987,025	102		<i>Carried Forward.</i>				

"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
				\$28,662,170	\$166,987,025	102		MARYLAND.				
.....	.....	.....	.....	32,500	218,428	1	1.30	<i>Brought Forward</i>				
.....	.....	.....	.....	120,000	452,995	1	4.00	... White Hall ... 9.20				
.....	.....	.....	.....	32,000	223,494	1	3.30	... Williamsport ... 7.00				
				11,669,000	60,331,889	12	1.30	... Woodbine ... 8.30				
								DIST. OF COLUMBIA 4.00				
								VIRGINIA.				
\$ 177,500	\$ 921,692	2	13.00	.....	.....	.....	.....	... Abingdon ...				
.....	.....	.....	.....	575,000	3,739,242	3	2.30	... Alexandria ... 3.30				
.....	.....	.....	.....	.....	.....	.....	7.45	... Altavista ... 7.00 1 \$ 66,000 \$250,549				
.....	.....	.....	.....	87,500	463,395	1	19.00	... Appalachia ... 22.30				
.....	.....	.....	.....	39,000	210,525	1	4.20	... Berryville ... 6.20				
.....	.....	.....	.....	.....	.....	.....	10.20	... Blackstone ... 3.45 1 74,000 390,278				
172,750	1,103,953	1	14.00	.....	.....	.....	.....	... Bristol ...				
.....	.....	.....	.....	.....	.....	.....	9.40	... Broadway ... 9.00 1 25,000 95,787				
.....	.....	.....	.....	27,750	173,683	1	9.40	... Buchanan ... 10.10				
.....	.....	.....	.....	.....	.....	.....	9.40	... Buena Vista ... 9.00 1 60,000 245,805				
.....	.....	.....	.....	.....	.....	.....	5.00	... Charlottesville ... 4.40 3 504,000 2,471,296				
\$350,250	\$2,025,645	3		\$41,244,920	\$232,800,676	123		<i>Carried Forward.</i> 7 \$729,000 \$3,453,715				

"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
								VIRGINIA.				
\$350,250	\$2,025,645	3		\$41,244,920	\$232,800,676	123		<i>Brought Forward</i>	7	\$729,000	\$3,453,715	
31,000	118,007	1	12.45				13.30	...Chase City...	1	90,000	390,130	
							10.15	...Chillhowle...				
							9.10	...Christiansburg...	1	42,000	192,504	
							20.00	...Clifton Forge...	2	222,500	1,405,273	
							9.40	...Coeburn...	1	55,000	271,421	
							10.00	...Covington...	2	263,000	1,519,055	
				130,000	1,386,285	2	5.00	...Crewe...	1	30,000	154,400	
							8.00	...Culpeper...				
							7.15	...Danville...	4	857,500	4,855,213	
							14.30	...Emporia...	2	96,000	395,706	
				50,000	247,116	1	6.15	...Esmont...	1	35,000	116,087	
							10.20	...Fairfax...				
							3.50	...Farmville...	2	154,300	799,818	
				80,000	482,251	1	5.00	...Fredericksburg...	2	210,000	831,186	
							15.00	...Front Royal...				
				68,700	532,225	2	17.00	...Galax...	1	34,000	195,345	
							4.30	...Gate City...				
							16.00	...Gordonsville...	1	25,000	74,724	
				35,500	252,404	1	8.00	...Graham...	1	60,000	203,209	
				27,500	129,816	1	8.00	...Hallwood...				
								...Hamilton...				
\$381,250	\$2,143,652	4		\$41,636,620	\$235,880,773	131		<i>Carried Forward.</i>	29	\$2,903,300	\$14,857,786	

“APPENDIX A”—Continued.

BALTIMORE AND RICHMOND. BANKS EQUIDISTANT FROM				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
\$381,250	\$2,143,652	4		\$41,636,620	\$235,880,773	131		VIRGINIA.				
.....	.....	.....	.....	.....	.....	.....	9.15	<i>Brought Forward</i>				
.....	.....	.....	.....	.....	.....	.....	9.10	2	29	\$2,903,300	\$14,857,786	
.....	.....	.....	.....	.....	.....	.....	7.00	2	2	140,000	1,013,085	
.....	.....	.....	.....	30,500	173,469	1	7.00	2	2	380,000	2,379,368	
.....	.....	.....	.....	.....	.....	.....	18.20	1	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	11.00	1	1	30,000	186,477	
40,000	237,380	1	14.00	.....	.....	.....	11.00	1	1	62,500	355,814	
.....	.....	.....	.....	32,500	133,818	1	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	31.00	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	10.20	1	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	19.15	1	.....	46,500	311,057	
.....	.....	.....	.....	300,000	2,400,489	2	7.40	1	.....	71,270	294,369	
.....	.....	.....	.....	199,000	894,981	2	9.00	.....	.....	.....	.....	
.....	.....	.....	.....	117,000	512,562	2	5.40	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	7.00	.....	.....	.....	.....	
.....	.....	.....	.....	113,000	686,604	2	3.30	3	3	2,700,000	11,453,196	
.....	.....	.....	.....	.....	.....	.....	12.45	1	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	10.40	1	1	70,000	395,150	
.....	.....	.....	.....	.....	.....	.....	12.00	1	1	46,600	151,879	
.....	.....	.....	.....	.....	.....	.....	12.00	2	2	167,000	1,026,036	
.....	.....	.....	.....	.....	.....	.....	22.10	1	1	40,000	256,901	
.....	.....	.....	.....	.....	.....	.....	10.10	1	1	60,000	282,638	
.....	.....	.....	.....	.....	.....	.....	9.00	1	1	200,000	1,474,047	
.....	.....	.....	.....	.....	.....	.....	8.10	4	4	4,090,000	20,602,313	
\$421,250	\$2,381,032	5		\$42,428,620	\$240,682,696	141		<i>Carried Forward</i>				
.....	.....	.....	.....	.....	.....	.....	.....	51	51	\$11,007,170	\$55,040,116	

"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
\$421,250	\$2,381,032	5		\$42,428,620	\$240,682,696	141		VIRGINIA.				
.....	.....	.....	.....	.....	.....	.....	20.50	<i>Brought Forward</i>	51	\$11,007,170	\$55,040,116	
.....	.....	.....	.....	.....	.....	.....	9.15	... Norton	2	105,000	559,661	
.....	.....	.....	.....	.....	.....	.....	8.30	... Onancock	1	100,000	691,568	
.....	.....	.....	.....	.....	.....	.....	8.00	... Onley	1	77,500	545,475	
73,500	326,979	1	8.20	.....	.....	.....	4.00	... Orange	2	155,000	791,167	
.....	.....	.....	.....	.....	.....	.....	.....	... Parksley	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	13.50	... Pearisburg	1	115,000	535,268	
.....	.....	.....	.....	.....	.....	.....	6.00	... Petersburg	2	800,000	4,776,735	
.....	.....	.....	.....	.....	.....	.....	16.00	... Pocahontas	1	55,000	366,234	
.....	.....	.....	.....	.....	.....	.....	8.40	... Portsmouth	1	117,500	658,558	
.....	.....	.....	.....	.....	.....	.....	11.30	... Pulaski	1	120,000	475,611	
.....	.....	.....	.....	85,000	545,339	1	8.10	... Purcellville	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	11.00	... Radford	1	70,000	378,867	
.....	.....	.....	.....	.....	.....	.....	5.00	... Richmond	8	9,484,150	51,120,153	
1,775,000	9,998,581	3	9.00	.....	.....	.....	.....	... Roanoke	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	13.30	... Rocky Mount	2	99,000	731,465	
.....	.....	.....	.....	26,000	215,143	1	5.25	... Rosslyn	.....	.....	.....	.....
50,000	216,816	1	11.30	.....	.....	.....	.....	... Rural Retreat	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	19.25	... St. Paul	1	40,000	245,186	
123,000	476,325	1	9.30	.....	.....	.....	.....	... Salem	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	12.20	... Scottsville	1	50,000	233,246	
.....	.....	.....	.....	.....	.....	.....	10.10	... South Boston	3	274,200	1,664,714	
\$2,442,750	\$13,399,733	11		\$42,539,620	\$241,443,178	143		<i>Carried Forward.</i>	79	\$22,669,520	\$118,814,024	

“APPENDIX A”—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SUBPLUS.	TOTAL RESOURCES.
\$2,442,750	\$13,399,733	11		\$42,539,620	\$241,443,178	143		VIRGINIA.				
.....	.....	.....	.....	.....	.....	.....	7.00	Brought Forward	79	\$22,669,520	\$118,814,024	
.....	.....	.....	.....	75,000	433,120	2	7.30	.... Staunton ....	3	720,000	3,194,874	
.....	.....	.....	.....	.....	.....	.....	8.00	.... Strasburg ....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	17.20	.... Suffolk ....	1	220,000	977,615	
.....	.....	.....	.....	30,000	201,571	1	10.15	.... Tazewell ....	1	120,000	568,349	
.....	.....	.....	.....	205,000	1,389,134	2	7.00	.... Troutville ....	.....	.....	.....	
.....	.....	.....	.....	36,500	145,230	1	12.20	.... Warrenton ....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	6.40	.... Washington ..	.....	.....	.....	
.....	.....	.....	.....	555,000	3,295,385	2	5.00	.... Waynesboro ...	2	72,000	521,881	
.....	.....	.....	.....	.....	.....	.....	10.40	.... Winchester ...	.....	.....	.....	
145,000	427,916	1	11.30	.....	.....	.....	.....	.... Woodstock ...	1	40,000	273,500	
.....	.....	.....	.....	.....	.....	.....	.....	.... Wytheville ...	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	WEST VIRGINIA.				
.....	.....	.....	.....	.....	.....	.....	11.15	.... Alderson ....	2	147,500	834,842	
.....	.....	.....	.....	.....	.....	.....	18.10	.... Anawalt ....	1	25,000	92,051	
.....	.....	.....	.....	.....	.....	.....	14.10	.... Ansted ....	1	47,000	239,123	
.....	.....	.....	.....	100,000	592,692	2	12.20	.... Bellington ...	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	21.30	.... Berwind ....	1	42,000	337,195	
.....	.....	.....	.....	.....	.....	.....	15.10	.... Bluefield ....	2	610,000	3,303,045	
\$2,587,750	\$13,827,649	12		\$43,541,120	\$247,500,310	153		Carried Forward.	94	\$24,713,020	\$129,156,499	

"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
\$2,587,750	\$13,827,649	12		\$43,541,120	\$247,500,310	153		WEST VIRGINIA.				
.....	.....	.....	.....	100,000	591,740	1	13.15	<i>Brought Forward</i>	94	\$24,713,020	\$129,156,499	
.....	.....	.....	.....	.....	.....	.....	15.10	.. Buckhannon ..	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	14.40	.. Ceredo ..	1	62,000	319,392	.....
.....	.....	.....	.....	.....	.....	.....	11.05	.. Charlestown ..	5	1,827,000	8,098,825	.....
.....	.....	.....	.....	1,025,000	7,549,175	3	10.50	.. Clark ..	1	25,000	188,849	.....
.....	.....	.....	.....	.....	.....	.....	18.25	.. Clarksburg ..	.....	.....	.....	.....
.....	.....	.....	.....	100,000	402,732	1	11.00	.. Clendenin ..	1	33,000	232,710	.....
.....	.....	.....	.....	235,000	1,340,752	2	12.00	.. Davis ..	.....	.....	.....	.....
.....	.....	.....	.....	1,540,000	6,625,084	3	10.50	.. Elkins ..	.....	.....	.....	.....
.....	.....	.....	.....	35,000	221,573	1	17.05	.. Fairmont ..	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	13.10	.. Fairview ..	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	16.55	.. Fayetteville ..	1	75,000	293,321	.....
.....	.....	.....	.....	.....	.....	.....	9.30	.. Gary ..	1	50,000	381,438	.....
.....	.....	.....	.....	30,000	151,399	1	10.00	.. Gormanian ..	.....	.....	.....	.....
30,500	235,638	1	24.00	300,000	1,782,314	1	.....	.. Grafton ..	.....	.....	.....	.....
65,000	268,939	1	19.00	.....	.....	.....	.....	.. Griffithsville ..	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.. Hamlin ..	.....	.....	.....	.....
.....	.....	.....	.....	59,000	381,058	1	11.30	.. Harrisville ..	.....	.....	.....	.....
.....	.....	.....	.....	70,000	295,652	1	11.00	.. Hendricks ..	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	11.55	.. Hinton ..	3	343,200	1,646,256	.....
.....	.....	.....	.....	.....	.....	.....	13.55	.. Huntington ..	3	1,371,000	6,171,718	.....
.....	.....	.....	.....	.....	.....	.....	15.15	.. Kenova ..	1	45,400	188,636	.....
\$2,683,250	\$14,332,226	14		\$47,035,120	\$266,841,794	168		<i>Carried Forward.</i>	111	\$28,544,620	\$146,677,644	



“APPENDIX A”—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
\$2,683,250	\$14,332,226	14		\$47,035,120	\$266,841,794	168		WEST VIRGINIA.				
.....	.....	.....	.....	85,000	659,836	1	6.30	<i>Brought Forward</i>	111	\$28,544,620	\$146,677,644	
.....	.....	.....	.....	.....	.....	.....	17.15	Keyser .....	.....	.....	.....	.....
.....	.....	.....	.....	50,000	356,608	1	11.00	Keystone .....	1	67,500	311,979	.....
77,500	349,205	1	21.30	.....	.....	.....	.....	Kingwood .....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	Logan .....	.....	.....	.....	.....
.....	.....	.....	.....	75,000	821,877	1	11.30	Madison .....	1	70,000	329,491	.....
.....	.....	.....	.....	.....	.....	.....	13.45	Mannington .....	.....	.....	.....	.....
.....	.....	.....	.....	265,000	1,481,245	2	3.45	Marlington .....	1	51,650	314,734	.....
.....	.....	.....	.....	.....	.....	.....	20.30	Martinsburg .....	.....	.....	.....	.....
.....	.....	.....	.....	39,500	450,355	1	18.00	Matewan .....	1	21,135	82,364	.....
.....	.....	.....	.....	50,000	300,190	1	13.00	Middlebourne .....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	13.55	Monongah .....	.....	.....	.....	.....
.....	.....	.....	.....	120,000	517,769	1	8.15	Montgomery .....	2	128,500	833,075	.....
.....	.....	.....	.....	369,000	1,441,033	2	11.00	Moorefield .....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	9.30	Morgantown .....	.....	.....	.....	.....
.....	.....	.....	.....	30,000	273,450	1	9.30	Newburg .....	.....	.....	.....	.....
.....	.....	.....	.....	75,000	659,756	1	14.40	New Martinsville .....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	17.00	Northfork .....	1	82,000	517,643	.....
.....	.....	.....	.....	1,381,000	6,876,907	5	13.30	Parkersburg .....	.....	.....	.....	.....
.....	.....	.....	.....	27,500	132,602	1	11.00	Parsons .....	.....	.....	.....	.....
.....	.....	.....	.....	61,200	619,030	2	12.15	Pennsboro .....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	19.45	Peterstown .....	1	33,000	148,311	.....
\$2,760,750	\$14,681,431	15		\$49,663,320	\$281,432,452	188		<i>Carried Forward.</i>	119	\$28,998,405	\$149,215,241	

"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
\$2,760,750	\$14,681,431	15		\$49,663,320	\$281,432,452	188		WEST VIRGINIA.				
				180,000	1,114,940	2	11.30	<i>Brought Forward</i>				
				220,000	1,398,005	2	6.45	... Philippi	14.30			
							23.30	... Piedmont	9.45			
				161,000	891,428	2	16.20	... Pineville	23.00	2	92,000	331,057
							17.00	... Point Pleasant	19.20			
							19.25	... Princeton	12.30	1	60,000	262,720
				26,250	112,791	1	19.25	... Reedy	22.25			
				65,000	431,865	1	20.00	... Richmond	23.00			
				52,000	200,077	1	11.15	... Romney	14.15			
							10.55	... Ronceverte	10.10	2	109,000	543,739
				26,000	103,226	1	9.00	... Rowlesburg	12.00			
							15.05	... St. Albans	14.20	1	28,000	164,802
				85,000	708,175	1	15.30	... St. Marys	18.30			
				85,000	745,721	1	11.20	... Salem	14.20			
				60,000	426,748	1	13.00	... Shinnston	16.00			
				411,000	2,596,577	3	15.00	... Sistersville	18.00			
				57,000	422,976	1	20.00	... Spencer	23.00			
				121,000	914,887	2	16.35	... Sutton	19.35			
				41,000	377,173	1	8.20	... Terra Alta	11.20			
							12.55	... Thurmond	12.10	1	62,000	277,984
				30,000	215,197	1	19.00	... Webster Springs	22.00			
							17.35	... Welch	13.45	2	330,000	1,578,887
\$2,760,750	\$14,681,431	15		\$51,283,570	\$292,092,238	209		<i>Carried Forward.</i>		128	\$29,679,405	\$152,374,430

“APPENDIX A”—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
\$2,760,750	\$14,681,431	15		\$51,283,570	\$202,092,238	209		WEST VIRGINIA.				
.....	.....	.....	.....	200,000	1,185,386	1	14.00	<i>Brought Forward</i>	128	\$29,679,405	\$152,374,430	
.....	.....	.....	.....	50,000	350,803	1	11.30	... Weston ...	17.00	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	20.55	... West Union ...	14.30	.....	.....	.....
.....	.....	.....	.....	40,000	142,195	1	16.00	... Williamson ...	16.25	2	235,500	1,597,854
26,250	156,544	1	20.35	.....	.....	.....	.....	... Williamstown ...	19.00	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	... Winona ...	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	NORTH CAROLINA.				
.....	.....	.....	.....	.....	.....	.....	13.20	... Ashboro ...	11.20	1	30,250	257,815
.....	.....	.....	.....	.....	.....	.....	18.00	... Asheville ...	16.00	1	315,000	1,497,667
.....	.....	.....	.....	.....	.....	.....	11.30	... Burlington ...	9.30	1	65,000	365,046
.....	.....	.....	.....	.....	.....	.....	13.20	... Charlotte ...	11.20	5	1,850,000	9,526,956
.....	.....	.....	.....	.....	.....	.....	19.50	... Cherryville ...	17.50	1	35,000	155,581
.....	.....	.....	.....	.....	.....	.....	12.50	... Concord ...	10.50	1	125,000	539,420
.....	.....	.....	.....	.....	.....	.....	14.00	... Creedmor ...	9.40	1	26,325	115,360
.....	.....	.....	.....	.....	.....	.....	11.00	... Dunn ...	6.30	1	50,000	386,691
.....	.....	.....	.....	.....	.....	.....	13.00	... Durham ...	8.00	2	510,000	3,599,364
.....	.....	.....	.....	.....	.....	.....	11.10	... Elizabeth City..	8.30	1	150,000	779,941
.....	.....	.....	.....	.....	.....	.....	15.20	... Elkin ...	14.00	1	42,600	349,982
.....	.....	.....	.....	.....	.....	.....	11.25	... Fayetteville ...	6.55	2	320,600	2,138,246
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		<i>Carried Forward.</i>		148	\$33,434,680	\$173,684,303

"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		NORTH CAROLINA.				
							21.36	<i>Brought Forward</i>	148	\$33,434,680	\$173,684,303	
							14.00	... Forest City ...	1	30,000	138,578	
							11.00	... Gastonia ...	2	250,000	1,615,237	
							14.50	... Goldsboro ...	1	130,000	567,013	
							10.30	... Graham ...	1	70,000	270,713	
							13.45	... Greensboro ...	2	592,500	3,333,864	
							8.00	... Greenville ...	1	110,000	701,784	
							20.30	... Henderson ...	1	119,000	625,687	
							15.00	... Hendersonville ...	1	51,500	224,262	
							11.09	... Hickory ...	1	240,000	904,693	
							29.40	... High Point ...	1	250,000	1,427,392	
							14.15	... Jefferson ...	1	27,550	97,837	
							12.00	... Kings Mountain ...	1	31,000	119,202	
							15.20	... Kinston ...	2	275,000	1,236,260	
							16.00	... Laurinburg ...	1	30,000	192,970	
							11.30	... Lenoir ...	1	64,000	357,911	
							19.00	... Lexington ...	1	30,000	211,567	
							14.00	... Lincolnton ...	2	128,500	614,033	
							16.45	... Louisburg ...	2	112,500	558,146	
							16.00	... Lumberton ...	1	73,000	435,716	
							16.30	... Marion ...	1	67,500	462,241	
								... Monroe ...	1	122,000	572,206	
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		<i>Carried Forward.</i>	174	\$36,238,730	\$188,351,615	

"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
								NORTH CAROLINA.				
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		<i>Brought Forward</i>	174	\$36,238,730	\$188,351,615	
.....	.....	.....	.....	.....	.....	.....	15.00	... Mooresville ...	1	61,000	279,647	
.....	.....	.....	.....	.....	.....	.....	15.30	... Morganton ...	1	63,000	409,895	
.....	.....	.....	.....	.....	.....	.....	15.10	... Mount Airy ...	1	100,000	417,348	
.....	.....	.....	.....	.....	.....	.....	13.30	... New Berne ...	1	180,000	799,903	
.....	.....	.....	.....	.....	.....	.....	14.30	... Newton ...	1	60,000	301,717	
.....	.....	.....	.....	.....	.....	.....	13.40	... Oxford ...	2	230,000	1,185,852	
.....	.....	.....	.....	.....	.....	.....	11.00	... Raleigh ...	3	890,000	5,883,901	
.....	.....	.....	.....	.....	.....	.....	12.00	... Roanoke Rapids ...	1	56,500	253,339	
.....	.....	.....	.....	.....	.....	.....	9.50	... Rocky Mount ...	1	40,000	465,745	
.....	.....	.....	.....	.....	.....	.....	12.00	... Salisbury ...	2	250,000	1,192,091	
.....	.....	.....	.....	.....	.....	.....	22.40	... Shelby ...	2	208,000	1,316,181	
.....	.....	.....	.....	.....	.....	.....	13.30	... Statesville ...	2	245,000	1,322,688	
.....	.....	.....	.....	.....	.....	.....	13.50	... Tarboro ...	1	70,000	449,723	
.....	.....	.....	.....	.....	.....	.....	11.10	... Thomasville ...	1	33,000	264,691	
.....	.....	.....	.....	.....	.....	.....	15.40	... Wadesboro ...	1	120,000	513,530	
.....	.....	.....	.....	.....	.....	.....	15.00	... Washington ...	1	150,000	554,238	
.....	.....	.....	.....	.....	.....	.....	20.10	... Waynesville ...	1	70,000	401,738	
.....	.....	.....	.....	.....	.....	.....	14.30	... Wilmington ...	2	1,505,000	9,119,478	
.....	.....	.....	.....	.....	.....	.....	9.30	... Wilson ...	1	150,000	652,460	
.....	.....	.....	.....	.....	.....	.....	12.40	... Winston-Salem ...	2	462,500	2,300,299	
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		<i>Carried Forward.</i>	202	\$41,182,730	\$216,436,079	

"APPENDIX A"—Continued.

BALTIMORE AND RICHMOND. BANKS EQUIDISTANT FROM				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
								SOUTH CAROLINA.				
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		<i>Brought Forward</i>	202	\$41,182,730	\$216,436,079	
.....	.....	.....	.....	.....	.....	.....	18.00	... Abbeville ...	1	105,000	340,760	
.....	.....	.....	.....	.....	.....	.....	21.00	... Aiken ...	1	62,500	271,908	
.....	.....	.....	.....	.....	.....	.....	20.20	... Anderson ...	1	115,000	351,526	
.....	.....	.....	.....	.....	.....	.....	19.15	... Batesburg ...	1	37,500	264,340	
.....	.....	.....	.....	.....	.....	.....	18.00	... Bennettsville ..	1	125,000	460,870	
.....	.....	.....	.....	.....	.....	.....	27.20	... Bishopville ...	1	52,000	143,778	
.....	.....	.....	.....	.....	.....	.....	15.10	... Camden ...	1	60,000	304,312	
.....	.....	.....	.....	.....	.....	.....	17.00	... Charleston ...	3	1,800,000	10,731,444	
.....	.....	.....	.....	.....	.....	.....	13.00	... Cheraw ...	1	28,500	146,302	
.....	.....	.....	.....	.....	.....	.....	17.30	... Chester ...	1	135,000	645,774	
.....	.....	.....	.....	.....	.....	.....	17.00	... Clinton ...	1	60,000	254,325	
.....	.....	.....	.....	.....	.....	.....	16.15	... Columbia ...	5	1,825,000	11,056,286	
.....	.....	.....	.....	.....	.....	.....	20.00	... Conway ...	1	31,000	226,975	
.....	.....	.....	.....	.....	.....	.....	18.00	... Darlington ...	1	54,750	278,988	
.....	.....	.....	.....	.....	.....	.....	14.00	... Florence ...	1	162,000	770,095	
.....	.....	.....	.....	.....	.....	.....	16.30	... Fort Mill ...	1	26,200	105,848	
.....	.....	.....	.....	.....	.....	.....	14.45	... Gaffney ...	1	180,000	603,647	
.....	.....	.....	.....	.....	.....	.....	16.30	... Greenville ...	4	680,000	3,105,325	
.....	.....	.....	.....	.....	.....	.....	17.00	... Greenwood ...	1	120,000	586,430	
.....	.....	.....	.....	.....	.....	.....	28.20	... Hartsville ...	1	26,700	73,493	
.....	.....	.....	.....	.....	.....	.....	22.50	... Lancaster ...	1	75,000	365,661	
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		<i>Brought Forward</i>	232	\$46,943,880	\$247,524,116	

"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		SOUTH CAROLINA. <i>Brought Forward</i>	232	\$46,943,880	\$247,524,116	
.....	.....	.....	.....	.....	.....	.....	19.00	.... Leesville ....	1	30,000	177,215	
.....	.....	.....	.....	.....	.....	.....	18.30	... Lexington ...	1	29,000	237,367	
.....	.....	.....	.....	.....	.....	.....	19.50	... Marion ...	1	110,000	472,751	
.....	.....	.....	.....	.....	.....	.....	19.50	... Mullins ...	1	28,000	165,202	
.....	.....	.....	.....	.....	.....	.....	21.30	... Newberry ...	1	107,000	479,208	
.....	.....	.....	.....	.....	.....	.....	21.10	... Prosperity ...	1	28,250	197,259	
.....	.....	.....	.....	.....	.....	.....	15.30	... Rock Hill ...	2	500,000	2,297,774	
.....	.....	.....	.....	.....	.....	.....	18.00	... Sharon ...	1	29,000	147,855	
.....	.....	.....	.....	.....	.....	.....	15.30	.. Spartanburg ..	3	1,235,000	4,407,833	
.....	.....	.....	.....	.....	.....	.....	19.00	... Sumter ...	2	380,000	1,235,331	
.....	.....	.....	.....	.....	.....	.....	18.00	... Union ...	2	184,000	736,514	
.....	.....	.....	.....	.....	.....	.....	21.20	... Walterboro ...	1	30,000	133,348	
.....	.....	.....	.....	.....	.....	.....	21.20	... Yorkville ...	1	65,000	307,002	
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		... GRAND TOTALS ...	250	\$49,699,130	\$258,518,775	

## "APPENDIX B."

(Based Solely on Figures in "Appendix A.")

Distance in Hours, Mailing Time, be- tween National Banks in Fifth District	Mean Distance (Hours.)	Total Resources of All National Banks in the Fifth Federal Reserve District.	
		BALTIMORE.	RICHMOND.
AND—			
0	0	\$114,094,615	\$51,120,153
Not more than 59 min.	$\frac{1}{2}$	.....	.....
1 hr. to 1.59 min.	$1\frac{1}{2}$	66,185,066	4,776,735
2 hrs. to 2.59 min.	$2\frac{1}{2}$	12,083,258	4,846,039
3 hrs. to 3.59 min.	$3\frac{1}{2}$	8,280,773	27,505,345
4 hrs. to 4.59 min.	$4\frac{1}{2}$	13,667,926	65,918,639
5 hrs. to 5.59 min.	$5\frac{1}{2}$	61,625,229	122,435,443
6 hrs. to 6.59 min.	$6\frac{1}{2}$	17,598,400	27,435,990
7 hrs. to 7.59 min.	$7\frac{1}{2}$	22,789,426	5,964,922
8 hrs. to 8.59 min.	$8\frac{1}{2}$	35,951,110	24,291,662
9 hrs. to 9.59 min.	$9\frac{1}{2}$	22,779,593	26,317,387
10 hrs. to 10.59 min.	$10\frac{1}{2}$	24,256,535	25,728,599
11 hrs. to 11.59 min.	$11\frac{1}{2}$	22,792,562	30,621,723
12 hrs. to 12.59 min.	$12\frac{1}{2}$	10,269,536	23,105,766
13 hrs. to 13.59 min.	$13\frac{1}{2}$	36,885,356	58,627,293
14 hrs. to 14.59 min.	$14\frac{1}{2}$	25,114,105	25,703,911
15 hrs. to 15.59 min.	$15\frac{1}{2}$	18,108,144	3,911,054
16 hrs. to 16.59 min.	$16\frac{1}{2}$	18,994,924	15,607,607
17 hrs. to 17.59 min.	$17\frac{1}{2}$	16,261,354	6,171,837
18 hrs. to 18.59 min.	$18\frac{1}{2}$	4,661,564	4,282,278
19 hrs. to 19.59 min.	$19\frac{1}{2}$	4,832,641	2,909,447
20 hrs. to 20.59 min.	$20\frac{1}{2}$	4,727,186	4,671,653
21 hrs. to 21.59 min.	$21\frac{1}{2}$	2,213,703	1,511,349
22 hrs. to 22.59 min.	$22\frac{1}{2}$	1,938,743	1,935,856
23 hrs. to 23.59 min.	$23\frac{1}{2}$	331,057	1,259,391
24 hrs. to 24.59 min.	$24\frac{1}{2}$	235,638	235,638
26 hrs. to 26.59 min.	$26\frac{1}{2}$	.....	97,837
27 hrs. to 27.59 min.	$27\frac{1}{2}$	143,778	.....
28 hrs. to 28.59 min.	$28\frac{1}{2}$	73,493	.....
29 hrs. to 29.59 min.	$29\frac{1}{2}$	97,837	.....
31 hrs. to 31.59 min.	$31\frac{1}{2}$	133,818	.....
34 hrs. to 34.59 min.	$34\frac{1}{2}$	.....	133,818
Average Distance of all Re- sources of National Banks in Fifth District.....		\$567,127,372	\$567,127,372
		7.3 hrs.	8.1 hrs.



"APPENDIX A"—Continued.

BANKS EQUIDISTANT FROM BALTIMORE AND RICHMOND.				BANKS NEARER TO BALTIMORE.				CITIES IN FIFTH FEDERAL RESERVE DISTRICT.	BANKS NEARER TO RICHMOND.			
CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore & Richmond). hrs. min.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.	Number of Banks.	Mailing Time (Baltimore). hrs. min.		Mailing Time (Richmond). hrs. min.	Number of Banks.	CAPITAL AND SURPLUS.	TOTAL RESOURCES.
\$2,787,000	\$14,837,975	16		\$51,573,570	\$293,770,622	212		SOUTH CAROLINA.				
								<i>Brought Forward</i>				
							19.00	.... Leesville ....	17.00	1	30,000	177,215
							18.30	... Lexington ...	16.30	1	29,000	237,367
							19.50	... Marlon ...	14.50	1	110,000	472,751
							19.50	... Mullins ...	14.50	1	28,000	165,202
							21.30	... Newberry ...	17.30	1	107,000	479,208
							21.10	... Prosperity ...	16.40	1	28,250	197,259
							15.30	... Rock Hill ...	13.30	2	500,000	2,297,774
							18.00	... Sharou ...	16.00	1	29,000	147,855
							15.30	.. Spartanburg ..	13.30	3	1,235,000	4,407,833
							19.00	... Sumter ...	17.00	2	380,000	1,235,331
							18.00	... Union ...	16.00	2	184,000	736,514
							21.20	... Walterboro ...	16.20	1	30,000	133,348
							21.20	... Yorkville ...	16.50	1	65,000	307,002
<b>\$2,787,000</b>	<b>\$14,837,975</b>	<b>16</b>		<b>\$51,573,570</b>	<b>\$293,770,622</b>	<b>212</b>		<b>...GRAND TOTALS...</b>		<b>250</b>	<b>\$49,699,130</b>	<b>\$258,518,775</b>

## "APPENDIX B."

(Based Solely on Figures in "Appendix A.")

<i>Distance in Hours, Mailing Time, be- tween National Banks in Fifth District</i>	<i>Mean Distance (Hours.)</i>	<i>Total Resources of All National Banks in the Fifth Federal Reserve District.</i>	
		BALTIMORE.	RICHMOND.
AND—			
0	0	\$114,094,615	\$51,120,153
Not more than 59 min.	½	.....	.....
1 hr. to 1.59 min.	1½	66,185,066	4,776,735
2 hrs. to 2.59 min.	2½	12,083,258	4,846,039
3 hrs. to 3.59 min.	3½	8,280,775	27,505,345
4 hrs. to 4.59 min.	4½	13,667,926	65,918,639
5 hrs. to 5.59 min.	5½	61,625,229	122,435,443
6 hrs. to 6.59 min.	6½	17,598,400	27,435,990
7 hrs. to 7.59 min.	7½	22,789,426	5,964,922
8 hrs. to 8.59 min.	8½	35,951,110	24,291,662
9 hrs. to 9.59 min.	9½	22,779,593	26,317,387
10 hrs. to 10.59 min.	10½	24,256,535	25,728,599
11 hrs. to 11.59 min.	11½	22,792,562	30,621,723
12 hrs. to 12.59 min.	12½	10,269,536	23,105,766
13 hrs. to 13.59 min.	13½	36,885,356	58,627,293
14 hrs. to 14.59 min.	14½	25,114,105	25,703,911
15 hrs. to 15.59 min.	15½	18,108,144	3,911,054
16 hrs. to 16.59 min.	16½	18,994,924	15,607,607
17 hrs. to 17.59 min.	17½	16,261,354	6,171,837
18 hrs. to 18.59 min.	18½	4,661,564	4,282,278
19 hrs. to 19.59 min.	19½	4,832,641	2,909,447
20 hrs. to 20.59 min.	20½	4,727,186	4,671,653
21 hrs. to 21.59 min.	21½	2,213,703	1,511,349
22 hrs. to 22.59 min.	22½	1,938,743	1,935,856
23 hrs. to 23.59 min.	23½	331,057	1,259,391
24 hrs. to 24.59 min.	24½	235,638	235,638
26 hrs. to 26.59 min.	26½	.....	97,837
27 hrs. to 27.59 min.	27½	143,778	.....
28 hrs. to 28.59 min.	28½	73,493	.....
29 hrs. to 29.59 min.	29½	97,837	.....
31 hrs. to 31.59 min.	31½	133,818	.....
34 hrs. to 34.59 min.	34½	.....	133,818
		\$567,127,372	\$567,127,372
Average Distance of all Re- sources of National Banks in Fifth District.....		7.3 hrs.	8.1 hrs.