

BANKERS' AND TRUST

SUPPLEMENT

TO THE

COMMERCIAL & FINANCIAL CHRONICLE.

[Entered according to Act of Congress in the year 1898, by WILLIAM B. DANA COMPANY, in office of Librarian of Congress, Washington, D. C.]

VOL. 67.

NEW YORK, SEPTEMBER 3, 1898.

NO. 1732.

The Chronicle.

The COMMERCIAL AND FINANCIAL CHRONICLE is a weekly newspaper of 56 to 64 pages, published in time for the earliest mail every Saturday morning, with the latest news by telegraph and cable from its own correspondents relating to the various matters within its scope.

The CHRONICLE comprises a number of supplements, issued periodically, and which form exceedingly valuable publications in themselves.

THE INVESTORS' SUPPLEMENT, issued quarterly, is furnished *without extra charge* to every subscriber of the CHRONICLE.

THE STATE AND CITY SUPPLEMENT, issued semi-annually, is also furnished *without extra charge* to every subscriber of the CHRONICLE.

THE QUOTATION SUPPLEMENT, issued monthly, is likewise furnished *without extra charge* to every subscriber of the CHRONICLE.

THE STREET RAILWAY SUPPLEMENT, issued quarterly, is also furnished *without extra charge* to every annual subscriber of the COMMERCIAL AND FINANCIAL CHRONICLE.

Besides these Supplements, others are issued from time to time like the present BANKERS' AND TRUST SUPPLEMENT.

Terms for the CHRONICLE, including *all* the Supplements, are Ten Dollars within the United States and Twelve Dollars (which includes postage) in Europe.

WILLIAM B. DANA COMPANY, PUBLISHERS,
PINE ST., CORNER PEARL ST., NEW YORK.

THE WORK OF THE CONVENTION.

It is not necessary to give reasons for the issue of this special Supplement, reporting in full the proceedings of the Annual Convention of the American Bankers' Association, held at Denver last week. The Association is a body which is growing in usefulness as well as in years. The present was the twenty-fourth annual gathering of the delegates. Hence the Association has rounded almost a quarter of a century of life. The period has been an important one in the history of the nation, and the Association has enjoyed a career of great usefulness both in promoting the growth and welfare of its own members, and in advancing the material interests of the country. The name of Mr. George S. Coe is closely identified with the earlier work of this bankers' guild. And to show the prominent place held by the annual deliberations and discussions, it is only necessary to refer to the fact that it was at the annual Convention, held in Baltimore in 1894, that the celebrated scheme for the reform of our currency, known as the Baltimore plan, was promulgated by the bankers of that city.

In a body of the magnitude of that of this Association, it is impossible to avoid more or less friction at times by reason of the existence of opposing

views. Such conditions, too, often lead to apathy on the part of some of the members. This will explain why there have been occasions within the last decade when it seemed as if the Association were losing some of its prestige. But all this has now been changed. It appears that the paid membership of the Association has increased from 1,711 in 1894-5 to 3,350 in 1897-8—that is, in three years the membership has almost doubled, certainly a striking record. We shall not undertake to explain the cause of this growth. It is the fact itself that interests us. The Protective Committee, which began work in 1894, and which undertakes to protect the banks from the operations of swindlers and other criminals, is inclined to think that the large infusion of new members is closely connected with the incorporation of this new feature in the Association's work. But it will have been noted from our remarks above that 1894 was also the year when the Baltimore currency plan was unfolded, and it may not be out of place to suggest that possibly the great prominence which that plan gave to the deliberations of the bankers in the eyes of the world had something to do with the influx of members since then. At all events, the expansion in membership is an accomplished fact. President Hendrix notes that the 3,350 members represent an investment of more than a billion dollars in the business of banking and the custody of more than four billion dollars of deposits. He also avers that the Association is the oldest association of bankers in the world.

We think, too, that the programme laid out for the present year's Convention was of more than ordinary excellence. A very useful series of topics was provided for discussion and consideration. Moreover, the papers specially prepared on these subjects, by speakers assigned to the task, appear, almost without exception, to be of decided merit—furnishing an added reason for spreading them before our readers. We know that not all the members of the Association take the same view of the usefulness of these "set" speeches. A prominent member of the Executive Council, in talking with one of our representatives, expressed the opinion that it would be well if the "literary" feature of the annual gatherings could be omitted altogether. His experience was that the five-minute speeches are

much the more popular. For ourselves, we think it would be a mistake to eliminate the prepared addresses, especially where they yield papers of such merit as those produced the present year. We do not overlook the fact that our bankers are intensely practical, that they do not like to be bored by long dissertations on theoretical questions, and that they feel that they have no time to waste, especially at these annual gatherings, where pleasure and the social features form strong diverting attractions. But without the prepared addresses and the topics on which they are based, there would be nothing to discuss—nothing to talk about. The speaking, too, would lack preparation and deliberation. To assign speakers beforehand, affords opportunity for research, study and investigation; out of such study come results of great value and usefulness. Remarks based on anything less substantial than this can have little worth. Imagine the value of an off-hand speech (delivered without previous preparation, or thought) on Days of Grace—one of the topics the present year, which has drawn out an able paper by the speaker selected for the occasion.

Where the "literary" feature has been a drawback in the past, the trouble has been not in the literary feature itself, but in the selection of the topics and the assignment of competent, painstaking speakers. There is no need for discussing merely theoretical questions, when there are so many practical subjects commanding attention. We think President Hendrix, whose address was an excellent one from every standpoint, has the right idea. After stating that in the past the Conventions have been devoted for the most part to listening to learned essays—that the members went away with a mass of arguments and facts and statistics to digest, and many of them never came back—he dwells on the change that has now been inaugurated. "In recent years we have sought to draw upon the experience, practical thought and philosophy of our own members—in short, to develop home talent—and we are much better satisfied. We are practical bankers dealing with conditions as they are; and never expect to be ideal bankers dealing with conditions as they might be. . . . We hope in this Convention that the individual member who has any question bothering his brain will make a demand draft upon us all. We are here to help one another all we can; to discuss practical questions; to get up a cross-fire of questions and answers upon points of law and practice; and to get the benefit of many minds."

Out of these efforts there have come the speeches and addresses of the present year. We think that these productions have not only been instructive to those attending the Convention, but that they are deserving of a wider circle of readers—that every one interested in banking and finance should peruse them. We accordingly reproduce them at length on subsequent pages. Indeed, as already stated, we furnish a full and complete report of the proceedings of the Convention. We have sought to make the report creditable in every way—using heavy paper, large and clear type, and in other ways aim-

ing to add to its attractiveness. We hence have a publication which will be of permanent value, we think, both by reason of the matter included within its covers and the way it is presented to the public eye. In the article which follows we furnish an outline of the nature and contents of the different addresses.

THE PAPERS AND ADDRESSES AT THE CONVENTION.

As indicated in the foregoing article, the papers and addresses presented before the Convention were of considerable merit. Our readers who can spare the time for the perusal of these papers will find them very instructive. Whether or not one agrees with the views advanced on any given topic, they furnish much food for thought and reflection.

President Hendrix's address will take rank with the best of the opening addresses delivered by the presiding officers at these annual gatherings. It was in excellent taste and temper, discussing the issues of the day in a clear and dispassioned way without evidence of rancor or feeling. On a careful analysis we should, perhaps, be found to differ with him on some points, but his utterances as a whole will appeal to all thoughtful students. Mr. Hendrix speaks in a moderate, conservative way, and does not give unnecessary offense. With reference to the currency question, his recommendations may be summed up in the remark that it is no easy task to create a bank currency system to fit seventy millions of people distributed over an area of three million square miles, and to meet the diverse needs of different parts of the country. Our complex monetary situation, he observes, adds to the obstacles to be overcome. Nevertheless, "we should do all in our power, by counsel and suggestion, to perfect the meritorious measure now pending, and to encourage the prevailing sentiment it represents." Mr. Hendrix does not believe the creation of small banks would furnish a remedy for the lack of banking facilities complained of in some of the remoter sections of the country—in which respect he differs sharply with some of the other speakers who advanced views on this point. He says: "Small banks are not a remedy. They cannot exist where industry is not diversified to some degree, so that money may be kept out in the different seasons. In Canada the branch bank system meets the want, and it would do so in this country, giving a better distribution of loanable capital and an interest rate more nearly uniform."

There is one fact which this year's discussions bring out very forcibly—namely, that the old prejudice against a currency based on assets is gradually dying out. Both the direct and the indirect references to the subject in the leading papers furnish evidence of the truth of this statement. Many of the speakers are not yet prepared to go so far as to advocate the repeal of the 10 per cent. tax on State bank notes. Even Mr. Hendrix, in his address, is led to remark: "We have as an Association steadily resisted the repeal of the 10 per cent. tax on State bank issues." But Mr. Hendrix sees clearly that no

inferences can be drawn from the experience attending freedom in bank note issues before the war, the conditions now being so vastly different. So in another part of his address we find him saying: "The safety and uniformity of a currency based upon bank assets is not open to question. It is a matter of regulation." Also: "The great improvement in every department of finance renders impossible the recurrence of the old days of 'wild cat' and 'red dog' currency, and we may dismiss from our minds the idea that, under any future currency system, money brokers will have to keep us company. The question is far above that level."

The address of Mr. William L. Royall, of Richmond, on "The Need of Banking Facilities in Rural Districts" is from beginning to end a plea for small banks, and the repeal of the 10 per cent. tax. Mr. Royall is a lawyer, and is not, we believe, engaged in the banking business. We had occasion about a year ago to refer to an able paper of his on the subject of "Trusts." He is a forcible writer and speaks to the point and without ambiguity. Mr. Royall notes that there is abundance of currency in the cities; none in the country, whence the clamor comes. People in the cities have plenty of money, because for one thing they use scarcely any. They do all their business with checks, and need enough only to go to market and pay street car fare. But in the agricultural districts there are no banks for the people to check on. The 10 per cent. tax on State bank issues makes any but national banks impracticable. The national banks are founded on national bonds, of which the farmers have none, and they are also anti-rural in their natures, says Mr. Royall.

Why is it, he asks, that the country people, so much in need of actual cash, can get none? It is because all of our currency is good at its face in every part of the United States, causing it to go to the commercial centers and leave the country people destitute. Mr. Royall contends that the money which is sent West and South in the autumn is not used to buy grain and cotton. That is all paid for with exchange. It is used principally to pay labor and therefore gets spread out among the people. But in three months' time it has all returned to New York, and the country districts are again destitute of it. It is this condition, the fact that the New Yorker, according to the papers, can borrow at 2 per cent., while the countrymen must pay 10 per cent., and frequently cannot procure cash at all, that furnishes the basis for the free silver movement, though if the farmer only knew it, says Mr. Royall, the silver dollar would leave him just as the greenback does. There is but one possible remedy in the estimation of the speaker—a banking system which will permit each locality to bank upon such resources as it has, with banks managed by local directors, who are acquainted with the people of the neighborhood requiring banking accommodations. This last requirement, he thinks, is just as important as freedom in banking, for money is loaned upon knowledge of the borrower's character.

Mr. John W. Faxon, the Secretary of the Tennessee Bankers' Association, in his paper adverts to

the evils of a constantly fluctuating currency where a Thompson or Dye's Bank Note Reporter, giving the latest quotations of discounts, is necessary. His theme, however, is "Banking as it Relates to Industrial Development," and he makes a strong argument, showing the usefulness of banks—how they promote and are essential to industrial development. He calls money the co-partner of industry, and well says that without it the industries of the country would meet with but poor success. "Industrial development is a consequent result of commercial activity, upon which it mostly depends. Commercial activity is absolutely impossible without monetary advantages, and the only means of securing monetary advantages is through the instrumentality of a sound system of banking. In truth, industrial development, commercial success and monetary power are all inseparably interwoven through the indispensable province of banking." He makes a forcible plea for a system of small branch banks founded on a sound basis.

The text of the paper prepared by Mr. E. H. Pullen, the Vice-President of the National Bank of the Republic—"Thirty-seven Years in a Bank"—hardly indicates its breadth or character. It is something more than the prosaic record of one who has spent thirty-seven years in a bank. Mr. Pullen makes his paper the occasion for indicating the great changes which have occurred in some of the methods of banking during the time covered by him. Mr. Pullen does not look with favor upon the practice of paying interest on deposits and bank balances. He notes that before the inauguration of the National Banking System interest was allowed only in rare instances. "Banks at that time wisely and justly held that they were organized to make money by the employment of their capital and deposits, so that to buy deposits then would have seriously reflected on the banks so doing and impaired their credit. Nevertheless, this pernicious practice, instead of decreasing by reason of unfavorable experience, has grown with the passing years, and has become so fastened on banking methods that it will require heroic measures to dislodge it." He refers to other marked differences between the present and the past. Old-fashioned banking, he says, did not include the furnishing of capital to customers, but strictly confined accommodation to the discounting of acceptable notes given for value or secured by satisfactory collateral, thus restricting borrowers to well-defined limits. Accommodation paper was not favorably regarded, and single-name paper without security was not tolerated. Nor did old-fashioned banking encourage collections at a loss in exchange and time through an extensive system of "par" points. In those days, too, it was considered very unprofessional, indeed disreputable, to interfere with a neighbor's business by soliciting his accounts. Nowadays, it is openly, ostentatiously done. Mr. Pullen makes an earnest plea for bank clerks, and thinks that greater consideration should be shown them.

Mr. James T. Hayden, the President of the Whitney National Bank, New Orleans, has "The Bank Clerk" as his specific theme. Every one will endorse his statement that "an over-worked clerk

ceases to be reliable, and when it is found that an employe is nightly at his desk, working 'overtime,' one of two things is at once evident—either he is incapable or overburdened. In either case the remedy is plain, and prompt action should be taken—he should be changed to a position that he would be fully qualified to fill, or he should be relieved of an unjust burden by an assistant." Mr. Hayden speaks in the highest terms of the bank clerk—his honesty, accuracy and intelligence—and dwells upon the importance of the part played by him in the mechanism and success of the bank.

"Uniform Laws for Holidays as Well as Days of Grace" is a paper which none of our readers can afford to overlook. It is a very thoughtful study of the subject. The paper is by Mr. George M. Reynolds, the Cashier of the Continental National Bank of Chicago. Mr. Reynolds, in his investigations, has covered a great deal of ground, and the information and facts which he has brought together should be interesting to the general public, as well as to bank officials.

In style, as well as in substance the address of Mr. W. S. Witham, of Atlanta, Ga., differs from the addresses of the other speakers. Mr. Witham spoke in his characteristic way, and possibly his remarks will not appeal equally to all. We shall not attempt to pass judgment upon the speech. His observations seem to be based entirely on his personal experiences. As he is the head of a large number of country banks, and has not met with any reverses in their management, he argues in favor of independent banks—rather than branch banks.

In "Patriotic Spirit of Bankers," Mr. J. D. Powers, the President of the First National Bank of Owensboro, Ky., spoke in words befitting the occasion. He pointed out that "honor, patriotism, reverence, all things which our fathers esteemed as more precious than gold, have not departed, but as a rich heritage have been transmitted to their sons, and stand out as pre-eminently in the character and acts of this generation as they shone resplendent in the days of the Revolution." He refers to the services of Robert Morris and Stephen Girard in early times and to the patriotic action of banks and bankers generally at every period in the Nation's history. "What is the first great care," he asks, "of a nation about to engage in war, offensive or defensive? To look well to its finances, and to see who will sustain the Government's credit and furnish the means with which to provide an army and a navy, and having provided them to provide for them. Where and to whom does it look? What spirit is invoked to work out the problem but the patriotic spirit of bankers? In this glorious land that spirit has never been wanting from the time that Robert Morris answered the call and furnished Washington the means to win the battle of Trenton, even down to the glorious, though bloody, field of Santiago."

The subject of the "Protection of Bankers' Drafts" is one of the utmost importance to the whole banking community. The thoughtful paper which Mr. Arthur C. Anderson, the Cashier of the St. Paul National Bank, has prepared on the subject, will, we are sure, be greatly appreciated. He comments with considerable severity upon the lack

of precaution on the part of lithographers and printers in leaving blanks unguarded, with the result that forgers and swindlers have no difficulty in obtaining genuine blanks. In a letter to us he notes the case of a man who by this means in less than two years raised over \$70,000, using genuine blanks, but forging all the filling. Mr. Anderson believes the best safeguards lie in the use of a specially prepared, water-marked paper. And as an additional precaution, he would have the paper in two series, one to be used for drafts of smaller amounts, and the other for drafts of larger size. He would have the paper manufactured for the Association only by such a paper mill as can demonstrate its ability to manufacture what the banks want, and keep it safe as long as the paper is in its hands. Furthermore, he would have the paper distributed to only such plate printers and lithographers as shall be under bond for its careful use, and liable for all uncanceled samples and whose places of business shall be open at all times to authorized inspection. Obviously, this recommendation reveals a trend toward centralizing in the Association certain powers. We find on communicating with Mr. Anderson that he distinctly admits such trend. His belief is that instead of the banks being merely 10,000 separate institutions, with nothing in particular to draw and hold them together, the American Bankers' Association should steadily unite on all points upon which it is possible to unite, both for offense and defense. He instances the success attending the Association's work in providing a common means of protection against professional forgers and bank burglars as evidence that other efforts along these lines can be undertaken with advantage.

THE TRUST COMPANY PROCEEDINGS.

It was a happy thought that suggested the idea of the formation of a separate branch or section where the distinctive interests of the Trust Companies might receive special consideration. The American Bankers' Association is not composed exclusively of banks; it comprises many other financial institutions, and some of the most prominent private banking concerns in the country have membership in it. No doubt the Trust Companies constitute the largest single interest outside the banks themselves, and in view of the magnitude of their operations and their wonderful growth it was a wise move to organize them in a separate class. It is a well-known fact that to a certain extent the Trust Companies have been trenching upon the business of the banks, but this seems to have caused no friction between the two classes of institutions, and they are evidently working harmoniously together.

The "Trust Company Section" at the annual Conventions discusses only questions that relate to the functions and business of the Trust Companies themselves. Currency and financial questions, in which all have a common concern, are, of course, treated in the main body of the Convention. With characteristic energy the Trust Companies have taken hold of their branch of the work and made a great success of it. The departure dates back only one year—that is, it was last year the first meeting

of the new branch was held, the present being only the second annual gathering. Yet the deliberations have already risen to proportions that show that the Trust Companies have here a field of great usefulness, and they are determined to occupy it and develop it. In the official volume of the Convention's proceedings for last year, the proceedings of the "Trust Company Section" occupy twenty-four pages. Our report of the present year's proceedings of this section given in the current Supplement occupies 17 pages three times the size of those in the official volume. It is obvious, too, that the discussions are proving very profitable, and that the companies are going to derive considerable benefits from these conferences and gatherings, where opportunity is offered for showing to the public the manifest advantages which the companies possess for discharging "Trust" functions.

The "Trust Company Section" meets simultaneously with the main body, but in a different place. Mr. E. T. Jeffery, a director of the International Trust Company, of Denver, and also President of the Denver & Rio Grande Railroad, delivered the address of welcome. And a happy speech it was—cordial, appreciative, enthusiastic in its admiration for Colorado, and yet so reserved in presenting her claims. What for instance could be finer or more felicitous than the following closing remarks: "We do not welcome you because our State has unparalleled natural resources, although we like to speak of them; nor because of her sublime physical characteristics; nor because of her pleasant valleys and her fruitful fields. We welcome you because you are our brethren from various parts of this broad land, intent with us in building and strengthening, by lawful means and in honest ways, our financial, commercial, industrial, mining and agricultural interests. . . . And to Denver, our Capitol City, we bid you thrice welcome. Our hearts go out to you in friendship and hospitality. We pray that you will have interesting and instructive interchange of opinions on the important subjects that are to come before your Convention, and that your leisure hours will be gladdened by our azure skies and our genial and exhilarating mountain air. Our success in contributing to your enjoyment will be the measure of our happiness."

The first of the regular papers read at the meeting was that of Mr. Felix Rackemann, counsel for the Old Colony Trust Company, of Boston. Mr. Rackemann dealt with the subject of the "Duties and Liabilities of Trust Companies Acting as Transfer Agents and Registrars." His treatise (for such it may not improperly be called) shows him to be a clear thinker, and possessed of keen powers of analysis. Presumably, every Trust Company has taken pains to ascertain its duties and liabilities when acting in the capacity here mentioned, but Mr. Rackemann presents some things in a new light, and as no company can afford to leave any point uncovered in the discharge of so important a function, the managers of these institutions owe it to themselves to give thoughtful consideration to what Mr. Rackemann says. In dealing with the branch of his subject devoted to a discussion of the duties and liabilities attending the exercise of the function of Regis-

trars, so-called, of corporate securities, the author points out that the practice of having stock certificates signed by a Registrar in addition to the Transfer Agent resulted from the disclosures in 1863 of what are known as the "Schuyler Frauds." Robert Schuyler was the President of the New York & New Haven Railroad Company. He was also constituted transfer agent. At the same time his firm was engaged as stock brokers. Out of the double relations there arose the charge of fraud and the over issue of many thousand shares of stock. This scandal, and other similar occurrences, which came up about the same time, induced the New York Stock Exchange, in January, 1869, to adopt a regulation or by-law, requiring that the shares of all active stocks should be registered at some agency approved by the Exchange. Mr. Rackemann suggests changes in the methods of registration, so as to remove misapprehensions as to the significance to be attached to the act of registration and to define the Registrar's duties under the act.

Part of the programme of the "Trust Company Section" consisted of a symposium of papers on the subject "Why Trust Companies Are Better Equipped than Individuals to Act in Trust Capacities." Different branches of this subject were assigned to different speakers. Mr. W. E. Fisse, Counsel for the Lincoln Trust Company, St. Louis, in discoursing on Trust Companies as Trustee under a Will, pointed out that these companies are a distinctively American institution. No trace of the existence or operation of associations of this character, he claims, is to be found in either the general or the legal literature of foreign countries. He sets out at length the advantages which must result from the selection of a corporate agent as trustee—such as security for the funds of the estate, integrity in administration, promptness in the dispatch of business, unbroken continuity in management made possible, because corporate concerns are beyond the accident of interruption by sickness or death, etc., etc. These are general advantages. He also enumerates many special reasons why a Trust Company should be preferred to an individual as an agent for carrying out the wishes of a testator. He notes a marked tendency to adopt schemes of testamentary disposition, whereby the donees are restrained of the full dominion over the property given to them.

Mr. F. B. Gibson, of the International Trust Company, Denver, discussed the closely related question, why it is best to select Trust Companies "as Executors and Administrators," and makes out a strong case. Mr. Arthur Heurtley, Secretary of the Northern Trust Company, Chicago, shows why the Trust Company must be preferred "as Trustee Under Private Agreement." With the limited space at our command in this article, we cannot undertake to furnish even an outline of these remarks. Mr. Heurtley sums up by saying that the individual cannot and does not offer as trustee the stability, security and experience that are afforded by a Trust Company.

As to the "Superiority of Trust Companies to Individuals as Assignee and Receiver," President John H. Holliday, of the Union Trust Company, Indianapolis, says that so far as he can learn no Trust

Company in this country has defaulted in its capacity as trustee. The few instances of companies failing have not involved the trust estates committed to their charge. He lays great stress on the advantage which the possession of ample capital gives the Trust Company for acting as receiver or assignee. To the genial Secretary of the Trust Company Section—we mean Mr. Anton G. Hodenpyl, of the Michigan Trust, Grand Rapids—was assigned the task of proving that the Trust Company is especially well fitted to act “As Guardian of Minors and Incompetent Persons.” Mr. Hodenpyl has to confess to one instance where the Trust Company was at a disadvantage and came near being baffled, but where the ingenuity of the officers of the company came to its rescue and happily solved the problem. The experience had an amusing element in it, and we will let Mr. Hodenpyl relate it in his own words.

“Some years ago,” he says, “we were guardian of the person and estate of a young and handsome widow of nineteen, who became infatuated with a man already married and father of two children. Briefly he proposed an elopement, which, of course, would have resulted in the moral destruction of our ward. Argument and persuasion were of no avail. She knew it was wrong, but could not resist the wiles of the destroyer. Argument with the man was met with defiance on his part. There was no legal method by which we could separate the couple. A father under such circumstances would have thrashed the man in the case. We regarded ourselves as standing in the position of a father to the woman, but naturally did not care to do the thrashing, so we employed a man to take this off our hands, and he did this work very thoroughly, and according to contract. The young woman was at the station at the time, ready to start with her lover, but through our intervention he was not in presentable condition, and failed to join her. Our act was illegal. We should not have taken the law in our own hands, but unless we did it the woman would have been ruined for life. We have always been satisfied that we were justified in the act. The sequel is that the young woman married a very estimable gentleman, and now lives happily several thousand miles away from the exciting scene, and I may add that she feels very grateful to the guardian for its illegal act performed in her behalf.”

THE BUSINESS OUTLOOK.

By O. D. ASHLEY, President Wabash Railroad.

The conditions of trade and industry in the United States, as illustrated in the statistics of the fiscal year ending June 30, are so remarkable that men are led irresistibly to very sanguine expectations and optimistic conclusions, even when disposed to tone down the colors of the picture to tints of less exaggerated hue.

At the close of the fiscal year, June 30, 1897, the country was treated to an exhibit of trade statistics unequalled in our commercial history—viz., a statement showing a balance of \$287,000,000 in the value of merchandise exports over imports. This astonishing result is now followed by a statement

for the year ending June 30, 1898, which seems incredible, inasmuch as it gives the country a balance of \$615,000,000 in exports over imports, or more than double the great sum produced in 1897. If such figures had been predicted two years since, the prophet would have been considered the victim of a wild dream, for even with very hopeful views no one could have imagined so great a change in the current of trade.

Following up this statement with an analysis of the exports which compose this extraordinary aggregate, we find a large item of the increase to be in grain exports, and especially in wheat—not only in the quantity but in the value of the product. A similar increase in quantity extends to corn and other cereals, accompanied by a sympathetic advance in their value, although by no means equal to the change in wheat. We can readily understand that an active stimulus has been given to the export of these agricultural products by the comparatively short crops in Europe. Abundant harvests in this country have of necessity supplied the deficiencies of Europe, and at the same time for the same reasons enhanced the market value of the products. The increased export of food products in quantity and in value is, therefore, accounted for as the natural consequence of crop conditions, and if our large gain in exports had been confined to breadstuffs there would be nothing to excite surprise. But as we continue the analysis of exports we are brought to the consideration of items in our export trade which open a new and very encouraging view of our industrial expansion. We have been not only supplying the outside world with bread and provisions, but have added extensively to the aggregate by manufactures which appear to have competed successfully with those of other countries, where cheaper labor would, naturally, have placed us at a disadvantage. Thus we have exported manufactures of iron and steel, locomotive engines, steel rails, machinery, agricultural implements, bicycles, and other articles which have attracted the manufacturing enterprise of the country. In cotton and petroleum, too, the exports exceed in quantity the records of any previous year, although in market prices the comparison is not so favorable.

These very remarkable features in our foreign trade have been made the subject of intelligent comment in commercial editorials, accompanied by statistics which it would be superfluous to repeat. They constitute, however, the bases of favorable anticipations in regard to the future prosperity of the country, and must be constantly borne in mind in order to make a trustworthy forecast of trade and industrial development. Precisely the same satisfactory conditions were recognized in the early spring from the monthly statements up to that period, but these expectations were suddenly neutralized by the outbreak of the war with Spain in April. The influence of this interruption upon the business interests of the country could not, of course, be accurately predicted, although the inequality of the belligerents led to belief in a brief interference only. As it now appears, this opinion of but slight effect,

comparatively speaking, has been justified by the results, and the country is now established, so far as its commercial, industrial and financial affairs are concerned, in the *statu quo ante bellum*.

It is, therefore, in order to take up the threads of the subject as they were left in April, and weave the fabric of anticipation by reuniting them, and adding to their strength by the statistical facts which have since been developed in completing the foreign trade record of the year.

Thus far, according to the figures given, an argument in favor of great prosperity in the near future, of overwhelming strength, is furnished, but it is necessary to examine at the same time the condition of home industries, agricultural, manufacturing and mining, as well as the financial affairs of the country, and, collaterally, the transportation interests, all of which must be considered in making up an intelligent diagnosis of the case.

As to our agricultural interest, it needs but little proof to establish a belief in its very great prosperity beyond what is furnished by the crop and market statistics during the years 1896, 1897 and 1898. Satisfactory harvests and full prices for wheat, corn, oats and hay have enabled farmers to pay off mortgages and accumulate surplus capital, and it is by no means an exaggeration to say, that at no period for many years have the results of this description of agriculture been so gratifying and successful.

In cotton, while as to price there is less reason for exultation, there has been an immense increase in crops, and it is not unreasonable to suppose that with the improved methods of planting, cultivation and economy in labor, the profits have been fairly remunerative.

It is not practicable within the limits of this paper to follow up these inquiries as to tobacco and many of the minor products of agriculture, nor as to the profits on petroleum; but if we may rely upon a consensus of general opinion, the conclusion is favorable to fairly prosperous conditions in these departments of industry.

In regard to manufacture, it is difficult to form any trustworthy opinion, especially as to textile fabrics of wool and cotton. In these last the impression given to people who depend upon market reports and labor statistics is not wholly satisfactory, although in the South the accounts are more favorable than at the North. Some doubts may be entertained also as to the profitable results in manufactures of iron and steel, although recent developments are more promising. Coal mining, whether in anthracite or bituminous, has been somewhat unsuccessful during the past two years, but it is evident that the evil, if it can be so called, of over-production has been the principal cause of the adverse conditions. It would be curious and interesting, at this point, to show by statistical exhibits the influence of the well established supply and demand principle upon the profits of production and manufacture. The tendency in a country peopled by an enterprising, industrious and energetic race is to overdo constantly, and the inevitable consequence is over-production and lower prices. And so in every great industry which attracts attention, whether in

agriculture, manufacturing, mining or transportation, the element of competition is always apt to be abnormally developed to the temporary prejudice of the agencies of development, but to the benefit of the consumers, which is also temporary. Thus coal, iron, copper and petroleum are brought from the depths of the earth in vast quantities, and its surface is covered with superabundant crops, while manufacturing factories are multiplied, until the markets are glutted and prices fall below the cost of production.

Such a review of the industrial production of the country, embracing a statement of its enormous growth during the last decade, would illustrate the present situation with regard to the manufacturing and mining features before referred to. It would prove that there is nothing strange in the prevalence of depression in some branches of business, while in others there is comparative prosperity. Human intelligence has never yet been able to regulate production by probable or possible consumption, nor can such foresight be expected. It is, however, quite practicable to limit production, from time to time, to the demands of consumption.

Taking into view the time-worn argument of supply and demand, it is safe to say that, upon the whole, the country has been making satisfactory progress in general industry.

At this stage of investigation it is not inappropriate to allude to the importance of foreign markets to a country like this, teeming to overflow with agricultural products and manufactured articles. The reciprocity clause in our tariff legislation seems to recognize this need of expanding markets, and to that extent would appear to neutralize its protective features where they approach prohibitory enactments. At all events, it is obvious that if this country is likely to become such an immense producer, it cannot be confined to the home market without restricting the growth of our manufacturing industries and contracting the area of agricultural production. We are thus brought face to face with a problem in the domain of industry, which will require the most judicious and intelligent consideration on the part of our legislators. Within the last decade, protective trade walls have been reared in some of the leading nations of Europe, such as France and Germany, and many of our products are thus practically shut out of those markets, because we are not allowed to compete upon equal terms. Now, if reciprocity can break down any of these artificial barriers by opening the doors of trade on both sides, it would appear to be the adoption of intelligent but, at the same time, retrograde measures, not in harmony with high protective theories.

A striking illustration of the growth of our manufacturing industry and its progressive occupation of the markets, domestic and foreign, is furnished in the statement of exports and imports of manufactured iron and steel for 1880 and 1898:

In 1880 the imports were valued at.....	\$71,266,000
In 1880 the exports were valued at	14,716,000
In 1898 the imports were valued at.....	12,615,000
In 1898 the exports were valued at.....	70,367,000

That is to say, we have in nineteen years completely reversed the position. Quoting from an intelligent article upon the subject in the *New York Evening*

Post: "American manufactures have since 1880 taken possession of five-sixths of that portion of the home market which was formerly held by foreign manufactures of iron and steel, and have at the same time increased their own sales in foreign markets 400 per cent."

An examination of the items of merchandise exports in the fiscal year ending June 30, 1898, and making up the grand aggregate of \$1,231,000,000, will show other remarkable instances of growth in our supplies to foreign markets, all teaching a lesson of practical value to students of economical science. It is not material whether this great result has been promoted by a protective tariff, which, according to its advocates, has encouraged and developed skill and economy in manufactures, or whether it is due to extraordinary richness in the fields of production and to adverse conditions in foreign markets. The one important fact is, that this country has become a competitor in foreign markets with the foremost nations of the world, and the vital question is, How can we maintain that position?

Hence the subject of reciprocal trade with the leading commercial nations of the world must become more interesting and more important. As now presented to the business community the import and export statistics of the last fiscal year are one of the strongest arguments in favor of future prosperity which can be advanced, but whether these statistics are the record of phenomenal and temporary conditions, or an improvement in our commercial affairs which may be permanent, is a pertinent and important question. It would be an over-sanguine view to anticipate a continuance of such results as the figures of 1897 and 1898 establish. Imports are likely to increase largely, in supplying the wants of people who have added so much to their pecuniary means, and it would be unwise to count upon a continuance of the enormous grain exports of the same period. But although it is quite probable that a decided change will take place in these respects, the country can easily bear a reduction in the apparent trade balance and still enjoy a high state of prosperity.

The transportation interest, mainly represented by the railway lines of the country, has bright prospects, so far as the volume of traffic is a factor in the case, inasmuch as good crops appear to be assured, and the general business of the country seems equally promising. Much, however, will depend upon the regulation of a competition often severe enough to neutralize the advantage of abundant crops and more active trade. In short, the maintenance of fair rates is quite as important to the agencies of transportation as the volume of traffic. If common sense governs railway administration, the future may be considered very promising.

The subject of currency reform should not be ignored by those who are trying to forecast the future, and to shape their own business projects accordingly. The necessity of sound legislation in

this direction seems too obvious to require much argument. There is but little difference of opinion among business men as to this; but in the multitude of plans advocated we may possibly find the chief obstacle to a successful solution of the question. For this reason it is of vital importance to eliminate from the discussion individual preferences, when it is possible to agree upon the essential features of proposed legislation. If concessions here and there are practicable, without violating the substantial principles of sound currency reform, it would seem to be wise and judicious to unite upon a bill which will be most likely to harmonize conflicting opinions and overcome opposition. The country needs currency reform, but all plans to accomplish it cannot be adopted, and the main object is so vital to the permanence of business prosperity that time should not be wasted in efforts to carry minor points which may, perhaps, defeat the great end sought to be accomplished.

Under such an impression of the necessity of adopting substantial currency reform, the writer abstains from any criticism of the bill recommended by the Indianapolis Monetary Convention, although some objections to minor clauses in the plan could easily be formulated. The great want of the business community is a healthy and permanent reform in our currency. To attain success in that direction there should be no quibbling over trivial points, and no puerile vanity expressed in the desire to give one plan preference over another, so long as the principal objects of safety and stability are kept in view. There may be defects in the proposed measures which will become evident in practical operation; but, if so, amendments can be added from time to time. It will be far better to try this plan than to flounder for years, perhaps, in this uncertainty and danger.

Bringing to a focus the rays of light which bear upon the future, it must appear, even to conservative men, that seldom in the commercial history of the country have the conditions been so favorable to its great prosperity. The stimulus to new enterprise and industrial activity is strengthened by a combination of circumstances which implies confidence among those who constitute the motive power in every well-founded business expansion. If any danger lurks beneath these signs of improvement, it is more likely to come from excessive activity and undue inflation than from any error in the statement of conditions. It is very difficult to regulate these waves of business progress, or to check their flow in directions so plainly indicated, but it is not out of place to remind students of such changes in the currents of trade, industry and enterprise, that the more rapid and extensive these movements are, the more severe will be the inevitable reaction. The strongest basis for a substantial and durable improvement will be found in careful and intelligent movement on the part of the leaders in the world of trade, industry and finance.

BANKING SECTION

AMERICAN BANKERS' ASSOCIATION.

Twenty-fourth Annual Convention, Held August 23, 24 and 25.

INDEX TO CONVENTION PROCEEDINGS.

Uniform Laws for Holidays, Etc., - - -	Pages 15 to 18	Safeguards Against Check Raising, - - -	Pages 26 to 27
Need of Rural Banking Facilities, - - -	Pages 18 to 21	Thirty-seven Years in a Bank, - - -	Pages 28 to 31
Banking and Industrial Development, - - -	Pages 21 to 23	The Country Banker, - - - - -	Pages 31 to 33
Patriotic Spirit of Bankers, - - - - -	Pages 23 to 25	Detailed Proceedings, - - - - -	Pages 34 to 57
The Bank Clerk, - - - - -	Pages 25 to 26	President Hendrix's Address, - . -	Pages 36 to 40

Uniform Laws for Holidays as Well as Days of Grace.

By GEORGE M. REYNOLDS, Cashier Continental National Bank of Chicago.

Days of grace were originally allowed by the custom of merchants as a matter of favor or indulgence, as appears from the name itself applied to these days. Later the custom received the sanction of the courts, and grew into the unwritten or common law, and finally it was enacted into the statutory law of England in 1705 by the statute 3 and 4 Anne. The practice of allowing as a favor a number of days within which to make payment after a bill falls due is not confined to the common law, but prevails in many if not most of the States of Continental Europe. In fact, it may almost be said to be a universal rule of the commercial world to thus allow more time for the payment than appears upon the face of the bill.

The custom doubtless had its origin in the early days of commercial transactions, when money as a medium of exchange was not uniform, and the primitive methods of communication and travel caused the merchants to meet with difficulty in obtaining sufficient specie to meet their payments, and as a matter of favor the payees permitted them a few days in which to get together sufficient coin of the realm to settle their bills. It would seem in these days of large commercial transactions, when the great bulk of the business of the commercial world is transacted without the actual passing of money, that the reason for the granting of three days' indulgence has entirely disappeared, and with the disappearance of the reason of the law it is the opinion of many that the law itself should change, and days of grace no longer be allowed.

The custom of allowing days of grace is deeply fixed in the laws of the commercial nations, but the number of days originally allowed varied all the way from three days, the prevailing time in England, Ireland and the United States, to thirty days in Genoa. In Frankfort-on-the-Main it appears to be four days; in Sweden six; in Bremen and Denmark eight; in Russia and Hamburg twelve; in Rome and Brazil fifteen; in Spain fourteen, and, as indicated, in Genoa thirty days. These matters are controlled more or less by statute and are subject to change, and my figures may not be accurate at this time, but they show the prevailing custom in the different countries. The tendency is toward the allowance of fewer days of grace in the countries of Continental Europe, and, in fact, it may be said to be toward the abolition of all days of grace. When Spain and some of the other countries of Continental Europe become provinces of the United States, as they bid fair to become if the present policy of the Spaniards is pursued, it is reasonable to presume that more enlightened commercial laws will be introduced, and that the days of grace will be diminished.

By examination of the authorities published as late as 1890, I find that it is said that no days of grace are recognized in Amsterdam, Antwerp, France, Germany, Leghorn, Leipsic or Naples. And another authority says that Genoa has abolished her thirty days of grace above referred to.

On the uniformity of the custom Chief Justice Marshall may be quoted, speaking in the case of *Washington National Bank vs. Triplett*, 1 Peters, 25: "The allowance of days of grace is a usage which pervades the whole commercial world. It is now universally understood to enter into every bill or note of a mercantile character, and to form so completely a part of the contract that the bill does not become due in fact or in law on the day mentioned in its face, but on the last day of grace."

Under the rules of the law merchant, independent of statute, I believe the commonly accepted view of the best authorities on commercial paper is to the effect that all bills of exchange or negotiable notes, except those payable on demand without specification of time, and except, of course, those expressly without grace, are entitled to three days of grace. The question whether sight paper is so entitled under the law merchant has been somewhat of mooted question, and has formed the basis of much expensive and annoying litigation, but the great weight of authority, both of text writers and adjudicated cases, is in favor of the proposition that a bill drawn at sight is entitled to grace.

When grace is allowed at all in the United States, the number of days is practically uniform, though at one time I find four days allowed in the District of Columbia on paper negotiated in bank, and I believe it was held in one Kentucky case that, where the statute does not fix the number of days of grace, it is fixed by the law merchant, and as the law merchant varies in different places, the custom governing in a given place might be proven, and thus it might be shown that it was different from the original three days.

The law merchant and the common law, of course, must give way to the statutory enactment, and I find that the legislatures of the various States of the Union, without exception so far as I know, have from time to time enacted laws which are either declaratory of the law merchant or in derogation of it, more frequently the latter. And thereby the absolute or practical certainty of the law which prevailed under the law merchant has been interfered with, and we have as many different laws concerning commercial paper as there are States in the Union. As an instance of the passage of statutes which are declaratory of the common law, I find that in Iowa there is a law declaring that demand paper is not entitled to grace. But this was without doubt the law

prior to the enactment of such a statute, and it has no effect. As an instance of enactments derogatory of the common law may be cited Colorado, Connecticut, California, District of Columbia, Illinois, Montana, New York, North Dakota, Ohio, Oregon, Pennsylvania, Vermont and Wisconsin, where all days of grace are abolished. This meddling by the legislatures of the several States with the law merchant has resulted in great confusion, and has made that uncertain which was formerly certain. And before the banker in Colorado can know when the note which he sends to New York for collection will be due, he must inform himself of the statutory law of New York, and *vice versa*.

The remedy for the conditions prevailing is found either in no statutory legislation, or else in uniform statutory legislation, which we cannot hope to attain, unless, indeed, all the States might be brought to the position of New York, Illinois and California, and some other commercial States, which have taken the common-sense view of declaring that a note shall be due and payable at the time named on its face. Opposed to the suggestion that the remedy might be found in no legislation, and thus leaving the matter to the law merchant, are several decisions of the Supreme Court of the United States, concurred in by other high authorities, to the effect that the usages of banks in particular localities may establish laws varying from the general law merchant. But this is a detail which it is hardly worth while to go into in this connection. See Section No. 623 in the first volume of Daniel on "Negotiable Instruments."

The law with relation to holidays in commercial matters is intimately and inseparably associated and connected with the law with reference to days of grace. It often becomes of the utmost importance to the banker to know how commercial paper which falls due on holidays shall be treated as to presentment, demand, protest, etc. The law merchant was sufficiently certain in this respect, and even more certain than in respect to what bills were entitled to grace, and it is well settled under the law merchant, independent of statute, that a bill entitled to grace, where the last day of grace is a holiday or a Sunday, which in law is a holiday, is payable on the day preceding such holiday or Sunday. Whereas, under the same law merchant, a bill without grace falling due by its terms on a Sunday or a holiday, by operation of law is due on the day after such holiday or Sunday. This distinction grew out of the origin of the custom of allowing days of grace, a custom, it will be remembered, which was originally an indulgence, and the reasoning was that, while the payee did indulge the payor for three days, yet, if the last of the three days was a Sunday or a holiday, there was no reason why the payee should indulge him a fourth day; and so the law merchant settled it that payment, etc., should be made on the day preceding such holiday. While, in the case of the non-negotiable bill, or the one not entitled to grace, the payor could not be expected to pay the bill until it was actually due, and so the payee must wait until the next secular day. All this matter as to when a bill falling due on a holiday shall really become due and payable, which was then sufficiently certain under the law merchant, has likewise been interfered with by statutory legislation in the different States. In seven States we find that where the last day of grace falls on a holiday the bill, by statutory enactment merely declaratory of the law merchant, says that it is due and payable on the day preceding such holiday. While in other States, in derogation of the common law, we find statutes which say that a bill on which the last day of grace is a holiday or Sunday becomes due and is payable on the next succeeding business day.

All this is productive of very great confusion and annoyance, because of the uncertainty in which it leaves the law. The remedy for this confusion, likewise, would be found in no legislation, which would make, as above pointed out, all bills fall due on the day preceding the holiday if with grace, or the day after the holiday if

without grace. Of course, it goes without saying that the allowance or non-allowance of grace, and the question as to when a bill becomes payable with reference to a holiday, and the question as to what days are holidays, are governed by the law of the place of payment, and not by the law of the place where the contract was made or the bill is drawn.

This brings me to the consideration of another important question in connection with the treatment of commercial paper as to grace and holidays, and that is, the days which are treated as holidays. There are two classes of holidays for bankers; those called legal holidays, and those which are holidays only by custom of the community in which they are observed. In observing legal holidays, bankers find no difficult questions arising, for on such days they do not open their offices and do not therefore transact any business; but days which are not legal holidays, but are holidays only by custom, are a source of much annoyance, and it is very perplexing indeed for bankers to know how to treat paper maturing in their own and other States upon such so-called holidays. I find upon a hasty examination that no less than twenty-six secular days are considered as holidays in the various States of the Union. Without attempting to detail the days that are holidays for each State I furnish you with the following table, which shows what days are holidays, but does not attempt to show the States within which they are so declared to be holidays:

January 1, 8, 19; *February* 6, 12, 22; *March* 4, 21; *April*, first Wednesday, 19, 26; *May* 1, 20, 30; *June* 3; *July* 4, 24; *September*, first Monday, 9, 12; *October* 31; *November*, Election Day, Thanksgiving Day, 25; *December* 25.

Besides the days shown in the above table, in many of the States of the Union, notably New York and Massachusetts, Saturday afternoon has been declared a half-holiday, and in many of the States I find a law prevailing to the effect that where certain holidays, such as New Year, Washington's Birthday, Memorial Day, July Fourth and Christmas, fall on Sunday, then the next succeeding Monday is a holiday. And sometimes there are provisions that commercial paper falling due on a Sunday, which is also a holiday, shall be due and payable on the Saturday preceding, and sometimes there are provisions that such a paper becomes due on the next succeeding business day or on the following Tuesday. As an illustration of this, the bank with which I am connected recently sent for collection to a bank in a distant city an item which matured on a Monday which was a holiday in that State. The collecting banker being in doubt as to the proper interpretation of the law, protested the item for non-payment on Saturday, and, it still remaining unpaid, again protested the same item on Tuesday. I also find numerous and varying provisions as to paper falling due on Saturday which is declared by the statutes to be a half-holiday in the afternoon, and the provisions vary greatly in the different States. I made a hasty examination of the statutory law in a number of the States with reference to grace, holidays, etc., and I might summarize my examination as follows:

Arkansas—grace according to the law merchant. Bills falling due on a holiday are payable on the preceding day, but notice of protest, etc., may be given on the next succeeding day.

California—no grace is allowed; and, as to when a bill falling due on a holiday becomes payable, they follow the rule of the law merchant, and it is payable on the next succeeding business day.

Iowa—grace is allowed on notes, acceptances and sight drafts. No grace on demand drafts. A bill maturing on a Sunday or a holiday is due and payable the next succeeding business day.

Illinois—no grace allowed. Saturday is not a legal half holiday, although it is observed by custom in Chicago, all the year, and bills maturing on Saturday are therefore payable on the same day, while those maturing on a holiday or Sunday are payable on the next succeeding business day.

New York—grace was abolished in 1894, and a bill falling due on a holiday is payable on the next succeeding business day, except in the case of a half holiday on Saturday, when the bill is due and payable in the forenoon of such Saturday, but notice, protest, etc., may be made on the next succeeding

secular day in case the bill is not paid by noon of the half holiday. There are many other details of the law which are quite intricate in New York on the questions of holidays, presentment, etc.

In Massachusetts, the latest authority that I examined showed that they allowed grace on sight paper, but not on demand paper or checks, or when no time was specified, and a bill falling due on a holiday is payable on the next succeeding business day.

The above details show beyond question, to my mind, that by the statutory enactments of the various States the law merchant has sunk into inextricable confusion, and no one thing has contributed more to this confusion as to the certainty of time payment, etc., than the various enactments in the matter of the days of grace, holidays, and the time when demand, protest, notice of protest, presentment and payment, etc., must be made with reference to holidays. The remedy would seem to me to be in no statutory legislation on the subject, leaving the law merchant to settle all these questions, or, better still, would be in the utter abolition of days of grace, since the reason for their existence has long since passed. Uniformity of law can never be obtained in this respect by statutory enactment, unless it be along one or the other of these two lines. I do not believe it can be along the line of no legislation on the subject, for the reason that States like New York, Illinois, California and Massachusetts, which have taken the advanced stand of abolishing days of grace, will never be persuaded to take the backward step and repeal their statutes on these matters.

The remedy must, therefore, be along the line of uniform legislation in the various States of the Union. Modern methods of communication, and the present excellent facilities for transportation, as well as a uniform medium of exchange, make a nuisance of that which was doubtless a desirable if not a necessary practice at the time of its inauguration, and days of grace having long ago outlived their usefulness are relics of antiquity that should be expunged from our statute books and relegated to the archives of the antiquated.

Inasmuch as it is necessary to change but a single section of a chapter of the laws on the statute books of a State to abolish the days of grace allowed on a bill in that State, it is quite past the comprehension of intelligent business men that we do not now have uniform laws on this subject, for days of grace and their abolition is a subject that has been much discussed before this and the various State associations.

That laws allowing days of grace have not been repealed in all the States is accounted for, I think, by the fact that in the politics of this country there has been, unfortunately, a growing feeling of antagonism toward aggregated capital when it is employed in banking.

The conscientious law-maker, appreciating his good judgment, consults the banker on the subject of proposed legislation, and does all in his power to have enacted laws which would be beneficial to commerce, but the professional politician, knowing his views, not only advocates the passage of laws directly opposite to those proposed by him, but appeals to the prejudices of the people to condemn the banker for having proposed the passage of what the demagogue pleases to call measures favorable to the money power and oppressive to the "sons of toil." As an evidence of the existence of this antagonism toward banks and bankers I will read a clipping from a newspaper published in a State where days of grace are still allowed by law. It is as follows:

A movement is on foot to repeal the sections of the code which relate to the days of grace. We do not see why these sections should not be repealed. When the country was new, mails uncertain, and intercourse limited, the maker of a note was allowed three days after maturity in which to pay without protest. It was a wise law at that time. We do not see the necessity of it now. The farmer has to pay interest on these three days, and he is not benefited in the least. It is more difficult to count interest on the odd days. It is more difficult to make collections, and we cannot see where the benefit comes in to any person. It seems to be one of the good things which are out of date. Some fifteen or twenty States have already done away with days of grace, and we see no reason why this State should not be among the number. We are suspicious of

anything that is recommended by banks, but in this case we do not see what harm there is in acting upon their suggestion.

I know that a determined effort was made by the bankers of this State to have the law allowing days of grace repealed, but the sentiment of opposing whatever is proposed by bankers was so strong that the law was not changed, and this State, though well to the front in most things, continues to follow ancient practices in this matter.

National holidays are not, in my opinion, too numerous in this country. On the contrary, I believe we should have a greater number of such days and fewer days made holidays by the law or custom in so many different States. A day set apart by the nation as a legal holiday in commemoration of some important event in its history, should be observed by bankers and business men generally. A proper observance of these holidays will tend to develop a national spirit, and since freedom of thought, speech and action in this country has brought together as one nation representatives of almost every nationality on the globe, it is desirable that we should employ every available method to teach these people to have a proper conception of our free institutions, and inculcate in them that spirit of patriotism which will cause them to love our country and honor its flag.

National holidays are also desirable as days of rest and recreation for the business man. They promote health and energy, and tend greatly to increase the efficiency of those observing them. In the United States competition in business has grown to be so sharp that the successful business man finds it necessary to apply himself very closely indeed if he would keep well in front in the affairs of business, and certainly no class of business men in the country work under a greater strain and higher tension than do bankers. In the discharge of their duties they from day to day draw upon their nervous forces as large drafts as their physical system will honor, and they go on from year to year utterly oblivious of the fact that the human system, like the finest steel, will eventually wear out, until finally their physical system becomes insolvent and their drafts against it for more nervous fluid are dishonored and go to protest. Apropos of this thought, I beg your indulgence for a moment that I may read a very brief article on the subject of "That Drop of Nervous Fluid," taken from the "Murder of the Innocents," written by Thomas Wentworth Higginson in 1863. It is as follows:

If we fall (which I do not expect, I assure you), we fall disastrously. If we succeed, if we bring up our vital and muscular developments into due proportion with our nervous energy, we shall have a race of men and women such as the world never saw. Dolorous, when, in the course of human events, you are next invited to give a Fourth of July Oration, grasp at the opportunity, and take for your subject, "Health." Tell your audience, when you rise to the accustomed flowers of rhetoric as the day wears on, that health is the central luminary, of which all the stars that spangle the proud flag of our common country are but satellites, and close with a hint to the plumed emblem of our nation (pointing to the stuffed one which will probably be exhibited on the platform), that she should not henceforward confine her energies to the hatching of short-lived eaglets, but endeavor rather to educate a few full grown birds.

As I take it, nature said some years since, "Thus far the English is my best race; but we have had Englishmen enough: now for another turning of the globe and a further novelty. We need something with a little more buoyancy than the Englishman; let us lighten the structure even at some peril in the process. Put in one drop more of nervous fluid and make the American." With that drop a new range of promise opened on the human race, and a lighter, finer, more highly organized type of mankind was born. With the new drop came new intoxication, new ardors, passions, ambitions, hopes, recreations and despairs, more daring, more invention, more disease, more insanity, forgetfulness at first, of the old, wholesome traditions of living, recklessness of sin and saleratus, loss of refreshing sleep and of the power of play. To surmount all this we have got to fight the good fight, I assure you, Dolorous. Nature is yet pledged to produce that finer type, and if we miss it she will leave us to decay, like our predecessors—whirl the globe over once more and choose a new place for a new experiment.

The American business man needs and should take more holidays or days of rest; days when he can dismiss from his mind the details of business, and in the society

of his family and friends cultivate those traits of human character which will convince him, if he would not become narrow and selfish, that he must occasionally depart from his daily routine of business, mingle with others and see the world, as is sometimes said, "through the eye-glasses of other people." Nothing so broadens a man as contact with his fellow-men, when matters of mutual interest are discussed, each furnishing for the other some new thought as the basis for some change in present methods employed in business and social life. Opportunities for this contact with others, outside of business life, would be afforded by uniform laws for holidays in all the States, thereby providing days which would be observed by all the people of the Union.

One of the purposes of every practical Bankers' Association is to secure uniformity of action on all questions affecting the banking business—not only in securing and establishing new laws and customs governing banking, but also in weeding out the old which have been rendered obsolete by changed conditions. The banking system of our country is the product of evolution rather than the adaptation of any well defined and general plan. The progress of this evolution has been marked by an adaptation, more or less complete, to the demands of business under the different conditions as found in the various stages, working the rapid and most wonderful development of our country. The growth of commerce to its present huge proportions has been in spite of rather than because of favorable banking laws, and the development of banking has been quite as much in modifying or letting go entirely outgrown and obsolete customs, and in the adoption of new customs more clearly in accord with the new conditions. The development of banking has been beset with difficulties ever since the thirteen separate and original colonies, with all their jealousies and suspicions of one another, agreed to pool their issues and establish a common government. What little interstate commerce was carried on then was

hampered and restricted as much as though each colony had been a separate and remote nation. There was no attempt at uniformity governing commercial transactions. With different moneys and different standards of money, as well as different local laws and customs governing commercial transactions, the only wonder is that our commerce grew at all. From these conditions has been evolved the banking regulations and laws of today, following the rapid growth of commerce, but always a little behind, adapting itself as best it could to the requirements of the time rather than taking the lead and fostering healthful conditions surrounding commerce, as many contend it should. Banking development has heretofore been chiefly occupied in keeping up with the commercial procession and in cutting loose from customs and laws, wise in their day, but whose usefulness had been outlived. From the unfavorable commercial relations of the early colonies there has been a constant though slow growth in uniformity of law, especially in banking and commercial law. So much interstate business is now transacted that a uniformity of all laws governing commercial transactions is not only desirable, but, in justice to all, necessary.

The agitation of the question by this association has done much toward the abolition of the days of grace in States where no grace is now allowed on bills. It can, by proper agitation of the subject, do much toward the abolition of local holidays, legal and otherwise, observed in various States and cities, and the establishing of more national holidays which will be observed by the different States in the Union, thereby eliminating many difficult questions which now annoy business men, on account of the dissimilarity of days now observed as holidays in the various States.

Let us continue our agitation of all these questions until we have uniform laws in the matter of holidays, days of grace, and, indeed, until all the laws governing commercial transactions are uniform in all the States of the Union.

The Need of Banking Facilities in Rural Districts.

By WILLIAM L. ROYALL, Richmond, Va.

Mr. Chairman and Gentlemen of the Convention:

The vast mass of the American people have yet to learn the elementary propositions upon which true finance is founded; to wit: that money has its own value, and that its value does not come to it from law, as the great bulk of the people believe to be the case; that this value rests, like the value of everything else, upon the labor required to produce it; that demand being conceded, if it takes a day's labor to produce 23.22 grains of gold (what we call a dollar) and a day's labor to produce a bushel of wheat they are of the same value; that the province of the dollar is to compare itself with the commodity and determine that each embodies the same amount of labor, whereupon we say a thousand bushels of wheat are worth a thousand dollars; that this being determined, business is not purchase and sale of commodities for money, as the people believe, but exchanges of them effected by swapping drafts for their value in the banks; that the all important thing then is to keep the money—the standard of value—always intact, whereupon business is conducted by exchange of credits, and these credits will swell out to any size required, furnishing all the money that can be used; and that the all important thing after the preservation of the standard of value is to give perfect freedom to credits. The vast mass of the American people have yet to learn these elementary truths, and yet they must always grope in the dark and be always producing confusion until they do learn them.

The clamor of the day is for "more money." It is the backbone of "free silver." To get "more money," more than 6,000,000 of voters declared in '96 for "free silver." They were willing to take bad money to get

more money. This seems absurd, but there never yet was a great popular movement like this without some solid cause behind it. The fool pooh-poohs the whole business. The wise man looks for the cause. Let us take the part of the wise man.

When looking into the case the first fact to meet us is abundance of money in the cities. But there is none in the country, whence the clamor comes. I made an address to the Banking and Currency Committee of the House of Representatives, December 19, 1896, in which I produced proof that the people in the agricultural districts have no money at all. It is printed in "Hearings and Arguments Before the Committee on Banking and Currency, House of Representatives, Fifty-fourth Congress, First and Second Sessions, 1896-97," a volume to be found in all public Libraries. I add the following: D. H. Lynch, a real estate dealer in Richmond, Virginia, received the following letter from a man in Nebraska, to whom he had sold a farm:

COLLINS, NEBRASKA, December 29, 1896.

Money close here and I hard up at present. The Bank loans money at 3 per cent. a month, when they got it, but ha'nt any to loan now. Can't borrow at all.

Yours truly,

S. H. ROBERTS.

This man had a farm in Nebraska worth \$7,000, with 200 head of horses on it, and he could not borrow enough money to move to Virginia. I have the letter here, and any one may look at it. I assume every one here knows the country people have no money, and I shall not waste time proving it. Whoever fails to know this can get full information from the address referred to.

People in the cities have plenty of money, because they use scarcely any. They do all their business with

checks, and need enough only to go to market and pay street car fare.

But in the agricultural districts there are no banks for the people to check on. Every one knows this to be a fact. Why is it? Because the tax of 10 per cent. on the issues of State banks makes any but National banks impracticable. The National banks are founded on National Bonds, of which the farmers have none, and they are anti-rural also in their nature. There are no banks in the country then for the country people to check upon, and checks are unavailing to them. A check is of no use to a Cowboy on the Plains. The country people must have actual cash for their affairs, and yet they have none. Why is this? It is because all of our money is good as its face in every part of the United States—gold because of its intrinsic value, silver because the Government practically gives gold for it, and greenbacks and National bank notes because the one is the Government's note and the other bears its endorsement. This being so all of it goes to the Commercial centers, and leaves the country people destitute. I am not giving a reason why it all goes to the Commercial centers, though I have a reason that is perfectly satisfactory to myself at least. I am only stating the fact now, and of that there is no sort of room for doubt. For proof, I may add to what I have said the following: We hear every fall that money is scarce and interest high in New York, because all the money has been sent West to move the grain, and South to move the cotton. This money is not used to buy grain and cotton. That is all paid for with exchange. It is used principally to pay labor and, therefore, gets spread out amongst the people. But in three months' time it has all returned to New York, interest is again normal there, the country districts are again destitute of money, and the same process must be repeated the next year.

So it is then that a condition of affairs has been brought about in which one part of our country, the cities and towns, have plenty of money for their affairs, while the country people are wholly destitute. This is unjust, and it is wrong. The countryman naturally resents it. He reads in his newspaper that the New Yorker can borrow all the money he wants for 2 per cent., while he, with valuable property, can get none at 10 per cent., and he feels that he is wronged. He is wronged, and he has my deepest sympathy. There is the seat of free silver's strength, though if the farmer only knew it, the silver dollar would leave him just as the greenback does. It would be good for its real value all over the nation and, as it would become the sole money, it also would go to the Commercial centers. Free silver would only produce a general liquidation, and then it would leave the farmer as greenbacks do. The great upheaval for free silver came then from the country people, who joined forces with the idle workmen of the cities that the threat of free silver threw out of employment. It had its origin in the countryman's unsupplied need for money, and we will have to face it again unless we remove the cause of the countryman's discontent. This is the case that confronts the country. Shall we allow it to remain as it is? I say we should not, and for two reasons:

First: It is unjust, and injustice always brings disaster.

Second: It will work up another free silver ghost, by some other name, if not free silver. That arrests enterprise, makes idle workmen in the cities, and multitudes of unemployed everywhere. Then comes another unnatural union between the farmers, who have no currency, and the unemployed of the cities to strain the pillars of our institutions as they were strained in 1896. We should remove the prime cause of all this, and there is but one possible remedy—a banking system that will permit each locality to bank upon such resources as it has, with banks managed by local Directors, who are acquainted with the people of the neighborhood that require banking accommodations. This last requirement is just as important as freedom in banking.

The farmer can borrow no money from a National Bank. They are all in the Commercial centers, and their Directors have no personal acquaintance with the farmers. Money is loaned upon knowledge of the borrower's character. The farmer applies to a National Bank for a loan, and is told the Bank has no money, which means it has none for him, because the Directors do not know him. I repeat then that the *sine qua non* for peace and order in the United States is a banking system that will permit each locality to bank as it pleases upon such assets as it has, and will secure for the Directors of the local banks, local men who are acquainted with the people living around them. The whole case rests right there. This amendment of the law would carry the remedy to the seat of the disease. But we will never have peace and contentment until our banking system allows these two measures. The farmers will always be without banking facilities and discontented, therefore, under the present system, and until they can have their local banks based upon such property as they have, whose Directors know them and will grant them the accommodation they need. But allow a locality to have perfect freedom and the facilities for banking on what it has, and it will have, relatively, as many banking resources as Wall Street has. Its system may be one that Wall Street will spurn. But if it supplies the needs of that locality of what consequence is Wall Street's contempt? To have these local banks it is essential that they shall be allowed to issue their circulating notes, because a very great proportion of them would do a very limited business, and with a small capital, and they must be permitted to supplement their capital by notes in order to have resources enough to do a paying business. I know the prejudice against State Banks will never permit the re-establishment of them, and I do not argue for them. But all of their advantages can be secured without a resort to them. Permit National Banks to issue as many notes as their Directors think proper, and upon the security of the assets of the bank only subject to as rigid inspection by the Government as can be asked, and the Gordian Knot will be cut.

Suppose a bank in the interior of Texas with a half million of dollars' worth of property, convertible into that much gold, should put out five hundred thousand dollars of its notes upon the security of its own assets only. The bank being unknown in New York city, its notes would not be accepted there. But all the people of Texas living anywhere near the Bank would know that it was perfectly solvent, that its notes were perfectly good, and the notes would, therefore, circulate as money amongst those people. Is it right that they should be kept, as they now are, destitute of all means by which they can conduct their business merely because Wall Street does not desire to take the notes whose character it does not know about?

Let no man suppose I am an inflationist. I am a single standard gold man of the extremest type. I would require a bank to pay gold for its notes on demand, or to be instantly put into liquidation through Receivers. The only trouble my views give me is the fact that the inflationists also call for the repeal of the tax on State Bank notes. But we are as far apart everywhere else as the two poles. I want to give the industrious man an opportunity to make use of his resources, but under the severest restrictions. They want to help the cause of cheap money, and to legislate money into the pockets of those who are too lazy to work for it. Though we both work for one thing—that is, the repeal of the 10 per cent. tax on notes—there is nothing else in common between us. But why should these Texans be kept in their present state of destitution when they are entirely capable of supplying themselves with everything they need if they are only granted freedom to use their own resources in such a way as will bring them the best results? The answer to this question in every man's mind is, because they will put out notes that will get into general circulation all over the United States,

all of which being at a discount and many of which proving worthless will thus cause losses to innocent and unsuspecting people. I think the possibility of evil is very greatly exaggerated.

Before the war the notes of State Banks caused trouble. But why? Our steam and electrical development was very imperfect, and when State Bank notes once got into a community it was hard to get them out of it. A North Carolina customer of a Richmond, Va. merchant would inevitably tender North Carolina notes that he had had to receive in settlement of his account, and the desire to keep on good terms with his customer would make the Richmond merchant accept them, and as there was no rapid communication between Richmond and the issuing bank, they would get out into circulation in Richmond and remain there to the annoyance of the people until they were bought up by brokers and sent back to North Carolina. But every part of the country is now intersected with rapid means of communication, and all parts are in instant touch of each other. A North Carolina note would not be a day in Richmond before it would be hurrying back to the bank that issued it, with a demand for payment of it in gold.

Besides, no interstate payments are now made with cash. Our network of banking is so complete that exchange can now be sent to every point, if not exchange on that point, exchange on New York or some other point of general commerce, and all interstate payments are made now with exchange. The notes of the local banks would, therefore, never leave home now. The people there would want them, the people away would not want them, and they would stay where there was a demand for them rather than go to a place that did not want them.

The popular conception of a need for a currency note that will circulate all over the country is an utter error. Who needs such a note? General business does not, because, as explained, general business is all done by exchange. No one needs it but travelers, and they can protect themselves by carrying enough gold in their pockets for current expenses and bank checks on the cities to which they are going. The upshot of the business then is that the general public would never see or hear, under present conditions, of local bank notes, and the rural communities that now have nothing to conduct their business with would have all the media of exchange that they need. Because, as the notes of the local banks, though perfectly good in fact, would not be known away from home, the discount thus put upon them would send them home whenever they strayed away, for the use of the people who appreciated them and for whose use they were issued. This is really the ideal currency system. I don't know that I can do better than to illustrate with the facts in one State prior to the Civil War, as the records show them, and I take my own State, Virginia.

In 1861 Virginia had 1,500,000 people, but 500,000 of them were slaves, incapable of contracting, so that for the purpose of the case she had 1,000,000 of people. Her banks, for twenty-five years, had had out ten millions of dollars of notes that circulated at par all over the State, furnishing all the greatest abundance of money. There was a bank at almost every cross roads, whose manager knew the farmers, and gave them such accommodations as they were entitled to. These notes were at a discount of only one-quarter of 1 per cent. in New York, and no man ever lost a dollar by a Virginia Bank note. Contrast that situation with Virginia's present situation. Now she has 1,700,000 people, all capable of contracting. She has thirty-seven National Banks, and great districts as large as some of the States of this Union that have no banks. If you should rake up all the currency in the State outside of the cities and towns, I don't believe you could find \$250,000. I say then that her condition before the war was an ideal one, and that the condition of her farmer to-day is a pitiable one, and I say, further, that if that condition was possible for Virginia then, it is just as possible for all the States now.

In point of fact, the condition of every Atlantic State in 1861 was just that of Virginia. The evil of State Banks was confined to the new and growing West, where they had "boom" banks as well as "boom" towns, and the West was rapidly eradicating the evils of the system and securing its blessings when our present absurd financial system was forced upon us as a war measure. The same official reports of Virginia show many other interesting and important facts. The Farmers' Bank of Virginia was a great institution, with branches in many parts of the State, and one of them was at Blacksburg, a small village of two or three hundred inhabitants in Montgomery County, which is a blue grass, grazing region of country as fine as any in the world. This branch had a capital of \$60,000, and a surplus of \$50,000—that is, it had \$110,000 of resources. But it had out its notes to the amount of \$146,274, and it kept in its vaults only \$29,555 of specie against those notes. With notes, capital and surplus it had, therefore, \$256,000, but its deposits were only \$7,042. It had out loans, however, amounting to \$227,000, which added to the coin on hand about balanced its resources. Now this trifling deposit account has a deep meaning. It means that the farmers around, who borrowed the bank's money, did not take their loans in the form of credits on which they checked. It means that they took the bank's notes and put them in their pockets and carried them home and paid them out to their neighbors, and, as everybody had perfect confidence in the bank, whose managers were the leading people of the community, nobody ever thought of going to the bank and demanding redemption of the notes in coin, so that once out they remained out indefinitely and circulated around among the people, performing the functions of money as well as the purest gold dollars could.

This is the way in which Virginia banks were able to put out five and even eight dollars of notes for one of specie kept in their vaults, and this is the reason why they were able to issue on a small capital just as many notes as the people had any use for. The result was they could so multiply their capital that they could afford to charge very low rates of interest and the people generally had an abundance of money at the most reasonable rates. Now they cannot get it at any rate whatever, and reading in their papers that the New Yorkers can get all they want at 1½ per cent., they are naturally discontented. This Blacksburg case (and the reports show the country was full of Blacksburg cases) contains the whole argument upon the subject. The banks must be local, and they must have authority to swell their capital by issues of notes payable in gold coin on demand or the capital will not be sufficient to loan money enough to pay the expenses of the business and leave a profit.

In the present state of things it would be absolutely impossible to get what are called "wild cat" notes into circulation. The whole country is covered over with old and established banks, nothing like so numerous as they should be, but numerous enough to prevent that. No new bank could either get its notes afloat or keep them afloat if the present old banks frowned upon them, and they certainly would frown upon them unless they knew the bank issuing them to be sound. A "wild cat" bank is started at Farmville, Va., one of its notes is paid into a retail store in Richmond, the store keeper sends it next morning to his bank in his usual deposit, the bank throws it out, that fact is telegraphed or telephoned to Farmville, and that is the end of this "wild cat" bank. But, it is said, a number of these notes will have gotten out into circulation before this old bank condemns the note. It might have been done before the war, but it would be impossible now, with our fast mails, telegraphs and telephones. The moment organization of such a bank commenced, every other bank in the State would be notified of it, and each old bank would make free announcement of its intention to blacklist the new notes. This fact would be known everywhere in the State before a single note got out, and the

operators would never be able to float one unless through a criminal act. Everything pertaining to this matter has changed since 1860, under the influence of fast mails, telegraphs and telephones.

The Atlantic States had unsecured bank notes only, prior to the war, and they had the best currency system any people ever had. As I have said, the only complaint of that system came from the new and growing West, and its evils there were incident to a new Society, and not to the banking system.

I don't think I have ever seen an American that was aware of the fact, but England, Scotland and Ireland have to-day exactly the banking system that I contend for. Each island has local banks scattered all over it that put out their notes upon no security, whatever, but the assets of the banks themselves. These notes are at a discount thirty miles away from the banks that issue them, but they furnish the people living around those banks with an abundant and perfect currency. A full account of them can be seen in my address already referred to at page 191. Great Britain's whole internal economy rests upon these banks.

I have several copies of the address, which I will take pleasure in handing to any gentleman interested in the subject.

What I contend for is the plan of our Constitution, and although it is the fashion of the day to sneer at those who talk of the Constitution, I have the most slavish adoration for that incomparable instrument which I never fail to manifest when an opportunity offers. I have stated the argument to prove that this is the Constitution's plan in the address already referred to.

Banking as it Relates to Industrial Development.

By JNO. W. FAXON, Secretary Tennessee Bankers' Association.

Mr. President, Ladies and Gentlemen:

This address is intended more for the masses than it is for bankers. The banks are already acquainted with most of the facts herein set forth.

It is not my purpose to occupy the time allowed me with an attempt to educate the people upon the financial issues of the day. Some of the many theories advanced, in the past few years, are utterly reckless, and impossible to be understood, even by the best students of monetary conditions, or the elucidator of the most difficult financial problems.

That there has been great progress in our system of banking in the past half century, no one will deny; and that we now have the satisfaction of seeing every dollar of currency worth a dollar in gold, every day we live, is an evidence of that progress. Many there are in this audience who can easily remember the uncertainties which surrounded commercial enterprises and industrial development not so many years ago, when in every business house there hung a Thompson or Dye's Bank Note Reporter, giving the latest quotations of discounts, on the constantly fluctuating currency with which our country was flooded. It was utterly impossible for a business man at that time to tell the profit on a transaction, for by the time such money had circulated to any great extent, it might have fallen or risen in value from 10 to 20 per cent. But now, thanks to that American idea that we must go forward and not backward, we have a stable currency, circulating throughout our entire realm, from Maine to Florida and from Florida to the highest point on the Pacific Coast, where a dollar is always and everywhere a dollar. Let us hope that the people of this great nation will never destroy a system so satisfactory, by tampering with it for the purpose of advancing the interests of any political party. Partisanship should be set aside when it advocates schemes to put the greatest stumbling block in the way of industrial development and commercial prosperity.

How strange it is that there are so many people with

I am sometimes told that the Supreme Court of the United States has construed the Constitution in opposition to my views. This is true, but this construction is part of the war doctrine put out a third of a century ago, to enable the Government to carry on the Civil War, and the sooner it is abandoned the better. That construction is part of a series of decisions which hold that the Congress of the United States can convert a piece of green paper into a dollar, a thing which the Almighty himself cannot do without first changing the laws of the Universe.

We have to submit to and obey the decisions the Court has made while they remain the law, but that does not preclude the citizen from examining those decisions and pointing out that they are not in harmony with reason or the spirit of our institutions.

The idea of the whole paper currency being issued by private banks instead of by Government or Government agencies is an essential part of the fundamental idea of the fathers of our Government. They intended that the individual should be everything, the Government nothing, except for the few things that all are equally interested in. They had never heard the word Socialism, but they knew the evil and all of their work aimed at guarding against it. Paper money issued by the Government is the surest aid that Socialism can have. The local bank with its local notes is the surest safeguard for local self rule. The essence of the one is collectivity, the essence of the other is individuality and that is essential to the continued freedom of a free people.

so many curious and erroneous ideas in regard to banks and banking. Many of these errors can be traced to the teachings of those who, in order to curry favor with the masses, endeavor to prejudice them against banks, by asserting that those who are engaged in banking abound in luxury and indulge in a continuous round of pleasure, as they spend their days in extravagant living, and in counting and gloating over their earnings, which they have "squeezed," in a doubtful manner and in devious ways, from their customers.

They have also been led to believe that the hard-working and impecunious citizen is the prey of the banker; that the *ipse dixit* of the banker is the cause of the failure or success of a large proportion of the business men of every community.

While this belief is very prevalent among the poorer classes, it is a fact, easily proven, that the majority of men engaged in the banking business, both officers and employees, have little or no pecuniary interest, in the shape of stock, in the banks in which they are employed, but, on the contrary, they are hard-worked, from six to ten hours a day, and many of them on moderate salaries, in a business requiring the most laborious and exhaustive mental exertion, as well as the highest test of responsibility.

It is a part of my duty to correct, if possible, the impressions I refer to, and to change the current of thought of that class who look upon bankers as financial tyrants or overbearing monopolists.

A bank is not only a place for keeping in safety the surplus money of a community, but it is the point of concentration for capital, so that that capital may be utilized in the best possible manner for the development of the industries of towns and cities, and at the same time afford an opportunity to men of credit, engaged in manufacturing, contracting, merchandising or farming (who have but little capital of their own), to extend their business, so as to increase their own wealth and the wealth of the community in which they live, as well

as to furnish good or better wages to those who earn their living by manual labor.

Money is the fundamental element of banking, as it is the only recognized medium of exchange, and as a medium of exchange it is the basic principle of commerce.

Banks are in every sense a benefit and not a curse to the people. The capital stock of a bank is made up of funds, generally in small amounts, subscribed by numbers of persons, who are called stockholders.

It is stated that 500,000 people in the United States hold shares of stocks in banks. These stockholders are from among the people of all classes in life, and it is estimated that there is one billion and fifty millions of dollars invested in bank stock in the United States by these people. Wealthy men, poor men, old men, young men, laboring men, married and single women, widows, administrators of estates and guardians of orphans or of minor children, have all contributed, in small sums, generally not over from \$100 to \$1,000, to make up the capital stock of the bank.

The officers of these banks are hired men, working on salaries.

Banks loan money to the public on security, where the borrower is a man of credit, and is supposed to be honest, for which a charge is made, which is called discount. These loans are made to business men or corporations, to enable them to increase for the time being their capital, in order that they may add to their stocks of goods, or to the material to be used in their manufacturing. From the sales of these goods, or the product of their factories, they pay off this paper to the banks and place the surplus earnings to their profit account.

Loans are also made to farmers and commission merchants, who draw drafts or bills of exchange upon those to whom they have consigned their produce. The farmer frequently needs money to purchase his seed for his crops, or with which to buy farm machinery, thus enabling him to put in larger crops and to supply more efficient machinery for farm use.

But for the banks the farmer would be without this assistance, just at the moment when it is most needed.

The laboring people in the employ of the manufacturer, contractor or farmer derive benefit from the earnings of the loans made by the banks to their employers in the shape of profits, a part of which are applied in payment of salaries or wages.

The same assistance is furnished by the banks to the millers, lumbermen, owners of coal mines, or ore banks, to enable them to place their output on the market. The last mentioned interests

REQUIRE LARGE CAPITAL TO HANDLE THEM.

It is said that coal, after it is mined, is worth eight times as much as it is in the ground.

Banks, if carefully and economically managed, yield money to these stockholders, which is called profits. A portion of these profits are paid—generally semi-annually—to the stockholders, in the way of dividends, while the balance is placed to a surplus fund, to be held for the purpose of paying any losses that may occur to the banks.

For the past five years, I am informed, the interest paid upon the capital invested in banks has not averaged over 6 per cent. per annum, and this moiety has been divided among the stockholders of banks, which is but a small revenue arising from their investment.

While there is a class of men in every community who are not bread winners, on account of their indolent habits, and who are unable to borrow money from banks, it is seldom that any man of good character, who is attentive to his business, fails to secure an accommodation from a bank when it is required. In most cases banks furnish the capital and labor receives the benefit.

Capital, separated from labor, brings upon us industrial depressions, but where capital and labor go hand in hand the result is always commercial prosperity.

The business of the world is kept in motion by cap-

ital. Manufacturing, the building of railroads, farming and merchandising are sources from which the largest proportion of working people obtain their wages. The banks furnish the capital for carrying on this industrial development, and they are thus the real providers of money with which to pay the wages and salaries, by which thousands of the laboring classes are kept supplied with the comforts of life, and through which means happiness is brought to the homes of their families.

The truth of this was most faithfully demonstrated in the years of the recent panic, which was one of the most disastrous industrial depressions this country has ever experienced. During this period, when every one should have been seeking devices to mitigate the severity or shorten the duration of the panic, in certain portions of the country men were agitating strikes, one of the poorest panaceas for such a calamity, while the banks of New York, the aorta of financial life to this country, and the banks in other large cities, were issuing clearing house certificates, and thus relieving and counterbalancing to a great degree the loss of our money circulation, occasioned by the lack of cautious discernment on the part of those who hoarded up and hid away the money of the people.

This action of the banks enabled the fires in the furnaces to burn, the wheels and machinery of our shops and manufactories to revolve, and furnished to millions of employees their daily labor, by which they secured the means to procure the necessaries of life.

What would the result be to-day if banks and banking were abolished? Millions of laborers would be thrown out of employment, and would be deprived of shelter, clothing and subsistence for themselves and their families. Available capital would be, in the main, reduced to so great an extent that all the industrial interests of the country would be stopped, while prosperity would disappear like

"THE BASELESS FABRIC OF A VISION."

Besides being the agency through which the surplus means of all classes of society are made to serve the demands of all branches of business, in the way of deposits, the banks of the country are the guardians of idle capital and are one of the most important factors in the industrial development of a State. The trade area of cities and towns steadily increases under the financial facilities afforded by banks.

Money is the co-partner of industry, and without it the industries of our country would meet with but poor success.

Industrial development is a consequent result of commercial activity, upon which it mostly depends. Commercial activity is absolutely impossible without monetary advantages, and the only means of securing monetary advantages is through the instrumentality of a sound system of banking. In truth, industrial development, commercial success and monetary power are all inseparably interwoven through the indispensable province of banking.

The facilities of banking produce credit accommodation, and this is vitally essential to commercial prosperity and industrial development.

If every county in Tennessee was provided with a bank, available capital would be secured for the development of any industrial enterprise in that community, and for the enlargement of the commercial undertakings of the people.

With five hundred depositors in a small town, and the average deposit of each depositor only \$100, fifty thousand dollars would be concentrated at one point, to be used for advancing the business interests of the town. On the other hand, if each of these depositors retained his \$100 in hoarding, he would be in no position to help his town or its inhabitants.

Thus we see that banking is a system which procures the greatest possible good and the widest conceivable advantages for the greatest number of people, and the

community in which a bank is located is thus aided in carrying on prosperous ventures and extending industrial development, by getting together small sums of money as deposits, which in their separateness would avail nothing, but when taken in the aggregate can achieve a most wonderful success.

I have not the time to discuss the best system of banking for the nation, but the conclusions in this address are derived from the standpoint of a sound and judicious system of banking.

Some of the most eminent bankers of the country are strong advocates of the Branch Bank System. In almost every nation of note branch banks are permissible. The Bank of France has branches in ninety-four towns and cities outside of Paris. The Imperial Bank of Germany has 220 branches. Scotland's ten banks have 878 branches; Canada has thirty-eight banks, with 483 branches; Ireland has nine banks, with 353 branches. The Bank of England has nine branches, while strong private banking houses have the privilege of issuing notes, as well as that of establishing branches. Italy, Australia, Russia and Austria—in fact, nearly every country in the world, except the United States, has the branch bank system.

Should this system be adopted in the United States, there would be a centralization of capital in the larger cities, where the parent banks would be located. With large banking institutions in the principal cities of Tennessee, branch banks could be maintained in almost every county of the State, where there is not now sufficient capital to organize a bank.

The minimum limit of the capital for branch banks in each State should be \$10,000 or \$15,000, which amount, with a fair line of deposits, would furnish financial relief to scores of small towns, where there is now but little

available capital. These banks, with the capital of the parent bank to support them, would be the means of extending the industrial development of numerous counties where the natural resources now lie dormant. The great advantage of such a system would be protection to its depositors by the parent bank, and unlimited money to all worthy enterprises, as well as an opportunity to the citizens of the county to place their savings in a bank, where they would be free from the temptation to waste them, and at the same time relieve them of the great risk they have to contend with, in keeping their money about their premises.

This system would tend to the retaining of our banks' money in our own larger cities of the State, at the parent banks, and not lead the banks of the State to place their surplus funds in the East or West, as they do now, for the mere pittance of interest which they receive. All large loans, made judiciously, by branch banks, could be furnished from the parent banks, and there would be no necessity for the depressive cry of a close money market which has so frequently beset us. In panics there would be such a combination of interests that branch banks would be able to weather the storm from aid furnished by parent banks.

The only difficulty in the way to the establishing of this system of branch banks, so necessary toward developing every section of the country, is the objections which will be offered by partisans, many of whom will oppose it, particularly if the method suggested has any restrictions thrown around it by law to prevent or relieve it of that odium which was attached to the ante-bellum system of State banks.

We can only accomplish such a change under a system of sound banking, where both the depositor and note holder are fully protected from loss, beyond the possibility of a doubt.

Patriotic Spirit of Bankers.

By J. D. POWERS, President First National Bank, Owensboro, Ky.

A long course of prosperous industry does not unfit those who have been winning the spoils of peace for the defense of their country at a time of great national danger, the accumulations of peace being the true resources of war. Paradoxical as it may seem, the subject assigned me may be abridged by expanding it, so as to make it read: "The Patriotic Spirit of Bankers of America." So from the subject thus "abridged" I shall proceed to the discussion of the topic.

While the subject does not question that the love of country is general with all classes, it does assume the prevalence and diffusion of the spirit of patriotism among that class whose representatives are here assembled, and accentuates its existence as a characteristic thereof.

Honor, patriotism, reverence, all things which our fathers esteemed as more precious than gold, have not departed, but as a rich heritage have been transmitted to their sons, and stand out as pre-eminently in the character and acts of this generation as they shone resplendent in the days of the Revolution. Though there is necessarily a distinction between the acts of heroism and those of patriotism, they find unity in the accomplishment of high resolve and noble purpose, when uninfluenced by the ends of vainglory, or the glamour of the deeds to be performed.

So, looking first at the heroic side of patriotism, we see the patriotic spirit of those who personally answer the call of their country for its defense, its protection, its honor, its glory and its renown. Without distinction of party, place, position or section, they consecrate their lives to its glory. Some leave the quiet country home with meadows, brooks and flocks, giving a fond and perhaps final adieu to mother, sister or sweetheart, and with a father's blessing go forth to return, perchance, no more forever. Others, giving wives a fond, last em-

brace, looking lovingly upon the blessed bonds of their union asleep in the cradle, or prattling about their knees, little recking of the woes that betide them, rush under the exciting influences of the hour to meet the enemies of their country.

We see them in the tented field, alert for every duty, actuated by lofty desire, and driven on by a patriotic spirit, eager for the fray, anxious to meet and defeat the enemy. In answer to the order, "Forward, march!" they keep quick and regular step to the music of the nation. See them on the lonely sentinel's beat, standing guard under the quiet stars, or in the raging storm. See them at their post of duty with the missiles of death showering about them. See them advance in the face of the galling, deadly fire, as they go, breasting the hail of shot, the storm of battle, the thunder of the oncoming foe, the lightnings of hell, to victory or to death. Some wildly exultant over the great victory won, others, alas, wounded, bleeding, frenzied with thirst while the stream of life fast ebbs away, dying, dead. Where in all this carnage are the Florence Nightingales, the Clara Bartons, the noble women of the Red Cross, whose gentle touch, angelic look, sympathetic, kindly word and helpful hand allays pain, quiets anguish, soothes the soul and gives hope to the future, peace to the dying, and consolation beyond the grave? Think you that the spirit of patriotism in them is less than in those to whom they are as ministering angels? What of all the blare of trumpets, the waving of banners, the pomp and circumstance of war, without the sinews of war, without the money and credit to sustain it? What, then, is the first great care of a nation about to engage in war, offensive or defensive—to look well to its finances, and to see who will sustain the Government's credit, and furnish the means with which to provide the army and navy, and having provided them, to provide for them. Where and to

whom does it look? What spirit is invoked to work out the problem but the patriotic spirit of bankers? In this glorious land that spirit has never been wanting from the time that Robert Morris answered the call and furnished Washington the means to win the battle of Trenton, even down to the glorious, though bloody, field of Santiago.

New Year's morning, 1777, Robert Morris went from house to house in Philadelphia, rousing the people from their beds to borrow money with which to relieve the destitution of Washington and his men, and early in the day he sent \$50,000 with the reassuring message that "whatever I can do shall be done for the good of the service. If further supplies of money are necessary, you may depend upon my exertions either in a public or private capacity."

Later on, when the public credit was at its lowest ebb, and the public exigencies most pressing, a banking institution was organized by a few patriotic citizens for the sole purpose of sustaining the army, but no profits whatever were to be derived from its operations by those who had subscribed the £315,000 as its capital stock.

Growing out of this association, the Bank of North America was organized by Morris and his associates, who pledged their private fortunes to sustain the credit of the bank, and through it were all future obligations of the Government promptly met by the patriotic spirit of these early bankers.

When, later, in 1812, the credit of the Government was so low and doubt and distrust were so great that it was impossible to float the bonds of the Government, to enable it to defend itself for a second time against the aggressions of England, Stephen Girard, the great Philadelphia banker, came to its rescue and took millions of its securities, and re-established confidence and sustained its credit to the end that we were enabled to crush the enemy and once more enjoy the blessings and prosperity of peace.

More than a third of a century later, in the war with Mexico, the same spirit which had actuated Morris and Girard enabled our soldiers to stack arms in front of the halls of the Montezumas, and left us at the conclusion of peace with a vast and rich domain added to our possessions.

When grim-visaged war unrolled his wrinkled and horrid front within our happy and prosperous land, and threatened with destruction that for which so much blood and treasure had been expended, the needs of the Government were promptly met by the bankers of America in a spirit of lofty patriotism, and they gave ungrudgingly of their gold for the promises of the nation, and continued so to do, until, in an evil hour of expediency, the then Secretary of the Treasury foisted upon the country an emergency money which closed the doors to the vaults of gold, and inaugurated a desperate game of speculation, the evil fruits of which have not ceased unto this day. But the patriotic spirit of American bankers has not alone exhibited itself in times of national peril and distress, as the result of war, but has shown its character and strength as well in the days of peace.

Growing out of the conditions made possible by Secretary Chase's financial policy, there remained a dangerous residuum in 1894, and unfortunately still remains, of about \$500,000,000 of currency notes of the Government for which gold may be demanded, but which, when repurchased by the Government with gold, cannot be retained or canceled by it.

Thus there were existing ills for which there was no adequate remedy, causing the then Executive, and his most excellent Secretary of the Treasury, to protect and replenish the gold reserve by putting upon the market \$50,000,000 of bonds, authorized under the act of January 14, 1875, and subsequently in November of the same year to duplicate the issue, thus realizing to the treasury more than \$116,000,000 in gold; but in the same period of time, through the processes of this greenback endless chain, nearly \$103,000,000 in gold was drawn from the

treasury, and within the succeeding sixty days more than \$69,000,000 additional gold was so withdrawn, and, in the language of President Cleveland, "These large sums of gold were expended without any cancellation of Government obligations, or in any permanent way benefiting our people or improving our pecuniary situation."

Thus confronted with serious conditions that were fast tending to the destruction of our national credit, and seriously affecting our financial standing at home and abroad without the sustaining power and helpfulness of Congress to beneficently enlarge the powers of the Secretary of the Treasury in the premises, the Executive and Secretary were compelled, in order to protect the country and its credit, to make still another bond issue in February, 1895. These bonds were negotiated at a premium to be allowed to the Government, so as to fix the rate of interest upon the amount of gold realized at $3\frac{3}{4}$ per cent. per annum; but actuated by a spirit of patriotism, the bankers who were to become the purchasers proposed to the Government that if they would allay the suspicion and deprive the bonds of the uncertainty as to the kind of money in which they would be paid, and make them in terms, as everybody felt confident and sure that they would be in fact, payable in gold, they would take the entire issue at 3 per cent., thus saving to the Government by the terms of the bonds, and the price to be paid therefor, \$16,174,770; but Congress, swayed by popular financial fanaticism, refused consideration of the President's very urgent message imparting these facts and conditions, and thus the Government by political demagoguery was forced into an enormous ultimate loss over the most earnest protest of a President and Secretary whose high character and sound judgment have never been, and likely never will be, surpassed in the history of this Government.

But now to the conditions that are present with us and the developments that have been brought about by the war, which has been forced upon us as a rebuke to our philanthropy, our protection of the helpless and the feeding and care of the starving.

The present Secretary of the Treasury made a visit to New York prior to the issuance of the bonds of the Government, and, although the threatened dangers and insecurities of war had caused the people of the country to withdraw from the savings banks large balances, and to hoard them, and in turn these saving banks had called upon the commercial banks for their balances, and money in New York was worth 6 per cent., fifteen of the leading bankers of that great financial center called in a body upon the Secretary and assured him of their patriotic desire to see a 3 per cent. loan not only floated at par, but, to enable him to make it a popular loan without fear of its miscarriage, they agreed to take the whole, or any part, of the \$200,000,000 at par.

With this splendid financial backing the Secretary issued his call for subscriptions to the bonds, and almost immediately upon its announcement nearly double the amount of the loan was subscribed for, that there might be reassurance of the promises theretofore made, and by this aid and assistance of the bankers the loan became a popular one, and has been scattered all over the country to those of moderate and small means, to the exclusion of banks and bankers.

But the history of bankers with reference to this loan does not end here. Out of thousands of letters received at the Treasury Department, coming from almost every bank in the United States, there was not a single instance in which any bank sought to have commissions paid to it for placing this loan, but on the contrary, the universal expression was a desire to help the Government, and to render any service that might be required of them in connection therewith, free of all cost.

From the heights of Bunker Hill to the bloody crest of San Juan, one spirit, animated by love of country, has pervaded our soldiers, whom no difficulty deterred and no dangers dismayed. Whilst our bankers in the most trying moments maintained their courage, constancy and confidence unshaken, always ready to uphold the

integrity of the country at every hazard. The great heart of the nation vibrating in sympathetic tones with each patriotic breath, from the North, South, East and West, feels no pang of sectional discord, but thrills equally at the unexampled feat of that gallant son of Vermont in far-off Manila Bay, and the daring self-devotion of the intrepid son of Alabama in Santiago Harbor. Swelling now in grateful recognition of the glorious victory by land and sea achieved in Cuba, it mourns the loss of the brave men who suffered and died to spread the blessings of free government. Its true heart cannot fail to recognize those who, unac-

quainted with the stern and cruel physical facts of war and unallured by its glare and pomp, have ever stood as a mighty bulwark sure and steadfast upon which the Government could at all times depend for help and succor in time of need.

Thus unalterably fixed, like the sun in the center, this country shall shine with unborrowed lustre, diffusing its rays of light, liberty and progress on the nations around us—

Whilst o'er us, one flag shall float,
One song ascend from every throat;
That flag, the banner of the free,
That song, the song of liberty.

The Bank Clerk.

By JAMES T. HAYDEN, President Whitney National Bank, New Orleans.

Mr. President and Gentlemen:

I so thoroughly appreciate the energy, intelligence and unselfish labor that has been given to this association by its officers, that a request from them is almost an order, and I am honored in being invited to assist in carrying out the programme which they have thoughtfully arranged.

The subject allotted is the "Bank Clerk." A long and close intimacy with them individually and as a body impresses me that the high esteem in which they are held as citizens and builders up of the institutions of which they are part has been justly earned, and I wish I might convey to you my appreciation of their value.

An overworked clerk ceases to be reliable, and when it is found that an employee is nightly at his desk, working "overtime," one of two things is at once evident—either he is incapable or overburdened. In either case the remedy is plain, and prompt action should be taken—he should be changed to a position that he would be fully qualified to fill, or he should be relieved of an unjust burden by an assistant.

I believe that many of the tragedies that have wrecked the life and saddened the home of some poor fellow who is supposed to have "gone wrong" might find a solution in the fact that his weary hand and jaded brain were from pure exhaustion incapable of avoiding the error that led to disaster. Banks being the depository of the people's cash or securities, and the dispensers of vast credits, are charged with a responsibility that cannot be overestimated, and to properly carry out their mission must be assisted by the highest order of integrity, intelligence and ability—perhaps above all they must originate and adhere to a carefully devised system. Relatively, the responsibility of the clerk in the department is as great as that of his superior. We all know, when the daily balance is struck, that an error in one department may throw the nicely adjusted machinery of the bank out of gear, in which event the vexatious checking of possibly the entire day's operations may be necessary. The bank clerk, by reason of what is required of him, must possess (in addition to the qualities of integrity, capacity and intelligence mentioned) rapidity and almost unerring accuracy and the power and inclination during working hours of centering every faculty on the work in hand. Coming into contact, as he does, with all manner and condition of men, he must intuitively know how to meet them. The faculty of being courteous, impressing the bank's client with the idea that he is being treated with consideration and that his wants are attended to expeditiously, fairly and pleasantly, adds to the value and reputation of the bank clerk—want of tact, hasty expressions, or a disagreeable manner have, and will, close many a valuable account.

I think it will be conceded that in no branch of business has the practical science of bookkeeping in all de-

tail been brought to greater perfection than in our banks, and at the same time it is true that the keeping of our accounts vary widely. Bookkeeping is really the evolution of practical experience and intelligence. The form will be that which is believed to insure the greatest safety and accuracy, with the least labor, but all the safeguards which are used, and checks which have been devised, never have been, nor will be, effective, unless an honest hand guides the pen which makes the entry. In view of the vast sums that pass through the hands of the clerks, and the rare, very rare, cases of betrayal of trust, do you not agree that the bank clerk is entitled to the high standard of commercial honor that he holds?

With no desire to disparage those engaged in the various branches of trade or mercantile life, I believe the bank clerk's responsibilities decidedly exceed theirs. Even that ever busy messenger, while folding his mail with their important enclosures, realizes how much depends upon the correctness of this simple work, for he knows that a misdirected envelope may mean protest to a correspondent.

The "runner," with his numerous bills, drafts and bills of lading, is daily entrusted with a fortune; the "tellers," receiving and distributing large sums, must ever guard their desks with lynx-eyed vigilance, ready to detect the scheming and fraudulent and correct the errors of the careless or unbusiness-like; the "note, exchange, collection and discount clerks" can never be too sure of the accuracy of their calculations, maturities, or of the proper record and distribution of their entries; the general and individual bookkeepers, upon whose accuracy and honesty so much depends, absorbed in the array of figures, often interrupted to verify some checks or furnish a balance, must ever remember that an error of one figure may result in serious loss.

Generally speaking, a bank can no more succeed without full accord and confidence between the officers and clerical force than can a Government with a divided and wrangling Cabinet, or an army who mistrust their officers, and sullenly or unwillingly obey their orders. Indeed, I am tempted to go a little further, and claim that the relations of bank officers and bank clerks should be fraternal. Founded upon the rock of mutual respect, recognizing the fact that mutual success depends upon united effort, there should be a bond of kindly feeling, that would make the officer as quick to recognize the value and advance the interest of the clerk, as the latter should be to be proud of and forward the interest of the bank.

Mr. President, I had fully expected to have had the pleasure of being with you to-day, and sincerely regret that it is not possible, but after the business of the convention is ended, and the social feature is in order, when the viands have been removed and the glasses are charged, may I ask the presiding officer to offer this toast—"To the advancement and happiness of our friend, the bank clerk."

Protection of Bankers' Drafts.

By ARTHUR C. ANDERSON, Cashier St. Paul National Bank.

THREE-FOLD PROTECTION NEEDED.

This subject to be comprehensively treated must cover three points:

First.—Protection against drafts wholly forged, both as to blanks and filling.

Second.—Protection against the use of genuine blanks surreptitiously obtained and then forged.

Third.—Protection against the raising of genuine drafts from a small sum to a larger one.

Of these three methods of fraud the first is the least dangerous from the fact that it must pass the teller, whose training in handling money and bank paper has rendered him expert in detecting the slightest variation in the blank from that which he is accustomed to see, and a second use of the forged blank is especially dangerous, because the first use is liable to be known, and every banker be on his guard as to drafts purporting to be issued by that particular bank.

AN OPEN DOOR TO FRAUD.

We readily see there would be but little use in devising a method to prevent the raising of genuine drafts so long as any smooth-talking stranger can obtain plenty of genuine blanks, absolutely uncanceled, from some of the steel plate houses and from a great many of the lithographers who are furnishing blanks to the members of this Association. And to-day this is possible. Sample sheets and the drawers full of uncanceled blanks have not only been responsible for some very heavy losses to banks, but have led to a vast deal of misinformation on this topic. The lithographer who has opened the door for frauds by his carelessness, when the loss occurs is apt to set up the claim that the blanks must have been forged; that they could not possibly have been obtained from him, etc. I have repeatedly investigated such statements only to find the blanks genuine, and the people who could have furnished us with good descriptions of the men who obtained the blanks, withholding this information in trying to protect their own reputations. Do you think for one moment that the New York Stock Exchange would permit such carelessness in handling blanks of securities listed with them? Have we not a right to demand the same care that they require?

THE DANGER POINT.

The point of danger in the matter of raised drafts, as I see it, is that it is our common practice to use the same set of blanks for our largest and smallest drafts; the vignettes are the same, paper identical and numbers consecutive—nothing, in short, about the blank to indicate whether it will be drawn for a dollar or for thousands.

Some years ago the Government put out a two-dollar greenback and a fifty, with the same Principal Figure. They were withdrawn before the twos all became fifties. They have not tried the experiment since.

There are some methods of protection by series of blanks, but these methods are cumbersome and can hardly be deemed practical for general use.

PROTECTIONS NOW IN USE.

Realizing as we do the danger of our present method, we have tried by various means to protect against raising. Let us briefly consider these means and pass their effectiveness in review.

First.—The perforation, or cutting the amount for which the draft is issued, from the paper. Such cuttings have been filled up in numerous instances, the drafts altered to the desired amount, and the figures to correspond recut by the forger.

Second.—Safety Inks, so called, designed to resist the

action of acids and alkalis have been repeatedly put upon the market, but no such ink, as far as I know, has ever successfully challenged the world and proved its title of "safety." In this connection I would mention an ink designed to meet this want, which was prepared by one of the leading ink manufacturers of this country; it contained a carbon that neither acid nor the ordinary bleaches would touch, and I have known good chemists to fail in removing it from the paper, using any chemicals which their experience would suggest, but a damp sponge would wash it off, leaving scarcely a trace on the paper to show where it had been. This manufacturer recalled the ink and wrote us that the experience of their chemists had shown that no ink could be produced which could not also be overcome.

Third.—One other method may be called the "Stub" method of protection, where there is a stub on the left hand of the draft and words are printed across it: "Void if presented for a larger amount than is shown by the marginal figures." Where the draft is printed on ordinary paper an expert can easily remove the entire stub and affix a new one so nicely as to defy detection, and then has the whole field to work on, as though there had been no stub to overcome.

Fourth.—Is the method of daily mailing of advices of drafts drawn by the banker to his correspondent, and this method is defective in several ways. It involves so much time in payment as to practically prohibit its being generally adopted. Again, it protects only the payer and affords no protection to any innocent intermediary party. But the most important objection is that it is not a thorough protection, in that a forger can buy a draft for a small number of dollars, and also one for the same number of thousands, alter the number of the small draft to that of the large, raise the amount from dollars to thousands, and, when the alteration is complete, get the genuine draft recashed by the issuing bank, and put through the raised draft with the altered number. The letter of advice then, instead of being a protection to the payer, is really a trap to mislead him.

Fifth.—Papers with a tint worked on their surface, commonly known as "safety papers," are considered by many a sure protection against alteration. They are not only not a protection, but the very fact of the tint being on the surface of the paper has been utilized by at least one gang of forgers to make alterations that would have been visible on white paper, and then by a skillful use of water colors to cover up their work. As between any safety paper that I know of and a good white paper, I should select the latter every time.

Sixth.—The last method of protection in use, to which I shall refer, is printing or embossing the words "under a certain amount" on the face of the draft.

While I would not say dogmatically that no such method can be devised that is effective, my experiments and investigations point very clearly to the fact that nothing can either be printed or written on paper that cannot also be removed from it. I have here a device used by a gang now in the Minnesota Penitentiary, for altering paper. Its purpose seems to be to hold the paper perfectly firm while it is being worked upon, and it is particularly adapted to holding paper while the print is being removed from its surface. It would also serve the same use when paper is being cut, spliced or worked down to a thin edge, to have a patch set into it; and damp paper stretched in this clamp dries smooth.

VALUE OF PRESENT PROTECTIONS.

You ask then, are all these methods worthless? By no means. The protection that one forger might find it easy to alter would prove a stumbling block to another, but singly or in combination they may be said

to have been "weighed in the balances and found wanting."

WE LOOK TO PAPER FOR PROTECTION.

If we are to get genuine protection, a protection that protects, I believe we must look for it below the surface of the paper. This Government does not sell so much as a one-cent postage stamp, but it bears watermarked in the paper one of the initial letters of the words: "United States Post Office Department," and we know that the Bank of England notes, which are seemingly so plain and simple in their make-up, rely almost entirely for their protection on the watermarked paper used. We may, therefore, well consider a protection that has this kind of an Anglo-American endorsement.

TWO IMPORTANT FACTS.

Two facts are important to consider at this point:

First.—\$30 may be said to be a maximum amount for which drafts are bought for the purpose of alteration; our principal danger does not, therefore, lie in our large drafts.

Second.—The Chicago Bank having the largest number of country correspondents and doing the largest commercial business, after careful and repeated computations, has arrived at the fact that 96 per cent. of the drafts which it pays, drawn on by its country banking correspondents, are for five hundred dollars or under.

A DIVISION OF LARGE AND SMALL DRAFTS SUGGESTED.

If we were to have our drafts printed as now, selecting such lettering, design, etc., as pleases us and gives an individuality to the blanks of each, but divided into two series, differing principally in the watermarking of the paper, with possibly a slight difference in the size and shade of paper (these latter differences more to prevent using the wrong draft than because they are considered essential to protection), the draft to be used for the smaller amounts to have the words "Limit Five Hundred Dollars" watermarked into the paper, which shall also have such further design worked all through it as to render successful cutting and patching impossible, we should at once remove the danger that lurks in all small drafts being raised to a number of hundreds or thousands. Our tellers would be relieved of the nervous strain incident to the constant dread lest, when reports on accounts current come in, they will find they have been paying drafts which were drawn for \$15, \$13 or \$18 for hundreds instead of dollars.

WATERMARKED PAPER ALONE MAY NOT PROVE ENOUGH.

While it is believed that thus limiting our small drafts to \$500 (or other amount, if other amount is thought to be better) is an improvement on the methods now in use, this alone would not make a complete protection, for a man might buy a draft for say five dollars, and successfully raise it to \$500. It would be well, therefore, to have coupons indicative of the hundreds on the right hand end of the draft.

POSITION OF SIGNATURE INDICATIVE OF THE SIZE OF THE DRAFT.

If there is one thing on a draft that a forger usually wishes to leave as he finds it, it is the signature. If, then, the cashier, in signing, will each time see that his signature is carried to the extreme right hand end of the paper, we can readily see that this can be used as a means for protection. The draft clerk in drawing a \$5 draft would simply tear off all coupons indicative of hundreds, and if the forger could reattach these coupons

to a skillfully prepared watermarked paper, so as to defy detection, which we very much doubt, in order to raise the draft to \$500 it would be necessary to carry the signature from one-half an inch to an inch further to the right, in order to bring it where it belongs for a draft for \$500.

We have gone thus into details as to the smaller drafts, and of the large drafts we may simply state that similar protection can be afforded to them. We believe we have pointed out an impassable gulf, over which the forger cannot go in raising small drafts to large ones.

One question must present itself, and that is, cannot the watermarks be successfully counterfeited? I have seen some attempts at counterfeiting watermarks, but never anything that I thought was at all effective, and the best answer I can give to this inquiry is to quote from a recent letter to me from the Chief Cashier of the Bank of England.

The Bank hold that their chief protection from forgery is to be found in the quality of the paper used in the making of Bank Notes.

Of course Bank of England Notes are sometimes forged, but the number has always been small. In one year only six came to light, although sixteen millions of genuine notes went through the hands of the public. Fifty would be much above the average.

We have seen counterfeit watermarks of all the sorts described by you, but the best counterfeits seen would never deceive a real expert.

In conclusion, I think it well to tell you that the Bank of England never pay forgeries, and spare no expense in bringing or attempting to bring forgers to justice.

If a forger finds it difficult now, when only a lithographic stone and paper easily obtainable is needed to counterfeit a blank, it is manifest our adoption of such paper would add immensely to his problem.

NEED OF GREAT CARE IN THE PRODUCTION AND DISTRIBUTION OF THE PAPER.

If this method of protection is to be effective against forgery as well as raising, the protection of the paper in its manufacture and in its distribution to the printers must be under the charge of some such body as this association. It should be manufactured for the association only by such a paper mill as can demonstrate its ability to manufacture what we want, and keep it safe as long as the paper is in its hands, and it should be distributed to only such plate printers and lithographers as shall be under bond for its careful use, and liable for all uncanceled samples, and whose places of business shall be open at all times for authorized inspection.

THE PRESENT A FAVORABLE TIME FOR ACTION.

The Government, in its regulations for the imprinting of the revenue stamps on drafts, is insisting on methods of care in handling blanks, that, unfortunately, heretofore has been too little looked to. No better time than the present could be found for enforcing our claims to this same careful handling of blanks for our use while they are in the hands of manufacturers.

If this matter ends in a discussion only, it will, I fear, be a mistake to ever have considered it in this public way, and to have so frankly acknowledged our dangers and present inadequate protection. But if, after such discussion as may here take place, this matter be referred to the Executive Council to be by them referred to a commission for such further consideration and report as the Council feels the subject demands, it may result in shutting the doors as effectually to criminals as our Protective Committee have been for years shutting prison doors on criminals.

Thirty-seven Years in a Bank.

By E. H. PULLEN, Vice-President National Bank of Republic.

Mr. President, Fellow Members of the American Bankers' Association:

Gentlemen: The title given to the address I am to deliver presupposes that I am to talk about the experience and observations of some one who has been thirty-seven years in a bank.

If that person is some one other than myself it would be easy to be impersonal, but the natural conclusion is that that person is the speaker himself, and admitting this, two questions propound themselves to my consideration.

First, what shall I say, and, second, how shall I say what I propose without obtruding my personality on your attention and being guilty of insufferable egotism?

Others, though not many, may have served longer and very probably more efficiently than the speaker.

Nevertheless, thirty-seven years is a long period of service in a bank, and the same bank.

To give even a partial, condensed review of the experience and observations of so many years would consume too much time and weary the hearers.

It would be superfluous to allude to the prominent events that, during the long period from 1860 to 1898, have affected finance and the banking business.

Those events are interwoven with history, easily accessible to the student and doubtless familiar to many, if not all, of the bankers assembled here to-day.

Civil war, panics, suspension and resumption, legal tenders, commonly known as greenbacks, large issues of Government bonds for war purposes, organization of banks under the National Bank act, the patriotic service the banks rendered to the Government, silver purchases materialized in a volume of silver certificates, all easily absorbed in our monetary system without producing financial indigestion—all these events and others of approximate prominence that transpired in that period suggest themselves to your minds.

My banking life began when civil war was imminent, and soon the clash of resounding arms was heard, brother was arrayed against brother, and the fate of the Union hung trembling in the balance for long, weary years of fratricidal conflict.

To-day, thank God! the Union is not only preserved, but is indissoluble—we are united, battling side by side for our national honor and the great cause of humanity, and our hearts pulsate with a common love for our country and our flag.

It is my purpose to draw a few deductions and lessons from an extended general experience and observation, not restricting myself to the narrow field of the particular bank with which I have been connected, but rather outside and independent of it.

There has been a gradual change in the methods of clerical work in banks, and to-day's methods are radically different.

The ledger, in those days, was generally a record of all the details of each account. The correspondents' remittance letters were copied in the ledger and all checks appeared to the debit, each one charged separately with the number thereof and statements of account made in the same way.

To-day each bank has a system of its own, condensing and simplifying the work. The speaker knows of banks in which the ledger is a condensed record. The correspondents foot their remittance letters, often consisting of several sheets, and after the items are carefully compared and the footings verified the aggregates are posted from the letters to the ledger, and the checks drawn are debited in the aggregate.

The details of each account appear in the monthly or semi-monthly statements which are written up daily by clerks other than the bookkeepers, and by these

statements the exchanges received through the Clearing House and the afternoon work as well are proved.

These statements are carefully copied in letter press before mailing, bound up monthly and constitute the only and sufficient record of the detail of accounts.

The remittance letters, with their dates, appear on the credit side of the statement on day of their receipt, and checks on debit side, with number of each.

These debits and credits are made direct from the original papers, and no intermediate books are used.

Thus a great saving in clerical labor and stationery is effected.

The collection department is conducted in the same way—no books of record are kept of so-called foreign items received either as cash or for collection.

The letters to correspondents in various parts of the country to whom these items are transmitted are the only record preserved, and duplicates written simultaneously with the originals are bound up daily.

Under this system each corresponding bank and each depositor other than banks has a number which appears in the margin of these letters indicating from whom each item was received.

The number also appears on all letters and items received from correspondents and on all checks drawn by them. No passbooks of city customers are balanced, but statements made up to the last day of each month, inclusive, are rendered the following day.

Each account on the ledger and the statements thereof are known by its number.

The same system extends through the various departments of the bank, linking each to the other and forming a chain.

This method effects a natural saving of time, labor and expense, and is infinitely more satisfactory than the ancient, cumbersome and circumlocutional system that involved the duplication and triplication of labor and a multiplicity of books.

The methods of conducting the routine work of banks have in a large measure been revolutionized, simplified and improved by the use of the typewriter, stenograph, phonograph and other modern inventions.

None of which, however, nor all of them combined, can supersede faithful and competent clerks. Machinery cannot furnish brains, but brains can utilize machinery.

You may adopt all the checks and safeguards that human ingenuity can devise or long experience suggest to prevent defalcations or fraud in the clerical force and official staff, but after all, in the final analysis, the question resolves itself into one of trust or faith.

With the introduction of the National Bank System came almost simultaneously the payment of interest on bank balances and sharp competition between financial institutions to secure deposits.

In order to accomplish the latter result inducements in the way of interest were offered to banks, and in recent years the same offer has been made to attract, as well, large individual and corporation deposits.

Prior to 1861 interest on balances was paid with rare exceptions by banks, except banks of savings.

Banks at that time wisely and justly held that they were organized to make money by the employment of their capital and deposits, so that to buy deposits then would have seriously reflected on the banks so doing and impaired their credit.

Nevertheless, this pernicious practice, instead of decreasing by reason of unfavorable experience, has grown with the passing years, and has become so fastened on banking methods that it will require heroic measures to dislodge it.

The results of this practice are clearly manifest in

the congestion of money, during protracted periods of each year in the large cities, which it is impossible to employ at even a saving rate, so that practically during those periods large balances on which interest is paid are a source of loss instead of profit.

Just as soon as a demand for money arises and opportunity is presented for its employment, at remunerative rates the balances are materially reduced.

In other words, when we cannot use the money profitably we are flooded with it, and when we can use it then it is largely withdrawn.

When we buy deposits at 2 per cent. per annum the money costs us 2-2-3 per cent., and when we buy them at 1½ per cent. it costs us 2 per cent.

Taking the required reserve into consideration, deposits we purchase cost us just one-third more than the rate we pay, not taking into account the expense involved in the care of a large volume of business growing out of numerous accounts and interest bearing deposits.

Since the inauguration of this practice the legal rate of interest has been reduced in various States. Railroad mortgage bonds bearing interest, respectively, at 4 and 3½ per cent. are selling at a premium, real estate mortgages for term of years at from 3 to 4½ per cent., and the earning power of money at this time is certainly not over 4 per cent.

With large purchased balances, banks, to employ the money, frequently make investments that are more or less speculative, or purchase large volumes of single name paper from note brokers, which is attended with at least a degree of risk.

When deposits are largely withdrawn by the banks receiving interest, and withdrawn because they can use their money more profitably at home, then contraction succeeds expansion, with its inevitable hardships.

Towns of ten thousand inhabitants and over throughout the country are invaded nowadays by the Eastern note brokers and banks offering low rates to their merchants, manufacturers and others, thus cutting seriously into the business of local banks.

With increased facilities to borrow money at much less than home rates, these merchants and others often undertake business ventures out of proportion to their capital, and eventually realize to their sorrow that the so-called cheap money has cost them very much more than the rate, and that in order to save themselves they have to fall back on their local banks for needed help.

Neither did old-fashioned banking include the furnishing of capital to customers, but strictly confined accommodation to the discounting of acceptable notes given for value or secured by satisfactory collateral, thus restricting borrowers to well defined limits.

Within the then existing limitations no such extended, continuous investigation and rigid sifting of credit were necessary as are imperatively demanded to-day.

Accommodation paper was not favorably regarded, and single name paper without security was not tolerated.

It is needless to emphasize the contrast presented in banking practice at this time.

It did not include doing business in any branch at a loss, with the idea of making a compensating profit in another department, but its legitimate object was to receive equitable returns for all services.

We heard but little in those days of par points or receiving checks and drafts payable throughout the country at par, crediting them on the day of receipt to the customer's account as cash, thus entering into balances on which interest is paid.

The average aggregate amount of such items carried by the New York City banks is at least twenty-five millions of dollars, as can be readily ascertained from their reports to the Comptroller of the Currency opposite to the item "Due from banks."

This large amount represents items payable throughout the country that have been credited as cash, generally without deductions for exchange or time, to cor-

respondents, and on which interest is allowed by interest paying banks. It is true that these items are charged to the collection accounts of the several banks to which they are transmitted and that the aggregate can be deducted from gross deposits in making up the reserve.

In many cases no exchange is charged by the collecting bank, but a charge is made in a large area of territory.

In towns where there is but one bank it charges what it deems proper, and in towns where there are several banks they enter into an agreement as to exchange.

The time for remitting returns for these items runs from three days to semi-monthly.

We love the country bankers—indeed, we love one another, and bless the tie that binds our banking hearts in one—but they are the masters of the situation. We dance to their music and pay the piper; we tumble over one another to capture them and find ourselves!

Competition in business is its life within well defined limits, but beyond these limits it is far from wise or profitable.

If it were not for unwise competition no interest would be paid on deposits by banks of discount, and collections would not be made at a loss in exchange and time.

In the days of old-fashioned banking it was considered very unprofessional, indeed disreputable, to interfere with a neighbor's business by soliciting his accounts.

But nowadays it is openly, ostentatiously done; the mails are crowded with circulars and letters from banks offering various inducements to the correspondents and customers of other institutions.

Indeed, it seems to be considered an evidence of "smartness," of being up to date, of keeping "well to the front in the procession," to interfere with a neighbor's business by soliciting and enticing his customers.

The Tenth Commandment is continuously and persistently violated.

In addition to the mails, other instrumentalities are employed in this crusade.

Representatives of banks are traveling over the land after the fashion of commercial travelers or drummers, and within two years parties have organized a business whose object is to solicit bank accounts on commission.

The competition is narrowed in banking to a small compass.

The price, or interest if you choose, that will be paid for deposits, the extent of and rates for accommodation, and the area of free territory—that is continually widening.

Beyond question, in a short time Santiago, Havana, Porto Rico, Honolulu and Manila will be added to the par list.

Financial papers are superabundant. Each presses for patronage and some offer as a bonus their influence in procuring business, for which they keep men on the road.

This custom of advertising banks is comparatively new, but it is attaining large proportions, and it would excite no surprise if the cards of banks were to appear in the cars of various railroads.

It is possible that the tourist may yet see from the car window as he travels through our country an inscription blazoned on the rocks and fences, side by side with Carter's Little Liver Pills, announcing that "The Notoriety National Bank solicits business." Progressive methods, if the contemplated progress is in the right direction, are commendable, but aggressive methods should be carefully considered, as at the best they are questionable.

The expense of conducting banks has greatly increased, growing larger by degrees and beautifully more.

Many bank officers receive larger salaries than the Secretary of the Treasury of the United States, and in some cases double and treble.

It is pertinent to inquire whether the clerks have shared proportionately and equitably in this increase.

In our recent magnificent victories on sea and land the officers have been crowned with honors, but great credit and praise have been freely and justly given to the men behind the guns.

So in banks whose business has been successful let us not forget to give a fair share of the credit to the men behind the desks handling millions of dollars and keeping vast accounts with fidelity and accuracy.

I am impressed with some deductions drawn from wide observation, indeed so profoundly impressed that in my mind they have crystallized into maxims.

I will allude to a few.

First. No officer of a bank should consider it as his personal property, arrogate to himself its control, or flatter himself that he is indispensable to its success.

He is merely a prominent part of the machinery that runs the bank, and a large portion of the work has to be performed by minor parts not so conspicuous as himself, but relatively as important.

What is known as one-man power in the management of a bank should be checked on its first manifestation. Several notable instances in the past of the disastrous result of the exercise of this assumed power in banks can easily be recalled.

Directors of a bank assume a legal responsibility when they qualify as such; they are obligated to direct its affairs and cannot delegate their duties to the officers they elect.

If they permit such officers to usurp their authority they cannot escape the responsibility they assumed and neglected.

Men who in the past were officers of banks and thought themselves indispensable have passed away; the banks survived, still live and prosper, and the men are scarcely remembered.

This will be equally true in the future.

Occasionally we notice in bank advertisements the president's name in large type and the names of his associate officers and directors printed in comparatively insignificant letters.

Is this modest, and what justifies it?

Second. Officers of banks should not attempt to do too much nor exact too much from others.

Bank officers, especially those who have been promoted from the ranks, often make the mistake of continuing clerical work, giving undue attention to details, and thereby neglecting the duties of their position, and struggling to do both, official and clerical, break down, collapse, and in some instances involve the bank in serious loss.

Clerks are employed to do this routine work and care for the details of business, and a well arranged system will place before the officers daily a condensed but sufficiently comprehensive statement of the transactions of the previous day.

Neither should officers of banks expect too much; they know, or ought to know, how much work a man in a given position can easily and accurately perform, and any excess of labor imposed on a competent clerk is not only unjust to him, but prejudicial to the interest of the bank.

Third. The golden rule should be observed in the treatment of subordinates.

To do this is profitable, and it can easily be done in harmony with the preservation of proper discipline.

Do not be distrustful, suspicious and continually fault finding. Sift your clerical force until it consists of competent and faithful men.

No one is perfect, not even such exalted personages as ourselves.

It is pleasant to see officers and clerks living and working together as members of one family, co-operating for the institution in which they feel and manifest an interest and animated by sympathy and consideration for each other.

We should shun selfishness as poison. Pay for service what it is worth.

We are not called on for prodigal liberality, least of all for charity, but appeals do come to us that justice recognizes, and could be favorably answered without appreciably affecting the interests of stockholders, for whom we act as trustees.

Some banks grant pensions to clerks who have served them long and faithfully, and it seems reasonable to believe that such action redounds to the prosperity of the institutions.

We like to have our salaries increased. Let us remember that "there are others" for whom it should be our pleasant duty to care.

We like promotion. Let us advance our subordinates consistently with their merits and qualifications when the opportunity arises.

We appreciate sympathy in our personal sorrows and anxieties. Let us be sympathetic in time of need with those who labor jointly with us for a common interest.

A word of commendation for duty well performed is grateful to us and is equally so to those who serve us, and it should and will give us joy to praise when it is merited.

It is occasionally said that no man is entitled to praise for doing his duty.

Victorious sailors and soldiers are to-day receiving unstinted praise from a grateful nation for their faithful performance of duty.

"The soul is open to the charm of praise. There is no joy beyond it, when the mind of him who hears it can with honest pride confess it just and listen to its music."

Surely we should accept and illustrate the lesson taught in one of our Lord's parables when He said to the man who had only done his duty:

"Well done, good and faithful servant."

Fourth. Valuable time should not be wasted in continual worry or in unavailing regret over losses that are irretrievable.

Losses which we fear may occur, disaster which we have some reason to apprehend, naturally arouse anxiety and stimulate effort to prevent, but the loss once made should thereafter occasion no mental disturbance.

"Things without all remedy
Should be done without regard—What's done is done."

Fifth. We should not carry the bank home with us.

When our day's work is completed and we start for home, we should leave the bank just where it is located and dismiss it from our minds absolutely.

Home should be our refuge from life's troubles and cares—it is our resting place, where we can refresh ourselves with exhilarating domestic happiness.

We should enter our homes with happy hearts and smiling faces. Our wives and children, if God has bestowed on us those priceless gifts, will welcome us with love's endearments.

Conversation, music, amusements, reading and social intermingling with friends will fill our leisure with enjoyment and recreate and fit us for the work of the morrow.

If we carry our cares and troubles home, a frowning face, an abstracted or preoccupied manner, reticent and irritable, and brood over our perplexities, home will soon cease to be home to us or to those who love us.

No cordial, affectionate welcome, the music is stilled, the children's voices hushed, and gloom with painful constraint settles like a dark cloud on the household.

No renovating sleep, "tired nature's sweet restorer," but fitful slumbers that are "but a continuance of enduring thought."

Adversity is not exclusively the fruitful cause of care, anxiety or perplexity.

Prosperity brings in its train a sea of troubles that occasion as much worry as the other.

If anxieties from either source come to us officially let us lock them up securely in the bank when we leave it at the close of each day—to take them home with us

would accomplish no good, but, on the contrary, do serious and needless harm.

I regret that time will not permit me to dwell on other important lessons taught by experience and observation, especially those relating to officers engaging in outside enterprises or speculating in securities, and also in regard to the duties imposed by law on directors, and emphasize the lesson that they should have no preferences in business, but receive the same treatment as is given to depositors whose accounts are as valuable as their own.

Finally, my brethren, let us avoid growing old. A woman is as old as she says. A man is as old as he feels.

Carefully preserve your feelings in your hearts and minds and illustrate them in your lives.

Young men in these days age very rapidly. They accumulate wisdom so fast that they stagger under its weight and become prematurely old.

In our profession to-day are many old young men who in activity and apparent age compare unfavorably with our young old men. Do not understand me as

speaking disparagingly of young men. One of the happiest recollections of my banking life is that I was graciously permitted to help young men to enter and advance in our profession.

Let us prolong our youth in feeling, activity, and, as far as we can, in appearance, even to the Psalmist's limit, three score years and ten, but we must not forget that we cannot live forever.

The time will surely come when we shall be admonished by nature that our working days are drawing to a close.

To die in the harness confers no honor. Rather than lag on the stage of life, it will be better to retire and make room for others who are waiting to fill our places.

At the close of long service we are entitled to a holiday—a rest—a surcease of labor and care.

We need not be idle; every moment can be wisely and profitably employed—time will not be a burden, but can be utilized so that it will constantly minister to our happiness.

In the sunset of life we can rejoice in fragrant memories of the past and bright hopes of an enduring future.

The Country Banker.

By W. S. WITHAM, of Atlanta, Ga.

Mr. President and Heroes of the War Tax :

I come to you fresh from the watermelon fields of Georgia to bring you greeting from the Georgia Bankers' Association.

We have wondered why General Wheeler didn't make up his cavalry from the members of his Internal Revenue Congress—for they are certainly good chargers. It is not my fault that this address is to be unloaded upon this august body. I am here by authority of your Programme Committee, and beg to state that the invitation has not cost me a cent—up to now.

As I look into the faces of these eminent financiers, representing billions of dollars—by proxy—and attempt to tell them something new under the sun, after listening for three days to splendid addresses by men of renown, I confess that I feel like a lost chord in this harmony of chin music. Therefore, in our sympathy for each other, let us now learn that—

For every ill beneath the sun
There is a remedy or none;
If there be one, then try and find it—
If there be none, then never mind it.

Any lack of preparation on my part to-day is due to the fact that I have been extremely busy trying to influence our depositors to go to the war and our borrowers to stay at home. My ! how deep patriotism has struck into this latter class. Again, following the example of a large New York bank, I've been urging the surplus help in our banks to go forth in the defense of their country—and mine. They refuse to accept this three years' vacation in lieu of the customary two weeks, and they reply :

Some may go to Philippines, and others go to Rome,
Some to Santiago, but *we* will stay at home.

I come, too, from the land of peace and plenty to greet you in your prosperity—all of which is due to the righteous war in which our country has been engaged—I come to you from a State whose gold crop—cotton—white like truth, soft like our native zephyrs, has never once failed to cancel the annual obligations of our people.

Your committee has requested me to give you a synopsis of the methods by which we have successfully organized and maintained 25 banks, located in small country towns. Competition renders it well nigh impossible to successfully conduct a city bank under our strict rules and by-laws. I therefore speak to the *Country Banker* and from personal experience.

A city banker said to me yesterday : "How can a

man run 25 banks ? It is all I can do to run one." I told him it depended largely upon the capacity of the man and also upon his faith in mankind. I believe there are a great many men of brains and unquestionable integrity ready to hire. Along this line we have had no trouble. When we began giving banking facilities to rural districts, our critics were legion, and many friends predicted disaster. That has all been changed by the past ten years of unequaled success. I can cite to you a number of corporations in the United States which successfully run *hundreds* of branches. Does not the telephone and the vestibule train of this electric age *multiply one's capacity* ? The fact is banking must take on progressive methods as well as other lines of business. Theory is one thing, fact is another—the theory of medicine is one thing, the practice of it another. Only two people know the effect of a dose—the man who gives it and the man who takes it. Castor oil is not given in a tea cup now; it is capsuled. A 60 day bank note was once the limit, but now a six months' note sells as readily. It is not unprofessional now for the banker to advertise his wares and drum for trade. It is not inconsistent with conservative banking to contract for the future delivery of money as the merchant does for goods. The severity of the panic of '93 with its disasters can never be repeated in this country, because of the new methods of banking, and because the clearing houses of money centers have a remedy for panics.

Across the face of a Grecian temple was written these words : "Know thyself." Across the ledger of every country banker I would write these words : "Know thy depositor." It is all well enough to get introduced to yourself now and then, but, fellow banker, take my advice : Know thy depositor and know him well. "The study of mankind is man," said Pope. I don't know what bank Mr. Pope was connected with, but in this he spoke words of wisdom.

Speaking to you from the book of personal experience, I advise you, in starting a country bank, to locate in a moral community with sufficient business to warrant your enterprise. In selecting a board of directors, choose men of integrity and known business ability rather than rich men with large commercial connections. Choose men of character rather than men of reputation—there is a difference. It is often the case that when the reputation and character of the same man meet, it is without recognition, and the now popular little song, "We Do Not Speak as We Pass By," is apropos. Next operate under a charter and always keep the law on

your side. Be an independent bank—not a branch. Be liable only for your own debts, for Solomon, that ancient banker of Jerusalem, said: "He that goeth surety shall pay the same."

Allow the cashier to hire all the help and hold him responsible for their acts. Suggest that he do not hire city boys when he can get country raised. The habits of a man are expressed by the facial poles; the clothes and manner of his associates tell their character. The eyes and swagger of the dissipated always tell the employer everything, unless he is blind.

How can a man on limited pay
Charter a seat at a popular play,
And purchase cigars and tobacco, pray?
He Can't.

How can he sport an elegant tile,
Ask his dear friends to step out for a "smile"—
And stable a 2:40 a mile?
He Can't.

How can he claim his dear girl's hand
And circle her finger with glittering band—
When his check-book's so weak it scarce can stand?
He Can't.

Defalcations result from fast living and are often due to the indifference of superior officers who do not feel it incumbent upon them to look after the department of their employees. Hear me, men of position and influence, and remember that as you are stewards of the stockholders in the bank you run, you are (whether you accept the charge or not) also your brother's keeper.

Bond the cashier in a guarantee company in an amount equal to your capital stock. Charge the premium to expense account. Require the cashier to furnish also a culpable negligence bond. Make him liable for all losses the bank sustains from overdrafts, allowed and from dealings with strangers. Limit the amount of loans he may make to \$50 each.

Attached to all other notes in the bank should be the borrower's application, stating the amount desired, the time and the security, all approved by the signatures of a majority of the Board of Directors. Do not permit any loans to be made to any one on single-name paper—unless otherwise secured—no matter what the commercial rating may be. *Moral* risk is your first consideration in making loans. Character is always your best collateral, and next to this consider the business capacity of the borrower. Again, do not go away from home to do business.

In a town of one thousand population employ \$15,000, capital, and that in cash. For a population of, say, 2,500 use \$25,000. Keep out of larger towns if you want large profits and contentment. Direct all *your* energies to the protection of the stockholder, for *he* is the third and last claimant to the assets of the bank. When *he* is safe, of course, the depositor and all other creditors are secure. To enforce these rules and to prevent a bank from becoming a "one man bank" or family concern, place a majority of the stock abroad and in the hands of people who are in position to render some service.

Employ as financial agent for your bank a man living in a money center, and who is beyond all doubt a person of integrity and strong financial connections. He is to employ an expert accountant each year to examine the affairs of the bank—not using the same examiner twice. For a plan of examinations I refer you to page No. 1,185 of *The American Banker*, by Mr. A. W. Eshram, Detroit, Mich.

Don't borrow money of your own bank, for in case you fail it looks and feels better to owe the other fellow's bank.

Pay only small dividends or none until your surplus equals or exceeds your capital. We began by paying 40 per cent. dividends, but we have learned better. Be free to dismiss any employee at any time. Let faithfulness and ability insure a life job. The Methodists do this. Who shall say that the faithful porter, the runner and the teller are not entitled to some credit for the splendid showing the president exhibits to his stockholders at their annual statement?

Do not permit renewals and extensions of notes. "How can you prevent it?" asks one. As you are the pioneer banker in the new town, do not begin it! A man came into one of our banks to ask for an extension on his note. He brought with him his wife and three children (this was to influence the jury). The cashier refused to grant the request and held up the great gold seal of Georgia, saying: "See *that*? Will you force me to protest your note?" "My God!" the man exclaimed; "what will become of my poor wife and children?" The cashier told him it was three hours before closing time. The man went out, got the money, paid his note. It depends on how you bring 'em up. Never ask a renewal or extension of your own payables. *You* fixed the due date and signed it—meet it.

Deal liberally with your correspondent, "tote fair" with him, and, my word for it, he will with you. As our dealings have been largely with New York, I have this to say: Never yet has a New York bank officer gone back on his word to me, although we have dealt with many of them for ten years, embracing two panics and several tight fitting money periods. Learn a lesson from this, country banker, and never allow your bank to promise what it cannot certainly do.

Next, require that all obligations put upon your bank be by the written consent of the Board of Directors and the financial agent. Do not go into schemes—stick to your last. Or, as another has said, "Behold the postage stamp, how it sticketh to one thing till it gets there."

A banker once went in to boom real estate. To his surprise real estate went down, and his bank went up. In rhyme he tells the sad story:

Just about three years ago,
I bought a lot and bought it low—
The man that sold it told me so,
And he's the one that ought to know.
Fifteen thousand was the price;
He didn't have to ask me twice—
I paid it half in one big slice,
And felt as rich as Calvin Brice.
And for the rest I gave my note,
And as my name I glibly wrote
I had no thought no mor'n a goat
How big the load I'd have to tote.
Now I sit in silent gloom,
Thinking of my awful doom;
I want to lie me in my tomb
Before we hit another Boom.

Next, I advise the country banker to have no par points. One country bank received a letter asking for a list of his par points. He replied by sending a picture of Mephistopheles with the hand pointing downward. Another explained his change charges of 1 per cent. in this way: $\frac{1}{4}$ per cent. for collection, $\frac{1}{4}$ per cent. for exchange and $\frac{1}{2}$ per cent. for wear and tear on the money, and added postage free. There will always be kickers, but you are not to get angry. Reason with them. Tell them that:

De dry wedder breaks wid a big thunder-clap,
For dare ain't no drouth what can las';
De season what hoops up de cotton crap,
Likewise freshens up de gras.

During the Civil War, when everything in the South was high priced, a soldier called upon a Hebrew merchant to buy a needle. It was priced \$1.50. "But," said the soldier, "ain't that too high for just one needle?" "Mine frient," said the Jew, "you forgets to count de freit." "But Murphy next door only asks 50 cents." "Vell, vy doan't you buy from Murphy?" "He is out." "Vell, if I was oud, I vill sell den fur foofy cent, too." A man may be close and use a wart on the back of his neck to save the price of a collar button; stop his watch at night to save wear and tear; tie lightning bugs to his bee-hive so that the bees can see how to work at night, but he's a philanthropist and a scholar to the man who kicks at $\frac{1}{4}$ per cent. exchange charges of the country banker.

Lend your money to your regular customers, and do not make a rule of buying commercial paper. It has always been a queer thing to me that the city banker will buy merchants' paper at 3 per cent. in preference

to the rediscounts of a country bank at 5 per cent. and 6 per cent. A well managed country bank with a capital of \$25,000 is entitled to the same credit basis as a mercantile house having a rating of six times that amount. The records show that 97 per cent. of the commercial houses fail, while in some States (the State of Georgia, for instance) not one country bank has failed since the close of the Civil War. The bank's note is always accompanied with collateral; the merchant's note never. The bank is under State supervision and bonded officers, the bank's published statements are made under oath; not so with commercial houses. The bank's assets belong to the creditors; not so with the merchant when he fails. But like the Jew when he went to join the First National Baptist Church. The deacon, asking him "Question No. 32," said: "And now, Brother Frolicstien, are you sure you have got religion?" But before he could reply, a creditor in the rear of the congregation rose and said: "Don't dake heem in, fer uf hee's got releegion it's in hee's vife's name." Following these suggestions I guarantee that *yours* will prove to be the unbreakable and *frequent dividend paying* bank, having but one weak point, and that the possible failure of the City Bank with which you deposit.

Now in conclusion, though you forget all else I've said, remember that nothing can take the place of brains in the successful management of a bank. Remember that no amount of capital with brains can take the place of that one qualification so essential and

widely recognized as peculiar to bankers—integrity. No bank can live without it. Birth and education do not guarantee it. F. F. V. sometimes stands for "Full Fledged Vagabond." Of the banker, it should be said that his word is even better than his bond. The oldest book in the world closes the biography of its hero with these four words: "He maintained his integrity." Choose rather a banquet of crumbs than the luxuries of ill-gotten gain.

Seneca, one who had traveled most, said: "I have seen everything and everything is nothing." Cæsar, a man of greatest fame, said: "This little urn will soon hold all of him who to-day the world cannot contain." I have seen the millionaire carried out of his palatial home in a small box that would fit the poorest of us. Life is short, but character is long. The coin we handle daily does not pass current in the Celestial Realm. We can only be rich *pro tem*. So, young man from the country bank, be content. Live so as to render a good statement of your own personal stewardship, and to find yourself a stockholder in that Big Bank above which shall pay dividends through all eternity. Then departing you may say:

Life, we've been long together
 Through pleasant and through cloudy weather—
 'Tis hard to part when friends are dear—
 Perhaps 'twill cost a sigh—a tear;
 Then steal away, give little warning.
 Choose thine own time.
 Say not good-night, but in some brighter clime
 Bid me "Good-morning."

Detailed Report of Proceedings.

TWENTY-FOURTH ANNUAL CONVENTION, HELD AT DENVER, AUGUST 23, 24 and 25.

FIRST DAY'S MEETING.

Tuesday, August 23, 1898.

The President: The hour of ten o'clock having arrived, by virtue of the authority reposed in my office, I announce the Twenty-fourth Annual Convention of the American Bankers' Association now in session and ready for business. The proceedings will be opened with prayer by the Rev. Chancellor W. F. McDowell, President of the Denver University.

[After prayer a motion was made to dispense with the roll call, which was carried.]

The President: I have the pleasure now of introducing the Governor of the State of Colorado, the Honorable Alva Adams, who will address us in words of welcome.

Address of Alva Adams, Governor of Colorado.

"The bankers last year held their convention at Detroit, convenient to a foreign land; to-day they give a guarantee that confidence has been restored by meeting in the center of the nation.

"We welcome you to the land of gold and silver, and what you may call financial heresies. It is true we still believe in the money theories of St. John, the only saint on the past roll of your association, but we will not do violence to the rules of hospitality by interfering with either your religion or politics. While we may hope for your reformation, our prayers will be silent and unspoken, but our welcome will be as ardent and sincere as a great State can extend to the most imposing financial convention of the age.

"There are no tears in our greeting; Colorado is playing no dead march from Saul; we join every section of our country in an anthem of prosperity and in singing the 'Star Spangled Banner.'

"We look upon the best year in our history; more dollars for our products, more mortgages canceled, more glory than was ever before garnered in a single year.

"As we welcome you to our hearts and homes we ask neither references, indorsers nor collateral. May you manifest a living faith in reciprocity when we return your visit.

"Colorado is young in years, but it has gathered many prizes from the fields of achievement. While the skies of the future are purpled with the prophecies of a sublime destiny, our banking history is in its infancy, our greatest banks and business houses are still guided by those who founded them. We cannot refer or point to the institutions of our fathers, for they are our own; we did not fall heir to them, but built them. Others may have more, but our little has come with the thrill of personal victory, the joy that industry feels when it masters the virgin wealth of new lands.

"Before the panic there were thousands who felt that they could manage finances better than the old conservative fogies who directed our banks. Many put their faith to the test. After the battle, in the midst of scattered fortunes and broken lives, they realized that they were as ill-fitted for the crucial periods of banking as were Montejó and Cervera to meet the fleets of Dewey and Schley.

LESSONS OF THE PANIC.

"The panic brought its lessons, not the least of which was that banking is not based alone upon inspiration, that every real estate dealer, every farmer, merchant, horse-trader, lawyer, is not a financial Napoleon.

"In this region we also learned that equities in real estate or stock in the only safe, certain and painless rupture cure are, as collateral, upon a par with Spanish honor. We have learned that it is not well for banks

to be hungry for business, that it is better to foster tradespeople, merchants, manufacturers, legitimate business enterprises at moderate rates of interest rather than the promoters, the speculators who would convert every farm into town lots and every village into a phantom metropolis.

"The banker of to-day does not need any warning danger signals to avoid the leading citizens—the prominent, enterprising, big man who is to transform the old, push away the conservative men and methods, and inaugurate a new, expanding day.

"It is easy to be enterprising, public spirited on the cash that has been accumulated by the sweat, callous and sacrifice of others. Bankers are not now looking for partners who furnish gray matter and maps as offsets for cash. They are not alchemists, not magicians, they cannot make coin. There may be something supernatural about a lottery or a game of craps, but in banking there is no element of mystery—it is founded on solid ground. Integrity, industry, common sense, are the agencies of the banker's power; when he departs from these landmarks, when he hungers for business and cashes the drafts made upon hope and prospective findings of a hazelwood rod, he courts disaster. Leiter sought a royal road to wealth. Thank God he did not find it. Better a single wreck than the poison and danger that would come from the success of a colossal gamble in human food. The panic was an object lesson that was not lost upon the American people; this was manifested in the subscription to the recent issue of Government bonds; the subscribers preferred the 'beautiful simplicity' of the three per cents to the glittering hazards of speculation.

"I am glad that it was the citizen at large and not bankers and syndicates that absorbed the bonds. Your loss has been the gain of the nation, as every holder of a bond becomes a stockholder in the Government; he has a personal interest in the wise administration and welfare of the country; he is a better citizen, more loyal and patriotic. No man was ever an anarchist that held a deed to an acre of land or had a share of Government stock. Fortunate is our country that every bond issued to pay for the war has remained at home. The wisdom of Voltaire was never more clear than when he said that 'a State that only owes itself will never become impoverished, while its very indebtedness will become a new and powerful incentive to industry.'

POSTAL SAVINGS SYSTEM.

"That there might be a close financial relationship between the nation and its citizens, I would, if I were Czar, order the immediate establishment of a postal savings system. I would also make the United States a guarantee for the deposits in National Banks. To secure the Government against loss a general indemnity fund would be created by a nominal tax against all banks. The loss to depositors by National Banks since the creation of the system has been less than 2 per cent. of the present capital stock of the banks of our country. The same small tax would pay all probable losses to depositors for a generation; it would be insignificant compared to the benefits. It would drive out of business the old stocking, bureau drawer, cellar banking. It would injure the safety deposit business, but in return for these endurable calamities (?) we would have an era of confidence that would prevent panics and throw into the channels of active business the entire volume of our money, instead of less than half, as now. Of course, strict governmental inspection would be necessary; this should be required under any system. It is not the law that is at fault in national banking, but its enforcement. From my investigation I am convinced that every bank that suspended

in 1893 in the West could charge their disaster to the violation of the laws and instructions of the Treasury Department. Hereafter more respect will be paid the law. Membership in the same church or the same poker club will not justify large overdrafts or excess loans on spiritual collateral or second or third equities in jack-rabbit additions. The day has passed when the banker can be the backer and indorser of every wildcat enterprise. The depositor will now hold him responsible for his investments as well as his character. Like the preacher, his life must be above suspicion. He cannot play the part of the English aristocracy to the schemes of Hooley. He cannot coquette with the banks whose name recalls the ancient rulers of Egypt, nor indulge in the other questionable amusements of the electric hours. He must be a gentleman, but he cannot be an all 'round sport and good fellow and retain confidence.

QUALIFICATIONS OF BANKERS.

"Intelligent selfishness is a necessary quality in banking. When you see a banker who is unselfish, who is booming every public enterprise, who is a generous, liberal, everybody's-friend sort of a man, take my advice and put your money in some other bank. The ancient bank of St. George, at Genoa, is the only bank in history that has been able, without disaster, to meddle in all affairs, to manage everything from a bakery to a political caucus; from the building of monasteries to the equipping of an army.

"The community expects a high standard in its bankers. So far reaching and disastrous are the results of bad banking that the people are justified in demanding that those who hold their funds shall be men of integrity and character. By its very nature a bank is a public institution—different from all other commercial industrial concerns. A private bank is a misnomer and ought not to be permitted by the law.

"In the record of this association I notice that you have established a 'bureau of education, to educate people as to what is the true character and operation of banks.' As there is a widespread idea that banks profit when others suffer it might be well to let the people know that no other suffers so much from hard times as the banker, and panic is a period of agony and disaster to him—aside from this.

BANKERS AND EDITORS.

"I fear you are too sensitive to criticism; I know a banker is a valuable weapon in the denunciatory arsenal of the political orator, and is used instead of Mephistopheles as a text by the campaign editor, but you know they do not mean half they say or write. It is like the measles or mumps, unpleasant but not serious. When we come to call upon you for an accommodation or to sell you a book or get a subscription we always take off our hat; in fact, in personal contact the community shows so much deference to the bankers that the political editor and orator may be necessary as a counter irritant, to keep them from setting themselves up on too high a pedestal. You might, if all sang your praise, be emulating the Pilgrim fathers, who met and passed the following resolutions: 'Resolved, That the righteous shall inherit the earth; resolved, that we are the righteous.'

"The saints of old thought that pebbles in the shoe and a hair shirt were necessary to keep the wicked desires of men in subjection. Perhaps it is the divine intention that in place of the hair shirts and pebbles the Populist resolution and the Shylock caricature are to be the agencies that are to keep you humble and contrite.

"It is no doubt the Christian and benevolent design of the Populist to crucify and mortify the proud spirit of the banker so that he will feel so lowly and small that he may easily pass through that Biblical symbol of the rich man's gateway to paradise—the needle's eye.

"In conclusion, we welcome you to our homes and cities. Meet our people, go into the mining camps and

see from whence comes the gold and silver—the only safe basis for a true monetary system.

"You meet at an auspicious time. The valor of our soldiers, the power and triumph of our navy has been a strong nerve tonic to the American banker. He is better prepared than a few months ago to meet the responsibilities that face him. You stand at the open door of a new era. From your ranks must come the financial skill and genius that will shift the money center of the globe from the Old to the New World; the seat of power is to pass from the Orient to the Occident. Before you is a financial field as wide as the horizon that bounded the dreams of Columbus. Like the British sovereign, we shall soon see the emblems upon American coin symbols of money through 180 degrees of latitude and 360 degrees of longitude. As ambassadors of that imperial industrial and financial destiny we greet the bankers of America."

The Mayor's Address.

The President announced that the Hon. T. S. McMurray, Mayor of the City of Denver, was unable to be present and take the part assigned to him in the programme.

Address of Welcome by Joseph A. Thatcher, President Denver Clearing House.

Mr. Chairman, and Gentlemen of the American Bankers' Association:

It is my pleasing duty on behalf of the Denver Clearing House Association to extend to you a hearty welcome to this city. It has been our good fortune to have many important conventions held here during the year; but this one seems to me to be very different from all the rest. If one did not know the purpose that brings these delegates together, he might, in looking over them, take it for some great church council assembled in our midst. I see here no tumultuous political excitement, or eager self-seeking partisans, with personal ambitions to gratify, as are seen in political gatherings, nor have we any learned doctors to enlighten us on the newest diseases of the land, in language that paralyzes our understanding and threatens us with heart failure; nor yet, do I see any resemblance to that busy, bustling, brilliant scene, the Woman's Great Biennial, or even to the W. C. T. U.'s. But on a more careful survey of this large assembly, I am impressed how like it is to the great labor conventions that have been held throughout the country, for it can be seen at a glance that here are gathered the true representatives of the bone and sinew—the brawn and muscle of the land. Still, as I said, this convention is different from all the others, and in advance of them in this, its aims and objects are solely philanthropic, the "Greatest good to the greatest number," etc. No one will question this for a moment. We have three days' hard labor before us. I would advise getting to work early each day, say by 12 o'clock, in order that we may have the afternoon and evening for rest and recreation, and I would follow the safe old adage, "do nothing to-day which you can put off until to-morrow." We all know how well this rule has worked with those persistent borrowers (without collateral), who must have the loan to-day. Your labors will be comparatively brief, but arduous, and as some slight reward, we, the citizens of Denver, invite you to join us in such pastimes and hospitalities as have been arranged or provided for by our entertainment committee. At this season of the year our usual amusements are limited; our theatres are closed, policy shops closed up, and our policemen on a vacation; but arrangements have been made whereby all the churches are to be kept open day and night during your stay among us, which, no doubt, will be duly appreciated.

We have not the age, nor wealth, perhaps, of many cities which have entertained the American Bankers, and we cannot do all that we desire to do for them, but whatever we have is yours. Denver bids you all a generous welcome to her fair skies and salubrious climate, and all Colorado invites you to enter into each

city and hamlet and make it yours. These everlasting mountains invite you to explore their beauty, their grandeur, and their riches. With rod and fly you may follow the innumerable streams that flow out from their base up to the rim of that perpetual snow that crowns their rugged heights, and ensnare from the cool, clear, dashing streams the speckled mountain trout, or the bold and gamy rainbow.

"Just at the dubious point where, with the pool, is mixed the trembling stream, or where it boils around the stone, or from the hollowed bank reverted plays in undulating flow, there throw with eagerness the delusive fly, and as you lead it round in artful curve, with eye attentive, mark the springing game."

Or you may go in palace cars to our natural parks lying inside the first grand rocky range and there hunt the antelope and black tailed deer; or, again, those who would wish a still greater sensation than these sports may give, can push beyond these parks and penetrate the second range of wooded hills and there find the kingly elk, the mountain lion and the grizzly bear.

But, perhaps, some of you care not for such sports and would rather delve into the hidden riches of our mountains and thereby learn the main sources of our wealth by easy cars, then go to Cripple Creek or Aspen, to Leadville or to Gilpin, and see the deep shafts and long levels made by the skillful miner to yield the native gold and silver ores, which, when treated, swell the nations' wealth. Our smelters, too, will bid you welcome to their plants, where you may see and learn the intricate and delicate way in which the values are obtained from the crude ore, and then imagine if you can, the boundless wealth hidden within these hills, whose continuous outflow alone would enrich the world.

There are, no doubt, mingled with these delegates from the East, single young men and "shady" bachelors. Let me speak a word of hope to you. If lack of courage or excessive modesty has been the impediment in your pathway to earthly bliss, why not come West? Why not come to Colorado, where you can have a show, where woman suffrage makes the fair sex "once our superiors, now our equals," a prize indeed above all estimation? Here a woman can attend the primaries and the conventions, be elected a city father, serve upon a jury, or hold any office, all of which we men despise, whilst we can stay at home in quiet, attend the children and draw her salary. Very convenient I assure you.

But no matter whether you follow my advice in any of these things, let me express the wish that when you do return to your homes in the East, and once again take up the daily round of duties, so vast and important to the financial welfare of the whole country, may you be refreshed in mind and body by this visit to Colorado, with enlightened and enlarged views concerning the geography, the resources, and the possibilities of the West, and may the knowledge you have gained and the acquaintances you have made with the people of our young commonwealth be both pleasant and profitable and result in a broader, deeper and kindlier feeling each for the other as the years go by.

Reply to the Addresses of Welcome by Joseph C. Hendrix, President of Association.

Your Excellency and Mr. President, I wish our schedule permitted me to indulge my own feeling, and that my ability seconded it, to fittingly respond to the welcome that you have extended to us. The simplest words of our language after all are the best, and in behalf of the American Bankers' Association, the largest association of bankers on the face of the globe, as well as the oldest, I thank you. I would like to say more, but the fact is, ladies and gentlemen, this high altitude upsets one's equilibrium, and the distance is so alluring and deceptive that you are never quite sure just exactly where you are going until after you have gotten accustomed to your surroundings, but there has been nothing so astonishing to me since my entrance into the State of Colorado as to find such a level-headed Governor of the

State. (Applause.) Why, he would pass in Massachusetts. And as for the President of your Clearing House, what shall I say? Do you really think that he is a banker; that he has anything to do with settling clearings day by day? Why, he ought to be a poet. (Applause.)

I am reminded of a story of a party of scientists who came out into this country from Washington. They were under the guidance of an old army guide named Joe. One day after having been skirmishing around the country, coming back to the campfire at night, they began to examine some little things they had picked up. Joe thought he knew everything about this section of the country, and seeing them with their heads together intent upon their examination, he was curious and went over to where they were and said: "Gentlemen, what is interesting you so much?" They said: "Why, look at these petrefactions. Here is a petrified toad, and there is a petrified fish, and here is a petrified leg of a bird." Joe said: "Oh, that's nothing; wait until to-morrow and I will show you a whole field of corn waving backward and forward in the sunshine, all petrified. Then I will show you a running brook full of swimming fish, all petrified. The next day I will take you to the edge of a cañon where you may look down and see in the depths of the gulch a campfire, with Indians holding a war dance, all petrified." "Well," they said, "that is very remarkable; we never knew we were going to strike such a country as this." "But that isn't all," said Joe. "The next day I will take you to the foot of the cañon, and you may look up and see the rocky heights a mile high, and the sky showing between like a little blue ribbon, and if you look sharp you will see a buffalo apparently jumping from one of the cliffs to the other, all petrified." That was too much. "Now stop," said the scientists to Joe; "you may petrify your field of waving corn and your running brook and your dancing Indians, but when it comes to petrifying a leaping buffalo, and hanging him suspended in mid-air, we cannot stand that." "Why do you object to it?" he said. "Don't you know," they replied, "that there is such a thing as the law of gravitation, and that whatever goes up—even the price of Colorado real estate—(Laughter)—must come down, and that the law of gravity would bring that buffalo down?" "Well," said Joe, "of course there is the law of gravity, but don't you see the law of gravity is petrified, too." (Prolonged laughter.) Now we have been petrified in our astonishment by a great many things since we came here—the magnificent, luscious watermelons; did you ever taste anything like them? Why, if the Sultan of Turkey should taste one of them he would order a refrigerator ship to bring over a supply for his harem. And this wonderful irrigation of these magnificent fields, and this mysterious climate, and the wonderful displays of nature in the garden of the gods—all of these things petrify us, but the law of gravity of our minds seems petrified when we strike such a level-headed man as the Governor of the State of Colorado. (Applause.) Governor, when you get through being Governor, come East and we have got a good bank waiting for you. (Laughter and applause.)

Annual Address of President Hendrix.

Gentlemen of the American Bankers' Association:

Since our last annual gathering so many things have occurred that it is difficult to choose which of them to discuss. Indeed, the temptation is to maintain silence, or, according to our business habit, to observe, to reflect, to consider, and to say no more than is necessary. Custom, however, compels an opening address; but out of the abundance of food for thought what shall one select? From the time we parted a year ago at Detroit—all wondering at the commerce upon the great inland seas of the North, and the future it betokened—until we started to Denver to get rest and new ideas, we have been busy men, and ours has been a busy country. We have seen the fog of depression lift, the sunshine of prosperity come. We have seen the difficult problems and

acute conditions, which perplexed the learned and confused the experienced, disappear as a fever leaves the body, and the restless, active, progressive American business spirit resume its old-time dominion. The Republic, which but a short time ago seemed to fill some hearts with despair, has so unfolded its flag that the sun cannot set upon it, and the whole world has increased respect for the army and navy of the United States. The spirit of sectionalism, that once threatened to be a thorn in the flesh, has lost itself in the strife of the South and the North, the East and the West—through regulars and volunteers—to prove their fighting qualities in honor of a common country and our kind of civilization. The men who used to say that our country was too large, our interests too varied, and our ability to govern ourselves too uncertain, are now talking about annexation, conquests, military governments, new fields for commerce, and a new trade to follow our flag. It has been a funeral year for a number of doctrines. The commercial power of our nation has had an intense awakening. The man behind the gun has done great work, and the man behind the plow has broken the back of our hard times, but the man in the factory is looming up, and he has to be reckoned with. He can produce more than home markets can consume, and he does not purpose to stand idle for a part of the year if he can help it. We have become a great manufacturing nation, and we have the Anglo-Saxon thirst for wide markets growing upon us. Ship plates from Pennsylvania are being used upon the Clyde. Steel rails are going to Australia and Japan. The lowest bid to furnish Glasgow with iron pipe and to build a steel bridge in Holland was in each case from an American manufacturer. The export of domestic manufactures has doubled in ten years. The promise of experience—that the country which can produce iron and steel at the lowest cost will control and dominate the commerce of the world—is awaiting us, now that Alabama is dictating the price of pig iron and Pennsylvania is fixing the price of steel. We hold now three of the winning cards in the game for commercial greatness—iron, steel and coal. We have long been the granary of the world; we now aspire to be its workshop. Then we want to be its clearing house.

We are told that here in Denver we are a "mile high in the sky." It is then a good place as well as a good time for a survey of things. This wonderful West enlarges our vision. This clear air gives us command of far-distant scenes. In this climate they say a man can accomplish more work than in any other. Perhaps he can think bigger thoughts. At any rate, as we look round and see the wide-winged forces of good order, industry and enterprise sweeping over this land, and the birds of ill-omen taking their flight; as we feel the fresh, stirring breeze of a new era of prosperity, and watch it sweep the cobwebs out of the brain and the dust off the hearts of men; as we catch the song of harvest-home from the valley and see the fat cattle on the hillside; as we see a new roof going on the church and a fresh coat of paint glistening on the little red school house, we bankers from Osceola, Kalamazoo, Wall street, Boston and 'way down in Maine, want to uncover and thank God that this is all our country and that we live in it at the dawn of a new century. We want to testify that we believe in the United States of America, internally, externally, eternally. The hard times are over; popular discontent has vanished, and the great North American chase for the dollar—first to get it, then to spend it—is in full cry.

The only thing that we know with certainty about hard times is that they at last come to an end. Our most recent period of depression ended so suddenly that we can hardly realize the why and wherefore of it. At the beginning of this year the music we all love began once more. The first six months of 1898 has broken the record. We have never seen such bank clearings, never have had so many deposits and have never held so much gold as in that period. The railroads have never

carried so much freight. Three-fourths of all the staples were higher on July 1 than they were the year before. The money circulation in the past year increased \$197,400,000, and most of it was gold. The per capita circulation increased \$2.17 for 74,522,000 people. Two great harvests have been cashed, and through the car windows coming here we saw a third getting ready. Less than 5 per cent. of the railroad mileage, out of 20 per cent. in 1894, remains in hands of receivers. Georgia has sold her peach crop for \$2,000,000, and is awaiting the returns from the watermelons. And this is but half the story.

This is the twenty-fourth annual convention of the American Bankers' Association. We have 3,350 members, representing an investment of more than a billion dollars in the business of banking and the custody of more than four billions of dollars of deposits. It is the oldest and the largest association of bankers in the world. When it was organized our country was on a paper basis. The first resolution of the American Bankers' Association sought to hasten the day "when every promise of our government to pay a dollar should be honestly redeemed in coin." That day came. Since the resumption of specie payments our government has redeemed over \$500,000,000 of its demand notes and paid more than \$1,300,000,000 of its bonded debt in gold. Then, as now, the question of currency was "the conundrum of the period." The struggle was to get to a specie basis. The bankers of the first convention talked about the retirement of the greenbacks, taking the government out of the banking business, and the war tax; and nearly a quarter of a century later we face the same questions. We may appear to have traveled in a circle, but in truth we have made excursions in experimental finance, and are at the point of departure, having confirmed, in the meantime, some of the political economy of the rest of the world. Our nation has been called the greatest experimental laboratory in finance the world has ever seen, but a period of more exact and scientific thought upon money and banking questions is at hand. Public opinion has been clarified, and it is evidently settling down to a purpose to bring our financial system to the eminence we have justly won in commerce, agriculture and manufacturing.

But no matter what may be said of our methods in domestic finance, the effective financial power shown by our nation in honestly redeeming its obligations in gold leaves no doubt anywhere of our ability. We have been too busy in this country, perhaps, to study economic questions. They have been forced upon us by hard experience. We have had the lessons and our country has profited by them. The political campaign of 1896 was a great educator. Both sides of the question then at issue were presented with unusual skill. The popular discussion went to the very foundation of the money question. As a result there is a clearer notion of a standard of value than ever before, and a better understanding of the difference between a standard by which we may measure values and a currency by which values may be transferred.

In the past year there has been much discussion of a reform of our credit currency system. This discussion has reached a stage of great interest to us all. It presents definitely a question of national policy, very old in history, as to whether the nation shall reserve to itself the power to issue credit currency, or whether that power shall be devolved upon banks. Every nation that becomes involved in a paper issue struggles to get free from it. Our paper currency is an unpaid debt of the Civil War, and in retaining it in our financial system we have had an object lesson, for many years, presenting its benefits and its evils. These may be weighed one against the other. Any currency system which develops evil must have a better reason to exist than that it is an economical form of national debt. Like an egg, it is good or bad. In this period of low interest-rates, the burden of an interest-charge would be

light compared to the interference with the profits of business that a period of distrust involves. We are all familiar with the recurring troubles of our currency system. We have seen the Government credit currency menacing financial order, exposing the Treasury to runs upon its gold, tangling up the affairs of State with private business interests, and confusing a central authority, which deals with consumption, by forcing it to exercise a function that is but half developed unless it is related to production and distribution. Our government, we all feel, should, in its finances, be perfectly defended, independent of demand obligations, without responsibility to its citizens in their own financial affairs, and aloof from complications in the currency situation. It is a matter of perfecting defenses. We have seen how swiftly a war cloud may develop and burst with fury. An exposed treasury is a point of weakness. Other nations have found that out, and for that reason, one after the other has housed its currency affairs under the roof of some strong bank, so that the government might be free to act in its diplomacy, its finances, its politics or its wars, without involving the affairs of every one of its citizens. The issue of credit notes to circulate as currency, is a privilege either reserved to the government, as at present in our history, with a severe penalty for any private issue, or conferred upon banks, because they are more closely related to the three great departments of business—production, distribution and consumption. The safety and uniformity of a currency based upon bank assets is not open to question. It is a matter of regulation.

When this Association met in Baltimore in 1894, the bankers of that city, under the auspices of its clearing house association, presented a plan known since as the Baltimore plan, which has appeared in modified form in most of the subsequent schemes for currency reform. This has been called the bankers' plan, but it was merely a theorem in banking, based upon the experience of England, Scotland, Canada, and upon the facts developed under our State and National banking systems. The principle of a currency based upon bank assets and secured by a first lien, double liability of shareholders, and by a 5 per cent. guarantee fund, was then proposed for public discussion. The fact was made very plain, that if our national bank circulation had not been secured by government bonds, an annual tax on circulation of one-fifth of one per cent. from the beginning would have met all losses resulting to note holders, without any lien upon assets, and that an annual tax on circulation of 3-100 of 1 per cent. would have reimbursed the Government for any loss on account of the circulation of failed national banks, if it had had nothing but the assets of the failed national banks to look to.

It is often remarked that the bankers of this country show no great interest in bank-credit currency plans; that they stated the Baltimore theorem as they might have stated an abstract proposition, and that they then left the field of activity to lawyers, editors, professors, writers on political economy, and to business men of public spirit. Undoubtedly a conservative feeling exists among bankers upon this subject. It reflects the traditions of our business in this country coming down from inflation periods of the past. In a banking system composed of so many units, each one conducted for itself with the zeal and enterprise native to our soil, there is presented the problem of the proper use of the privilege of issuing currency, without the danger of that bank-note inflation which swells like a balloon, and sooner or later collapses. Where the privilege is devolved upon a great central bank holding government revenues, or large banks with branches, the issue of credit currency notes comes under skillful and informed direction. With us, the system must be executed by numerous small and scattered banks. The great improvement in every department of finance, however, renders impossible the recurrence of the old days of "wild cat" and "red dog" currency, and we may dismiss from our minds the idea, that under any future currency system,

money brokers will have to keep us company. The question is far above that level. Under the intelligent guidance of the Monetary Commission appointed by the Indianapolis Monetary Convention, a measure has been evolved, which has been modified and reported to the House of Representatives by the Committee on Banking and Currency. This bill satisfies many objections made by conservative bankers. It deserves your careful consideration. Many objections will be made to certain features of it, for it contains new and even radical provisions, but though you disapprove of some of the details, the general purpose of the bill should be recognized, and should be supported. It is at least a point about which the disturbed and distracted opinions on the currency question may center, and perhaps begin to crystallize. We are in a transition state in our financial affairs. We can well afford to take short steps, even though the footing is difficult, if we feel that we are facing toward solid ground and a straight path.

It is no easy task to create a bank currency system to fit seventy millions of people, distributed over an area of three millions of square miles, and to meet the diverse needs of different parts of our country, and to have the system administered under national control through many thousand corporate banks. Our complex monetary situation adds to the obstacles to be overcome. We should do all in our power, by counsel and suggestion, to perfect the meritorious measure now pending, and to encourage the prevailing sentiment it represents. We have more interest in a currency system suitable to our needs as a nation, and our position among the advanced nations, than we have in any profit that may come through issuing a currency based upon bank assets. We have, as an Association, steadily resisted the repeal of the 10 per cent. tax on State bank issues. We have uniformly contended for that monetary legislation which we believe to be for the best interests of our country. We have no interests as bankers to contend for, against the common interest of every citizen. Our country is ready, in all branches of its industry, for the new period now dawning, and out of the ferment there will, in natural order, be evolved a system of finance worthy of the destiny to which, as a nation, we seem to be committed. The cloud over the dollar of the United States, so faint in the sunshine of prosperity, but threatening in time of storm, will pass away, and we have faith that financial greatness will keep its historic step with commercial supremacy.

The healthful reaction in the tone of the popular mind has apparently released the banker of the United States from his political pillory, and we may note a clearer popular conception of the use of a bank in the round of common life. It has been a seed time of primary truths. Banks would not exist if the people did not want them. The best kind of people require them; the worst kind have none. While law governs them, regulates them and inspects them for the common good, it does not compel anyone to deposit in them, borrow money from them or use them in any way. If they are not wanted in any community, they can be abolished without the aid of law or politics. They are a tool of civilized society. They would exist if our standard of value were like the Rock of Ages, or if it fluctuated every hour. They would handle any form of currency which was current money with the merchant—from red feathers to minted coin.

It is characteristic of the American mind that it punctures its own fallacies. The banker in the abstract, who has been so pursued in political discussions, has been found to be the banker in the concrete, who has duties and ways of life as simple as those of the village lawyer, doctor, preacher or teacher. He is society's treasurer, a practical business expert, a clearing agent of the purchases and sales in a community, a dispenser of credit, an underwriter of every loan he makes, a partner with all his debtors, and a guarantor to all his depositors. The value of the banker's assets is so related to the welfare of the community with which he

deals that he seeks in every way to promote its highest interests. He spends his time deep down in the affairs of common life. He is at the nerve center of industry and feels every pulsation of the life about him. His strength is in the depth of faculties that involve patience, courage, self-reliance, decision of character, keenness of insight and sagacity in judgment. His business is all of the workaday world, and is one long dead-pull upon talent, caution and perseverance.

It is said that the banker is one of the creditor class—a high priest in the Sanhedrim of creditors. He is a creditor and he is a debtor. He tries harder to increase his debts than the most energetic borrower. He owes in more directions than any customer. He owes for his capital. He owes for his surplus. He owes for his undivided profits. He owes for collection items, less as large a fraction as the business will stand, and he owes for all his deposits. His stockholders give him time to pay them their money. The collection items are paid promptly for sufficient consideration. If there is no consideration, the money is kept until the par point is reached, and that takes time. The deposits are due on demand, and it is the good banker's pride to increase them daily. If there is a conflict between the creditor class and the debtor class, the banker must either be neutral or follow modern instances and rapidly change his party. He can usually hold his own as a creditor, if, as a debtor, his class enjoys its full privileges. When he ceases to be a debtor he does not hold much of a rank as a creditor. Therefore, as between the debtor and creditor, he tries to be a bi-partisan. But debtor he is, and prefers to be at the bottom, for then creditor he may freely become.

Is banking a trade or a profession? That depends upon the banker. The man who worms along in a narrow groove gets a fixed vision and a contracted brain, and becomes a shopkeeper of money. To one of wider view, the function takes on the dignity of a profession. The field of usefulness is wide. The range of activity is great. To analyze accounts, to read markets, to understand aright the tides and the cross currents in the habits of money, to judge human nature, to detect the approaching financial storm, to guess the crisis in its passage, to arrange maturities, to sharply define commercial credits, to fortify against speculative borrowings, to steer clear of real estate, to stubbornly hold assets at the melting point against the temptation of fixed or slow investments, to remember that the best as well as the worst market has a to-morrow, to know the paying value of a goodly amount of cash, to be able to give his duty the benefit of every doubt, and to have the courage not to take more than the ordinary risks of business, is to know a banker's primer. Success in banking requires time, patience and unending industry. Years of dribblets make a surplus. One loss eats up the result of a multitude of transactions, and draws in its train days and even nights of care. The banker who never makes a loss may exist, but his existence is doubtful, and his education is incomplete. Moreover, he never has had the pleasure of seeing the dead come to life out of the musty corner of the portfolio of protested bills.

It is harder to make banking pay than most people think. The tendency of our profits to diminish is the natural incident of the competition of loanable capital, and must be reckoned with as a factor in the future of our business. The net earnings on the money invested in banking, in capital and surplus, does not exceed, as a whole, 6 per cent. The net earnings in the year ended June 30th, 1897, on the capital and surplus of the national banks, were 5.4 per cent., and in twenty-eight years the average net earnings on the capital and surplus of the national banks have been 7.8 per cent. Since the beginning of the national bank system 5,095 banks have been organized, of which 3,617 are in operation. There have been only 368 failures among national banks in thirty years, so that more than a thousand banks have liquidated and paid all claims, the inference being that they could not make the business pay.

We might as well make public confession that we are agents of the money power. That money power is lodged not in the hands of a few, but in the splendid body of common people composing the Republic of the United States. The national banks are owned by 281,225 shareholders. Of these 101,944 are women. The average investment of each shareholder is \$2,250. Over 60 per cent. of the shareholders of national banks own ten shares or less. The State bank statistics would probably show a more scattered ownership. The number of depositors runs into the millions. There is no syndicate so strong as to dictate the policy of the banks of this country, or to interfere with the dealings between a bank and its regular customer.

We often hear that there is a lack of banking facilities in certain parts of our country. As bankers we should know about this, and explain the reason. There is no doubt of the fact, but there is a twin fact to it, which is, that where banking facilities do not exist, conditions for profitable banking do not exist. The complaint comes from agricultural regions. Here the crops that require money are planted at the same time, and they are marketed at about the same time. The customers of a bank would deposit money at a time when there was no demand for it, and withdraw it when loans were needed. A bank must profitably employ its funds all the year, or banking will not pay expenses. Small banks are not the remedy. They cannot exist where industry is not diversified to some degree, so that money may be kept out in the different seasons. In Canada the branch bank system meets the want, and it would do so in this country, giving a better distribution of loanable capital and an interest rate more nearly uniform.

One of the lessons derived from our last period of trade depression is, that bankers must reduce credits to a more scientific basis, and get into close and accurate touch with the affairs of dealers. The credit men of mercantile houses, who give credit in goods as we give credit in money, have organized in a national association, to bring about greater accuracy in information and uniformity in statement. We have seen how men can conduct their business with eyes shut to the changes going on about them. They do not begin in time to adjust themselves to economic changes. Their mistake is apparent when it is too late. Who can ever estimate the revolution, in the business of individuals, caused by the popular use of the bicycle? It changed fashions, affected habits of life, and worked damage to many trades, so that men confronted losses from an unexpected cause without doing anything to hurt their credit, in the ordinary sense. Every banker is interested in promoting the use of uniform credit statements. The mercantile agencies are seeking to improve their service, and we can do much to assist them. We have to go into partnership with every man to whom we extend credit. Our interest return is always small, compared to the money advanced. We have a right to full information intelligently presented. If dispensers of merchandise credits insist upon statements, the dispensers of money credits, whose return is much smaller, should do the same. The influence of this Association should be freely given to the movement of the National Credit Men's Association, to have merchants file detailed statements with the mercantile agencies, and to have the latter indicate in their reports whether or not ratings are based on such statements.

Every banker has his eye on the enormous gold production of the world, in which Colorado is taking such a commanding position in this country. From figures at hand it appears that the world's gold production for 1897 was \$240,000,000, coinage value, and that in less than ten years the annual yield has doubled, and is now greater than the combined production of both gold and silver was ten years ago. If the increase continues we have a bigger question than we now appreciate. The estimate of the gold production for 1898, based on the large returns already in, is \$275,000,000. The gold production of Colorado last year placed her first in the list

of gold-producing States. Her gold product this year will probably exceed in value the silver product of 1890, the year the Sherman law was passed.

The money stock of gold on January 1st, 1894, in the whole world was \$3,965,900,000—the supply accumulated since gold began to be used as money. The five years' production since, including the estimate for 1898, will, on January 1st, 1899, be \$1,097,000,000, coinage value, or 27 per cent. of the accumulated gold money stock of the world as it stood just five years before. Of course, a large amount of the annual product of the gold is used by the industrial arts; but, making full allowance for this, the fact remains that the money stock of gold has increased more than 20 per cent. in five years.

In the past we have devoted our conventions for the most part to listening to learned economic essays. Our members traveled far, and sat silent to listen. They went away with a mass of arguments and facts and statistics to digest, and many of them never came back. In recent years we have sought to draw upon the experience, practical thought and philosophy of our own members—in short, to develop home talent—and we are much better satisfied. We are practical bankers, dealing with conditions as they are; and never expect to be ideal bankers dealing with conditions as they might be. This business-like tendency in our Association's affairs has met with hearty approval. We hope, in this convention, that the individual member who has any question bothering his brain will make a demand draft upon us all. We are here to help one another all we can; to discuss practical questions; to get up a cross-fire of question and answer upon points of law and practice; and to get the benefit of many minds.

One of the practical efforts of this Association is the work of its Protective Committee in making a common cause for all its members against bank criminals. The policy is well understood—especially by those who are expert enough in burglary, forgery and swindling methods to be dangerous—and the little metal sign, "Member American Bankers' Association," has come to have a dread meaning to the criminal class. A few figures will tell more than many words: Only one member of this Association has lost money through burglary since February, 1895. The loss to members through burglars and sneak thieves since the protective policy was perfected has been \$8,875. The loss to non-members, so far as reported, exceeds \$200,000.

We have another practical purpose in the hands of an efficient committee—that is, to get uniform laws in all the States on commercial paper. For many years we have been working to abolish days of grace; and although the end of this effort is not yet in sight, we have made satisfactory progress.

Grace is now eliminated from custom in:

California,	Maryland,	Oregon,
Colorado,	Massachusetts,	Pennsylvania,
Connecticut,	Montana,	Utah,
Dist. of Columbia,	New Jersey,	Vermont,
Florida,	New York,	Virginia,
Idaho,	North Dakota,	Wisconsin,
Illinois,	Ohio,	

Grace is allowed on sight drafts only in:

Maine,	New Hampshire,	Rhode Island.
--------	----------------	---------------

Grace is generally allowed in:

Alabama,	Kentucky,	North Carolina,
Arizona,	Louisiana,	Oklahoma Ter'y,
Arkansas,	Michigan,	South Carolina,
Delaware,	Minnesota,	South Dakota,
Georgia,	Mississippi,	Tennessee,
Indiana,	Missouri,	Texas,
Indian Territory,	Nebraska,	Washington,
Iowa,	Nevada,	West Virginia,
Kansas,	New Mexico,	Wyoming.

The confusion of statutes in the different States has long been perplexing to business men. As clearing agents of the merchant and manufacturer, bankers come directly in contact with these conflicting laws. It

is a long and tedious task to reconcile the differing State policies; but this Association has, I hope, an endless career; and if a steady purpose energetically promoted should give consistency and uniformity to the laws of the different States affecting negotiable instruments, the result would be of lasting benefit.

There is clearly a demand for practical results from all bankers' associations. The closer contact of bankers in group or State meetings has given point and vitality to banking talent. Questions of common interest are opened out for discussion, and are dealt with in crisp, concise language. Bankers are trained to get at the practical end of a problem. As a class they show much resource, skill and ability in doing so. The tendency in the associations of the various States is to do something. There has been a controversy with the express companies about rates on money packages. The plan of using the registered mail, with an insurance policy against loss, was energetically promoted in the various associations, and the express rates have come down. The express money-order has also received attention; and in Georgia, in Texas, in Arkansas, and also in Canada, the banks, through their associations, have gone practically to work to meet the competition by a system of reciprocal drafts. The clearing-house idea in interior districts is under discussion. The ever-present burden of bank taxation is being handled with more energy; credit-information plans are being talked about; and while the war-revenue tax is operative, there is a new topic to absorb much attention. There are numerous State questions, involving obsolete commercial practice—some of them relics of legislation when banking was in its crude infancy—which, if practically stated and energetically pursued, could be remedied.

As bank profits decrease, and we all see that tendency as the interest rates get lower, a higher range of skill will be required in our business. Just as much close, hard study is being given to business to-day as to any profession. Lord Eldon chose the stupidest man in London for his banker, and was sorry he could not find one more stupid, but that was a long time ago. It used to be said that if a man could tell the difference between a mortgage and a bill of exchange he could go into the banking business. We have found out in this country the costliness of the experiment of running a bank as a side occupation to another business. We have to be attentive to every detail to get a good result. A bank either goes ahead or falls behind; it will not run itself. Then, too, bankers, like other successful business men, must study the economic aspects of things about them. These are becoming more complex as civilization advances. The hundred hands of Science are mixing in business all of the time, replacing the old with the new. An adjustment to one set of conditions is scarcely made before a new set of conditions begins to develop. The tide flows in, and the rocks in the channel are lost to sight; but they do not cease to exist. We cease to think and to talk about them. When the ebb tide runs they reappear. It is our business as bankers to keep our charts corrected to date and to watch the tides. Elusive, subtle, evasive and perplexing as the principles governing the financial affairs of the world are, they nevertheless work with the certainty of any law of nature. It is our duty to study the business affairs of our country, to isolate and search out to the roots the complex economic phenomena, and to tell the story as simply as we can. What better forum is there for this than a bankers' convention?

Report of Secretary.

NEW YORK, August 15, 1898.

American Bankers' Association, New York:

Gentlemen.—I have the honor to submit the following comparative report for the fiscal years of 1897 and 1898:

1897.	
Cash balance membership account August 31, 1897, including \$37,920 of drafts subject to payment	\$46,524.37
Members joining from September 1, 1896, to September 1, 1897.....	1,019

Paid members September 1, 1897.....	2,850
Annual membership dues paid for year ending August 31, 1897.....	\$39,745.40
1898.	
Cash balance membership account August 15, 1898.....	\$20,521.81
Drafts deposited for next year's dues subject to payment.....	44,765.00—\$65,286.81
Members joining from September 1, 1897, to August 15, 1898.....	773.00
Paid members August 15, 1898.....	3,385.00
Annual membership dues paid from September 1, 1897, to August 15, 1898.....	\$46,166.67
Total dues paid during year ending August 31, 1897	39,745.40

Being an increase of..... \$6,421.27

\$15,000 was transferred, as per order of the Executive Council, from membership to protective fund account, and the treasurer holds \$14,000 Government bonds, market value of which is \$15,750.00

There were 238 members lost from failure, liquidation and withdrawal from the association, decreasing the membership at the beginning of the fiscal year to... 2,612

Many letters have been written and circular letters have been sent from this office to every bank, trust company and private banker in the country. This, with the help of the local officers of the association, has resulted in a gain of 773 members, who joined from September 1, 1897, to August 15, 1898, making a net gain over last year's total membership of..... 535

The roll now embraces 3,385 members, with combined capital and surplus of..... \$1,049,639,003

With combined deposits..... 3,840,709,491

Total \$4,890,348,494

These figures do not include the capital and deposits of 362 members who are private bankers, and make no statements.

The association is not only steadily increasing in numbers, but in practical and far reaching benefit to its members and the country at large. Part of this progress is owing to the fact that at present not a single discord mars the steady beat or harmony of our advancing steps. This has allowed the officers throughout the country, by united efforts, to place the American Bankers' Association on a higher plane than it has ever reached before.

Very respectfully,
 JAMES R. BRANCH, Secretary.

[We omit the report of the Treasurer and also the report of the Auditing Committee.]

Report of Protective Committee.

The Protective Committee begs to submit the following report for the third year of the work committed to its care by the Executive Council:

Balance on hand per Treasurer's Report, August 1, 1897.....	\$3,002.31
Appropriated by the Executive Council....	15,000.00
Received refund, March, 1898, expenses advanced	293.12
	\$18,295.43
Paid account expenses, 1896-1897.....	\$432.68
Paid account expenses, 1897-1898.....	16,212.91
	\$16,645.59
Total Receipts.....	\$18,295.43
Total Expenditures.....	16,645.59
Balance August 1, 1898.....	\$1,649.84

The work of the Protective Committee in its policy and detail is now well known to the members of the American Bankers' Association, and it does not seem necessary to repeat what has been stated at the previous conventions. The success of our effort has been beyond anything which could have been reasonably expected at the beginning, and the appreciation of the protective feature of the Association, as a practical return for the annual fee, has been shown by the noteworthy increase in the membership. The paid membership of the Association in 1894-1895, as rendered at the Atlanta Convention, October, 1895, showed 1,711 members, a smaller membership than that of the previous year. At that convention the Protective Committee rendered its

first report, and gave widespread notice of what it was undertaking to do for the banks that joined the Association. Steady increase has followed in the membership from that time until this convention, as is shown by the following figures:

Paid membership of the Association 1894-1895.....	1,711
" " " 1895-1896.....	2,188
" " " 1896-1897.....	2,813
" " " 1897-1898.....	3,350

Starting out to throw a line of protection around the members of the American Bankers' Association, the Protective Committee secured the services of the Pinkerton National Detective Agency, and instructed it to get information in respect to the movements of all the professional bank criminals known to the police of the various cities, and to give to those who were known to follow the occupation of swindling or robbing banks distinct warning that the Association had entered upon a crusade against them for the protection of its members, and that, under the rules laid down, no crime would be compromised or condoned, and no expense spared to punish criminals to the full extent of the law. The outcome of the protective policy during the time it has been actively conducted by the Association is shown in the following statements:

1. From May 1, 1895, to August 1, 1898, members of the American Bankers' Association suffered by burglars, robbers and sneak thieves, a total loss of. \$8,875.00
2. From May 1, 1895, to August 1, 1898, banks non-members of the Association suffered, in the same way, reported losses of over..... \$200,000.00
3. So far as can be ascertained there is but one organized band of professional criminals now operating on the banks of this country, and up to this time it has not attacked a member of the Association.
4. In the past year, the only burglary committed on a member of the Association since February, 1895, occurred at Boelus, Neb., October 5, 1897. Otis Anselon and Otto Warwick were arrested for this burglary, and have been sentenced to three years and six months' and eight years' imprisonment, respectively.

A most significant contrast, aptly illustrating the comparative immunity enjoyed by the members of the American Bankers' Association from burglars and the like, is found in the fact that early in 1895, before the purpose and power of the new organization were thoroughly realized and its influence established, members lost heavily. A comparison of the total reported losses shows that:

In the four months from January 1 to May 1, 1895, members lost by burglars and robbers.....	\$23,706.00
In the twenty-seven months from May 1, 1895, to August 1, 1898, members lost by burglars and robbers	\$8,875.00

The above figures do not include losses suffered by members through forgeries. Statistics in respect to these are difficult to obtain. The broad effect of the protective feature is shown by the fact that in 1894, before this Association began the protective work, the banks of the United States lost \$229,261 from burglary and forgery, and that in the year ending August, 1898, the members of this Association lost through burglary \$1,400, and through forgeries of all kinds, amateur and professional, less than \$15,000.

The Committee has, during the year, made an important demonstration to the professional bank criminals, which it is confident will not be forgotten, in accomplishing the extradition from London, England, of Charles Fisher. Fisher is an habitual thief and forger, notorious on two continents. He is credited with originating, in this country, the scheme of rifling letter boxes, altering the stolen checks and presenting them at the banks, and has organized a number of bands for this kind of work. In 1895 he was arrested at Baltimore and transferred to Cincinnati, charged with attempting to pass at the First National Bank a check which he had raised from \$15 to \$1,500. He escaped in November, 1895, and made his way to London, England, where he was located in May, 1897, by the detective agents of the Association. He was transferred to Cincinnati by the American Bankers' Association and the banks of

Cincinnati, and on December 18 pleaded guilty and was sentenced to three and one-half years' imprisonment.

The Committee takes pleasure in reporting the arrest and conviction of Alonzo J. Whiteman, formerly State Senator of Minnesota, whose tendency to bank swindling has for a long time given the Committee concern. Whiteman had been director of a bank and was familiar with the detail of banking practice. In May, 1895, he was arrested in New York and transferred to San Francisco on requisition from California, charged with forging and passing a check for \$500. He was convicted and sentenced to nine years' imprisonment, but secured a new trial which resulted in his discharge from custody November 9, 1896. On March 6, 1897, the agents of the Association accomplished his arrest in New York for swindling a New York bank out of \$580 on a fraudulent check, but he managed to escape conviction owing to conflicting evidence. On July 9, 1898, at Chicago, Ill., he was sentenced to one year's imprisonment and a fine of \$2,000 as a result of the efforts of the agents of the Association, who accomplished his identification as the man who, early in June, 1898, had swindled the Grand Pacific Hotel Company with a fraudulent cashier's draft of the Lawrence National Bank, Lawrence, Kansas, on the First National Bank of New York for \$250. A supply of blank cashier drafts, secured from a New York lithographer, was found in Whiteman's possession.

We have referred, heretofore, to the work of the Committee in breaking up the important forgery band headed by Charles Becker and James Cregan, and to their trial in San Francisco, where, in 1896, both Becker and Cregan were convicted and were sentenced to imprisonment for life. After two years of contention in the courts, a decision has been rendered in favor of Becker and Cregan, setting aside their conviction and ordering a new trial. The Committee is prepared to continue the prosecution of these dangerous criminals, and it will do so.

Four special circulars have been issued during the past year, as follows:

On November 23, 1897, a special circular was issued to the banks and police departments throughout the United States with a view to causing the arrest of W. H. Geer, who had swindled a member of the Association at Salt Lake City, Utah, and was then operating extensively with bogus certified checks. Almost immediately Geer went into hiding and ceased operations for a time. Later he renewed work and was arrested by the officials at Richmond, Va., charged with obtaining money under false pretenses, and was sentenced to sixteen months in the county jail. Warrants for further prosecution have been secured and lodged pending the expiration of his sentence.

On November 26, 1897, a special circular was issued to the Chicago banks, warning members of the Association of suspicious certificates of deposit which were being floated by a private bank in Indiana and disposed of by agents in Chicago. Several Chicago merchants were swindled by this paper, but the warning appears to have prevented loss to the banks.

On January 11, 1898, a special circular was issued to the banks throughout the United States in order to accomplish the arrest of T. J. Hogan and two accomplices, then engaged in swindling banks with checks stolen from the mail and altered. Hogan was arrested at Columbus, O., February 14, 1898, and on the 17th James Wallace and Frank Baxter were arrested at Chicago. Early in June the men were sentenced to five years each in the Columbus, O., penitentiary.

On February 15, 1898, a special circular was issued through sections of the West offering a reward for information leading to the arrest of Dr. S. T. McClung, alias Geo. O. West, who had been defrauding Colorado banks with worthless checks bearing the forged indorsements of local physicians. He was arrested at Leadville, Col., on May 15, through the vigilance of the officers of the Carbonate National Bank, and was identified from a copy of the circular forwarded by the agents of the

Association. On August 3, 1898, McClung pleaded guilty and was returned to jail pending sentence.

Since August 1, 1897, forty-seven circulars of General Information have been issued as warning bulletins to members of the Association, giving brief accounts of the methods of active swindlers. These have been accompanied by twenty-four photographs and descriptions.

The prosecution of the protective work during the year has involved the consideration of two thousand reports, letters, etc., relating to the operations of criminals in every section of the country, and has exemplified more clearly than ever the fact heretofore noted in our reports, that the more dangerous and expert criminals have shown a disposition to avoid the banks which are members of this Association, and the Committee has had to deal with the common grade of swindler, whose bungling work very shortly ends in his arrest.

FORGERS AND SWINDLERS.—The agents of the Association have generally investigated and reported on the operations of criminals, involving over four hundred cases of forgeries and swindles during the year ending August 1, 1898. Of seventy-eight criminals who swindled, or attempted to swindle, members of the Association since August 1, 1897, thirty-three have been placed under arrest and twenty-five have been convicted.

BURGLARS AND THIEVES.—The figures revised by our latest reports show that during the year ending August 1, 1898, forty-three banks not members of the Association have been attacked by depredators and suffered a total loss of \$90,150. During the same period members of the Association lost \$2,400. In one instance, as stated above, \$1,400 were taken by burglars, who, in consequence thereof, were arrested and are now serving sentences of three and one-half and eight years respectively. In the other case a man who entered the bank ostensibly to make telephone repairs walked off with an unguarded package of \$1,000.

The Protective Committee has consummated during the past year a contract with its detective agency on fair and liberal terms, approved and ratified by the Executive Council. Under the terms of the contract the agency has agreed to provide the following service:

"To keep themselves informed as thoroughly as possible as to the methods and movements of those who make a business of swindling or robbing banks, such as forgers, bank sneaks, burglars, bank confidence men, presenters of forged paper and letter box thieves.

"To keep members of the Association informed, from time to time, at least once every three months, of such general facts as may warn them as to men and methods and stimulate their vigilance.

"To send to members such photographs of bank criminals as may be deemed useful, and to provide them with *fac-similes* of specimens of the hand-writing of forgers or swindlers who are systematically at work.

"To seek, by correspondence or personal interview with the proper authorities, to have such criminals apprehended, securely incarcerated and indicted, and released only on sufficient and reliable bail. To seek, by like means, to have such persons successfully prosecuted, and after conviction to oppose all petitions for their pardon.

"To secure, by like means, further prosecution and punishment of such criminals for other known crimes which they may have committed."

In accordance with the terms of the contract requiring the detective agency to keep members posted, a series of information bulletins, beginning with the issue of August, 1898, has been designed by the Protective Committee, to convey to members from time to time items of information culled from the mass of matter continually piling up in the files. These bulletins will contain pictures and descriptions of active criminals. Each issue should be carefully preserved. With the first issue of the pamphlet was sent a little book entitled "The Confidential Book of the Protective Committee," which

discusses in a general way the methods of professional criminals, and furnishes precautionary advice and instructions.

Following is the detailed Financial Statement of Protective Committee from close of fiscal year July 31, 1897, to August 1, 1898:

RECEIPTS.

Balance on hand August 1, 1897.....	\$3,002.31
Appropriated by Executive Council.....	15,000.00
Refunded March, 1898.....	293.12
	<u>\$18,295.43</u>

EXPENDITURES.

Paid Pinkerton, expense incurred prior to August 1, 1897	\$432.65
Paid Pinkerton, expense incurred August 1, 1897, to August 1, 1898.....	14,636.96
Salary and expenses, Clerk to Protective Committee	1,437.20
Paid Stewart & Co., 1,000 Aluminum Plates.....	120.00
Paid American Bank Note Co., 500 Printed Slips....	3.75
Petty Cash.....	15.00
Balance August 1, 1898.....	1,649.84
	<u>\$18,295.43</u>

The Committee desires to repeat the recommendation heretofore made, that members should use the greatest caution in the employment of printers and lithographers, and that they should insist upon care on the part of those whom they employ in disposing of surplus blank checks and drafts.

In conclusion the Committee begs to express its sincere thanks to all members of the Association who, when called upon, have endeavored to facilitate the conduct of the work involved in the protective feature.

Appended hereto is a copy of the annual report of the detective agency employed by the Association.

Respectfully submitted,

PROTECTIVE COMMITTEE,
AMERICAN BANKERS' ASSOCIATION.

[This committee is composed of three members, whose names are not made public.—ED.]

Report of the Executive Council by Alvah Trowbridge.

Mr. President, Ladies and Gentlemen.—Those of you who are not habitual attendants at our meetings are learning to-day something of the character and aims of the American Bankers' Association. From the necessities of a quarter of a century ago came this organization, which was then only a dim prophecy of what it would be to-day. Bankers then thought there were great questions to be decided. So we think now. Great arguments have followed, great principles have been discussed, and the platforms of our conventions have resounded with the eloquence of masters in oratory. What have we settled? This: that bankers generally are good men and true; that better acquaintance begets confidence in one another, and confidence has led us to join in better methods, and the better methods have tended to increase our business and decrease our risks. During the first eighteen years of the association we were discussing the larger problems of finance and gaining a little in membership until we reached 1,500. In the next four years we added to this until we had 1,900 members. Our present membership is 3,385. What has done this? Our discussions? No, but our confidence in each other and the manliness of man. We have taught ourselves to live and let live, and that in union there is strength. We have not achieved great things in the way of politics, but we have done a work for which every member is proud and thankful. We have put in practice the Golden Rule. Safe makers tell you that burglars can break every make of safe but theirs. Manufacturers of patent safety papers and books tell you that forgers can get ahead of you on every pattern and form except theirs. But I tell you that the Protective Committee of the American Bankers' Association is better than them all. (Applause.) As you have heard from the report of the Protective Committee, during the last three

years our membership has been practically exempt from losses, while bankers outside the Association have lost through rascals nearly two hundred thousand dollars in the same time. You may say, Why do not all bankers join this Association? Why don't every man insure his life? Why don't every child learn to swim? Let every member send to the Secretary the names of three new members before he leaves this convention, and the thing is done. (Applause.) The great additions to our membership in the last three years are mostly due to the very efficient work of our Secretary, who, having a wide acquaintance among bankers, has used his efforts and his own strong personality for the Association. When the war broke out he became infected with the patriotic spirit and enlisted in the army. This is him here (pointing to the Secretary). The Executive Council being also patriotic granted him leave of absence, and he is now Major of the Seventh U. S. Volunteers. The work of his office is well done and is in good order.

COMMITTEE TO MEET NATIONAL ASSOCIATION OF FREIGHT AGENTS.

Alvah Trowbridge, of New York City: Mr. President and Gentlemen.—A meeting of the Executive Council was held last evening at Brown's Palace Hotel, at which some business was considered, which, as Chairman of the Council, I was directed to present to the convention to-day. The first was a communication from the National Association of Freight Agents, under date of August 12th, 1898, requesting us to appoint a committee to meet a similar committee from their association. The letter explains the reason for asking the appointment of the committee, and I will state what it is. They request that a committee from us meet their committee for the purpose of conferring relative to the establishment of a more convenient system of bank traffic in connection with freight shipments.

A motion that such a committee be appointed was adopted.

CONGRESS REQUESTED TO APPOINT COMMITTEE TO EXAMINE THE FINANCIAL SYSTEM OF CUBA, ETC.

Alvah Trowbridge: The Executive Council recommend the passage of the following resolution:

Resolved, That the American Bankers' Association earnestly favors the appointment under the authority of Congress of a Commission to study the financial system in Cuba, Porto Rico, the Philippine Islands and the Hawaiian Islands, and to report upon the subject of what special banking legislation is needed to facilitate commerce in any new territory which the United States may acquire.

The resolution was adopted.

STANDARD FORM FOR WAREHOUSE RECEIPTS.

Alvah Trowbridge: The Executive Council recommend the adoption of the following resolution:

Resolved, That a Committee be appointed to consider and report upon the advisability of a bankers' standard form for warehouse receipts and bills of lading.

The resolution was adopted.

RATES BY SURETY COMPANIES.

Alvah Trowbridge: The Executive Council recommend the adoption of the following resolution:

Resolved, That a Committee of this Association be appointed to inquire into the rates charged by surety companies for surety bonds, and to recommend a standard form of policy, and to consider any plan or plans that may be submitted.

The resolution was adopted.

CONGRATULATIONS TO PRESIDENT M'KINLEY.

Alvah Trowbridge: The Executive Council also recommend the adoption by the Convention of a suitable resolution to be transmitted to the President of the United States congratulating him and the Army and Navy on the successful termination of the war with Spain.

The President: A resolution in the proper shape will be presented to the Convention for its consideration later.

Report of the Committee on Uniform Laws.

Some twenty years ago as I was sitting in the House of Representatives of the Illinois Legislature watching its closing hours, a member who had never spoken during the entire session, arose to address the House. As he was a new speaker, every one was immediately on the *qui vive* to hear what he had to say, and I confess his speech made such an impression on my mind that I have not forgotten it to this day. He said: "Mr. Speaker, I am a farmer. I used to get the newspaper and sit on my porch and read with great awe of the proceedings of the Illinois Legislature. I made up my mind I would try and become a member of that august body. I succeeded in that ambition. I have been here the entire session. Have never inflicted you with a speech. Have always voted 'Yea' or 'Nay.' Have watched with great interest the method of making laws, and I have come to the conclusion that the making of laws is like the making of sausages—the less you know about the process, the more you respect the result."

Your Committee on Uniform Laws has been before many Legislatures the past winter, and we think after this experience that our farmer friend was mistaken in his estimate of legislation. We have found that the ruling minds of a legislative body are a careful, painstaking, studious set of men, who are anxious to make the best laws possible for the government of the people. Sometimes a selfish interest will override this best judgment by methods which will carry the Legislature off its feet, but in the long run that error will be corrected and a true judgment will be rendered.

The Negotiable Instrument Law which we are endeavoring to have passed is very fortunate in having been tried for sixteen years in Great Britain and all its colonies, in having been indorsed by experts in law in thirty of the States of the Union. Indeed, it has been subjected to all the criticism which the best minds in the legal profession could bring to bear, and yet has come out unscathed. In spite of this we find in every Legislature some wise man who wishes to offer some amendment. They cannot comprehend the fact that we are arriving at uniformity in all the States. One prominent banker sent us a long opinion given by his attorney upon the law. We made a careful examination of this opinion, and found the attorney was endeavoring to make this uniform law correspond to the laws of the State in which he lived. Much opposition has been expressed to the law because it abolishes days of grace, and astonishing to say this opposition manifests itself more strongly in the New England States than anywhere else. This was astonishing to your committee, as we had always regarded this section of the Union as the most progressive in matters of financial legislation. That long arguments should be made against the abolishing of such a relic of stage coach days in a country covered with railroads is a marvel indeed. We are pleased to say, however, that this opposition did not come from either the bankers or the lawyers. The number of States holding sessions of their Legislatures last winter was few in comparison to the whole number. The only States in which we did any work were Maryland, Massachusetts, Ohio, Virginia and Georgia. In Maryland, by the vigilant work of Hon. Lawrence B. Kemp, the assistance of the American Bar Association and the Maryland Bankers' Association, the law was passed, and Maryland was enrolled on the Roll of Honor.

In Massachusetts, there being no Bankers' Association, the American Bar Association took the initiative in introducing the law. The want of a Bankers' Association was seriously felt, as we had no auxiliary by which the bankers of the State could be rallied to the support of the measure. In this dilemma your committee appealed to H. L. Burrage, Vice-President of the American Bankers' Association, and we found in him

a tower of strength. Without his assistance the law could not have been passed. The opposition to the passage of the bill was simply because it abolished days of grace on sight drafts. We are happy to say the wise men of the State were not seriously affected by this opposition, after they were shown the true value of this feature of the law.

In Ohio we introduced the bill, and our Mr. Griffith gave it his individual attention, and used every exertion to have it passed. At this session, however, politics was the ruling idea, and business had to yield. We have made decided steps forward, however, in having had the bill referred to a commission on uniform laws to report to the Legislature which meets in 1900. It is confidently expected by Mr. Griffith that the bill will then be enacted into a law.

Virginia has also placed herself on the Roll of Honor. The bill was introduced, and through the indefatigable work of our Mr. Hardy it was passed. The American Bar Association and the Virginia Bankers' Association were in hearty accord, and gave him much valuable assistance.

Georgia had but a short session of the Legislature, but our friends worked with good will. Mr. G. Gunby Jordan, Vice-President of the American Bankers' Association, took active charge, and through his efforts good progress was made. The bill was referred to a commission, of which W. S. Witham, member of this association, is a member, and we confidently look forward to final passage through his valuable assistance.

The Legislature of Iowa met this winter, and your committee made efforts to have the law introduced there, but the Iowa Bankers' Association, after fully discussing the matter, decided the time was not propitious for its passage. Therefore no action was taken. It is confidently believed, however, by the officials of the Iowa Association that at the next session of the Legislature the law can be successfully pushed.

In Kentucky, also, the Bankers' Association thought it inadvisable, under the peculiar condition of politics in the Legislature at that time, to introduce the bill, so it was postponed until the next session of the Legislature.

The bill was introduced into Congress as pertaining to the District of Columbia, and has passed the House of Representatives; has been acted on by a committee of the Senate and reported favorably. It is now on the calendar, and will undoubtedly be passed the coming winter.

The task of attempting to pass this law in all the States is one of Herculean proportions, but from the experience of the past winter your committee believes it can be brought to a successful issue. It cannot be done without the enthusiastic support of all the bankers in all the States. Any indifference on their part begets indifference in the members of the Legislatures. Let me whisper a secret in your ears. All you have to do to pass this law in all the States is to overcome the indifference of the members of the Legislature. Give us ten men in every Legislature who are enthusiastic in support of any good bill, and we will guarantee that that bill is enacted into a law. We therefore ask the bankers of the States I name hereafter to get themselves enthused for the passage of the best law in its line that has ever been before a Legislature. See the members of the Legislature; inject enthusiasm into them; get their minds saturated with the idea of the good they will be doing to their constituents, and we believe before the close of this century this law will be on the statute books of almost all the States of the Union.

The following States hold session of the Legislature during the ensuing winter, and in all of them we hope the bill will be introduced and brought to a successful passage:

Alabama,	Michigan,	Pennsylvania,
Arkansas,	Minnesota,	Rhode Island,
California,	Missouri,	South Carolina,
Delaware,	Montana,	South Dakota,
Florida,	Nebraska,	Tennessee,
Idaho,	Nevada,	Texas,
Illinois,	New Hampshire,	Vermont,
Indiana,	North Carolina,	Washington,
Kansas,	North Dakota,	West Virginia,
Maine,	Oregon,	Wisconsin,
	Wyoming.	

The Roll of Honor being the States in which the Negotiable Instrument Law is now in force bears the following names:

Connecticut,	New York,	Massachusetts,
Maryland,	Colorado,	Virginia.

All honor to Colorado, one of the youngest of the States, but evidently one of the most progressive.

In conclusion, we believe our association is to be greatly encouraged and congratulated upon the first year's results of the work of your committee. We worked in five States only. The law was passed in three, and good progress made in the other two. There was no failure in any State. Should such results follow our work of the coming winter, we will have the law enacted in all the principal States in the Union. The remaining work will be easy.

As a final word, we again ask the members of the association to give us their enthusiastic help the coming winter, and we are prepared to promise the best of results, with such support.

Respectfully submitted.

FRANK W. TRACY,

C. J. GRIFFITH,

CALDWELL HARDY,

Committee.

John T. Dismukes, of St. Augustine, Fla.: I would ask the gentleman to add Florida to the list that he has read, as such a law as he speaks of was passed by the last Legislature.

George Q. Cannon, Salt Lake City, Utah: I noticed in the list of States in which the Legislatures meet the coming winter that the State of Utah is omitted, and I simply desire to call attention to the fact that our Legislature will meet this winter.

The report was on motion of Peter White, of Marquette, Mich., received with thanks, and the committee continued in its work.

IN MEMORY OF WILLIAM H. RHAWN.

The President: We will now hear from Mr. M. M. White, of Cincinnati, Ohio, in respect to the memory of a former President of this Association, a man whose face we all miss upon this occasion, William H. Rhawn, of Philadelphia, Pa.

M. M. White, of Cincinnati, Ohio: It has been delegated to me, gentlemen, to prepare a suitable minute as a memorial to the late William Henry Rhawn, of Philadelphia. While it is a sad duty to perform, yet at the same time it is proper that we should put some testimonial upon our minutes with reference to one who has served this Association faithfully and ably year after year, with only the omission of a single meeting in the twenty-four years of our existence. I traveled with Mr. Rhawn from the Atlantic to the Pacific, and he inducted me into the office of President of this Association in 1894, and on this occasion I almost fancy that he is in our midst because it seems to me that if there is any connection between the beyond and the present, the kindly face of William Henry Rhawn is looking down upon our deliberations and watching them in the spirit as he did in the flesh. I have prepared this paper, which I will now read:

IN MEMORIAM.

WILLIAM HENRY RHAWN.

The most important contribution which any community makes to the world is the character and influence of its eminent men.

The recent death of William Henry Rhawn, which occurred on the 27th day of June, 1898, aged sixty-six, removes from the list of membership one among the few who have been identified with the American Bankers' Association since its organization in 1875. He has been a delegate and present at every Convention since 1875, with exception of 1883. He was a member of Executive Council from 1878 to 1888, and again from 1893 to 1896, and served as President for the year 1892 and 1893.

The significance of every human life is the character which it has maintained, that part which remains and by its completeness and perfection leaves the deepest sense of loss to the world when the man himself passes away.

The career of our departed friend and associate illustrates the solid underlying principles of industry, integrity and fidelity united with superior endowments, and the courage under all circumstances to follow, regardless of popularity, the path of justice and right as it was outlined to his clear perception. He was remarkably unselfish, ever sacrificing time, talent and strength for others, and in so doing did not accumulate a fortune to be counted in dollars and cents. As an unselfish, public-spirited citizen among those interested in good works and practical reforms, moving among the best element of kindred spirits in Philadelphia, where he lived all his life, his example and labors will long continue to be felt by those he loved and delighted to serve. In his early manhood his attention was directed to financial affairs, and becoming identified with banking he entered upon his chosen career, and being possessed of enlarged and comprehensive views and studious habits he soon mastered the intricate mechanism of a bank as well as its management, and during thirty-two years was President of the National Bank of the Republic, Philadelphia, and retired when the bank ceased business, paying every depositor in full without any delay, and during its entire career under Mr. Rhawn's charge not a shadow ever rested on the bank or on the personal or official character of its President.

Men may die, but the work goes on, and as the name of our departed friend may forever disappear from the minutes of our Association, yet his kindly presence, no more to be with us as we annually gather together, is indelibly stamped on memory's tablet until we shall lay down the cares of life, and happy shall we be to leave so fragrant memories as William Henry Rhawn, the large-minded, clean-handed Christian man.

The minute was adopted unanimously.

GREETING TO ABSENT MEMBERS.

John Farson, of Chicago, Ill.: Mr. President, I think perhaps at this time it would be wise to pause a moment and place a flower in the paths of the living. As I have looked about this Convention I have missed the kindly faces of two of our members who have invariably been present to cheer us with their words and aid us with their wisdom. I refer to Mr. N. B. Van Slyke, of Madison, Wis., and Mr. Eugene Pullen, of New York City, both of whom I understand are unable to be present with us on account of illness, and I move that the Secretary be instructed to send a telegram of greeting to each of these gentlemen and also expressing the hope of this Convention for their speedy recovery to health.

The motion was adopted.

Report of Committee on Uses of Banks.

(BUREAU OF EDUCATION)

The Committee on Uses of Banks, which was directed to continue its work by the convention last year, begs to make the following report:

OBJECT OF THE COMMITTEE.

This Committee was appointed by the Executive Council at a regular meeting in March, 1897. It was continued in force at the Detroit Convention by vote of the Association. Its object was, and is, to distribute information as to the uses of banks in order to overcome the great ignorance and the great prejudice concerning banks, and to disarm the blind hostility that grows out of lack of knowledge of what the banker is and what he does.

FIRST STEP.

The Committee decided as a first step to issue a pamphlet for general distribution.

After obtaining through correspondence the views of prominent bankers throughout the country as to what should be contained in the first pamphlet to be issued by the Committee a pamphlet was prepared under the title of "What is a Bank?" Copies of this pamphlet were sent to 10,000 banks throughout the United States, with a letter to each, asking for expressions of opinion

as to its adaptability to the purpose for which it was prepared—to instruct the people of the United States as to the uses and purposes of banks. Enclosed with each letter was a postal card upon which the person or institution receiving the letter was requested to order such a number of the pamphlets as they would personally see to the distribution of, where they would do the most good. The letter itself was as follows:

CIRCULAR LETTER.

DEAR SIR:

The undersigned Committee has in charge the work of distributing proper information as to the uses of a bank, the object being to do away with the present hostility which exists against banks among the ignorant or misinformed part of our population.

The Committee proposes to send out a pamphlet—a proof of which is enclosed—which is intended to set forth in the simplest manner possible the work which a bank does in the community.

Please read this carefully.

This book is intended as a primer—the facts stated are elementary and not in dispute; and the manner of stating them is intended to be so clear that all can understand.

The Committee desires your earnest co-operation in placing these pamphlets in the hands, not so much of your own bank customers as in those of individuals (laborers, mechanics, farmers and others), who have been misled upon this question or else have never been informed. We suggest that you make a list of the firms, etc., who do business with you, and who employ a large or small number of people—that you ascertain whether these employers will on any certain pay day see personally that one of these pamphlets is placed in the hand of each employee. If your dealings are with the farming community, we would like to have you personally attend to the placing of one of the pamphlets with each of this class of voters in your vicinity. It is the desire of the Committee that none of the pamphlets be wasted, as is sometimes the case when such matter is given out to tellers or clerks for distribution.

The Committee desires to know whether you will undertake this work with us. Will you give it your personal attention? And if so, how many of these pamphlets (without cost to you for the pamphlets) will you use in the way intended.

Kindly reply promptly on enclosed postal card.

The importance of the education of the people on this great question will appeal to you at once. We desire your earnest personal co-operation, believing that every convert made to the indisputable truth will aid in the future, in a safe solution of the great questions now in process of adjustment in the United States.

Signed,

COMMITTEE ON USES OF BANKS,
AMERICAN BANKERS' ASSOCIATION.

A GRAND RESPONSE.

The response to this letter was quick and almost overwhelming as to orders for the pamphlet. The replies came from about 5,000 banks from every State in the Union, and the orders aggregated nearly a million and a quarter copies, and were usually accompanied by some remarks as to the plan. Nearly all replies were favorable to the work, and the vast majority of banks replying expressed a willingness to co-operate in the work of the Committee. These expressions, written out in type, cover 500 pages. They are mainly aggressively affirmative, and many evidence much enthusiasm in the work and decided satisfaction because of its undertaking by the Association.

It is impossible to give an adequate idea in a few words of this sentiment, but some of the remarks are quoted below:

SOME OF THE REPLIES.

CALIFORNIA.—“Something of this kind is needed. This pamphlet will go far toward supplying the need. The best I ever saw. Plain and comprehensive and ought to be in the hands of every voter.”

MISSISSIPPI.—“Clear and to the point.”

VIRGINIA.—“What has long been needed for the education of the masses along this special line.”

INDIANA.—“The distribution will prove a splendid thing for bankers in general.”

ARKANSAS.—“Believe it will fill a long felt want of the country bank.”

TENNESSEE.—“Think great good can be accomplished in this way. Have long felt the need of some means of reaching this class of people.”

KENTUCKY.—“The public need this very document.”

CALIFORNIA.—“Believe the work undertaken by your committee will result in great benefit to banking institutions.”

TEXAS.—“This pamphlet is a good thing for any country.”

ARKANSAS.—“I will personally attend to the distribution of these pamphlets to farmers. I think they are fine and will do much good. Am pleased to know you are doing such good work.”

MICHIGAN (Detroit).—“Nine of our customers, employing a large number of hands (1,730 in all), have agreed to distribute the pamphlet among their employees.”

MICHIGAN (Pt. Austin).—“Ought to be in the hands of every family.”

OHIO (W. Lebanon).—“Think this is a good move.”

MINNESOTA (Duluth).—“One hundred to men working in saw mills.”

NEBRASKA (Decatur).—“The truth simply expressed, so that any child can understand.”

N. DAKOTA.—“Just what is needed in this section of the country.”

MINNESOTA (Canby).—Asks for copies in German and Scandinavian.

TEXAS (Santa Anna).—“A move in the right direction.”

TEXAS.—“An excellent plan. A good work. Must be kept up.”

ILLINOIS (Equality).—“Have been looking for something like it for the past five years.”

ALABAMA.—“People need this kind of education.”

KANSAS (Syracuse).—“A most laudable enterprise, of especial advantage to Western bankers.”

KANSAS (Baxter Springs).—“Will take pains to place them where they will do the most good, and thank the association for the privilege.”

MARYLAND (Frostburg).—“A splendid idea, and we heartily approve of it.”

OHIO.—“Shall have my personal attention and will do everything in my power to aid your committee.”

N. DAKOTA.—“Will tend to remove prejudice against banks. Pleased to co-operate.”

OKLAHOMA T.—“Our dealings are almost entirely with farmers. Send them along. This is one of the best moves I have had brought to my notice.”

WESTERN OHIO.—“Have commenced business here only a few weeks. Pamphlet is just what we need.”

IOWA (Waukon).—“I am pleased with the work.”

KANSAS (Moline).—“Will attend to personally, as I think it is a grand thing.”

WISCONSIN.—“Will do great good to our farming community here.”

N. DAKOTA.—“Will give it personal, prompt attention.”

OHIO (Seville).—“Have an intelligent community who will appreciate the work. Have desired a condensed statement of this kind for a long time.”

TENNESSEE (Tullahoma).—“Send them to us. What we need in this country.”

MISSISSIPPI (Magnolia).—“We will be benefited by this work.”

IOWA.—“A great work and a right move. Will give it personal attention.”

WISCONSIN (Kewanee).—“Just what we need.”

KENTUCKY (Princeton).—“This is just what I have been looking for for a long time. Have to deal almost entirely with farming community who do not understand the banking business.”

ACTION OF THE EXECUTIVE COMMITTEE.

These but faintly convey an idea of the various expressions of approval and co-operation which came to the Committee from all parts of the country upon receipt of its circular letters.

The Committee made a report of its work to the Executive Council on March 24, and the Executive Council decided that on account of the magnitude of the work it did not feel authorized to undertake the task of carrying on and continuing the work of the Committee, as it promised to grow to such vast proportions, the orders for the first pamphlet being so general and for such large numbers, and that only a beginning.

Your Committee then prepared and sent out a letter addressed to each person or institution which had placed an order with the Committee for the pamphlet, advising them that the Courier Company, Buffalo, N. Y., had agreed to supply the pamphlet at the rate of \$1.00 per 100 (about cost), enclosing a postal card upon which they could give an order for such a number of the pamphlets as they could use. Copy of second letter follows:

SECOND LETTER.

DEAR SIR:

Referring to the circular letter of this Committee, dated February 23d last, which accompanied the proof of the pamphlet “What is a Bank” we have to report that the orders received for the pamphlet aggregated about a million and a quarter copies, nearly 5,000 banks having offered to take and per-

sonally distribute copies, the orders being for from 25 copies to 10,000 copies each.

A meeting of the Executive Council of the American Bankers' Association was held March 24th, and the matter was brought before them. The final decision was that the work was so great that they did not feel warranted in undertaking it at this time, as the education would have to be continued, this pamphlet being only a beginning, and the undertaking seemed to them so large and important. The Committee therefore regret that they are prevented from carrying on the project, at least for the present.

On account of the interest manifested by a large majority of the banks of the country, the Committee dislike to abandon the matter altogether. The work will, however, have to go on without being conducted by the American Bankers' Association.

The printers of the pamphlet, the Courier Company, Buffalo, N. Y., have offered to furnish it, providing they receive orders aggregating a large number, at \$1.00 per 100, and believing, on account of the many favorable expressions received, that many of the banks would like to take up the work on their own account, we have written this letter, enclosing a postal card, on which an order may be sent to the printers, if you desire, on this basis.

The Committee will carefully supervise the delivery.

Signed,
COMMITTEE ON USES OF BANKS.

THE BANKS WILLING TO PAY.

The Courier Company have since then received orders which have exhausted an edition of 100,000, and are now filling orders from another edition, orders still continuing to come. These orders have been received from all parts of the United States, and some of the banks have placed a second order.

The fact that the banks of this country are willing to PAY for the privilege of distributing educational matter of this character is convincing evidence of the desirability of the Association's undertaking this great work.

BANKING CAPITAL UNJUSTLY TREATED.

For many years in the United States a most unjust prejudice has existed against banks, and it is quite generally recognized that this prejudice against capital employed in banking does not exist against capital employed in other lines of business.

The large insurance companies, with assets aggregating hundreds of millions of dollars, are not made the target of the political archer, as are the banks. This is probably due to the fact that the people have a better knowledge, generally, of insurance and its advantages to the people than they have of the banking business. Where there is one man who keeps an account in a commercial bank there are probably a thousand who are members of the various fraternal orders, and are thus interested in and understand the principles of insurance, and it is for this reason that insurance does not meet the obstacles that banking does, and is not attacked by demagogues. If this is true of insurance it would also be true of banking under similar circumstances.

EDUCATION ONLY REMEDY.

The only thing to do is to educate the people so that they will understand that, like the insurance business, the banking business is a decided advantage to the people generally, and that any injury done to banks is reflected back upon the people themselves, in the way of curtailment of loans, high rates of interest, general suppression of enterprise and consequent loss to all classes. When the people understand these things as they understand other lines of business, prejudice will disappear. The existence of this prejudice has been no fault of the banks themselves, as far as their daily operations are concerned, which are of the greatest possible benefit to every class in the community.

WHERE BANKERS ARE AT FAULT.

The fault has been that the bankers have not heretofore taken up the task of educating the people. The most absurd statements in regard to the special privileges of bankers are allowed to go unanswered and are generally accepted by the people as true. Ever since the late bond issue the papers which favor Government paper money and free silver have been full of the wild-

est nonsense as to the enormous profits that would accrue to the banks through the issue of notes based on the new bonds, and these statements are believed by probably ninety-nine per cent. of the people who read them. All these willful misrepresentations should be met and answered promptly, and this cannot be done unless it is made somebody's business to do it. There is no people in the world who are so ready to recognize right and justice as the American people. It is folly to leave them in ignorance and any longer to allow this prejudice to flourish.

A GREAT OPPORTUNITY.

Gentlemen, you have before you to-day a momentous question. Will you begin now at the end of this century to right the wrongs which have oppressed the men of your calling for fifty years, or will you supinely, weakly drop this task because it seems so great, and fall back into the trenches? If you do, you have not learned the glorious lessons which our brave soldiers taught us before Santiago.

WM. C. CORNWELL,
ROBERT J. LOWRY,
HARVEY J. HOLLISTER,

Committee on Uses of Banks, American Bankers' Association.

Action of Convention on Report.

A motion was made that the same Committee be continued, with instructions to pursue the work another year.

William S. Witham, of Georgia, said:

Mr. President, I would like to second that motion in a one-minute speech. The subject of the Committee's work is a modest little pamphlet which I hold in my hand, and which is no doubt familiar to all of you. The widespread prejudice against our business, aided by legislation and by politicians, needs just such work as this, and we need just such a committee as we have had. If I wanted to change the name of that little book, I would call it "The Prejudice Killer." (Laughter and applause.) It is so valuable that one of the school commissioners in one of the counties where I am engaged in business, proposed to make it a text book in the public schools. (Laughter.) I want to confess that being well acquainted with the people in the counties where I do business, they are not all as smart as Benjamin Franklin. Perhaps it is a good thing for me that they are not. I heartily endorse the motion of the gentleman from Michigan, to continue the present Committee, with power.

The motion was carried.

IN MEMORY OF THOMAS S. RIDGWAY.

Walker Hill, of St. Louis, Mo.: Since our last meeting we have lost a member of the Executive Council, and I was appointed one of the Committee to draw the following resolution, which I now present and move the adoption of:

THOMAS S. RIDGWAY.

Whereas, In the providence of God, Mr. Thomas S. Ridgway, of Shawneetown, Ill., departed this life on the 17th of November, we, his fellow members of the Executive Council of the American Bankers' Association, desire to place on record our appreciation of the loss this Association has sustained in the death of our deceased friend and associate councilman; therefore, be it

Resolved, That in the death of Mr. Ridgway our Council has lost a faithful and valued member, ever ready and diligent in the discharge of all duties incident to membership, and we shall miss the benefit of his wise counsel and helpful hand. As a friend he was unselfish, kindly and obliging, sympathetic, warm in his attachments and ever ready to lend a helping hand to those in trouble.

To his family we extend our heartfelt sympathy.

Resolved, That the Secretary of this Association enter this preamble and resolutions on the records, and send a copy to the family of the deceased.

(Signed)

WALKER HILL,
F. W. HAYES,
A. G. CAMPBELL.

The minute was adopted.

The Convention then adjourned until Wednesday morning.

SECOND DAY'S PROCEEDINGS.

Wednesday, August 24th, 1898.

After prayer the Secretary reported the names of the gentlemen who had been selected by the various delegations to compose the Nominating Committee.

Call of States.

The President: The next business in order is the Call of States. As the Secretary calls the names of the States some delegate from the State is to rise and state as briefly as possible the general condition of banking in the State; the briefer the better, the more about banking the better, and the less about politics the better than all.

ALABAMA.

J. W. Whiting, People's Bank of Mobile:

Mr. President and Gentlemen of the Convention.—Either the altitude of Denver or the hospitality of its people has had some effect on the gray matter in my head, or something else, but I kind of feel as if there were cobwebs there this morning. Perhaps it is a little too early to talk. I am loaded with statistics, but I do not propose to bore you with them.

Business generally in Alabama is prospering. Beginning with the Northern tier, called the Huntsville District, the crops have been magnificent and the bankers have gathered in the advances they made from it. Coming down to the mineral districts, called the Birmingham District, business matters there have very much improved. A few years ago they had an immense boom there, and later a more immense collapse. The banks were seriously affected, because loans had been made on boom paper that was never collected, but by energy, by economy and good management, those banks have recovered from that depression, and some are now paying dividends. So far as mineral matters are concerned, you stated yesterday, Mr. President, in your address, that Alabama made iron cheaper than any place on the globe, but that Pennsylvania made the steel. Now I beg to say that we are now erecting in the mineral district of Alabama a steel plant, and I give notice to Pennsylvania that we will very soon undersell her in steel products. Our cotton industry flourishes, and generally the State has a brighter outlook than ever, despite the handicap to Mobile by shallow water. This, however, has been remedied by the general Government, and we have twenty-three feet of water at our walls. We export to Bremen, Liverpool and all nations save Spain. Exports have increased a large per cent. in recent years. In Mobile new enterprises have started and the city is proud of her Southern hospitality—open to Denver and the world.

ARIZONA.

M. B. Hazelton, Bank of Arizona, Prescott:

In order to impress on friends the good time I am having I'll omit the greater part of my speech. Three prominent bankers delegated me to say that never was Arizona in better shape. Railroads, cattle, mining and banking are all thriving. For two years we have done so, and I think we have enjoyed prosperity without precedent for two years.

ARKANSAS.

A. H. Johnson, of the Bank of Helena, Arkansas:

A few years ago, Mr. President, the people in our town used to say, "We want banks here where we can draw money out," but I am happy to say that to-day they are calling for banks where they can deposit their money.

All the Arkansas people who are here in Denver are delighted with Denver and with Colorado, and I think I can say that we will make it our watering place in the future.

CALIFORNIA. (No response.)

COLORADO.

Joseph A. Thatcher, President of the Denver Clearing House:

Mr. President and Gentlemen.—We were up a little late ourselves last night, and being busy preparing for your coming here, I do not think any one in the State thought of making the slightest preparation to respond for Colorado on this call of the States. Certainly I am not prepared for it. However, I will say what I can. It has been supposed we produce simply gold and silver—probably too much silver. I want to say we have extensive coal business, agriculture forging ahead, and a rapidly growing cattle business. As for fruits—it will surprise you—but we export much to European ports, and everything is on the increase. At no time in her history have the mines of Colorado been in better condition. May the prosperity continue. Thanking you all again, I say welcome.

William S. Witham, of Georgia:

Gentlemen, Colorado is too big and of too much importance to pass with one little short speech like that, though it did come from so eminent a man as the President of the Denver Clearing House. I would not attempt to speak of so big a thing as Colorado, which took a contribution from France, and from Mexico, and from Texas, to make it up. Gentlemen, it is the only State in the Union of whose soldiery the commander has said: "Every man is a hero."

I will say just this one word about the center of Colorado, and that is Denver. I have met bankers all over the country with big heads and big feet, but these bankers all have one complaint—the big heart. And not the least thing that can be said about Colorado is this—that out at Cripple Creek an old negro woman had the misfortune, or the fortune, to lose her husband. She went out in search for him, and finally she found him, and she made it hot for him, and thus we have that popular ballad called "A Hot Time in the Old Town To-night." I wish we could sing that. Let us try.

[No sooner had the invitation been given by Mr. Witham, than a lady in one of the boxes sang the first verse of this popular song, and the audience, urged by Mr. Witham, who stood up in a box and led in the singing, joined in the chorus amid great applause.]

The President: If the chair is not vigilant, this Convention will be taken out of its hands. I have had a number of applications from gentlemen who wanted to speak for Colorado. Colorado has been spoken for now, and she speaks for herself.

CONNECTICUT.

A. H. Dayton, of Naugatuck, Conn.:

Mr. President and Gentlemen of the American Bankers' Association.—This is the first Convention of this Association that I have ever attended, and I feel somewhat diffident about rising to respond on this call of the States, but I cannot let Connecticut go by without being heard from.

Our State is prosperous, and the people are happy. What farmers we have are plowing the same old fields, and picking out the same stones that their fathers and grandfathers did a couple of hundred years ago. Our manufactures have grown from little shops to large establishments, and I am glad to say that to-day they are all busy and apparently prospering. The only trouble is with our banks. They are flush with money, but we have not the chance to loan our funds as we should like to. It is an unfortunate condition of affairs, but nevertheless it is a fact. However, we are trying to keep our money safe. We are among those of whom the President spoke yesterday, when he said that our education resembles fate. I think, sir, that our education is complete in this respect.

DELAWARE. (No response.)

DISTRICT OF COLUMBIA. (No response.)

FLORIDA.

John T. Dismukes, of St. Augustine, Fla.:

Gentlemen, I simply want to give you a single quotation from Lowell:

"Blest is he who has nothing to say."

I must say, however, that any gentlemen of this Convention who come to Florida will never regret it; we will give them a good time, and we will present each delegate with an alligator and at least one mosquito.

GEORGIA.

Mr. Hilyer, of Macon:

Mr. President, the Georgia delegation selected Mr. Joseph S. Davis, of Albany, Ga., to reply to this call of the States. He is very much indisposed this morning, suffering from a sore throat, and as he had prepared a speech here, he asked me to read it for him, and I will now proceed to do so.

Joseph S. Davis, of Albany, Ga.:

It is my pleasure to report that conditions in Georgia are both healthful and hopeful. Every one manning her many industries is on the alert, and all sails are spread to catch the boom expected to follow in the wake of the victorious war and glorious peace won by our nation.

Georgia's varied industries are prospering fairly and her banks generally are of the highest credit and worthy the fullest measure of confidence. They fulfill the obligations recognized in the reciprocal relations sustained by bank and community, supplying the need of customers if they do not gratify their wishes. The varied interests of the State—mining, manufacturing, commercial and agricultural—furnish a fine field for the profitable employment of capital, and her bankers lend with the assurance that the products of industry abundantly warrant the confident expectation of payment at maturity.

Agriculture, which is the foundation of all prosperity, is the predominant interest in our State, and Georgia's husbandmen have realized the promise to Noah, that there should always be a seedtime and a harvest.

When we left the State the fruitmen were enjoying the results of a profitable season, and the corn in tasselled caps stood in serried columns, guarding the country against an invasion by famine, while our cotton fields, blooming more beautifully than the rose gardens of Italy, gave promise of an abundant yield. For a century Georgia's gold fields have been yielding their precious metal, and the marble industry has developed so marvelously within the past few years as to place the State second in its production in the Union. My friend, Captain Lowry, who is my mentor on this occasion, desired me to present some statistics, but, unlike Josh Billings, I am no statistician, as statistics do not ooze from me like attar of roses from the otter.

There is a mercantile truism, "A thing well bought is half sold," that Georgia bankers have paraphrased into "A loan

rightly made to the proper party is already collected," and while losses are small, and are growing beautifully less, it can yet be confidently asserted, applying the test of our honored President, that the education of most of the bankers of Georgia is already complete. In Georgia this summer gold was so plentiful, or rather, I should say, formed so large a proportion of cash on hand, that our banks paid it out over the counter in cashing checks, which served as an object lesson, enforcing the wisdom of the people in adopting the gold standard. If it be true, as politicians claim, that the adoption of the gold standard was the imposition of a cross upon the country, it is well to consider the saying, worthy of all acceptance, "No cross, no crown;" and having voluntarily assumed the cross, the country is now ready to wear the crown of a golden prosperity, which, like coming events, casts its shadow before.

IDAHO. (No response.)

ILLINOIS.

Mr. Robertson, of Rockford:

The delegate from our State is unable to be here this morning, but he furnished me with a few memoranda from which to make some kind of a response. Business in Illinois is fairly good with our banks, but the great plethora of money has at times led us to feel some little sympathy with that individual—I can hardly dignify him by the name of banker—who had been ill for a week or so, and when he came down to business again his associates were congratulating him on his recovery, and he said, "Yes, I am better, but what is the use of living when money is only worth 3 per cent.?"

Our past experience has instilled such caution into the minds of our bankers that it is now felt that the average paper which we hold to-day is much better than usual, and more easy to be collected. The Illinois Bankers' Association is prospering in the membership and in the effectiveness of its work, and it expects to obtain this year the enactment by the Legislature of the Uniform Negotiable Instruments law, which has been adopted in many of the States through the efforts of the American Bar Association.

John Farson, of Chicago:

May God bless the great Commonwealth of Illinois! We of Chicago, you know, are very modest. We think New York, which turns out such men as our worthy President, is a great State; we think Georgia, which turns out such men as Robert J. Lowry, is a great State; we think Colorado, which turns out such men as Joseph A. Thatcher, is a great State; we think Michigan, which turns out such men as George A. Russell, is a great State. But when all these men unite and say that Chicago is the greatest city in the Union, why, gentlemen, we must needs think it true. I am glad to bring to you this morning greetings from the city of Chicago and from the State of Illinois. We have been depressed, but with the help of our President and the boys behind the guns, the State of Illinois believes it will be not far from the head when the march begins down the road of prosperity.

INDIANA. (No response.)

IOWA.

Mr. Hines, of the Farmers' and Mechanics' Savings Bank of Iowa:

In the absence of our Vice-President, I will say briefly that the 1,062 banks that we had in our State last year are still there. Of these over 400 belong to the Iowa State Association, which shows that the banks are taking an active interest in the Association. As to our vast agricultural resources, why, gentlemen, we have the greatest agricultural resources you ever saw, and not only that, but we have great mining resources, especially coal mining. As to our manufacturing industries, they are increasing continually, as are also our commercial industries. I would say, gentlemen, that Iowa produces splendid cattle and sound hogs, sound corn and grain, sound men and women, and Iowa will always be for sound money. And finally, the people of Iowa have of late gone very extensively into the war with Spain, because we have sent a good many men to the front to lick the Spaniards, and the rest of us are staying behind to lick the revenue stamps.

INDIAN TERRITORY. (No response.)

KANSAS.

P. I. Bonebrake, of the Central National Bank of Topeka, Kansas:

Mr. President.—Our Secretary has requested that we respond to the call of States orally. I presume he did this because he wanted us to be brief. In the interest of brevity I have written a few brief remarks.

In 1804 to 1807 Lieutenant Zebulon Pike explored the country west of the Missouri River. He perpetuated his name by giving it to a giant peak which you will all see before you return home. He had a poor opinion of the country explored, as he reported as follows: "From this immense plain may be derived one great advantage to the United States—namely, the restriction of population to certain limits, and thereby a continuation of the Union. They will be constrained to limit themselves to the borders of the Missouri and Mississippi, while they leave these plains, incapable of cultivation, to the wandering aborigines of the country." *The North American Review* declared that "the Missouri River was the termination of an

ocean desert one thousand miles in breadth, which could only be traversed by caravans of camels, and was a final barrier to population, commerce or agriculture." Morse, in his "Universal Geography," said: "All settlers who go beyond the Mississippi River will be forever lost to the United States." Compare these prophecies with the facts of to-day. As I write there are six millions of intelligent and enterprising citizens occupying the territory which the prophets said must remain in the hands of the "wandering aborigines of the country," unfit for cultivation. To-day fifteen thousand citizen soldiers and marines of the territory west of the Missouri River that was to be "forever" lost to the United States—that territory fit only for the "habitation of the aborigines"—are upholding the American flag on the ocean and the isles of the sea.

Mr. President, neither the explorer, political writer nor the geographer can tell the results of the enterprise of the American citizen. Forty years ago the place where we stand to-day was the home of the red man, the hunter and the prospector. To-day this city, with its population of over one hundred thousand, its churches, school houses, libraries, railroads and other improvements of the highest order, is a fitting example of the country and its people west of the Missouri which were to be "forever lost to the Union."

But I must confine myself to Kansas. It is part of that land that is incapable of cultivation. Last year, 1897, she marketed \$136,355,000 worth of productions of the farm, orchards, live stock and poultry. To this may be added a total production of coal, lead, zinc, salt and smelting products of the value of \$26,990,000; making a grand total of \$163,345,000 for one year for Kansas. Our mining industries are yet in their infancy.

The total value of all precious metals produced in the United States in the year 1897 amounted to \$142,853,000, being \$23,000,000 less in value than the productions of the farms and mines of Kansas for the same year. For any period of ten years our average productions will equal any State in the Union per acre or per capita. Ten years ago investments in Kansas were so popular that our people's heads were turned. We built too many railroads, school houses, water works, court houses, electric plants, business blocks, etc. Almost every city and village had all these. In all these things we kept pace with States one hundred years old. In a word, we lived too fast, and as a result a reaction came, and we went to the low water mark. But for five years past we are on the up grade, paying our debts and utilizing our resources. Financially we are all right. The State has no State debt, and in the period just named more than half our municipal and mortgage debt has been paid. Where the debt has matured and not been paid, in many instances the mortgage or municipal debt has been refunded at from 4 to 5 per cent. interest.

We have just harvested an immense wheat crop, and if we only had another Joe Leiter to corner the wheat our people would be out of debt in a year. Our National banks show an average reserve of 33.69 in the report of July 14 last, and the reserve is larger than ever before. We have an excellent State Bank law, ably administered. Unfortunately for the banking interests, the rate of interest has decreased in proportion to the prosperity of the State. The interest rates have gone down from 8 and 9 per cent. to 6 and 8 per cent. The harvest time for Kansas bankers is spring and fall. At those times the live stock men borrow to carry their cattle, sheep and hogs for the spring and fall markets. To those unfamiliar with the live stock business of the West, this interest is not appreciated. One little city in Kansas of 40,000 people (Kansas City, Kan.) handled in 1897 6,444,000 head of live stock, of a value of \$110,520,000.

Kansas was best described by Senator Hoar, of Massachusetts. In a speech in the United States Senate, speaking of Kansas, he said: "There is not another instance on the face of the earth, unless it be in some neighboring American State, where a territory has grown up in forty-two years containing such a population, such wealth, such value of agricultural lands, such vast agricultural products. I should like to know if there is another instance of such prosperity."

It is due to Kansas flour, beef, mutton, poultry and eggs that these Eastern brethren look so sleek and well fed. With peace and open doors for trade with Porto Rico, Cuba, Hawaii and the Philippines, added to our present commerce, we see no reason why the whole country should not have a long period of prosperity.

In conclusion I desire to say that the delegation from our State here numbers twenty-five members. (Applause.)

The President: There is nothing the matter with Kansas.

KENTUCKY.

Thomas S. Long, of the First National Bank of Hopkinsville, Kentucky:

In response to the demands for a report from my State, I beg to submit the following:

Kentucky has within her own borders sufficient resources to make herself independent of the world. My limited knowledge of the various industries, as well as the time allotted for these reports, prevents a complete review of all of her interests, and I trust that this Convention will pardon what might, under other circumstances, seem sectional, when I call attention to the principal industries of the southwest portion of the

State. Coming as I do from the first wheat growing county in the State, and the largest tobacco producing county in the world, you will not wonder when I name these as our chief products. There are many others of scarcely less importance, such as corn, and all Kentuckians love corn bread—and since I have been here I have heard it suggested in a quiet way (as slanderous as it may seem) that some love corn extract—oats, hay, cattle and horses. Our hills abound in iron and coal, and the whole State from center to circumference is filled with high-minded Christian women, the fairest, and grandest that the sunlight of heaven ever shown upon. This last statement I am prepared to substantiate by the specimen I brought with me.

We have had seasonable weather, and the crops are unusually fine. Our bank vaults are groaning with the yellow metal, with an increased deposit account of 35 per cent. during the past twelve months. With the principles of the Republican platform of 1896 on our banner, we hope to keep pace with the wealthy, hospitable and wonderful State of Colorado.

Allow me in conclusion to call attention to our charitable institutions, and the large sums given annually for the spread and support of the gospel of Christ, telling as they do of our fidelity to a crucified Saviour. May we all hear the words of the wise man when he tells us to "Honor the Lord with all thy substance and with the first fruits of all their increase; so shalt thy barns be filled with plenty and thy presses burst forth with new wine."

LOUISIANA.

G. W. Bolton, of Alexandria, La.:

In order to understand the conditions of Louisiana, remember how we suffered under the conditions of the late war. Yet sixteen or eighteen years ago we started upward and have continued gradually ever since. As far as my knowledge goes, the banks in New Orleans are in a satisfactory condition, paying dividends. Outside the city of New Orleans there were not any organized banks, but now there are fifty-nine, with a combined capital of over \$6,000,000. All of them are healthy and paying dividends.

MAINE. (No response.)

MARYLAND.

Mr. Hannan, of the Second National Bank, Cumberland:

Mr. President, Ladies and Gentlemen, I am very glad to be in this very hospitable and beautiful city to-day. In regard to Maryland, I can only say that it is well with us. Our banks have plenty of money, and there is a fair demand. We are among the States who have passed the bill abolishing days of grace. We also have passed the uniform law requested by this Association.

Providence has been good to us. We have plenty of canvas back ducks, fine fish, and all the good things that come from the soil, and we are thankful that the oysters are yet born without legs.

MASSACHUSETTS.

Mr. Burrige, of the Third National Bank, Boston:

I regret very much that there is not present to-day some member from Massachusetts with larger experience than myself, to respond for such an important State, but having come over two thousand miles to attend this Convention, I shall not let the opportunity pass without saying a word. We have a general idea of the vastness and beauty of the West, but my trip out here was a revelation. Massachusetts is a manufacturing State, and has been depressed, but we are prepared to take advantage of the prosperity to come after the war. We expect to regain our old position—that of the first shipping port in the United States.

MICHIGAN.

The President: There is only one man that can respond for Michigan, and that is the gentleman we all fell in love with last year at Detroit—the original discoverer of Michigan—Mr. Peter White, of Marquette.

Peter White, of Marquette, Mich.:

I had been conjuring up something about Colorado. I hoped to pack up and move here to drink in this air that is worth more to the square inch than that anywhere in the world.

It goes without saying that Michigan is prosperous. The agricultural industry equals any other, and we produce more iron than any State. Everybody is happy.

MINNESOTA.

Mr. Ross, of Blue Earth City, Minn.:

I expected to hear from Mr. Anderson. He is the man who ought to respond for Minnesota. It is not necessary for me to make any extended remarks. The State that can produce such men as William Windom and Cushman K. Davis is all right. This is the first Convention of the American Bankers' Association that I have ever attended, and I am somewhat in the condition of the old maid, who said she was sorry she had missed so many of the good things of life.

MISSISSIPPI.

Mr. Russell, of Meridian, Miss.:

Unlike the Georgian, I have not a sore throat, but a sore head (gesticulating to depict a swollen head). Mississippi is young, but we have thousands of acres of untouched timber, and one-third is cotton producing. We hope to be second this year—Texas being first. Our people are more prosperous than

ever before. Our deposits are annually increasing. The people have learned economy since 1865, and profit by the knowledge. Our agricultural interest is thriving, and I know we are generally better off, because I belong to that class that floats paper. Proper security is sure to get money.

MISSOURI.

J. P. Huston, of Marshall, Mo.:

I regret that our State comes so late on the list, but it would never do to go home without staking off a claim here. We have three and one-quarter million people, mostly colonels. We have been in the Union since 1821, the report to the contrary notwithstanding. Twenty years ago we had a bonded debt of \$20,000,000, which has been reduced to \$4,000,000. Our lead and zinc products equal the aggregate debt of the counties, and the property value in the State would have wiped out the national debt in 1865. Banks are thriving. Nearly all have idle money, but prospects are bright for an extended business this fall.

The corn crop is the foremost of the Union. Missouri is first in production of zinc, and second only to Colorado in lead output.

MONTANA. (No response.)

NEBRASKA.

H. W. Yates, President of the Nebraska National Bank, of Omaha:

Mr. President, Ladies and Gentlemen.—I do not have the head of the gentleman from Mississippi, but I am afraid I do have a little of the sore throat.

Last year the State of Nebraska came to the front with a corn crop of two hundred and forty-seven million bushels, the leading figures of the year, and a wheat crop of twenty-seven million bushels, which put her near the head of the list in wheat producing States.

The products in our banks have increased during the last year from \$33,000,000 to \$41,000,000.

Now we want you all to come to Omaha when you leave here, and visit our Exposition. It is a great success—second only to the Chicago Exposition. I would like to round up as many of you as I can, and have you stop off there next week, and for that purpose the delegation from Nebraska has a register in the office of the Secretary, on the eighth floor of the Brown Palace Hotel, and we wish every delegate who can stop off at Omaha to put his name in that book, and the day he expects to be in Omaha, and we will promise him a good time.

NEW MEXICO.

W. H. Byers, of New Mexico:

Mr. President, and Gentlemen, I can only say that there is no part of the United States that can compare with New Mexico. Why, if the people of the United States were as much in search of health as they are in search of the almighty dollar, the State of New Mexico would not hold all of the people who would come there.

As to our agriculture, I can simply point you to the exhibit we made at the Chicago Exposition. In fruit, we are not behind California—indeed, our fruit is so fine that we have none to ship; we eat it all up ourselves.

As to cattle, horses and sheep, they can be raised cheaper in New Mexico than anywhere else. Our mining interests are growing very rapidly. There is a steady production, and they are coming to the front.

If any members of this Association can come and visit us, you may be sure of a hearty welcome to our land of promise, sunshine and health.

NEW YORK.

Bradford Rhodes, of Mamaroneck, N. Y.:

Mr. President, and Gentlemen of this Convention.—I will only say a word on behalf of the Empire State. The President of the Association, in his speech yesterday, spoke about the Clearing House of the World, which he expected would shortly be located there. Now, after hearing from Mr. Yates, I should think it would probably be located in Omaha. We have heard so much about the State of Colorado in these last two days, that I did not know but we would like to have it located in Denver. Your gallant Seventh Regiment is stationed at Montauk Point, in New York State, and our commissioner there will feed them well, I can assure you, and they are fraternizing with the gallant Seventy-first Regiment of New York. We trust they will stay with us all summer, and by and by, when this flag of ours shall float over the entire world, we trust, and the Nicaragua Canal is built, we believe that Denver will be the center of the entire world.

NORTH CAROLINA.

Joseph G. Brown, President of the Citizens' National Bank, Raleigh, N. C.:

I am very glad to bring North Carolina's greeting to this Association, and to report her crop prospects and her business outlook as good. One of the city papers, in noting my arrival, referred to me as hailing from the "Turpentine State," and correctly so. In the old geographies, North Carolina's chief products were put down as "tar, pitch and turpentine." The good old State still abounds in these useful commodities, and, until this day, the average North Carolinian glories in the name of "Tar-Heel." Our great misfortune has been that many of our best men were not sufficiently tarred to make them stick at home. Opening opportunities have lured them into other States, where

their intelligent skill and their resistless energies have, in many cases, won for them both fame and fortune. But a better spirit possesses us in this good year of grace. Our people have been awakened to the value of their inheritance. Their eyes have been opened to see their own land flowing with milk and honey. The railroad, engineered by native skill, has penetrated our mountain fastnesses, and revealed to an astonished world our beautiful "Land of the Sky." Vanderbilt looked the world over for a spot of unrivaled beauty, and found it only under our genial skies—and there, upon our glorious Western highlands,

"Where Nature has shed o'er the scene
Her rarest of crystal and brightest of green,"

he has poured out his millions, until a perfect wonderland has been developed, and in the midst of it, his magnificent palace, worth a trip across the continent to behold. I will not claim, Mr. President, that we have the best and fairest land on earth; but if old Father Abraham and his shrewd nephew, Lot, when they came to the parting of their ways, in their journey to the land of promise, had been permitted to stand upon one of our lofty Western eminences, where their broadened vision might have rested upon our fertile fields, methinks the discerning eye of the young man would have sparkled with delight, and he would have lost no time in turning his steps toward that goodly land and in pitching his tents there rather than in the beautiful valleys along the banks of the Jordan, although these, the inspired writer tells us, appeared "even as the garden of the Lord."

Nature has indeed been very lavish in her gifts, and with open hand has scattered her treasures all around us. In our forests is found an infinite variety of wood. Our flora is varied and beautiful. Our quarries furnish the best qualities of granite and marble, and our mines are rich with valuable ores and glittering gems. In our natural resources we present as great a variety as any State in this Union. But, for long years, it has been our custom to ship all this raw material to other sections, to have the imprint of some one else's intelligence placed upon it—and then to buy it back at its enhanced value. To-day, however, under the inspiration of the new spirit that has breathed upon us, our own brain is directing and our own trained hands are giving to these things shape and symmetry and value, and thus adding many fold to our material wealth. Upon our luxuriant pastures the finest cattle are grazing. From our rich gardens we are furnishing the tables of our less favored Northern neighbors with early vegetables and small fruits. The brightest tobacco is indigenous to our soil, and our manufacturers have encircled the world with their golden belt, and, with their product, are now supplying the leading nations of the earth and the far-off isles of the sea. In cotton milling we have long had prominence. With more than a million spindles, 25,000 looms and 1,400 knitting machines, we are weaving into beautiful and useful fabric 50,000 more bales of cotton than our State produces annually. Our labor is desirable and cheap, and the most cordial relations exist between the owners and the operatives. Fuel is inexpensive and close at hand. Our magnificent water power equals three and a half million horsepower. Our cotton staple is excellent, and grows luxuriantly and abundantly all around our mills. These advantages have attracted Eastern capitalists, and they are now adding their means to our own accumulations, until it begins to look like the music of the mill will soon be heard from every hillside—but there is room and welcome for all.

Activity along these industrial lines has stimulated trade and quickened all business life, and, we believe, is purifying our political atmosphere. The banks have, of course, not failed to reap their share of the accruing benefits—so that even during the periods of financial depression they have been able to make good dividends and, at the same time, add satisfactory sums to their surplus for the protection of depositors.

Our State Association recently held its second annual session. It is young, but vigorous and lusty, and gives promise of much usefulness. Our State banks are under wise supervision—our laws being, in many respects, similar to the national banking laws.

The record of the banks for the past year shows increased capital, strengthened surplus and growing deposits. Whilst our banks are ever alert, and always endeavor to keep pace with the spirit of the times, yet they cling to the old conservative ways, attaching more importance to safety than to volume of business or increase of profits.

And finally, Mr. President, in that chiefest of all products, beautiful women, in which, judging from all reports, every State abounds—we do much more abound. They are as abundant as is the beautiful golden rod that bedecks the wide stretches of land over which we come to this beautiful city of Denver. And they are all young—they never grow old in our climate—and pretty—yes, "the fairest among ten thousand and altogether lovely."

And let me say, too, our men are brave and chivalrous—loyal to their State, loyal to the old flag, and, as has been gloriously shown during the recent war, ready to lay down their lives upon their Country's altar whenever such sacrifice is needed. But, Mr. President, they esteem it a prouder duty to live for their Country, that, in the onward march of nations, they may help her to win those greater victories, the victories of peace, which bless her people and make them happy and prosperous.

OHIO.

The President: Ohio will be responded to by Mr. M. M. White, President of the First National Bank of Cincinnati, and an ex-President of this Association.

M. M. White, of Cincinnati:

The sunshine and rains from heaven have fallen on the hills and valleys of the State of Ohio, and we have abundant crops of everything to gladden the heart of man. We are happy and making rapid progress in education, culture and refinement. Our poorhouses are comparatively few, and luxuries are not confined to the rich, but scattered through the State. We are glad that Ohio is the home of our President. We have few strikes, showing a prosperous and contented people.

OKLAHOMA.

Mr. —, Assistant Cashier of the Citizens' National Bank of El Reno:

There is a quotation from James Whitcomb Riley which says that—

"If you think nothin', just keep on,
But be sure and don't say it, or you're gone."

Now I have not prepared any speech, but I don't want to let this opportunity go without saying a word. Down in Oklahoma we have been living too fast, but we had to do so if we were ever going to catch up with the old part of the country. We have found that success in banking lies only in membership in the American Bankers' Association.

As to all that has been said here about crops and so on, let me just say that in Oklahoma we can raise anything that can be raised anywhere in this land. Our chief industry is the raising of cattle.

OREGON. (No response.)

PENNSYLVANIA.

William Hackett, Cashier Easton National Bank, Easton:

Mr. President and Ladies and Gentlemen.—Pennsylvania has always occupied a leading position in certain lines of manufacture and in the cultivation of its rich agricultural lands, but the opening up of new fields of enterprise, the development of resources of new sections of the country and the competition in our markets of the products of the rich fields of the West have somewhat interfered with these sources of revenue which added so largely to our wealth and gave employment to so many thousands of our people. Of course, the people of Pennsylvania have also been confronted with the difficult questions between capital and labor, by the discussion of the numerous social and economic questions which are yet waiting for solution. Yet in spite of all these obstacles Pennsylvania to-day has most favorable conditions and looks forward to an era of abundant prosperity in the future. With her 800 banks and an aggregate of deposits running up into the millions, a State with a most complete railroad system, with wise legislation, a uniform method of conducting the banking business, with her vast deposits of coal and iron and slate, with her hundreds of miles of canals, and her immense manufacturing interests, I think the thirty-eight delegates from Pennsylvania, who are here in attendance at this Convention, will join me in testifying that our State is able to report progress and the brightest hopes for the future. (Applause.)

Pennsylvania feels a deep interest in this Centennial State. Colorado, you know, was born the very year that the Centennial Exposition was held in Philadelphia, when the people of this entire country celebrated there the anniversary of the one hundredth year of our national independence; and the people of Pennsylvania—a State which by its position and its imports has been called the keystone of the arch of the Federal Government—feel a deep interest in this Centennial State not alone on account of its marvelous resources but because it is a commonwealth that was born in 1876, and I can assure you that though we are hundreds of miles apart geographically we are near together at heart. (Applause.)

RHODE ISLAND. (No response.)

SOUTH CAROLINA. (No response.)

SOUTH DAKOTA.

W. A. McKay, of Madison:

Mr. President and Gentlemen.—I have good reports to bring in from the land of reputed cyclones and blizzards. Could you see the seas of grain you would be enlightened. We have 40,000,000 bushels of wheat this year. Notice our mines, dairy products, etc. Contentment is with us. Populism is dead. We do not know what fall means.

I am going back to tell the bankers what a magnificent reception the people of Denver have given us, and I want to say to the members of this Convention that if time should ever bring a meeting of this Association in South Dakota, we promise you that if you will come to Madison we will give you a royal time, one and all.

TENNESSEE.

To the President of the American Bankers' Association, Denver, Col.:

DEAR SIR.—Contrary to my hopes and expectations, I find that it will be impossible for me to participate this year in the

deliberations and pleasures of the annual Convention at Denver, and as Vice-President of the Association for Tennessee, what report I can present of the financial conditions of the old Volunteer State must be brief and less satisfactory than I could wish. Since our Convention one year ago, the banking interests of Tennessee have undergone no material changes, no failures were reported, and only a few new organizations have been effected. The State Association is in a prosperous condition, owing largely to the ability and great efficiency of our well-known Secretary, Colonel John W. Faxon, who is a "wheel horse" in everything he undertakes. In banking circles the past year has witnessed a great change in the personnel of officers of many of our leading banks, those in Nashville and Memphis particularly, and while some of the "old stagers" like Colonel Gwynne, Judge Latham and this writer, have dropped out of the field of action, new and well equipped men have stepped into their places, and the bosom of the financial sea has shown no disturbing billows. A great effort is being made to induce immigration to our State from all sections of the country, and in the presentation of our rich and limitless undeveloped resources the master hand and pen of that well-known banker, Hon. Herman Justi, is particularly conspicuous. We think that no State in the Union offers more advantages to the farmer, mechanic or manufacturer than Tennessee, and it will be only a question of time when the tide of emigration will set southward, and a new era of prosperity come to this section as a reward for the efforts of those who have seen and profited by the opportunities now presented. The recent war with Spain, in which every State of our glorious Union nobly discharged its duty, has practically effaced all sectional lines and partisan animosities, and good citizens from every part of this grand nation—and, if you like, Nation spelled with a capital N—will be cordially welcomed to Tennessee, and from neighbor and new-found friend receive the right hand of fellowship.

Greatly regretting my inability to attend this year's Convention and partake of the "feast of reason and flow of soul"—to say nothing of the Rocky Mountain *aqua pura* which will doubtless be provided for the many unfortunate bankers who last year failed to make its acquaintance in Walkerville, I am, Mr. President,

Very respectfully yours,
C. F. M. NILES,
Vice-President for Tennessee.

TEXAS.

M. Lasker, President Island City Savings Bank, of Galveston:

Mr. President, Ladies and Gentlemen.—Texas a few years ago was known mainly as a producer of cotton and long horn cattle. We still lead in cotton, but the long horns have been improved upon and we raise better stock, and the exclusive production of cotton has given way under the low prices to a diversification of crops, which has resulted in bettering the condition of our farmers generally, as well as bringing to our merchants and bankers an increase of business.

In common with the most of the West we have suffered from a "busted" boom. In addition, we have suffered from a severe drought. Two good crops have put the farmers of that section in as good a fix now as that of the farmers in any part of the Union, I think.

Mortgages are rapidly disappearing. New homes are looming up, and all our people are prosperous and happy. Dollar wheat has proved the fallacy that Lombard Street and Wall Street dictate the price, and the farmer to-day knows better. During the last campaign it was said that the United States must not attempt to set up a financial system because that had been established by England, which was reason enough why we should let it alone. But, gentlemen, the war with Spain has taught us better. Our people know that we have no better friend than England, and we are all convinced that to the Anglo-Saxon race belongs the mission to liberate the world. Thus we start into the future with great hopes, and while we feel proud of the great development that has taken place in the last few years, still we are prouder than all to-day of the fact that we have as large a stock of patriotism for the Stars and Stripes as any people in the United States. (Applause.) With the exception of the State of Georgia we have always furnished the largest Democratic vote, but we have as great a stock of admiration for the Executive of this Nation, who has with modest dignity presided while we are being glorified before the whole world, as the people of any State; we are proud that our Democracy does not keep us from vieing with you in admiring such a President.

UTAH.

G. Q. Cannon, of Zion's Savings Bank and Trust Company, Salt Lake City:

On behalf of the State of Utah I would say that our progress at the present time is commensurate with that of the other States that have been represented here. We have the honor of being the youngest State; and with Pennsylvania, the Keystone State, and Colorado, the Centennial State, our sons have upheld the honor of the American flag at Manila, standing side by side.

In Utah our crops are good. Prices have been uniformly good. We raise large quantities of live stock, particularly sheep. The value of our wool as compared with two years ago has nearly doubled.

Our mining industries are also in a prosperous condition. We have one of the largest cyanide mills in the world for the treatment of gold ore.

I have laid upon the Secretary's desk an invitation for the delegates and guests at this Convention to visit Salt Lake City. I hope it will be generally accepted, and that you gentlemen from the East especially, after having traveled so far, will not be content to go home without crossing the Rockies.

VERMONT. (No response.)

VIRGINIA.

The President: Virginia will be responded to by Mr. W. G. Elliott, President of the Atlantic Coast Line.

Mr. Elliott:

This is really a surprise that I should be called upon for the State of Virginia—not that I was not given sufficient notice that it was desired I should do so, but from the fact that I had so recently urged them to let me off. I assured them there was better material in the Virginia delegation to select from, and I went so far as to say that I had been down to see that gentleman on Broadway who it was said could write speeches to ask him to write me one to make to-day, and he said: "My dear sir, I am head over heels in the work of writing speeches for the delegates from the other States. I have exhausted all the material; what can I say for Virginia?" So I was left to sympathize with my friend who expressed his regret that he came so far down on the list that there was nothing left for him to claim. Virginia simply desires to report that she is enjoying an era of prosperity from the mountains to the seashore. She has those oysters that are born without legs, which have been claimed by Maryland. She has an oyster mine on her eastern coast, the Chesapeake Bay, where we get the terrapin and the crab and the no-legged oyster, and everything good to eat, including the canvasback duck, and when I heard one of the speakers talking about all they had in his State I felt sorry for him that he hadn't been to Virginia. He had one advantage of me, however, in that he was able to bear testimony as to the quality of the water in Michigan, in referring to Kentucky whisky. I am afraid that I am too much like one of our citizens who went to Congress and undertook to settle a colony at Hampton Roads. He brought a committee down there to investigate. When they asked him about the people in the neighborhood he said, "Why, they are the F. F. V.'s." "How about your churches?" "Why, they have been building them since 1640." "Any school houses?" "Why, you will strike them every half mile. We have every advantage in the world. A healthy location; no malaria; mosquitoes can't live here." "How about the water?" they said. "Great Heavens!" he replied, "you've got me now. I have been living here forty years, and I never tasted it." In that respect the gentleman from Michigan has the decided advantage of me, because the hat which I brought here, which was a pretty large one when I arrived, I find to be too small to-day.

I am glad, Mr. President, that you told these gentlemen that I was not a banker. I have had a great deal to do with banks as a borrower, but this is the first time in my life that I ever undertook to address so many men collectively that could certify checks. It has been my custom to take them off singly and to hear them say: "That is all right. I will put it to your credit."

In conclusion, allow me to say that it is left for me to claim for Virginia simply all that has been claimed for these newer States and to add about 10 per cent. for age. Before I sit down I want to express the gratification Virginia feels at the glowing reports that have been made to-day by many of her children. We are glad to see you are all prosperous and happy. We are glad to see that each one of these States that was ceded to the Union by Virginia is a little better than the other. Virginia still remains proud of her past; she is contented with her present, and most hopeful for her future.

WASHINGTON. (No response.)

WEST VIRGINIA. (No response.)

WISCONSIN.

C. F. Ilesley, of Milwaukee:

Gentlemen, you have heard the glories of most all the States in the Union pictured to you in eloquent words. But words do not do justice to the variety of the industries and the products of Wisconsin, and I therefore intend to leave them all to your imagination. I simply ask that you will give full play to your fancies in order to do Wisconsin justice.

WYOMING.

Henry G. Hay, Stock Growers' National Bank, Cheyenne:

Mr. President and Gentlemen.—I had a speech prepared in my mind, but I have been waiting so long until my turn came to speak that I have forgotten about nine-tenths of it.

We have been pleased at the great unanimity of this Convention on two subjects: one is the safety of our institutions at home, and the other is the total condition of collapse of her representatives in Denver.

Now, while Wyoming is perhaps too young to be in that kind of company, still we are with you on both propositions.

I can say one thing that has not been said for the other States. In Wyoming we have the largest number and the great-

est field of undeveloped resources of any State in the Union. I could talk to you, too, for an hour, and give you statistics about our developed resources, such as coal, iron, oil—all furnishing a safe field for investment. I can assure you that our loans and base of securities were never heavier and better generally than they are now. Our small per capita and bank statements speak for themselves. Our resources are of a character that require capital to develop them, and there is no safer place in the Union for investments to-day. (Applause).

The President: Gentlemen, this finishes the most interesting Call of the States that we have ever had, and I beg to thank you for the services you have rendered in this respect.

"Patriotic Spirit of Bankers."

The President: The next topic on the programme is the "Patriotic Spirit of Bankers," and I have the pleasure of introducing to you Mr. J. D. Powers, the President of the First National Bank of Owensboro, Ky., who will open the discussion of the subject.

[Mr. Powers' address will be found on pages 23 to 25 of this SUPPLEMENT.]

C. A. Pugsley, of Peekskill, N. Y.:

It seems eminently fitting that following these admirable patriotic addresses, which have touched a responsive chord in all our hearts, that the committee appointed by the Executive Council to prepare a congratulatory message to the President of the United States should make their report. All sections of our great country are to be congratulated upon the result of the war. As one has said, upon what it has gained above all its losses, this land may well felicitate itself. Its renewed and augmented union, its proud development of military strength, such as even the warrior empires envy, its enlarged humanitarian horizon and range of interests, are all benefits of the highest order to this nation, as has been expressed here to-day by the delegates from Maine to Texas. We rejoice that through the cool judgment of President McKinley, and the magnificent work of our army and navy, the pathway has been so quickly hewn for the radiant footsteps of the Angel of Peace.

CONGRATULATIONS TO PRESIDENT M'KINLEY.

I have the honor to submit for the approval of the Convention this message:

To the President, Washington, D. C.:

The American Bankers' Association, in its twenty-fourth annual Convention, assembled at Denver, Colorado, representing banks of every State and Territory, begs most heartily to congratulate the President of our beloved Republic upon the successful conduct of the war, and the brilliant achievements of our army and navy, and the prospect of peace.

I move you, sir, that this message be sent to the President of the United States, signed by the President of this Association.

W. L. Royal, of Virginia:

In behalf of the South I beg leave to second the adoption of this resolution. I have no right to speak for the South, perhaps, but I can speak for Virginia, and I can speak for the Confederate soldier, for I wore the gray from the beginning to the end of the war. And, sir, I want to say to this Convention, pass that resolution, and I want the President of the United States to understand that he has the hearty support of the Confederate soldier in the course he has pursued in this war with Spain. For a long time, gentlemen, the people of the North did not understand the Confederate soldier in respect to the Union and that flag. We fought out our fight like men, feeling at the end that we had nothing to be ashamed of, but that we had a glorious record to point to. We laid down our arms when overcome by superior forces with the pledge of our sacred army that we abandoned the cause for which we had fought, and we were just as loyal and true to that pledge as we had ever been to our cause while we were fighting for it. Now the North is learning that the Confederate soldier looks upon these United States as his country and upon that flag as his flag, for which he is ready to lay down his life. Sir, I rejoice that this Spanish war came, for it has given us the opportunity to demonstrate to our fellow-citizens of the United States that the issues of the past are ended, and that we of the South have set our faces toward the future for all time. The past was to us but glorious memory—a memory, nevertheless—and for the future it was to be the union of our States. You are justly proud of your Miles, your Sampson, and we are proud of our Fitzhugh Lee, our Wheeler and the others who have shown the world that the Confederate soldier looks upon this entire land as his country, and is ready to shed his blood for it. You exult in

the heroic conduct of your Wood and your Roosevelt leading their Rough Riders, God bless them, but shall we not glory in that old Confederate veteran, General Joe Wheeler? And if he did say at Santiago, "Come on, boys, don't you see the Yankees—I mean the damned Spaniards—are running," heaven forgave him for the oath, I think, in consideration of this mingling of the old blood with the new.

Robert J. Lowry, of Atlanta:

Mr. President: Banks are business civilizers. They are conservative, they set the example for honest, correct principles as the rule of conduct. Show me a town or city where the banks are successful, and I will show you a thrifty community, labor getting steady employment, and everybody satisfied and doing well. The banks and the people have common interest; consequently the old ideas that banks only prosper when times are hard, and all other occupations lag, is fast disappearing. They thrive or suffer together. Banks are not only conservative, but promoters of prosperity, by extending help to legitimate enterprises calculated to enlarge the trade and general welfare of the community, which, in turn, increase the business and success of the banks. These facts are sweeping away another old idea—that the banking business tends to selfishness. Being at the fountain head and basis of a people's prosperity and interwoven with all the elements of public progress, the bank of necessity is vitally interested, and the banker thereby warmly enlisted, in all that makes for the glory and the honor, the weal, the aggrandizement and expansion of the country. And what is patriotism but this—fidelity and devotion to the great interests which build up one's country in all directions? It is, therefore, no matter of surprise that bankers are, and always have been, patriots. It is not only their interest to be so, but it is the natural tendency of their business to make them so. In times of war, from our earliest history, the banker has been a prime factor in the support of the Government, as evidenced by the examples of those grand patriots, financiers and bankers, Alexander Hamilton and Robert Morris, in the American Revolution. When Robert Morris gave his services freely to his country, and came to the help of the Continental Congress by pledging his personal credit for over a million of dollars to procure army supplies, he illustrated that spirit of patriotism which has animated and dominated American bankers in every period of our national existence.

Every one knows how nobly the banks, North and South, responded to the call for money for carrying on the Civil War. We opened our vaults to the Government, saying in effect: "All we have is yours; use it for the country's good." But our dissention is a thing of the past, thank God! We now live and fight under the same old flag, knowing no North, South, East or West, but one common country for us all, as completely demonstrated by the present war with Spain. Among the reunited elements battling under this common flag and for this common country, banks and bankers have again given notable illustration of their exalted patriotism. When the Government called for subscription for bonds to raise money to conduct the war, from banks and bankers in every section came a response sufficient to furnish over and over again the amount required. Likewise, if my allotted time permitted, it could be shown that in our soldier ranks are many from the banking circles of the country.

But "Peace has her victories, no less renowned than war." Patriotism is equally prevalent and equally great in times of peace as in times of war. In national crises, who come more promptly to the aid of Government and people than bank and bankers, wherever there is need of financial aid to sustain the national credit? They are conspicuous in the advancement of all great movements for national, State and municipal progress. And here I may add this thought, there is no truer patriotism than exhibited in bearing cheerfully and honestly a just share of the burdens of government. The State and municipality get every cent of tax the banks are liable to pay; there is no shirking, no shipping securities to other points to avoid taxation, but they pay patriotically their full tax on capital and surplus, and frequently on undivided profits. I believe I can say without fear of successful contradiction that if all other corporations and persons in other vocations paid their taxes in the same honest way that the bankers do, that the tax rate would not be over one-third of what it now is. It may be further added that in every community, among the most public spirited citizens, in contribution of time, talent and means, we always find the bankers.

And now through the efforts of all classes of our people, a wider national life opens before us. In the past, we have been keeping time, and splendid time, to the music of national progress. We have added a new note to the "drum-beat around the world." We have shown a patriotism that can go beyond love of ourselves and take in our neighbors—a patriotism willing to engage in struggle, not for national glory or domain, but for humanity, and the uplifting of humanity—pure and simple. The growing fellowship of the Anglo-Saxon peoples will carry us into the great work of controlling and uplifting the world. In this enlarged sphere of endeavor, in welding the nations of the world together, in the onward march of a peaceful progress, there are oceans to be joined by waterways, continents to be tied together by cables, nations to be united by international railways, and other great things to be done, requiring mighty outlay of money and brain; and we may be sure, as in the past so in this glorious future ahead of us, banks and bankers will do their part, and do it well.

The President: Gentlemen of the Convention, the question is on the adoption of the message prepared by Mr. Pugsley for transmission to the President of the United States.

The motion was adopted.

"The Bank Clerk."—"Thirty-seven Years in a Bank."

The President: In the absence of Mr. James T. Hayden, President of the Whitney National Bank, of New Orleans, his paper on "The Bank Clerk" will not be read at this time, but will be printed in the minutes of the Convention.

The same rule will apply to the paper by Mr. E. H. Pullen, of New York, on "Thirty-seven Years in a Bank."

We regret very much the absence of the gentlemen, but inasmuch as the time is so short, and we have so much to do, we cannot read the papers, though you will all have an opportunity to read them in the published report of our proceedings.

[Mr. Hayden's paper will be found on page 25 of this SUPPLEMENT. Mr. Pullen's paper on pages 28 to 31.]

COMMITTEE ON EDUCATION CONTINUED.

The President: The Chairman of the Executive Council has a brief report to make.

Alvah Trowbridge, of New York:

I desire to report that the Executive Council recommends the adoption by the Association of the resolution proposed by Mr. Peter White, of Marquette, Mich., that the Committee on Education be continued, with power to act, under the control of the Executive Council, if Mr. White will accept that proviso to his resolution as an amendment to it.

Mr. White accepted the amendment, and the report and resolution was adopted.

Mr. Russell, of Mississippi:

Mr. President, I have a resolution in respect to this same subject, which I think will be acceptable to the Convention, as follows:

Resolved, That this Convention hereby recommends and authorizes that such appropriation be made by the Executive Council as is necessary to carry on the work of the Committee on Education.

The resolution was adopted.

"Practical Safeguards Against Check-Raising,"

The President: The next item on the programme will be a paper, entitled "Practical Safeguards Against Check-Raising," and the discussion will be opened by Mr. A. C. Anderson, Cashier of the St. Paul National Bank, St. Paul, Minn.

[Mr. Anderson's paper will be found on pages 26 to 27 of this SUPPLEMENT.]

L. F. Potter, Citizens' State Bank, Oakland, Iowa:

It seems to me that the paper just read is of so much importance and the suggestions contained in it so good that special notice should be taken of it. I therefore move that it be referred to the Executive Council for such action in regard to it as they may deem proper.

The motion was carried.

Fred. Heinz, Farmers' and Mechanics' Savings Bank, Davenport, Iowa:

In connection with this matter, I beg leave to also submit to the Executive Council a form and style of check which I have here.

The President: Hand it up to the Secretary, and it will be referred to the Executive Council.

The Convention adjourned to Thursday, August 25, 1898, at 10 a.m.

THIRD DAY'S PROCEEDINGS.

Thursday, August 25th, 1898.

The President: Gentlemen, the hour of 10 o'clock having arrived, the third and last day's session of the Twenty-fourth Annual Convention of the American Bankers' Association is declared to be open and ready for business.

After prayer, the President announced that the report of the Committee on Nominations would be made later in the day.

"The Need of Banking Facilities in Rural Districts."

The next topic on the programme is "Uniform Laws for Holidays as well as Days of Grace." The discussion to be opened by Mr. George M. Reynolds, Cashier of the Continental Bank of Chicago, Ill. Mr. Reynolds does not appear to be in the house at this moment, and his paper will be presented later if there is time for it.

Therefore, we will pass to the next topic on the programme, "The Need of Banking Facilities in Rural Districts," the discussion of which will be opened by Mr. William L. Royall, of Richmond, Va.

[Mr. Royall's paper will be found on pages 18 to 21 of this SUPPLEMENT.]

W. W. Wood, President National Bank of Commerce of Kansas City, Mo.:

Mr. President and Gentlemen of the Convention.—I have listened with much interest to this address, and I, from my standpoint, condemn it first to last. I think the whole principle of the address is placed upon a sandy foundation. In the West we have had our experience with the issue of local notes by local banks. Of course, I cannot speak for Virginia, but in Missouri, Kentucky and Indiana we have had such experiences that we never again want to see the local bank issuing currency.

However, Mr. President, I cannot undertake in the few minutes which can possibly be allowed me to answer the gentleman. I have some other facts which I wish to present for the consideration of this Convention in the direction of the subject indicated—the need of banking facilities for country districts. I should not undertake to offer any remarks, for I am not accustomed to public speaking, were it not for the fact that if there is anything in the world I do know it is the need of the rural districts for banking facilities, because I have myself been a country banker for many years, and besides in the last twenty years I have not only been intimately associated with the country bankers of the West, but I have been largely interested with them.

Banking in this section of the country is well developed. Indeed, it is not confined to any particular section of the country. In the city you have larger banks, larger capital and larger business, but in the West we have the smaller institutions. Commerce and banking have in all times moved side by side, and it will always be so, because no considerable degree of commerce can be done without some kind of a banking system. Banking is an auxiliary to commerce. In the city you have the larger commerce, and consequently you need the larger banks. In the West we have a commerce not so extensive or diversified, but it is a commerce all the same, and we need a banking system. True, we have one now, but it does not meet the needs of the situation, and I will show you what I mean by that.

On the surface of this question it would be reasonable to conclude that the rural districts do not have banking facilities now. Gentlemen, that is not true; they have banking facilities, but they do not meet the requirements of the situation, and they can be improved very much.

In the West there are many so-called banks—speaking now particularly of Missouri, Kansas and Nebraska—and in some parts of these States you cannot go ten miles without running across a sign "Bank" over an unpretentious doorway. The result is that competition is excessive. The capital is necessarily small, because the business is small. The deposits are small, and larger capital is not justifiable. This small capital and the small proximity of these banks is what has led to abuses and excesses.

One abuse that exists in the big cities, gentlemen, that I would like to say something about, is the paying of interest on balances. According to my ideas, a commercial bank is not expected to pay interest. On the other hand, it should collect interest. I believe the deposits would not be materially diminished if all interest charges were dispensed with, and we in the West cannot bring about this improvement until the people of New York have set us the example. Pardon this digression.

We have too many banks in the rural districts, I say. It is not numbers that we want, but it is a better system.

Neither do we need to allow the country banks to issue a currency. I think that would be a very hazardous experiment. I believe the proper thing to do is to encourage the larger banks and allow them to absorb the little banks in the smaller towns as branches. Let me give you an illustration from Kansas—because they are my neighbors and my friends; in fact, we live off of Kansas—(cries of "That's right")—three-fourths of our out-of-town business comes from the State of Kansas, and there is no State in the Union that has been more abused by the small individual banker than Kansas. Yet because of abuses reformatations have been made, and to-day Kansas has a good banking law and a good bank supervisor, and its banks are in as good a state as in any other State in the Union. Take Sumner County, Kan., for example, with 30,000 population. In Wellington, the county seat, there are two or three well-managed banks. Go five miles out in any direction, and you will strike a country bank, in a village where there is a population of two hundred people, perhaps, with a capital of \$5,000. Now, that is one of the abuses that I referred to. I would encourage the larger banks in the cities to establish branches in the smaller towns. Every one of these little banks should be a branch of the banks in the county seat, provided those banks want branches—if they do not, then the Bank of Commerce of Kansas City would take them in. It would be safer for the banks and safer for the community, if such a system were inaugurated. Then the branch bank would have the strength of the mother bank, and in my opinion failures would be almost impossible. Again, it would equalize the supply of money. Now, for another illustration, let us go to the Empire State. Take the City National Bank of New York, which is the big bank of this nation. Now, a plethora of money always means the reverse condition so far as loans are concerned. I am told that oftentimes for months, in New York City, the large banks buy paper at 2 and 3 per cent. per annum. Why? Because they are paying interest to the country banks at $1\frac{1}{2}$ and 2 cents, and they are compelled to buy paper at low rates in order to make the expenses incurred, and possibly to make some little profit themselves. But if they were not paying interest on these balances they could afford to do differently. Understand, gentlemen, when I keep my account in New York I want interest if other people get it, but if you will all agree to pay no interest to anybody you will benefit me and the entire country. This interest question is a hobby of mine, and whenever I undertake to say anything I am apt to drift off into it. Now, take the City National of New York, with its million of deposits, buying paper at 2 and 3 per cent. a month—

The President: You mean 2 or 3 per cent. a year.

Mr. Wood: I beg your pardon. Two and three per cent. a year is what I mean. The 2 and 3 per cent. a-month applies to the cross-roads banks. Now, suppose the City National Bank had branches. The money would be distributed, because you would draw from one section of the country to supply the needs of another section. Suppose the City National Bank had a branch bank at Beaumont, Texas, and the City National Bank, overflowing with money, and buying paper, as I say, at 2 and 3 per cent. a month—

The President: There you are again, doctor. You mean a year (laughter).

Mr. Wood: You see, gentlemen, I have made that mistake again, because my words run faster than my thoughts. If the City National Bank had a branch bank at Beaumont, Texas, in a new country and an undeveloped country, where they needed a great deal of money, and had a man there whom they knew and could give instructions how to handle the business, instead of taking paper at 2 per cent. a year they could afford to take it at 6 and 8 per cent. a year from the Beaumont bank, and thereby benefit Beaumont and New York alike. Again, suppose the City National Bank had a branch at Cripple Creek. They would use the money from Cripple Creek—where I understand they are taking out lots of it every day—to supply the needs of Beaumont, where they want the money to help develop the country. Some one might argue that it cannot be done under the present system of banking, but if there were branches of the City National Bank in these places it could be done.

This is no new idea, gentlemen. I am no undue expansionist, and possibly what I say will not be acceptable to many in this Convention who class themselves as old fogies, because they might fear the branch bank would dry up the fountain, for you know there are some people who

want to put their arms out around their business every day. If that is your system, then this branch bank system would not suit you. But let me tell you, this branch bank system prevails in many parts of the world. In London you cannot go ten squares without finding a branch of the Union Bank of London. They understand that in order to advance commerce you must give it every possible facility. The Bank of France has branches everywhere. In Canada the same thing is true. Why, a single bank in Montreal will have branches from Vancouver to the mouth of the St. Lawrence. They practice it in these countries successfully, and we never hear of bank failures. I believe if we inaugurate the system in this country it would almost do away entirely with bank failures.

This same principle is practiced in trade. It is illustrated in the large department stores in our cities, where you can buy anything from a paper of needles to a second-hand pulpit, and from a dress to a grindstone. They are not only conveniences to the community, but they are profits to the community as well. It is in effect a home bank with branches. The department store of to-day is successful. Why not make the banks equally successful?

Mr. Bonebrake, of Kansas:

Mr. President and Gentlemen.—I want to apologize for Dr. Wood's slip of tongue. He was a banker in Kansas long years ago, and he was accustomed to say 2 and 3 per cent. a month then.

I want to differ from Mr. Royall, of Virginia, in reference to the deposits of the rural banks, so far as what he says applies to the State of Kansas. I hold in my hand a statement from the State Bank Commissioner, which shows that on the 9th of March, in 1897, the deposits of State banks (which are in the country as a rule) amounted to \$15,955,000; they had in cash and sight exchange \$6,656,000, or about 43 per cent. The last report, of April 19, 1898, showing that they had twenty-two million of deposits and ten million in cash and sight exchange, in round numbers—a fraction over 46 per cent. Our National banks, which are in the cities, had about 34 per cent., while the country banks had 46 per cent. Again, as to the number of banks, we have in Kansas 383 State banks and 116 National banks. We have 106 counties, which is an average of five banks per county. The country banks, I may add, are owned largely by the farmers, and the depositors are farmers.

John P. Branch, of Richmond, Va.:

While I cannot agree with the speech of my townsman, I have my own views in regard to this. We all know that our profits are made out of our deposits. The bank I have the honor to represent has increased its funds a thousand fold, and of course we are doing what we can to increase these deposits still further. Of course our city banks recognize that if we have these country banks as branches, the deposits will go to the counties and to the townships, instead of to the cities. Perhaps that is one reason why some of us oppose these small banks. I am in favor of the branch banks, yet at the same time they have their drawbacks. It requires a great deal of work to look after the home bank, and it would require much more to look after the branch bank. We would have to send a stockholder out to run it, because you could not expect a simple paid employee to look after it as well as a man who had an interest in the bank. Besides, the man who runs the branch bank must be one who is acquainted with the people in the locality, and knows who is responsible and who is not. The complaint has been made that the city banks get all the money and the country banks do not get any of it, and they say, why should not the country have the same privilege. A man comes from the country to your big bank in the city, and wants to get money to move his crop. You do not know him, and he has to go out and look up an endorser, and he has to pay for it in one way or another. Unless we give this man the facilities that we give our own merchants, this question of the currency will never end. I see no reason why a country bank will not have the same right to issue currency that a city bank has. There are plenty of ways in which the notes could be secured—whether by Government bonds or State bonds. The question is not by what bank is the note issued, but the question is what is the security behind it. I say without fear of contradiction that any note issued by a country bank can be made just as good as a note issued by a Wall Street bank. It is not necessary for me to go into details as to the way in which it can be done. You all know them. Why, a great many bankers carry on business without any circulation. In fact, there are only about two hundred and twenty millions of circulation for all the banks.

Let us give these country banks a chance, so that when a man goes to his country bank and wants to borrow money to move his crops he can get the money.

Mr. Wood: At the expense of making myself tiresome, let me answer Mr. Bonebrake. From what he said yesterday about his Kansas town, I was prepared to believe that he regarded his town in the rural districts, and consequently I had no reference to him in mind whatever.

As to the gentleman who has just spoken, my remarks were, of course, in the crude. I did not pretend that objections could not be found to the branch bank system. My idea was to express a thought for you gentlemen to reflect upon. It needs concentration of thought to evolve a plan to make it effective. The gentleman is shooting at a different mark entirely from what I am. I was talking about the rural districts, where there are very small towns and where they cannot afford a National bank nor a large capital, and oftentimes they have to go away to get money, because they cannot get it at home, whereas under the branch bank system they would be acquainted with the manager of the branch bank, and he would know their responsibility, and they would be able to get the money at home.

Mr. Cannon, of Salt Lake City, Utah:

I would like to ask the gentleman a question. I understand his position to be that he is an admirer of the Canadian bank system, and I also understand that he is opposed to the issuance of currency, or circulating notes. I would like to ask what his objection is to the circulating system as conducted by the Canadian banks?

Mr. Wood: The gentleman misunderstands my position. I am not opposed to banks, large or small, city or rural, issuing currency, but I want it issued on a very solid basis, and if a rural bank can issue it on the same basis that a city bank does, and can give the same security, why, let it do so. That will be satisfactory. It is a question of security only.

"Uniform Laws for Holidays as Well as Days of Grace."

The President: We will now recur to the subject which was to be opened up for discussion by Mr. George M. Reynolds, of Chicago. I take great pleasure in introducing to you Mr. Reynolds.

[Mr. Reynolds' address will be found on pages 15 to 18 of this SUPPLEMENT.]

Frank W. Tracy, of Springfield, Ill.:

I am very much obliged to Mr. Reynolds for his very excellent paper, but I think he overlooks the fact that there is a remedy already—namely, the Negotiable Instruments law, which has been presented to this Convention for adoption, and which we have asked the members of this Association to press upon the different States. It provides that in all States the maturity of paper coming due on a holiday, shall be on the day succeeding the holiday, without describing the nature of the holiday, because the uniform law cannot provide for the holidays, as they are naturally local, except in the case of a National holiday.

I wished to state this to the Convention so that you will know that Mr. Reynolds is right in his argument, but that the remedy is already in your hands.

"Banking as it Relates to Industrial Development"

The President: We will now proceed to the next topic on the programme, which is "Banking As It Relates to Industrial Development." The discussion will be opened by Mr. John W. Faxon, Cashier of the First National Bank, of Chattanooga, Tenn.

[Mr. Faxon's address will be found on pages 21 to 23 of this SUPPLEMENT.]

"The Country Banker."

The President: Ladies and Gentlemen, we have now come to the last subject on the programme, and, as the good things are saved for the finality of a feast, what you are to receive will be as luscious as a Georgia peach, or a North Carolina watermelon, which next to the products of Colorado, are the finest things on earth. A man, who is the president of one bank, always speaks briefly; a man, who is the president of twenty-three banks, speaks longer and says more. I beg to introduce to you Mr. W. S. Witham, the president of twenty-three banks down in Georgia, who will speak to us on the subject: "The Country Banker."

[Mr. Witham's speech will be found on pages 31 to 33 of this SUPPLEMENT.]

Mr. Ingersoll, of Iowa:

Mr. President, with your permission, I would like to ask Mr. Witham a question for information. He says that a

bank should never extend or renew paper. Now the question I want to ask him is this: Suppose your note is given in a manufacturing community, where you had a large manufacturing establishment, which necessarily depended on the banks for the loan. Your rules, you say, do not permit you to make loans for a longer period than ninety days. Now suppose that corporation had a certain line of credit, and their paper comes to you. How do you expect the company to continue business and pay you off?

Mr. Witham: Which company—the corporation that is running the mill?

Mr. Ingersoll: Yes, sir.

Mr. Witham: I am not responsible for the way they run their business. Let me ask you what locality are you from, my brother?

Mr. Ingersoll: Iowa.

Mr. Witham: Well, who are you? Are you the first man that opened a bank in your town?

Mr. Ingersoll: No, sir.

Mr. Witham: Then you are not a pioneer banker, and you cannot teach the old people new tricks.

Nominations of Officers.

The President: Gentlemen, we will now receive the report of the Committee on Nominations, which will be presented by Mr. Lowry, its chairman.

Robert J. Lowry, of Atlanta, Ga.:

Mr. President, and Gentlemen of the American Bankers' Association.—The Nominating Committee, chosen by the delegations from the various States, under Section 2 of Article 3 of the Constitution, hereby nominate to the Association the following list of officers for the ensuing year:

For President—George H. Russell, President of the State Savings Bank of Detroit.

For First Vice-President—Walker Hill, President of the American Exchange Bank of St. Louis.

For Vice-Presidents (by States):

Alabama—J. W. Whiting, President People's Bank, Mobile.

Arizona—H. W. Emery, Cashier Consolidated National Bank, Little Rock.

California—F. C. Howes, Cashier Los Angeles National Bank.

Colorado—J. A. Hayes, President First National Bank, Colorado Springs.

Connecticut—G. A. Lewis, President Naugatuck National Bank.

Delaware—Preston Lea, President Union National Bank, Wilmington.

District of Columbia—Geo. H. B. White, Cashier National Metropolitan Bank, Washington.

Florida—John T. Desmutes, President First National Bank, St. Augustine.

Georgia—L. P. Hillyer, Cashier American National Bank, Macon.

Idaho—H. N. Coffin, Cashier First National Bank, Chicago.

Illinois—G. D. Boulton, Second Vice-President First National Bank, Chicago.

Indiana—A. G. Lupton, Cashier Blackford County Bank, Hartford City.

Iowa—George E. Pearsall, Cashier Citizens' National Bank, Des Moines.

Indian Territory—W. A. Wade, President Bank of Marlow, Marlow.

Kansas—Calvin Hood, President Emporia National Bank.

Kentucky—Fayette Hewitt, President State National Bank, Frankfort.

Louisiana—G. W. Bolton, President Rapids Bank, Alexandria.

Maine—A. G. Rogers, Treasurer Maine Savings Bank, Portland.

Maryland—J. D. Wheeler, Cashier Drivers and Mechan-

ics' National Bank, Baltimore.

Massachusetts—Alfred L. Ripley, Vice-President National Hide and Leather Bank, Boston.

Michigan—Peter White, President First National Bank, Marquette.

Minnesota—G. G. Thorne, Cashier Northwestern National Bank, Minneapolis.

Mississippi—G. D. Able, Cashier National Bank of Water Valley.

Missouri—F. P. Neal, Vice-President Union National Bank, Kansas City.

Montana—E. B. Wevrick, Cashier First National Bank, Butte.

Nebraska—Charles S. Miller, Cashier Farmers' State Bank, Fairmount.

New Hampshire—W. F. Thayer, President First National Bank, Concord.

New Jersey—Nathan Haines, Cashier Mechanics' National Bank, Burlington.

New Mexico—W. S. Strickler, Cashier Bank of Commerce, Albuquerque.

New York—W. H. Rainey, Cashier National Union Bank, Kinderhook.

North Carolina—James M. Miller, Jr., Cashier Merchants and Farmers' National Bank, Charlotte.

North Dakota—W. C. McFadden, Cashier Fargo National Bank, Fargo.

Ohio—C. E. Miles, President First National Bank, Findlay.

Oklahoma—J. H. Wheeler, President Bank of Commerce, Oklahoma City.

Oregon—C. H. Canfield, President Oregon City National Bank.

Pennsylvania—Wm. Hackett, Cashier Easton National Bank, Easton, Pa.

Rhode Island—H. J. Wells,

President Rhode Island Hospital Trust Company, Providence.

South Carolina—J. A. Brock, President Bank of Anderson.
South Dakota—D. F. MacKay, of Daly & MacKay, Madison.

Tennessee—F. O. Watts, Cashier First National Bank, Nashville.

Texas—T. J. Grace, President Galveston National Bank.

Utah—L. S. Hills, President Deseret National Bank, Salt Lake.

Vermont—W. Bailey, President Rutland Savings Bank.

Virginia—Alexander Hamilton, Vice-President Petersburg Savings and Insurance Company.

Washington—J. G. M. Richards, President Spokane and Eastern Trust Company, Spokane.

West Virginia—T. M. Jackson, President Traders' National Bank, Clarksburg.

Wisconsin—W. K. Coffin, Cashier Eau Claire National Bank.

Wyoming—G. H. Goble, Cashier Rock Springs National Bank.

Hawaii—S. M. Damon, Bishop & Co., Honolulu.

any objection? There seems to be none, and the Chair declares the gentlemen nominated for Vice-Presidents of the American Bankers' Association for the ensuing year to be duly elected.

The question is on the nominations made by the Committee on Nominations on the recommendations of the delegates from the various States Associations for members of the Executive Council.

The Secretary will read their names.

The Secretary (reading): Breckinridge Jones, First Vice-President Mississippi Valley Trust Company, St. Louis; J. C. Mitchell, Cashier Denver National Bank; J. C. Brown, President Citizens' National Bank, Raleigh, N. C.; H. L. Burrage, Cashier Third National Bank, Boston, Mass.; Bradford Rhodes, President Mamaroneck Bank, Mamaroneck, N. Y.

Fred. Heinz, of Davenport, Iowa: I move that the Secretary be directed to cast one ballot for the five gentlemen named.

The motion was carried.

THANKS TO BANKERS OF DENVER.

M. M. White, of Cincinnati, Ohio: I desire to offer the following resolution:

Resolved, That the hearty thanks of the American Bankers' Association be, and the same hereby are, tendered to the bankers of the city of Denver and all those who have co-operated with them for the cordial hospitality extended to visiting bankers, and we assure them that we shall ever hold in pleasant and grateful remembrance the obligation imposed upon us as we depart to our distant homes.

The resolution was adopted by a rising vote.

PRESENT TO PRESIDENT HENDRIX.

J. B. Finley, of Monongahela, Pa.:

Gentlemen, three years ago this Convention placed at the head of its Protective Committee the gentleman who has served us for the past year as our President, and the work accomplished by that committee under his leadership has increased the membership of this Association more than anything else since its organization.

And now in behalf of the American Bankers' Association, Mr. President, I present to you this handsome cut-glass vase, elaborately trimmed with silver.

The President: Sir, I thank you for this tribute, which I hardly feel I deserve. If in the three years of my official connection with this Association I deserve a title of what you have said, I shall pass into the ranks as a private in this Association with only pleasant recollections and with my gratitude awakened for the many kindnesses that have been showered upon me.

THE NEW OFFICERS.

Gentlemen, I now present to you the newly elected President, George H. Russell.

President Russell: I beg you to believe, gentlemen, that there lurks in this large frame faith in God, a great belief in man, some tender sentiment, and an emotion that your kindness has deeply stirred. I am somewhat embarrassed to fall into the line of succession with the President you have had, but I will try and meet your approval in the work that is before me.

The President: I now present to you the First Vice-President-elect, Walker Hill.

Vice-President Hill: Gentlemen, I appreciate deeply the great honor you have conferred upon me, and I would be false to every feeling of a true man if I did not heartily and sincerely say, I thank you.

President Russell: Gentlemen, if it is your pleasure, I now declare the Twenty-fourth Annual Convention of the American Bankers' Association adjourned.

Adjourned *sine die*.

Executive Council.

Immediately after the close of the Convention the Executive Council met and organized for the new year by re-electing Alvah Trowbridge, of New York, Chairman, and James R. Branch, of New York, Secretary.

Mr. Walker Hill, of St. Louis, having been elected Vice-President of the Association, the Council elected Mr. George M. Reynolds, of Chicago, Treasurer of the Association.

Nominations for the Executive Council proposed by State Conventions:

Charles R. Hannan, Cashier Citizens' State Bank, Council Bluffs, Iowa.

Homer W. McCoy, Second Vice-President Merchants' National Bank, Peoria, Ill.

S. R. Shoemaker, Cashier First National Bank, Huntingdon, Pa.

R. McCurdy, President First National Bank, Youngstown, Ohio.

A. P. Wooldridge, President City National Bank, Austin, Texas.

The President: The question is now on the election of President of the American Bankers' Association, and the gentleman put in nomination is Mr. George H. Russell, of Detroit, Mich.

M. M. White, of Cincinnati, Ohio:

Mr. President, I move that the nomination of Mr. Russell be confirmed by this Convention.

John Farson, of Chicago, Ill.:

In seconding this nomination, I am very glad the Committee have given us this splendid man from Detroit. His election means the healing of any differences that may have been engendered last year. I am also glad that Mr. Walker Hill, of St. Louis, has been nominated for Vice-President. At St. Louis, we had presented to us the man who presides over us with such dignity—the best President this Association has ever had—and so the nomination of Mr. Hill means the burying of any differences that may have been engendered at that Convention.

I hope that our elections in the future may be conducted with the same kindly spirit that prevails here to-day.

M. M. White: May I add to my motion, Mr. President, that the Secretary be directed to cast the vote of this Association for Mr. Russell for President?

The President: The motion having been restated by Mr. White, it now becomes the question before the house.

Mr. Tracy: I believe we did have a little scrap at Detroit, last year, but since then we have had time to think about it, and I am now heartily glad to second the nomination of Mr. Russell.

The President: Gentlemen, the question is on the motion of Mr. White, that the Secretary be instructed to cast the ballot of this Association for the election of George H. Russell as President of the Association for the ensuing year. The by-laws provide that the election shall be by ballot, unless otherwise ordered.

The motion was carried.

The Secretary: I cast the ballot of the Association for George H. Russell for President for the ensuing year.

The President: The Chair takes great pleasure in declaring that Mr. George H. Russell, of Detroit, Mich., is hereby elected President of the American Bankers' Association for the ensuing year.

The question is now on the election of First Vice-President.

Alvah Trowbridge, of New York:

It gives me very great pleasure to second the nomination of Mr. Walker Hill, of St. Louis, for First Vice-President.

On motion of Mr. Elliott, of Virginia, the Secretary cast the ballot of the Association for Mr. Hill.

The President: The question is now upon the election of the Vice-Presidents for the various States. The Chair asks unanimous consent to declare elected the gentlemen nominated by the Committee on Nominations. Is there

TRUST COMPANY SECTION

AMERICAN BANKERS' ASSOCIATION,

Second Annual Meeting, Held in the City of Denver, August 24, 1898.

INDEX TO TRUST COMPANY PROCEEDINGS.

Trust Companies as Transfer Agents, - - -	Pages 58 to 63	Trustee Under Private Agreement, - - -	Pages 70 to 71
As Trustee Under Will, - - - -	Pages 63 to 67	As Executors and Administrators, - - -	Pages 71 to 72
Trust Companies as Guardians, - - -	Pages 67 to 68	Detailed Proceedings, - - - -	Pages 73 to 74
As Assignee and Receiver, - - - -	Pages 68 to 69	President Jeffery's Address, - - - -	Pages 73 to 74

Duties and Liabilities of Trust Companies Acting as Transfer Agents and Registrars.

By FELIX RACKEMANN, Counsel for Old Colony Trust Company, Boston.

It will be the object of this paper to present and discuss as far as possible, in lay rather than technical form and terms, some of the more important questions which arise in connection with the legal relations assumed by Banks or Trust Companies in acting as Transfer Agents or Registrars of the stock of other corporations, and in this discussion both the duties and the liabilities considered will be such as the law implies from the *fact of the relationship* and independently of any special contracts.

In any one of probably the great majority of cases the relationship results from a simple vote of the Board of Directors of a stock company to the general effect that a certain Trust Company be appointed Transfer Agent or Registrar, as the case may be, or that some officer of the Stock Company be authorized or directed to arrange with the Trust Company for its service as such, in which case there might follow a short formal letter from such officer, and a reply.

Therefore, in the cases now to be considered, at any rate, we presuppose merely that the Stock Company has authorized the Trust Company to act, and that the Trust Company has undertaken in fact to act, and we are to see what duties the Trust Company has impliedly undertaken to perform and with what responsibilities or liabilities.

Let us first, however, subdivide our subject somewhat, so that we may, as far as possible, consider concise questions.

Transfer Agency is quite different from Stock Registration. We therefore consider the subject of Transfer Agency by itself.

The practice of having transfer agencies, although older than that of registration, is comparatively modern, and the legal status of the transfer agent to-day is one which has resulted rather from practice and business requirement than from the acts of legislators or the decisions of judges. The Statute Law of the country probably makes no allusion to such agencies, the Courts have decided very little respecting them and legal principles alone must guide to right conclusions.

First, as to THE LEGAL RELATIONS EXISTING BETWEEN THE TRUST COMPANY AS TRANSFER AGENT AND THE STOCK COMPANY.

There is certainly the relation of *Principal and Agent*.

The Company may transfer its own stock. Probably the greater number of all the corporations do so. But the appointment of a Transfer Agent is, as between

the two companies, just what the name implies—viz., the creation of an agency.

That corporations may lawfully appoint agents is a sound general proposition, and we shall assume for present purposes that such corporations as are now customarily acting as transfer agents may lawfully do so within their corporate powers.

Then what is the scope of the agency?

Generally speaking, the scope can be measured by the purpose; that is to say, if you answer the questions, "Why was a Transfer Agent desired?" "For what purpose was the agent chosen?" you have stated the scope of the agency. It is an agency, with expressed or implied powers broad enough to accomplish the purpose. By implication of law the power of the agent or scope of the agency is just as broad and full as reasonably necessary to enable the agent to accomplish the object of his appointment.

Probably no safer general rule, nor one more simple in application, can be given here. This, of course, assumes that the directions and authority are not specified in detail and that there is no special contract.

The law of agency cannot be regarded, however, as if there were but two parties, the principal and the agent. There is a third element to be reckoned with—viz., the *innocent outsider*.

A merchant puts a man in charge as agent to sell his goods. If the agent be so put in general charge and so held out by the merchant to the public, he may clearly exceed his authority, he may break his express written contract with his employer, and yet the innocent purchaser from the agent gets a good title.

Thus the power of an agent may be one thing by distinct contract as between himself and his principal, and quite another and larger thing as between the principal and the third person. A special contract may limit the former but not necessarily the latter.

If a general agency may be assumed, all the powers of a general agent may at the same time be assumed. The public would not otherwise be properly or reasonably protected.

So it doubtless is with Transfer Agencies. As between the Transfer Agent and its corporate principal the special contract governs if there be one, and the implied contract if there be none expressed, but whether the contract as between the principal and agent be express or implied, if the Transfer Agent is held out by the principal, or allowed in the general course of busi-

ness to act as Transfer Agent, the public, if without notice or knowledge of limitations upon the power, would have a right to assume that the agent had full authority to do any and all things which properly formed part of the functional duty of a transfer agent.

As to the relations between the Transfer Agent and the Stock Company, there is little doubt or question. The Transfer Agent is put in charge of the transfer department of the company, and either by contract or implication of law assumes the duty of seeing that the work of the department is properly and lawfully conducted. The law would doubtless decide that the Bank or Trust Company in soliciting and accepting such duties impliedly held itself out to the Stock Company as qualified by knowledge and experience to perform the duties properly and would hold the agent voluntarily undertaking such a work to a faithful and reasonably intelligent performance.

It is, of course, beyond the scope of this paper to discuss the detail of stock transfer law. Full text books have been written on this subject without in any degree exhausting the law applicable, and without answering hundreds of the questions which may and constantly do arise. Much of the law of stock transfers is matter of individual State statute or code provision, more rests on the decisions of the various State Courts and some points probably rest merely on established practice.

All persons, however, are conclusively presumed to know the law, however much lawyers or judges, sitting upon the same or different benches, may differ about it, and generally speaking it is one part of the duty of the Transfer Agent to constantly apply the true construction of the law to all the transfer work in hand.

On the other hand, let us ask, What is to happen if the Transfer Agent passes some case without properly applying the true legal principle and loss follows to the Company?

It would seem generally safe to say that the Transfer Agent will remain free of any liability to its principal for damage or loss so long as the agent is guilty of no negligence. In other words, in any given case answer the question whether in the sight of the law the agent has or has not been negligent and you have answered the question whether it is or is not liable to the company, its principal.

Perhaps this brings us to the dangerous and practically unanswerable question: "What is negligence?" Again, text books in two and three volumes have failed to exhaust this subject. But from a practical point of view it is reasonably safe to say that a Bank or Trust Company acting as Transfer Agent, would be held by the Courts to have assumed to possess a high degree of skill and general qualification for the performance of its duties and would be somewhat strictly held to the constant exercise of such skill and knowledge. If the agent exercises such skill and applies such superior knowledge as it has thus assumed to have it can hardly be *negligent*, though a mistake be in fact made.

It is the same general law which is applied in other cases.

Lawyers and surgeons hold themselves out as competent and learned and skillful. Should either make a mistake arising from failure to properly apply some settled principle of his profession he would be negligent. On the other hand, either might advise or act according to his best judgment in respect of some doubtful or unsettled point, and though in the end proved wrong would not be guilty of negligence.

So with the Transfer Agent. He is not an insurer and is not to be held to infallibility. He must, however, be cautious and vigilant.

For an honest mistake in a matter where the law was unsettled and, in the absence of judicial determination, fairly open to different opinions as to true construction, it is hardly conceivable that the Transfer Agent could be liable to the company, but here again may arise the question—Was the law doubtful? Was more than one construction fairly possible?

It may be safely ventured that the legal duties undertaken by Transfer Agents and the risk of loss incurred is but in part appreciated by most financial and business men.

The law as to stock transfers is full of sharp turns and technical rules and distinctions, and with a great many of the large corporations of to-day matters are further complicated by the fact that the company is subject to the laws of more than one State. It is not infrequent to find a corporation chartered in one State and doing business in several, or perhaps chartered in several (our large railroad systems, for example), with a transfer agency, perhaps in one of the States or perhaps in an entirely different State.

What law is to govern the transfers in such cases? Or take, for example, the case of New Jersey. The Statute Law of New Jersey provides that an officer of every New Jersey company must reside in the State, and that a record of the stockholders must be kept at the office of the company in New Jersey. What results may not happen in such a case to a non-resident transfer agent depending for its protection upon the transfer of stock made on its books as complete?

Between two States there is often a conflict of laws. Which is to govern?

Again, the holding of corporate stocks in all kinds of fiduciary capacities has probably largely increased in modern times, and the Transfer Agent is required to pass upon and deal with cases of wills, trusts and guardianships in its own and in other States. Powers of attorney, assignments for creditors in insolvency and bankruptcy, and all the possibilities of attachment which under the laws of many States may be effected by the service of process on any officer or agent of the Stock Company, whether known in the transfer office or not, only add new elements of danger.

As to all these matters the agent must exercise the care and skill spoken of. The compensation of the agent should in all cases enable him to consult freely with experienced counsel, and reference of all doubtful cases to some trained adviser should be the unhesitating practice.

Stock can be properly transferred only when the outstanding certificate is in proper and legal form surrendered by the true owner for transfer. The person offering the certificate for surrender is often not the registered owner.

Thus the Transfer Agent must know that the right and title has lawfully passed to the person offering the surrender. In this connection it must be borne in mind that a stock certificate is not a negotiable instrument, and it may be added that the provisions of the United States War Revenue bill which went into force July 1, 1898, have a considerable bearing on this passage of title, because a transaction apparently in all other respects perfect may be entirely invalid owing to the omission of the proper stamps. So if the Transfer Agent has either notice or knowledge that any transaction affecting the title to shares offered for transfer has not paid its proper stamp tax, it proceeds at its risk, for the title may fail and the transfer prove unauthorized.

It is of course beyond the limits of this paper to discuss this War Revenue bill in any detail.

Title to stock and transfer thereof, of course, depends upon genuineness of signatures, and here again the agent can hardly be too watchful.

Another point remains to be considered as between the agent and the company.

For a wrongful refusal to transfer, though honest, the Stock Company may be made liable to suit for conversion, and this even though the transfer agent exercised only an apparently reasonable caution in its refusal. If the law finally holds the refusal wrong, this conversion liability of the Stock Company results. While the agent properly acts cautiously it must not, to protect itself, run too much risk of causing greater or more certain loss upon its principal.

And this leads to one other suggestion. It some-

times happens that bonds or agreements of indemnity are taken in doubtful cases. Such bonds often afford a happy solution of the difficulty. They should always be made to protect the Stock Company and not the Transfer Agent alone, for there may well be a liability of the Stock Company for conversion when the agent would be acquitted of any negligence.

Before leaving this branch of our discussion as to the relation between the Stock Company and its Transfer Agent, it may be added that, as between the two, the agent may ordinarily, with safety, take and follow the instructions of its principal, from which it follows that in case of doubt as to correct practice or the true measure of caution to be observed, the agent may without risk of further liability to the principal seek and follow such instructions as the principal may give.

Stock Companies like to have their securities popular and readily dealt with and transferred. Transfer Agents have no interest in this consideration. The Stock Company may be willing on this account to take some risk which the agent ought not to take or be expected to take, with liability for consequences. The risk in such case should be assumed by the Stock Company and the agent relieved by explicit instructions.

But as stated, these instructions bear only upon the relations between the principal and agent. The innocent outsider is not affected thereby, and this brings us to the next branch of our inquiry—viz.:

THE TRANSFER AGENT AND THE SHAREHOLDER.

There seems to be a popular notion that when some Bank or Trust Company puts its name in any form or for any purpose on a stock certificate it must be good, and that in some way and to some extent the agent has indorsed it as good.

It was recently seriously argued in a Massachusetts court that Harvard College, which had taken a horse to board at its Bussey Farm, was on account of its high character and reputation chargeable with an appreciably higher degree of care in the treatment of the animal than would be expected of the ordinary bailee for hire. A similar notion (if not unprincipled, at least lacking in principle) exists regarding Transfer Agents.

It is doubtless true that the appearance of a Bank or Trust Company as Transfer Agent on a stock certificate adds to the impression made in the market. The signature of such an institution is popularly given a significance which the signature of an unknown clerk would not have. But it is equally true that the name of some man of high character and reputation as president of a company strengthens the company and adds to the impression made.

Surely it cannot be that when a man of even the highest character and reputation signs a stock certificate as president of the company he assumes on account of his known character and prominence, or on account of his incidental financial reputation, any greater legal liability in the act than would be assumed by the humblest clerk suddenly raised to the same position and signing his name in the same way.

That the public may be impressed with or influenced by the prominence or character of an agent cannot of itself effect any difference whatever in the legal relations of the agent to the members of the public.

There seems to be no ground whatever in the law for thinking that a Trust Company, acting as Transfer Agent, sustains toward the shareholder of the Stock Company any different legal relations than would exist between the shareholder and a small salaried clerk in the office of the company signing the same certificate as "Transfer Clerk."

The history of the modern practice of having prominent financial institutions act as such agents, in itself indicates that there should be no distinction. Formerly stock certificates were issued from the office of the company direct, and bore, if anything in addition to the signature of the president and secretary, at most, the signature of some clerk entitled "Transfer Clerk."

It was never suggested that such Transfer Clerk "represented" anything or was legally liable to anybody, so he conducted himself honestly. But experience showed that it was often inconvenient for the company to do its own transfer work; that the stock transactions were often carried on far from any corporate offices; that the officers of the company could not be always present to sign certificates as called for; that the investing public could not be kept waiting indefinitely, and that it was unsafe for the officers to leave signed certificates in the possession of ordinary clerks. The stock exchanges, too, in order to guard against frauds, began to insist that there should, in the case of all listed securities, be an approved person or corporation as Transfer Agent. The whole object, therefore, was to meet the public demand without placing too much reliance upon comparatively unknown and financially irresponsible employees.

It would make no difference in the law whether the clerk under the old practice had signed himself *Clerk* or *Agent*. The only changes made under the modern system are that the word "Agent" has displaced the word "Clerk," and financial institutions of character and reputation have displaced the individual unfamed clerks.

That this position is not universally conceded to be correct the writer is fully aware, but careful study has failed to reveal any basis in the law for the idea that the mere signature of a Trust Company upon a stock certificate over the words "Transfer Agent" creates any contractual liability whatever to the shareholder.

The argument to the contrary must rest upon the theory that the signature of the Transfer Agent is to be treated as an *authentication* by one who has contracted with the company and impliedly undertaken with each investor that only true and perfect instruments shall be authenticated, and although it must be admitted that the agent's signature is required on the instrument, yet it must at the same time be remembered that the object of the added signature has not been to gain added authenticity. The necessity for the agency led to the signature. It was not the desire for the signature as an authentication which led to the agency.

A railroad ticket is not good until the agent has put his office stamp and date upon the back. Thus the Railroad guards itself against the wholesale theft of its tickets. If a ticket prove bad and be rejected, would it be claimed by any one that the agent was individually liable because he had "authenticated" the ticket, or personally represented anything whatever about it in the act of stamping it?

It is not easy to see any distinction between the two cases.

It may be argued that the real purposes and objects of the agency cannot control and that the investing public is not bound to know and appreciate these contributing causes, but may assume from the methods of doing business that the Transfer Agent is employed to authenticate and holds itself out as authenticating officer.

To such suggestions, if made, it may only be replied that the argument assumes too much and is not sound.

The public has no right to assume the scope of an agency to be beyond what fully and fairly appears to be the object, purpose and intent, and neither the words "*transfer agent*" nor the part played by the transfer agent justify any conclusions that the *agent* is undertaking any individual responsibility to the shareholder.

That there is no implied contract relation is indicated also by the fact that the Transfer Agent individually owes the shareholder no duty to transfer his shares at all.

The agent might flatly refuse to transfer shares, and there would result no claim upon him. The claim would be against the principal, and though the agent might, of course, be liable to the principal he would not be directly liable to the shareholder.

The establishment in law of any such liability would work havoc with present business methods, affecting enormous interests, and as between such results and the

almost sentimental object of protecting the individual investor, the courts should not hesitate.

Of course there may be acts of a Transfer Agent from which a direct liability would follow to a shareholder. The agent may be party to some fraudulent scheme, he may carelessly or wrongfully destroy or mutilate a certificate, he may make delivery of a certificate to the wrong person, or may appropriate or lose or carelessly suffer or permit wrong dealing with a certificate left for transfer or a new certificate ready for delivery, for all of which he would or might doubtless sustain a direct liability to the person injured, but this liability would be in tort, it would be based on a *wrong, not a contract*, and would not depend in the least for its proof in law upon the fact that the Trust Company signed as "Transfer Agent" or was such.

It must not be forgotten, however, that we are referring at present only to those cases where there is merely the signature of the Trust Company, and the words "Transfer Agent." It may well be that the addition of some very simple and harmless sounding words will lead to very important, further and different results.

It has been held in at least two cases * that the execution of an instrument under the word "countersigned" was equivalent to a direct and positive representation not only that each original signature was genuine, but that every legal formality essential to the full legal effect of the instrument had been duly observed and performed, the Court in one case using this language:

It is very clear that under the regulations adopted by the defendant and pursuing the mode of procedure which it prescribed, the final act in the issue of a certificate of stock was performed by its Secretary and Transfer Agent and that when he countersigned it and affixed the corporate seal and delivered it with the intent that it might be negotiated it must be regarded, so long as it remained outstanding, as a continued affirmation by the defendant that it had been lawfully issued and that all the conditions precedent upon which the right to issue it depended had been duly observed. Such is the effect necessarily implied in the act of countersigning. This word has a well-defined meaning both in the law and in the lexicon. To countersign an instrument is to sign what has already been signed by a superior, to authenticate by an additional signature.

When, therefore, the defendant's secretary and transfer agent countersigned and sold this certificate and put it in circulation, he declared in the most formal manner that it had been properly executed by the defendant and that every essential requirement of law and of the by-laws had been performed to make it the binding act of the company.

And in still another case ** where a Transfer Agent had issued excess of stocks, the court says of the certificate which came to the plaintiffs:

The paper came to them accredited by the genuine signatures of the officers and countersigned and registered by the Central Trust Company registrar, whose duty it was to guard against unauthorized or fraudulent issues of stock. These signatures carried with them, to strangers at least, the very highest assurance of the genuine character of the security.

In this latter case, however, it was the Stock Company and not the Transfer Agent which was made defendant in the suit and held responsible.

That the word "countersigned" would be held by our courts generally to any such guaranty equivalent may perhaps be doubted, but the fact that the use of the word has been treated by the courts as importing a guaranty while no case appears to the contrary, should in itself forbid the use of the word by Banks and Trust Companies except in the rarest, clearest and most exceptional cases.

The use of the word "Registered" also should be most carefully considered.

The extensive significance given by the Courts to the word "countersigned" was probably far beyond anything intended by financial men up to the time, and it is not safe to predict the interpretation which the Courts may put upon the word "Registered" when some case of hardship arises and the tribunal finds

itself free to decide that the word imported a representation or guaranty of genuineness or validity and misled some innocent and trusting investor.

We must not leave this branch of our subject without a word as to the results, which, of course, may follow, first, in the case where the Transfer Agent directly interests itself in the sale or "floating" of securities, and, second, in the case where there is found to be any element of bad faith, scheming or combination of any kind to accomplish an unlawful or improper end.

We spend no time in discussing this latter branch of the case, beyond remarking that of course a Transfer Agent must answer for his tortious acts like the individual. He answers as an individual, however, and not as agent. In connection with the former it is perhaps only necessary to add that any direct or joint personal interest or effort of the agent in an enterprise outside the strict scope of the agency may easily lead to the ranking of the Agent as a principal so far as the public is concerned, with many or all resulting liabilities.

We take up next in the order of our discussion the consideration of

THE DUTIES AND LIABILITIES OF "REGISTRARS," SO-CALLED, OF CORPORATE SECURITIES.

Here again we find little or nothing in the way of statute, legal decision or even written discussion of the matter to aid us in formulating the principles or limits of possible duties and liabilities. The practice of stock registration has been a purely commercial growth, and we can perhaps hardly do more than to take the practice as at present established and, applying general legal principles, endeavor to discover and formulate the legal bearings.

The practice of having stock certificates signed by a Registrar in addition to the Transfer Agent resulted from the disclosures in 1863 of what are known as the "Schuyler Frauds."

Robert Schuyler was the president of the New York & New Haven Railroad Company. He was constituted also transfer agent. His firm was also engaged as stock brokers. The opportunity was thus offered to him to issue stock in excess of the lawful limit.

The temptation proved too great, and in the subsequent litigation it appeared that Schuyler had at one time issued thousands of shares of New York & New Haven stock in excess of the lawful limit.

Something of the history and detail of fact as to this rather celebrated case may be gathered from the report of the case (New York & New Haven R. R. Co. v. Schuyler et al., 34 N. Y. 30, 81).

This scandal and some others which came to light at about the same time caused several stocks which had been prominent in the New York markets to be stricken from the Stock Exchange list, and in January, 1869, the Exchange adopted a regulation or by-law requiring that the shares of all active stocks should be registered at some agency approved by the Exchange.

The requirements of this rule were shortly satisfied by practically all the large corporations the stocks of which were active at the time. The Erie Railroad was the single marked exception. That road refused to comply, and its stock was stricken from the N. Y. Exchange list in February, 1869.

Though not perhaps essential to this discussion, it is an interesting fact that the so-called "National Stock Exchange," organized in the interest of the Erie road as a method of resisting this new rule, survived only until September, 1869, when, upon application and compliance with the rule, the Erie stock was again entered upon the regular lists.

Some substantial equivalent of this regulation has existed in the case of the New York Stock Exchange since 1869, and Article 20 of the present constitution provides as follows:

SECTION 1. The Stock Exchange will not call or deal in any active speculative stocks of any company a registry of whose stock is not kept in some responsible bank, trust company or other satisfactory agency and which shall not give public notice

* *People vs. Brie*, 43 Hun. (N. Y.), 317.

Fifth Ave. Bank vs. 42nd St., etc., Railroad Co., 137 N. Y., 231.

** *Jarvis vs. Manhattan Co.*, 148 N. Y., 441.

at the time of establishing such registry of the number of shares so entrusted to be registered.

When the capital stock of the company is increased through conversion of convertible bonds already listed, said company shall immediately give notice thereof to the Exchange, and such increase of stock may be added at once to the list. But the registrar shall not register such increase of stock until notice shall have been received from the Exchange that it has been added to the list.

After the stock has been placed upon the list any change in the certificate must receive the consent of the committee on stock list.

We thus see that frauds, corporate scandals and possibilities of further frauds led to the establishment of stock exchange rules to protect against the possibility of similar frauds, at any rate in the cases of all active, listed stocks, and it was this rule of the stock exchange in New York which gave rise, at least in this country, to the practice of stock registration.

Transfer agency of stocks had existed for years prior to 1869, but it had been found that even with transfer agents gigantic frauds were still possible, and the "registrar" was provided as an additional protection against similar frauds.

The stock exchange in its first rule, perhaps advisedly, but more probably without special design, used the word "registered." The corporations subject to this rule and desiring to meet its requirements naturally adopted the use of a word following that of the rule as closely as might be. Some designation of the person or corporation performing the act of registration was necessary, and the word "Registrar" was adopted as such designation.

So far as is known it is only quite recently that it has been suggested that the word "Registrar" might be held by the courts to have a significance, as between the corporation adopting such designation and the investing public, far beyond any original intent. It was recently learned that certain very prominent stock brokers in the East understood and believed that this word "Registrar" might properly be taken, to some extent at least, by the investing public as the equivalent of "guarantor." In other words, these brokers certainly understood that the "Registrar" who, as such, signed a certificate of stock, thereby distinctly represented to any person thereafter dealing with the certificate many things beside the fact that the certificate was within the stated issue.

The discovery of such an understanding on the part of such men has led many trust companies to a serious consideration of possibilities, and it is certainly a matter fairly calling for consideration, because a popular notion or conviction, though erroneous, is yet quite apt to have its natural effect upon the judicial mind, and if in the popular acceptance of the financial world "Registrar" means more than is or ought to be intended by or understood from it, that in itself is perhaps a sufficient reason for avoiding its further use, at least until the courts have put a true and limited construction upon it.

It is clear that the only object of the new stock exchange rule of 1869 was to guard against the chance or possibility of *over issue* by having some financial institution of character in position to exercise a check upon the Transfer Agent.

Under the former practice the Transfer Agent alone might perpetrate enormous frauds. Under the rule of 1869 the Transfer Agent and the Registrar must combine with fraudulent intent.

The danger of *over issue* was, therefore, the *single operating cause*. To guard against such danger was the single object of the stock exchange rule, and of the subsequent practice adopted in compliance with that rule.

If all this were understood by the courts, and the more or less prevalent notion of a deeper significance could be entirely ignored, it would seem fairly reasonable to expect but one legal construction of the word "Registrar;" but as has been said, in view of the opinion which to some extent exists "on the street" as to this word; in view of the fact that it has not been construed, and in view of the apparently increasing popular

idea that prosperous corporations must be liable in all cases to unfortunate individuals, the use of the word "Registrar" should wisely be discouraged.

What can be substituted for it?

To answer this question we must again consider exactly what the "Registrar" is, not in law, but in fact as intended by the arrangements made between itself and the stock company.

The "Registrar" so called, is, in reality, a salaried agent of the stock company with the single duty, at any rate as between itself and the stock company, of signing in the capacity of registrar the stock certificates as issued from time to time by the Stock Company or its Transfer Agent, but never in excess of the stated capital.

In practice the Registrar keeps its registry list, and as stock is transferred by the company or its Transfer Agent it receives in each case the old certificate as surrendered and the new certificate as prepared to take its place, it compares the two, it notes upon its registry list the surrender and cancellation of the old and the issue of the new in substitution, and it thereupon identifies the new certificate by its signature upon its face as a part of a stated authorized issue.

It is submitted that the designation "Agent to Register Transfers" would be safer and more correctly expressive of actual facts and intentions than the word "Registrar."

The registrar is *an agent* of the issuing company, it is an agent to make a registry, and it would seem to be some gain to have the fact of this agency relationship to the issuing company made unquestionably clear, because, if the registrar be an agent of the principal and so designated, it would not be natural or reasonable for anybody to assume that he was a guaranteeing agent for any purpose.

The language of the stock exchange rule, together with the settled practice of so many past years, makes it perhaps difficult at the present time to entirely abandon the word "Registrar" and all words made from it. The stock markets are suspicious of any changes or innovations, and the corporations dislike to have differences with the brokers. It would be well if registrars of stock might be permitted to indorse upon the certificates exactly what they do undertake and are to be responsible for, including, if desired, in their statement that they represented and were to be liable for nothing else. Such an indorsement, however, would doubtless cause a stock certificate to be practically unmarketable.

If the registrar of stock, by the registration, makes a continuing representation to the public that the stock is valid or lawful and properly issued, or even within the *authorized limit*, the Registrar is, of course, concerned to know that each transfer is properly made, and not merely that a former stock certificate is mutilated in the process known as cancellation. Because it may well be that a stock certificate, mutilated in cancellation to the satisfaction of the most fastidious, would still remain as matter of law a perfectly valid stock certificate upon which the shareholder named therein would continue to have all original rights and claims.

It is not the mutilation of a stock certificate which ends its life as such, but only its lawful cancellation in accordance with an authority and direction lawfully given by the true owner.

Should the transfer agent, therefore, accept an old certificate and "*punch*" it in cancellation without the authority properly given by the true owner it would not be cancelled and any stock certificate put out by the transfer agent in its place would be an *over issue*, and the Registrar, in signing the new certificate would be registering *over-issue* stock.

Thus it will be seen that the risk assumed by a registrar in cases where the issuing stock company is its own transfer agent is, perhaps, considerably greater than in those cases where there be a trust company or other financial institution of high standing acting as transfer agent.

In one case* at least the word "Registered" in connection with stock has been construed by the court.

The statute of Alabama provides that stock transfers "must be made or registered on the books of the Company" to be in all respects complete.

In the case above cited it was contended that registration meant copying or recording *in haec verba*. It was held, however, that a memorandum or statement of the transfer upon the books or stub of the original certificate satisfied the statute.

Much of what has been said in discussing the relations of the Transfer Agent to the outsider applies also to the Registrar, and the reader can make such application without further comment.

In general it would seem to be reasonably clear that the extent of the practice of stock transfer and registration at the present time and its constant growth, and the almost incalculable liabilities which are to follow if signatures upon stock certificates by transfer agents and agents to register transfers are to be given any legal significance as independent guaranties or representations to the public, makes it proper for the financial institutions undertaking such duties to advise well among

* Fisher et al. vs. Jones 82 Ala. 117.

themselves, and with their combined power and influence so finally establish and determine the practice that expressions only shall be used which fully and unequivocally state the exact positions intended to be taken by them, whether as agents for transfer or registration, to all persons who may be concerned with the certificate itself. If transfer agents and Registrars are to be holden as in any sense guarantors against general losses and disappointments they must be compensated accordingly, for their own reasonable business protection. Such compensation would work a revolution in our methods of stock transfer.

If it be true that any considerable portion of the investing public do place in the signatures of well known trust companies upon stock securities more confidence than the actual words or legal relations warrant, and if it be true that the presence of such signatures leads investors to dispense with proper care in examining into the securities which they purchase, such conditions, however little foundation they may have in law, yet afford some claim upon and reason why prominent financial institutions should exercise considerable caution not only to save themselves from legal liability, but for the maintenance of the high reputations which only the most careful dealing and methods make possible.

Trust Companies as Trustees Under a Will.

By W. E. FISSE, Counsel Lincoln Trust Company, St. Louis.

Trust companies are a distinctively American institution. No trace of the existence or operation of associations of this character is to be found in either the general or the legal literature of foreign countries. Here they constitute an important factor in our civilization, both in an economic and a social aspect. Our singularity in this regard, coupled with the further fact that trust companies have been established and are successfully maintained in every part of the country, is significant of the operation of favoring influences that spring from the essential and peculiar genius of our people. It would be interesting to inquire into and develop the nature of these influences, and to find the explanation for our singularity, but time forbids such an excursion. Perhaps at some future meeting of this association this investigation may be exhaustively pursued.

The theme of this paper embraces very much of what has already been said by others concerning trust companies in the relation of executor, administrator, guardian or committee of minors and other incompetent persons, assignee, receiver and trustee under contractual arrangements. What has been said it is unnecessary to repeat, nor need further reference be made to these observations except to note, in passing, that whatever advantages attend the employment of a corporate agent in any of these varied functions, with respect either to the circumstances of security for the funds of the estate, integrity in administration, promptness in the dispatch of business, unbroken continuity in management possible because these companies are beyond the accident of interruption by sickness and death, and also in respect of the application to the particular business, of the extensive information, resources and specially trained skill that characterizes this specialty, as it characterizes every other specialty followed as a profession, as well as the other general incidental and attendant advantages growing out of the nature of the corporate organization, are all present in the case of an appointment as trustee under a will, as fully and completely as in the case of an appointment to any of the other offices that have been mentioned.

In other and important respects, however, the function of the company in this relation of trustee under a will may be differentiated from its function as trustee in any other capacity. An appointment as trustee to

execute the directions of a testator, contained in his last will and testament, and thereby to continue the dominion of the owner over his property indefinitely beyond the period of his own life, with the special object of preserving that property intact, and of increasing it and using it as he might himself employ it, for the best advantage of his family and dependents, is at once an office of the highest responsibility and a mark of the greatest confidence which one man can confide to another. In no other aspect of its operations does the company enter so fully into the family life of a community, nor is its action otherwise ever characterized by so much of the human and personal quality and sentiment as in this case.

Several recent instances of the testamentary disposition of estates, notably the wills of the elder Vanderbilt and of his son, of Mr. Robert Garrett, and, still more recently, the will of the late George M. Pullman, have furnished illustrations of the disposition of testators to preserve their estates intact after their death, under proper arrangements to provide out of this estate for all those who are fair objects of their bounty, in substantially the same manner as they might themselves do if living and preserved the capacity to control their property. These instances of testamentary disposition have attracted attention because of the conspicuous eminence of the testators, but the tendency and disposition noticed in these cases is not by any means confined to the class of the very wealthy. Every lawyer of much practice in the drafting of wills is familiar with the fact that an equally strong inclination to dispose of their property in like manner prevails among those of moderate means. Indeed, it may be truly said that testamentary dispositions divide themselves into two great classes: first, those which dispose of the entire estate in favor of the wife, absolutely, to the exclusion of children except so far as it is expected that a sense of duty on the part of the wife and her affection for the children will lead her to deal justly with them; and, second, those that provide for the management of the estate through the medium of a trust created in the will.

The marked tendency to adopt schemes of testamentary disposition whereby the donees are restrained of the full dominion over the property given to them, marks an important change in our habits as compared with an

earlier period, and perhaps is also part of that evolution already spoken of which has produced the Trust Company institution.

The extensive variety of arrangements for the management and disposition of an estate that are possible to be effected through the medium of a trust, the readily flexible nature of this medium, and its adaptability to be changed according to varying conditions and circumstances, make it an exceedingly attractive device, and render it possible for a testator to exactly accomplish his will, no matter what that may be.

The creation of a trust, however, necessarily involves the selection of a trustee. A testator, therefore, revolving in his mind a plan for the disposition of his estate in trust, is immediately called to the performance of what is at once the most delicate as well as the most important choice that he is required to make at any period in his life. Moreover, the election once made, and having finally become operative, has immediately become irrevocable by him. The testator may therefore well hesitate and ponder long before determining his choice. Of the weakness of a trust administered by an individual trustee he must become quickly conscious. If he be a man of affairs, the probability is that at some time or other he has himself acted in the capacity of trustee to gratify the desire of some near friend, and that he has thus through his own experience become aware how onerous and burdensome are these fiduciary duties to one whose occupations otherwise fully engage his time, and how likely it is that such offices will be neglected on account of the interfering obligations of one's own affairs. Or perhaps he knows the history of the estate of some other friend that has suffered from the indifferent or negligent or perhaps dishonest handling of some trustee who at the time he assumed the duty stood as well and apparently deserved confidence as fully as any man open to be selected by himself. If his information concerning trust matters is very extensive, he has probably become thoroughly convinced that indemnity bonds furnish exceedingly poor protection to estates, and constitute a very inadequate substitute for faithful and skillful administration. But even if his experience be less wide, he cannot help but be alive to the fact that, however wise and prudent may be his original choice of an individual as trustee, and however proper may be the conduct of the trustee whom he may originally select, many accidents may happen, chiefly the ever present peril of death, whereby the estate will be transferred from these competent hands into the custody and control of some other person whose selection he cannot either foresee or largely control. Perhaps, while revolving the matter in his mind the thought may occur to him that the evil of employing an individual trustee may be overcome by the selection of several persons as trustees, but either his own knowledge or competent advice will quickly convince him that there is no advantage in this resource, but rather an increase of difficulty, since the multiplication of trustees is in fact no more than the division of one brain, so to speak, into several parts, involving the necessity of bringing together the separated parts and combining them into harmonious impulse before any action is possible. He will quickly come to appreciate, therefore, that in multiplication of trustees there is merely an aggravation of the evils incident to the appointment of an individual to the office.

Considerations of this character justify the creation of corporations to assume these trust duties, and the selection of a corporation as trustee at once relieves the testator from the danger to his estate due to the matters pointed out. The advantages that attend the selection of a corporate trustee, especially to perform trusts created in wills, are, however, not wholly the negative or passive advantages attributable to the corporation because of its artificial character, but there are other advantages of a positive nature which are powerful to give the corporate trustee unquestioned advantages over an individual acting in the like capacity. These advantages

are especially marked in the case of those trust arrangements that have for their object the accumulation of a fund for some specific purpose; the protection of daughters from the wiles and arts of spendthrift husbands, or of sons pursued by importunate creditors, and similar family arrangements. The employment of a corporate trustee is also of particularly marked advantage in those instances where the necessity of the testator's situation requires that he shall give to the trustee a wide discretion as to the alienation or conversion of his property, or with respect to the time or necessity of making payments to particular persons.

Experience has shown, too, that in another condition the employment of the corporate trustee is of exceedingly great advantage—namely, in those cases where the condition of the testator's business demands frequent and large advances of money in order to preserve it in its integrity, and practically requires for its management the same daily care and attention that he has been accustomed to give to it. Scarcely any individual can be found who is able to command sufficient resources to make the advances that are requisite for this purpose, and to give it the necessary attention. Another condition where the advantage of the corporate trustee over that of an individual is unquestionable, is in the case frequently occurring where the estate is invested wholly in stocks or securities of some corporate enterprise and constitutes the controlling interest in that enterprise. The disadvantages of breaking up this control by a division of the estate are apparent.

The foregoing considerations, influential in the mind of a testator in making selection of a trustee, and that serve to indicate the advantage of a corporate trustee over an individual, also serve to point out a broad distinction between the office of trustee under a will and most other trust appointments. Generally speaking, it is the principal duty of a trustee administering a trust created otherwise than by testamentary arrangement to get into its custody and to divide property either in kind or in money after the conversion of this property. True, a committee or guardian for an infant or lunatic or other incompetent has to a certain degree the duty to conserve the estate. Nevertheless, in each of these cases the distribution of the entire estate is the ultimate end of the trust. In the case, however, of a trustee under a will, the leading duty is the conservation of the estate and its increase by investment and through the accumulation of surplus income, and there is generally no duty to make distribution except so far as this duty is annexed to the management of the accruing income. It is the contemplation of the duties required of testamentary trustees that demonstrates most conclusively the advantages of corporate agents over individuals, particularly in the management of trusts of testamentary creation.

The first duty of such a trustee, of course, is the duty to collect the estate. It is true that so far as the machinery of courts is required to accomplish the task, this machinery is as equally and completely available to an individual trustee as it is to a corporation acting as trustee; but the least experience in the management of business affairs leads to the prompt conviction that the poorest of all methods to compel payment that can be adopted is a resort to litigation. The expense and vexatious delays, the abundant opportunities for disposing of property pending the litigation so as to defeat the final judgment, and other considerations that readily come up in the mind, all attest the advantages of employing personal influence, personal strength and personal skill along other lines to accomplish the end of collection. In this respect a Trust Company has an infinite advantage over any individual. It is an organization powerful beyond the strength of any man. It is an entity whose strength is felt and recognized throughout the community. It is, moreover, an entity whose force is concentrated, and whose energy is always and constantly available to be fully and effectively exerted. This power of the Trust Company is silently

effective to enforce demands proceeding from it that in the case of an individual would be ignored or slighted or contested. Men, however, do not enter upon contests till after they have measured the strength of their antagonists, and the general strength of Trust Companies is rated so far above that of individuals that settlements and payments become easy in its case that in the case of an individual claimant would be doubtful or delayed.

Closely connected with this conception of the strength of a Trust Company, and actively co-operating with it to make the company successful in its demands, where an individual would not be successful, is another influence—namely, the activity of the Trust Company in its other departments, particularly its banking or lending department. Its resources and its activity in this direction raise a disposition to gain its favor for possible occasions in the future, and thus in its ability to touch at once the springs of fear and favor, the Trust Company is possessed of advantages which no individual can possibly exert. This advantage spoken of is not one that arises merely out of the possession or employment of large capital. The ample resources at its command contribute, no doubt, to the strength of the corporation, but no individual, even though he commanded capital greatly in excess of the capital at the command of a Trust Company, could exercise the strength which it puts forth, because this strength arises out of its organization and the concentration within that organization of the power and strength of many men.

In respect of their capacity to discharge the duty of investing moneys of a trust estate, Trust Companies acting as trustee have an equal or greater advantage over individuals exercising the like office. The investment of money constitutes a principal part of the business which a Trust Company is organized to conduct. To the profits arising out of these investments the stockholders look for their own dividends. The company has command of large sums of money, consisting of its capital and its accumulated deposits. It is, therefore, resorted to by persons who are willing to pay a price for the use of its capital, and since it is out of the necessities of this class that securities for investment are created, Trust Companies become the sources where investment securities are created. Through the operations of their daily business in what may, for the present, be called their own business, they are constantly supplied with securities suitable for the investment of trust funds. Indeed, it is hardly too much to say that the principal part of the investment of Trust Companies, at least those of them that have connected with their business a highly organized trust department, are usually made with a view to the use of these securities in supplying the want of investments for trust estates. Estates in the hands of the corporation can therefore be always supplied with investments as promptly as the necessity of the case may require. There is no interval of waiting, no delay, no interim of unearning rest. No individual can possibly keep himself supplied in advance with securities proper to be used by the trust estate, and therefore in his case there must be frequent and successive periods during which the fund, or a portion of it, remains idle while waiting the discovery of a proper investment.

The nature of the investments proper for the employment of trust funds are controlled, of course, by the ordinary rules of law, whether the management of the trust be in the hands of an individual or a corporation. In this respect, therefore, the corporation stands on the same plane with individuals. The individual has no advantage whatever. But in respect of the opportunity to get investments, and especially in the selection of investments, the organization of the Trust Company supplies facilities which no individual can command.

We need not enlarge upon the superior skill in the art of investing money which those who make the exercise of this art their daily business acquire over others who are called to this duty only occasionally. Nor do we need at present to enlarge either upon the instru-

mentalities which a Trust Company accumulates and employs in determining the quality of security offered to it for loans of money. Neither will any time be spent in pointing out the attitude which Trust Company officers habitually occupy toward applicants for loans, nor can time be taken to point out the influence of the Trust Company's ever ready "No," as contrasted with the ordinary disposition of individuals to grant what some one else asks as a favor, especially where it does not involve the employment of one's own money. But if we can imagine an individual possessed of equal skill and equal information and resources for acquiring information with regard to securities, in respect of its ability to resist importunities to make investments that business judgment does not commend, the Trust Company has an advantage over individuals which should determine the selection of the corporation to exercise the trust offices, even if other argument was wanting. In such cases as are here spoken of, the impersonal character of a Trust Company is of immeasurable advantage, and is a circumstance of immeasurable security to all the trusts committed to its charge. An individual called to decide whether to grant or refuse application for a loan must always meet and deal with the applicant face to face. A Trust Company officer, even though he possessed no more than the average strength of character, when he finds himself weakening always has a ready resource at hand. If he would evade importunities, or excuse his own action, the invisible committee is always within reach as either a haven of refuge or a court of last resort. This invisible committee, with whom the applicant seldom or never comes in contact, is a tower of refuge and strength not available under other circumstances.

It may be said that since trust companies deal in and freely sell securities, any individual trustee by application to a Trust Company may obtain these same securities which if the estate were in its charge would otherwise be diverted by it to the trust estate; but if this statement be accepted as true, in its fullest measure, it does not weigh against the statement of our proposition that in the investment of trust funds corporations have advantages over individuals acting as trustees, because the very fact that individual trustees do find it to their interest to resort to trust companies for the purpose of being supplied with investments for trust funds in their hands is a confession of the superior advantages which Trust Companies have for making investments of this character, and constitutes an admission of our entire argument.

Attention may be called to another circumstance favoring the employment of corporate trustees, especially in the administration of trusts created by will. It is lamentably true of individuals that they exercise less care and caution in dealing with other people's affairs than they do in the case of their own transactions. This lack of care and prudence may not rise to the point of actionable negligence, nor amount to willful misconduct on the part of the trustee, and yet the consequences to the estate may be exceedingly harmful. I think there can be no doubt that, in the aggregate, the lack of care and caution to the degree that the trustee would have exercised in his own affairs, has worked losses both in number and amount greater than the number and amount of losses attributable to the dishonesty of the trustee in the management of the trust estate. It is a conviction that constantly grows in the mind of every professional man having to deal with this field of business, that carelessness in a trustee is infinitely more to be dreaded than the lack of honesty or integrity on his part.

In the case of estates managed by corporate trustees it is impossible that they should suffer because of any discrimination due to the fact that the funds belong to some one other than itself. With these corporations there can be no clashing of selfish and representative interests, as in the case of individuals. The interest of a Trust Company is always and invariably representa-

tive. We speak familiarly of investments made by Trust Companies of their own funds, afterward transferred to trust estates in their charge, but this is inaccurate language, for in truth Trust Companies never have any funds of their own. Every cent of money which they handle in any department of their business is the money of other people. Investments made in the interest of their stockholders, of the capital of the company, investments of the accumulated deposits, are all trust transactions of nearly the same rank as trust engagements arising out of contracts or wills. Thus through all of its operations in every department the Trust Company acts as an agent, is always exercising the duties and bearing the responsibilities of an agent, and is during every instant conscious of the obligation to account for its every action. The visitatorial power exercised by the State contributes something, though slightly, to the enlargement of this consciousness. It is a sort of professional instinct, akin to the professional instinct of good faith which actuates the lawyer in the practice of his profession, and it affects every subordinate in the service of the Trust Company as fully and in the same manner as the spirit of patriotism and loyalty to the flag permeates every portion of an army till it reaches even the most inconspicuous private in the ranks. The Trust Company is therefore constantly alert and alive to its duty in the handling of trust moneys, and that carelessness or indifference often noted in the case of individuals is impossible from the nature of its organization, and the discipline which is enforced because of this organization.

But if we regard the interest of a Trust Company as in any respect separate from the interests of the trust estates committed to its charge, we find that in the investment of money for these estates its position is exactly the reverse of the position of an individual engaged in the exercise of a like duty. The very opposite influences are operative in its first investment of money, because generally these first investments are not made with the idea of immediately appropriating them to any particular trust estate, but with the idea of gaining a safe and profitable investment for the capital or other funds of the company itself. If, therefore, there is at any time any opportunity or occasion to discriminate between funds which it handles as trustee and those funds which belong to itself, an advantage accrues to the trust estates out of its operations, instead of a disadvantage, as in the case of an individual.

Another influence of considerable importance, and one that works also oppositely to the selfish interest of an individual handling trust moneys, is the spirit of competition with other companies. The rivalry of companies extends not only to the securing of business, but it reaches the management of business committed to their charge, because out of that management reputation is gained, and the opportunity to secure business is very largely dependent upon the nature of the reputation which a company enjoys. A good reputation is acquired only by accomplishing good results in the management of estates that they have taken into their charge. In one way or another the action of Trust Companies in respect of this management becomes known, and in a greater or less circle of people becomes the subject of active discussion. The information is, however, not confined to this circle. The results gained are compared with the accomplishments of the same company in other cases, and with the accomplishments of other companies in similar cases. This rivalry, altogether lacking in the case of an individual trustee, is a constant spur to the corporate trustee, urging it to the very best possible performance, and does not permit, as in the case of an individual, a disposition to tolerate only such performance as will serve to carry the trustee past the threshold of a court without censure.

There are other matters respecting this ability of the corporation to discharge this duty of investing the moneys of a trust estate, which it would be interesting to discuss, but so much time has already been devoted

to that feature that it is necessary to hurry on to other topics.

The advantage of a corporate trustee in respect of its ability and disposition to discharge the important duty of keeping an account of the trust estate, is conspicuous and important. Every lawyer of experience will testify to the fact that in practice among individuals this duty to account is less satisfactorily discharged by trustees than possibly any other function of their office. It is usually regarded as an onerous duty. Not uncommonly the items of account are so infrequent that their entry does not form any part of a routine of business, and the account is not otherwise kept than in the form of hurried memoranda, which when taken up for use have become so dulled that their actual significance is no longer thoroughly understood. In a Trust Company, however, the organization is sufficient, and the necessity of the business demands and compels the constant and daily contemporaneous record of all transactions, and thus such a company is at all times obliged to keep as a part of its own business a true account of the trust matters in its charge, and is at all times prepared to render a prompt and complete account of these trust matters. In the administration of trusts that provide for the accumulation of portions, or for purposes of income, or for distribution of net income, this superiority of the Trust Company is of exceedingly great practical advantage, and I have yet to meet a person familiar with the corporate and the individual method who has not extolled the practices and advantages of the Trust Company in this respect.

In its dealings with members of a testator's family, or others interested in the estate, a Trust Company again has advantages over an individual attributable to its impersonal quality and entire freedom from family or personal interests and entanglements. It is perfectly wonderful what impracticable schemes for setting up sons in business or otherwise promoting the fancied interests of favored persons are enthusiastically embraced and eloquently argued by mothers and other members of the family. Equally wonderful is the ingenuity that is frequently shown in devising measures for breaking down the restraints that are imposed by a will. Any individual who as trustee opposes these vicious and injurious designs and who resolutely insists upon strictly carrying out the testator's intentions, is sure to become exceedingly unpopular and soon comes to be rated as a very mean man. Fortunate indeed is his fate if he escapes the suspicion or charge of sinister motive.

Few men will long endure a bombardment of this sort, and the conflict is frequently terminated by the resignation of the trustee, which leaves the way open to the appointment of some one more pliable in temperament, whose yielding often leads to the total perversion of the trust and not seldom to the loss of the entire fund.

Trust Companies, while not exempt from assaults of this character, are in fact more seldom approached, and when approached the advances are made in different temper. The absence of that degree of familiarity which usually obtains in the case of an individual trustee makes all approach hesitating, and the absence of any ground for expecting sympathy paves the way for a probable refusal and makes the acceptance of the refusal easier. It is always felt that the officer of the company first approached is of limited authority, and when he takes recourse behind the governing board, not only is his action approved, but the decision of the final board when communicated is likely to be acquiesced in.

The value of this immunity from the effects of personal influence and familiar association and of the deference generally accorded to a corporation is difficult to estimate, but that it is a very great protection to dependents, both against their own imaginations and also against the effect of designing blandishments, is appreciated by all those who have come in contact with this aspect of human nature.

We have now somewhat hastily discussed some of the

principal advantages which recommend the appointment of Trust Companies as trustees under wills in preference to individuals. If the occasion permitted it, we might cite still other features of advantage, but this paper is already so extensive that a reasonable regard for your patience commands a halt.

Before concluding, however, let it be said that this recital of the advantages of a corporate agent over an individual trustee is not designed as an indictment of individual trustees, broadly and as a class, either for ignorance, incapacity, want of loyalty or lack of integrity. No such contention is made, but it is contended

that Trust Companies command all the excellent qualities of men in at least equal measure with individuals, and that added to these individual excellences are positive advantages referable to their corporate organization and discipline which individuals do not possess and cannot possibly acquire.

A Trust Company is, in fact, an organization which reduces to a systematic science the business of managing trusts, and out of this reduction flows and inevitably must follow the same superiority over individual effort that we find invariably to exist in every other field of human labor where individuals engage against corporations.

The Trust Company as Guardian of Minors and Incompetent Persons.

By ANTON G. HODENPYL of the Michigan Trust Company, Grand Rapids.

When acting as guardian of minors or incompetent persons, the extent and nature of the duties of a Trust Company are wide and almost unlimited, particularly if the guardianship extends to the person, as well as the estate, of the ward, as is frequent in Michigan.

Trust companies may be appointed as guardians of the estates:

- Of minors;
- Of insane persons;
- Of mentally incompetent persons; *i. e.*, those whose incapacity to care for themselves arises from extreme old age, mental infirmity or other causes;
- Of spendthrifts; that is, those who by excessive drinking, gaming, idleness or debauchery of any kind spend or waste their property, exposing themselves or their families to want and suffering;
- Of intemperate persons; that is, habitual drunkards.

In Michigan trust companies may also be appointed guardian of the person of the wards before enumerated.

The usual complaint against individual guardians is that they mingle their own funds with the trust funds, neglect the affairs of the trust when occupied with their own business, often make poor investments because of unfamiliarity with this class of business, and fail to make proper accounting to the court. They themselves and their bondsmen may become financially irresponsible. They may die and a successor become necessary, thereby causing confusion. They may not be accessible when wanted or needed; they may permit their feelings or near relationship to bias their judgment. It is also true that acting as guardian, especially of insane or intemperate persons, or spendthrifts, is anything but an agreeable task for relatives. In such cases, trust companies are especially available, and their officers, by experience, learn to handle these complicated trusts with greater benefit to such persons and their estates.

Trust companies fill all the requirements of a guardian of both person and estate. Their officers are usually men of mature experience, and of broad culture and education, who are competent to pass upon all questions of training, accomplishments, education, and all matters pertaining to the person of the ward. Their daily experience in caring for the person and property interests of minors, insane, intemperate, mentally incompetent persons and spendthrifts, fits them to solve all of the difficult problems which arise, with greater skill and economy than is exercised by the average individual guardian, who meets such problems for the first time.

The Trust Company always keeps the property of each trust separate from its own. The title to investments is taken in the name of the trust; it never neglects the interests of its ward, because its sole occupation is to look after the trusts committed to it. Its officers are skilled in the investment of funds, and they have un-

usual facilities for selecting good investments. Under their management the chances of loss through poor securities are reduced to a minimum. It is the business of the Trust Company to be familiar with the laws regulating the character of investments which guardians are permitted to make. It accounts regularly to the court appointing it as guardian, and its accounts are clear and easily understood. It is itself always financially secure and responsible. It never dies, and the same policy continuously controls the estate. It is always in its office, always accessible; ready at any moment to deliver the property belonging to its ward.

It is impartial, for the reason that it has no personal interest in doing anything but that which is best for the person and estate of its ward.

A guardian of the estate has duties to perform which are scarcely less difficult and important than those of a guardian of the person. He must be a fit person to make investments, protect them after they are made, be skilled in the management of all kinds of real and personal property, hold the expenditures for the support and education of his ward, and for the care of the property, within the income from the estate. He must not mingle trust funds with his own property, must not become absorbed in his own affairs to the detriment of his duties as guardian.

The duty of the Trust Company, as guardian of the estate, is to conserve with care the property of its ward. An infant under legal age cannot be consulted as to investments, or as to the disposition of his property. The whole responsibility rests with the guardian, and the Trust Company must have in mind the fact that it is accountable for its acts to its ward, when he becomes of legal age, many of these acts having been performed long before the final settlement. Each move must be so made that it will bear close scrutiny long years after the transaction has been closed, when all business conditions may have been very materially altered. The minor in the mean time has had no voice in the management of his estate, but he is entitled to demand his property intact. It therefore follows that the Trust Company must exercise the very highest degree of business ability and judgment in the management of this class of trust.

It often happens that the estate of a ward includes investments in active business enterprises, in partnerships, or in industrial stocks. Very frequently these investments yield handsome returns, but they are not of the class in which any guardian would invest trust funds. They are subject to the vicissitudes of business, to incompetent management on the part of others, to losses through bad debts, and, in times of financial depression, to great shrinkage in value and income. In such cases it has always been our practice to convert this class of investments into money, and to re-invest the funds in absolutely safe securities, though the in-

come may temporarily be somewhat reduced by the transaction. The whole situation should, however, be carefully presented to the court, and nothing undertaken without its direction.

A guardian of the person is called upon to supervise the training, habits, education, accomplishments and maintenance of the minor, and must provide suitable treatment, attendance and care for the insane, mentally incompetent, intemperate and spendthrift, all of which involves much thought and study of the character and antecedents of the ward, an understanding of his peculiarities, a knowledge of schools and asylums, and institutions for the care of the insane and intemperate, the personal faculty of controlling wayward children and regulating their habits, a familiarity with instruction in music and other accomplishments, and a wide experience in all matters pertaining to the home training and education of minors and the care of unfortunates.

In caring for an estate, as guardian of a minor or incompetent person, the Trust Company official acts in a business capacity, but in caring for the person of the company's ward he finds it necessary to put himself wholly in sympathy with the minor, and to consider all the interests of the child as though he were the father or near relative, planning, long years in advance, the education of the child, so that when the guardianship is terminated, the minor may be able to take the position in life to which he or she is entitled. It is necessary to study the temperament of the minor, to estimate the capacity, to judge as nearly as possible what education and what mode of living will produce the best results in each particular case.

The difficult part of all this is, that while the official may conscientiously plan for the benefit of his ward, the ward frequently has ideas at variance with those of the guardian. No doubt all trust companies who act in the capacity of guardian of the person have had unusual experiences. It has frequently happened that wards of the Michigan Trust Company, who have small estates, demand the most extravagant expenditures. Many of this class wish to be sent to college, to the seashore, wish pianos purchased for them, ask for various other expenditures in large sums, wholly out of proportion to the means at the command of the guardian. These requests, however, must be examined carefully, and

passed upon as though the Trust Company were the parent of the child.

It has sometimes been our experience that children with ample incomes, for whom we have planned proper education, flatly decline to attend boarding school, to study languages or music, or do other things which we regard for their good. It is then necessary to show them that our plans have been carefully thought out, and are right, that they are for their best interests, and, if followed, that the minors will be better able to take the position in life as men and women to which their birth and means entitle them. This can usually be accomplished by gaining the confidence of the child, but it sometimes happens, in cases of refractory boys particularly, that force is necessary. Then we do not hesitate to deliver them to such institution of learning as we deem best fitted for them.

One peculiar case from our experience, and I am done. Some years ago we were guardian of the person and estate of a young and handsome widow of nineteen, who became infatuated with a man already married and the father of two children. Briefly, he proposed an elopement, which, of course, would have resulted in the moral destruction of our ward. Argument and persuasion were of no avail. She knew it was wrong, but could not resist the wiles of the destroyer. Argument with the man was met with defiance on his part. There was no legal method by which we could separate the couple. A father under such circumstances would have thrashed the man in the case. We regarded ourselves as standing in the position of a father to the woman, but naturally did not care to do the thrashing, so we employed a man to take this off our hands, and he did this work very thoroughly and according to the contract. The young woman was at the station at the time, ready to start with her lover, but through our intervention he was not in presentable condition, and failed to join her. Our act was illegal. We should not have taken the law in our own hands, but unless we did it the woman would have been ruined for life. We have always been satisfied that we were justified in the act. The sequel is that the young woman married a very estimable gentleman, and now lives happily several thousand miles away from the exciting scene, and I may add that she feels very grateful to the guardian for its illegal act, performed in her behalf.

The Superiority of Trust Companies to Individuals as Assignee and Receiver.

By JOHN H. HOLLIDAY, President Union Trust Company of Indianapolis.

The functions of an assignee and a receiver, while sometimes identical, usually differ widely. The assignee is appointed for the definite purpose of closing a business that has failed. A deed of assignment is a confession of insolvency, and the duty of the assignee is simply to make all that is possible out of the assets and distribute the estate among the creditors. Both assignee and receiver, however, are governed by the same principles, and for the present purpose the greater includes the lesser.

It is in the broader range of a receivership that the qualifications of the Trust Company for valuable service find their greatest expression and effect. A receivership does not imply insolvency necessarily. It may mean only temporary embarrassment in a concern caught in the stress of hard times, or handicapped by unwise investment of capital. It may arise from the differences of partners, or from hostility to a particular management, or opposition to a certain line of policy, or from a score of other causes. The business may be a profitable one; it may be one which only needs good management to place it upon a paying basis again; it may be one which requires reorganization and the delicate adjustment of conflicting interests. It may be, and often is, one which

requires the operation of a plant for a longer or shorter period, resulting in the payment of its debts or in its sale. Acting under the authority of a Court, which usually defers to the judgment and determination of the receiver, this functionary (and in a lesser degree the assignee), to do his work in the most efficient manner, must have certain qualifications. No individual has all of these; rarely does he combine many of them, and sometimes he has none. The well-equipped Trust Company has all of them.

The Trust Company is permanent and responsible. This means much. The individual may have the requisite knowledge and force for the successful execution of his trust; he may have the business well in hand, but death may come and destroy his work. He may hold a trust for years, apparently managing it honestly, and yet absorb or dissipate its assets and become a bankrupt, able to pay nothing. He may be a thief and give occasion for the wits to apply the proverb as to the equal guilt of a receiver.

But the Trust Company is not likely to be any of these; at least it never has been, for so far as I can learn no Trust Company in this country has defaulted in its capacity of trustee. The few instances of companies

failing, have not involved the trust estates committed to their charge, and the percentage of those failures, as compared to the whole number of companies, is so small as to excite wonder. This fact speaks volumes for the high plane of care and integrity on which the business is conducted. Being permanent and always responsible the Trust Company offers the creditors of an embarrassed or failing business a positive assurance of safety from death or defalcation.

The Trust Company represents organized experience and ability. The individual may have experience and ability also, but generally speaking he has but one case, and in many phases of management, especially in legal matters, must rely upon assistance. The well-equipped Trust Company has had many cases, and as all knowledge fits aptly in at some time and place, its accumulation of experience is sure to give it a great advantage. It knows rules and precedents. It is a professional and has had the essential training. More than this, it is not one man, but several, perhaps many. It has the wisdom of multiplied counsel. It has a resource of successful men versed in varied lines of business, whose consensus of opinion upon a given subject or policy is more likely to be sound in nine cases out of ten than an individual's, no matter how favored. It has the services of experts at its command. It has a wide acquaintance and business connection, with their manifold advantages. It is far more likely to have the power of selecting the best instruments and organizing forces that distinguishes the competent general than the average individual. It is not likely to be swayed by friendship or dislike. Its many men are almost certain to act dispassionately and upon reason.

The Trust Company has financial power. In many receiverships the absence of working capital has been the reason for seeking that channel of relief. In an instance under my own supervision, a manufacturing concern had a large and profitable business. Its president was ambitious, and saw that by removing to the gas belt he could reduce the cost of his product very materially. In building a new factory at the place selected, he found that many improvements could be made by which work could be done with greater convenience and economy, and the output increased. He carried out his ideas, until more than the whole capital was tied up in the plant. At first, the concern's credit being good, it had little trouble in borrowing the working capital, but soon hard times came along, the banks began to draw in and demand payment. He found himself with a first-class factory full of orders for delivery in a few months, and yet unable to produce the goods because he had not the means to pay for labor, interest and material. To borrow money was impossible. There was no recourse but a receivership. He wisely selected a Trust Company. That institution furnished all the money required and carried on the business at a profit, which has nearly paid the debts and eventually will turn the concern back to its owners with enhanced capital and credit. An individual receiver might have operated the factory as well as the Trust Company has done, but under the circumstances he could not have raised the necessary money upon receiver's certificates or otherwise. The works would have stopped, the creditors would have been paid probably, but the interest of the stockholders would have been wiped out.

In another case a manufacturing concern was hopelessly involved, and was being sunk under a load of interest and costs. The Trust Company advanced a large sum, arranged a composition with the creditors, and put the establishment upon its feet again. An individual would have been powerless in this case. I could multiply instances if necessary, but many must suggest themselves to you. The Trust Company, in the possession and control of large amounts of capital, depends upon no resources other than its own, needs no negotiation or delay. It is prepared to act promptly. An individual may have to wait for months and then be unable to procure funds. This power alone gives it an

incalculably valuable superiority in all cases of financial illness where careful nursing is needed.

The Trust Company can conduct its business more economically than the individual, and with more celerity. Its knowledge has been paid for already, and it does not have to consult an attorney at every step, as an individual usually does. The attorney's fees in such cases are often as large as those of the receivers or assignees who do the work, being regulated by the opportunity and not by the amount of service given. Where litigation is not necessary, the Trust Company can save a large proportion of legal expense. Its advances of money cause large savings in cash purchases and discounts. It can afford to charge less for its services than the individual. Its familiarity with forms and methods, and its general knowledge of business enables it to move rapidly, taking "short cuts," just as the trained mind and hand can move more quickly and with more effect in all the business of the world. An individual will often drag an assignment or receivership along for the profit in it, but it is the Trust Company's interest to close it as soon as possible and satisfy those chiefly concerned—the creditors.

This brings me to the last point of superiority that I shall claim, which is the business standing of the Trust Company, the respect in which it is held. Controlled, as a rule, by men of large reputation in the community, both for integrity and ability, it has a standard to live up to and a reputation to maintain. As a powerful financial institution, it commands a respect which facilitates the transaction of business. Debtors pay more attention to its demands than they would to those of an individual. They wish to maintain their credit. In closing a mercantile estate under assignment, my own Company collected nearly 90 per cent. of outstanding claims scattered through four States, a result which astonished an experienced merchant in the same line, who said the firm itself could not have got over 75 per cent. And this was done without suit in any instance. The Trust Company has a reputation to maintain, and it is its interest to do the business in hand as quickly and efficiently as possible, for the better its reputation for skillful management the more business will it get.

To sum up, the Trust Company is superior to the individual in the capacity of assignee and receiver, because

1. It is permanent and responsible.
2. It represents organized ability and experience.
3. It has financial strength.
4. It works more economically and quickly.
5. It has standing and commands respect.

These are great elements of superiority, and if properly used, will inevitably secure all of this character of business to the Trust Companies when selection is determined on business principles. Possibly there are companies which do not use them, and cannot claim their advantages, but it is their own fault if they do not. I cannot think there are many such. The very reason for the existence of Trust Companies precludes it. They are formed for the execution of the most sacred duties that can be imposed by man. The care of the property and welfare of the helpless and dependent, the widow and orphan, the feeble and ignorant ones, who are such easy prey for the unscrupulous, is part of their mission. To carry out the wishes of the dead, who put faith in the Company, and entrusted their dearest interests to it for years, in the belief that it always would be true and honest; to meet the expectations of the living, who entrust their property to it in full confidence that it always will be faithful and capable. This demands a conscientiousness and thoroughness which must always serve as a high ideal and inspiring stimulus to right-minded men. It is the highest form of business yet devised, and its name, indicative of its being, is the foundation principle of civilization, the corner stone of society. And the men who do a trust business must be worthy of it, and let nothing be lacking in principle or method.

The Trust Company as Trustee Under Private Agreement.

By ARTHUR HEURTLEY, Secretary Northern Trust Company, Chicago.

Of all the duties undertaken by a trust company, that of acting as Trustee under private agreement covers the widest field, and presents, more than any other class of business, perplexing and intricate problems, requiring most careful handling in order to bring them to a successful termination. In almost every other capacity in which a trust company is called upon to act, it is subject to and governed by orders issued by courts of competent jurisdiction; the limit of discretionary power is clearly defined; but when it acts as trustee under an agreement entered into by private arrangement, and not controlled by any decree of court, its powers are limited only by the terms of the agreement, and it is usually given the fullest liberty of action.

Almost the entire business of a trust company, apart from the trusts it holds subject to order of court, can be placed under the heading, "Trusts Under Private Agreement." As registrar and transfer agent, the Trust Company stands as a safeguard between the officers of corporations and their shareholders. As trustee under trust deeds it is called upon frequently to face many difficult questions relating to the management of large corporate interests, and occupies a place that nothing else can fill, in the reorganizations that have been so popular during the past few years. As trustee under agreements covering the proceeds of life insurance policies, the Trust Company has opened a field of business hitherto untouched, for many of the insurance companies do not write policies which allow stated payments to beneficiaries, and the Trust Company, by this form of agreement made with the policy holder, supplies the needed facilities for carrying out the wishes of the person desiring to create the trust.

As agent, it is called upon to manage and care for property of all kinds, real, personal and mixed, some of it being decidedly in the latter category, while as trustee under declarations of trust, it has in its charge matters that often require the utmost care and skill in their management, and unlimited patience on the part of its officers in dealing with the beneficiaries. Most of you have had experience with the client, generally a woman, who comes to your office, either when you are busily engaged in work at your desk, or have just made up your mind to go to lunch, and sits down with a firm resolve to spend an hour or so in your sanctum. She generally requires long explanations of all that has transpired since her last visit, and after you have wearily repeated the twice told tale, goes away, only to write you a letter the next day, asking again the same questions.

There are some who, by reason of inexperience in handling business matters, desire to be relieved of the burden and anxiety attendant upon the care of property; others who, by reason of ill-health, are prevented from giving their attention to their affairs, or who, by the onward march of time, feel their capacity to transact business waning and wish to be relieved of the burden and rest. To these, the Trust Company comes as a friend in need; by an agreement they can transfer the burden to the Trust Company with the certainty that it can always be relied upon; that it will carefully guard their interests, and so enable them to live free from care and anxiety.

In Eastern cities, where trust companies have existed for many years, the advantages they possess over the individual as trustee under private agreement are well understood by the business community, but here in the West they are of more recent origin, and we are obliged to make a continuous campaign of education. This is gradually producing results, as the very satisfactory growth of our Western trust companies shows.

Why is a trust company better fitted to act as a trustee under private agreement than an individual? There are so many reasons that I hardly know just where to begin. It offers *stability*. At the last meeting of the Trust Company Section, it was stated that there had never been a failure of a trust company. Its charter is usually either perpetual, or for a very long term of years, and though its officers will be changed in the course of time the policy of the company is carried on by their successors, who are trained to follow in their footsteps. This factor of stability affords to the person creating the trust a certainty that his wishes will be carried out by the company in whose hands he has placed his affairs, and that continuity of action and policy will be maintained during the life of the trust. Its office is also apt to be more permanent than that of an individual, and it can be found there at any time during business hours. It seldom resigns and never dies. It does not go away for a long vacation, and is not troubled with illness. It is prepared to transact its business every business day of the year. In short, it is entirely free from the ills to which flesh is heir, as becomes a body of corporate without a soul.

It also offers *security* that is far greater than can be given by an individual trustee. It is possessed of ample capital. Under the laws of the State it is obliged to file at different periods statements of its condition, and is subject to examination by officers from the State Auditor's office or Banking Department. Its officers and directors are generally men of wide experience in business affairs, men whose names are well known in the business world, and whose connection with the company insures the wise and faithful administration of the interests intrusted to its care. In many of the States trust companies are compelled to deposit with the State approved securities amounting in some instances to one-half of the capital stock of the company, as an additional security for the faithful performance of its duties as trustee. It also keeps the assets of the various trusteeships separate and apart, both from each other and its own assets.

It also insures *experience* in the handling of trusts widely differing in character. A well organized trust company is many sided. As above stated, its officers and directors being men whose business training has been along many lines, they are therefore fully competent to advise upon matters in connection with the trusts that require just this varied knowledge. Of the Trust Company, it may be truly said "Of many one" is made, for all work together as a harmonious whole.

Being organized for doing a particular line of business, the closest attention can be paid to all of the many details of the matters in its keeping. Its office force is carefully chosen, and its work systematized. It is able by its facilities for the rapid handling of business to accomplish the maximum of result with the minimum of labor, and with the least amount of expense to the beneficiaries of the various trusts. It is also in a position to secure the best class of investments, and to obtain accurate information regarding all classes of securities. Having often large amounts of money to invest, it is enabled to purchase securities at the best possible terms, thus effecting a direct saving to the trust for which the investments are made.

The nature of its business gives it a large experience in legal matters, and it is therefore well equipped from this standpoint to handle trusteeships under private agreement.

I have endeavored to state some of the advantages possessed by a trust company over the individual for acting as trustee under private agreement. May I venture for a moment to turn to the reverse side of

the picture. The individual trustee is subject to the many "changes and chances of this mortal life" that do not fall to the lot of the Trust Company. He may be absent from the city when his presence might be most necessary. He is apt to be taken ill, and to die, often throwing the affairs of the trust into dire confusion. He may become insolvent, and thus jeopardize the safety of the trust estate; indeed, the usual result in such a case is the entire disappearance of the trust fund, and if the bankrupt trustee has given a bond, it is too often the case that the bondsmen escape all liability under it through some legal technicality.

Individual trustees are prone to mix up the affairs of their trust with their own; the result, as a rule, being far from satisfactory.

If the individual trustee be a man of affairs, he will have his own business to look after, thus making it impossible for him to give the time to the trust that it should receive.

In regard to investments, the individual trustee is seldom in a position to render a trust as satisfactory service as a trust company. He is not in a position

to purchase at as reasonable prices. He is not as apt to keep in touch with the financial world, and investments with him are liable to be matter of individual judgment or made under the advice of some friend who has a "sure thing." The office force of the average individual trustee is not calculated to inspire confidence in the correct handling and management of a trust, as it is usually not well equipped for such work. Through inexperience or carelessness, an individual trustee often proves very expensive to a trust, and can be regarded as somewhat in the light of a luxury. To sum it up briefly, the individual does not and cannot offer as trustee under private agreement the stability, security and experience that is afforded by a trust company, and, as the years go by, these facts are becoming more and more plain to the people. The Trust Companies are here to stay. They occupy a place in the business and financial world that nothing else can fill; and the gratitude of those whose interests they are guarding so faithfully, the rapid increase in their business from year to year attests the value of the service they render, and the appreciation thereof by the community at large.

The Trust Company as Executor and Administrator.

By F. B. GIBSON, Secretary International Trust Company, Denver.

In the assignment of this subject to me, the Committee in charge of the Trust Company Section have perhaps intended no reflection upon one of the chief resources of this State, although they have evidently overlooked the fact that in this life-giving, health-preserving climate, the administration of estates would hardly be a leading branch of the business of the company which I represent.

ADVANTAGES.

It is becoming more and more apparent that the administration of estates is drifting into the hands of Trust Companies, and their fitness for such duties is becoming daily more evident. None among their varied offices is more sacred. None brings the Trust Company into more confidential relations with its clients; and I am persuaded that no service that a Trust Company renders has proved more satisfactory, or more manifestly for the benefit of the community in which it exists.

Men who have devoted their lives to securing a competence for their families are beginning to realize that it is quite as important to preserve the results of their labors to their wives and children as it is to acquire that competence in the first place.

Large estates are sometimes frittered away and wholly lost by reason of incompetent or unfaithful management on the part of administrators and executors. Too often administrators are appointed whose service proves to be, not as Lord Bacon's maxim expresses it, "for the relief of man's estate," but rather for relieving man of his estate. The court records afford many melancholy examples of this fact. How large a proportion of all the estates administered upon by individuals suffer either from mismanagement, dishonesty, incompetency or extravagance. I know not where else you will find such a lack of orderly, systematic, faithful attention to business principles in the management of property. These are facts well known to all of you, and I am sure that a vast improvement can and will be made by Trust Companies in this field.

We need not look far for the reason why Trust Companies are the best administrators. They have large capital and a constantly increasing surplus; their investments are conservative and secure; no sort of speculation enters into their business affairs; fidelity and conservatism are cardinal principles governing all their acts, and their officers are trained and experienced in the discharge of their duties. These elements united must commend the Trust Company for the work herein

discussed. The wide experience of intelligent officers in the handling of investments, their familiarity with all forms of probate law, with the law of descent and distribution, their financial connections and opportunities for advantageous disposition of the property coming into their hands, reduces the loss to estates through administration to the minimum, and renders it possible to produce more from the property of the decedent than can be done by any individual administrator, unless he be a man of commanding business capacity and unusual fidelity to his trust.

DUTIES AND RESPONSIBILITIES.

The duties and responsibilities of an executor or an administrator are many and important. Briefly they are, faithfully to secure the assets of the decedent, and to preserve them for the benefit of the heirs; to protect and pay creditors, and to distribute the property as the will directs, or as the law provides. The administrator or executor is thus, at the same time, the representative of the deceased and the agent of the living. What position could be more confidential in its character, what more sacred in its relations? Neither the family physician nor the minister of the gospel can stand in a more sacred relation of trust and confidence to the family than the Trust Company, having in its charge the property of the dead, designed for the support of those who are left behind.

The formal duties of administration under the laws of the various States are substantially the same. The qualification before the court, the advertisement for claims, the filing of inventory, the setting apart of the widow's allowance, passing upon the claims, the selling of property where required, the payment of debts, the final accounting, the distribution of the estate, and the discharge of the executor or administrator, are invariable steps through which the management of such trusts must pass. Many of these duties in ordinary estates are chiefly clerical. This does not mean that they are unimportant. On the contrary, efficiency and promptness in this routine work is both highly desirable in itself, and generally certain to prevent confusion and misunderstandings in the future.

The indifference of the average individual administrator to the mandatory provisions of the statutes in regard to reports, appraisements and such details, too frequently results in confusion and trouble. I count it not one of the least recommendations for the selection of a Trust Company in matters of administration that

the records of the court are sure to be full, exact and definite. No one can misunderstand what was done with the property of the decedent, nor be in darkness as to any of the details in the management of the estate.

One of the most important services that the Trust Company as executor or administrator may render is in the preservation of the property, where the debts are large and pressing. The estate may consist of equities or of mortgaged property which may require the outlay of large sums of money for its preservation, or to prevent the sacrifice of the assets by sale in a declining market. Money for this purpose may not be easily secured from parties unfamiliar with the condition of the estate and uncertain of the honesty and fidelity of the legal representative of the decedent. But where the estate is controlled by a Trust Company, it may not infrequently render the greatest service by temporary cash advances to avoid such sacrifice. I might cite to you an example of a successful Trust Company whose prosperity is largely due to the reputation which it gained by the skillful management of its first estate, which at the time was practically insolvent, but which was so protected by wise management as to leave a very large sum for the heirs. I could refer to a similar instance in the experience of our own Company, of a valuable and extensive agency business, which through immediate cash settlements advanced by the executor was preserved, and ultimately this business—the fruits of a lifetime of labor—was disposed of, and a handsome profit realized for the benefit of the estate. These are only examples of a situation which has doubtless confronted all of you in your experiences, and I count it one of the great advantages offered by a Trust Company that it is frequently able to furnish such financial assistance in time of need.

HOW THIS BUSINESS MAY BE DEVELOPED.

How shall we demonstrate to the public the superiority of the Trust Company over the individual for these important duties? While I believe that judicious advertising has its place, yet the best advertisement is the successful management of every trust. One estate successfully and economically administered to the satisfaction of those connected with it is sure to be a strong inducement for others to commit their trusts into the same hands.

In many estates, where probate fees are discretion-

ary, we must realize that the beneficiaries often cannot comprehend the great amount of detail necessary to the successful management of the estate, nor can they estimate fully the benefits to be derived from efficient administration. In such cases we shall oftentimes have to be satisfied with a compensation inadequate to the service rendered. It is needless to say that the Trust Company must be thoroughly equipped, not only for its clerical duties, but for ordinary legal requirements as well. It must have an efficient officer skilled in the preparation of simple legal documents, for which either a nominal charge must be made, or the service rendered without any charge whatever. In fact, it must be thoroughly equipped to discharge all the duties imposed upon it with promptness, economy and fidelity, that the estate may be speedily and successfully administered upon, instead of lingering in the courts while the assets are absorbed in fees, expenses and commissions.

THE IMPORTANCE OF SELECTING ONE'S EXECUTOR.

In many States the right of administration is conferred upon the widow or relatives by statute. If they fail to exercise the privilege, it may be claimed by a creditor. Usually there is some one among relatives, friends or creditors, ready to assume the duties for the compensation allowed—some one, however limited his qualifications and however free from a realization of the responsibilities imposed upon him—who is willing to undertake the trust.

This is a risk every man takes who dies without making a will. The prudent man, however, will insure the disposition of his property by naming his own executor. He will not trust his estate, and the support of his family, to the inexperience of his wife, to the incompetency of a friend or relative, or to the creditor whose only interest is to collect his claim. But, anticipating these perils, he provides against them by having his will most carefully drawn by experienced counsel, and intrusts his estate to a Trust Company managed by those whose integrity he knows, and on whose business ability he can rely, to make the most out of the property he leaves. In so far as he can provide for all the contingencies of the future, he has done so. Nothing is left to uncertainty, speculation or chance. He is thus relieved of great apprehensions and misgivings by the knowledge that after his decease his property and estate will be safely, intelligently and economically managed by an efficient and responsible Trust Company.

Detailed Report of Proceedings.

SECOND ANNUAL MEETING TRUST COMPANY SECTION, HELD AT DENVER, AUGUST 24.

The Trust Company Section of the American Bankers' Association met at the Denver Club, Denver, Colorado, Wednesday, August 24th, 1898, in its second annual session.

In the absence of Chairman Francis S. Bangs, of New York, who was kept at home by illness, the meeting was called to order by Breckinridge Jones, of St. Louis, the Chairman of the Executive Committee.

E. T. Jeffery, of the International Trust Company of Denver, delivered an address of welcome.

Address of Welcome by Edward T. Jeffery,

A Director of the International Trust Company, Denver, and President Denver & Rio Grande Railroad Company.

Mr. Chairman and Gentlemen:

The unmerited honor has been accorded me by confiding friends of extending to you on their behalf a welcome to our city and our State. You have doubtless observed that the most pleasurable undertakings are often the most difficult to perform, especially when they are prompted by generous impulses and must find expression in words instead of deeds. It is my province to endeavor to convey to you the profound pleasure, the hearty friendship, the high esteem that move us to take your hands in ours and welcome you to the Capitol City of the Centennial State. Here our hearts and doors are thrown wide open to you. Here a generous hospitality has been awaiting you, less glittering perhaps than older communities might have offered, but so broad and true and kindly that you will feel joint ownership with us in all we possess while you honor us with your companionship. Many of you have journeyed long distances, have traversed in coming here the greatest continuous stretches of fertile and cultivated lands in the civilized world, and have seen the vast, the thickly settled and the resourceful valley between the Alleghany and the Rocky Mountains. You have thus had before you and have studied the greatest object lesson a free and enlightened people can present to a world wide humanity at the close of an illustrious century; a succession of noble cities, prosperous towns, thriving villages and cultivated fields from the Atlantic Coast to the foothills of the giant ranges whose shadows fringe our city when the setting sun, as if reluctant to leave so fair a scene, bathes their lofty summits in liquid light while he sinks to his nightly rest in the bosom of the western ocean. I have never passed through the magnificent domain to the east of us without being intensely impressed with the innate strength, the resources, the capacity, the intelligence, the progressiveness and the glorious future of this Republic of ours. A study of the two thousand miles that lie to the east of the continental divide must perforce make an enthusiastic patriot out of any ordinary citizen, even though an unkind fate has veiled his eyes to the other half of the Republic, that indispensable half that lies west of the lofty summits dividing the waters of the Atlantic from those of the Pacific.

But I am here to welcome you, to say words of goodwill and hospitality and friendship, and you must pardon me for this brief digression about our loved country now happily passing from the throes and agonies of war to "fruitful strifes and rivalries of peace." We welcome you to our Mountain State! You stand within and scarcely one hundred miles from two of the boundary lines of the great Province of Louisiana ceded to the United States by France in 1803. You are in a State but twenty-two years old, a State young and vigorous, gifted by kind nature with resources so varied, so rich and so accessible as to be of incalculable value in rounding out the future of the nation and contributing to her wealth and power. You are in a State that al-

ready leads her sisters in production of gold and silver, and has but just commenced, as it were, to unearth these precious treasures. In this Iron Age the State that welcomes you lays at your feet mountains of iron, and bids you inspect her furnaces and factories where the crude ores are converted into finished products equal in quality to those made in any other State. In this Age of Steam she points out to you her inexhaustible measures of coal, of all grades and classes, from anthracite equal to Pennsylvania, coking coal equal to West Virginia, and steam coal equal to Cumberland, down to the lowest grades of lignite that are of use to man. In this Electrical Age she directs you, with excusable celerity, to her needed copper ores, and in this age of general utility she begs to conduct you to her field of natural oil, her deposits of lead and zinc bearing ores and to her beds of onyx, marble, granite, sandstone and limestone, all generous in quantity and unrivaled in quality. The State that welcomes you will unfold her wonderful panorama of stately hills and rugged, time-worn rocks; of mighty mountain ranges, awe-inspiring and grand, and of peaceful valleys, verdant and fruitful and quiet save for the music of their crystal streams; of dark cañons and gorges and rifts in gigantic rocks which rise straight and strong and awful in their sublimity from the foaming torrents that have worn their way through time immemorial into the narrow, tortuous channels that limit them and speed them in their courses to the sea.

Colorado will present to you melons and peaches that will melt in your mouths, apples that would again tempt old Mother Eve, even more strongly than the one she impulsively reached for six thousand years ago, and potatoes that would resurrect old Saint Patrick, if he caught their inviting odor as they come from the ovens controlled, like all else within the State, by our lovely and lovable, our independent and capable, our tender and sympathetic, our true and noble women. Colorado has had her vicissitudes; her people have passed through trying times. The panic of 1893 plunged us to great depths, and encircled us with formidable barriers. Out of and above and beyond these we have struggled until our business horizon has broadened more than ever. We have learned lasting lessons in economy, and thrift, and good citizenship, and we are confident to-day of a future that will recompense us for all our troubles and our toils.

We do not welcome you because our State has unparalleled natural resources, although we like to speak of them; nor because of her sublime physical characteristics; nor because of her pleasant valleys and her fruitful fields. We welcome you because you are our brethren from various parts of this broad land, intent with us in building and strengthening, by lawful means and in honest ways, our financial, commercial, industrial, mining and agricultural interests. The accumulated wealth of our country is mainly the accumulated labor of her people. We welcome you because we want you to see us as we are, patriotic, industrious, thoughtful, honorable and self-respecting. We welcome you because we want you to see our cities, towns and villages, our thoroughfares and public buildings, our business edifices and family homes, our churches, colleges and schools. To these we point with pardonable pride, knowing full well that they are evidence of our achievements, and that they will indicate to you our hopes and aspirations. And to Denver, our Capitol City, we bid you thrice welcome. Our hearts go out to you in friendship and hospitality. We pray that you will have interesting and instructive interchange of opinions on the important subjects that are to come before your convention, and that your leisure hours will be gladdened by our azure skies and our genial and exhilarating moun-

tain air. Our success in contributing to your enjoyment will be the measure of our happiness.

Papers and Addresses.

Papers were read on the following subjects:

"The Duties and Liabilities of Trust Companies Acting as Transfer Agents and Registrars," by Felix Rackemann, of Counsel for Old Colony Trust Company, Boston.

"Trust Companies as Trustees Under a Will," by W. E. Fisse, Counsel of Lincoln Trust Company, St. Louis.

"The Trust Company as Guardian of Minors and Incompetent Persons," by Anton G. Hodenpyl, Secretary Michigan Trust Company, Grand Rapids.

"The Superiority of Trust Companies to Individuals as Assignee and Receiver," by John H. Holliday, President Union Trust Company, of Indianapolis.

"The Trust Company as Trustee Under Private Agreement," by Arthur Heurtley, Secretary Northern Trust Company, Chicago.

"The Trust Company as Executor and Adminis-

trator," by F. B. Gibson, Secretary International Trust Company, Denver.

[All these papers will be found reported in full on the pages immediately preceding.]

ELECTION OF OFFICERS.

The following officers were elected for the ensuing year:

Chairman, Breckinridge Jones, Mississippi Valley Trust Company, St. Louis, Mo.; Vice-Chairman, Otto Bannard, Continental Trust Company, New York; Chairman Executive Committee, Anton G. Hodenpyl, Michigan Trust Company, Grand Rapids; Secretary, Arthur Heurtley, Northern Trust Company, Chicago; members Executive Committee, to serve for three years, Otto Bannard, Continental Trust Company, New York; Frank R. Gibson, International Trust Company, Denver; Arthur Heurtley, Northern Trust Company, Chicago; to serve one year, in place of Breckinridge Jones, resigned, John H. Holliday, Union Trust Company, Indianapolis. Adjourned.

PENN MUTUAL LIFE INSURANCE COMPANY

OF PHILADELPHIA, PA.

Gross Assets	-	-	-	-	-	\$32,218,031 25.
Surplus	-	-	-	-	-	3,944,876 60.

The PENN is purely MUTUAL. Insurance is furnished at exact cost. Its factors—mortality, interest and expense—have all been highly favorable in this company. All policies are absolutely NON-FORFEITABLE for reserve value, the latter being applied to "EXTENSION" or to "PAID-UP" as may be desired. Its policies are free from technicalities and become INCONTESTABLE for any cause after Two years. Cash and loan values after three years.

HARRY F. WEST, President.

GEO. K. JOHNSON, Vice-President.
N. W. HAMER, Manager Loan Dept.

HENRY C. BROWN, Sec'y and Treasurer.
H. C. LIPPINCOTT, Manager of Agencies.

JESSE J. BARKER, Actuary.
H. H. HALLOWELL, Ass't Sec'y and Treas.