

BANKERS' AND TRUST

SUPPLEMENT

TO THE

COMMERCIAL & FINANCIAL CHRONICLE.

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WILLIAM B. DANA COMPANY, PUBLISHERS,
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BUSINESS PROSPECTS.

By O. D. ASHLEY, President Wabash Railroad.

In this age of Steam and Electricity, when changes in the commercial situation, as well as in the political affairs of the world, exercise their influence with startling rapidity, no human forecast is of much value, but it is, nevertheless, useful to study the general indications and to guard as much as possible against contingencies. This is all we can do in the way of foresight. The merchant who takes an account of stock at the close of a year and ascertains from his balance sheet the results of his business, will, if intelligent and careful, study the markets and the prospects of trade, and thus enlarge or diminish his operations according to his judgment of the situation and the trend of commerce. It is in this point of view that an exchange of ideas, based upon prevailing conditions, is useful even if conclusions differ. Whoever ventures positive predictions assumes superhuman knowledge, but it is quite within our power to discuss the probabilities and to form opinions, whether favorable or unfavorable, founded upon accomplished facts and their natural influence upon future transactions.

A brief review of the events and results of the United States fiscal year ending June 30th last, is first in order, as from the data thus furnished, much in the conclusions of business men as to trade and the money market will be based.

The Treasury statistics for the year ending June 30th, 1897, showed an excess of merchandise exports over imports, in round numbers of \$287,000,000, and, the year ending June 30th, 1898, an excess of \$615,000,000. To these remarkable figures, which excited so much favorable comment last year, we have now to add the extraordinary statement of an excess in 1899 of \$530,000,000, footing up a grand total for the three years of \$1,432,000,000. The very natural conclusion formed at this period last year was that such a phenomenal trade balance could not be expected to continue, as, under the more prosperous conditions of the country, we should be liable to a large increase in our imports, while more abundant harvests in Europe would be likely to diminish exports, and especially those of grain and other food products. As a matter of fact the imports have increased about \$81,000,000, but exports have increased in volume, although the amount realized has been diminished by the sum of \$4,000,000. This is more than accounted for by the difference in price of wheat alone, which brought an average of about 23 cents per bushel less than in 1898. In short, these statistics prove that, at the same price for wheat as that realized in 1898, the figures would have recorded an even larger excess of merchandise exports over imports than in 1898.

It is worthy of notice at this point, as an indication of further remarkable development in foreign trade, that July, the first month of the new fiscal year, shows an excess of merchandise exports over imports of \$34,983,000. This is a gain of about 62½ per cent. over the excess of the last fiscal year. To count upon the continuance of such an extraordinary gain would be an oversanguine expectation; but the fact proves that the trade currents are still flowing in our favor.

However fallacious some of the calculations may be, when founded upon an apparent trade balance, it would be difficult to draw other than optimistic conclusions from such palpable evidences of pros-

perity. The dawning of better times became plainly visible in the Autumn of 1897, and the fruition of hopes then entertained has only been delayed by the war with Spain, which, during its brief continuance, suggested a possible interruption of the favorable conditions upon which those anticipations had been founded. In short, the country has enjoyed an era of prosperity, during the two years ending June 30th last, quite equal to, if not in excess of, the most sanguine expectations of hopeful men. The most interesting and the most important question, therefore, which presents itself, is that of permanence or continuance of these prosperous conditions. Prosperity is with us. How long can we count upon its stay? Or, in other words, what are the contingencies against which we should guard?

War, pestilence, and famine, or calamities which no human foresight can anticipate, cannot be taken into consideration. These unwelcome visitations are beyond human calculation, but we may study the indications furnished by the conditions of trade and the money markets, and in an examination of precedents, draw, perhaps, some wisdom from the lessons of experience. A superficial view of events in the world of commerce and finance during the last twelve months shows a vast expansion of trade and industry and a material advance in the prices of raw materials, as well as of manufactures, while, at the same time, the products of agriculture have found well sustained markets.

Mining industry, also, has been stimulated by an extraordinary demand and large profits. Thus, for copper, zinc, lead, iron and coal, the wants of consumers have appeared to be largely in excess of the productive capacity of mining industry, and the whole country teems with bustle and activity in all departments of trade and industry. Thus far there is no indication of over supply, but, on the contrary, the demand continues unabated and the development of industrial enterprise is still in progress. It is worthy of notice, too, that this extraordinary movement is not confined to this country, but seems to have extended throughout the civilized globe. It seems not unlike an awakening of trade and industry from a long sleep, and the sudden application of this dormant power is displayed in the record of results, available to all who seek for information on this subject.

But perhaps the most conspicuous feature in the business evolution of the period is to be found in the rapid increase of so-called Trust Combinations, but more correctly designated as industrial companies. Such combinations have been more or less popular for some years, but the movement in this direction has lately been of such magnitude as to attract especial notice. The number and variety of the industries and the extent of the capitalization have bewildered the community, and something like the multiplication of schemes during the South Sea Bubble times seemed to be in contemplation. This peculiar development has naturally excited the fears of prudent men and the unfavorable comment of cautious bankers, as well as the denunciation of politicians.

An extended list of such organizations, during

the six months ending June 30th, published in the *FINANCIAL CHRONICLE* in July last, was of startling significance. Here were companies, said to be in process of formation, embracing an aggregate capital of \$3,140,850,000, of which \$119,800,000 was in bonded debt, \$1,040,975,000 in preferred stock, and \$1,981,075,000 in common stock.

An exhibit of this character brought the subject to public attention in concrete form, and awakened well founded apprehension. To the timely warning which this statement conveyed, and to the distrust which had been gaining ground in Wall Street, we may ascribe the wholesome check given to this description of enterprise, as well as to the wild speculation which had been spreading at stock exchange centers throughout the country. This phase of financial undertaking has undoubtedly been the most dangerous feature developed in our expanding trade and manufacturing industries, and, if its recognition leads to more conservative and prudent methods, the situation will be much improved and the country will be saved from the disastrous results of a prodigious inflation.

It is not, however, to the organization of industrial companies, *per se*, that opposition is well founded. The objections offered to the consolidation of trading, manufacturing, or mining industries upon the score of extinguishing competition, or of diminishing the number of employees, are not tenable against the arguments in favor of greater economy and the concentration of skill and energy, not to mention the advantages of an increase in working capital. There is nothing in the organization of the body politic or in the character of our republican institutions to prevent the association of men or of industrial or trading companies, if such associations are considered by the interested parties more conducive to their success, provided such organizations are not clearly opposed to the public good. If such combinations, however, are formed for the purpose of extorting higher prices from the consumers, complaint, and perhaps restriction, might be justified. But no such result has yet followed these organizations. On the contrary, two conspicuous examples, furnished in the Standard Oil and Sugar Refining Companies, prove that consumers have had the benefit of lower prices than would have been possible had the industries remained under individual management. On this score, therefore, opposition is unreasonable. It is idle to suppose that any combinations of this character can monopolize industries. Competition is by no means extinguished by the union of producers and the regulation of supply. Whenever any of these concerns attempt the extortion of unreasonable profits, a powerful rivalry would be stimulated with an abundance of capital to support it. A movement, therefore, on the part of industrial companies in that direction would be extremely stupid.

A more forcible objection to these combinations can be found in the extravagant over-capitalization adopted by the promoters. In most of the schemes offered to the public for subscription the bonded debt and preferred stock are fully equal to, and often

in excess of, the real value of the property represented, while the common stock is simply a bonus which is divided between the promoters and the original proprietors. This is the weak point in all such projects, and all the more dangerous on account of the success of the Sugar and Tobacco combinations, which have given large returns to the holders of common stock. These two concerns deal in articles of universal consumption, and have not only been shrewdly managed, but, the Sugar Company especially, have been favored by circumstances. Now to conclude that similar results are likely to follow in the numerous projects announced would be extremely foolish. It is, of course, possible that some of these concerns may earn dividends on their common stock, but a year or two of exceptional activity and abnormal demand cannot be safely taken as proof of permanent prosperity. Exaggerated valuation, therefore, as illustrated in over-capitalization, furnishes the strongest argument against industrial stocks. Legislation can doubtless reach this abuse of excessive capitalization, but, at all events, a clear understanding of the facts would enable investors to form a correct judgment for themselves.

The growth of these industrial companies has been largely stimulated by the surfeit of money and the scarcity of good dividend investments. It has been impossible for some time to buy strictly first-class, or even fairly acceptable, bonds or stock which would yield an income of over $3\frac{1}{2}$ or 4 per cent. on the market prices, and to many 5 or 6 per cent. is a necessity. Hence the temptation to buy industrials which promise an income of 6, 7, or 8 per cent. on preferred stock, and even larger on common stock, is very great. Rather than to be limited to an income of 3 or 4 per cent., people are naturally inclined to take the chances of a better profit in business affairs. Industrial stocks offer the opportunity of indulging this fancy, without subjecting the investor to the danger of copartnership liability. Under the peculiar circumstances which render the profitable employment of capital difficult it would be hard to devise a better method for the investment of capital in business enterprise, where the investors are unable to take personal charge of details, than is provided in these industrial organizations; but it is manifestly unsafe and dangerous to introduce these schemes at greatly inflated valuations. Honestly and fairly capitalized, substantial advantages might be gained, not only by investors, but by the original proprietors. The floating of many of these concerns, however, at enormously inflated valuations and the issue of stocks upon such fictitious bases, cannot be too strongly condemned. The check already given to these gigantic speculations may be effective, but, if not, they will become, by far, the strongest menace in the future of our business affairs.

The crop conditions of the country, in regard to which a trustworthy opinion can now be formed, must be considered, upon the whole, very satisfactory. The indications point to another large cotton crop, and our cereal products promise, with the exception of winter wheat, an abundant supply. Corn, according to late estimates, will probably give the largest yield of any crop yet harvested.

Higher rates for money at financial centres in Europe and the more active demand, and a corresponding movement in Wall Street, have led to much discussion and some foreboding as to the near future of the market, but it is not probable that any serious apprehension of real stringency has been entertained by intelligent bankers. There is not, at the present time, nor has there been during the summer, any indication of what can be called a tight money market. An advance in rates of interest from the low figures quoted in Wall Street on call loans during the first six months of the calendar year is but the natural result of the greater activity in trade and in all departments of industry. If the consequence of this increase in the volume of business is a moderate advance in the current rates of interest, it is a sign of greater prosperity, instead of a symptom of adverse conditions. A glut in the supply of capital at $1\frac{1}{2}$ or 2 per cent. on call loans, is an evidence of business stagnation, while its more active employment at 4, 5, or 6 per cent. is equally proof of a healthy expansion of trade and industry. The inferences to be drawn from the recent pulsations in the money market are not in the direction of real stringency, but may point to a higher range in the rates of interest. In other words, while the supply may be equally abundant, a higher price must, perhaps, be paid for its use. Spasmodic movements may occasionally visit money centres, but no indications of a curtailment in the supply of capital have been developed. This country has undoubtedly a large credit balance in Europe, and while it can be employed at more profitable rates than in the home market, it will remain there; but, on the other hand, if needed here at better rates of interest, it will flow across the Atlantic promptly and in ample volume, according to demand. The financial relations between the United States and European money centres are so intimate that an adjusting and equalizing process frequently takes place, in obedience to economic law, which attracts capital to the most favorable markets.

This country has, beyond question, employed large amounts of money in London and Berlin for the simple reason that the average rates of interest have been higher there than here. This peculiar condition—peculiar because never much of a factor in the money market until during the last two or three years—has led to much floundering as to the financial future, suggested by the erratic course of foreign exchange. It is tolerably safe to conclude that, when any serious revulsion threatens the money market, it will not come from a diminished supply of capital, but from a shock to public confidence, which, with over-speculation and its inevitable collapse, will thrill and startle the business world. No evidence of such an event is yet visible above the financial horizon.

The transportation interest, as reflected by railway traffic, shares in the general prosperity, so far as the gross earnings of the lines prove such participation. The returns of the year thus far show handsome gains over 1898, although comparing with a period of improvement over the previous year. A continuance of the present conditions promises for the fiscal

year ending June 30, 1900, the largest aggregate in gross earnings in the railway history of the country, but, in consequence of the low rates, it would be over-sanguine to expect a corresponding gain in the net proceeds. Very large outlays for rolling-stock and betterments also tend to a reduction of present profits, if such expenditures are charged to operating expenses. Railway property is, nevertheless, entitled to more favorable consideration, in view of the growing volume of traffic and the diminishing severity of competition.

A remote cause of uneasiness may be suggested in the probable agitation of the silver question during the ensuing year, when the political parties organize for the Presidential campaign, but the silver issue has lost its vitality and is not a serious threat to the financial affairs of the country. The fallacy of "free silver" has been clearly demonstrated. Its revival will be a huge political blunder. But even were it possible to carry the "16 to 1" proposition by the popular vote, the enforcement of such an absurdity would be found to be utterly impracticable. An administration elected with such a plank in its platform would be forced to abandon it. No legislation can compel confidence any more than it can control taste and appetite; and nothing short of an insupportable tyranny can force the people to accept a false valuation of metallic money. Whatever may be the result of the next Presidential election, gold will remain the only real standard of value in spite of all the absurd theories of the free silver school. To adopt any other conclusion would be to assert that controlling numbers of the people are steeped in ignorance.

Labor troubles are also possible as the natural result of an increased prosperity, of which workingmen will demand a share, but judicious treatment of questions of this character should eliminate them from the list of contingencies. Reasonable consideration of matters in dispute between employers and employed will save hard feelings and severe losses to both.

Summing up the evidence furnished by the past, and weighing the probabilities of the future, it is difficult to form other than favorable anticipations of business prospects. Excessive enterprise, over-speculation and inflation in values are the principal dangers to be feared and to be avoided, if possible.

THE CONVENTION AND ITS WORK.

The American Bankers' Association is evidently not losing any of its usefulness, but developing augmented strength, industry and authority with each added twelve months of existence. There was a time, only a few years ago, when it seemed as if this great guild, which had had such a long, such a distinguished and such an eminent history, was living more on past traditions than in an effort to maintain and continue the old record of progress. Some apprehensions consequently were felt concerning the future of the Association. Now no one any longer entertains any doubts. The last four years have been the most prosperous in its career.

The reasons for the temporary period of inactiv-

ity referred to were perfectly plain. The early leaders of the Association who had been so active in directing its affairs, and who by their papers and addresses, in which was displayed an insight into banking and financial questions uncommon in those days, had given the body a high place in public estimation—men like the late George S. Coe—were passing away. New leaders were slow in coming to the front. At the same time the Association appeared to be losing coherency because of a failure to undertake sufficient practical work relating to the every-day affairs of the banks and in which all the members necessarily had a common interest. Furthermore, as the Secretary, Mr. James R. Branch, points out in his report, sharp differences of opinion had developed as regards the relations between the various State Bankers' Associations and the American Bankers' Association, many holding that to obtain satisfactory results delegates from the State Associations must be admitted to membership in the national association.

But all this has now been changed. The last few years have been a period of continued progress. The new stimulus came in 1894. It was at the annual Convention of that year that the celebrated scheme for the reform of our currency, known as the Baltimore plan, was promulgated by the assembled bankers. This, coming at a critical juncture in the country's history, attracted great attention, as will be remembered. It had the effect of confirming the Association in the prominent position it had previously held. No matter whether one entirely agreed with the scheme proposed, the bankers were devoting themselves to consideration of one of the most pressing problems of the day, that was the important fact. It was in 1894, too, that the Protective Committee began its work in its present form. This Committee undertakes to protect the banks from the operation of swindlers and other criminals. Great success has attended the work of that committee. Here, then, there was development in two directions—along the line of theory and public policy, and along the line of dealing with practical questions relating to the ordinary business of the banks. Furthermore, in 1895, the question of the relations with the State Bankers' Associations was also settled, a rule being adopted permitting the State Associations to send one delegate for each fifty of their members to the American Bankers' Convention. The effect of all this is seen in the expanding membership of the Association. Last year the Secretary, Mr. James R. Branch, reported that from 1,711 in 1894-5 the number of delegates had increased to 3,350 in 1897-8; this year he reported a further increase to 3,915, and in the Convention Mr. Alvah Trowbridge, the chairman of the Executive Council, stated that if the Secretary had stayed at home a day longer he would have had 3,930 members to report. Mr. Branch computes the capital, surplus and undivided profits of the 3,915 banks (not counting the 372 private bankers included in the number, who make no public reports) at \$1,230,000,000, and their combined deposits at \$4,501,000,000.

The proceedings at the present year's Convention show that the Association's usefulness continues to

be developed along broad lines. Among the most important things accomplished at this Convention, we should enumerate (1) the unanimous adoption of the resolution offered by Mr. E. O. Leech, urging Congress at its next session to enact a law unequivocally establishing the gold standard and making all the obligations of the Government and all paper money, including circulating notes of national banks, redeemable in gold, and providing furthermore that United States legal tenders, when paid into the Treasury, shall not be reissued except upon the deposit of an equivalent amount of gold coin. This was appropriate as well as timely action. Another important step was (2) the indorsement by the Convention of Mr. James G. Cannon's proposition of a uniform property statement blank and also approving his system of Credit Departments for banks. There can be no doubt that this last will prove of great service to the banks. Mr. Cannon has devoted many years of his time to the development and perfection of his system of Credit Departments, working it out to the smallest details, and the banks owe him a debt of gratitude for his disinterestedness in placing the results of his labors so completely and unreservedly at their disposal. The Convention (3) also voted in favor of the adoption of the form of fidelity bond for employees copyrighted by the Committee on Fidelity Insurance. It is only proper to say here that this Committee on Fidelity Insurance (Mr. Arthur C. Anderson, chairman) has rendered very efficient and valuable services. Its report is published on another page, and contains a great deal of information which it must have taken much pains to collect.

There was one departure in the proceedings of the Convention this year which should not pass unnoticed. What some of the members are pleased to term the "literary" feature of the proceedings, was decidedly less prominent than heretofore. By "literary" feature is meant, of course, the prepared addresses—the portion of the Convention's work which comes most to public notice. Those opposed to these addresses seem to have had their way largely. Last year there were eight of these papers, nearly all thoughtful, scholarly efforts. The present year the official programme provided for only four altogether. We regard the elimination of these addresses as a distinct loss. Admitting that pleasure and the social features must necessarily always have a prominent place at such gatherings, and that humorous short speeches are certain to hold the attention of the auditors where longer ones frequently fail, it must yet be remembered that it is the prepared addresses that appeal to the public at large.

The American Bankers' Association has a constituency wider and broader than its own membership—namely, the thinking public throughout the world—financiers, bankers, economists, public men and students everywhere. The Association owes it to itself to present to this constituency each year the best thought of the best minds. We went into a discussion of the matter a year ago, and will not dwell upon it further now. It is pertinent to ask, however, whether the call of States could not be dispensed

with, so as to make room for the usual quota of papers. Though the Convention is in session three days, there is nearly always difficulty in completing the work laid out. The present year all the prepared addresses were crowded into the third day, though one at least had been assigned to the previous day. The omission of the call of States would mean a very important saving of time. The persons who speak at this call are of two classes. By far the most numerous class consists of those who have nothing to say, who boldly admit the fact, but who feel called upon to make a few remarks, so that it may not appear that their States are unrepresented. The other class consists of those who have prepared themselves for the occasion. In a few cases this leads to something worthy, but the general tendency is towards undue length. The representative from Kansas, as will be seen from our report of the second day's proceedings on a subsequent page, prepared a contribution embracing over 2,400 words. This was supposed to be crowded into the space of five minutes, the time allowed under the rules. We need hardly say the matter prepared is often too lengthy to be delivered. It seems to us if this call of States could be omitted no one would suffer, and time be afforded for more useful things.

THE PAPERS READ AT THE CONVENTION.

As stated in the preceding article, the papers and addresses occupied a much less prominent part than heretofore in the proceedings of the Convention. Only four papers were provided for altogether. Three of these were of decided merit. In the other case, that of Mr. William R. Trigg, who had assigned to him the subject of "How Can the United States Become the Clearing House of the World?" the speaker evidently did not have notice enough to do either himself or the topic justice, he having received his invitation, according to his own statement, while he was "summering" with his family. This suggests that it would be well always to allow ample time in the preparation of these important contributions. They require and should receive much care and thought on the part of the authors, and it seems to us that six months would hardly be too long for the purpose.

In speaking on the subject of "Uniform Statement Blanks and Credit Department Methods," Mr. James G. Cannon, the Vice-President of the Fourth National Bank, spoke on a subject which he is peculiarly competent to discuss. No one else could have spoken on this subject with the same force or authority, for no one else has made such a complete and thorough study of it. For years it has occupied a large share of his attention, and he has devoted himself to it with a painstaking care which is rare even in bank officials. The credit methods which he urges upon the banks in general have been in force in the Fourth National Bank, as the result of his effort, for some time, and they have proved eminently practicable and eminently successful. In seeking to procure the adoption of the same safeguards by other banks he is simply endeavoring to

secure a wider application of these methods. Innovations, no matter how needful or useful, almost invariably require a good deal of proselyting, but Mr. Cannon has presented the system in such a clear and intelligent manner that it is difficult to see how any one can fail readily to comprehend it. He went to the trouble of setting up at great expense three model Credit Departments at the Convention, showing even the proper office furniture with which to equip them.

His paper is devoted to outlining the features of the system and the need for it. There can be no question that the system if generally adopted will prove advantageous and minimize losses. Mr. Cannon well says that the accumulation of wealth in this country and the rapidly lowering rates for money make it incumbent upon all the banks to scrutinize with the greatest care their loans and discounts, for they cannot afford to take the chances of loss as in the past, because of the diminishing returns for the use of their funds. He refers to some recent instances of bankruptcy involving great losses to the banks, and shows that if the banks had had properly equipped credit departments these losses could in all probability have been averted.

As to the other papers, Col. Myron T. Herrick, President of the Society for Savings, Cleveland, discoursed interestingly on "The Effect of Banks on the People's Progress." Mr. Herrick possesses not only a clear conception of the true functions of a bank, but also a perfect understanding of the relations between banking institutions and human progress and industrial activity. He pointed out that by tracing the deposits of the bank to their source, one may discover the hidden origin of its power. Its fountain head is the strongest of human instincts, that of self-preservation. Every home, every home tie, and every individual interest is involved; therefore, unlike a government or other partisan organization, the bank has for its foundation a constituency without class distinction, for it is built and supported by all the people. Mr. Herrick well says that the best results have obtained where banks have been conducted essentially as individual enterprises, though he accepts governmental supervision as a proper function of government.

As has been the case with all useful institutions, it sometimes happens that demagogues wishing to gain the favor of the unthinking people seek to play upon their prejudices and dissatisfaction by pointing to the vast aggregation of money in banks as dishonestly accumulated, disguising the fact that it is the result of the thrift and industry of the people. Mr. Herrick related an incident which occurred during the last Presidential campaign, fought out on the silver issue, when he said that in 1896 the spectacle was presented of these glib-tongued demagogues holding forth on the street corners of the principal cities of the United States, offering their spurious wares. "In our Public Square at Cleveland, I remember there stood a pretending Moses with his finger pointed to one of our institutions which for fifty years has been a faithful custodian of the people's money (essentially a people's bank, since it is based

upon a plan of mutual co-operation and belongs to all of the depositors), and in stentorian tones exclaimed, 'There is the source of all your troubles and misfortunes.'" But though some were deluded in that year, the majority of the people were not deceived by the false reasoning of these irresponsible agitators.

Referring to the five millions of depositors holding two thousand millions of deposits in the savings banks, Mr. Herrick says it is this army which buys the bonds, which builds our school houses, bridges and asylums; our court houses, jails and water works; which paves our streets, builds our roads and railways, and finances all our industrial enterprises, and which has practically converted the country from a debtor to a creditor nation. "These are the real plutocrats of America whom the doors of bank vaults hide from the lurid vision of the agitator, and these are the doors which he would batter down. The existence of class in America is in fancy only. Every American has an equal opportunity, and may rise or sink as he may see fit to use the opportunities at hand. He may be of the class that earns or wastes. Our family ties run clear to the bottom, measured by worldly prosperity. Between the mechanic and the millionaire there is no distinctive title save that which nature and good fortune have conferred."

Mr. William C. Cornwell, of the City National Bank of Buffalo, gave his views as to What Can Be Done to Perfect Our Currency. In the same way we have done so many times in the past and in the same language, he reviews at length the weakness and defects of the existing system, and shows how utterly it fails to respond to or accord with trade requirements. He enumerates three main things that need to be done to perfect the currency. (1) To establish the gold standard by law; (2) to cancel or impound the greenbacks; (3) to retire bond-secured bank notes and substitute properly safe-guarded bank notes against assets. He repeats the arguments we have so often ourselves used when he says that trade, if left to itself, always provides its own machinery, and the best possible machinery, for conducting its operations. The laws of trade are much safer than human laws, because each individual engaged in trade is on the alert to see that his own interests are protected, and he is working at it on an average of ten hours a day. Trade has established a system of currency of its own, which is perfectly safe, and satisfactory to the business community, and that is Check Currency, or Deposit Currency, by means of which fully 90 per cent. of all business is done. This has been perfected without the operation of law, and is just so much more perfect because of the absence of political bias and legislation on the premises. But this Check Currency is used and can be used to any degree only in the cities and larger places. The country, the farming community, the sparsely settled regions, are unable to use it, and are deprived by law of their legitimate part of the currency—namely, bank notes, which the laws of trade would long ago have provided if not unjustly restricted by legislation which was designed to aid

the Government in an emergency and has been cruelly kept in force for thirty years after the emergency had been safely passed. Mr. Cornwell emphasizes the statement that there is no question that a system of Credit Bank Currency can be devised which will be absolutely safe, and in its very nature it will respond to and build up trade instead of pulling it back and forth and down, as the present system does.

Mr. Cornwell shows that the Administration and the political party which it represents are pledged, by their promises on behalf of sound money, to at least two things—namely, to firmly establish the gold standard by law, and to divest the greenbacks of their dangerous power of depleting the Treasury gold. Congress, now for the first time since the adoption of the St. Louis platform, is controlled in both branches by this political party, with a good working majority. That majority has no decent reason for delay in carrying out its pledges. It is good politics and good business, too, to enact the needful legislation. The friends of Sound Money and Currency Reform are therefore earnestly urged to direct their energies and their efforts to securing action by Congress in these particulars.

To William R. Trigg, the shipbuilder at Richmond, Va., was assigned, as already stated, the topic, "How Can the United States Become the Clearing House of the World?" Mr. Trigg confined himself mainly to affirming that the wished-for result was inevitable. The export of our grain, our cotton, our lumber, and, by far the greatest of all, our manufactures, is determining, he thinks, the question where settlements will be made. In his estimation the flow of gold that has heretofore gone to England will in the main come to the United States and here the clearing of the world will be done. He urges that it should be the endeavor of all members of the American Bankers' Association to the full extent of their power and influence to see that all foreign business, sales, purchases, exchanges, should be made in dollars, and not in pounds, invariably in both, so as to familiarize the world with our standard and measures. It does not strike us that such a course even if feasible would contribute toward making the United States the world's clearing house. Mr. Trigg speaks glowingly of the part the South is to play in the country's future, and in this no one will differ with him, for the South is endowed with advantages second to those possessed by no other section of the country.

THE TRUST COMPANY PROCEEDINGS.

It was a wise thought that suggested the organization of the trust companies as a distinct branch or department of the American Bankers' Association. The trust companies have some of the same functions as the banks, but also many separate and distinct functions. Moreover these companies have had very rapid growth in recent years, and they constitute a class of financial institutions second only in importance to the banks themselves. There has sometimes been friction between the banks and the trust companies, but there is no reason why they

should not both flourish, each in its own field. For the present at least we need not go as far as Mr. Francis S. Bangs, who, in closing his paper, is prompted to ask whether the proper development of both banks and trust companies may not lead to the assimilation of their functions, their regulations and their methods of business, if not to their consolidation.

In view of the foregoing remarks, the reader need hardly be told that the Trust Company Section has entirely justified its existence. The present was only the third annual gathering; like the preceding two meetings it was a complete success. Mr. Anton G. Hodenpyl, in his report as Chairman of the Executive Council, gave interesting statistics to show the growth that has occurred, and we think every one will agree with him in the statement that the new "Section" "is now a healthy and prosperous child, with a future growth in strength and power and everything that tends to usefulness absolutely assured." Mr. Hodenpyl states that the membership comprises 190 trust companies, having a combined capital of \$94,622,145, with surplus and undivided profits of \$67,838,100, making a total working capital of \$162,460,245; and that these 190 companies hold cash deposits of \$610,113,688. He states that during the last twelve months trust companies with a capital and surplus of \$42,000,000 and holding cash deposits of \$210,000,000, have come into the Section.

As to the proceedings at this year's meeting, the three papers that were specially prepared for the occasion were interesting as well as decidedly instructive. Mr. Francis S. Bangs, formerly of the State Trust Company of this city, sketched the "Origin and Development of the Trust Company in the State of New York." His paper is evidently the result of much research and he has managed to crowd a great amount of material into a comparatively small compass. He traces the movement back to the incorporation by the Legislature of 1822 of the Farmers' Fire Insurance and Loan Company. This subsequently became the present Farmers' Loan and Trust Company, which is the oldest trust company in the State. It will be observed that insurance against loss by fire was one of the original functions of this company, and Mr. Bangs shows that in some other respects the functions and methods of the trust company in this remote period were different from what they now are. The word "farmers" in the title indicates sufficiently the class whom the earliest of these institutions was intended to serve. Mr. Bangs makes a facetious reference to the trust companies of to-day in their dealings with the "farmers" of Wall Street. The second company incorporated (in 1830) embraced and still embraces the words "life insurance" in its name, being the New York Life Insurance and Trust Company. The multiplication of these institutions in recent years, and their great magnitude to-day, are facts familiar to our readers.

In a similar way, Mr. Charles K. Zug, Trust Officer of the Commonwealth Title Insurance and Trust Company of Philadelphia, traces the "Origin and Growth of the Trust Company Movement in Pennsylvania." He brings together many interesting his-

torical facts. Like Mr. Bangs he is obliged to note the association that originally existed between the trust and life insurance business. Nor is such an association to be wondered at, he thinks. "The transaction of the insurance business by corporations was preceded by individual underwriting, just as the corporate management of trusts has been preceded by individual trustees. When, however, it is once recognized that the best provision against the uncertainties of life is in corporate insurance, and that the best method of providing an estate with which one's obligations can be met after death is by a life insurance policy issued by a corporation, the suggestion is but natural that perhaps that estate would be best administered by a corporate trustee. Nor can it be considered strange if the officers and directors of a life insurance company should find a proper expansion of their business in caring for the estate which the wise forethought of procuring a policy in their company had provided."

At all events, Mr. Zug finds that in Pennsylvania the trust company movement originated in a successful life insurance company; that the first grant of trust powers to a corporation was by amendment to the charter of that life insurance company; and that for over thirty years the trust company business in Pennsylvania was conducted by life insurance companies. The Pennsylvania Company for Insurances on Lives and Granting Annuities, chartered March

10, 1812, was the first of these companies. The Girard Life Insurance, Annuity and Trust Company was the second company chartered. They did not enter upon trust company business until 1836. Both companies have long since abandoned the life insurance and annuity business, and the Girard Company has changed its title to the Girard Trust Company.

The address of Mr. John W. Barr, Jr., the Vice-President of the Fidelity Trust and Safety Vault Company, of Louisville, deals with the subject of the Investment of Trust Funds. He points out the duties and responsibilities of trustees, and speaks in a careful conservative way. The difficulties that beset the trustee in making investments are enumerated. The different classes of investments are passed in review and the opinion is expressed that for a permanent, safe investment, yielding a fair income, prior lien bonds conservatively issued for a long period, by water, gas, traction or other corporations performing quasi-public functions, located in large cities and with practically exclusive privileges, offer many advantages. Prior lien mortgage bonds, issued within the last few years by some of the great railroad systems, he classes as belonging in the same category. He emphasizes the need for very extensive investigations and examinations preceding the making of investments, and urges that such investigations can be made more efficiently by a well organized trust company than by an individual.

BANKING SECTION

AMERICAN BANKERS' ASSOCIATION.

Twenty-fifth Annual Convention, Held September 5th, 6th, and 7th.

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Uniform Statement Blanks and Credit Department Methods.

By JAMES G. CANNON, Vice-President Fourth National Bank, New York.

Mr. President and Gentlemen:

The methods of conducting business have so changed in recent years that merchants now find it necessary to sell their goods largely upon open account, instead of taking notes in payment of merchandise indebtedness, and having the obligations discounted at bank; hence, credit extended to the merchant must be predicated upon his solvency. This being the case, it is essential to have at hand definite knowledge as to the financial responsibility of the applicant for credit; and this information can be secured from no better source than the applicant himself. A third party may give valuable impressions, ideas and opinions; but the facts which will place the creditor in position to do justice to himself and to the party to whom he loans money or sells on open account, can only be obtained from the credit seeker.

In order to have this information in such shape that it may be referred at all times by the party who extends credit, either for money or merchandise, there has been devised the property statement blank, which has come into such extensive use during the past ten years. The property statement blank provides for a tabulated balance sheet with a set of questions so arranged as to clearly reveal to the bank or the seller of merchandise such facts concerning the assets and liabilities of the party seeking credit, as will readily indicate the true condition of his affairs. Such information as is provided for by this blank, I contend is the only true basis for the extension of credit. It is time that banks realized the necessity for insisting on the receipt, at stated intervals, of signed property statements from all their customers who seek accommodation. When a loan without collateral is applied for, it should be established, as a principle of banking and good business usage, that the borrower should make a clear and comprehensive statement of his financial condition. It is our duty, handling as we do money belonging to our stockholders and depositors, to insist upon such protection for our unsecured loans, and we should have no hesitancy in applying for exhibits.

Credit is based on possessions, but abundant assets are not always requisite for the creation of credit. It is very desirable, however, that the credit given should be proportionate to the actual assets of the borrower. The grantor of credit is a contributor of capital and becomes, in consequence, interested in the success or failure of the debtor; and as such he is clearly entitled to complete information as to his financial condition at all times.

The making of property statements also has the ef-

fect of educating the borrower to higher standards of business methods, as many applicants for credit fail to realize their own precarious condition until their cases are carefully diagnosed by a painstaking, conscientious bank officer from facts revealed by a detailed statement. By means of these statements, and their careful analysis, unbusinesslike practices are brought to light and the borrower, if properly advised, is diverted from a dangerous course to one of safety, conservatism and prosperity. When an applicant for credit makes a showing of his affairs, and unreservedly discloses his financial condition to his banker, he should then be afforded credit facilities commensurate with his responsibility and the average bank balance maintained. This places the whole matter of borrowing upon a business basis and favoritism is eliminated. Banks are not private enterprises, but public institutions, whose doors should be wide open, and whose legitimate facilities should be placed at the disposal of worthy depositors. The obtaining of accommodation should not be as it often is a matter of partiality, but a right to which every customer is entitled who can show that his financial condition warrants his borrowing.

Good credit contributes largely to a borrower's business success; it gives him greater capital, enables him to carry a larger stock, and increases his sales and profits. It should be understood that a request for a statement does not imply a reflection on the borrower's character, honesty or business ability; but it is made simply to secure such information as will enable the banker intelligently to transact his business with his customer. Some one has well said, "The merchant who desires to serve his own best interests should recognize that his most valuable possession, apart from his actual assets, is a sound, substantial and unquestioned reputation as a credit risk; and that under the prevailing conditions and demands of business the most effective and eminently the best way to prove his basis for credit is to be willing to submit a statement of his financial condition."

The subject of a uniform property statement blank was first brought to the attention of the bankers' associations of this country by the adoption of a resolution by the Council of Administration of the New York State Bankers' Association on February 9, 1895, in which it recommended to the members of the Association that they request borrowers of money from their respective institutions to give them written statements, over their own signatures, of their assets and liabilities, in such form as the committees on uniform statements of the various groups should recommend. As a consequence of the passage of this resolution uniform statement blanks

were adopted by all the nine groups of the New York State Association; and from this beginning, over four years ago, the movement has progressed rapidly until uniform statement blanks have been adopted by many other State bankers' associations. The National Association of Credit Men, a large and powerful organization of 2,700 members, after a year's investigation of this subject, has also adopted uniform property statement blanks, and they are now being widely used. The action of the National Association of Credit Men and of the various State bankers' associations, has enabled their members to present this subject of statements to their customers in a proper and persuasive manner; and I believe that the more general the custom of using the blanks becomes, the greater will be the savings to banks and merchants securing them. The New York State Bankers' Association, recognizing the importance of a statement blank, and having demonstrated its effectiveness, passed a resolution at its last convention, requesting that the American Bankers' Association adopt uniform statement blanks for the use of its members. I shall present to you, at the close of this address, a resolution covering this question, which I hope will be adopted. I shall also exhibit to you, from the platform, a chart illustrating my idea of what a uniform statement blank should be. It is practically a copy, with one or two additions, of the form used by the members of the New York State Bankers' Association.

We must not deceive ourselves by thinking that when we have procured signed statements we have performed our full duty and accomplished all that is essential in determining the true condition of the borrower's affairs. We should not overlook the fact that statements must be analyzed and every item given the benefit of a careful consideration. Many statements will show at a glance such evidences of weakness as to require no further investigation. This information in itself is invaluable to banks, and they will at once decline to extend any accommodation to applicants making such statements.

After a signed statement is received and analyzed, if the applicant for credit is not thoroughly known to the bank, further investigation of a confirmatory nature should be made; and the result of this investigation, as well as all data pertaining to the loans and discounts of a bank, should be properly collated and filed in a Credit Department. This department should be under the supervision of a Credit Man, or one of the junior officers of the bank. The Credit Department affords a fixed place for preserving information relative to the financial standing of individuals, firms and corporations doing business with the bank; and this data should be kept in such shape as to be readily accessible to the officers. A good Credit Man can relieve the officers of an immense amount of detail which involves both time and physical labor. It is quite impossible for the officers, especially in a large bank, to personally canvass the trade for details concerning the affairs and business methods of houses in which the bank is interested, or to personally dictate the letters of inquiry which in some cases must be written to secure this information. By assigning a bright, intelligent clerk to these matters, under proper supervision, the desired results may be reached with dispatch and with a degree of accuracy otherwise impossible for the bank's officers to attain, with the multitude of their responsibilities. It is the general custom for bank officers to endeavor to remember the facts they learn regarding their customers instead of committing them to definite records. Experience has proven that this is very unsatisfactory, as the best memory becomes hazy as time advances, and the facts and impressions regarding a depositor's standing and responsibility, if not preserved by careful records, become confused and sometimes lead to losses.

Every bank should have a thoroughly organized and properly equipped Credit Department. The personnel of concerns and trade conditions are so constantly changing that it is almost impossible for a bank officer to keep in close touch with the variations of business, without having some systematic method of following them. The

Credit Man who does this work can make his services invaluable to the bank officer, as he will often see and bring to the officer's attention details which might otherwise escape his notice. It is frequently the little things that give the first inkling of trouble, and an efficient Credit Man, with a properly equipped Credit Department, will keep the bank's unsecured assets in first-class shape and reduce its losses to a minimum.

A Credit Man, carefully instructed in his duties, should scan the morning papers, especially those giving particular attention to commercial affairs, for the purpose of getting a general idea of business conditions, and mark and bring to the attention of the officers of the bank, all judgments, assignments, petitions in bankruptcy, conveyances, mortgages, etc., which may be of interest to the bank, or its customers. He should prepare a detailed memorandum of the paper discounted or purchased by the bank maturing each day, and no note entered upon the discount book should have a place in the pocket book of the bank, until some record is made by him in his department concerning the borrower. The Credit Man should peruse and mark the reports of the commercial agencies covering the financial standing of firms about which the bank has sought information, underscoring with different colored pencils, the favorable and unfavorable comments in the reports. The Credit Department of a bank should take charge of all applications received for discount, and prepare the proper memorandum concerning the same. It should investigate inquiries received from correspondents and customers, as well as all new accounts which are opened. The Credit Man should compare and analyze statements received covering discounts as well as purchased paper. He should take for the personal use of the officers a private transcript of the discount register, and prove his books with the general ledger independent of the Discount Department, thus making a continual check upon that department. All checks returned for insufficiency of funds, or notes presented and protested in which the bank is interested, should be entered upon the records of his department. All bills receivable taken by the bank should be thoroughly investigated, and the files of his department should constantly be up to date. His department should also have the custody of the average balance cards showing the average monthly balances of customers. In short, the Credit Department should be the confidential department of the bank. It is also the proper place for the handling of all past due matter, and it should be the duty of the Credit Man to see that the bank's claims are kept before the officers in such a way as not to be overlooked.

There is not a large mercantile house of any consequence to-day in the United States, that has not a thoroughly equipped Credit Department, in charge of a competent man; and yet, strange to say, the number of Credit Departments in banks throughout the United States can be counted almost upon the fingers of your two hands. The time has come for the introduction of this feature into the banking business. The accumulation of wealth in this country, and the rapidly lowering rates for money, make it incumbent upon us all to scrutinize with the greatest care our loans and discounts, for we cannot afford to take the chances of loss as in the past, because of the diminishing returns for the use of our funds.

In the month of August there was filed in New York City a voluntary petition in bankruptcy and the liabilities of the debtor were \$740,000, with assets of \$200. Among the unsecured creditors were seventeen banks, who were interested to the extent of \$230,000. Eleven of these banks were in New York City and six outside of the city. Sixty-three judgments had been obtained by these banks against the insolvent debtor. This exhibit speaks for itself.

There is no question in my mind that if any of these banks had asked for a detailed statement and made the proper investigation of the same, they would have saved themselves from these fearful losses. The time has come

for a radical reform in the matter of making loans by banks, and shareholders of banks should insist that the institutions in which they are interested should have properly equipped Credit Departments.

There has been considerable discussion of the question of establishing a Bureau of Information, with a centrally located office, through which could be given to the members of this Association information concerning parties who are unworthy of credit, or who are continually changing their accounts from bank to bank if they are refused credit, and also regarding the amount of paper a concern has outstanding, as well as various other items of this nature. How this can be accomplished is a question which I am not as yet able to answer; and concerning the formation of a Bureau, or Association of Banks, having for its object the protection of its members by giving to all certain knowledge possessed by each individually, I think much can be said both for and against. The extent to which members of such an Association should be called upon to impart information to others is a matter not to be decided hastily. It may be said here that were such an Association formed, it is more than probable that reciprocity between its members would steadily increase, so that in the course of time it would far exceed the limit of any preconceived plan which would primarily meet the approval of its originators. For example, a bank learns that parties, who are heavily indebted to it, are not solvent; or at least it has reason to fear insolvency in the near future. No one would or could expect the bank to voluntarily disseminate this information among the Association members, as it would be fatal to the interests of its stockholders so to do; for in a great many instances its ability to protect itself is in direct ratio to the debtor's ability to shift his indebtedness to some other quarter. Of course, a Bureau of this sort would materially lessen the number of such cases: but a plan of this kind must not be entered into hastily, or without a definite knowledge of the number and location of the banks which would be interested. Of course, there are many banks which would not be interested in a Bureau of this kind, as their business is local in its character; and they could not in justice be called upon to bear as much of the expense incurred in the establishment and maintenance of this Bureau, as banks which would be using its facilities continually. I am heartily in favor of co-operation among banks, but the foundation for that co-operation must first be laid by the adoption, by this Association, of a

uniform statement blank for the use of its members, and by the establishment of the system of Credit Departments in banks.

I have prepared and set up, in room —, at the expense of considerable time and labor, three model Credit Departments, which I desire to exhibit to the members of this Association. These Credit Departments I have designated as A, B and C. Class "A" is for the use of banks, with a capital and surplus of \$500,000 and over; Class "B" with a capital and surplus of \$100,000 to \$500,000, and Class "C" \$25,000 to \$100,000. I have also had printed for distribution to the members present, blanks as suggestions for each one of these Classes; and I have carefully selected the proper office furniture with which to equip them. These Departments will be open to inspection during the time of the Convention, and I will be present, with one or two representatives, to give such information to the members of the Association concerning them as they may desire. In order that you might have placed before you some of the important blanks and cards which are in use in these Credit Departments, I have had prepared for exhibition here today a few of them, which I will show you rapidly from the platform, after which I will offer for your consideration two resolutions.

Mr. Cannon here exhibited from the platform, on large charts, eight of the principal blanks used in the Credit Departments, beginning with the opening of an account and showing the various stages of its progress during the application for discount until the loan is finally placed to the borrower's credit.

At the conclusion of this exhibit the Convention adopted the following resolutions:

Resolved, That the Secretary of this Association be and hereby is requested to confer with the Vice-Presidents from the various States, and prepare a uniform property statement blank which can be used in each State of the Union by the members of this Association, the same to be designated as the Standard Form of the American Bankers' Association; the statement blanks to be supplied to members for their use at cost price, upon application at the Secretary's office.

Resolved, That the American Bankers' Association, in Convention assembled, approves the system of Credit Departments for banks, and that the Secretary of this Association be and hereby is authorized to prepare and set up in his office a model Credit Department and to furnish such information as he may be called upon from time to time to give, to the members of the Association, regarding the workings of the same; and also to prepare and furnish to the members of the Association at cost price any and all blanks which are needful in connection therewith.

What Can Be Done to Perfect Our Currency?

BY WILLIAM C. CORNWELL, President The City National Bank of Buffalo.

M'KINLEY'S ATTITUDE.

President McKinley has been criticised for not doing more than he has for Sound Money.

The election of 1896 recorded the solemn verdict of the people in favor of Sound Money.

The campaign was one of the most earnest in many years. The Sound Money advocates were convinced of the terrible disasters which would follow defeat, and the business and thinking men and women were aroused to great determination in their efforts. The result meant more than a mere political decision one way or the other. It meant that outside of politics the people insisted that a platform meant what it said, and that such legislation must be enacted as would save the nation from future danger of financial dishonor and destruction of the property of the citizens by repudiation or by involuntary bankruptcy.

HIS FIRST MESSAGE.

In his first message after election President McKinley said:

"We ought not to hesitate to relieve our financial laws from ambiguity and doubt. The situation from 1893 to 1897 must admonish Congress of the immediate necessity of so legislating as to make the return of such conditions impossible;" and he recommended that "authority be given to the Secretary to sell long or short term bonds at any time to replenish the gold reserve, that greenbacks once redeemed should be paid out only for gold, and that National Banks redeem their notes in gold."

While these are not sledge-hammer statements and expedients, the legal enactment of them—relieving the laws from ambiguity and doubt by a square declaration for the Gold Standard, and impounding the greenbacks to stop the endless chain—would have inaugurated the initial steps for Currency Reform.

The President is not the law maker. Congress alone could carry out his suggestions. Owing to an adverse Senate, it would probably have been impossible in 1897 to get a law, embodying the President's wishes, through both houses, except under pressure of a crisis such as

that of 1893, when the Sherman law was repealed, notwithstanding an adverse Senate. There was no such crisis.

In his message in December of 1898, President McKinley again advocated action. After stating that the operations of the Treasury during the year had given increased confidence in the purpose and power of the Government to maintain the present standard, he renewed his recommendations as to the greenbacks. He said:

SECOND MESSAGE.

"This recommendation was made a year ago in belief that such provision of law would insure to a greater degree the safety of the present standard and better protect our currency from the dangers to which it is subjected from disturbance in the general business conditions of the country.

"In my judgment, the present condition of the Treasury amply justifies the immediate enactment of the legislation recommended one year ago, under which a portion of the gold holdings should be placed in a trust fund, from which greenbacks should be redeemed upon presentation, but when once redeemed, should not thereafter be paid out except for gold.

"It is not to be inferred that other legislation relating to our currency is not required; on the contrary, there is an obvious demand for it. The importance of adequate provision, which will insure to our future a money standard related, as our money standard now is, to that of our commercial rivals, is generally recognized.

"The companion proposition that our domestic paper currency should be kept safe and yet so related to our industries and internal commerce as to be adequately responsive to such needs, is a proposition scarcely less important. The subject in all its parts is commended to the wise consideration of the Congress."

LEGISLATION IMPOSSIBLE.

The adverse Senate was still with us in 1898, and no actual legislation was possible.

Those who blame the President must still remember that Congress alone can legislate. During the last Congress we had a Sound Money majority in the House, and it might have been well for the House alone to have passed a bill to show its attitude. One was introduced from the Committee on Banking and Currency in the latter part of May, 1898, known as the McCleary Bill, which was an able and comprehensive measure, but it was lost in the card shuffle called "good politics." The Hill Bill from the Committee on Coinage, for the firm establishment of the Gold Standard, met with a similar fate. Still with the Senate as it was, nothing in actual legislation could have been accomplished.

FIRST REPUBLICAN MOVE FOR SOUND MONEY.

The first serious indications of intention by the Republican party to carry out the will of the people for Sound Currency was manifested one month before the adjournment of Congress last spring, in the appointment of a Caucus Committee from the House and a Finance Committee from the Senate, to consider the subject of Currency Reform, and to report at the first session of the Fifty-sixth Congress. This move pledged the party to action on this great question in December of this year, and was inaugurated with the full concurrence of the President, and, in fact, he was largely instrumental in bringing it about. It is the first time the Republican party in Congress has made an official move to carry out the expressed will of the voters who elected them. And the fact is, that the coming Congress will be the first one through which such action can be completed.

The Republican party is distinctly pledged by the election of 1896 in favor of legislation which will place us on a sound financial basis.

How far must they go, and just how far, to carry out the pledge for Sound Money?

WHAT IS SOUND MONEY?

Clearly only as far as the President ever since his election has been advocating. That is to say, they must firmly establish the Gold Standard by law, and they must rob the greenbacks of their dangerous power of depleting the Treasury gold, or, in other words, of throwing us off the Gold Standard.

If these two things are done—no matter how clumsy or inadequate or illy adapted or ridiculously antiquated and unscientific our currency and other financial arrangements may be—the pledge for Sound Money will have been kept by the President and the Republican party, and the Gold Democrats, without whom the victory could not have been won, will have been justified in their action in voting for McKinley. Because, whatever may be said, no matter how strongly the President might have publicly urged it, up to the present time no bill of the kind could have been passed.

REPUBLICAN ACTION NOW NECESSARY.

It will clearly be necessary for the Republican party to do this much before election, not only to honorably carry out its pledges, but to avoid antagonizing the Gold Democrats, as well as a large body of Sound Money Republicans, who feel that this is the most important mission of the Republican party—in other words, they must take this action in order to insure victory at the polls in 1900.

To repeat: Congress, for the first time since the platform of St. Louis, is Republican in both branches with a good working majority. That majority has no decent reason for delay in carrying out its pledges. It has the power, and if it fails it means that Republican promises are not to be trusted. It means that the party will receive the condemnation of the rank and file who fought so hard to win in '96, and it means grave peril for Republicanism in 1900.

And now once more as to the President. In his New York speech in January, 1898, he said:

M'KINLEY'S STRONG ARGUMENT FOR SOUND MONEY LEGISLATION.

"Duty requires that our Government shall regulate the value of its money by the highest standard of commercial honesty and national honor. The money of the United States is, and must forever be, unquestioned and unassailable. If doubts remain, they must be removed. If weak places are discovered, they must be strengthened. Nothing should ever tempt us—nothing will ever tempt us—to scale down the sacred debt of the nation through a legal technicality.

"Under existing conditions, our citizens cannot be excused if they do not redouble their efforts to secure such financial legislation as will place their honorable intentions beyond dispute and insist upon the settlement of this great question now, or else face the alternative that it must again be submitted for arbitration at the polls. This is our plain duty to more than 7,000,000 voters, who, ten months ago, won a great political battle on the issue, among others, that the United States Government would not permit a doubt to exist anywhere concerning the stability and integrity of its currency, or the inviolability of its obligations of every kind.

"This is my interpretation of that victory. Whatever effort, therefore, is required to make the settlement of this vital question clear and conclusive for all time, we are bound in good conscience to undertake, and, if possible, realize. That is our commission, our present charter from the people.

THE PEOPLE'S PURPOSE MUST BE GIVEN THE VITALITY OF PUBLIC LAW.

"It will not suffice the citizens nowadays to say simply that they are in favor of sound money. That is not enough. The people's purpose must be given the vitality of public law. Better an honest effort with failure than the avoiding of so plain and commanding a duty.

"The difficulties in the path of a satisfactory reform are, it must be admitted, neither few in number nor slight in degree, but progress cannot fail to be made with a fair and thorough trial. An honest attempt will be the best proof of sincerity of purpose.

"Progress will naturally be slow, but let us not be impatient. Rather let us exercise a just patience and one which in time will surely bring its own high reward.

"For us to attempt nothing in the face of the present fallacies, and the constant effort to spread them, is to lose valuable ground already won, and practically weaken the forces of sound money for their battles of the future.

THE GOLD DEMOCRATS.

"The financial plank of the St. Louis platform is still as commanding upon Republicans and those who served with them in the last campaign as on the day it was adopted and promulgated.

"It says, 'All our silver and paper currency must be maintained at a parity with gold, and we favor all measures designed to maintain inviolably the obligations of the United States, and all our money, whether coin or paper, at the present standard, the standard of the most enlightened nations of the earth.'

"This is in reality a command from the people who gave the administration to the party now in power, and who are still anxiously waiting for the execution of their free and omnipotent will, by those of us who hold commissions from that supreme tribunal."

THE PRESIDENT WITH US.

Gentlemen, the President has not changed his mind. Progress has been slow, but effort has been wise, and now at the supreme moment I am sure we will have the President with us, and that this winter there will be expressed in action the sound sentiment and earnest resolve which his words that I have read to you imply.

Will anything more be done to perfect our currency than the establishment of the Gold Standard?

Perhaps, and probably, not, because of the political caution prevailing before a Presidential election. The friends of Currency Reform need not, however, be discouraged on this score, because these two steps are the first steps in any event to be taken in perfecting our currency.

IMPORTANCE TO CURRENCY REFORM OF THE PRESIDENT'S RECOMMENDATION.

The importance of them and how they should be supplemented later is the subject before us at this time.

And first as to the important bearing on Currency Reform and the national welfare of the two steps to be taken at once.

DOUBT ABOUT THE STANDARD.

The basilar weakness of our Monetary System is, doubt about the stability of the Standard. Not many of us are trembling now about it, but neither did many in the prosperous times of 1889, and yet four years later, and for three years after, we went through a period of destruction of millions and an era of hardships, all produced by the same instability, which, as much as it ever did, exists to-day.

That is to say, the Government of the United States is not to be depended upon to redeem its obligations in gold.

THE SECRETARY'S DANGEROUS POWER.

It does redeem them now in gold, but the Secretary of the Treasury has the authority to redeem them in silver, and he has the silver to do it with, and the silver dollar is a dollar in law. We have always had a Secretary of the Treasury who was above reproach. We have one now who is broad-minded and far-seeing, whose skill, training, honesty and good judgment peculiarly fit him for the successful conduct of the financial affairs of his office, and who is entitled to, and has, the entire confidence of the people in his ability day by day and in any crisis. But if the President and Secretary in office in 1893 had been of the same stripe as the Congress in

power at the other end of Pennsylvania Avenue at that time, the notes would have been redeemed in silver or not at all, and we would have had the 50-cent dollar and the smash in values then that we fought so hard to avoid by the defeat of Bryan in 1896.

The first thing to do, then, in perfecting the currency is to so firmly place ourselves on the Gold Standard, by law, that no adverse election or accident can lower the standard.

DRAINING THE TREASURY GOLD.

But there is another danger to which the Standard is subject, and that is the draining of the Treasury gold. This danger was all around us from 1893 to 1897, and in 1895 we were so close to depletion that the Assistant Treasurer in New York notified the Secretary at Washington that he could not hold out more than two days longer.

It was only by good luck and haphazard that we were saved then. We are having the good luck now, but no one can say positively how long it will last, and the hazard next time may "hap" the other way.

The Government's great credit to-day depends upon its keeping good the promise which you may read on every greenback, to pay on demand in coined dollars, and (although it is not on the greenbacks) to pay those dollars in gold, if the holder demands it. And the Government's credit would not last five minutes if that promise were known to be broken.

ALL DEPENDS ON POLITICS, NOT ON LAW.

It all depends upon who is in the Government, and that depends upon Politics.

You may say there is no danger now. But you must remember that less than three years ago six million five hundred thousand people voted against the Government's keeping the promise, and were willing, most of them not knowing what they were doing, to hurl us down the embankment of national repudiation to destruction.

And we are in just as much danger now as then, as far as the actual existing tools and machinery to do the work over again are concerned.

The greenback, which must be paid in gold and must be paid out again, is still with us.

THE REMEDY.

There are two ways of relief. One is to wipe out the demand notes as you wipe out other debts. The other is to pay them out only in exchange for gold, when they have been once redeemed—to make gold warehouse receipts of them—almost exactly in character like the new Gold Certificates which are being issued by the Secretary.

If the latter course is adopted there must be established a department of Issue and Redemption in the Treasury, entirely separated from the fiscal department. To this department are to be intrusted all matters pertaining to the issue, redemption and exchange of coin, certificates, Government notes and bank notes, its principal business being to maintain a reserve large enough to redeem all greenbacks presented in gold, and to pay them out again only in exchange for gold. In other words, the legitimate business of the Treasury, collecting and distributing revenue, is to be done as at present in the regular bureau, while the other functions, the illegitimate ones, which consist mainly in supplying and redeeming currency for business, and which in all other countries is done by banks, is relegated to a separate department.

These operations, given the vitality of law, complete the two steps which, when taken, will redeem the Sound Money pledges of the Republican party.

OTHER REFORMS NECESSARY.

The other things necessary to perfect our currency are only second in importance. They relate mainly to the bank note part of the system.

Consider the system under which we are working to-day. It was originated under the stress of civil war, not

to meet the demands of business, but to supply the imperative needs of the Government at that time. Its expedients were not wise, much less scientific, and it had to be changed in many particulars before the close of the war. With this clumsy and antiquated machine, thirty-five years old, we are required to perform the vastly increased operations of the business of to-day, which require the most modern and smoothly adjusted machinery.

WHAT WE HAVE AND WHAT WE NEED.

We have prospered not because of our currency system but in spite of it, and we bear, without knowing it, the most enormous handicap, compared with what we might and would have if the matter had not gotten into national politics.

In the course of business, especially in the business of this country, on account of the immense harvests, there are certain times of the year when more paper currency is needed than at others, and a currency that will come out for use at such times and disappear when it has done its work is exceedingly desirable as a matter of facility and economy in carrying on business.

Our paper currency will not do this.

THE GREENBACKS, WALL STREET MONEY.

The greenbacks are a fixed, immovable mass. They congregate in the large money centers where trade is dull in summer. They unquestionably at these times foster speculation. By making money easy, they cause prices of stocks to advance. With money easy and stocks going up, the temptation to borrow and buy is great. As a 25 per cent. reserve, the greenbacks may become the basis for four times their own amount in proceeds of loans credited as deposits. They become, then, tied up in speculative operations on the street, so that when really needed for legitimate business later on they are unavailable. Greenbacks are essentially Wall Street money, and yet the people who have such a wholesale dislike for that celebrated avenue are mainly the ones who are said by the politicians to "love the greenbacks." We see this every year during the crop moving season. The available reserve tied up in Wall Street, country banks drawing currency for local use, street loans called in, making tight money: the country districts asking for loans and finding them hard to get—interest rates going up—prices of products in first hands squeezed down for lack of funds to handle them, and general financial discomfort, and all because the currency tools to do the business with are wholly unfit.

THE WORST MONEY IN THE WORLD.

But we have another class of paper representatives of money. These are the Bond-Secured National Bank notes, which are sometimes spoken of as the best currency the world has ever known, but are in fact quite the opposite.

About their only merit is their safety. It is not too much to say that we would be much better off without them.

The banks will, of course, only issue these notes (beyond what is mandatory under the National Bank Act) when it is profitable to do so. It is only profitable to issue when the premium on bonds (which have to be purchased and deposited with the Government to secure the notes) is low. This only happens when trade is not expanding. When trade is not expanding the notes are not needed, and that is just when they are issued and increased. When the premium on bonds is high, it becomes more profitable for the banks to withdraw their circulation, get back their bonds and sell them. The premium, moreover, is most apt to rise when business is active and increasing, and that, too, is the time when bank notes are most needed by the business community. But it is the time, also, as I have shown, when banks cancel their notes.

DISAPPEARS WHEN NEEDED.

In other words, Bond-Secured currency contracts when needed in business and expands when not needed.

This inflation at the dull time, as with the greenbacks, is apt to induce speculation. The most recent proof of these facts lies in the present situation. The expanding business of the country since the first of the year has created an urgent need for more currency, evidenced by repeated requests of the Treasury for small bills, and lately partially answered by issue of Gold Certificates. Latterly, with the crop moving season approaching and tightening bank reserves, the Government has been looked to to increase funds with the Depository Banks.

Another illustration. A few weeks ago the corn crop of Nebraska was in doubt. Thousands of farmers would not undertake to feed stock until they knew the crop was safe. All at once the safety is assured. Immediately there is an enormous demand for currency to move the old corn crop and to get cattle to feed. An Omaha banker says: "I never saw anything like it. On all sides I hear the demand for cash, money, currency, to handle the great increase of business in the State. The banks cannot begin to supply the demand for currency. They are loaning all they can spare to the country banks, and they in turn to the farmers and cattle feeders, but there is not near enough to go around."

How do our bank notes respond under these circumstances? In their usual contrary fashion: while all business has been expanding, their volume has actually decreased since January 1st of this year.

NO HELP TO THE WEST AND SOUTH.

Bond-Secured Currency is more profitable where interest rates are low than where high. Statistics show that the circulation of National Bank notes is much more largely availed of in the New England States, where interest rates are low, than in the West and South, where rates are high. So that just where they are needed to make rates lower and money easier, bank notes are scarce, because it is not profitable to issue them there.

Another defect is in the clumsiness of the arrangement for getting currency out under the national system. During the currency famine of 1893 the banks that endeavored to increase their note circulation were enabled to get only a small amount out before the famine was over, after which time the notes began to increase in great volume, until by November 1st of that year they had expanded \$32,000,000, and were by that time positively useless.

And only recently, after weeks of doubt in Wall Street as to whether money was to be tight or not, a little new circulation has just begun to come out.

TRUE BANK NOTES.

Credit currency issued by banks, if made absolutely safe, as it can be by Guaranty Fund of all other banks, is entirely different in character. It can be manufactured at the moment when more money is needed, by reason of increase in the business of a special district, or of the whole country, and the very day that need begins to lessen the notes begin to disappear by natural law. That is, they begin to be deposited in banks instead of passing from hand to hand, and the banks send them home to get the cash for them just as if they were checks. Under a proper system they cannot live one minute longer than they are needed, any more than a check can. Think what a blessing they would be to Nebraska at this time.

Why should not such Bank Credit Currency be used and banks allowed to issue notes as people do?

SIMILARITY OF BANK NOTES AND OTHER NOTES.

No one will deny that the notes of a solvent individual, firm or corporation, given in the ordinary course of business operations, serve a good purpose. They enable the solvent corporation, firm or individual to do more business at certain seasons when his or their capital is not sufficient to carry the increased volume. A bank is an aggregation of individuals, firms and corporations, made possible and profitable because such an aggregation facilitates in a very marked degree the business operations in the community where it exists.

Nobody ever thinks of enacting laws restricting business people from giving notes.

There is no better reason for restricting a bank, which represents an aggregate of business people, from giving notes than there is for restricting individuals, except that the bank's notes should be made absolutely safe, the reason for this being that while no one is compelled to take the notes of other people unless he is satisfied that they are good, people who accept bank notes in payment are semi-involuntary recipients of them, and the law should consequently protect them—should provide that the notes will surely be redeemed in good money when demanded.

Now the same use arises for the issue of bank notes as for those of business people—namely, a larger amount of business at certain seasons than the ordinary cash resources of the community will take care of.

Individuals sometimes issue notes for other reasons than the temporary increase of their business, and for larger amounts than they can eventually pay.

It is not expected that banks will be permitted to do this, and the law should provide against it, as it does in all the countries where such bank notes are issued.

With the law providing for the absolute safety of bank notes, issued when needed by expanding business, and their ultimate quick redemption in gold when not so needed, and for the prohibition of issues except for the purposes of increased legitimate business in the community or whole country, it must be admitted that such issues will be of enormous and incalculable value to the business public.

If these safeguards can be provided, is there any reason why this great material advantage, which would affect every citizen of the United States favorably, should not be made use of? It is urged that in other countries where bank notes are issued, the issuing bank is an agent of the Government. This is precisely the character of the National Bank—each one is an agent of the Government.

TRADE'S OWN CURRENCY.

Trade, if left to itself, always provides its own machinery, and the best possible machinery, for conducting its operations. The laws of trade are much safer than human laws, because each individual engaged in trade is on the alert to see that his own interests are protected, and he is working at it on an average of ten hours a day.

Trade has established a system of currency of its own, which is perfectly safe and satisfactory to the business community, and that is Check Currency, or Deposit Currency, by means of which fully 90 per cent. of all business is done. This has been perfected without the operation of law, and is just so much more perfect because of the absence of political bias and legislation on the premises.

CITY CURRENCY AND COUNTRY CURRENCY.

But this Check Currency is used and can be used to any degree only in the cities and larger places. The country, the farming community, the sparsely settled regions, are unable to use it, and are deprived by law of their legitimate part of the currency—namely, bank notes, which the laws of trade would long ago have provided, if not unjustly restricted by legislation which was designed to aid the Government in an emergency, and has been cruelly kept in force for thirty years after the emergency had safely passed.

There is no question that a system of Credit Bank Currency can be devised for this country that will be absolutely safe, and in its very nature it will respond to and build up trade instead of pulling it back and forth and down, as our present system does.

PERFECTING THE CURRENCY.

Three main things, then, need to be done to perfect our currency:

1. To Establish the Gold Standard by Law.
2. To Cancel or Impound the Greenbacks.

3. To Retire Bond-Secured Bank Notes and Substitute Properly Safeguarded Bank Notes Against Assets.

There are other details, important, but not immediately essential.

They should, of course, be included in complete Currency Reform. If the subject was placed in the hands of a competent Commission, with power, all could be done at once. Such a Commission, for instance, as the Indianapolis Monetary Commission, whose report is a landmark in the financial literature of this country, and will always stand as a monument to the level-headed business men of the United States.

VOTES, NOT BUSINESS.

But, unfortunately, this is a political question, and not tested by the touchstone of what is most desirable for business, but by what is most feasible for a political party desiring to control the most votes.

It has consequently to be done, one thing at a time, under stress of educating the voters. The action which the largest number favor must be taken first. The majority, and a large majority, are in favor of firmly establishing the Gold Standard, and of taking the sting out of the Government notes so that they can do no harm to the credit of the United States.

WHAT THE VOTE FOR SOUND MONEY MEANT.

The voters were educated up to that in 1896, and that is what the victory at the polls in that year meant. It was a victory for Sound Money, and we would have Sound Money if—

First—We were firmly on a gold basis by law, and

Second—If the gold-draining character were taken out of our Government notes.

In my opinion, the best thing for the friends of Sound Money and Currency Reform to do is to get these two steps taken by the next Congress. The President is with us—the majority of both houses is with us. The Republican party is with us. It is good politics and it is good business to pass such a measure. With politics and business agreed, there should be no difficulty about legislation. I do not believe there is a thinking banker or a thinking business man in the United States but believes that these two things should be done. Let each convey this idea to his Congressman and the thing will go.

Our most eminent living humorist, in a light and witty speech in London the other day, said he desired to finish with something serious, something that his hearers could take home with them and profit by, and he would for this purpose close by imploring them to follow the old adage, "When in doubt, speak the truth."

I cannot do better than to close with the same admonition to bankers and business men. Do your duty, speak the truth on this subject, forcibly and earnestly, to your representatives in Washington.

MAKE PROSPERITY LAST.

A wave of prosperity is sweeping over this country. We want it to be as permanent as possible. It cannot be permanent or even assuredly long-lasting if the basis of all business, the soundness of the currency, is not definitely established; adverse crops, adverse elections, any one of a number of things may put us in danger again, as we were in danger in '93-'94-'95 and '96. With the currency on an absolutely sound basis, prosperity is more liable to continue, and if it does slow up, the element of real danger will not be there to make things worse.

A few slight changes in the law, working harm to no one and benefit to all, will put us out of danger.

NOW OR IN 1900?

I believe we can rely upon the intelligence of our people, expressed to the legislators, to bring about this great public benefit, essential to our own success and to our perfect credit-standing among the nations—to demand that the verdict of 1896 be carried out in law.

The President himself has said that this is the com-

mission of the Republican party under which he and they hold their present charter from the people, and that "our citizens cannot be excused if they do not redouble their efforts to secure such financial legislation as will place

their honorable intentions beyond dispute, and insist upon the settlement of this great question now, or else face the alternative that it must again be submitted for arbitration at the polls."

The Effect of Banks on the People's Progress.

By COL. MYRON T. HERRICK, President Society for Savings, Cleveland.

The history of banking is to you a "thrice told tale," a story of an ancient and honorable profession, served with remarkable fidelity and a fair share of benevolence throughout; created by the people by virtue of their necessities and accepted by them as one of the fixed conditions of society, and withal so satisfactory in its workings as to excite little speculation as to its cause and effect.

Yet to the casual student of beginnings this remarkable scheme of finance has an origin of unusual interest which is suggestive of the vast power and influence exerted over mankind.

The bank is the embodiment of the instinct to preserve for future needs the fruits of human activity; an instinct originally awakened by hunger and the struggle for life, and its history is practically the history of the highest civilization, which in its development has more nearly reached perfect balance in the Temperate Zone. Civilization of itself is the ability of man to control and to utilize the forces of nature. It has been said that the highest type of civilization cannot originate "where the banana grows;" where primitive man gathers bread-fruit from the tree, and pulls the cocoanut from the palm and the taro from the ground; he neither reaps nor sows, nor gives thought for the morrow, for his supply is as boundless as the air he breathes—and even the air is tempered to his naked skin. A climate of recurring seasons seemed necessary to the best development of mental activity. The pangs of hunger and the struggle for existence were the moving causes of the evolution of the mind, and as the mental horizon was thus extended, intelligent foresight provided from his surplus products a reserve for the proverbial "rainy day," or non-fruitful season. Soon exchanges became necessary, and a medium of exchange representing values: then in natural sequence, in crude form, came the bank, which soon became the warp of the fabric of civilization.

Banking as an embodiment of this powerful force has been going on for these hundreds of years, and to-day, though perhaps full of imperfections and yet incomplete, is steadily carrying on the commerce of the world. Nations, governments and parties have arisen, flourished, declined and disappeared—and while the growth of the bank has from time to time been arrested, no opposing force has yet arisen sufficient to destroy it. Every decade has found it more full and comprehensive, a proof of an underlying principle greater than most human conceptions. You trace the deposit of the bank to its source, and there may be discovered the hidden origin of its power. Its fountain head is the strongest of human instincts, that of self-preservation. Every home, every home-tie and every individual interest is involved; therefore, unlike a government or other partisan organization, the bank has for its foundation a constituency without class distinction, for it is built and supported by all the people. As the confluence of streams supplies the mighty reservoir of the ocean and this in turn through clouds and carrying winds supplies the streams with their power-giving currents and Niagaras, so this concentration of the small deposits of savings and accumulations in banks creates that vast reserve of influence and financial resource which directs and sustains commercial enterprise and industrial activity, and serves as the medium by which the business of the world is carried on.

As with the movement of all positive forces, the advancement of the bank has met all along the way retarding forces of greater or less magnitude.

It seems incredible at this distance of time that Andrew Jackson, President of the United States, appreciating and understanding our form of government—so truly designated as a government of the people, should have failed to understand that violent disturbances of values must necessarily ensue from his antagonism to the Bank of the United States and his interference with even non-political banking institutions throughout the States, and must inevitably result disastrously, and prove to be a direct blow to the best interests of the people, and a serious check upon the national prosperity; that he should have been so willfully blind as to ignore the voices of both Houses of Congress and the earnest protest of the people, unswayed by partisan feeling, and should have persisted in launching his untried and ill-favored experiments, is beyond comprehension. The influences which he summoned came like a pestilence upon the country, destroying all confidence and resulting in the panic of 1837, which was followed by years of hardship, suffering and doubting inactivity. After a time, notwithstanding all the remembered disaster, the confidence of the people in the possibility of safe banking was gradually restored, and upon it was built anew a financial system on firmer and broader foundations, no longer a branch of the government—in harmony with the views of the majority of thinking men of to-day who believe that government conduct of banks is not consistent with either the interests of trade or our idea of the purpose of governments. The best results have obtained, thus far, where banks have been conducted essentially as individual enterprises. Mill, in discussing what he is pleased to term "government interference," offers three objections, and says:

"First, when the thing to be done is likely to be better done by individuals than by the government, speaking generally, there is no one so fit to conduct any business or to determine how or by whom it shall be conducted, as those who are personally interested in it. This principle condemns the interference, once so common, of the legislature, or the officers of the government, with the ordinary processes of industry. . . .

"Second, in many cases, though the individuals may not do the particular thing so well on the average as the officers of government, it is nevertheless desirable that it should be done by them rather than by the government, as a means of their own mental education—a mode of strengthening their active faculties, exercising their judgment and giving them a familiar knowledge of the subject with which they are thus left to deal. . . . These are not questions of liberty, and are connected with that subject only by remote tendencies, but they are questions of development. . . . Without these habits and powers a free constitution can neither be worked nor preserved; as is exemplified by the too often transitory nature of political freedom in countries where it does not rest upon a sufficient basis of local liberties. . . .

"Third, the most cogent reason for restricting interference of the government is the great evil of adding unnecessarily to its power. Every function superadded to those already exercised by the government causes its influence over hopes and fears to be more widely dif-

fused, and converts, more and more, the active and ambitious part of the public into hangers-on of a government or of some party which aims at becoming the government. If the roads, the railroads, the banks, the insurance companies, the universities and the public charities were all of them branches of the government; if in addition the municipal corporations, and local boards with all that now devolves upon them, became departments of the central administration; the employes of all these different enterprises were appointed and paid by the government and looked to the government for every rise in life: not all the freedom of the press and popular constitution of the legislature would make this or any other country free otherwise than in name."

Governmental influence and governmental supervision are accepted as the proper functions of the government.

As has been the case with all useful institutions, demagogues, anxious to appear as leaders and actuated solely by self-interest, wishing to gain the favor of the unthinking people, have sought to play upon their prejudices and dissatisfaction by pointing to the vast aggregation of money in banks as dishonestly accumulated, disguising the fact that it is the result of the thrift and industry of the people. At different periods in the history of our country the political parties have directed their campaign discussions to financial questions, and these discussions have invariably resulted in good, since they invite a mature consideration by a well-balanced people of a subject in which they are all interested; and as a result they bring under the public search-light the impossible theories held by the impractical and dishonest. In 1896 the spectacle was presented of these glib-tongued demagogues holding forth on the street corners of the principal cities of the United States, offering their spurious wares. In our Public Square at Cleveland I remember there stood a pretending Moses with his finger pointed to one of our institutions which, for fifty years, has been a faithful custodian of the people's money (essentially a people's bank, since it is based upon a plan of mutual co-operation and belongs to all of the depositors), and in stentorian tones exclaimed, "there is the source of all your troubles and misfortunes." Though some were deluded that year, the majority of the people were not deceived by the false reasoning of these irresponsible agitators. Instead of advocating the destruction of the banks by the use of force and legislation, the direct method of these agitators, had they been sincere, should have been to call upon the artisan to quit his bench; for all to cease saving; for none to provide for old age and misfortune; and the business of the banks would have ceased, furnace fires would have been drawn, factory gates would have been closed, and commerce and trade annihilated.

Aside from periods of political and financial convulsion, the triumphs of the banker are essentially "victories of peace;" yet when England, in her efforts to obtain the necessary funds with which to carry on her war with France, sought relief from the high interest rates exacted by the goldsmiths, it was given to Petersen to suggest that, if the Government support could be obtained, ample funds could be secured at advantageous rates—and the outcome of this was the establishment of the Bank of England. Robert Morris, while Superintendent of Finance, rendered his country signal service in the dark days of the War of the Revolution by suggesting a way for financing government loans through the medium of a bank, which led to the establishment of the pioneer Bank of America. What victory of our Civil War was of greater import than the united action

of the Associated Banks in loaning to the Government, without hope of profit and with great likelihood of loss staring them in the face, sums greater than their entire capital; at a time when the nation's troubles overwhelmed it?

Who can adequately measure the extent of the influence upon the progress of the people of these isolated patriotic acts which stand so boldly forth in history? These are our Deweys, our Sampsons, Schleys, Roosevelts and Funstons, and the grand army, daily increasing, which they lead, is triumphantly advancing to the conquering of new worlds; the men at the guns who make admirals and generals possible, consist of the merchant, the manufacturer, the laborer, the widow with her mite, the friendless and forsaken who may be earnestly striving to save from daily earnings a pittance sufficient to keep his body from the potter's field. The deposit of the millionaire for the benefit of his new-born, the savings of the old Grand Army pensioner; of the sailor departing on a voyage; all in their unified power constitute the irresistible civilizing force which has moved like the benign influence of the Gulf Stream, silently tempering and converting the lands of snow and ice into waving fields of golden grain; waste places into humble homes; homes into palaces; and general doubt into general security.

It is this army that owns in the United States \$5,696,252,836 of deposits, \$991,591,683 of capital, and \$740,336,702 of surplus and undivided profits. It is an aggregation of 5,385,746 of this army which owns \$2,065,631,298 of deposits in all the savings banks in the country, having \$187,475,971 in surplus and undivided profits—and of these, 4,835,138 were depositors in mutual or non-stock savings banks, representing \$1,824,936,410 of deposits. The average amount of each savings account is reported as \$382.54, an average increase for the current year for each depositor of \$10.66; and the amount per capita of such deposits is given as \$27.67, a per capita increase for the fiscal year of 1898, as for the entire population, of \$1.11, represented in the savings of the five millions and odd savings bank depositors. And this increase of \$126,255,263 savings bank deposits for the fiscal year 1898, the accumulated savings of these five millions of savings bank depositors, was available to all our seventy-five millions of people.

It is this army which buys the bonds, which builds our school houses, bridges and asylums; our court houses, jails and water works; which paves our streets, builds our roads and railways, and finances all our industrial enterprises, and which has practically converted this nation from a debtor to a creditor nation. These are the real plutocrats of America whom the doors of bank vaults hide from the lurid vision of the agitator, and these are the doors which he would batter down. The existence of class in America is in fancy only. Every American has an equal opportunity, and may rise or sink as he may see fit to use the opportunities at hand. He may be of the class that earns or wastes. Our family ties run clear to the bottom, measured by worldly prosperity. Between the mechanic and the millionaire there is no distinctive title save that which nature and good fortune have conferred. We in America observing the lines upon which older civilization has progressed, and which with mental work and mental influences has created civil society and material wealth, which has raised the people from savagery, may well hope to extend our civilization in the Western Hemisphere—even to the "land of the banana!"

How Can the United States Become the Clearing House of the World.

By WILLIAM R. TRIGG, President Wm. R. Trigg Co., Shipbuilders, Richmond, Va.

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

When I received the very flattering invitation from your secretary to make you an address, I had just returned from New York to that beautiful spot on the rocky coast of Massachusetts, Magnolia, where I was summering with my family. The message was transmitted to me from my home in Richmond, Va., and being uncertain of the address, I instructed them there, by wire, to thank Colonel Branch for his courtesy and say that my engagements, leaving me no time to prepare, prevented my accepting the proffered honor.

Now this, gentlemen, was in the face of the fact that I had not an earthly thing to do for several weeks, but you must not for this doubt my sincerity, when I am now so frank and when I propose to tell you truly the reason for my then condition of mind. As stated, I had just returned from New York, where for three days I had been waiting on bankers, and as to bankers, especially a whole room full of them, I was, as we say in Virginia, a trifle "gunshy."

Waiting upon a banker, gentlemen, I do now protest to you, is the most kill-spiriting thing in all the world. I confessed to an old friend whom I met in Wall street about the middle of the third day of waiting that I felt humble enough to shake hands with a dog. That a man might be ever so much of a centurion at home, and give orders and have them obeyed, but the outside room, or, to speak more properly and descriptively, the waiting room of a banker, would soon take all the starch of authority out of him. Therefore, not in anger, perish the thought, for the first lesson I was taught in finance was never to quarrel with a bank, but in humbleness I instructed that my declination be sent.

The day following, to continue this recital, I went into Boston and on the train, reading the news, and as is my habit, saving the editorials for the last, I was startled to find the leader in the *Globe* echoed my sentiments and it was, I thought, as though I had written the article myself—the writer must have been a good one, for we know that the good orator is one who makes the speech that we all think we could make, and the same rule must apply to the editor. However, thus expanded in my self-esteem, I hastened to the telegraph office upon reaching Boston, and wired other directions to Richmond, and told them to say to Colonel Branch that I was relenting, and when, upon my return to Magnolia, I found another telegram of invitation, direct from your secretary, I answered, so that I am now before you. Indeed, I reminded myself of the man whom Senator Mason, of Illinois, described in an interview I had just read, as resembling the farmer's calf. The boys had to pull his ears off to make him take nourishment, and then had to pull his tail off to make him stop.

The article in the *Globe* in part was this:

"The best way to comprehend the real meaning of expansion is to study the map of the world; with fair knowledge of what is going on, it will not take a person of ordinary intelligence long to grasp the situation. He will find that the United States, the richest, the most resourceful country on the globe, is nearest, as regards geographical contact, with myriads of human beings, possessed of stomachs and brains, and wear clothes, who are just being graduated from the primary schools of civilization and will soon require a full equipment of what belongs to more advanced grades of national development." This statement, without going into the politics of it, induced a favorite thought of mine—doubtless a favorite thought with us all—namely, how great is

this our country, how grand its destiny. Why should it not "clear" for the world, and answering therefore the query to which I am to speak, "How can the United States become the clearing house of the world?" I would say it cannot be helped, it is inevitable; and being inevitable, I might close my remarks, for what profit is it to us to discuss the foregone—but I will continue, and demonstrate, I hope, to your satisfaction, why it is inevitable. It is so, gentlemen, because our people, our men of affairs, our bankers, our merchants, our manufacturers, our planters will continue to follow up their great advantage of location.

A familiar argument with me, brought up among free traders, is that we have the trading station of the world, and should, therefore, control the world's trade, and it is true that we have it, as is now appreciated by all.

The vision that has ever risen before me is the tide of gold that flows ceaselessly to England from all parts and quarters of the world borne in hundreds of ships, but it is overshadowed by a greater vision, the settlements that are being made now, with this country by all other countries, that grow each year, becoming larger and larger, until past figures and statistics are worthless—we simply have to abandon them.

The export of our grain, our cotton, our metals, our lumber and by far the greatest of all, our manufactures, is determining the question of where settlements will be made. The flow of gold that has heretofore gone to England will in the main come to the United States and here the clearing of the world will be done. We can bring this about, or rather hasten, for we cannot in my opinion stop it, in no better way than encouraging the enterprises of our people, not necessarily by governmental aid, but by sympathy, which is most necessary in business. Encouragement, however, we must all admit, is in order when report shows that this country has fallen from the first place in gold production, which it held for fifty years up to and including 1896, to the third place. Africa passed us in 1897, and Australia in 1898. This would seem to prove there is progress elsewhere, but, after all, what care we where the gold is digged, if its final lodgment is our own coffers? And I ask, shall London, or Paris, or Frankfort prevail when New York, with Boston, Philadelphia and Baltimore; when Chicago, with St. Louis, St. Paul and Cleveland; when San Francisco, with Omaha and Denver; when Richmond, with Atlanta and New Orleans, decide it otherwise, representing the trade they do, and what is more important, a tremendous aggregation of homogeneous people made one in the determination that our country shall outstrip all others? The day not yet passed, but passing, is at hand, when the American Eagle shall be as well known as the English Sovereign, and then the pound shall give first place to the dollar—and then we shall clear the world.

We are a greater people to-day than ever before in our own estimation, and in the estimation of the world, for the world has seen the sections shake hands, not in recanting, but to meet a common foe, and I say to you, gentlemen, the South, which I represent, stands in her prowess and her resources a very bulwark of strength for all that she espouses.

It is known now that the policies of a party she fought, that the great destiny of the nation she will never thwart. This the world sees and admires and will soon entrust "the balances" with us. In the meantime it should be the endeavor of each member of this association to the full extent of their efforts and influence to see that all foreign business, sales, purchases, exchanges, should be made in dollars, and not in pounds, invariably in both;

and thus familiarize the world with our standard and measures, for it is most important that our weights and quantities should be familiarized. When we quote, we should use our methods, and when we buy, we should insist that accounts should be stated in the same way, and the desire to sell will educate quickly; when the world knows our methods of computing and recognizes us at the same time to be as we will be, the largest exporter and importer, our wish for the clearing house will be realized.

I say we will excel in exports. The word already comes from Washington that our exports to Japan have increased to a greater extent than any other nation in the world; and hear the recent admission of the *London Financial News*. After giving the figures to demonstrate the fact, it says: "Practically, then, the United States export trade has now about an equal aggregate value with our own, while the more valuable home market is in her case roughly twice as large as ours. The significance of this comparison is heightened by recollection of the circumstances that—taking a series of years and a per head basis—our export trade is, despite the recent spurt, marked by retrogression rather than by progress, and that our rival represents prodigious growth—a growth showing no signs of diminution.

"The big American increase—and it may be regarded as the central fact in the situation—has been in manufactures. It can hardly be necessary to tell our readers with what special force American development in this direction strikes at England, or to discourse to them on the comparative value of an export trade in manufactures over one in raw materials and primary articles of merchandise; but it is important that they should bear these facts in mind, to illuminate their reading of the continued expansion of the exports from the United States of articles other than the four staples—breadstuffs, raw cotton, provisions and petroleum."

May I be excused for drawing attention to the stress laid upon a home market, as an accentuation of the point I am about to make, that we should build up by just laws every portion of this country? For Mr. Chairman in naming the cities of the South along with those of greater renown in commercial circles, it was done advisedly; it was done to accent and draw your attention to a fact that I claim to be demonstrable, that Cuba, Porto Rico and the Philippines and all that is expected of them, as agencies of greater prosperity to this country, can rest in the shadow of the good that awaits us, upon the complete rehabilitation of the South, that will bring our common country greatness, if our foreign conquests vanish (which, by the way, they will never do), and, therefore, this rehabilitation you should strive to bring about from selfish, if not higher motives, for her coming in full panoply brings the command of the world's trade. We need in the South a just currency law, as they do in the West. I ask no law that disregards the first of all mercantile requirements, the gold standard, the sine qua non of international exchanges, the stability of home affairs, but it must, however, be a law that restores the use of credit (but I fear from appearances and information, or rather non-information, it will be long before we get it). Secure this legislation to us, build an Isthmian canal, and the cornerstone of the world's clearing house will be laid, and we will locate it south of the Mason and Dixon line if you of the wealthier, but not more resourceful sections, do not have a care. And the South deserves aid, for she is helping herself, as witness her growth, and I will not name the difficulties she has overcome and is overcoming; see what she has done in the last ten years. It is scarcely to be believed, and, therefore, I may be pardoned for testifying to what I know myself, at the risk of the charge of bad taste.

When, as president of the Richmond Locomotive Works, just ten years ago, I was given the contract to build the machinery of the now justly celebrated battleship *Texas*, I was advised to import Scotch pig iron,

or perhaps use the Thomas iron of Pennsylvania; and further, when the trial came off, to be sure and import Welsh coal.

Now, the fact was, that I used Virginia iron and with such success that the work had not proceeded far when the authorities at Washington wired me to know the brand, purchased a large quantity and incorporated it in the machinery of the *Raleigh*, the *Cincinnati* and other vessels; and long before the trial the *Pocahontas* coal had taken the first place for marine service, and Welsh coal is heard of no more. Although, when I went to Washington with our then Governor, Gen. Fitzhugh Lee, it could not be believed that we wanted to build machinery in the South, and we were referred to the department for the purchase of naval stores, the supposition being that we essayed only to furnish tar, pitch and turpentine, and yet since then I have seen Scotland and Wales yield to Virginia in the great essentials of trade, iron and coal.

Mr. Chairman and Gentlemen, is all this irrelevant? Not at all so. It bears upon the query to which I am addressing myself. Do not follow Mrs. Jelliby and look abroad alone, but, as they say in cards, "Play the one next to your thumb." Give us the laws we want and before the closing of the first decade of the coming century, when our population will have reached 100,000,000, there will be none to make us afraid commercially in all this world, as there is none we fear in arms to-day, and then will not the clearing house be ours, for how can it be helped? The day of settlement is coming when Vienna asks Paris for exchange to pay her debt to us, and finds that Paris, too, is indebted to us, and then applies to Berlin and St. Petersburg and all the great Continental capitals, always receiving the same answer, and finally, too, when it comes from London, and all have to ship us gold, the sceptre will have passed into our hands and the clearing house is ours.

This last note I jotted down at Magnolia, and in order to show you that my contention is correct, and that statistics are now valueless, and that there is no "lamp" of the past to light our steps in the future, and that now in this progressive age we can only prophesy, I will repeat here a telegraphic communication I read while on my way South from New York, in the *Washington Post* of August the 3d, as follows:

ENGLAND SENDING GOLD HERE.

Director of the Mint G. E. Roberts, who is in New York, estimated the gold output of Australia for the present year at ten millions in excess of that for 1898. He said:

"Australia will doubtless continue to have trade obligations to settle with England. Since the prospects point to a continuance of the balance of trade between this country and Europe being in our favor, it is my opinion that England will go right along sending us consignments of Australian gold direct. We shall have all the gold we need. Our position is that of a creditor, but if other countries are willing to make it worth our while, we may make other terms."

I will also read an extract from Dun's weekly mercantile report that appeared in the *Richmond papers* the next day, as follows:

"London again recognizes the financial power of this country. The Bank of England virtually admits that it cannot draw from New York the gold it needs; exchange moves up to the importing point; over one million dollars starts from Sydney to San Francisco. London's net buying of stocks has been forty thousand shares and bills against produce to be shipped are very heavy."

And, Gentlemen, to say the truth; I was somewhat startled to see the rapid confirmation of my beliefs. I began to fear that the clearing house would be established before your convention met, leaving my address with only the interest that attaches to a thrice-told tale.

Australian gold direct to the United States on London

account; is not this confirmation of our hope, strong as Holy Writ? May we claim, do we not demonstrate "No pent-up Utica confines our powers?"

And, Gentlemen, to secure these balances and hold them we must build and own more ships.

A statement from London, no later than the 27th of July last, gives Lloyd's estimate of the world's shipping tonnage 27,673,529 tons, England owning 29 per cent. (and that figure is disputed as being too small) and the United States but 9 per cent., just the least rise of Germany's proportion. We should rectify this disproportion.

Mr. Chairman, I feel that I should stop. I have counted my words, if, perhaps, I have not sufficiently weighed them, and the limit of your attention has been exceeded, which the large experience of your able and tactful secretary wrote me is comprised in 2,000 words.

Nevertheless, and although I have avoided statistics, it is but proper to draw attention, in a few comments, to a most admirable article appearing in the *New York CHRONICLE* of July 22d, 1899. It sets forth the fact that the year ending June 30th, 1899, was the most remarkable in the history of merchandise exports. It seems that only twice had our exports reached 1000 million dollars, when 1898 showed 1231.5 million, but only exceeding this year (which amounted to 1227.4 million) 4 million dollars. Notwithstanding that breadstuffs were reduced 60.5 million, cotton, 21 million, by reason of low prices, provisions and dairy products, however, increased 9 million; so the decrease of the great staples amounted to 73 million dollars.

Therefore, 69 million represents the augmentation of general and manufactured articles, which increased from 287 million in 1892 to 514.5 millions in 1899, a most remarkable showing, indeed.

And none were quicker than the English to recognize what that means, as you have seen in the extract from one of their papers, which I have just read.

The *CHRONICLE* says this showing is not the result of increased price but of increased quantity; that the products of iron and steel are the principal features.

It is also interesting to note the net results. The excess of exports over imports for 1898 amounted to 615.5 million dollars, and for 1899, 534.5 million, a balance in our favor of 1145.8 million dollars for the two years.

It is pointed out that the reduction in 1899 was due to special causes, reducing imports in 1898.

With one more comment I will recommend the reading of the article to every member of this Association. It seems that our exports of silver for the two years just passed amounted to 50 million dollars, while we imported 156 millions in gold; a net gain in specie of 106 million dollars.

This, though gratifying in itself, suggests an inquiry, why is there not a greater quantity? Discarding Sundays and holidays and using round numbers, our exports amount to 4 million dollars a day, exceeding imports 2

million dollars a day, giving us a credit of (actually) \$1,150,000,000, which must be accounted for, save the amount of specie named above.

Ocean freights, foreign travel and insurance are usually charged with disappearing balances. They are indeed enormous factors, especially the first named, but they fall far short in the accounting, and would call for large returns to this country of our securities; indeed, the *CHRONICLE* suggests this, but my own belief is, that the foreigners are reinvesting fully. Confirmed by Dun's report just read. Have we not large balances there? Have we not invested a large portion of this money abroad? We subscribed to a good share of the Mexican loan, why not other investments? Mr. President, speaking as a member of this Association, would it not be well for us to ask from some competent person a full elucidation of this question—what has become of our 1,044 million dollar balance?

And, gentlemen, this balance is as existing as the eternal hills. It is as much created as are the auriferous ores in those hills. It is money, and the real money that was in request in primitive times, before safe-deposit days, when old stockings were used; it is of the kind a "dog can't chew," but its disappearance is "cud" for the statistician to chew. If it has *gone* in ocean freights, we should *bestir* ourselves and do the carrying trade; if in interest, we should hold our own Government obligations; if in travel, it will advertise our resources; if in foreign investments, our *great* influence is broadening; if in buying up our securities, what can denote *greater* prosperity? If in income remittances to wealthy absentees, it shows they *cannot* carry their investments with them; if in dividends and coupons to foreigners, it shows we are *using their money* in developing, and *all is well*; only if it goes in insurance, it is an *unmitigated* drain. But to cast a faithful horoscope, we should know where it has gone, and if it was in my province, I would move that the *CHRONICLE* article, with our compliments, be referred back for this needed information. The paper in another article admits a mystery in the settlement of balances.

Gentlemen, this is not a digression. How can the United States become the clearing house of the world, if we disregard the disposition of our credit balance? We should exercise the closest censorship upon it, and we should handle every dollar of it that is possible. I don't mind people traveling in foreign parts, and those that have it spending their money, and spending it luxuriously; what I want is that we shall collect the freight and insurance moneys and all such charges on our expanding trade. England has been doing this, and what is the consequence? It is a surprise to everybody. She gets richer and richer with the trade balances against her. We base our prosperity upon them, she prospers in utter disregard of them. It is easy to account for, she has the rake-off.

Detailed Report of Proceedings.

TWENTY-FIFTH ANNUAL CONVENTION, HELD AT CLEVELAND, SEPTEMBER 5th, 6th and 7th.

FIRST DAY'S PROCEEDINGS.

Tuesday, September 5, 1899.

The President: The Vice-Presidents will please take seats upon the platform, and the proceedings of the meeting will begin, as the hour set for calling the Convention to order has already long since passed.

Gentlemen of the American Bankers' Association. By virtue of the authority in me vested as your President I now call the Twenty-fifth Convention of this Association to order.

The Reverend Dean Williams, of Trinity Cathedral, will invoke God's blessing upon the deliberations of our assembly.

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

The President: The Mayor of the City is unable to be present to welcome us this morning, and, in his absence, Mr. T. H. Hogsett, Director of the Law Institute of Cleveland, will deliver the welcoming address to the delegates to this Convention on behalf of the City of Cleveland.

Address of Welcome by T. H. Hogsett.

Gentlemen of the American Bankers' Association:

On account of illness in his family, Mayor Farley asked me yesterday to represent him at this meeting, and therefore I am here in his place.

Heretofore I have imagined that if I could successfully cope with one banker at a time I would be doing reasonably well, though I might not be able to say so much for the banker. Now that I am called upon to meet more than one, I give you warning in advance that if the interest account against me when I shall have finished is to be in proportion to the numbers I see before me I shall at once resort to the bankruptcy court for relief. I believe that as a rule lawyers are fond of the society of bankers—at least, until the loan has been obtained, and then, as I understand it, the banker rather seeks the society of the lawyer at intervals.

You will undoubtedly be interested to learn that in our profession I quite frequently hear complimentary references and comments upon these meetings, called bankers' conventions, and particularly upon the worthy motives which bring you together. We understand, of course, that one of your chief purposes is to reduce the rate. But seriously, gentlemen, the meeting in convention of that vast body of men who occupy the most important place in the business affairs of this country must in its objects and purposes mean much to the industrial, commercial and financial world. I am not one of those who deprecate the existence of banks. I believe the time has come when the banker provides the conduits through which the life blood of the vast interests of this country flow, and that banks are the power houses of the American industrial and commercial institutions; each banker the governor on the engine, and each bank is or should be a bulwark of safety behind which the credit of the entire country may seek shelter from the storms of the radical and reckless. We often hear it said that there are too many banks, but it is just as frequently said that there are too many lawyers, too many grocers, too many dry goods stores, and the like; and my observation has led me to the conclusion that the variety is less in the banking business than in any other. I believe the vast majority of those in the banking business are of that careful, cautious and conservative disposition which is so essential to the stability and permanency of our institutions. Those of us who seek credit apply to the banker. Those of us who seek letters of recommendation or cer-

tificates of good character apply to the banker. Those of us who seek aid in time of need apply to the banker. When we are worthy we receive what we ask for, as a rule. Of course, there are exceptions. Sometimes you will find one of those close fist'd niggardly souls, claiming to be a banker, who will never under any circumstances loan you a dollar unless you give him two dollars to hold as security, and with the right reserved to him to keep one of them for what he is pleased to term the "accommodation" to you, and who thinks that no man is honest or of any moral character who is not engaged in the banking business. But I venture the assertion, gentlemen, that you never saw that kind of a man at a bankers' convention. They wouldn't attend unless they could get transportation for the round trip for one fare and could board for nothing with some relative.

In my opinion the influence of the banker upon things most vital to the interests of the people cannot be overestimated. If the force of their calm and deliberate judgment, supported by that well directed action of which they are so capable, be exercised in favor of those measures most conducive to the welfare of the people, good results must follow, and the banks and the bankers be a blessing to the country. If, on the other hand, they neglect to carry their able judgment and discretion into all the things over which they necessarily have much influence they do an injury to themselves and their countrymen almost irreparable. They injure themselves by destroying their rights to the confidence of the people; they injure the people by destroying the confidence reposed in them. To say nothing of the destruction, disaster and distress which may follow in the wake of such neglect of duty or the wrongful exercise of power.

I believe in what I shall term the banker's conservatism in all things, and such conservatism can be no more wisely or judiciously exercised than in the matter of the aggregation of capital. While I am not opposed to a reasonable combination of capital and skill in industrial pursuits, it is my opinion that great trusts and monopolies are a menace to American institutions, and that the bankers of the country can and should do much in the way of restraining them, and thereby avert the consequences that must inevitably follow an era of successful promotions in this line. All aggregations of capital and of property, or either, should be under such restrictions and control as will best serve and protect the interests of all concerned, and no greater influence can be brought to bear by such restrictions than that which the American banker is so capable of exercising. Gentlemen, I do not wish you to understand that I subscribe to the proposition that the American bankers are greater than the American people. I simply say that their opportunities for doing good or promoting evil are many, and great indeed; and I hope the time will never come when the true American citizen will have cause to say that the American banker is no longer entitled to confidence because he has exercised his judgment and directed his power in support of policies detrimental in any degree to the best interests of the people.

I have spoken thus briefly of the esteem in which the American bankers are held, and of some of the causes which merit that high regard. I only desire further to say that no more practical demonstration of their greatness could have been exhibited than the choice by this Association of the City of Cleveland as the place for holding this Convention; and, gentlemen, while the citizens of our city could but deplore the coming of those who might bear with them that type of ignorance which begets callousness they hail with delight that good citizenship which is born of intelligence, and recognizes and

yields obedience to the law. Therefore, on behalf of our people, I bid you welcome.

The President: On behalf of the Cleveland bankers Mr. E. H. Bourne, Vice-President of the Clearing House of Cleveland, will also welcome us. I take great pleasure in introducing Mr. Bourne.

Address of Welcome by E. H. Bourne, Vice-President Cleveland Clearing House.

Mr. President, Members of the American Bankers' Association, and, I may say, Ladies of the American Bankers' Association:

On account of the unexpected but unavoidable absence of Mr. Thomas H. Wilson, the President of the Cleveland Clearing House Association, it has become my pleasant duty to extend to you a most cordial and hearty welcome to our city, and to express to you our sincere thanks for your acceptance of our invitation to hold your Twenty-fifth Annual Convention with us as the guests of the banks and bankers of Cleveland.

To the ladies here we express our pleasure and appreciation at their presence, knowing, as we do, that the noble and elevating influence which they exercise in our homes cannot but prove the same great incentive and help to you in your deliberations in this Convention.

We appreciate the honor you have shown us, and are glad indeed to meet and greet you here; and we sincerely hope that your visit here may be so pleasant and fraught with enjoyment to you as to insure your return before another quarter of a century shall have rolled by.

We confidently express the hope that the work of your Convention here will evidence the same wisdom and careful foresight as in the past, and that you may accomplish much of benefit to yourselves and the banks and bankers of the United States. Such accomplishment means much, not only to the banks, the bankers and their customers, but more, far more, to the vast and varied industries and enterprises of the entire country. You hold the pulse of trade, and diagnose its needs; it throbs and thrills in answer to your touch and your action. Let that action be wise.

When we remember that the members of this Convention are the active officers and agents of the financial institutions of the country, controlling not alone their own capital and means, but the deposits, savings and accumulations of their customers as well; when we remember that these deposits represent, in thousands of cases, the accumulations of a lifetime of industry and thrift; when we remember that in handling these funds we are providing the life-blood of trade, the means that maintain the farming, mining, manufacturing, mercantile, shipping and railroad interests of the country, which support toiling millions of our people, we cannot but realize to the full extent and appreciate the trust reposed in us, and the obligation to perform to the utmost of our ability the duties we have assumed. Not alone are we responsible for the preservation of these millions intrusted to our care, but we are bound to see that they are judiciously used to further the wishes of the community as well as our own. As an evidence that they are so used we believe you will see here, among the thousands of varied industries of our city, many instances of a business nursed from feeble infancy to a strong and profitable maturity by the careful and considerate aid of the bankers of Cleveland. The rapid changes that have been going forward during the past year in the methods of transacting business; the vast and varied combinations of capital; the concentration and consolidation of numerous industries and branches of trade under one head; and the consequent change in business and banking methods, may render necessary important changes in our methods, to meet the new and changed conditions. I have no fear and no doubt that the same foresight and wisdom which have characterized your actions during the past twenty-five years will be displayed in solving the problems before us, and in anticipating and meeting the requirements of the new conditions. I have no fear and no doubt you will continue in the fu-

ture, as you have proven in the past, a useful and great power for the good of the country.

I will no longer trespass on your time or your good nature, but will close by again extending to you a most cordial and hearty welcome to our city and to the hospitality of our people, and by expressing the hope that your visit may be one fruitful in pleasant recollections of the "Forest City," as well as of its banks and bankers.

Response to Addresses of Welcome by George H. Russel, President of the Association.

I desire first to make grateful acknowledgments to the American Bankers' Association, by whose favor I stand in this place, and have the honor and pleasure to answer and accept these most kindly addresses of welcome.

And now in such representative capacity, on behalf of the members of the American Bankers' Association here assembled, I say to you, Mr. Hogsett and to your good citizens, and to you, Mr. Bourne and the bankers of Cleveland, that we accept with great pleasure and joyous anticipation your most hearty welcome and proffered hospitality. This is the only Association that makes particular boast of the total of its liabilities and obligations. We can, therefore, accept easily and graciously the further obligations your kindness and generous hospitality heap upon us.

Your city was the first choice of our Council for the Convention this year, and we all agree that no better place could have been selected. At this season, too, it is particularly pleasant for the tired banker to visit so fair a city, upon the border of this Great Lake. I congratulate you upon having the largest attendance of any Convention in the history of this Association. Last year we met at Denver at this same season. Then peace was assured, and the beginning of better times, after the preceding lean years, seemed to be established and the prospects for the future brighter for the people. But now we can mutually felicitate ourselves that we meet at a time of the most unexampled prosperity in the history of our great country. Again Providence smiled upon our broad fields and the world took our cotton, corn and wheat and gave us great wealth. But the dawn of a new commercial prosperity and business activity is always first evidenced by the increased manufacture and use of iron and steel, and here we meet in the very heart of that industry. Here is infused the iron into the blood of our rapidly developing commerce and manufacture. Upon your wharves and in the harbors of your great lake is gathered and distributed ten millions of tons of iron ore from the Northwest, and from it is converted a trade that has no limit of boundary nor fear of future foreign competition. Into your ports come and go the magnificent ships of our unequalled commerce.

It seems to me that it is peculiarly fortunate that the banking interests of this country should meet at Cleveland at this time, where they can best feel the throb and impulse of an industry that demands no further protection, but can successfully compete with all the nations of the world.

I am proud to represent this great Association, and I bear to you the thanks of all here present and the regrets of the many members who unfortunately cannot be present to hear your welcome and accept your courtesies.

Annual Address of President Russel.

To the Members of the American Bankers' Association:

You will pardon me, I am sure, if I depart from the usual custom of a formal address upon some subject of financial and banking interest, and let me in a few words speak to you of our Association and the changes that have come to us and that confront us for the future in our business as bankers.

It would be proper, and I should like to review at this Twenty-fifth Convention of the Association, the history of its growth and the development of the banking interest in this country for the past quarter of a century. But

this would weary you. My first experience in practical banking and the sympathy I have for bankers runs back less than a decade. Before that time I met the banker on the other side of the counter, and now I publicly express my regrets for some unjust and undeserved criticism I have passed upon the fraternity of which I am now a member and seek at all times to defend. However, from either side of the bank counter, we must recognize the changes that have come during the life of this Association. In the past twenty-five years there has been a large increase in the number of banks and consequently greater competition in the banking business, a decrease of fully 50 per cent. in discount rates, much better facilities are given the depositor, and the old exchange and collection charges are well nigh abolished. There is much larger capital invested and much smaller profits in banking, more work and responsibility, less returns and appreciation. In the past two or three years we note greater resources and a growing independence of the money centers on the part of the South and West. But we must accept the conditions that now exist, and recognize the fact that with the age and greater wealth of this nation, the rates of interest will gradually and naturally decline.

We recovered slowly from the financial disturbances of 1893, but during the following five years, by enforced economies, the lesser cost of living, the sale of our surplus crops, the large production of our mines, we awoke to the fact that we were a rich country, and will hold our place as a creditor among the nations of the world.

To this change of condition the banker must accustom himself and perhaps largely change his methods. The business of the country is being done upon a cash basis. The annual and semi-annual settling days of the older States are not upon the calendar. The jobber finds his profits within the discount of the manufacturers, and the country merchant has learned the lesson, buys more carefully and pays cash, and so we see business paper surely disappearing. Banks must invest in other good securities, which under this new demand appreciate in value. Under this process and the growing wealth of our nation high grade securities will be absorbed, and the banks will lend their aid to the development of our industries and trade with all nations. Already we are purchasing the bonds of foreign countries. The savings depositor must satisfy himself with a lower rate of interest.

It is to be hoped that this condition will not again stimulate a fever of speculation, which when it breaks, as it did in 1893, may reduce us to a long and anxious period of convalescence. We must not forget the lessons of the past. In times like these, we take our reckoning and set our course. With clear skies and favoring winds, we know that storms must come, and we should feel the responsibility of the lives and cargoes we carry. In times of such prosperity as this, bankers will be tempted with many visionary schemes, in which large profits are promised. These must be avoided, while we must not too conservatively deny aid and encouragement to the development of our most wonderful resources.

I have referred to the growing wealth and financial independence of the South and West. I can best give you an instance by citing statistics from my own State of Michigan, which are easiest obtainable to me. For the year ending June 30th, 1899, in the one hundred and eighty-five State Banks, eighty National Banks and three Trust Companies of Michigan, there was an increase in the total deposits of \$20,949,795.53; of this amount \$8,344,623.77 was in savings deposits. January 1st, 1899, there was a total deposit in the banks of Michigan of \$127,975,498.75, and on July 1st, 1899, a total of \$140,311,558.29, showing a gain for the first six months of this year of over \$13,000,000. It is probable that this proportionate increase may obtain throughout the great States of the West. Do you wonder, then, that this year and probably for the future, we can handle our crops without financial aid from the great money centers, and that for the past two months interest rates have been actually

lower in Central and far Western cities than in New York City?

In the matter of collection charges, the Clearing House Association of New York City has set an example which it is to be hoped other Clearing Houses in the larger cities may promptly follow, and that the members of this Association may not longer conduct and advertise the Great American Free Express and Collection Company. A reasonable charge for exchange and collection would partially reimburse the larger banks for cost of stationery and stamps. In other countries these exchange or commission charges go far toward paying the entire administration account.

I have no theory of currency reform to propose. I trust that the recommendation of the Congressional Committee appointed for that purpose will declare unequivocally in favor of the Gold Standard, sift and reconcile the differences of theorists, and propose such moderate reform measures as will commend themselves to the united support of this Association. I am a State banker, yet I desire a currency under National regulation, and it may be that under the policy to which we seem committed we shall likely have bonds enough to secure sufficient issue of currency and reserve gold enough accumulated by the banks to meet any probable call for redemption of currency. And an Association like this, with a membership of nearly four thousand, representing a total deposit of four and one-half billions of money, largely the savings of wage earners, can and should not fear to use a conservative influence in favor of a monetary system best adapted to our new conditions.

Consolidation and combination are the order of the day, and in many instances it would be desirable to consolidate banks, where the smaller banks separately cannot use their deposits with safety to their depositors or profit to the stockholders, after paying the cost of administration. We have looked with alarm upon industrial combinations or Trusts, so called, and yet many of them, conservatively formed, will remain with us, and by intelligent and economical administration and a lessening of the cost of selling to the consumer, may serve to largely expand our home and foreign trade. Bankers after a time will need to investigate carefully and discriminate fairly among these gigantic industrial organizations. Like the department store to the small merchant, these large corporations will seriously affect the business of the banks in cities which are not favored with the location of their head offices and financial management.

We enter under the most auspicious circumstances another year, which will probably show the greatest development of the resources of this country. However, let us realize our responsibilities, put a curb on wild speculation, and in all things choose a "golden mean."

Gentlemen, I congratulate you upon the growth and influence and interest and education evidenced by this large attendance. I thank you for the distinguished honor of presiding over the deliberations of such an assembly. Under your excellent constitution the President has no other duties. I can therefore commend to you the administration of your affairs by the Executive Council and its most efficient and untiring Chairman. I can praise the work of your Secretary, whose report shows progress in every line and figure. The report of your Treasurer shows a sound condition of our finances and an increasing balance in the treasury. The report of the Protective Committee will, I am sure, meet with your approval and strike terror to the evil doer. The Special Committees have given much time and care to the subjects committed to them, and their work will certainly prove advantageous to the Association.

The Chairman of the Council has prepared a programme that will interest you and invite your discussion.

The Local Committees, composed of bankers, know that bankers are sometimes social beings, and have provided in bounteous measure for your entertainment and enjoyment.

The President: The next business in order is the annual report of the Secretary.

Report of the Secretary, Mr. James R. Branch.

This being the twenty-fifth anniversary, it might not be regarded as out of place to refer here briefly to the history of the American Bankers' Association. The sentiment which led to the formation of this organization, in 1875, being embodied in the preamble of the constitution, is familiar to us all. To Mr. J. T. Howenstein, of Washington, is accorded the credit of founding the association. The story of the preliminary steps was given by this gentleman at the convention of 1895. The first meeting was attended by the following: Geo. F. Baker, cashier, First National Bank, New York, N. Y.; Arthur W. Sherman, cashier, Dry Goods Bank, New York, N. Y.; Edward Skillen, cashier, Central National Bank, New York, N. Y.; Edward H. Perkins, Jr., cashier, Importers & Traders' National Bank, New York, N. Y.; George W. Perkins, cashier, Hanover National Bank, New York, N. Y.; John M. Crane, cashier, National Shoe & Leather Bank, New York, N. Y.; John S. Harburger, cashier, Manhattan Company Bank, New York, N. Y.; Charles E. Upton, cashier, City Bank, Rochester, N. Y.; John S. Leake, cashier, First National Bank, Saratoga Springs, N. Y.; Amos P. Palmer, cashier, Albany City National Bank, Albany, N. Y.; Royal B. Conant, cashier, Eliot National Bank, Boston, Mass.; Morton McMichael, Jr., cashier, First National Bank, Philadelphia, Pa.; John D. Scully, cashier, First National Bank, Pittsburg, Pa.; Joshua W. Lockwood, cashier, National Bank of Virginia, Richmond, Va.; Logan C. Murray, cashier, Kentucky National Bank, Louisville, Ky.; Charles C. Cadman, cashier, Merchants' & Manufacturers' National Bank, Detroit, Mich.; James T. Howenstein, cashier, Valley National Bank, St. Louis, Mo. Mr. Hall, of Boston, was elected president and Mr. Howenstein secretary.

The first convention was held at Saratoga, N. Y. The questions of chiefest interest at the time were the taxation of banking capital and deposits and the usury laws. Overshadowing these was the problem of the resumption of specie payments. Taxation and usury are matters which will still afford the association opportunities for debate, while the resumption of specie payments is an accomplished fact.

In 1876 the convention was held at Philadelphia, where the Centennial Exposition was in progress. The temporary chairman of that meeting referred to the fact that a committee of the association had waited on Congress to urge measures for the benefit of the people and the relief of business. He lamented that the committee's work had been in vain; and yet when we look back from our present far off point of vantage, it was not altogether fruitless! In that convention the then ex-Secretary of the Treasury, Hugh McCulloch, delivered an address on the "Financial Condition of the Country," and Mr. Coe, late president of the American Exchange National Bank, discoursed on the currency, all of which seems like a leaf torn out of one of the reports of our recent conventions, so perennial seem these questions.

In the convention of 1877, held at New York city, the only convention, in fact, that New York has been honored with, the discussion of the resumption of specie payments and the silver question took up a good deal of time.

The convention of 1878 was held at Saratoga. This meeting was signalized by a larger number of addresses than that of any previous one. The familiar questions of the alleged public preference for "greenbacks" over bank notes and the prejudice against banks received some attention after the reading of two able papers on these topics. At the convention of 1879, held at Saratoga, the secretary was able to congratulate the delegates on the successful resumption of specie payments. A prominent feature of the meeting was an exhaustive paper by the then Controller of the Currency, John Jay Knox, on the operations of the National banking system and the currency question in general. There were papers on silver as money, losses by bank failures, the

South and the National banking system, popular delusions about banking, the clearing house system, permitting National banks to loan money on real estate, etc., etc. In 1880 the association again met at Saratoga. In 1881 the meeting took place at Niagara Falls, returning to Saratoga in 1882. The variety of the topics which came under review gradually widened, including the history and operation of the banks of different States and the status of foreign banking. The currency question, of course, came up in all these meetings. At the convention of 1882 a good deal of attention was given to Southern credit and industrial progress.

In 1883 the convention was held at Louisville, at which a paper was read on the appreciation of gold. At this meeting our present Secretary of the Treasury was elected president of the association. A notable increase of valuable banking literature signalized the convention of 1884, which was held at Saratoga Springs. It was at this meeting that the still unsolved question of the collection of country checks came up for the first time, as also the possibility of a clearing house for interior paper.

At the convention of 1885 the main feature was a discussion of the silver question, brought about by the introduction of a resolution demanding the suspension of the coinage of silver dollars, then going on under the Bland-Allison act. It is of interest to note that this resolution, which was adopted unanimously, declared that this coinage should be suspended until an "international agreement with leading commercial nations shall give substantial assurance as to the future relations of gold and silver as money." The advance of the association from this rather vague and bimetallic position to its present firm adherence to the single gold standard is in accordance with sound reason and accumulated experience. There were also papers on defalcation, bank deposits and panics, uniform legislation regulating commercial paper, relations between interior banks and their city correspondents, extradition laws, bonds for officers and employees and banks as collection agencies.

In 1886 the association met at Boston, on which occasion the noteworthy papers discussed the financial situation, that topic being treated by the Controller of the Currency, Mr. W. I. Trenholm, branch banking by Mr. Hague, the well-known Canadian banker, and bills of lading as collateral for loans. The convention of 1887 was held at Pittsburg, and that following at Cincinnati. The labor question having become prominent about that time through the rapid growth of the organization known as the Knights of Labor, a paper was devoted to that subject by the late Elliott F. Shepard, of New York city, at the convention of 1887.

In 1889 the association met at Kansas City. A large portion of its time was taken up with a discussion of the policy of the Government towards silver, and a resolution was referred to the Executive Council urging members of the association to use drafts of uniform size. Papers were read on the questions of preserving the National banking system, a National clearing house for banks, collections, State securities for National bank circulation, the coinage of the silver dollar, mortgage loans, bank examinations, deposits of National banks with State banks, and the influence of bankers and banking in practical charity, etc.

A prominent feature of the convention of 1890, which was held at Saratoga, was an address by Prof. James O. Schools of Finance and Economy," and a notable article on credit as the main factor in making prices, by Mr. Atkinson, of Boston. Mr. Torrey, of St. Louis, read a paper on a National bankruptcy law, and there were papers on the bonding of bank officers and clerks, clearings of country collections, banking on the Pacific coast, the functions of clearing houses, safety paper as a protection against fraud, etc. The next convention was held at New Orleans, at which Prof. Hadley, now president of Yale University, read a paper on recent railroad legislation and its effects on the finances of the country. At that convention the Executive Council brought in a report advising the association to take steps toward the

institution of a school for the thorough training of young men in the theory and practice of banking. At the same convention an important question arose respecting the relationship between the State Bankers' Association and the American Bankers' Association. A serious crisis had in fact been developing in the history of our organization. There was a feeling that the work which it was doing could be better done by an organization, made up of delegates from the State associations, nineteen of which had already been organized. Happily, a solution was afterwards found whereby the delegates from the State associations were accorded a representative place in the American Bankers' Association. The discussion culminated in the following convention, which was held at San Francisco, where a resolution was introduced providing for a radical reorganization of the association, the preamble of that resolution embodying a severe criticism of the manner in which the affairs of the association were being conducted. That the matter had become serious is obvious from the reports of the secretary. In 1891 the membership was 1,993, while in 1895 there were but 1,527 members who paid their dues.

The convention of 1893 was held at Chicago, under circumstances of gravest import. The convention was to meet in August, but on account of the panic did not take place until October. In the circular letter announcing the postponement of the convention, signed by W. H. Rhawn, president, and E. H. Pullen, chairman of the Executive Council, it was urged that an immediate and unconditional repeal of the Sherman silver act was of the greatest necessity, and that the association should do what it could to promote this end and strengthen the hands of the President, who had convened an extra session of Congress for that purpose.

In 1894 the convention was held at Baltimore, under more favorable auspices. At that convention a resolution was adopted favoring a change in the banking system, now known as the Baltimore plan. Addresses were read on the influence of the public press on finance and the responsibility of bankers to the general public. The panic of the year before had left indelible impressions, and the need of spreading correct views of the true functions of banks was felt more than ever, owing to the slander which had been spread in the West and South to the effect that the American Bankers' Association had deliberately brought about the panic. A noteworthy paper was presented on the protective features of the association and proposals for rendering the committee more efficient were adopted. The clause "and for protection against loss by crime," which appears in the declaration to our constitution, was not included in the original draft, but was added to it in 1881. The possibility for good which lay in it did not really become manifest to the association until recent years. Efforts were made to protect the members of the association against the operation of forgers, but they were too crude to be effective. In 1888 the secretary reported that he had endeavored to communicate with the police authorities of the country in order to procure early information of the operations of bank robbers and forgers, but that he had not been successful. In the convention of 1890 Mr. Van Allen, of Albany, offered a resolution appropriating \$5,000 towards making the protective feature of the association's work effective, and a plan was proposed to aid members who had been defrauded or robbed in the arrest and prosecution of the depredators. In 1891 a resolution was passed appropriating \$2,500 for the use of the Standing Protective Committee, and a plan of operation was adopted. This was more fully elaborated in the report of the next year. In 1894 the chairman of the Executive Council, the late, and, I may well say, widely lamented Eugene H. Pullen, suggested earnestly that the work of the Protective Committee should be greatly extended and more attention devoted to it. The amount of money appropriated for the use of the committee was increased to \$5,000, and this proved to be the beginning of that remarkable series of triumphs for the safety of the banks with which

you are now all familiar, which has resulted in the capture of 199 criminals since 1895.

The convention of that year was held at Atlanta. There a rule was adopted permitting the State Bankers' Association to send one delegate for each fifty of their members to the American Bankers' Convention, entitling such delegate to all the privileges of the same. The Executive Council was increased from 21 to 30 members, and other amendments were added to the by-laws of the association calculated to facilitate its work and extend its usefulness to the banking fraternity. Most of the addresses of that convention were devoted to the currency and banking questions in anticipation of the issues which were to threaten the business and banking communities in 1896. The convention of the Presidential year was held at St. Louis, where but a few months before the Republican party had declared for the gold standard. The report of the Executive Council referred to the competition which the express money order exercised against the banks, thus recognizing a problem in practical banking which several of the State bankers' associations had already attacked with varying success. A luminous and noteworthy report from the Pinkertons' National Detective Agency, co-operating with the Protective Committee, was also presented. The secretary's report showed a large and encouraging increase in membership. There was a thoroughly practical discussion of the question of diligence in presenting checks for payment and on the abolition of restrictive indorsements. A report from the American Warehousemen's Association, showing its work in improving warehouse interests and the interests of those dealing with such business, was read and referred to the Executive Council. Other practical questions were debated, among them the collection of interior checks and the safeguarding of checks and drafts against fraudulent alterations. At this convention the Trust Company Section of the American Bankers' Association was organized. Although the convention avoided any definite reference to the issues of the presidential campaign then pending, the Executive Council had adopted a resolution some months previous to the meeting in which it stated that "The Executive Council of the American Bankers' Association declare unequivocally in favor of the maintenance of the existing gold standard of value." and all members of the association were urged to do their utmost, as citizens, to promote that end.

The convention of 1897 was held at Detroit. The currency and banking questions were discussed, currency shipments by registered mail under proper insurance, the organization of National banks of less than \$50,000 capital, the present limit; express money orders, and other matters of practical interest came up. In 1898 the convention met at Denver. The Spanish war had come and gone. A report favoring a Congressional inquiry as to the banking systems of our newly acquired territories was adopted. Mr. Pullen, in a remarkable address, detailed the experiences and observations of his thirty-seven years of service in the National Bank of the Republic, New York. Other subjects were: the Need of banking facilities in Rural Neighborhoods, the treatment of bank Clerks, uniformity of law for holidays and days of grace, Banking and its relation to industrial development.

The membership and resources of the Association have increased as follows:

1880—	
Paid membership.....	1,325
Annual dues.....	\$10,597
1885—	
Paid membership.....	1,395
Annual dues.....	\$10,940
1890—	
Paid membership.....	1,828
Annual dues.....	\$14,490
November 1st, 1895—	
Paid membership.....	1,711
Annual dues.....	\$14,145
September 1st, 1899—	
Paid membership.....	3,915
Annual dues.....	\$53,240

\$30,000 was transferred as per order of the Executive Council, from the Membership to the Standing Protective Account. And the Treasurer holds \$24,000 Government bonds, the value of which is \$26,460.

In the past year 211 members were lost through failure, liquidation and withdrawal from the Association, leaving the membership at the beginning of the fiscal year 3,174. 741 members have joined from September 1st, 1898, to September 1st, 1899, a net gain over last year's total membership of 530.

The roll now embraces 3,915 members, whose capital, surplus and undivided profits aggregate...\$1,230,192,191
Combined deposits..... 4,501,367,328

Total.....\$5,731,559,519

This is \$841,211.025 more than the same assets of last year's members.

These figures do not include the capital and deposits of 372 members who are private bankers and make no statements.

Want of space and time has forced me to make this imperfect review of the history of our Association as brief as possible, but a careful perusal of our published proceedings will show that they are an almost perfect history of the financial affairs of this country for the last quarter of a century. No transaction of moment to the financial world has occurred in that period but what it has been discussed and debated at our annual Conventions. The Association, which was practically started to induce the Government to resume specie payments, has never ceased to work steadily and openly for the benefit, not only of the banking fraternity, but the country at large. One thing stands out clearly, and that is the American Bankers' Association has become what it was intended to be—an organization of utility for banks and bankers, and an authoritative exponent of the highest aims and purposes of the banking world. To-day, long since emerged triumphant from the vicissitudes which at one time threatened the Association's welfare, if not its actual existence, it has a membership of nearly four thousand, and looks forward with confidence and enthusiasm to a still larger recognition of its usefulness.

The Secretary desires to thank the officers and members for their uniform courtesy and cheerful efforts to assist in the upbuilding of the largest Association of banking men the world has ever seen. Very respectfully,
JAS. R. BRANCH, Secretary.

The President. Gentlemen, you have heard the report of the Secretary. What will you do with it?

John H. Leathers, of Louisville, Ky.: I move that it be received and printed in the proceedings of the Convention.

The President: If there is no objection it will take that course.

Next in order comes the annual report of the Treasurer.

Report of the Treasurer, Mr. George M. Reynolds.
CHICAGO, September 1, 1899.

To the American Bankers' Association:

Gentlemen.—I have the honor to submit the following report of receipts and disbursements since the beginning of the current fiscal year—viz., August 15, 1898:

GENERAL MEMBERSHIP ACCOUNT.

Balance on hand, August 15th, 1898.....	\$65,286.81
Rebate, account bond issued Walker Hill, Treasurer	10.00
Interest on bonds.....	1,000.00
Dues from members, 1898-'99:	
450 at \$10.00.....	\$4,500.00
223 at 15.00.....	3,345.00
26 at 20.00.....	520.00
15 at 30.00.....	450.00
27.....	662.33
	9,477.33
Dues from old members paid in advance for 1899-1900:	
116 at \$10.00.....	\$1,160.00
106 at 15.00.....	1,590.00
10 at 20.00.....	200.00
1 at 22.50.....	22.50
6 at 30.00.....	180.00
	3,152.50

Drafts deposited in Continental National Bank, Chicago, for dues for membership for the ensuing year (subject to deductions for unpaid drafts):

1,672 at \$10.00.....	\$16,720.00
1,249 at 15.00.....	18,735.00
225 at 20.00.....	4,500.00
209 at 30.00.....	6,270.00
	46,225.00

\$125,151.64

DISBURSEMENTS.

Disbursements as per accompanying vouchers.....	\$70,641.74
Drafts charged back account dues for year 1898-'99:	
111 at \$10.00.....	\$1,110.00
61 at 15.00.....	915.00
8 at 20.00.....	160.00
8 at 30.00.....	240.00
	2,425.00
Balance on hand close of business, August 31st, 1899.	52,084.90

\$125,151.64

STANDING PROTECTIVE ACCOUNT.

Balance on hand, August 15th, 1898.....	\$1,649.84
Transferred to this account from General or Membership Account as instructed by resolutions of Executive Council.....	30,000.00
	\$31,649.84
Disbursements to September 1st, per accompanying vouchers.....	22,709.14
	\$8,940.70

The Treasurer holds for the Association as an investment the following United States Government bonds: \$14,000 par value 5 per cents. of 1904, valued at....\$15,610.00
\$10,000 par value 3 per cents. of 1918, valued at.... 10,850.00

Respectfully submitted,

GEO. M. REYNOLDS, Treasurer.

The President: This report will be received and take the same course.

I now call upon Mr. C. A. Pugsley, of Peekskill, N. Y., to present the report of the Auditing Committee.

Report of Auditing Committee.

CLEVELAND, O., September 4, 1899.

To the American Bankers' Association:

Gentlemen.—The undersigned committee, appointed to audit the accounts of the Treasurer, beg leave to make the following report:

Balance on hand as per last report.....	\$65,286.81
Receipts during the current year.....	59,864.83
	\$125,151.64
Disbursements as per vouchers at close of business, August 31st, 1899, including unpaid drafts returned.....	73,066.74
	52,084.90

STANDING PROTECTIVE ACCOUNTS.

Balance on hand, August 1st, 1898.....	1,649.84
Receipts.....	30,000.00
	\$31,649.84
Disbursements to September 1st, 1899.....	\$22,709.14
	\$8,940.70

Your committee has examined the accounts and vouchers and find the same to be correct. The books and papers have been correctly kept, and the finances of the Association are in good condition.

Respectfully submitted,

C. A. PUGSLEY,

J. P. HUTTON,

JOHN H. LEATHERS.

The President: This will be received and take the usual course.

The next business in order, gentlemen, is the report of the Executive Council, which will be presented by its chairman, Mr. Alvah Trowbridge, of New York.

Report of Executive Council.

Mr. Trowbridge: Mr. President and Gentlemen of the American Bankers' Association. The progress of this Association for the past year is no less encouraging than

during the two previous years upon which I had the honor of reporting. As you have learned from the report of the Secretary, from 1,911 members in 1896, 2,800 members in 1897, 3,400 members in 1898, we have now 3,915 members, and if the Secretary had stayed at home another day there would have been 3,930 members to report in 1899 (applause), and my statement that the American Bankers' Association is the most important Association in the world holds good.

As the years go by we are taking up the most important questions of banking and general business and discussing them from practical points of view, and the reports of our committees will show that we are making an advance on every line. Our protection from swindlers, our progress in the establishment of uniform laws regarding commercial paper and the successful relationships which have been established among the fraternity are all of the greatest value and well worth the labor and thought which we have given to these subjects. The Executive Council has its committees on protection, uniform laws, education, credits, fidelity insurance and warehouse receipts, and all these reports, which will be presented, will give you the results of active discussion and investigation. Hence, one by one we are bringing every branch of trade into harmony with sound principles, and bankers everywhere are taking their place as conservators of public credit.

Twice I have reported that every member should endeavor, in the interim between our annual Conventions, to bring in at least one new member of the Association in order that we might include the whole fraternity in our body, and this recommendation I present again for the last time, as my term of office as a member of the Executive Council expires with this meeting. I beg to express to the Council and to the Association my grateful thanks and my appreciation for the uniform courtesy which has been extended to me as chairman during the past three years.

The Executive Council held a meeting last evening at the University Club, in this city, and there are several matters which I, as chairman, was directed to submit to this Convention to-day. The first is the following resolution:

Resolved, That the Executive Council recommend the adoption of the form of bond drawn for the Association by Messrs. Butler, Notman, Joline & Mynderse, and copyrighted by our Committee on Fidelity Insurance.

Resolved, That any company doing a fidelity business who may file with the Secretary a statement that in consideration of the privilege of writing our copyrighted form the said company will not furnish this form to any bank not a member of the Association be permitted to write said copyrighted form of bond during the pleasure of the Executive Council.

We recommend the adoption of this resolution by the Convention.

ACTION OF CONVENTION ON FORM OF BOND.

The President: What is the pleasure of the Convention in respect to this matter?

G. D. Abel, of Mississippi: I move the adoption of the resolution.

John Farson, of Chicago, Ill.: I second the resolution. The resolution was adopted.

UNIFORM AND PROPERTY STATEMENT BLANK.—CREDIT DEPARTMENTS.

Mr. Trowbridge: The Executive Council also approves, and orders submitted to the Convention, the following resolutions, prepared by a member of the Executive Council, Mr. James G. Cannon, of New York:

Resolved, That the Secretary of this Association be and hereby is requested to confer with the Vice-Presidents from the various States and prepare a uniform and property statement blank which can lawfully be used in each State of the Union by the members of this Association, the same to be designated as the Standard Form of the American Bankers' Association; the statement blanks to be supplied to members for their use at cost price, upon application at the Secretary's office.

Resolved, That the American Bankers' Association, in convention assembled, approve the system of Credit Departments for banks, and that the Secretary of this Association be and he

hereby is authorized to prepare and set up in his office a model credit department, and to furnish such information as he may be called upon for, from time to time, to the members of the Association, regarding the workings of the same, and also to prepare and furnish to the members of the Association at cost price any and all blanks which are needful in connection with the same.

Robert J. Lowry, of Atlanta, Ga.: I move the adoption of those resolutions.

George M. Reynolds, of Chicago, Ill.: I second them.

James H. Willock, of Pittsburg, Pa.: One moment, Mr. President. I should like to know what this proposed Credit Department is. This is something entirely new to me, and I would like to hear some one, who knows something about the subject, explain it in a two or three minute speech. I am not prepared to vote upon it one way or the other.

James G. Cannon, of New York: If the Convention will kindly allow discussion and action upon these resolutions to remain open until to-morrow, after I have made my speeches laid down on the programme, I will then give full information to the gentleman, and think I can satisfy him and every member of this Association of the wisdom of adopting these resolutions.

The President: With the consent of the Association that course will be followed. There not appearing to be any objection, the matter will lie over, as requested by Mr. Cannon.

EXPRESS COMPANIES DEALING IN EXCHANGE.

Mr. Trowbridge: The following communication was received by the Council, approved by it, and the resolution contained therein recommended to the Convention for adoption:

Whereas, The several express companies are actually carrying on the business of buying and selling domestic and foreign exchange; and

Whereas, Under Section II. of the War Revenue Law persons and corporations dealing in exchange are defined as brokers, and are required to pay a special annual license tax of \$50; and

Whereas, While banks and bankers are each required to pay such United States license tax, the Commissioner of Internal Revenue for some reason has decided that the express companies are not subject to such war tax as brokers, either for their principal offices or for their numerous and various branch offices in which exchange is bought and sold; and

Whereas, Such decision is not only an injustice, but a great injury to the banks and bankers throughout the country, and, in our opinion, a manifest violation of the strict interpretation of the War Revenue Law;

Therefore, Resolved, That a committee of three be appointed by the President of this Association to give this subject careful consideration, and to report to this Convention recommendations for the correction of any violations of the letter or intent of the War Revenue Law, and the resulting damages and loss to the banks and bankers with whom the untaxed express companies and their thousands of industries are now competing in the business of buying and selling exchange.

F. W. Hayes, of Detroit, Mich.: I move the adoption of that preamble and resolution.

D. B. Cooper, of Helena, Mont.: I second its adoption. The resolution was adopted.

The President: I will name as the committee under that resolution the following gentlemen: F. W. Hayes, of Detroit, Mich.; Charles R. Hanan, of Council Bluffs, Iowa; Ferdinand Kuhne, of New York City.

This is an important subject, gentlemen, and the Chair feels that it has committed it into good hands.

PROPOSED AMENDMENTS TO THE CONSTITUTION.

Mr. Trowbridge: Mr. Bradford Rhodes, a member of the Executive Council, presented to the Council last evening certain proposed amendments to the constitution, as follows, and the Council directed me as its Chairman to report the same to the Convention to-day, with the recommendation that they be not passed:

MAMARONECK, NEW YORK, August 3d, 1899.

Mr. James R. Branch, Secretary Executive Council of the American Bankers' Association, 20 Broad Street, New York City, N. Y.:

SIR.—I herewith beg to submit proposed amendments to the constitution of the American Bankers' Association, as provided by Article IX, Section 1 of the said constitution, to go into effect immediately upon adoption by the Convention.

Amend Article III, Section 2, by inserting the following para-

graphs in said Section immediately before the wording of the Section as printed in the Proceedings of the last Annual Convention:

"The order of procedure to be observed in nominating candidates for the office of President and First Vice-President shall be as follows: Immediately before the first adjournment that occurs in the session of the Annual Convention, the Convention shall resolve itself into a Committee of the Whole for the purpose of nominating candidates for the office of President and First Vice-President. The usual parliamentary order shall be observed in the proceedings.

"The Chairman of the Executive Council shall preside, and appoint three delegates to act as tellers, and also three delegates to act as ballot clerks, distribute blanks and collect the ballots. After the Clerks have distributed blank ballots, the Chairman will state that nominations for the office of President are in order, and direct the Secretary to call the roll of States and Territories in alphabetical order for such nominations, each State and Territory represented in the Convention to be entitled to present a candidate for the office of President. Upon the completion of the roll-call and presentation of candidates, the ballot clerks shall proceed to collect the ballots, delivering same to the tellers in the presence of the Convention. Upon completion of the count, the tellers, by one of their number, shall announce the total vote cast, and the vote for each candidate respectively; and the two candidates receiving the highest number of votes shall be declared to be the candidates before the Convention for the office of President.

"Candidates for the office of First Vice-President shall be selected in like manner."

In Article III, Section 2, as now printed, at the end of the first sentence, after the words "Committee on Nominations," add "for members of the Executive Council."

At the end of Article III, Section 2, as now printed, after the words "unless otherwise ordered," add, "the election for officers and members of the Executive Council, as herein provided, shall occur under the proper order of business at the final session on the last day of the Annual Convention."

Respectfully submitted,

(Signed)

BRADFORD RHODES.

A. P. Wooldridge, of Austin, Texas: I move the adoption of the report and recommendation of the Executive Council. And, lest I may have been misunderstood by the members of the Council in the course I took at its meeting last night, I desire to explain my position here. At the meeting of the Executive Council I moved that Mr. Rhodes' proposed amendment, which has just been read, be brought before this Convention for its action to-day. I did that not to stifle and kill the amendments. I did not vote for or against them. I voted simply for their presentation here, because I thought it proper and the only right thing to do. This is a matter of such extreme moment that I thought the whole Convention should dispose of it instead of having it disposed of by the Executive Council. I wanted the matter decided on its merits. The Constitution of this Association says that its officers shall be nominated by a nominating committee, which nominating committee shall be composed of representatives from every State in the Association. When that committee reports to the Convention the Convention can either approve or disapprove the action of the nominating committee or substitute other nominees. That is the present method imposed. Now, Mr. Rhodes' proposed amendments would take that duty from any nominating committee and throw the whole matter open to the Convention in a more or less confused manner. I think it is a decidedly wrong thing to do. In the nominating committee as constituted every State has equal representation. The nominating committee get together in private, without confusion or disorder, and pass upon and consider the qualifications of men for these high offices. The method proposed would change all that, and would make our Convention a political gathering, where the mass of the delegates would be liable to be swayed by an eloquent speech, and where, besides, States like New York and Pennsylvania, having a larger attendance of delegates than any other States, would be able to nominate the President and other high officers every time, and States without so large a representation would never get a representation in the offices.

M. M. White, of Cincinnati, O.: I second the motion that has just been made by the gentleman from Texas. Gentlemen, it is not the object of this Association to make these meetings of a political character, and we do

not want political methods to prevail. It is unbecoming the dignity of these American Bankers' Associations. We believe in the principle of the offices seeking the men, not the men the offices. Let us get down to practical methods. There is no danger in following the plans we have followed that we shall get an improper man elected President, or get somebody who is not qualified to sit as a member of our Executive Council.

I regret very much that this proposition has been presented.

Bradford Rhodes, of New York: Mr. President and gentlemen. On behalf of the minority of the Executive Council I wish to take your time for a very few minutes, to give you some facts in regard to the rise and progress and present conditions of the American Bankers' Association from the standpoint of the men behind the guns.

I am glad to see over the platform here the word "Progress." It is a good omen for this Association. We have progressed in numbers remarkably during the last five or six years, but we have not progressed in good old fashioned American methods of doing business. When my friend from Cincinnati (Mr. White) was made President the Committee on Nominations consisted of five men appointed by the Chair. At Detroit, two years ago, we succeeded in amending the Constitution, admitting into equal membership in our Council the delegates from State Bankers' Associations. So that now one-half of them are elected directly by the several State organizations. Now, the members are not ward politicians, and the man from Arkansas or from Alabama or from California has and ought to have the right to say in the Convention who he wants nominated to fill the offices. According to the plan I have proposed it will not occupy more than thirty minutes of the time in the Convention: calling the roll of States from Alabama to Wyoming, and allowing each delegate to stand up and nominate whom he pleases. I claim that we cannot delegate to a committee consisting of one from each State the full behests of our wishes. It is not democratic, it is un-American and unfair, and we are too big and too wise, I hope, to go back to such antiquated methods. Therefore I move, as an amendment to Mr. Wooldridge's motion, that the report of the Executive Council and its recommendation be not agreed to.

I. E. Kniseley, of Toledo, Ohio: I desire to make a suggestion. I am opposed to disposing of this question to-day. If we vote upon this now the matter won't remain settled. The best policy to pursue is to let the members who have come here understand what this amendment means, and understand what the old method is. If the Executive Council stood eight to seven upon this matter this Convention may stand just as nearly even as that, and I do not think it right to dispose of this question hurriedly. Due consideration ought to be given to the sentiment that actuated the minority of the Executive Council. This question has been up before, and it will be up again unless we settle it now in a fair and amicable manner for all time.

The President: You mentioned a vote of eight to seven in the Executive Council—

Mr. Kniseley: I simply inferred so from what I have heard.

The President: It so appeared in the public press this morning. I desire to say that there was no minority of the Executive Council authorized to make a report. No minority report was noticed in the Council. How the deliberations of the Council appeared in the morning papers I can best leave you to imagine. As to the vote of eight to seven, there were twenty-six members present at the Council meeting; several of them did not vote.

John P. Branch, of Richmond, Va.: That vote of eight to seven did not come up as might be inferred here. There were eight who were in favor of reporting the proposed amendment to the Convention without any recommendation and eight who wanted to report the

matter to the Convention with the recommendation that it be not passed.

The President: That is right.

Mr. Kniseley: I move that the further consideration of this matter be postponed until the next meeting of the Convention.

The President: You cannot amend an amendment.

Breckenridge Jones, of St. Louis, Mo.: In disposing of an important question of this kind I think there should be a clear understanding of the point at issue. Until two or three years ago, so far as nominations were concerned, a committee was appointed by the Chair. There were various State associations which had no voice in the Convention, and the Constitution was amended so that the various associations should name one-half of the Executive Council, and then in order to see that there should be a fair consideration of the qualifications of various candidates a nominating committee was made—not to be selected by the Chair, but it was provided that each State bankers' association should name one man, or the delegate from each State should name one man, and that a nominating committee constituted in that way should make its report to the Convention. In that way the State of Alabama has as much voice as the State of New York, and Rhode Island has the same power that Texas has. It has never been charged that that is not democratic or that it is un-American, and I believe the Constitution as it stands is wise and that it ought not to be changed, and I therefore move to lay the last amendment upon the table.

J. B. Finlay, of Pennsylvania: I second that motion.

Bradford Rhodes: That would carry with it the whole matter and I therefore raise the point of order that the question cannot be put in that form.

The President: The Chair thinks the point of order is well taken.

Mr. Finlay: It has been said that this matter should not be considered hastily, but if we act upon it now it cannot be said that we are acting hastily, because every member of this Association has had a printed copy of these proposed amendments in his possession for the last thirty days and knows what it means. So that point is not well taken. Then, again, the several State delegations who elect members of the Nominating Committee have the power to instruct those men, and they can go forward in their meeting as a nominating committee and discuss candidates *pro* and *con*. I think it would be disastrous to the Association generally to adopt the proposed amendments, and I do hope—no, I won't say hope, I am sure you will vote them down and keep the Constitution as it is.

John Farson, of Chicago: Mr. President, the world does move, and no more forcible illustration can be found than the fact that the Executive Council of this Association is willing to permit a question that they do not approve of to be discussed in this Convention. I believe that every gentleman who has spoken on this question has either been an officer of the Association or ex-officer, or a member of the Executive Council or an ex-member of it.

For a great many years it was thought that the members of this Association generally could not have much to say about the affairs of the Association. Whether that was true or not, it was a fact that a few men in the Executive Council dominated the Convention entirely.

Gentlemen, this Association should be exceedingly democratic. Every delegate on the floor should have a voice here. There have been half a dozen men who have got together and arranged matters. Gentlemen, before you vote these amendments down permit me to suggest that you give them your most careful consideration.

The President: Mr. Rhodes called for a rising vote in the Executive Council on this matter, and therefore the Chair calls for a rising vote now on Mr. Rhodes' amendment to Mr. Wooldridge's motion.

Mr. Finlay: What is Mr. Rhodes' amendment?

The President: Will Mr. Rhodes state it?

Mr. Rhodes: I moved to amend Mr. Wooldridge's motion, which is, of course, the committee's recommendation—I move to amend it by saying that the recommendation of the Executive Council do not pass.

Mr. Finlay: That is just the same as voting in the negative on the original motion—that is, to vote it down. The amendment does not amount to an amendment, because it is only a negative motion. To vote the motion down is to do what Mr. Rhodes wants.

The President: This would simply be calling for the negative.

Mr. Wooldridge: I want to state my motion clearly. I moved that the recommendation of the Executive Council be approved by this Convention. Now Mr. Rhodes comes in and moves to amend my motion by substituting his minority views. You have got to put the question first on Mr. Rhodes' amendment, and every delegate who is against Mr. Rhodes' amendment will vote aye on that proposition.

Mr. Rhodes: No, no; you have got it all wrong.

Mr. Kniseley: I think Mr. Rhodes' amendment is out of order, and that there is nothing before the house but the adoption of the Executive Council's report.

N. B. Van Slyke, of Wisconsin: I do not think, gentlemen, that we can afford to quarrel, and I hope this question will just be put aside until our next session. Let us adjourn and get our dinners and vote upon it this afternoon.

E. C. Curtis, of Grand Park, Ill.: Mr. President, I think the easiest way to dispose of this whole matter is to lay it on the table. Therefore, I make that motion.

The President: That motion is out of order, because we have got to vote upon Mr. Rhodes' amendment first.

Mr. Curtis: I submit that the Chair is in error.

Mr. Jones: There is a motion before the house to approve the report of the Executive Council. Mr. Rhodes has moved to amend that motion by moving that the Convention disapprove of the report. There is no minority report from the Executive Council. The question should be: Shall the report of the Executive Council stand approved? That will dispose of the entire matter.

Mr. Wooldridge: I will accept the suggestion that there be an aye and nay vote on the action of the Executive Council. Let all who are in favor of the action of the Executive Council rise.

Mr. Rhodes: That is just the reverse of what should be the procedure. My amendment takes precedence in the voting. You must vote on my amendment first.

The President: The Chair rules that Mr. Rhodes has not made an amendment to the motion, and therefore that the question is on the adoption of the report of the Executive Council that the proposed amendment be not passed. Those in favor of that will please rise—those opposed will now rise.

Carried.

The President: The report of the Protective Committee is next in order.

Mr. Hayes: I would suggest that the chairmen of the various committees be given an opportunity to make such remarks as they wish, and that their reports be received without reading and ordered printed in the proceedings.

The President: The Convention may decide as to that later, but now we will have the report of the Protective Committee read.

Peter White, of Marquette, Mich.: I move that the Convention take a recess until half past two o'clock.

The President: I hope Mr. White will not press that motion.

Mr. White: Very well; I withdraw it.

The President: Mr. S. G. Nelson, of New York, will now present the report of the Protective Committee:

Report of Protective Committee.

The Protective Committee begs to submit the following report of the work committed to its care by the Executive Council for the year 1898-1899:

Balance on hand per Treasurer's report, August 1st, 1898.....	\$1,649.84
Appropriated by Executive Council.....	30,000.00
	\$31,649.84
Paid account expenses 1896-1897-1898....	\$351.28
Paid account expenses 1898-1899.....	22,357.86
	\$22,709.14
Total receipts.....	\$31,649.84
Total expenditures.....	22,709.14

Balance, September 1st, 1899..... \$8,940.70

In the past year the committee has continued the policy heretofore adopted and sanctioned by the Association with the gratifying results which, in past years, have demonstrated the efficiency of a compact organization clothed with ample executive power for the protection of members of the Association. The committee started out upon the principle that, if gangs of expert forgers and burglars were thoroughly broken up and their members sent to prison or driven out of the business of defrauding banks, the new organization of such gangs would be rendered difficult. It takes years to bring together an effective band of burglars or forgers. So many men, bent upon crime, have to put themselves in the power of each other that even the selection by a skillful forger or burglar of the men to operate with him, and each other, is a matter of great difficulty. When this protective work was inaugurated it was developed upon the theory which was embodied in the contract with the Pinkerton National Detective Agency in these words:

"It being the purpose of this Association to relentlessly pursue bank criminals, to keep persistently upon their track, to see that they are never forgiven or forgotten, that they are punished for every offence and kept in prison as long as the law will allow and returned there as promptly as possible after release, it relies upon your agency to represent it in this important work, and to keep up an untiring vigilance in behalf of the bankers who are our members."

In previous reports the committee has shown how, through the agency of detectives who could reach the dangerous forgers and burglars and their associates, ample notice had been given to every one known to practice such offences that, so far as the American Bankers' Association was concerned, nothing would be left undone to rid its members of their attacks. Our policy has been strengthened by experience, and the committee is able to make report at this convention, based on many facts which it has in its possession, that there is not outside of prison to-day a forger or burglar of the grade of skill as great as the skill of those we have placed behind prison bars. There are a number of skillful men in prison, and some of them will be at large in the course of the next year or two, but it will be the fault of this Association and its Protective Committee if they make much headway in the organization of a band of forgers or burglars or in depredations upon our members. The class of cases which we have been called upon to handle during the past year, like those referred to in our report of a year ago, have been minor in their character.

Following are a few brief statements of results:

1. So far as known, there is not an organized band of forgers operating on banks in this country.
2. Only one old hand at the forgery profession has operated on a member during the year. The agents of the Association secured his arrest and he is now serving a ten-year term in the penitentiary.
3. From May 1st, 1895, to August 1st, 1899, members of the American Bankers' Association have lost by the operations of burglars, robbers and sneak thieves, \$12,738.
4. From May 1st, 1895, to August 1st, 1899, banks not members of the Association have, in the same way, suffered reported losses of over \$300,000.

In our report of last year we announced that, after being sentenced to life imprisonment forgers Charles Becker and James Creegan had been granted a new trial. The continued prosecution of this case during the present year has made it the most expensive case of the season. The new trial resulting in a disagreement, a third trial was promptly urged by the committee. At the approach

of the third trial confessions were obtained from both men, and on Dec. 9, 1898, Becker was sentenced to seven years' imprisonment and Creegan was sentenced on March 25, 1899, to two years in the penitentiary, marking the completion of a case which had been in hand for nearly three years.

In one instance during the year just ended a member of the Association, as stated, suffered loss at the hands of an old and clever professional forger. This is said to have been due to the misplacement of the membership sign. From October, 1897, to November, 1898, A. J. Conover, leader of a band of forgers, had planned attacks on banks in the United States, and had operated during that time on twenty-six banks not members of the Association. In November, Conover selected for attack the First National Bank, Rock Rapids, Ia., and on Nov. 15 Robert King, a member of his band, passed at the bank a fraudulent draft for \$550, purporting to be the draft of the Partridge Banking House, Seneca Falls, N. Y., on the First National Bank, New York City. The bank is a member of the Association, and the agents of the Association accomplished the arrest of Robert King at Walkerton, Ont., Dec. 24, 1898, and the capture of A. J. Conover, Jan. 13, 1899, at Port Huron, Mich., and secured their extradition. On April 22 Conover was sentenced to ten years and King to seven years in the penitentiary at Anamosa, Ia.

With the growth of the Association has come an increased volume of reports for the attention of the Protective Committee. More than twenty-six hundred letters and reports have been carefully considered during the season. Information selected therefrom, giving photographs of active criminals, has been issued in pamphlet form to each member of the Association every few months. Members are requested to read these pamphlets and preserve them. Referring to the operations of a swindler described in our December bulletin, a banker writes: "The value of your publication is demonstrated, and had we examined it earlier we might have been of some service." The committee has continued to issue to new members the booklet with general advice and instructions, entitled "The Confidential Book of the Protective Committee."

In conjunction with Bulletin No. 4, issued to the members of the Association in May, 1899, there was sent a special bulletin containing the photograph of Timothy J. Hogan, describing his appearance and methods, and requesting members to be on the watch for him. In 1898 the Association co-operated with the Post Office Department and the police in running down Hogan, who had rifled the United States letter boxes for checks, altered them and passed them at the banks on which they were drawn. He was sentenced in June, 1898, to a five-year term in the Columbus Penitentiary, and in May, 1899, he escaped from the prison. In July the agents of the Association located Hogan in New York, and he was arrested and transferred to Columbus to complete his unfinished term.

FORGERS AND SWINDLERS.

From Aug. 1, 1898, to Aug. 1, 1899, eighty-seven forgers and swindlers of all descriptions have defrauded, or attempted to defraud, members of the Association. Fifty-five of the number have been placed under arrest, and thirty have been sentenced. Four forgers have been incarcerated for crimes committed in previous years, and in four instances forgers have been rearrested at the expiration of their terms of imprisonment and have been transferred for trial on other charges. A. L. Alford, transferred from Los Angeles to San Francisco, charged with defrauding the First National Bank of San Francisco with a bogus draft for \$200, was acquitted on a technicality. W. H. Geer, transferred from Richmond, Va., to Salt Lake City, Utah, was sentenced to three years in the penitentiary for defrauding the National Bank of the Republic, Salt Lake City, with a worthless check for \$365. C. F. Beatty, who was transferred from Pennsylvania to Florida, pleaded guilty to swindling the First National Bank, St. Augustine, with worthless drafts, and

was released on payment of a fine. George B. Henry, transferred from York, Neb., to Denver, Col., was acquitted on a technicality. Pending a final disposition of the case he escaped and made his way to Hampton, Ill. He was located by the agents of the Association, who secured his arrest and transfer to Grand Rapids, Mich., where he is held for trial on the charge of defrauding the People's Bank of Grand Rapids out of \$250 on a bogus check.

BURGLARS AND THIEVES.

Reports received during the past year show that fifty-eight attacks have been made on banks not members of the Association by burglars and thieves, who have done considerable damage with heavy explosives and have gotten away with more than \$117,000 in money. From the same class of depredators, members of the Association have lost during the same period \$3,863, the result of sneak thefts and one burglary. Of this amount \$2,500 was secured by a sneak thief who, without being seen, abstracted the money from the wagon of the Anglo-California Bank in the streets of San Francisco. Tramp burglars attacked the First National Bank, Ashburnham, Mass., and secured \$1,278. About the same time they committed a series of attacks in New England on banks not members of the Association. An investigation of the only recorded instance where bank burglars used the electric current during the year shows that it was made use of merely to arrange a warning signal in the bank with a connection outside.

Following is the detailed financial statement of Protective Committee from close of fiscal year, July 31, 1898, to Sep. 1, 1899:

RECEIPTS.

Balance on hand, August 1st, 1898.....	\$1,649.84
Appropriated by Executive Council.....	30,000.00
	\$31,649.84

EXPENDITURES.

Paid Pinkerton, expense incurred prior to August 1st, 1898.....	\$351.28
Paid Pinkerton, expense incurred August 1st, 1898, to September 1st, 1899.....	18,943.86
Salaries and expenses, as per vouchers.....	3,170.00
Paid Stewart & Co., 500 aluminum signs.....	65.00
Paid American Writing Machine Company.....	10.00
Paid American Bank Note Company, 6,175 booklets..	144.00
Petty cash.....	25.00
Balance, September 1st, 1899.....	8,940.70
	\$31,649.84

The committee frequently receives telegrams and urgent letters asking assistance in a class of cases upon which they have no authority to expend money. These petty swindles are usually due to imperfect vigilance on the part of bank officers, and no protective system could be expanded so as to take them in without an expense that would be burdensome, without adequate results. The casual sharper, confidence operator and dishonest borrower belong to a class with which every bank officer is, or should be, competent to deal. To pay checks upon the identification of ministers, doctors, hotel clerks, or indulgent citizens who, acting upon imperfect information, rely chiefly upon the representations of the swindler and expect the bank officer to take all necessary precautions, is to violate a primary rule of banking. The committee regrets that its function is sometimes misunderstood, and that the bank officer sometimes expects the elaborate and expensive machinery of the American Bankers' Association to be set in motion to catch a fly-by-night swindler who has found a good-natured, easy-going banker who cashes checks without an indorser of known financial responsibility. The rule of the committee also prohibits the expenditure of money to pursue and prosecute dishonest borrowers. Bankers should know the genuineness of the obligations they invest in, and no system can supplement their failure to take due precautions.

In conclusion, the committee begs to tender its cordial thanks for the valuable assistance rendered by individual members who have extended their active co-operation.

We append the report of the detective agents of the

Association, which is distributed among the members in printed form and will follow this report in the proceedings of the convention.

Respectfully submitted,

PROTECTIVE COMMITTEE,
American Bankers' Association.

The President: Gentlemen, you have heard the report of the Protective Committee, and, unless there is objection, the report will take the usual course.

Mr. Frank W. Tracy, Chairman of the Committee on Uniform Laws, will now present the report of his committee.

Committee on Uniform Laws.

To the American Bankers' Association:

Your Committee on Uniform Laws would respectfully report their proceedings for the past year. The committee has had many suggestions as to laws it should favor. The importance of the work it engaged in, in trying to enact uniform laws for negotiable instruments in the different States, seemed to be so great that it turned down all these suggestions, though many of them were very valuable. Our first duty is to get the same uniformity in our credit circulation as we have in our currency. There should be no State lines in rules regarding commercial paper.

As an illustration, a banker was desirous of knowing how to treat a certain kind of paper in his daily business. He applied to his attorney for advice. The attorney advised him that the decision of the Supreme Courts of thirteen States were so and so. The banker said: "Well, that settles it. I will handle the paper in that way." The attorney said: "No; for the Supreme Courts of twelve States and the Supreme Court of the United States had decided just the opposite."

With the law of commercial paper in such a jumble how are we laymen to safely conduct our business? Large sums of money are involved every day in such transactions, and were not the bankers of the United States men of such large faith in the integrity of their customers, very little business could be done.

The law, however, is made not so much for men of integrity as to catch rascals, and there occasionally appears among the customers of a bank such an one, and for him we must have legislation. We need not repeat the history of our bill for negotiable instruments. It was sired in England and has had eighteen years of successful operation. The great business men of England approve it. So much so that they have had it enacted in all their colonies.

The American Bar Association in 1895 presented a revision of this bill adapted to American ideas. It immediately met the approval of the business men of the country, and your committee in 1897 was entrusted with the task of presenting it to the different Legislatures for their approval.

Our first report was made at Denver last year. When we commenced our work we found the law had been enacted in four States—New York, Connecticut, Colorado and Florida. In 1898 but few of the Legislatures were in session. We worked with five States. Maryland, Massachusetts and Virginia passed the bill. Ohio and Georgia created commissions, which, we think, will report favorably this coming winter. This year many Legislatures met. We got a hearing in most of them, and in the main were successful.

We passed the bill in eight States and the District of Columbia, more than doubling the number of States enacting the law.

Reviewing our work, we will report on the States alphabetically, commencing with Arkansas.

The bill passed the Senate in this State, but consideration was postponed indefinitely in the House. Mr. Geo. W. Rogers, cashier, Bank of Commerce, Little Rock, has so well expressed the reasons for its defeat that we take the liberty of quoting them, as expressing the opposition we found in all the States.

Mr. Rogers says: "The only three objections I heard

urged against the bill—one was by a lawyer, who said that 'this thing is against my interests personally; this thing is clear and plain, and anybody that can read can know what the law is, and it will prevent litigation and knock me out of fees, and I am in this thing for what is in it. I am against the bill and will vote against it.'" That was a member of the Senate. In the House the bill was too long—it was thirty-six pages long. They said it was too long. They didn't seem to consider that the law, as at present laid down, covered more acres of paper than that did pages. Then there were other lawyers in the House that had to make a living too. But the principal objection, men said, "I don't understand the bill; I am not versed in the law, and I am not in business; I have no negotiable paper; I don't know anything about it. If this bill is such a good law, why don't my banker write to me and tell me to vote for it? He has not done it."

In Alabama Gen. J. C. Whiting, President of the People's Bank, Mobile, lent his strong influence to the bill, but the Legislature refused to consider it.

R. M. Welch, Secretary of the California Bankers' Association, did very efficient work in that State. The bill passed both houses of the Legislature, and there seemed to be no reason why the Governor should not approve it. When the Legislature adjourned, however, it was found that bill had not been approved, it having failed, with many others, to receive the Governor's approval, because of some little friction which arose between the Legislature and the Governor. We are pleased to learn, however, that the Governor has manifested no hostility to the bill, and undoubtedly it will meet his approval should it reach him at the next session of the Legislature.

In Delaware and Idaho we could get no hearing, not being able to interest any of the bankers in these States.

In Illinois we had a battle royal. Governor Tanner's strong influence was given to the bill, and in the Senate Hon. O. S. Berry pushed it through without opposition. In the House, however, every inch had to be fought. We carried it to third reading, only to meet its Waterloo, through the influence of a few lawyers, who were afraid they would lose some fees should the bill become a law. Mr. Geo. R. Lyon, Vice-President Security Savings Bank, Waukegan, was Chairman of the Banking Committee, and under his guidance the battle was fought. We must give him credit for his skill in getting so many votes for it under all the circumstances. It was beaten by only a few votes. At the next session there should be no difficulty in passing it.

In Indiana we met a similar result, and the opposition was for the same reasons as before stated. Mr. S. M. Morrison, of Indianapolis, Secretary of the Indiana Bankers' Association, looked after it. We distributed, through him, five hundred copies of the bill in that State.

In Kansas and Maine we failed to get a hearing.

In Michigan we did not succeed. The bill passed the House, but failed in the Senate. Our worthy President had the bill in charge. The committee has not heard from him since the action of the Legislature. Your committee is inclined to think from his well-known habit of snatching victory from defeat that he is still expecting to report the success of the bill.

In Minnesota the bankers did not desire to agitate the question this year for some local reason, but give good promise of its passage in the future.

In Missouri Geo. B. Harrison, Secretary of the Bankers' Association, made an effort to get it passed by the Legislature, but there was so much indifference manifested by the bankers of the State that he could do little, so it failed.

In Montana we could not get a hearing.

In Nebraska, Mr. Henry W. Yates undertook to get the Bill before the Legislature, but after feeling the pulse of that body decided it was not a favorable time for action.

In North Carolina our friend, Jos. G. Brown, President of Citizen's National Bank, Raleigh, put his shoulder to the wheel, and all who know him know the wheel must move or something must break. The wheel moved and the Bill became a law.

In North Dakota C. B. Little, President of the First National Bank of Bismarck, gave the Bill such powerful support that it became a law in a very short time after the Legislature met. Knowing, as we do, the sentiments of the Northwestern States towards bankers in legislation, we think the achievement of Mr. Little wonderful.

In Oregon the Clearing House of the city of Portland assumed charge of the Bill, and the united influence of all the banks of that progressive city soon bore fruit in the passage of the Bill by the Legislature. Could this united effort be made by the Clearing Houses of the different cities of the United States for the passage of this law, this committee would soon be able to report to you its work as finished.

In Pennsylvania the Senatorial election occupied so much of the time that the friends of the Bill could not make any headway. They report, however, that a good foundation is laid. Educational work has been done, and at the next session of the Legislature they look to have this great State serving under the workings of the best commercial law ever presented to the law making power.

* In Rhode Island the law was passed, though with the same amendment made in Massachusetts, allowing grace on sight drafts. The Bill was promoted in this State by Hon. Amasa Eaton, of Providence, who is an attorney largely interested in good laws. I am sorry to say the bankers cannot claim much credit for their work in this State.

In South Dakota a very pretty battle occurred. Mr. W. A. Mackay, of the Banking House of Mackay Bros., of Madison, was the manager for the Bill. It was believed the Bill would pass. It had got through the Senate and was pending in the House on third reading on the last day of the session. The length of the Bill prevented it from being considered, and it was postponed until the next session.

In Tennessee we think the most systematic work was done. J. W. Faxon, Secretary of the Bankers' Association, and Mr. F. O. Watts, Cashier, First National Bank, Nashville, proved themselves generals. Mr. Faxon looked after the preliminary work among the banks, and Mr. Watts gave his attention to the Legislature. At Mr. Faxon's request your committee sent a personal letter, with a copy of the Bill, to the bank at the home of each Legislator, with a request that such banker would see his member and ask his personal support to the Bill. Consequently, the Bill became a law in Tennessee. Your committee refrains from doing this kind of work in any State, believing it is the province of the State Association. The committee will be pleased, however, to repeat this work in any State in the future, on the request of the Bankers' Association of that State.

In Texas and Vermont we could get no hearing.

Utah passed the Bill promptly, through the influence of S. S. Hills, President of the Deseret National Bank, of Salt Lake City, and J. E. Dooley, Cashier, of Wells, Fargo & Co. Bank of same city. These gentlemen gave the Bill their strong support and the Bill soon became a law.

W. A. Vincent, Cashier of the Old National Bank of Spokane, Wash., brought the Bill to the attention of the Legislature of that State, and through his watchfulness and care it became a law.

In Wisconsin, Mr. F. C. Bigelow, President of the First National Bank of Milwaukee, set the Bill in motion, and our old friend, N. B. Van Slyke, President of the First National Bank of Madison, kept his eagle eye upon it to see that no rights were lost. The main power in pushing it through the Legislature was Speaker Geo. H. Ray, whose strong influence rescued it from defeat, and that it is now a law is because of his powerful support.

In West Virginia J. F. Sands, President of the Bankers' Association, did noble work in behalf of the Bill. He did not succeed in passing our Bill, but he did succeed in abolishing days of grace, which is a step forward.

We have thus passed in review the work of the past year. We have given in detail the names of the gentlemen in each State who undertook the work. We have done this because we think these men should be honored by the American Bankers' Association as heroes as much as the people honored officers who led in the Spanish war. Peace has its heroes as well as war. Men who achieve great things in civil life are probably not honored in song and verse, but the qualities needed are as great as those needed in war, and we believe the Association could do no better thing than to pass a resolution of thanks to each of these gentlemen and send it to them through the Secretary's office.

Your committee has done a laborious work. Has written over 1,000 personal letters, and has sent out 3,500 copies of the law. The results achieved are, in our opinion, great.

The following States are now working under the law:

New York,	Connecticut.	Massachusetts,
Virginia,	Maryland,	Colorado,
Florida,	North Carolina,	Rhode Island,
Wisconsin,	Tennessee,	Utah,
North Dakota,	Washington,	Oregon

and District of Columbia.

One-third of the States have been conquered in three years. The remainder can easily be conquered in five years more, as the momentum given by getting each State quickens the movement in every other State. Indeed, the project, which was pronounced chimerical by many, three years ago, and entirely too Utopian for success, now begins to assume the condition of actuality, and in a few years more the bankers and business men of the country will probably see commercial paper passing State lines as freely and with as little friction as the national currency now does. The whole civilized world will then probably enjoy one universal law, so that whether we deal in commercial paper in New York, in San Francisco, in London, in Hong Kong, in Manila, in Honolulu, or in Havana, we will have the same rule governing all.

This report is respectfully submitted, and your committee asks for further time to canvass the remaining States.

Fred Heinz, of Davenport, Iowa: Mr. President, I offer the following resolution:

Resolved, That the thanks of the American Bankers' Association be extended to the gentlemen who have given such effective assistance to the passage of the Negotiable Instrument Law in their several States during the past two years.

Resolved, That the Secretary be requested to communicate this vote to each of the gentlemen named in the report of the Committee on Uniform Law for two years past.

Mr. Lowry: I second that resolution.

The President: I am very glad indeed to put that resolution.

The motion was adopted.

Mr. Hayes: Will that present committee be continued? If not, I move that the present committee be continued.

Mr. Lowry: I second that motion.

The motion was adopted.

William C. Cornwell, of Buffalo, N. Y.: In the interests of all here I move that the remaining reports on to-day's program be put over until to-morrow's session.

The motion was carried.

MEETINGS OF DELEGATES FROM STATE ASSOCIATIONS— ADJOURNMENT.

The President: In the Council meeting last night, on the motion of Mr. Rhodes, the President was requested to give notice to-day that the delegates from the various State associations should meet at 3 o'clock this afternoon, in this building, and the Committee on Nominations at 9 o'clock, on Wednesday morning, at the same place. That was an excellent suggestion, and I give the notice now that the members of the committees named will meet as requested.

There will be a meeting of the representatives of clearing houses to-morrow morning at ten o'clock, in the room at the left of the platform. I would suggest, therefore, that the convention do not assemble until eleven o'clock to-morrow.

James G. Cannon: I move that when the convention adjourns to-day it be to meet at eleven o'clock to-morrow morning, instead of ten, as announced on the program.

The motion was carried.

The Convention then adjourned to Wednesday, September 6th, at 11 A. M.

SECOND DAY'S PROCEEDINGS.

Wednesday, September 6, 1899.

The President: The convention will be in order. Our exercises will be opened with prayer by the Rt. Rev. Monsignor T. P. Thorpe, of the Church of the Immaculate Conception, in this city.

Rt. Rev. Mon. Thorpe: Mr. President, ladies and gentlemen. Before attempting the solemn and pleasing duty assigned me I desire to say that I feel highly honored, as I am deeply edified, to stand before this assembly representing the brain and business enterprise of the country, and, in your name, to ask God to bless your deliberations. It is pleasingly significant at this time when anarchy is found in the land and the rights and liberties of individuals assailed, even God himself blasphemed, to find here a number of men from different parts of our common country filled with zeal, not only for the material development of the land and physical progress and a desire for God's glory, as is manifested by your joining with a Christian minister in asking God's blessing on your work. And it shows your broadness of views that you have disregarded the faith of the minister that invokes that blessing upon you; to-day it is my privilege, yesterday it was another's, and to-morrow it will be still another's, and, though we differ from one another in many things, yet we can stand on that grand platform that our Lord laid down for us in his prayer.

[Prayer was then said.]

The President: We will take up the program of yesterday where we left off and dispose of that first. The first report, therefore, to be submitted, is that from the Committee on Bureau of Education.

Report of Committee on Education.

Your committee, by direction of the Council, has had turned over to it the petition of a large number of bank clerks in Louisville and Buffalo, requesting the Association to form an Institute of Bankers, similar to the one in very successful operation in England. The request, which is voluminously signed, is as follows:

We, the undersigned Bank Clerks, desiring a higher development of banking as a profession in this country and enlarged facilities for its thorough study, respectfully show the American Bankers' Association:

That there is not in this country at the present time an Institute of Bankers, nor any sufficient means for securing an education in the profession of banking, available to all those desiring such an education.

That banking is not practiced as a profession in this country as it should be.

That much of the ill-will shown toward banks arises from ignorance of their economic value and true function.

That with the facilities for special training in banking and finance, and the laws relating thereto, the standard of the profession will be greatly raised, banks conducted upon safer and more scientific principles, and the people in general better informed of and in harmony with an institution which is so essential to the business of the country. This will lead to more economic and scientific banking and currency laws, and we may hope some time to lead other countries in our financial system, instead of follow.

Believing that the future of banking in this country demands better training than it is now possible for bankers to acquire; and with the desire on our part to use all available means which our circumstances will permit for qualifying ourselves for our profession; we, therefore, respectfully petition that the American Bankers' Association will father a movement toward the founding of an Institute of American Bankers, opening to

us, and to all in this country who follow our profession, the facilities for study and training similar to those afforded in England and Scotland, and elsewhere, and which shall be adequate to our needs, and an honor to our country and the American Bankers' Association.

In accordance with this request the committee have examined the operation of the Institute of Bankers in London, and have on file the various documents and issues of same, being in correspondence with Mr. W. Talbot Agar, Secretary of the Institute.

The committee beg to report the following as to the operations of the London Institute:

Since its organization in London in 1879 the Institute of Bankers has spread all over Great Britain. It consists of Fellows, Associates and Ordinary Members forming a body of more than 3,000 members. The number of candidates for membership in 1899 was 808. Its Fellows include many in Scotland, Ireland, India and the Colonies and in America. Examinations in Banking were held under its auspices in 70 provincial towns this year.

Any person connected with the various branches of banking is eligible to membership, the primary object of the Institute being to facilitate the consideration and discussion of matters of interest to the profession and where advisable to take measures to further the discussions arrived at. Its second object is to provide opportunity for the acquisition of a knowledge of the theory of banking.

At the ordinary meetings of the Institute, which are held monthly from November to April, papers by members and others dealing with questions akin to banking are read, and these, together with the discussion thereon, are printed in the Institute's JOURNAL, which also contains, under the head of "Questions on Points of Practical Interest," a variety of carefully considered information on subjects of daily interest to the profession.

Lectures on subjects connected with Banking, and usually bearing on the examinations are held during the winter in London and the provincial towns, and these are printed in the JOURNAL, which is distributed free to members. The examinations for the certificate of the Institute, for which many of the leading banks of England now offer prizes, are held early in May in London and the provinces.

The annual subscription to the Institute is two guineas for Fellows, one guinea for Associates, and ten shillings sixpence for ordinary members, payable in advance.

The examinations which make a prominent feature of the Institute, are intended principally for junior members. The subjects are Practical Banking, Political Economy, Commercial Law, Arithmetic and Algebra and Bookkeeping. They are divided into two parts, preliminary and final, and candidates who have passed both examinations receive the certificate of the Institute. French and German may be taken as additional subjects.

Prizes of \$100 and \$50 are given annually for the best essay on some banking or financial subject. The competition is open to members of all grades.

In London the Institute maintains a library and reading room, which is open daily for the use of members. The library consists of 3,000 books on banking and kindred topics.

It is quite natural that an organization as complete as this one is should show its influence in promoting the interests of the profession. The Bills of Exchange Act, 1882, and the Factors' Act, 1888, which were drafted on its instructions and passed through its instrumentality, are instances of its power in legislation. The Institute has also been able on several occasions to facilitate arrangements between bankers and the Internal Revenue and Post Office authorities.

The formation of an Institute of American Bankers, on these lines, should be a comparatively easy matter. That the working forces of our banks are willing and desirous of entering such an association is shown by the petitions to this association. The proposed Institute would bring to them much knowledge of the theory and

practice of banking to be acquired otherwise only by experience, or individual investigation.

As a means of education and training the proposed Institute must be as valuable to the banking houses as to the employees who enjoy its benefits. The per capita cost would be slight, the collective value immeasurable. By systematic local organization in each American city, the Institute may attain large membership and influence within a year. Its aim must appeal to those who believe in a more intelligent application of banking practices in this country.

The committee desire instructions from the Association as to whether it would be the wish of the Association to have the matter taken up actively with reference to forming such an Institute of Bankers in the United States as exists in England, or to have preliminary steps taken under direction of the Executive Council.

Appended to the report herewith will be found a printed outline of the objects and work of the Institute of Bankers, London, with names of executive officers, trustees and council.

OTHER WORK OF THE COMMITTEE.

The active work of the committee during the year has been devoted mainly to the distribution of the pamphlet "What Is a Bank?" through the personal co-operation of hundreds of bankers throughout the United States.

Upon application from these bankers, the pamphlets have been sent in lots of one hundred each, with request for report from the various bankers as to how distributed and how received. The bankers have taken a personal interest in the matter, and we believe that each copy has been carefully placed where, in the judgment of the bankers distributing them, they would do the most good. This is evidenced by the receipt of hundreds of the return postal cards prepared by the committee. In most cases the bankers have gone into particulars of the distribution, and in this way 200,000 pamphlets have been placed this year in the hands of farmers, laborers, mechanics and small trades people throughout the West and South. Nearly 2,000 bankers have aided in this distribution this year.

Out of the hundreds of reports received from these bankers since the second year's distribution began, the following, selected at random, will give some idea of the care in distribution and the effect of the work:

MEMPHIS, Mo.—I will distribute them where in my judgment they will do the most good. I shall mail a part of them at least to children in our county, thereby insuring their presence in the homes of our farmers, and I think when once read and talked about by the boy in the family that the book will be read by the father and with a better result than if sent direct to him. RODHOUSE, ILL.—Think them a fine education. BANGDENBURG, KY.—It is a good thing. GREENCASTLE, PA.—I believe it will have a good effect and especially to educate persons who are ignorant on a bank's mission. FT. RECOVERY, O.—They all seem interested in them, and we think the little book, "What is a Bank?" is all O. K. KENTLAND, IND.—Our patrons are largely farmers, and we will endeavor to place the little pamphlet with as many as we can. We have no manufacturing interests here but quite a number of laborers and mechanics, and we are sure we can place them with those that will be benefited, for it is a benefit to that class of people, and a little education on this line will do a great work, for the little pamphlet is certainly a good educator. GREAT BEND, KAN.—We are handing same to farmers "pops," and think they will do good. CLIO, MICH.—About the time of receipt of pamphlet a Farmers' Institute was in session here. There was a large attendance of farmers, and we took occasion to place a copy in the hands of as many farmers as we could, and where they would do the most good; they were received with evident interest and many assurances that they would be read. HILLSBORO, IND.—We find them quite a help to our business. ST. JAMES, MINN.—The move is a good one and should be continued. CARROLLTON, KY.—Believe the pamphlet will do much good as an educator. VAN WERT, IA.—We consider the book a grand plan to make banking plain to farmers and those not used to banks. The books were read with great interest. CANDOR, N. Y.—I think they are just what the people should see. KEYPORT, N. J.—They seem much pleased with our catechism. LAKE CITY, IA.—I think they are a good thing. MEXICO, MO.—I believe they will be very instructive. ASHTON, ILL.—We consider the idea is very well taken and should do much good. CADIZ, KY.—This kind of literature has been much needed in this part of the State. HARMONY GROVE, GA.—Think it will do much good toward a better understanding

between Populist farmers and banks. EBENSBURG, PA.—A general distribution of them among a certain class of people can't help but make an excellent impression and remove many prejudices against banks generally. BRENDA, IA.—Several who have read them pronounce the pamphlet as being instructive and giving points not before thought of. GENEVA, IND.—I heartily concur in your efforts. BRITT, IA.—Such circulars cannot fail in doing good in any community. NEW CASTLE, KY.—Your pamphlet, "What is a Bank?" is just the thing. SUPERIOR, WIS.—They are a very good idea. MIDWAY, KY.—They contain much plain and valuable information. BLACK ROCK, ARK.—Has been complimented from all sides as being simple and instructive. GORDON, NEB.—Distributed in the vicinity of this town among farmers and working men who are mostly "Pops." Effect good. They say it is an eye opener. DERRY STATION, PA.—We have distributed copies "What is a Bank?" among a good class of men, being railroad men and farmers; they seem to think it a good thing. CANTON, MISS.—The little "Pamphlet" is unique, and we think many will reflect over it. MILTON, ORE.—It's a "Good thing." CENTREVILLE, MD.—Pamphlets, "What is a Bank?" received and are distributing them among our best farmers, mechanics, laborers, merchants and their clerks. We also when handing a pamphlet urge recipient to read it carefully and then hand to some friend. We believe they are being read and not thrown aside. FLORENCE, WIS.—We have aimed to place them in the hands of people who are in the dark on the subject of "What is a Bank?" and think it should be productive of some good results, not necessarily in the direct increase of our business to any considerable extent, but a better understanding of the question, which is what will count in the "long run." HARRISBURG, PA.—The booklet well suited for the purpose intended. We shall place the remainder to the best advantage. ATTICA, IND.—I believe your book is a good educator. MARSHALL, MO.—I consider it a good thing. JUNEAU, ALASKA.—"What is a Bank?" are being distributed among the miners and business men of Alaska. These pamphlets are written in such plain language that they cannot help to be understood by everybody and will certainly have the desired effect.

The eagerness with which bankers in all parts of the country, especially in the interior towns, and in the West and South, have taken hold of the matter (large numbers having applied for additional copies which the committee has been unable to furnish), leads us to think that the work of the Association thus far has yielded very large proportional results.

Respectfully,
 W. C. CORNWELL, Chairman.
 ROBT. J. LOWRY,
 HARVEY J. HOLLISTER,
 Committee on Education.

ACTION OF CONVENTION ON REPORT.

Mr. Whiting, of Mobile, Ala.: Mr. President, in connection with that report I am requested to submit the following resolutions, and move their adoption:

Resolved, That the committee be continued in office and the work continued as heretofore.

Resolved, That the Committee on Education present to the Executive Council a plan for preliminary steps in the formation of an Institute of Bankers in connection with this Association.

The resolutions were adopted.

The President: We will next hear from the Committee on Credits, by the Chairman, Mr. Robert McCurdy, of Youngstown, Ohio.

Report of Committee on Credits.

To Executive Council, American Bankers' Association:

Gentlemen.—Your temporary Committee on Credits, appointed at the meeting in March last, respectfully report as follows:

First.—That a Committee on Credits be made one of the standing committees of the Association.

Second.—That the Association establish in the city of New York an agency to be known as the "Bureau of Bank Credits," whose duty shall be to collect information in regard to standing of all parties who either as makers or endorsers sell their paper on the market, and such other duties as the Association may from time to time prescribe. Respectfully submitted,

R. McCURDY,
 A. P. WOOLDRIDGE,
 J. C. HUNTER,
 H. L. BURRAGE,
 J. B. FINLEY,
 Committee.

The President: The next report in order is the report of the Committee on Fidelity Insurance. This report

was to have been presented by its Chairman, Mr. Anderson, of St. Paul, but he was called away from Cleveland within an hour or two after his arrival here by reason of the serious illness of his son. The report will, therefore, be presented by Mr. Caldwell Hardy, of Norfolk, Va., a member of the committee.

Report of Committee on Fidelity Insurance.

At the Convention of this Association held in Denver, Col., in August, 1898, the Executive Council recommended "That a committee of this Association be appointed to inquire into the rates of surety bonds and to recommend a standard form of policy, and to consider any plan or plans that may be submitted." (Page 51 of the Minutes.) Pursuant to this resolution the President named as such committee: A. C. Anderson, Cashier St. Paul National Bank, St. Paul, Minn.; Caldwell Hardy, President Norfolk National Bank, Norfolk, Va.; W. P. Manley, President Security National Bank, Sioux City, Ia.; E. F. Swinney, Cashier First National Bank, Kansas City, Mo., and John L. Hamilton, Jr., Cashier Hamilton and Cunningham, Bankers, Hoopston, Ill.

Your Committee has given the matter careful and diligent attention, and begs to report.

It will be seen from the form of resolution that our work was divided into three heads: First, Rates; second, Standard Policy, and, third, General Plans.

RATES.

Inquiries were sent (see Exhibits A and B filed herewith) to the members as shown by the 1897 membership roll. No replies were received from a considerable number of members who are private bankers and brokers in the large cities and do not bond their employees.

We find from 2,286 replies that 1,282 banks do not use corporate fidelity suretyship, while 1,004 of our members carry such insurance, and they are at present covering between 9,000 and 10,000 bank employees, whose bonds aggregate \$54,814,310, that there was paid for such insurance during the year 1898 \$213,552.43, while the cost of such protection for the six years 1893 to 1898, inclusive, has been approximately \$1,281,314.58. The total losses reported for these six years, including \$40,000 now being contested by the companies with our members, amount to \$171,084.96, or an average of less than \$30,000 per annum return on an annual outlay of over \$200,000. It will be seen that these figures indicate a loss of 52 cents per annum on each \$1,000 of insurance in force, which is a smaller percentage of loss on bank risks than we had been led to expect, but no other statistics have been placed before us discrediting these figures.

In this connection the following will, we feel sure, prove of interest:

An official of the Canadian Bank of Commerce states:

The fidelity of the officers of this bank is guaranteed by a fund within the bank, which has been in existence since the 1st of October, 1878.

The officers are insured therein for amounts varying with their rank and responsibilities, and they contribute to the fund five annual payments of one-half per cent. each on the amount of their bonds. When the five years are paid no further contributions are required, although there is a provision for their resumption in the event of the fund becoming depleted, which it has never yet been necessary to enforce. The ordinary contributions, with a moderate contribution from the bank at the outset and the accumulations of interest, have been so much more than we have required to meet losses, and maintain a proper reserve fund, that we have been able to take \$100,000 from the Guarantee Fund as a foundation for the Officers' Pension Fund, which is now in existence.

The guarantee bonds outstanding on 1st June, 1879, amounted to \$847,000. On 1st June, 1897, they amounted to \$1,732,000.

Judging from our experience, a payment of a single premium of ½ per cent. on all the bonds of the staff would cover our losses for a long series of years, but we might of course at any time meet with a series of defalcations which would sweep away a small fund. The present contributions are not felt to be unduly burdensome; as compared with the rates paid to Guarantee Companies they are, of course, extremely light, and the surplus goes back to the officers through the Pension Fund.

The Bank of Montreal writes:

We insure the fidelity of the bank's staff to a limited extent each with a Guarantee Company, and in addition to that we have a Guarantee Fund of our own to which the bank contributes a proportionate sum annually. Although our staff numbers upward of five hundred, we have only had occasion to make a claim on the Guarantee Company or on our own fund once in twenty-five years.

We are reliably informed that a prominent express company has had for years the fidelity of its employees mutually insured, at the cost of the insured, some years as low as 44 cents, and on an average in the last six years at less than 75 cents per \$1,000.

The Bankers' Guarantee and Trust Fund of Great Britain, whose thirty-fourth annual report has been kindly furnished us, shows that it has 15,854 policies in force; that it has an accumulated fund of £171,865 (see Exhibit C). The secretary informs us that a payment equal to three annual premiums at \$4 per \$1,000 (our approximate annual rate) has proved sufficient to insure the employees permanently without further contribution.

The Colonial and Foreign Banks' Guarantee Fund, whose head office is in London, and whose business conducted on similar lines extends to British possessions, has had an experience of 33 years, and has been equally successful. (See Exhibit D.)

We were specially directed to investigate the question of rates, which we find upon inquiry vary from \$2 to \$5 per \$1,000, a few scattered bonds being written above the higher rate and a considerable number at less than the lower figure.

Among the rates per \$1,000 we find the following: \$5, \$4.50, \$4.30, \$4.25, \$4, \$4, 2 per cent.; \$4, 10 per cent.; \$4, 20 per cent.; \$3.80, \$3.75, \$3.50, \$3.33, \$3.30, \$3.20, \$3, \$2.70, \$2.50, \$2, \$1.80, \$1.66 2-3—i. e., \$5 for 3 years—\$1.50, \$1.40.

We have endeavored to ascertain if there be any theory of rates in this wide diversity, but there seems to be none. One of the large Eastern banks, whose entire force is bonded to the amount of \$200,000, is paying \$5 per \$1,000 for its insurance, while in an Iowa bank a single clerk is bonded for \$2,000 at \$3 per \$1,000. Perhaps the most marked variation in rates that has come to our attention is that between two banks side by side in a small Michigan city, one with \$15,000 insurance paying \$5 per thousand, while its neighbor with \$10,000 pays \$1.40 a \$1,000, and both banks are insured by the same company.

We find banks in the following cities paying as high as \$5 per \$1,000 for their insurance, most of it in very large blocks: Cincinnati, Providence, Dallas, Knoxville, Boston, Springfield, Mass.; New York, Springfield, Ill.; Nashville, Washington, Brooklyn, Buffalo, Philadelphia, Harrisburg, Los Angeles, Fresno, Norfolk, Toledo, Cleveland, Chicago, Louisville and a number of smaller cities that could not be named without indicating the bank referred to.

We find other banks getting a rate per \$1,000 of \$2.50, or less, in Boston, Los Angeles, Reading, Waterbury, Philadelphia, New Orleans, New York, Des Moines, and many small towns in Vermont, Pennsylvania, Virginia, South Carolina, Florida, Massachusetts, Missouri, North Carolina, Michigan and other States.

UNIFORM BOND.

Your committee retained the well-known firm of Butler, Notman, Joline and Mynderse, of New York, to carefully investigate the various forms of bonds that were being offered to our members, and to look up the decisions of the courts on bonds that had been litigated, with a view to ascertaining what clauses had been passed upon by the courts. After making these investigations they were instructed to draw a bond, plain in its language, clear in its terms, and at the same time just to the insurer and insured. The form, as finally drawn by Mr. Mynderse, of the above-mentioned firm, is submitted, with the belief that it affords better protection and more nearly meets the requirements of banks

than any fidelity bond yet issued. Your committee has spent weeks of labor with its attorney and the representatives of fidelity companies in studying and discussing the varying provisions and technicalities of fidelity bonds. A careful consideration of the subject has brought us irresistibly to the conclusion that it is absolutely necessary for the reasonable protection of the insured to radically amend and modify many of the provisions of such bonds. We have found no form of bond to-day furnished to banks which we could recommend to our members, nor to the institutions with which we are severally connected, for adoption.

Our form of bond (see Exhibit F), which we submit herewith, has been prepared with the view to eliminating the difficulties referred to, and we feel that if our members will devote themselves to a careful consideration and comparison of it with those generally in use, or will refer them to their attorneys for such consideration and comparison, they will readily recognize the advantages offered by our form.

The adoption of our bond will be a step in the line of uniformity. Its terms are intended to be so distinct as to prevent litigation, but should the courts be required for any reason to judicially construe any of its provisions a precedent for any future case would thus be established.

It is impracticable in this report for us to discuss in detail the conditions of our form of bond and to compare them with the conditions of other bonds in use, but we wish especially to bring to your attention the fact that our form is, if renewed annually, a continuous guarantee of an employee, covering the entire period of his service, and also that the bond itself contains all the provisions affecting the contract, there being no multiplicity of outside papers, such as application blanks, etc., signed by the employer, that are made a part of the contract, as is the case under most of the forms in present use.

The form as drawn is intended to supply the bank which prefers a schedule bond with a single bond covering its entire force, or, if any prefer, a separate bond may be issued on each man. Either plan has some advantages and some drawbacks.

The following companies have expressed a willingness to write this form of bond for our members. Their several comments on the form may prove as interesting to our members as they were gratifying to your committee:

The Aetna Indemnity Company, of Hartford, Conn.

The American Bonding and Trust Company, Baltimore, Md.

The City Trust, Safe Deposit and Surety Company, of Philadelphia.

Fidelity Trust and Deposit Company, Baltimore, Md.

National Surety Company, New York.

Pacific Surety Company, San Francisco, Cal.

The United States Fidelity and Guaranty Company, Baltimore, Md.

GENERAL PLANS.

We not only recommend the uniform bond, but also that banks do not allow one man to be insured in one company, one in another, and so on. We deem this unwise, because should default come it is liable to be by collusion, and no company will consent to pay what it believes a competitor is liable for, and it may be exceedingly difficult for the insured to prove which of the companies should pay the loss. Where a division of insurance among two or more companies is desired we would recommend that each company carry a pro rata on each man.

Our members are at present paying widely varying rates for numerous forms of bonds, with as widely varying conditions, and it has been our thought, besides securing a uniform bond, to recommend, if possible, some plan for uniting the business of our members upon a uniform and equitable basis. This naturally led us to the consideration of a mutual plan upon which some company would receive our business, keep it separate

from their other risks and share with those insuring any profit that might result.

Several of the companies indicated a willingness to do this, and a contract could have been secured defining satisfactorily the terms on which the business should be handled. In order, however, to give any promise of success to such a plan it would have been necessary for us to have controlled absolutely a large volume of insurance, which we had no authority to promise for our members.

Some companies indicated a willingness to make us a considerable concession in rates if our association would open a bureau of its own through which the business of our members could be received, without expense to either the Association or its members, and placed with the companies without the intervention of agents. This could only be done successfully after the plan had received the assured support of at least a large portion of our members carrying such insurance. Such a plan of business would evidently effect a considerable saving in cost.

Throughout our investigation we have been confronted with the fact that, covering a period of years, 55 to 56 per cent. of all fidelity and surety premiums of American companies have been consumed in expenses, while figures obtained from these companies' reports of their fidelity and surety business to Insurance Departments show that of disbursements for expenses and losses about two dollars goes for the former to one dollar for the latter. And the returns of our members show that they have not had paid back to them in losses quite one dollar to six paid to the companies in premiums.

The contrast between these figures and those of the English Mutual companies referred to in this report is striking, the latter more than reversing the American ratio and showing only about 20 per cent. of receipts consumed in expenses. The secretary of the English companies concludes his letter to us (Exhibit E) by stating that "this Fund is a very liberal settler of claims," notwithstanding which fact the losses appear to be small, and at the same time the expense account would indicate that little or no money is spent in litigation, and that claims are settled without contests.

Your committee wish to acknowledge the courtesy and assistance we have received from the members of our Association in replying to our inquiries, and especially to acknowledge our obligations to Mr. W. Talbot Agar, Secretary of the British Institute of Bankers, and to Mr. Jno. A. Allan, Secretary of both the Bankers' Guarantee and Trust Fund and the Colonial and Foreign Banks' Guarantee Fund, of London, England.

And, personally, I desire to say, that no chairman of any committee ever had four associates more willing, more able, more helpful, than the four gentlemen who have served with me on this committee; and for myself and for all the members of the Association whom they have served, I wish to place on record my appreciation of their valuable assistance.

Your committee feel that the work, of which they have made this beginning, can be advantageously pursued, and would recommend that this report be referred to the Executive Council and that they be authorized to appoint another committee to take up the work from this point, and that our Association continue to gather from its members fidelity statistics for tabulation and report.

A. C. ANDERSON, Chairman.

ACTION OF CONVENTION ON REPORT.

P. W. Huntington, of Columbus, Ohio: Mr. President. In connection with this report I beg leave to offer the following preamble and resolution:

Whereas, The Executive Council have adopted the following resolutions approving the report and work of the Fidelity Insurance Committee, as follows:

Resolved, That the Executive Council recommend the adoption of the form of bond drawn for the Association by Messrs. Butler, Norman, Joline & Mynderse, and copyrighted by our Committee on Fidelity Insurance.

Resolved, That any company doing a fidelity business who

may file with the Secretary a statement that in consideration of the privilege of writing our copyrighted form, the said company will not furnish this form to any bank not a member of the Association, be permitted to write said copyrighted form of bond during the pleasure of the Executive Council.

"We recommend the adoption of this resolution by the Convention."

Therefore, be it Resolved, That these resolutions are approved by this Convention; that the committee be continued and authorized to fill any vacancies among its members, and that the thanks of the Association be tendered to the members for their valuable work.

The resolution was adopted.

Report of Committee on Warehouse Receipts and Bills of Lading.

The President: Next in order is the report of the Committee on Warehouse Receipts and Bills of Lading, which will be presented by the Chairman, Mr. M. M. White, of Cincinnati, Ohio.

M. M. White, of Cincinnati, Ohio: The committee appointed on the subject of warehouse receipts and bills of lading beg to report that they have no recommendations to offer regarding warehouse receipts. In respect "order bills of lading," the committee have to report that they recommend that bills of lading attached to drafts which pass through banks should carry a notation by the initial bank, "Draft attached," with date of reception and name of bank; also, that when the final bank receives payment of draft the bill of lading should be stamped "Draft paid," giving date and name of bank.

The advantages of this are these. The notations are a mercantile requirement; they exhibit the course of the document; they carry identifications from shipper to delivering lines, thereby in a measure overcoming deception or delivery to a fraudulent holder of a bill of lading. Besides this, they are a necessity from the fact that other than initial lines are called upon to honor bills of lading upon presentation.

It is only by mutual co-operation, gentlemen, that the various interests of the shipper, banker, collection agency, carrier and consignee are protected.

The President: This report, as well as the others previously presented, will take the usual course and be printed in our published proceedings. The work of this committee has been intelligently commenced, but it is only begun, and I suggest that the committee be continued.

On motion the report was received and the committee continued.

The President: We have now finished all that was left over from yesterday's program, and before beginning with the business laid out for to-day Mr. E. O. Leech, of New York, has asked permission to introduce a resolution.

Convention Adopts Resolution in Favor of Gold Standard.

E. O. Leech, of New York: Mr. President and gentlemen: Probably every member of this Convention is aware that a Caucus Committee of the House of Representatives and the Finance Committee of the Senate have been in session this summer considering measures tending to improve and strengthen the monetary and currency laws of this country, and that in all probability a bill will be reported at the meeting of Congress in December for carrying into effect certain reforms in this direction.

In view of that fact it seems that it is highly important that this Convention should make some declaration touching the subject, without trenching upon any of the disputed questions of banking. I therefore offer the following resolution, believing it will commend itself to all members of this Convention:

The bankers of the United States most earnestly recommend that the Congress of the United States at its next session shall enact a law to more firmly and unequivocally establish the Gold Standard in this country by providing that the gold dollar, which, under existing law, is the unit of value, shall be the standard and measure of all values in the United States; that all the obligations of the Government, and all paper money, including the circulating notes of National banks, shall be re-

deemed in gold coin, and that the legal tender notes of the United States when paid into the Treasury shall not be reissued except upon the deposit of an equivalent amount of gold coin.

I move the adoption of this resolution.

Myron T. Herrick, of Cleveland, Ohio: Mr. President and gentlemen of the convention. In seconding the adoption of this resolution I desire to say a word. If there is any one thing on which the bankers of the United States can afford to speak it is that which pertains to the welfare of all the people. Heretofore they have hesitated to speak on this question, and often that has been because it was a political question; but, Sir, I take it that in 1896 the question of whether we should be on a gold basis or not was forever eliminated from the field of politics. Indeed, I do not think the two great political parties were divided upon that question because the bankers, who do represent the people, spoke that year. Now I think the time has come when this Association should make itself felt in the deliberations of Congress on this matter. We have the power because we represent the people. In 1894, at Baltimore, this Association presented a plan for the reform of the currency, and that resulted in the monetary convention which was held at Indianapolis. A plan was there formulated, the beginning of which was in Baltimore. That plan failed, however, because the bankers could not agree on measures. The prominent newspapers of the country took it up, and went forward with it, but the bankers picked flaws in it, and did not get together and were not united. But now the time has come when we may declare ourselves on this question without fear, because when we speak for the gold standard we are taking a stand for honesty, and if there is any one thing that we mean to represent it is the honesty, the integrity and the thrift of this country.

Caldwell Hardy, of Norfolk, Va.: Mr. President, I am afraid this resolution cannot be adopted at this meeting without violating the Constitution.

The President: My attention has been called to the fact that the putting of the question on this resolution at the present time would be in violation of our Constitution, although the resolution seems entirely germane to the recommendations contained in the addresses and papers presented to the Convention.

Mr. Fenton, of Chicago, Ill.: I move that the rules be suspended and the resolution adopted now.

Mr. Hardy: I make the point of order that that cannot be done. There is no man here more heartily in favor of this resolution than I am, but if this course were to be followed now it would set a precedent that might come up with disastrous results perhaps at some future Convention. I therefore move that the resolution be referred to the Executive Council with the request that it be reported upon immediately. Then the Convention can act upon it.

J. J. Sullivan, of Cleveland, Ohio: In my opinion the temper of this Convention is decidedly in favor of the adoption of this resolution now. In all deliberative bodies there are provisions for the suspension of the rules, constitutional as well as others. The banking fraternity of this country is, in my opinion, a power a little higher than the Executive Council.

J. B. Finlay, of Monongahela, Pa.: There is a power higher than the Executive Council, to be sure, and there is a power higher than this assembly, and that, Sir, is the Constitution of the Association. Now, there is a provision in that Constitution which provides for its amendment, but there is no provision for its suspension. I am in favor of this resolution, but I am opposed to violating the Constitution.

A. P. Wooldridge, of Austin, Texas: I move as an amendment that this resolution be referred to the Executive Council for immediate report.

Caldwell Hardy, of Norfolk, Va.: I have already made that motion.

Mr. Wooldridge: Then I will second it.

Alvah Trowbridge, Chairman Executive Council: As Chairman I will call the Executive Council together right here. Gentlemen of the Executive Council, you

have heard read the resolution which has been referred to us—

The President: No, not yet. It has not yet been referred to the Executive Council by the Convention.

[The Convention then voted in favor of referring the resolution to the Executive Council.]

Mr. Trowbridge: A majority of the Executive Council is over here, and we will consider it right away. Gentlemen of the Executive Council, what will you do with this resolution?

Mr. Findlay: I move that it be referred back to the Convention with the favorable recommendation of this Council.

[The motion prevailed.]

Mr. Trowbridge: Mr. President, I have great pleasure in reporting, on behalf of the Executive Council, that the resolution of Mr. Leech, of New York, referred to us by the Convention, has been considered by the Executive Council, and we recommend that it be adopted by the Convention.

The President: Gentlemen of the Convention, I am very glad indeed to be thus unentangled from the parliamentary knot into which the Chair found itself, as I am afraid the Chair would have ruled that a suspension of the rules was in order, though a suspension of the Constitution is quite another thing. The resolution is before the house.

The resolution was unanimously adopted.

Call of States.

The next business before the Convention, gentlemen, is the Call of States. As the Secretary calls the roll of States, gentlemen are expected to rise and give a brief statement, not exceeding five minutes in length, of the general condition of business in their various States. Owing to the length of the program and the limited time at our disposal, the Chair will be obliged to strictly enforce the five-minute rule, although he is aware that he may be compelled to cut off some brilliant orator, even a Henry Clay or a William Jennings Bryan.

The roll of States was then called by the Secretary, as follows:

ALABAMA. (No response.)

ARIZONA. (No response.)

J. Whiting, Mobile, Ala.: Hold on, before you pass Alabama. Alabama is never unrepresented.

The banking business of Alabama during the past year has been unusually prosperous. Deposits have increased by many millions. Net profits have been large, while losses have been nominal.

Banks prosper as communities prosper, and Alabama has shared in a full degree the business prosperity and activity which has pervaded the entire land. For many years Alabama was regarded as purely an agricultural State, but latterly her mining and coal resources, her timber and lumber business and her spinning business have been developed, and she stands to-day among the great manufacturing sections of the Union.

ARKANSAS.

S. S. Faulkner, of Helena, Ark.: None of our industries are lying idle; everything is booming. Our banking facilities have increased very largely. We have a State Association, which is progressive, conservative and successful. We have endeavored by introducing a reciprocal draft to meet the competition of the express companies, and we have arranged to charge the same amount for those drafts that the express companies do. This has proven a great benefit to the bankers in our State.

I wish I had time to go on and speak of the immense progress of our State, but, as the time is limited and I feel that this Convention does not want to listen to any long speeches, I will simply close by saying that during the last three years not a solitary bank in our State has failed, their deposits have increased three fold, and not one member of the Arkansas State Bankers' Association has died within that time.

CALIFORNIA. (No response.)

COLORADO.

I. S. Thatcher, of Denver, Col.: Gentlemen, Colorado is all right. One year ago, just before the American Bankers' Association met at Denver, we had not felt the slightest

rustle of prosperity, but dating from the day when you assembled there everything has been prospering. You seemed to inspire us with new life and activity. You assured us that we were living in the very midst of the greatest country on the globe; you wanted all the gold we could produce, and it seemed that our mines, which, prior to your visit, had not been yielding much, took a fresh start and doubled their production at the time you visited them. Prosperity seemed to come with you.

To-day our cotton mills are running to the full, with orders for more than six months ahead. Our rolling mills are running on orders from Japan and Samoa. Our gold and iron interests are largely on the increase.

I have not brought any statistics with me. This is not the place for them. But I can tell you that everything is on the increase. Even our cattle on a thousand hills seemed to increase by the very fact of this Association meeting there. Our calf and lamb crop has largely increased since you visited us, and the price also, I may add. Well, gentlemen, how could it be otherwise when we had the brilliant Hendrix from New York to come there; we had the soldier banker from St. Louis there, with his uncontradicted statements of what had been done all over the country where this Association had met, and, on top of all that, we had absolution for our past sins and heresies, and a gentle benediction, by Reverend Alvah Trowbridge.

CONNECTICUT.

Mr. Lewis, of Naugatuck, Conn.: Mr. President, I heard a story, not long since, of a man who, after listening to a very able and eloquent address, said, "Huh. I could make as good a speech as that, if I only knew what to say." I find myself in very much the same position at this time, for I have not the slightest doubt that I could make a fine speech if I only knew what to say, but I am not endowed with the gift of eloquence, and, therefore, shall attempt no flights of oratory.

Connecticut, one of the smaller of the sisterhood of States, sends you here her greeting to-day. She can boast no broad acres of fertile plains, covered with waving grain, nor lofty mountain peaks, yielding untold wealth in precious minerals; nor yet great seaports, into which pours the commerce of the world, as can some of the other and, it may seem to them, more favored States; but she is not disposed to be envious. There are compensations, and what she lacks in size and in the blessings enumerated she makes up in the enterprise of her people, in turning to best account the advantages which she does possess.

As agriculture became more and more unremunerative, through competition from the great West, her citizens were driven to turn their attention to manufacturing, till she has become essentially a manufacturing State, developing from the time when wooden nutmegs were first turned out, I am told, to the production of a vast variety of articles, more honest and more useful, till now, all up and down her beautiful valleys, in hamlet and village, town and city, is heard the hum of the wheels of industry merrily turning, and, as a consequence, her people are well employed, prosperous, contented and happy.

The factory operatives in receiving remunerative wages, have money to spend with the merchant, and the prudent, a residue to lay by in the savings institution, against time of need.

The merchant in turn becomes a larger depositor, and the bank finds good loaning opportunities, though it must be confessed at not always very satisfactory rates, so that to sum up, I feel justified in saying that the abundant prosperity of a year ago has suffered no diminution, but on the contrary has gone on in an increasing ratio.

Another thing we can congratulate ourselves upon, there has been no bad bank failure within our borders, and we have not directly suffered from those elsewhere; so confidence remains unimpaired.

Speaking of bank failures reminds me of a bank in a town in a sister State, which closed its doors some two years or so ago, and the surprised and distressed people rose up in indignation against the judgment, not to say the integrity, of the bank president, on whom the populace emphatically laid the blame. The wife of the president, loyal to her husband, said that the people need not lay the calamity at her husband's door, that it was the Lord's doings. A local wit, hearing of Mrs. President's remark, said, "Well, if the Lord is such a poor financier as that, what is the use of laying up our treasures in heaven?"

DELAWARE. (No response.)

DISTRICT OF COLUMBIA. (No response.)

FLORIDA. (No response.)

GEORGIA.

Robert J. Lowry, of Atlanta: Georgia, as you know, was one of the original States. We grow in Georgia everything that can be grown anywhere under the sun. We have in the soil of Georgia every mineral in the world. You cannot find anything anywhere else that we have not got there. We commenced early, way back in the 30's. The first gold ever minted in the mints of the United States came from Georgia, and that industry has now within the past year or two opened up again. Georgia can furnish marble to duplicate any that can be found anywhere in the world. We've got great big mountains of it. This is not a fairy tale; it is the truth. I am a truth teller, as you all know. As to fruits, there is only one State in the Union that can raise any better fruit, and that is only of one kind, and that is the State of Colorado—the Rocky Mountain melon—but when you come down to the good old fashioned luscious watermelon, why, Georgia is the place to get them. Georgia has a population of 2,200,000, of which less than 20,000 were foreign born. In the last twelve months there have been built in Georgia fifteen new cotton factories. A large proportion of the cotton goods manufactured in our State are exported to China. And that reminds me, gentlemen, that in my opinion England and America should say to the powers that are dividing up China, Stop! China is the best customer we have in our Southern country for manufactured goods, and we want China kept open.

IDAHO. (No response.)

ILLINOIS.

G. D. Boulton, of Chicago, Ill.: I do not know that I can add anything to the general testimony that has been given by the representatives of all the States, north, south, east and west. There can be no doubt that prosperity is with us to an extent never before experienced by our people. It is apparent in every walk of life. The farmer, the merchant, the mechanic and the manufacturer all testify to its presence, and it comes to all. It is evidenced by our large credit trade balance of six hundred millions due us from Europe, a balance so vast that it is difficult for us to grasp its entire meaning. A yearly surplus after bountifully supplying all the wants of our own people in the way of food, clothing and luxury, means wealth to a most abundant extent.

A nation is only prosperous when its labor is actively employed at good prices. There, perhaps, has never been in the history of the world a time when labor was so well employed as at the present. There is work for all who seek it, and an assurance of not only bare subsistence for the wage earner, but something besides for the rainy day, which I suppose is sure to come in the future.

In times of peace prepare for war, so also in times of prosperity prepare for times of trouble. Intense activity breeds overproduction and overproduction breeds distress, if not disaster. The lesson we have to learn to-day is to so shape our affairs that when hard times come, as come they will, we will be prepared for them.

Nature is very lavish toward us, and if we do not abuse her gifts by extravagance, waste and carelessness we will reap the full reward, but if, on the other hand, we grow overconfident in the future and lax in our business methods, we are only sowing the wind to reap the whirlwind.

I can only say in conclusion that Illinois is participating to the fullest extent in the bounties that surround her, and that rich and poor, master and man, are alike satisfied with what Providence has so freely outpoured over the land in the closing year of the century.

INDIANA.

M. Levering, of La Fayette: We are pleased to report another year of prosperity in Indiana. If I were to put our State in comparison with other States, as to what we have that is better than all the rest, we may boast of the vast gas fields and oil fields, which give us the control of the glass and tin plate business of the country.

During the past year manufacturing capital has almost doubled. Our manufacturers have never enjoyed such a good year of prosperity and profit. It has been so great that the promoters of trusts have found it to their advantage to pay from ten to twelve times the original capital of many of our industries. The crops have been abundant. We failed a little on wheat, but our corn crop is exceptionally good, and, with its by-product of a liquid character, we are able to bring up the deficit. Our State Bankers' Association has grown and is very useful.

INDIAN TERRITORY. (No response.)

IOWA.

Fred. Heinz, of Davenport: Mr. Chairman, Ladies and Gentlemen. Iowa is still represented in the sisterhood of States on our starry banner; and being of the sisterhood it would follow of necessity that Iowa is a female, and on her behalf permit me to say: She is all right.

This year her horn of plenty is larger than usual; the deposits of her banks are still increasing, so that money is as plentiful as her agricultural products are, of which she has an abundant crop.

During the year many new banks have been started, many new school buildings erected, many miles of new railroad built.

She believes in the supremacy of her children as to their general education, in the large number of her banks, and in the great value of her agricultural and other products.

She now has over nine hundred banks, of which over four hundred are members of her State Association; has increased in business, in population, in wealth, in fact in almost everything worth having, excepting only in calamity howlers and in the rates of interest, which have each decreased 60 per cent., more or less.

She is fast getting away from the withering influence of the money sharks of Wall street, for she is commencing to supply her children with all money needed to do their business with, and before long her own money sharks will be able to furnish the gentlemen of Wall street funds and give them pointers on financial matters. In the meantime the most of her children are sufficiently educated to know what a good dollar is when they see one, and what it is worth when they get one, and will always insist that our money, like our flag, must be good the world over.

KANSAS.

Scott Hopkins, of Kansas: Kansas is a name to conjure with.

It is a State of perennial surprise and profoundest paradox.

Its history is a kaleidoscope.

To predict its future is to ruin the reputation of a prophet.

To opine its destiny by an introspection of its past is to guess—and—guess—and still miss the truth.

Coronado traveled thousands of miles over a trackless desert to find on its boundless prairies nothing but disappointment and chagrin. On the other hand, thousands on those same rolling plains have found happy homes, wealth, luxury and contentment.

Years ago the people of the East with lavish generosity sent indiscriminate aid to Kansas sufferers. To-day Kansas sufferers are buying commercial paper in Boston and Philadelphia, or are absorbing the stocks and bonds of the Great Red Dragon in Wall street.

A Republican administration with an overwhelming majority of 82,000 or more assumes the responsibilities of State government. At the earliest opportunity the facetious electors "turn the rascals out," and with a beastly majority turn in a new lot from the hungry opposition, all of which tends to confuse those who are not conversant with Kansas character.

We reflect honor and distinction upon the State by sending a John J. Ingalls to preside over the United States Senate. Then we convert our commonwealth into a three-ringed hippodrome. We exhibit our long-bearded Senator drinking his bowl of soup in legislative hall, between senatorial periods. We bolster up the credit of the State by sending our Jerry Simpson, the statesman of Medicine Lodge, to display his sockless feet to an awe-struck and enraptured multitude, or, finally, to restore complete confidence, we commission that distinguished female orator, Col. Mollie E. Lease, financier extraordinary, to go up and down the earth in search of national bankers or other small game, and, so far as possible, nullify their works of iniquity with fiery eloquence and fierce denunciation. All of which is still more incomprehensible to those who are not up in Kansas financiering.

The Sunflower State never does things by halves. She is never on the fence. You will always find Kansas on one side or the other of every proposition.

When the citizens of that locality indulge in the boom business everybody helps it along. Cities grow to prodigious proportions on paper over night. It is currently reported that, during the early nineties, the outlying additions to Topeka, the capital city, overlapped those of the windy wonder of the Arkansas, better known to Eastern investors as Wichita.

Through the efforts of a united people the price of corner lots in those days went up into the five figures per front foot. A few months later, when all the Jayhawkers had climbed over the fence, the Eastern sufferer suddenly discovered that he could not dispose of his corner properties at five cents on the dollar. It was exasperating, of course, to the man on the wrong side of the fence, but New York City bankers even acquired a vast amount of valuable experience and information after they had made a few haphazard investments in the eventful West.

The climate is indicative of the character of the people. When there is a drouth in Kansas it is no mere suggestion of dry weather. At such a time the conditions of the Sahara are mild in comparison. If at such a time all the evil disposed people of the earth could be sent to the sand hills of Southwest Kansas, with the assurance that, without repentance, the trip would be made eternal, the world would immediately become good.

On the other hand, when Kansas indulges in the Utopia business, as she has during the past three years, all vulgar and uninspired tradition concerning the celestial abodes sinks into abject comparison.

When grasshoppers invade the State they come by companies, regiments and battalions, leaving a vaster progeny to complete on the following year the work of devastation.

As soon as they fly away nature invokes its mightiest puissance. It says,

Let there be life.

and immediately Kansas is clothed with a mantle of glory. Forthwith the midnight of sorrow is followed by the noonday of joy. The tiller of the soil stripped of his wealth in the morning lies down at night to pleasant dreams surrounded by an opulence warranted only by the eternal law of compensation.

So when times are "hard" in Kansas the people enjoy the fullest realization of the situation. They drink the dregs of misfortune. The banks are expected to close their doors, business ceases and politics becomes the order of the day. The milkman becomes a statesman. The air is full of fiat money propositions, sub-treasury schemes and 16 to 1. Then, presto, and the times are good. The banks that had been hanging by their eyebrows collect all overdue paper, discount all obligations and resume business without loss of confidence or credit. The granger plants his bonanza crop, receives a munificent check therefor, buys the quarter section of land next his own, erects a two-story, ten-roomed house, purchases a Weber grand for the eldest daughter, lays in a new and full set of farm machinery, and concludes his fondness for expansion by investing in a few shares of paid up stock in the bank just organizing in the next town.

If amidst vicissitudes such as above narrated you imagine the true Kansan ever becomes discouraged, you are far from the truth.

He sometimes becomes tired. He takes a rest—now and then—but discouraged NEVER.

The motto of the State is *Ad astra per aspera*—which signifies something about reaching the stars through difficulty.

The Kansas man always takes things literally. He eventually expects to hit the astral territory and bring it within State jurisdiction; still he fully expects to experience the "per aspera" feature before he gets there.

He is always on the lookout for drouth, grasshoppers, hot winds, Populism, cyclones and adversity. He knows, however, that they are mere incidents in his journey. He knows that Kansas stock is like that of the granger railways at the present time. The market may slump a few points, but the bonanza crops will in a short time force them up to a higher record than ever, when everything bearing the Kansas label must go above par, so he never loses faith. The Kansas man is always a bull on the market.

Nor is his faith and confidence without warrant.

Kansas is usually described as a 2 x 4 agricultural State—i. e., 200 miles across and 400 miles long, extending from the center of the earth to the heavens. Its length is the distance from Cleveland to New York City, its width is that of the average width of the State of Ohio. Its elevation above sea level ranges from 750 feet on the east line to 3,300 feet along the Colorado boundary.

Now, divide the State, as Cæsar did Gaul, into three parts. The eastern section is a rich agricultural district, where a total failure of crops is unknown. In this section those of you who have made conservative investments in real estate mortgages have never lost a dollar of principal or interest. In this section you will find diversified industry, well kept farms in some localities selling for ten and

twelve thousand dollars a quarter section. Here, in short, you will find every evidence of thrift and prosperity. In Brown County alone over a million of dollars are deposited in our local banks, largely to the credit of the agricultural classes.

The central section is of higher altitude. This is the natural wheat belt of the State. Here cattle are fattened to advantage for the Kansas City or Chicago markets. Corn is not a certain crop. The rain fall is a somewhat uncertain factor. The conditions do not warrant the same kind of experimentation as along the eastern border of the State.

The western section of the State is the short grass country. This is a natural grazing region. The farmers who have heretofore failed as exclusive soil tillers are to-day obtaining most satisfactory results handling cattle and turning their lands to uses subsidiary to this industry.

Each of these sections has its peculiarities. Each section is capable of sustaining a high standard of activity, but that activity must be in consonance with the geological and meteorological laws of the place. Western Kansas suffered temporary defeat in attempting to raise corn where nature intended cattle to flourish.

To-day the people of Kansas better understand local conditions. They have revolutionized their methods and as a natural sequence the State is enjoying a prosperity never before experienced.

In proof of this compare the condition of the State in 1892, as evidenced by the bank statement of that year, with the report of the present year:

	Cap. and Sur.	Deposits.	Loans.
1892—			
National	142 \$14,200,000	\$21,665,000	\$23,466,000
State	447 11,946,905	20,143,881	20,761,195
	589 \$26,254,905	\$41,808,881	\$44,227,195
1899—			
National	100 \$9,605,821.34	\$24,688,297.06	\$21,926,087.35
State	368 7,439,538.85	24,091,745.05	18,107,072.92
	468 \$17,045,360.19	\$48,780,042.11	\$40,033,160.27

The deposits have increased, loans have decreased, reserves are larger, rediscounts are almost an unknown quantity.

The banks were never in better condition than at the present time. Money is plethoric.

Customers are paying their debts and increasing their bank accounts. Kansas will this year move her crop, great as it is, with her own money.

The Kansas farmer now knows when, where and how to smite the rock to send forth the stream of plenty.

Kansas is not an agricultural State alone, nor does her prosperity depend on the surface cultivation of the soil. While the value of her farm products last year amounted to \$151,923,828.67 and the value of her live stock was \$113,227,933, aggregating in all over \$265,000,000, still this was not all Kansas produced.

Her non-metallic products, such as coal, salt, clay goods, gypsum stone, natural gas, refined oil, hydraulic cement, lime and sand reached the munificent sum of \$5,948,541.69. The zinc and lead products came to \$4,286,227.52. Under the head of smelting products the total output was \$16,739,803.55, making a grand total of \$26,966,472.76 for the year in the way of Kansas mineral output.

Last year Kansas paid to her citizens employed in coal, lead, zinc and salt industries over \$5,156,767 in wages.

It need therefore occasion no surprise if in a few years Kansas is grouped among the mineral producing States, with bonanza crops of wheat, corn and cattle as mere incidents. The derrick and drill are bound to become as essential to the Kansas ganger as his electric mower or automobile harvester.

Some States are created great;
Some States achieve greatness;
Some have greatness thrust upon them.

This latter complaint is especially applicable to Kansas; 1897 gave her the great wheat crop, which on the following year enabled her to pay off a large part of her mortgage indebtedness, and now a marvelous corn crop awaits harvesting which distances all previous records.

It means,
Things of use for the lowly cot
Where (bless the corn) want cometh not,
Luxuries rare for the mansion grand,
Gifts of a rare and fertile land.
All these things and so many more,
It would fill a book to name them o'er,
Are hid and held in these walls of corn,
Whose banners toss in the breeze of morn!

The crop is estimated to be upward of 300,000,000 bushels. It stands at 100 per cent. in the last official report.

In one county of the State it is estimated that the crop will average 800 bushels for each inhabitant.

This means 4,000 bushels for each family, or at 20 cents per bushel the snug sum of \$800.

What is the matter with Kansas under present conditions? Corn is again KING.

It is the yellow stuff which brings happiness, contentment and prosperity to thousands of loyal citizens.

It nullifies the platform declaration that "we are on the verge of moral, political and material ruin."

There is a feeling among some Eastern people, especially those who cut their eye teeth during the boom, that nothing good comes out of Kansas and that her citizens are moral degenerates.

Kansas people are made of the same clay as other people. The blood of the Puritan and the Cavalier courses through their veins. They have as high a regard for commercial honor as any class of citizens in this nation.

They have learned by severe experience. They have profited by misfortune.

To-day they know the possibilities of their State as never before. They are not now working at cross purposes, but in harmony with it. They know where to plant corn, where to harvest wheat, where to raise stock. They understand the value of kaffer corn, the soy bean, sugar cane and that wondrous plant—the alfalfa.

They are self-reliant, resourceful and courageous. Kansas produces scholars, poets and statesmen in piping times of peace, and in time of war soldiers like the Twentieth Kansas and generals like Fred. Funston.

No State boasts of a finer school system. No State can rightly claim a higher standard of intelligence.

When you are inclined to criticise Kansas or Kansas people kindly recollect that their idiosyncrasies are not due to any inherent weakness, but to a misguided energy which, when properly controlled, can move the earth.

For some years the stereotyped letter of the Eastern correspondent was:

Dear Sir.—We have no more money to loan in Kansas. The Populistic tendencies of your people, aided by a revolutionary court and State administration, warrant discontinuance of further business relations. Respectfully.

A Populist Legislature convened, talked, passed some resolutions and adjourned.

The wave of radicalism spent its force and no one was seriously injured.

The evil report, however, went forth, and Kansas has been the recipient of much free advertising throughout the commercial world.

Bounteous crops and a night's repose have brought about a wonderful change in public sentiment in the State. The good sense of its people has again asserted itself, as every loyal Kansan knew it would.

If any one is afflicted with Kansas nightmare let him awake and in his Shakespeare find these words of authority:

Hence, babbling dreams! You threaten me in vain;
Shadows avaunt! Kansas is itself again.

The rights of the creditor are as certainly protected as those of the debtor by the courts of our State.

There is a strong and rapidly growing conviction that 16 to 1 is not a panacea for financial ills.

Kansas people understand that wealth comes from the earth, the brain and the muscle, not from legislative enactment.

Kansas stands forth to-day, the boldest advocate among all the States to maintain contracts, uphold private and public credit, and to preserve that integrity and good repute which is becoming men, States and Nations.

KENTUCKY.

John H. Leathers, of Louisville: Gentlemen, the sun still shines bright in the old Kentucky home. I recognize the greatness of this country, and they are all great States, but I must claim for Kentucky that we have the finest soil and the most splendid climate in America.

We still claim to have the prettiest girls, the fastest horses, the greenest grass and the best whisky in the world. What more do we need to be happy?

I am not going to claim that our politics are better than any other State's, but, gentlemen, you may remember that I told you three years ago, at St. Louis, that even in old Kentucky there were honest men enough to put the State in a sound money column, and we did it. I thank God to-day that in that State, as in all the States of this Union, there

are men who are willing to put country above party, and that those are the men who hold the balance of power in America. My case is representative of a large class of men in Kentucky. I gave four years of my life to the Southern cause as a matter of conviction, and, notwithstanding all my prejudice for party's sake—and, gentlemen, you know what that means—I put country above party and voted the Republican ticket rather than trail after William Jennings Bryan. And let me tell you another thing, gentlemen, if the war with Spain never accomplished anything else, it has unified this country, and to-day a man is ashamed to talk about the North and the South: we are all one.

LOUISIANA.

G. W. Bolton, of Alexandria: This State has an area of about 45,000 square miles, containing an acreage of 28,000,000 acres, of which about 13,000,000 acres are alluvial, remainder uplands and prairie. The alluvial region is only cultivated along the banks of the rivers and bayous, mostly protected by levees. These are constantly being improved and extended and when perfected with proper drainage will add to the present arable area thousands of acres of the most fertile lands on the globe. Under scientific methods the uplands can be profitably cultivated. With only about 3,000,000 acres in cultivation the total value of farm products of every description—cotton, corn, oats, sugar, rice, oranges and vegetables for early Northern market—amounts from \$75,000,000 to \$80,000,000 annually. The rice crop of the State, chiefly grown in southwest Louisiana, is of great importance. Lands in that section that ten years ago would not sell for over \$1.50 or \$2.00 per acre now readily command \$20 to \$30 per acre where facilities for irrigation exist. For irrigating purposes there are 350 miles of canals and over 100 artesian wells in southwest Louisiana.

The estimated area of lumber is fifty to sixty billion of feet. Some of the finest long leaf yellow pine in the South is found on the uplands of Louisiana. Such lands a decade ago would not sell for over \$2.00 to \$3.00 per acre, now they readily command \$8.00 to \$10.00 per acre.

Lumber manufactures are in a prosperous condition, the output of many of the mills being largely sold ahead. The prices for some of our agricultural products being so low tends to retard progress, yet the condition of the agriculturist is better than could be expected under the circumstances.

The geological position of Louisiana forbids the existence of minerals, save salt and sulphur. The facts mentioned show the basis for banking, which has developed greatly in the last ten years. Outside of New Orleans, fifteen years ago there were only three banks; eleven years ago only five, all organized under the National system. We now have forty-four banks under our State laws and twelve under National, with capital ranging from \$15,000 to \$100,000, thereby demonstrating the feasibility of small banks in the rural districts and small towns. Among all the banks thus organized there has been only one failure. We have supervision of our State banks by an examiner appointed for that purpose.

During the stringency of 1893 and succeeding years, when many banks in larger cities declined to pay depositors but a limited amount daily, our banks in the interior of Louisiana invariably honored customers' checks as desired. The banking business in the entire State is reasonably prosperous, all paying dividends regularly and adding something to the surplus fund each year, with steadily increasing line of deposits. Another evidence of improved condition is the fact that all State and city securities, that not many years ago were below par, now readily command a premium, though bearing but a low rate of interest. Our magnificent system of waterways, together with railroads, must always furnish ready and cheap transportation for the products of soil and factory.

With balmy climate, fertile soil and peopled by a brave, generous and hospitable people, Louisiana offers rare inducements to the immigrant, also profitable return for investment of capital.

MAINE. (No response.)

MARYLAND.

J. D. Wheeler, of Baltimore: Our manufactures are progressing, our banking capital has increased and seems to be ample, and our commerce is doing very well.

MASSACHUSETTS..

A. L. Ripley, of Boston: I remember a long time ago when I was in college that it was the custom of the President to invite the seniors to the senior receptions, and, in order to take the edge off the coolness of the plunge, he gave us the invitation in somewhat this fashion: You never need mind what you wear, nobody will notice it.

I never expected to hear that invitation in any such form again, but I have heard it to-day. My friend Burrage, who is responsible for the imposition of myself upon you at this time, said to me: "You needn't mind in the least what you say, nobody will hear a word of it."

It is not easy for a Bostonian, according to the illustrated press, to condense his remarks into a five minutes' speech. I am not going to do it, however. We, in Massachusetts, I fancy, find our prosperity a little less buoyant, and there is a little lower temperature, I think, with us, than I have observed out here. Possibly as we are accustomed to the slightly cooler water of Boston bay, it lowers our temperature from what it would be if we resided out here on the great lakes or in the central part of the country. I have derived a good deal of comfort, however, from finding that what I have heard here has confirmed certain impressions that I had. The gentleman from Alabama said that he noted the fact that cotton mills are being built down there. I have noted it, too, as well as other gentlemen in our State. The gentlemen from Indiana said they had sold their property to trusts, and sometimes for ten or twelve times its value. We in Massachusetts have sold some of our stocks to corporations. We have had a suspicion that the New York banks were really paying for those by advancing money to syndicates, though we do not know; but we have the suspicion that the managers who have sold will organize new mills and go to work and compete with the old corporations, for some of the treasurers have had this one object, and that was to get rid of the old machinery and start entirely new and run the other fellows into the ground.

We have started a little scheme of our own in Massachusetts—spurred on, doubtless, by the action of New York, and yet on an entirely different basis. Our New York friends, with their usual vigor, have taken the bull by the horns. We, on the contrary, are more modest in manner and milder. I think you will all agree that the exchange question is a question of friction, and you know in machinery friction is a bad thing, and so we have tried to eliminate it. We have not got to an end yet, I am not at all sure that we are not paying more for exchange than we should, but at any rate we have made a step in an original direction, and one which we hope will be productive of good results.

MICHIGAN.

Peter White, of Marquette: I reside in that portion of the State of Michigan known as the upper peninsula, north of the Straits of Mackinaw. I have resided there for something more than fifty years, and there are those who have the hardihood to say I have been there 400 years. We produce copper. We also manufacture pig iron and many other things that I won't stop to mention. At no time during my residence there has everything been so prosperous as it is now. Every man who wants to work can get work. So can every woman and every child, for that matter. As to the lower peninsula of Michigan, I think you will all agree that what he said in his address of yesterday shows that the entire State is prosperous, both the lower portion as well as the upper.

MINNESOTA. (No response.)

MISSISSIPPI.

W. W. George, of Meridian, Miss.

Mr. President: It has been my fortune to reside in the little city of Meridian, in an extreme eastern portion of the State of Mississippi, for the past twenty years, during which time I have been connected with one of her banking institutions. When I moved there it was a little village of about 3,000 inhabitants. Year by year I have sedulously watched her growth, until now she claims 17,000 or 18,000 inhabitants, and with all the modern improvements and conveniences of more pretentious cities.

It is in the midst of an agricultural country, though the lands are considered poor; our chief product is cotton. During these twenty years I have watched the raising and marketing of cotton, since, to a great extent, the business of the bank with which I am connected has been dependent upon it. During this period, covering the fifth of a century, I have known no failure in the crop; in fact, have never known what might be called a half crop, whilst on the other hand, I have often seen an unusually large crop, and occasionally a falling below the average crop; but the general average has been good.

This is a wonderful statement, since it shows that we can depend absolutely upon a fair crop every year, and one which always commands the ready cash in any and every market. This fact affords food for thought to the man with capital to invest. Here he can find a country with a climate as near

perfect as can be found anywhere, and a generous soil, and a thrifty people, and where the great staple crop *never* fails.

For the few years last passed, the cotton crops have been so enormously large, and the price so low, we often think it will not pay to pick it. I well remember the first time after the Civil War when cotton fell to 10 cents per pound planters became discouraged and said they could not produce it for less than that sum, and they stored their cotton and borrowed all the money the banks had; but it has never recovered those prices, but, on the contrary, the price has gradually gone lower every year, while the amount produced is growing greater. If ten years ago I had been told cotton would go to 5 cents per pound and remain at that price for two or three years consecutively, I would have predicted utter financial ruin and bankruptcy for the cotton districts. And yet such is not the case. For three years the average price of cotton has been about 5 cents per pound, and yet I have never seen the people in my part of the State in better financial condition. Money is more abundant, business generally more satisfactory than for many years. In fact, the banks throughout the State have larger deposits, larger surplus of funds, than ever in their history. Our people owe less and are more hopeful of the future than at any time in their history since the Civil War closed.

But it becomes us as business men to inquire into the causes that have produced such marvelous and splendid results, that we may, by reasoning from cause to effect, see what is in store for us in the future; for of all men, the banker needs most a horoscope by which to forecast the future.

There are several reasons for the conditions existing in our State, as briefly referred to above. In the first place, great progress has been made of late years in the methods of cultivation, not only by improved farm implements, but also in fertilizing the soil. Science has been invoked with her magic wand to aid in this work. In many instances the soil is analyzed to find its constituent elements, then it is easy to ascertain what fertilizer is best adapted to the soil to produce the best results.

Then farming tools and implements have been much improved, and cultivation thereby made easier and better. Another and perhaps the most potential factor in the increased production comes from the improvement in the seed sown. Strange that this subject was so long overlooked. It was left for Dickson, of Georgia, who is justly entitled to wear the honors of the "Cotton King" of the South, to make the discovery and utilize it. He selected the best stalk of cotton in the best field, and the best bolls therefrom, and planted the seed. This process of selection was continued from year to year, until he had produced a distinct variety of very prolific cotton, and for several years sold the "Dickson Cotton Seed" at \$5.00 per bushel. This put others to selecting and improving seed, and the work still goes on. Not only is the selection made with reference to the quantity, but the quality of the fiber, and length of the staple. All these enter now into the equation of the farmer's profit and loss, and greatly to his advantage. Then the seed now is as much an object of his care as the lint, since it commands a good price and ready cash, for the many useful products made from them, of food, both for man and beast, as well as for reclaiming thin and worn-out soils. Hence cotton is raised at a less cost than formerly, and in greater quantity. And yet the cotton business is in its infancy. It is the cheapest and most beautiful textile in the world, and can be manufactured into more articles of utility and at less cost than any textile in the world. Think of a woman buying a dress pattern of beautiful prints for 2½ to 5 cents per yard. When the Nicaragua canal is built, and the trade of the world revolutionized, and the Gulf of Mexico becomes the Mediterranean of the New World, and our ships laden with the fleecy staple of the South, and the golden grain of the West, shall find their way to Central and South America, and to Australia and India, China and Japan, 25 millions of bales per annum will not supply the demand; but the cotton States will be equal to the emergency. The State of Mississippi alone can easily produce eight or ten million bales if put to the test.

When we think of the enormous wealth concealed in this industry, one is staggered at the possibilities of the cotton States of the future. Not only from the production of cotton will the wealth come, but also from its manufacture. The cotton mills must come to the cotton fields, because the mill that is in the midst of the cotton fields can manufacture the textile cheaper than the mills at remote points. This has been so thoroughly demonstrated that no argument is needed to prove it. All over the cotton States to-day the question of erecting cotton mills is uppermost in the public

mind, and many mills are now in process of construction. Even the colored people in my State have recently organized a cotton mill company and subscriptions are being made to it from many quarters of the State. There would be as much business sense in shipping our cotton seed to New England and to Europe to be manufactured and then purchasing back the manufactured product as there is in shipping the staple there to be manufactured; and yet no man is insane enough to think of so shipping seed to be manufactured. With the profit of the manufactured product added to the product of the raw material of both the staple and seed, left in the cotton States, it is easy to predict a great future for the cotton States.

The only possible disturbing question that may arise is the labor question. We have the best labor in the world, and if left alone free from outside influences it will so continue. The colored people of the South are the freest and happiest laboring class known to me, and are accumulating homes of their own, and doing well.

There is another source of great wealth in the State in which I reside and that is its timber. All south Mississippi is practically one great long-leaf pine forest. The New Orleans and Northeastern Railroad traverses this belt from northeast to southwest; the Gulf and Ship Island from south to north through the center, and is building lateral branches east and west to feed the main line. The output of lumber on the first 70 miles of this latter road is a million feet per day. It is lightered out to the ships at Gulfport, but the United States Government has made a liberal appropriation for dredging the harbor at Gulfport, and it is expected that vessels drawing 20 feet of water will, in the near future, cast their anchors in the basin at the pier near to shore. This will mark a *new era* in the history of Mississippi. Her millions of bales of cotton will seek foreign markets through her own port, rather than through New Orleans, Mobile and the East, as there will be a large saving in the cost of exportation.

Lumber is now commanding a good price and the demand is in excess of the supply. The yellow pine lumber of Mississippi is now finding its way to every civilized country in the world. And when we consider the fact that the supply of standing pine is sufficient at the present rate of consumption to last for thirty or forty years, we can easily imagine what a source of wealth it will prove to our State. So Mr. Chairman, is it any wonder that our people are buoyant and hopeful? The dark clouds which so long "lowered upon our house" seem, indeed, to have been "buried in the deep bosom of the ocean," "and the winter of our discontent made glorious summer."

MISSOURI.

F. P. Neal, of Kansas City: In 1903 there will be celebrated at St. Louis the Louisiana Purchase, and we invite the members of this Association to visit us at that time.

We have 647 banks in Missouri, with an aggregate capital of \$60,000,000. We have \$660,000,000 of deposits. That is not equaled by any State west of the Mississippi River.

We grow in Missouri more of the necessaries of life, and some of the luxuries, than are produced in the same area anywhere else in the world.

After the verdict of the country was given for sound money in 1896 a return of prosperity was expected by the friends of that policy. It was a little slow in coming, but it did come, and to-day we are all prosperous and happy.

MONTANA. (No response.)

NEBRASKA.

C. S. Miller, of Fairmount: The gentlemen who have preceded me have placed many good things to the credit of their respective States. Now, although I am enthusiastic about Nebraska, I feel somewhat foreclosed in ability to suitably proclaim its merits.

Banking conditions have never been so good in Nebraska as they are to-day. I have been actively engaged in banking in the interior of that State for sixteen years, and, as an evidence of the condition of the banks of that locality, I will say that two years ago we invested our money in our own local securities at five per cent.; we loaned to our farmers on real estate security our own money at six per cent.; we loaned to cattle feeders at seven per cent. We paid no interest on deposits. The banks are in a most excellent condition. They have increased in capital and surplus reserve largely in deposits over last year. The average reserve of the banks in my State on the 19th of June this year was forty-five per cent. Never have the banks been so free from irregularities.

This year Nebraska will produce 310,000,000 bushels of

corn. In order that you may know what that means, let me tell you that with a car crossing the Missouri River every minute, loaded with six hundred bushels of corn, it would take a year to move that crop, and the train would be 2,935 miles long, or as far as from New York to San Francisco.

NEW HAMPSHIRE.

P. R. Bugbee, of Hanover: New Hampshire's industries are largely agricultural and manufactural. Her people are happy and prosperous. Strikes are unknown. Regarding the banks, there are fifty-two National banks, with capital, surplus and deposits, June 30th of the present year, amounting to \$31,000,000. There are 57 savings banks in the State, with deposits of over \$51,000,000.

New Hampshire has not been unmindful of her Western and Southern cities, for she has in the past helped and is to-day helping with brains and capital in their development.

NEW MEXICO. (No response.)

NEW JERSEY. (No response.)

NEW YORK.

W. H. Rainey, of Kinderhook, N. Y.: I suppose when a banker hears the name New York he thinks of the city—the city where he has an account, or where somebody owes him something. The city of New York, where the ships of the world come and go. Every part of our land and all the ends of the earth contribute of what they have in produce and in merchandise to swell the vast volume of its foreign and domestic commerce. The surplus money of our land finds its home in New York, and the great increase in the business of its banks and the enormous volume of its clearing house exchanges indicate the magnitude of the commercial and the financial interests of that city. The exchanges of its Clearing House very frequently exceed the sum of one thousand million dollars in a single week. But along with the city we have the State—the Empire State—and between our two great commercial cities, New York upon the sea and Buffalo upon the lake, we have a great waterway and great lines of railway affording to commerce unequalled facilities for transportation. And along that section there are a series of strong, growing cities, each one of which is the center of a thriving trade, and each of which is well supplied with capital to meet the needs of the people.

We have a New York State Bankers' Association, with large membership, and of great usefulness.

I believe the farming interests of our State are perhaps the least successful, while our manufacturing and mercantile interests are sharing in the general prosperity.

NORTH CAROLINA.

F. H. Free, of Winston: I bring you the cordial greetings of the North Carolina Bankers' Association, which has recently been in its annual convention. While the history of our State is grand, she has not attained that material prosperity which many of the other States enjoy. We look forward, however, to great prosperity in the future, through the development of the splendid water powers which abound in the mountains of the State.

NORTH DAKOTA. (No response.)

OHIO.

J. J. Sullivan, of Cleveland: What shall I say for Ohio? Some one recently in singing the praises of this State said that the territory lying between the Ohio River and Lake Erie was the most magnificent place prepared by God for man's abode. Some of us who live here believe this literally, and we who live in Cleveland think the nearer one approaches the shore of Lake Erie the more magnificent you will find the location.

Our harvests have been good in late years and our farmers are all prosperous. Manufactures are prosperous. We have over 700 banks, with deposits of nearly \$270,000,000. The deposits in the banks of Ohio have grown within the last three years more than sixty millions and the loans have increased correspondingly.

OKLAHOMA.

J. W. McNeal, of Guthrie: As the youngest of the territories of course not much can be expected from Oklahoma. We are only six years old. We have a population of 335,000, but we cast more votes than the State of Nevada. We raise 30,000,000 bushels of wheat, 150,000,000 of corn and 200,000 bales of cotton. We have over 100 banks, National and territorial. We have no limit on our rates. We just keep on charging. We have five males to one female, and I can

assure you they are all right. We are expansionists, and we are sorry that it is not fifty-two thousand miles around the world, so that every Oklahoman could expand according to his feelings. We believe that when the Angel Gabriel comes to this earth she will stand with one foot on Oklahoma and the other on the islands of the sea, singing "Rally round the flag, boys, and shouting the battle cry of freedom."

OREGON. (No response.)

PENNSYLVANIA.

W. H. Rock, of Scranton: I have no statistics to give you. I can only say that we have everything in Pennsylvania that every other State has in the way of manufacturing interests and industrial pursuits, and business generally is prospering. In Scranton, where I come from, we are going to hold a convention of the Pennsylvania Bankers' Association in October, and we would like to have you all come there at that time. Scranton is the center of a population of about 300,000 people. The largest silk mill in the United States is located there and one of the largest locomotive works. We have knitting mills, button works and many other industries that are all prospering and all busy.

SOUTH CAROLINA.

J. A. Brock, of Anderson: We are unfortunate in not having a bankers' association in our State. We share with the other States of the Union in the general era of prosperity. The low price of cotton has been a detriment to that industry, but our people are adapting themselves to circumstances and are growing other things to take the place of that product. Our banks have more deposits than ever before and our manufacturing interests are increasing.

SOUTH DAKOTA. (No response.)

TENNESSEE.

F. O. Watts, of Nashville: To say anything to you of Tennessee would be presuming upon your intelligence. Banking business is good in our State and our people generally are prosperous.

TEXAS.

A. P. Wooldridge, of Austin: The statistics of Texas are as large as her size. In cotton we produce over three million bales a year. In cattle, the year book of last year shows that we have 6,500,000 head grazing upon the plains. We are progressing in every way excepting in the interest rate, but wealth is accumulating, and with that, I presume, will come a diversification of interests. Texas is the only State that has a public domain subject to the school fund. We have \$12,000,000 in the school fund. We have 28,000,000 acres of good land unsold. Our population is 3,500,000 and our assessed valuation \$1,000,000,000. We are a good and prosperous people. While we invite all to come to us, yet men who are prospering where they are better not come to Texas. There are other States as good as ours. We have one radical defect, and that is that we do not work up into manufactured products any of the raw materials of our State.

UTAH. (No response.)

VERMONT. (No response.)

VIRGINIA.

John P. Branch, of Richmond: I have listened with a great deal of pleasure to all that has been said about various States, but, sir, from Virginia I can go one better. Virginia is the oldest State in the Union and Richmond is the oldest city. I have had experience as a merchant and as a banker for fifty years. We have given to the great Northwest these States and to these cities with a lavish hand, but it gives me pleasure to say that we have more prosperity in Virginia to-day than we have ever had before. We have more money than ever before, and we loan money as cheap in Virginia as it can be obtained in any other place in the Union.

I invite you one and all to come and see us.

WASHINGTON.

G. M. P. Richards, of Spokane: Mr. President and Gentlemen. In the State of Washington business is good.

WEST VIRGINIA. (No response.)

WISCONSIN.

W. K. Coffin, of Eau Claire: Wisconsin has 1,000 lakes within her borders, and if they were a thousand miles apart they could not be contained in the State.

WYOMING. (No response.)

IN MEMORY OF EUGENE H. PULLEN.

N. B. Van Slyke, of Madison, Wis.: Mr. President, I desire to have entered upon the records of this Association the following minute, in memory of one of the most valued members this Association ever had:

Since our last meeting the American Bankers' Association has lost one of its most valued members, one whose presence has always been felt for good, whose services in the Executive Council and as President of this Association we are ever grateful for, and I desire to place upon our records the name of Eugene H. Pullen, our departed member, as one to be remembered with great respect and his character cherished as an example of that which we should all emulate.

The President: Gentlemen, I am sure that every member of this Convention will feel honored by the privilege of voting for the adoption of this minute. Mr. Pullen was the President of this Association, and he was one of the most untiring workers for its success. All who are in favor of the adoption of this minute will express themselves in its favor by rising.

Adopted.

The Convention then adjourned to Thursday morning, at 10 o'clock.

THIRD DAY'S PROCEEDINGS.

Thursday, September 7, 1899.

The President: Gentlemen, I call to order the Third Session of the Twenty-fifth Annual Convention of the American Bankers' Association. Our proceedings, in accordance with our usual custom, will be opened with prayer.

[Prayer was said by the Rev. Paul F. Sutphen, of the Second Presbyterian Church.]

The President: Colonel Lowry, the Chairman of the Committee on Nominations, wishes to make an announcement.

Robert J. Lowry, of Atlanta, Ga.: The Committee on Nominations are unable to make a full report until they can have the names suggested from the respective States of the men desired for Vice-Presidents. A great many States have made the suggestion, and a great many have not. Now, if all the names are not handed in by twelve o'clock the Committee will make the best selection they can.

The President: The Chairman of the Executive Council has an announcement to make.

Alvah Trowbridge, of New York: The Executive Council will meet promptly upon the adjournment of this Convention to-day in the room right off the platform. It is very important that every member of the Council should be present.

The President: Gentlemen. It was arranged yesterday that the first order of business this morning would be the address of Mr. James G. Cannon, of New York. Accordingly, I now have the pleasure of introducing to the Convention Mr. Cannon.

"Uniform Statement Blanks and Credit Department Methods."

[Mr. Cannon's paper will be found in full on pages 31 to 33 of this SUPPLEMENT.]

After the reading of his paper Mr. Cannon offered the following resolutions:

Resolved, That the Secretary of this Association be and hereby is requested to confer with the Vice-Presidents from the various States, and prepare a uniform property statement blank which can be used in each State of the Union by the members of this Association, the same to be designated as the Standard Form of the American Bankers' Association; the statement blanks to be supplied to members for their use at cost price, upon application at the Secretary's office.

Resolved, That the American Bankers' Association, in Convention assembled, approves the system of Credit Departments for banks, and that the Secretary of this Association be and hereby is authorized to prepare and set up in his office a model Credit Department and to furnish such information as he may be called upon from time to time to give, to the members of the Association, regarding the workings of the same; and also to

prepare and furnish to the members of the Association at cost price any and all blanks which are needful in connection therewith.

The President: Gentlemen, you have heard the resolutions proposed by Mr. Cannon. Are they seconded? [Cries of "I second them," and "Yes! Yes!"]

They appear to be seconded from all parts of the hall. I therefore put the question.

The resolutions were unanimously adopted.

"The Effect of Banks on the People's Progress."

The President: Next in order will be a paper by Col. Myron T. Herrick, of Cleveland, on "The Effect of Banks on the People's Progress."

[Colonel Herrick's paper complete appears on pages 38 and 39 of this SUPPLEMENT.]

F. J. Parker, of Quincy, Ill.: Mr. President and gentlemen. I desire to speak a few minutes on Mr. Herrick's topic, which is "The Effect of Banks on the People's Progress."

In responding to the call of States yesterday I heard one gentleman, speaking for his State in the Mississippi valley, say that their crops were unusually good, and the banks were prosperous, and there not being very much interest on deposits. Yesterday I dropped into Mr. Herrick's bank here casually, and I learned some facts which we must all take home and scatter broadcast over this Union. The Treasurer of that institution—which, by the way, is not called a bank, but is called a Society for Savings—told me that in fifty years the deposits had amounted to \$290,000,000; and the society has paid in interest \$19,000,000, its interest payments being on an average of \$3,100 a day. Its depositors are one to every seventy of the population.

Now my friends, coming from the West as I did, where there are not many savings banks, I think we should encourage the starting of savings banks in our cities. Let the most sagacious, practical business men start them and thus forestall the endeavors of weak, impractical men who for speculation or personal profit will gather up the savings of the people.

I hope to see the United States set the example to the world in the utility, practicability and wisdom of savings banks, and to make itself finally the clearing house of the world.

"What Can Be Done to Perfect Our Currency?"

The President: The next paper is that on "What Can be Done to Perfect Our Currency," by Mr. William C. Cornwell, President of the City National Bank of Buffalo, N. Y.

[Mr. Cornwell's paper is printed on pages 33 to 38 of this SUPPLEMENT.]

The President: Gentlemen, Mr. A. J. Frame, of Wisconsin, will follow Mr. Cornwell in some brief remarks on the same subject.

REMARKS BY ANDREW JAY FRAME.

Christ said, a wise man builded his house upon a rock but the foolish man upon the sand. When the rain descended and the floods came, and the winds blew, the wise man's house fell not, but as to the foolish man's house great was the fall thereof. Is not this a perfect simile to apply to the building up of the superstructure of our great credit system upon a sound metallic currency for a foundation as against the sands of a credit currency? The pages of history are strewn with proofs that when the great instrument of exchange is deranged, all trade, all industry is stricken as with a palsy. That instrument of exchange, recognized by the world as the solid foundation that does not totter when the storm rages in its severest intensity, is the only foundation for a prosperous people to rest upon, and to-day our coffers hold one thousand million dollars of it, being the largest stock of any nation on earth. This gold has come to us in the natural course of trade in response to the well-known principles of the Gresham Law and Monetary Science, as expounded by Dr. Adam Smith, Ricardo, Jevons, Sumner and many other eminent economists, and is also clearly set forth in what Professor Sumner dubs the most important document in financial literature, "The Celebrated Bullion Report of

1810 to the House of Commons." These principles summed up are:

1. That rich countries will have all the coin they need, providing no impolitic act of legislation interferes to force it out of circulation by the injection of inferior currencies.

2. When the coin in any country exceeds the effectual demand, no vigilance of Government can prevent its exportation.

3. It is the province of Government to settle the quality question of money, and the needs of commerce will settle the quantity.

Bankers are thoroughly familiar with the operation of the Gresham Law, but to give force and round out my argument I venture to use a former illustration of mine which seems to fit the case now.

We will call gold "cream," and silver "skim milk," and paper money "water." Each nation has a large reservoir containing these liquids. With easy and quick transportation these reservoirs are naturally connected by so-called canals. If we inject into our reservoir cream, skim milk or water to overflow the natural level, cream alone flows abroad, as that is the only recognized international money.

Britain, after a campaign as long and as bitter as ours over the operation of the Gresham Law and the expulsion of her gold by the injection of too many bank notes into her circulation, unequivocally adopted the gold standard in 1816. The integrity of that standard has been maintained with a fidelity that commands the confidence of the whole world to the extent that London to-day is the world's Clearing House. When Britain adopted the gold standard, the balance of trade was against her, and her total wealth was but 2,400 million pounds sterling, with an enormous debt of 37½ per cent. of that sum, and much of it held abroad. To-day she has assets of 10,000 millions of pounds, with only 6½ per cent. of debt, and practically all held at home. The world pays tribute to her in a sum approximating 400 millions of dollars annually for interest and dividends on the investment of British funds abroad. Were it not for this fact, coupled with her great manufacturing industries (as population there on the present scale of living has outrun subsistence), her power and prestige would be gone.

The United States from 1861 to 1879, under the stress of apparent necessity, overflowed her reservoir with water and at once both the cream and skim-milk flowed out. In 1879, our inferior currency being sufficiently removed, cream began to flow back again to our reservoir, confidence returned, and the wheels of commerce began to move at an accelerated pace. We prospered for years till the insidious annual injections of skim-milk into the reservoir brought distrust to our people and another panic resulted. Benjamin Franklin described our condition when he defined the result of employing quack doctors: "I was well, I wanted to be better. I took physic, and died." Since 1893 we stopped doping and the patient seems to be able to stand without hitching. Like David Harum's horse, conditions since '93 have been a little balky. The unlimited skim-milk mint seems to have closed and along with it the soup houses. The mills are again wide open and the wheels of commerce are moving with alacrity. The hum of buyers and sellers is abroad in the land. Employers are seeking labor instead of labor seeking employment. Money is cheaper than ever. Strikes are more frequent, but is it not a fact that in countries where labor commands a pittance a day for its service strikes are unknown and in other countries as prosperity advances and the scale of wages rise, then strikes become more frequent? Labor in the United States to-day is better housed, better clothed and better fed than in any age of the world's history. An automatic inflow of cream seems to have proved a panacea for return of confidence and prosperity. And yet the wail of the populist, pessimist and politician can be heard abroad in the land. It is a sad calamity to the country that they are not in office and the other fellow out. Although all the quack doctrines and theories in the decalogue of human experience that promise short cuts to universal ease have exploded, the noisome pestilence of the weather cock politician and the silver tongued orator still reverberates throughout the land. Woe! Woe! Woe! Everything that is, is wrong! Give us the offices and we will right all wrongs.

THE QUANTITY THEORY.

As there is a loud clamor as to the quantity theory of money affecting prices, I wish to make a passing practical reference thereto. Muhlhall clearly shows in his Dictionary of Statistics that the world's quantity of money per head has doubled in the past century. In the same time agricultural products have risen 13 per cent. in price, and manufactured

products declined 43 per cent. The average price of all products being materially lower instead of higher, as it would be if increasing the money increases prices also. These stubborn facts are world proof and not confined to local or temporary conditions.

Again, the per capita circulation—

In Italy to-day is about.....	\$10.00 per head
In Great Britain.....	17.00 "
In Germany.....	19.00 "
In France.....	35.00 "

Comparatively how much does the quantity theory of money affect prices of products used in common in those countries? Practically none, except cost of duties and transportation.

Again, the per capita circulation in the United States, according to the United States Statistical Abstract, was about \$5 per head in 1800; \$18 in 1873, the date of the so-called crime of the century, and now is \$25, and yet general prices of products are lower. This makes three more horses that stand without hitching, so I'll turn the whole stable over to the theorists.

WHAT IS OUR PRESENT CIRCULATION, AND, IF NOT PERFECT, WHAT IS THE REMEDY?

Our circulation to-day, not counting certificates representing gold or silver deposits, approximates:—

In U. S. notes over gold in Treasury.....	\$100 Millions.
In National bank notes.....	200 "
In Silver coin and bullion.....	650 "
In Gold coin and bullion.....	1,000 "
Total circulation.....	\$1,950 "

Surely our reservoir has a generous supply of cream in it. How can we keep it there?

1st. By an unequivocal enactment into our laws making the World's standard ours, so that no "free silver without waiting for any other nation on earth" President or Secretary dares disobey its mandates.

2nd. Enact a law in line with President McKinley's suggestion that a United States note once redeemed in gold shall not again be reissued, except in exchange for a gold dollar.

The question of the retirement of the Legal Tenders seems to be a debatable one with many good people in this country, but I am clearly of the opinion that they are in error in their conclusions, as the history of the progressive nations of the earth as well as our own experience proves. Why does Germany not issue a Government currency to save borrowing money? Why do not Britain with a bonded debt three times ours, and France with a like debt six times ours, issue currency to save interest on their debts?

Because these old nations have proved by practical experience that serious trouble is an almost certain result of political bodies trying to regulate the quantity of money in any country.

3rd. Compel all National banks to redeem their notes in gold coin or gold certificates.

4th. The 650 millions of silver should be kept at a parity with gold, and it is all the bulky inferior currency this country should be asked to maintain. Give silver certificates their proper place in denominations under \$10, and cancel all other note issues under that sum.

5th. As we have no great central bank, like those of Europe, for the benefit of its people the United States should transfer to an issue and redemption division all its special deposits of gold and silver on which certificates are issued, and allow any one to deposit gold coin or bullion in this division in any amount not less than \$1,000, and receive therefor an equal amount of gold certificates of \$10 and over.

GOLD CERTIFICATES.

Gold, although less bulky than silver, is subject to serious inconvenience in handling, higher express charges and abrasion. According to the *New York Journal of Commerce*, 25 per cent. of a deposit in the U. S. Sub-Treasury was returned lately because of short weight. The question has been raised that the Government should not be responsible as a warehouseman for gold. If this is sound reasoning, then in our charitable efforts to do something for silver, we should not be responsible for 400 millions of silver which takes 16 times as much space as an equal amount of gold. The question has been raised that we should pay it out over the counters. East of the Rockies that is easier said than done. It has been repeatedly tried, since confidence returned that our money was as good as gold, but the people prefer a paper representative. In view of these facts we should issue gold certificates on a deposit of either coin or bullion and make them legal

tender, which they are not now. While this country is being flooded with creamy gold, let us use it as a basis for the issue of legal tender in unlimited quantities. Not to make provision for its largest possible use to serve as the best currency any people can have is unpardonable. It has of late been kicked about like a football. Nobody wanted it. Country banks, asking their correspondents to send currency that they did want, often received gold that they did not. Whereas Gold Certificates would make all smile.

It is cause for congratulation that Secretary Gage has reversed a former decision, and has resumed the issue of gold certificates. Since this reversal a month ago the certificates have increased from 32 millions to 72 millions, thus relieving the over-burdened banks, and proving the soundness of his course.

The banks of England and France issue legal tender notes practically to an unlimited amount with coin reserves, and these rich countries are full of the yellow metal, and inferior currency is no nightmare to disturb their slumbers. In these days of the greatest production of gold in the world's history give the people of the United States the same opportunities and soon the channels of our circulation will be permeated with gold certificates, thus building up a solid metallic foundation for the superstructure of general credit. If we refuse to make a place for it, no vigilance of Government can prevent its exportation.

As a conclusive proof that the trend of all European banks is toward a metallic reserve for practically all note issues, and that they are gradually eliminating the small amounts of asset or credit currency now allowed, I respectfully refer you to an article in "L'Economiste European" of Oct. 14th, by Prof. Edmund Thery (or to *Bankers' Magazine*, N. Y., for December, 1898). He declares that all European banks of circulation:

In 1883 had a gold reserve of...	29	per cent. of circulation.		
" " " silver " " ...	16	" " "	"	"
" " total coin reserve of...	45	" " "	"	"
" 1897 they had a gold reserve of...	57	" " "	"	"
" " " silver " " ...	17	" " "	"	"
" " Total reserve of coin...	74	" " "	"	"

The gold coin increasing from 700 million dollars to 1,700 millions in 14 years. Further he says, "In all sound money countries the bank note is in course of becoming a simple gold certificate redeemable on demand." That, I affirm, is true currency reform. Let us follow in their footsteps and command the unquestioned confidence of the world for our monetary system.

Some may question our ability to retain gold enough to keep the foundation intact. It is not necessary that we should be gold producers to do so. Dr. Adam Smith says "that in 1700 Spain and Portugal next to Poland were the most beggarly countries in Europe, notwithstanding they were the greatest producers of gold and silver." Witness the decline of the State of Nevada and contrast it with the perennial fountains of wonderful prosperity still developing in the great Mississippi Valley, which will continue till the end of time.

Dr. Smith gives a pat illustration, to wit: "Money, like wine, must always be scarce with those who have neither the wherewithal to buy nor the credit to borrow it. Those who have either will seldom be in want of either the money or the wine which they have occasion for, and a country that has wherewithal to buy gold or silver will never be in want of those metals." I am strongly impressed that the United States has the wherewithal to buy all the gold and silver we need for a basis for our circulating medium. If some of the poor sections of our country are short on circulation, is it not because they are also short on collateral, or wherewithal to buy it?

ASSET CURRENCY.

I have not referred to the issue of currency based on a first lien on assets because I thought that scheme practically dead. If it is not, in my judgment it ought to be.

I have been from the very first opposed to the Baltimore plan of issuing currency by banks secured upon a first lien on their general assets. I have given the matter careful consideration, have studied the different monetary systems of the enlightened nations of the earth, and after 37 years of practical banking experience I unhesitatingly declare that the proposition to give to our thousands of banks, large and small, in city and country, authority to issue currency, secured by a first lien on assets, is unsound and has not a parallel on earth, the Canadian system not excepted. I know I

am far from being alone in my views on this subject. The vigorous and telling arguments of Comptroller Dawes, in his report, confirm it. Correspondence and personal contact with high Government officials, eminent bankers and even members of the Monetary Reform Commission strengthens my convictions. The measure I call populist, with only one safety valve, the Government supervision of the banks. But that is not adequate to prevent DISTRUST and DISASTER. The advocates of asset currency are continually quoting Canadian, Scotch, English, French, German and other foreign systems, as well as systems in the United States, to prove their arguments. What are the facts? Let us reason together a little. The Sound Currency Red Book is a strong advocate of asset currency and labors to prove parallelisms. In refuting its arguments, I quote from its own pages. Under the head of "The World's Bank Note Systems," by L. Carroll Root, pages 189 to 204, 1896 issue, we find the following facts, which facts are corroborated by the "Report of the Monetary Commission," pages 277 to 308, under the head of "Instances of Bank Notes Based on Commercial Assets."

GREAT BRITAIN.

The Bank of England issues £16,800,000 of notes on a deposit of the same amount of Government securities. It has 30 to 40 million pounds sterling in notes outstanding constantly in addition, but every note has its value in gold behind it. The large private and chartered banks of England, Scotland and Ireland in 1844 and 1845 were limited to the amount of their uncovered notes to banks then doing business, and 70 per cent. of the right of issue of any of these banks going out of business since that date has reverted to the Bank of England. Since 1844 this has reduced the maximum uncovered issues £4,000,000 and added £2,800,000 to the Bank of England issues. Of late the whole amount of asset currency issued by all the big 106 issuing banks of England, Scotland and Ireland has been approximately the insignificant sum of six million pounds sterling or about one-half of the maximum allowed, and all the rest of their circulation has Government securities or gold behind it. What is the secret? UNLIMITED LIABILITY of every bank stockholder for every note in circulation. The people there have not forgotten that those words "Unlimited liability" cost a £1,000 stockholder in the great City of Glasgow Bank with its 131 branches (which failed in 1878 for seventy million dollars) his whole fortune of more than a million pounds sterling, as well as ruining thousands of families in the south of Scotland. The clear intent of Britain is to entirely eliminate bank note currency from her circulation, excepting only that of the Bank of England.

FRANCE.

Since 1848 the Bank of France has had the sole right of issue in France. Although able men have claimed this issue as asset currency, I cannot understand the force of their reasoning in the face of the facts.

The Bank of France of late years has had approximately \$700,000,000 of circulating notes outstanding, and has kept about 90 per cent. of its outstanding notes in coin in its vaults. That great reserve of coin naturally inspires confidence. The balance of 10 per cent. asset currency even is practically covered by loans to the Government, so the bank could pay every dollar of its notes by selling its Government paper without calling a dollar of its loans. The Bank of France is more a bank of issue than a bank of deposit, as its issues have averaged five times its deposits for the past five years.

GERMANY.

The Imperial or Reichsbank of Germany is allowed a maximum issue of uncovered notes to the amount of about 50 million dollars, but does not exercise the privilege. For ten years past it has had a metallic reserve of over 90 per cent. on an average circulation of about 240 million dollars. The other 32 large banks are allowed to issue asset circulation to the extent of the comparatively insignificant sum of 22 million dollars, any excess being covered by treasury notes (which notes are fully covered by gold in the Government war chest), notes of other banks or coin. On page 192, Root says "The National or (Imperial) Bank is the center of the system, with the evident intent on the part of the Government ultimately to transfer to it the "SOLE RIGHT OF ISSUE."

CANADA.

Canada has 38 banks with over 60 millions of dollars of capital and 28 millions of surplus. They issue currency based on a 5 per cent. deposit and first lien on assets.

These LARGE banks are very conservatively managed, largely by able British or Scotch financiers who know the penalty of bad banking. No bank with less than a half

million dollars of subscribed capital is allowed to issue currency. (Our proposition is to grant the rights to banks having as low as \$25,000 capital.)

The following countries have only one bank of issue, to wit:

	Capital.	Reserves required on note issued.
The Bank of Austria.	45 mil. dols.	40 per cent. coin and 60 per cent. quick assets.
Bank of Belgium.	10 mil. dols.	33½ per cent. coin on notes and deposits.
Bank of Netherlands.	6 4-10 mil. dols.	33½ per cent. coin on notes and deposits.
Bank of Norway.	3 1-3 mil. dols.	50 per cent. as to notes in coin.
Nat. Bank of Denmark.	7¼ mil. dols.	37½ per cent. as to notes in coin and 150 per cent. assets besides.
Imperial Bank of Russia.	20 mil. dols.	Over 100 per cent.

The latter bank held July 1st, 1898, nearly 600 million dollars gold (the largest single holding in the world, see U. S. mint report, 1898, page 394) and for 15 years has constantly been accumulating it. Russia announced in June, 1898, it would pay all its demand notes in gold. There are three large banks in Italy and three in Greece.

Sweden has a large State bank and some private banks that issue currency based on a deposit of mortgages, etc., in public custody.

Switzerland has lately settled a reformation of its banking system.

Is it not clear from the foregoing that the great centralized institutions of European nations are assuming the issuing functions of the currency, with a metallic foundation as heretofore referred to in Prof. Thery's article?

What about former New England Banking. The Suffolk system, The banks of Indiana and Louisiana and several others quoted by the advocates of the Monetary Commission plan? Simply this: On pages 302, 3 and 4 of the Report of the Monetary Commission, under the head of New England Bank Currency, we find that "in some States an unlimited liability for both notes and deposits was enforced upon the officers in case of mismanagement. In some instances the stockholders were liable to the amount of their stock for the ultimate payment of the notes; and in Rhode Island they were subject to unlimited liability." In the Sound Currency Red Book heretofore referred to, in an article by Horace White, pages 207 to 210, we find under the head of "State Bank of Indiana"—"On all applications for loans above \$500, a majority vote of five-sevenths of the board was necessary, and this must be entered on the minutes with the names of the directors so voting. Directors were individually liable for losses resulting from infraction of the law, unless they had voted against the same and caused their vote to be entered on the minutes, and had notified the Governor of the State of such infraction forthwith, and had published their dissent in the nearest newspaper. Any absent director be deemed to have concurred in the action of the board, unless he should make his dissent known in like manner within six months." This is oxteam and not 20th century progress.

"LOUISIANA BANK ACT OF 1842."

We find:

1st. A specie reserve equal to one-third of all its (the Bank's) liabilities to the public.

2nd. The other two-thirds of its liabilities to be represented by commercial paper having not more than 90 days to run.

3rd. All commercial paper to be paid at maturity, and if not paid, or if an extension were asked for, the account of the party to be closed and his name to be sent to the other banks as a delinquent.

4th. All banks to be examined by a board of State officers quarterly or oftener.

5th. Bank directors to be individually liable for all loans or investments made in violation of the law, unless they could show they had voted against the same if present, etc.

The National Bank rule for reserves is 6 per cent. cash and 9 per cent. with reserve agents; total, 15 per cent. for country banks and 25 per cent. cash for city banks. In a comparative sense how much 90-day commercial paper do country banks hold, or even city banks, that is paid when due?

Reference is further made to the Massachusetts and the Suffolk Bank systems, but for lack of time I refer any one desiring further light to the pages in question.

I will simply say that I have no doubt that the underlying cause why the systems were abandoned was because of

the much more rigid rules that governed the systems and larger liability of the directors for their acts, than are the regulations governing the present National Bank system. I have the best of reasons for asserting that the rules now governing the National Banking system are about as rigid as the bankers will stand and maintain the system. Banking systems are like the prohibition question. When you draw the lines too closely, the personal liberty temperate drinker, who ordinarily votes to regulate the traffic, kicks traces and then the bars ail come down. I affirm that our present National Banking system is the best and safest all around system ever devised, and a happy medium between two extremes of too loose and too rigid banking laws.

I ask with all seriousness is there a parallel case on earth to the present proposal giving the right to issue currency by as many of the 3,600 independent National Banks in the United States, covering big city and small \$25,000 country banks as well as the thousands of others that may adopt the National Currency Act, to the full amount of their capital stock, secured by a 5 per cent. cash deposit, and a first lien on assets? I can find none. I affirm it is simply a discarded unsuccessful experiment of older nations.

As a prudent proposition, who would deposit a sum equal to the capital of any bank asking it, even if you had a first lien on the bank's assets? Yet this in fact is the proposition presented in the asset currency plan.

DEPOSITORS LOSE.

The forcible argument of Comptroller Dawes that asset currency in case of failure of banks tends to reduce the dividends to depositors as compared with the present system with a bond deposit, is perfectly clear to my mind.

Banks in trouble always strain every point to keep from suspending by parting with quick assets at command to raise cash, and in case of failure under the proposed law there are no Government bonds on deposit to secure outstanding notes, therefore the note holders having the first lien take the cream of the assets and leave the dregs to the unfortunate depositors, under their second lien. Under the bond deposit rule the bonds can neither be spouted nor sold, therefore they take care of the circulation outstanding and leave a handsome surplus in addition to divide among the depositors along with the proceeds of the general assets. Is it not clear under such circumstances that distrust is sure to seize upon the great army of depositors when financial troubles are pending, because of the fact that in case of failure their claims are a second lien on assets and their dividends will be abridged, and coupled with the unreasoning demands of the note holder because of credit currency, great fear will fall upon all and wilder panic is sure to follow?

The test of systems comes when confidence is shaken, not when the financial skies are clear. When credit is shaken, credit currency adds fuel to the fire, while no man loses sleep with a U. S. Government bond or gold behind his Bank bills.

NOTE ISSUES NOT A NECESSARY FUNCTION OF BANKS.

By the time the Government bonds are all retired, and this is not at all unlikely, discontinue the issue of bank currency entirely except for the 10 or 20 per cent. hereinafter provided to cover the elastic problem, thus leaving all National, State and Private Banks on the same footing, and wiping out the deep seated prejudice against National Banks. By far a large majority of the banks of this country, as well as of Europe, are doing business without the issue of currency, conclusively proving that it is not necessary for us to cling to that idea. Long before the bonds of the Government will be paid this great country will have all the coin it needs as a basis for all circulation, and the subject of credit currency will be a bugbear of the past.

ELASTICITY.

Much has been said of late about an Elastic Currency in order to move the fall crops. In the earlier days of my banking experience that plea had force, but of late has practically lost it. In 1898 the country had bountiful crops and they were moved with perfect ease, with very little assistance from our good Eastern friends or jar to interest rates. We must not forget that Western banks, in competition with Eastern, loaned \$3,000,000 lately to Montreal.

That knotty Elastic problem—like unequal taxation—has troubled the financiers and economists for ages, and it is not satisfactorily solved yet. Keep your credit good, and with quick and easy transportation the world will lend to you in need. As to having cash enough to fill demands in times of panic, that time will never come. Periodical panics cannot be prevented, because in the language of the inimitable Dr. Depew "The fool killer sleepeth not at all times."

EMERGENCY CIRCULATION.

If we should issue credit currency at all to cover emergencies, the plan proposed by Comptroller Dawes is eminently the soundest, and if a right to issue currency equal to 10 or 20 per cent. of a bank's capital is allowed, it should be subject to a tax of $\frac{1}{2}$ of 1 per cent. per month while it is outstanding and no bank should keep out such circulation to exceed three months in any year without the consent of the Comptroller of the Currency. This tax should be held as a reserve fund to cover any losses on account of failures of banks to redeem in full. Or, instead of this plan, legalize Clearing House Certificates and give them form for general use in case of a panic, and the best business talent will soon see them canceled after their temporary work is done.

BRANCH BANKS.

As to branch banks in the U. S. I will simply say. If any political party fathers the plan and carries it to a conclusion, with the feeling in this country against monopolies, the result will be the doom of the country banker's individualism and the downfall of the party responsible for the law.

No man can charge me with bad motives for opposing asset currency, for if banks make more money under the proposed system the bank of which I am president will share in the benefits. I oppose the plans because I consider them acts of inflation under unsafe restrictions, the result of which is sure to be financial disaster.

The whole matter is now with our statesmen. Will they rise to the dignity of the occasion by giving us True Currency Reform instead of giving the toper another drink and calling that reform?

Let us not take a single step backward in an attempt to lay a foundation on the shifting sands of a CREDIT CURRENCY. Let us not be fainthearted that the noble army of gold Democrats who joined so manfully with us on principle in saving the country from repudiation and dishonor, will abandon that principle, when the wonderful object lessons in prosperity prove conclusively the correctness of their position. Let us write the world's standard upon our statute books and any party attempting to repeal it will ride to a worse defeat in '96. Let us press forward without flinching, disregarding the political trimmers and lay such a sure metallic foundation for our future greatness that we shall soon see the World's financial center planted in New York instead of London, where it has been since the adoption by Great Britain of the Gold Standard in 1816.

When this is accomplished the United States will be supreme in Agriculture, Manufacturing, Mining, Internal Transportation, Banking Power, Wealth, Annual Income and Humanitarianism as shown by the late war. Great Britain will alone then exceed us in Foreign Commerce and Shipping, which supremacy the indomitable Yankee is sure to win before the 20th century has long run its course.

"How Can the United States Become the Clearing House of the World?"

The President: The next paper is by William R. Trigg, of Richmond, Va., which will be followed by some remarks by General A. C. Barnes, of New York.

[Mr. Trigg's paper will be found on pages 40 to 42 of this SUPPLEMENT.]

The President: Gentlemen, I introduce General Alfred C. Barnes, of New York.

A. C. Barnes, of New York City: Mr. President, fair ladies, my lords and gentlemen of finance. I have been asked to discuss Mr. Trigg's able paper. If discussion means disagreement, there will be no discussion. I agree with all that is in it. I will indorse every note he has uttered and take care of it at maturity, if he does not.

With regard to the balance of trade, the interesting inquiry which he raised must be settled in committee, or in some other way, since such questions cannot be investigated in a moment. I have no doubt that every lady here present will sympathize with him, if she keeps a bank account, in the inquiry, Where has that balance gone? It is just as pertinent as What becomes of all the pins? So that will have to be referred to a committee.

In listening to Mr. Trigg—who, you know, is the constructor of the famous battle ship Texas which so valiantly carried our flag in the battle off Santiago—It seemed as if we had been walking the quarterdeck of that splendid ship with her gallant shipwright, worthy descendant, as he is, of Noah, the great founder of his

craft. As a modern mechanic, however, he understands modern artillery, and, without closing his eyes or evincing any fear of a recoil, Mr. Trigg has pulled the trigger and fired off his gun of enthusiastic prediction. It only remains for me to swab out the barrel, as it were, and get it ready for another discharge.

We are called upon to consider the arguments that make for establishing a clearing house of the world in our own country. This is simply a matter of production. Money is a token, the servant of more substantial things. In the very early days, when a herdsman wanted to sell his ox and did not want to take it to market he took with him instead a little square disk of leather, on which the picture of an ox was rudely sketched. This he exchanged in the market for other commodities, and the new holder of the currency eventually claimed the ox, or he passed it along more probably for further barter. So it came about that whoever held a quantity of these disks in his possession became a herdsman or a herdsman by deputy. He was not a financier any more than he was a merchant. He was dealing in a token which represents intrinsic values. So now coin and notes and all the other evidences of value are simply wheat and cotton and live stock and clothing, and whatever it is that man requires for his daily needs in a concrete form. Wherever these things are money will always center. Money will come here to buy what we have, and, if we have more of everything than any other country, then the money center will be right here in this great national department store of ours, where we as the cashiers sit like spiders watching the goods, which are the flies, falling into our clutches in one direction and the cash falling in another—and there is the whole business.

They move these things as they do the overhead trolleys that you see in the department stores. This subject of trolleys is, perhaps, a delicate subject to bring up here in Cleveland. One of our members, who is a most abandoned punster, said that "Whatever may be the claims of overgrown Chicago, Cleveland, no doubt, is the me-trolley-polis of the West."

A man on the sidewalk was murmuring to himself: "How much better it is to ride in a trolley car than it is to walk," and as I came along he accosted me with: "I perceive, Sir, you are a stranger. I regret to say that my finances are in a very dubious condition owing to the recent strike, otherwise I would be happy to take you over to our club and blow you off, but as it is, I will put you on one of our cars and take you out to Brooklyn and blow you up."

Well, it is a pity that beautiful Cleveland, and other important cities of our country, should at times be paralyzed and be devastated, as it were, by the acts of so-called organized labor. Those poor fellows who bear the dignified title of Knights of Labor are really crusaders for a cause which they believe to be a sacred one—the great universal and eternal cause of human rights, as understood by them and by their leaders. The individuals, gentlemen, are not as individuals either unreasonable or vicious or cruel, but in masses they seem to lose all reasoning faculty and all qualities of mercy in their mad zeal to avenge imaginary oppression. It was of a mob far more offensive than that which assembled in these streets that One has said in divine pity, "Father, forgive them, they know not what they do."

Now, these worthy fellow citizens of ours, the brawn and muscle of the land, are the people who are going to help us to make America the clearing house of the world. And mighty allies they will be. You cannot get along without them. By a better education, by more patience and more generosity, by line upon line and precept upon precept, we must make them understand their true relations to capital. They must be made to see that in paralyzing capital they are undermining their own prosperity. If they make any kind of business unprofitable they are stabbing that benevolent giant, General Good. Sometimes he is only crippled by a flesh wound, sometimes he is stricken in a vital part, and then in his down-

fall he crushes friend and foe whom he would otherwise gladly serve. Perhaps the motorman on the trolley car may claim that inasmuch as he is neither a producer nor a distributor of goods, nothing worse than inconvenience can follow his action in a strike. The recent history of Cleveland tells a different story. On the contrary, he brings suffering and loss to thousands by his refusal to perform his allotted part in the great hive of inter-dependent lives. The first to suffer are those who are dearest to him, his own family; then laborers and other departments of labor cannot get to their work and their wages; then people who have money to spend cannot get about to trade; the shop keepers, who are boycotted if they deal with trolley passengers, lose their business, and the small stockholders in the railroads miss their dividends upon which they are dependent, for not all the stockholders by any means are the creatures of wealth, as they are so often depicted to us by demagogues. So all of these classes, and many more, are wounded and crippled when the mutinous trolleyman sulks in his tent.

Such instances as these, my friends, postpone the fruition of our hopes that America may become the clearing house of the world; but the prophet of prosperity who preceded me is not too sanguine—it is coming. The dawn is already above the horizon. Rosy visaged Aurora plucks back the curtains of the night, and, mounted on the car of day, laden with corn and wine, she comes, whilst Apollo, scattering gold all over the earth, drives his steeds before the coming.

The President: Gentlemen of the Convention. This finishes the addresses arranged by the Council for your programme. It is to be regretted that the limitations placed upon our time have prevented the Chair from inviting further discussion.

I notice we have omitted Unfinished Business, which was to come up first to-day. I therefore call for such unfinished business as there may be, or for any reports that are yet to be presented.

EXPRESS COMPANIES AND LICENSE FEES.

F. W. Hayes, of Detroit, Mich.: On behalf of the Committee appointed by the Convention yesterday to consider the ruling of the Commissioner of Internal Revenue in exempting the express companies from the payment of a license fee, I beg to report on behalf of the Committee that we consider the ruling unfair and unjust against one class of business men and in favor of another class engaged in the same line of business. It is the opinion of your Committee that the ruling of the Commissioner should be set aside; that efforts be promptly made to secure a reversal of the ruling either by application to the Attorney-General or other high authority, and, if it shall be found impossible to correct this injustice in this way, your Committee recommend an appeal to every bank and banker who is a member of this Association to communicate with the Member of Congress from his district, and also with the Senator from his State, in order to effect such change in the law as will prevent a continuance of the present condition.

Your Committee further recommend that a standing committee be appointed with such reasonable power and authority as may be necessary to carry out these recommendations and to remedy this evil.

The President: Gentlemen, you have heard the report of the Committee, and the recommendations they have made.

M. W. O'Brien, of Michigan: I move that the report be adopted, and that the present committee be continued as the standing committee, with ample power to carry out their own recommendations, and to secure, if practicable, a reversal of the decision of the Commissioner of Internal Revenue.

Alvah Trowbridge, of New York: I second that motion.

The motion was carried.

Nominations of Officers.

The report of the Committee on Nominations is next in order.

Robert J. Lowry, of Atlanta, Ga.: Mr. President, ladies and gentlemen. At a meeting of the Delegates from the State Associations the following gentlemen were nominated for members of the Executive Council: Stewart G. Nelson, New York City; J. D. Powers, Owensboro, Ky.; Daniel Annan, Cumberland, Md.; T. E. Stevens, Blair, Neb.; C. T. Lindsay, South Bend, Ind.

Your Committee on Nominations beg leave to report as follows:

For President: Walker Hill, St. Louis, Mo.

For Vice-President: Alvah Trowbridge, New York.

We respectfully suggest that the Executive Council elect Myren T. Herrick as its Chairman, and we hereby nominate him as a member thereof.

We also nominate for members of the Executive Council: George F. Orde, Chicago, Ill.; Caldwell Hardy, Norfolk, Va.; J. W. Whiting, Mobile, Ala.; J. H. Ingerwessen, Clinton, Iowa.

For Vice-Presidents of the several States:

Alabama—E. J. Bock, Mobile. Missouri—J. B. Thomas, Albany.

Arizona—M. R. Hazeltine, Tucson. Montana—John W. Moore, Nebraska—E. R. Kearney, Laurel.

Arkansas—G. T. Sparks, Fort Smith. New Hampshire—P. R. Bugbee, Hanover.

California—S. G. Murphy, San Francisco. New Jersey—F. B. Adams, Newark.

Colorado—J. A. Thatcher, Denver. New Mexico—M. Brown, Deming.

Connecticut—B. G. Byran, Waterbury. New York—David Cromwell, White Plains.

Delaware—Benjamin Neal, Wilmington. North Carolina—J. F. Wiley.

District of Columbia—J. W. Johnson, Washington. Ohio—Jacob Frick, Worcester.

Florida—John T. Dishmuth, St. Augustine. Oklahoma—J. M. McNeil, Guthrie.

Georgia—J. H. Reynolds, Rome. Oregon—H. W. Corbett, Portland.

Idaho—H. Wadsworth, Boise City. Pennsylvania—Frank L. Phillips, Scranton.

Illinois—E. G. Curtis, Grand Park. Rhode Island—Wm. Goddard, Providence.

Indiana—M. Carter, Danville. South Carolina—J. A. Brock, Anderson.

Indian Territory—John Lacy, Ardmore. South Dakota—C. C. Bennett.

Iowa—E. H. Hexford, Cherokee. Tennessee—John W. Faxon, Chattanooga.

Kansas—E. L. Meyer, Hutchinson. Texas—E. Rodman, Waco.

Kentucky—C. G. Smallhouse, Bowling Green. Utah—W. S. Adams, Ogden.

Louisiana—G. W. Boulton, Alexander. Vermont—Edward A. Davis, Bethel.

Maine—John Cassidy, Bangor. Virginia—W. R. Trigg, Richmond.

Maryland—C. S. Lane, Hagerstown. Washington—H. C. Henry, Seattle.

Massachusetts—John W. Grant, Boston. West Virginia—J. R. Van Wagoner, Wheeling.

Michigan—M. W. O'Brien, Detroit. Wisconsin—J. W. H. Leonard, Milwaukee.

Minnesota—Kenneth Clark, St. Paul. Wyoming—W. J. Thomas, Buffalo.

Mississippi—R. F. Leonard, Natchez. Hawaii—S. W. Dennison, Honolulu.

J. B. Finlay, of Pennsylvania: I move that the report of the committee be received, and that the President and Vice-President be voted for separately; the Vice-Presidents of the different States together, that is, in one ballot, and then that the members of the Executive Council be voted for together.

Mr. Rainey, of New York: I second that motion.

The motion was carried.

Mr. Wooldridge, of Texas: If there are no opposing nominations I move that the Secretary be instructed to

cast the ballot of the Convention for the nominations before the house in the order in which they are to be voted for, as just provided.

Mr. Brown, of North Carolina: I second that motion. In so doing permit me to say that South Carolina is extremely gratified at the nomination of Mr. Hill for President.

The President: Gentlemen, you have heard the motion, which is that the Secretary cast the unanimous ballot of the Convention for President. All in favor of that motion will say aye; opposed, no.

Carried.

Secretary Branch: Mr. President, I have the honor to report that the ballot has been cast as directed for Walker Hill for President.

The President: I declare Walker Hill regularly elected President of this Association for the ensuing year.

The President: I suppose Mr. Wooldridge's motion covers the mode of electing the Vice-President as well. Therefore the Secretary will cast the ballot of the Convention for the election of Mr. Trowbridge as Vice-President.

The Secretary: I have the honor to report that the ballot for Vice-President has been cast and Mr. Alvah Trowbridge, of New York, is elected.

A similar motion was made in regard to the election of the Vice-Presidents and the members of the Executive Council, which motions respectively were carried and the gentlemen named declared duly elected.

THANKS TO MUNICIPAL AUTHORITIES.

Mr. Wooldridge: I come the longest distance, I believe, of any delegate here, and am perhaps the most obliged delegate to this Convention. I feel that we cannot leave this city without expressing our grateful acknowledgments for our hospitable treatment while here. I have never seen a more beautiful city, where the substantial is more gracefully combined with the artistic, and where along with public life there is so much exemplified of beautiful home life, and I do not believe that any one of us has ever experienced a more generous hospitality anywhere. I therefore move that the thanks of this Convention be tendered by a rising vote to the municipal authorities for the freedom of the city which they have so generously conferred; to the bankers and to the representatives of the Clearing House, for the hospitable entertainment given us; to Col. Myron T. Herrick and his wife for their lavish and courteous entertainment, and to the Press for their very full and impartial reports of our proceedings.

Mr. Thatcher, of Denver, Col.: I second that motion.

The President: I am sure every person in the house will rise to vote in the affirmative on this motion.

The motion was carried.

LOVING CUP TO PRESIDENT.

Mr. Trowbridge: Mr. President. You know that as a general principle bankers are careful about their so-called valuables. They rarely distribute them except for so-called value received. The principle, I think, ought to hold good, and I believe does hold good in the present instance, with the exception that the value presented at this time has no fair relation to the value received. The American Bankers' Association has had the benefit of your services on its Executive Council as its Vice-President and as its President. In years gone by we have had many men eminent for various qualities which go to make the good and successful banker in the President's chair, and I feel free to say for the members of this Association that in no case, at no time, has the President's chair been filled with more satisfaction to the Association or with more benefit to the material interests of the country at large than during the year now just closed.

On behalf of the Executive Council, who have more intimately benefited by your wise counsel and your genial bearing in presiding, I beg you to accept this beautiful loving cup. It is not very large, but it has two handles,

and I hope, Sir, that you will always have a friend to take hold of the other handle in case you do not feel very thirsty. It gives me very great pleasure to have been the messenger to bring you this testimonial of the very high regard in which you are held by the Council, especially as well as by the Association as a body.

The President: Mr. Trowbridge, gentlemen of the Association and ladies. I cannot say that I was totally unaware of this beautiful present, for I unfortunately ran across it this morning on my way to the platform, and since then I have been thinking what I might say in answer to this presentation. I fear, however, that the acoustics of this hall have affected the workings of my brain, for it has seemed utterly impossible for me to express my thoughts in fitting words. I accepted this office at your hands, feeling that it came to me undeservedly. I came here with hesitation to preside over this, the largest Convention in the history of the Association. I desire to thank you all for the patience you have shown me, and the kind assistance you have given me when I have been just about tangled up in parliamentary procedure, in which I am a novice. This beautiful gift the Chairman of the Executive Council says is too small. Well, it looks to me as though it was constructed in proportion to the size of your President, a most beautiful thing. I can assure you that whenever any member of this Association visits me at my home this cup shall be filled to overflowing, and when it is not put to such use it will remain filled with tender recollections and delightful thoughts of my connections with this Convention, and, although it is not needed to remind me of my obligations to the Association, yet it will ever incite my warm interest in your affairs and progress.

MINUTE TO N. B. VAN SLYKE.

J. R. Van Wagener, of New York: Before this Convention adjourns I think we ought to place on our minutes something to indicate this Convention as the anniversary of the silver wedding of our organization. There is one member of this Association who is present at this Convention who offered the resolution which resulted in the permanent organization of this Association, and I regard it as a privilege to mention this fact, as I was present at the meeting which initiated this Association. I refer to Mr. N. B. Van Slyke, Madison, Wis.

I move, you, Sir, that a minute be entered upon our records in recognition of this occasion and of the services rendered by Mr. Van Slyke in starting this organization, as he did when he offered a resolution in that little meeting twenty-five years ago, which resulted in the creation of the American Bankers' Association.

The President: We should all like to hear from Mr. Van Slyke.

Secretary Branch: He was here a few moments ago, but I think he has left the hall.

The President: I am sorry he is not present. However, we will reach him with this token of our appreciation. All in favor of adopting the minute which has been suggested will say aye; opposed, no.

Adopted.

THE NEW OFFICERS.

Gentlemen, I am pleased to present to you our new President, Walker Hill. Mr. Hill has been associated with me in very onerous duties, and has been my faithful assistant in carrying on the affairs of this Association. You do not appreciate, gentlemen, how much devolves upon us. We meet once a year, and then think until the next Convention; in the meantime, the Chairman of your Executive Council does all the work. But Hill has been such a good Vice-President that I know he will be an excellent President. Walker Hill is one of the products of our country: a boy in Virginia, a man and a good citizen, and a good banker, too, in Missouri, he went to Colorado last year—and, I must say, in that high altitude he got a little frisky for a time. However, the only vice that comes from this Association was put upon him, and he was put under probation for a year,

and now he comes to Ohio, only stays here four days, and naturally he becomes President of the Association. I understand, though, that before we came here he had the indorsement of the President of the Union National Bank of Cleveland, and that was enough. I declare Walker Hill President of this Association, and I pin upon him this badge that I have worn for the past year.

And now, Alvah Trowbridge, I place this pin which I have taken from my successor upon your manly, noble bosom. Trowbridge is all right, gentlemen. He has served three years as Chairman of the Executive Council. He deserved promotion before this. Indeed, I fell into his place at Detroit through the circumstance that there was at that time a President and a Vice-President from one city. Last year his modesty overcame him, and Hill took advantage of it. It is only proper that this honor should come to him now. Gentlemen, I present to you Mr. Alvah Trowbridge, your Vice-President, and in line.

President Hill: Gentlemen of the American Bankers' Association. I have always heard that it was necessary to come from Ohio to get an office, but I find that I had to come to Ohio to get an office.

The American Bankers' Association is the strongest in the world, and, gentlemen, you have conferred upon

me an honor, the greatest in your gift. I hope you will never feel that you have made a mistake in my ability to fill the office. I gratefully accept the honor, knowing my shortcomings, and I will always look back to this day and this hour as one of the sweetest memories of my life.

[Calls were made for "Trowbridge, Trowbridge!"]

Vice-President Trowbridge: Mr. President, ladies and gentlemen. In one of the New England States a friend of mine was traveling on foot along a country road, and came to a family burying ground. He had a little curiosity about such things, and he took out his memorandum book, thinking possibly he would find some curious inscription on some monument. He got over the fence and found there was only one monument in the graveyard, a gray granite shaft, and on one side was the name of the deceased, and on the other side was this: "I expected it, but not so soon." I think that man was not half as thankful as I am; and, besides, he never had the honor of standing before the American Bankers' Association and thanking them, as I do now, for favors conferred.

President Hill: What is the further pleasure of the Convention? Unless there is objection, gentlemen, I declare the Twenty-fifth Convention of the American Bankers' Association adjourned *sine die*.

TRUST COMPANY SECTION

AMERICAN BANKERS' ASSOCIATION,

Third Annual Meeting. Held in the City of Cleveland, September 6th. 1899.

INDEX TO TRUST COMPANY PROCEEDINGS.

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The Origin and Development of the Trust Company in the State of New York.

BY FRANCIS S. BANGS, of New York City.

It seems to be fitting, Mr. Chairman, that I should come, not from a city, but the Adirondack woods, to sketch in part the origin of the trust company in the State of New York, for it was in the careful regard for the needs of the rural resident that the first of the New York trust companies had its beginning. In the courtly language of early days, an act of the Legislature of 1822 recites that certain persons "associated as a company under the name of the Farmers' Fire Insurance and Loan Company, as well for the purpose of accommodating the citizens of the State residing in the country with loans on the security of their property (which cannot now be obtained without great difficulty) as to insure their buildings and effects, and those of other persons, from loss by fire, and also for such other useful purposes as are hereafter specified, have prayed the Legislature for a charter of incorporation to be located in the city of New York, which it is reasonable to grant." "As well for the purpose of accommodating the citizens of the State residing in the country with loans on the security of their property, which cannot now be obtained without great difficulty!" How delicately are the would-be borrower from out of town and his troubles referred to in this act of incorporation, which perhaps sets the mark for the kindness and consideration which so characterize the trust companies of this day in their dealings with the farmers of Wall Street. To the company then chartered, with an authorized capital of \$1,500,000, was given power to loan upon farms, houses, factories or real estate, to hold stocks or funded debts as investments of moneys not otherwise loaned; to insure all kinds of property against loss or damage by fire and to grant annuities; but the purchase or sale of United States or State securities, or of goods, wares or merchandise, was expressly prohibited, as well as receiving deposits or discounting notes, bonds, due bills, drafts or bills of exchange, or the exercise of any banking privilege whatever. Within one year the corporation was required to loan at least \$150,000 upon real estate within the State, but outside of the southern district, and before there should be any increase of the \$500,000 of capital with which it was to begin business it must have loaned on bond and mortgage or like landed securities without the limits of the city and county of New York at least one-half of the capital previously subscribed and paid. A later act of the same year gave the company power to accept and execute all lawful trusts created by deed or devise, the beginning of the extensive powers of the present trust companies. This

first company, now the Farmers' Loan and Trust Company, was followed by the New York Life Insurance and Trust Company, chartered in 1830; the United States, chartered in 1853, and the Union, chartered in 1864. By 1884 the number had increased to sixteen, all acting under special charters. In 1887 came the "Trust Companies Law," a general law providing for the organization of trust companies with the powers which, by a long series of enactments, had been given to the companies previously chartered. Within the succeeding five years thirteen new companies were formed under this act, and one company, with an old special charter, began active business. In 1892, in the revision of the corporation laws of the State, the provisions of the act of 1887, with some improvements, were incorporated in the new Banking law, and by later amendments trust companies were placed upon an equality with State and National banks in respect to loans and discounts. From 1892 until July of the present year twenty-two new companies have begun business, of which eleven have been organized since January, 1898. Fifty-two companies reported to the Superintendent of Banks on July 1st, 1899. Three others have since opened their doors, five are in process of organization and two more are in the hands of their promoters. Of the fifty-five now in business twenty-nine are in the city of New York. I mean in the old city. In these days of consolidations and combinations, of trusts commercial and political, the old city of New York has been lost in the Borough of Manhattan. It is the Brooklynite who has become the New Yorker, and on his travels, in a bold hand, writes in full the name of his reorganized and adopted city, while the Manhattanite, with an over-abundant tax rate, shrinkingly sets himself down as from "N. Y.," as if doubtful of his right to use even those modest initials. Brooklyn, though, adds nine companies to New York's list, while seventeen are scattered through the remainder of the State.

Banking companies are prompt to succumb to unsound or doubtful management or lack of public support, but they increase rapidly in number and in assets as they serve the public use. But three trust companies are upon the records of the Banking Department as having failed. In the quarter century from July, 1874, to July, 1899, the number of trust companies has been increased by forty-three, and their resources have grown from \$57,000,000 to \$722,000,000. Within the same period two hundred and fifteen State banks have been organized. Eighty-eight have withdrawn through volun-

tary liquidation, failure or transfer to the national system; the total number has increased from eighty-one to two hundred and eight, and their gross assets from \$108,000,000 to \$381,000,000. The assets of 1874 were doubled in 1889, tripled in 1898 and multiplied by three and a half in 1899. The assets of the trust companies in 1874 were doubled in 1882, tripled in 1885, quadrupled in 1889, grew to fivefold in 1892, sixfold in 1895, sevenfold in 1898 and twelvefold in 1899. Of their earnings in 1898 they distributed less than a fifth to their stockholders in dividends, paid considerably more than a third to their depositors as interest, and carried nearly \$6,000,000 to the account of surplus. That is the development of the trust company. It has established itself in the banking system of the State as founded upon wise principles and as rendering to its customers a service superior in quality and extent. It is the development of

banking. Its phenomenal success is not to be ascribed to chance, to popular whim, nor to ease of management. The legal requirement of large capital has brought to its administration the close attention and the active participation of men of importance and varied interests and valuable experience, and has compelled its location in those active and thriving districts where money is handled by the cart load and call loans are paid when called. While in their resources the banks and trust companies have both been gainers, the trust companies have led in the race. They have passed the point where they are apt to be kept down by regulations intended not to regulate, but to impede them. Will not the proper development of both banks and trust companies lead to the assimilation of their functions, their regulations and their methods of business, if not to their consolidation?

The Origin and Growth of the Trust Company Movement in Pennsylvania.

By CHARLES K. ZUG, Trust Officer, Commonwealth Title Insurance and Trust Company, Philadelphia, Pa.

In studying the origin and growth of the trust company movement in Pennsylvania, a striking fact to be noted is the association that has existed in that State between the trust and life insurance business. Nor is such an association to be wondered at. The transaction of the insurance business by corporations was preceded by individual underwriting, just as the corporate management of trusts has been preceded by individual trustees. When, however, it is once recognized that the best provision against the uncertainties of life is in corporate insurance, and that the best method of providing an estate with which one's obligations can be met after death is by a life insurance policy issued by a corporation, the suggestion is but natural that perhaps that estate would be best administered by a corporate trustee. Nor can it be considered strange if the officers and directors of a life insurance company should find a proper expansion of their business in caring for the estate which the wise forethought of procuring a policy in their company had provided.

Certain it is that in Pennsylvania the trust company movement originated in a successful life insurance company; the first grant of trust powers to a corporation was by amendment to the charter of that life insurance company; and for over thirty years the trust company business in Pennsylvania was conducted by life insurance companies.

While Pennsylvania can probably claim the honor of having incorporated the first trust company, yet for the original idea we must look to the far East. The Quaker merchant of the eighteenth and early part of the nineteenth centuries was accustomed, like his English ancestors, to find in coffee houses the social intercourse which is to-day furnished by the clubs of our larger cities. Will's famous institution in the ancestral city on the banks of the Thames found its counterpart in the Merchants' Coffee House in the younger city on the banks of the Delaware, and it was there that the subscriptions were taken to the corporation which eventually became the first and is to-day the leading trust company in the State. Articles of association were signed in 1810 for the formation of a company, the business of which its founders determined should be clearly indicated by its name. "The Pennsylvania Company for Insurances on Lives and Granting Annuities." Application was at once made to the State Legislature for a charter, but the application was refused. The corporate management of business was yet in its infancy. Charters of incorporation were then, and for more than sixty years thereafter, granted by special act of the Legislature and not under any general law. And the Legislature was at this time

slow to grant these privileges. The application was, however, renewed and a charter obtained on March 10th, 1812.

The Pennsylvania Company entered at once upon the successful prosecution of the life insurance and annuity business. In 1829 an amendment to its charter was asked and obtained, granting the company fuller powers in the choice of securities for investment, but not enlarging the functions of the corporation. In 1830, however, the officers and directors of the company found a new subject for discussion at their coffee house, and from these discussions was eventually evolved a most important expansion of the business and policy of the company. This time the suggestion came not from England, but from India. The change in the policy of the company, the reasons for it and the steps taken for its accomplishment may be best described in the words of the company's historian, Mr. Harrison S. Morris:

"The great success of what in India at this time were called Agency Houses was irresistibly drawing the attention of financiers toward them. These were concerns organized to transact business for trustees or individuals, to receive moneys on deposit and to administer estates, and the advancement of the Pennsylvania Company in its chosen work induced its officers to desire an expansion in this new direction. . . . A meeting of the directors was called to consider the subject on February 4, 1830, with the result that a committee was appointed to go over the ground and give its views of the advisability of entering on 'the receipt of money from persons, and, in consideration thereof, carrying out or executing such trusts as the persons giving the money should designate.'

"The committee selected was in harmony with the inclination of the Board, and, a month later, pronounced itself in favor of the venture, whereupon the President and Solicitor of the company were requested to consult Mr. Horace Binney and Mr. John Sergeant, the most eminent counselors of their day, upon the right of the company to conduct such a business under the terms of the original charter and its single supplement.

"After a thorough investigation on the part of these gentlemen they joined in giving an opinion favorable to the new enterprise, and the directors accordingly laid the subject before the stockholders at their annual meeting held on January 11, 1831, with a recommendation that the company should engage in the new business of accepting trusts. The stockholders were entirely in accord with this, and at the next meeting of the Board a resolution was passed in the following words:

"*Resolved*, That the Board will enter into the busi-

ness of trusts agreeably to the resolution passed at a meeting of the stockholders held on the eleventh day of January last, and that the President, in conjunction with Horace Binney and John Sergeant, and C. S. Miller, be requested to prepare the forms of documents that may be required for conducting the business.'

"But it was not the fashion of our grandfathers to enter upon an untrodden field even after so much deliberation as this. There seems to have been cause for hesitation and delay. Perhaps, as has been suggested, there were rumors of financial trouble among the parent concerns in India; or, more likely still, as is indicated by the subsequent action of the Board, the right of the company to embark in the new order of business without enlarged powers from the Legislature was, in spite of exalted legal advice, held in doubt; for, at an adjourned meeting of the Board held on November 3, 1832, the promising venture was, for the time, put off by a resolution to the effect 'that it is inexpedient for the company to go into the trust business, and that the subject be indefinitely postponed.'

"This was a sore blow to some of the more progressive elements of the management, and they did not fail to agitate for a renewal of the project through the three years which followed. Their repeated efforts failed of success until November 5, 1835, when a more direct step was taken in the appointment of a committee to memorialize the Legislature for a supplement to the charter of the company authorizing the establishment of the long debated branch.

"On February 25, 1836, the most important advance made in the affairs of the company since its organization was finally consummated, when the Governor of the State in whose honor the corporation was named approved a supplement clothing the Pennsylvania Company with authority to enter into the business of executing trusts."

The same year witnessed the grant of similar powers to the Girard Life Insurance, Annuity and Trust Company. The powers given to these original trust companies were as follows:

To accept and execute trusts of every description.

To be appointed trustee, assignee, guardian, committee and receiver.

To receive moneys or other property, real or personal, in trust, or on deposit; to accumulate the interest thereon, or to allow and pay the same.

As trustee, assignee, etc., they were not required to give bond, the company's capital and assets being taken as the security required by law.

Both charters contained a provision that any court appointing the company to any trust position may from time to time appoint a suitable person to investigate the affairs and management of said company, who shall report "the manner in which its investments are made, his opinion of the ability and integrity with which the affairs of the company are conducted, of the prudence and safety of its investments and the security afforded to those by whom its engagements are held; the expense of every investigation so made shall be defrayed by the said company."

The Pennsylvania Company's charter also provided that the company should pay a reasonable rate of interest upon sums not less than \$100 collected in its capacity as trustee, assignee, guardian, committee or receiver, and that it should accumulate the surplus income of any minor's estate by adding interest annually on the whole as a new principal.

In 1853 the Pennsylvania Company was authorized to act as executor and administrator, and in 1855 the same power was conferred upon the Girard Company. These two companies divided the trust company business in Pennsylvania for many years. In 1856 the agents of foreign insurance, annuity and trust companies were authorized on certain conditions to do business in that State, but the privilege to do a trust business granted by this act has never been taken advantage of by any foreign trust company. It was not until

1865, twenty-nine years after the incorporation of the two original companies, that they found other competitors. In that year a charter was granted to the Provident Company, and then followed in quick succession the Fidelity in 1866, the United Security in 1868, the Philadelphia in 1869, the Northern and Guarantee in 1871, all in Philadelphia, while in 1870 the Safe Deposit Company of Pittsburg was granted full trust powers by a supplement to its charter. In fact, the Legislatures in the years from 1865 to 1873 were kept busy granting trust company charters, the statutes of these years containing thirty or more such charters in addition to the seven above mentioned. The powers granted in these charters varied considerably, ranging from a full description of the powers the company could exercise as trustee to the briefest possible expression of the power in the words "To receive and execute trusts." None of these companies engaged in the trust business, and of the number only five are now known by the writer to be in existence, and they are operating under their other charter powers.

This period is not only remarkable for the number of trust company charters, but also in this—that it marks the separation of the trust company and life insurance business, the charters of the Fidelity Company and most of the other companies containing no life insurance privileges. The charter of the Fidelity Company is also peculiar in this—that it is the first charter containing authority "To make insurance for the fidelity of persons holding places of responsibility and trust," which power gave to the company its name, Fidelity-Insurance Trust and Safe Deposit Company. This marks the beginning of the surety business, which has since constituted an important department in most Pennsylvania trust companies.

Thus stood the trust company business in Pennsylvania at the time of the adoption of the Constitution of 1873. That Constitution contained a provision that "The General Assembly shall not pass any local or special law creating corporations, or amending, renewing or extending the charters thereof."

Immediately after the adoption of this Constitution the State Legislature passed the General Corporation act of 1874, and it is remarkable to note that, although this act is very comprehensive, providing for so many different kinds of corporations that one would think the ground had been fully covered, it contains no reference to trust companies. This omission was not due to any hostility to the trust company idea. It had stood the test for nearly forty years and had proved beneficial. Prior to the adoption of the new Constitution a charter for such a company could be had for the asking. The companies in existence were steadily increasing in prosperity. None had failed. It was about this time that the Pennsylvania and Girard companies abandoned the life insurance and annuity business and confined themselves solely to their trust powers. Special attention was given by the Constitutional Convention to the practice of the Philadelphia trust companies when considering the clause which they adopted, prohibiting the Legislature from authorizing the investment of trust funds in the bonds or stock of private corporations. And yet, notwithstanding all this, there is no reference to trust companies to be found in the minutes of the Legislature of 1874.

The real reason for this is that there was no one sufficiently interested to even ask that provision should be made for their incorporation. Philadelphia, with its eight companies, was fully supplied, and a number of charters had been granted for similar companies in other cities. They, however, had not gained any foothold. Outside of the city of Philadelphia the lawyer was still the executor and trustee, and it is just possible that in the absence of any demand for trust companies on the part of his constituents he considered it unnecessary to provide them. As the President of one of our oldest Philadelphia companies has suggested, it is probable that "The only reason that trust companies were

not provided for by the General Corporation act of 1874 was that our lawyer friends forgot us."

There was consequently no provision in Pennsylvania for the incorporation of trust companies until in 1881, when by an amendment to the General Corporation act title insurance companies were given the following powers:

To receive and hold on deposit and in trust real and personal property, including notes, bonds, obligations of States, individuals, companies and corporations, and to purchase and sell same, but not engage in banking.

To insure fidelity of persons holding places of responsibility and trust, and receive on deposit jewelry, plate, stock, bonds and valuable property of every description.

To act as assignee, receivers, guardians, executors, administrators and to execute trusts of every description.

To act as agent for issuing certificates of stock, bonds, etc., and to receive and manage sinking funds.

To become sole surety in all cases where one or more are required for faithful performance of any trust, office, duty, action or engagement.

By subsequent amendments passed in 1889 and 1895 such companies are further empowered:

To purchase and sell real estate and take charge of same.

To act as surety for the faithful performance of contracts.

To act as sole surety for any National, State and County or Municipal officer.

To become surety for fidelity of any clerk or employee.

To become surety for payment of damages for lands taken for public use.

To become surety in court proceedings.

To receive deposits of money or other personal property and issue their obligations therefor; to invest their funds in and purchase real and personal securities, and to loan money on real and personal securities.

It is further provided that courts may order money paid into court deposited with such companies and executors, trustees, etc., may deposit any bonds, stocks, securities or other valuables with such companies for safe keeping.

In order to obtain these powers it is required that the company shall have a paid up capital of \$125,000, and this capital is made by the act the security for the faithful performance by the company of its duties.

Further, the courts may, in their discretion, authorize an investigation of the affairs of such companies at the company's expense, and all trust companies are subject to an annual examination by the State Banking Department, both as to the condition of the company's assets and as to the condition of its trust funds.

It is further provided that said companies must keep all trust funds and investments separate and apart from the assets of the companies, and all investments made by the said companies as fiduciaries shall be so designated as that the trust to which such investments shall belong shall be clearly known.

The mere enumeration of these extensive powers proves the confidence of the citizens of Pennsylvania in the trust company idea. Under this legislation trust companies have grown rapidly in number and in importance. They are no longer to be found in Philadelphia only, nor is their influence limited to the larger cities. The idea is now so popular that the last report of the State Commissioner of Banking shows that such companies are to be found in over twenty different counties of the State. The same report shows that in number of companies, amount of capital stock and amount of deposits the trust companies exceed the banks operating under State charters, and that they are growing with greater rapidity. In 1892 there were eighty-four State banks and seventy-two trust com-

panies in the State. In 1896 there were eighty-nine banks and ninety-two trust companies.

In capital, surplus, undivided profits and in deposits the trust companies not only exceed the State banks, but in all these items they show a more rapid increase. In 1898 the capital of the trust companies was four times that of the State banks, their surplus was twice as great, their undivided profits seven times as great and their deposits more than double in amount.

In Philadelphia there are thirty-nine companies with trust powers, of which all but seven are engaged in doing distinctly a trust business. Over \$25,000,000 are invested in their capital stock and they have deposits exceeding \$100,000,000. By way of contrast, there are in the same city thirty-three national banks, with \$18,625,000 in capital and deposits of \$116,197,000.

No better idea can be given of the influence and power of the Pennsylvania trust companies than by stating that in 1898

Their capital was.....	\$36,689,490.00
Their surplus was.....	12,261,966.99
Their undivided profits.....	10,924,594.80
Their deposits.....	123,850,804.17

while their trust funds, which are separate and apart from all other assets, reached the enormous total of \$406,744,427.94.

That the Pennsylvania companies deserve the confidence reposed in them cannot be questioned. Notwithstanding their large and varied powers, they have been so safely and conservatively managed that their success has been remarkable. It is true that a few companies have gone into liquidation and a few have failed. These failures have, however, been confined to the younger companies, and until within the past two years I believe it could truly be said that not a dollar of trust funds had ever been lost when in the hands of a Pennsylvania trust company. In 1897, however, a trust company did fail, involving such a loss. This loss may, however, be traced to a special cause. In Pennsylvania trust companies are expressly prohibited from engaging in the business of banking. They have not, therefore, the power to discount paper. There have been in consequence a few instances in Philadelphia where the same people have organized a trust company under State law and a National bank under the United States law and engaged in business, the two companies having the same management, occupying the same building and working in aid of each other, the trust company depositing with the bank both its own and its trust cash balances. This was found to be an advantageous arrangement for a number of years. But recently several such institutions have failed, and in every instance the failure has been of both company and bank. The State Commissioner of Banking, in his report for 1898, referring to a recent failure of such a trust company, says:

"The intimate connection also existing between the Chestnut Street National Bank and the Chestnut Street Trust and Saving Fund Company rendered it most difficult to keep these two institutions separate and distinct, and inasmuch as I had no power to examine the bank, it being a Federal institution, it was practically impossible to obtain knowledge of its inherent weakness, which in the end pulled down the trust company.

"In my judgment the Legislature should absolutely prohibit a trust company and a National bank occupying the same room or even being upon the same floor of any building. The ease with which securities can be transferred from one institution to the other, unless they are both examined at the same time by different officers, gives point, I think, to this recommendation."

It is possible that at an early day the connection of trust companies with National banks in Pennsylvania may be curtailed. But in all other respects they seem to have before them only continued growth and prosperity.

Investment of Trust Funds.

By JOHN W. BARR, JR., Vice-President Fidelity Trust and Safety Vault Company, Louisville, Ky.

An eminent authority in trusteeship has well said that "the investment of trust funds is one of the most important duties of a trustee, both as respects the interest of the *cestuis que* trust and his own security."

In fact, there is no duty which devolves upon a trust company that is fraught with greater difficulties, and where the duty, if unwisely performed, is more disastrous to the reputation and prosperity of the trustee. With the liberal discretion allowed trustees, and with the phenomenal growth and commanding influence of trust companies, aided by the present prosperity of the country, there never existed a broader field for investment, with the consequent opportunity for either unwise or prudent choice.

Trusts are of early English origin. From the time of Henry VII. until within recent years classes of investment were jealously limited. With the growth of trusteeships in the United States a more liberal rule has prevailed. At present in many of the States there is no statutory restriction upon trust investments, and in the absence of such statutory restrictions or fixed rules of equity courts, they are left to the integrity and sound discretion of the trustee. The greatest difficulties, therefore, as also the greatest opportunities, exist where neither the instrument creating the trust nor the law of the State give specific directions regarding the investment of trust funds. If the instrument creating the trust gives directions for investment, these directions must be followed. If the instrument creating the trust gives no directions as to the mode of investment, the trustee should be governed by the laws of the State or the rules of court in which it is executed. In the absence of such directions, laws or rules of court the trustee must be governed by diligence, intelligence, sound judgment and good faith. Such duties required of a trustee are best performed by a trust company organized with a staff of vigilant, faithful and competent officials.

The selection of a trustee is of the first importance. Among the thoughts that enter into the mind of nearly every man, at some period in life, be he of large or of modest estate, none give greater anxiety than the question, "To whom shall I intrust my estate, that a safe and regular income may be secured for my family or those dependent upon me?" Or when, by reason of increasing cares, failing health or advancing years, men find it burdensome to manage their own affairs, they look for some person or company in whose integrity, ability and sound judgment they may safely intrust their estates for investment.

The trustee having qualified, its first duty is to carefully gather together the estate and within a reasonable time to invest it properly and to yield a fair income. It rarely occurs that an entire estate when delivered to a trustee is satisfactorily invested. The weeding out process must be invoked. A majority of men have among their papers evidence of property that do no credit to their judgment. And many a man, did he but know how soon his safety box would be opened to strangers' eyes, would promptly destroy or otherwise dispose of them.

It is true that a man may use his property according to his pleasure, and investments made by him are some evidence that he had confidence in the investment. The better rule, however, is to continue the investment only when the trustee itself would have been justified in making such investment.

The greater the trustee's experience and opportunity for the handling of funds the more cautious does he become. He must not invest in notes secured by personal security, however solvent. He must not invest the funds in trade. He must not invest them in indus-

trials. Neither should he involve them in speculation. In times of prosperity he should prepare for adversity. Panics will surely follow. The funds should be deposited in a strong bank. The account should indicate the particular trust, separated from all other trust accounts. The trustee's books should set forth clearly the investments and complete means of identification. The securities should be deposited in vaults, properly marked and classified.

In making investments a trustee should be watchful lest realty be converted improperly into personalty or personalty into realty.

Formerly Government and first mortgage real estate bonds were almost exclusively the form of investment. And it is true that there was a time when Government, State, County and Municipal bonds were issued in sufficient amounts to meet the demands of investors. Such is not now the case. The field has necessarily become enlarged.

In making such investments many circumstances are to be considered. Among others, what are the special needs of the particular trust, for what period is it to exist, what is the value of the estate, in what is it at present invested, how does the question of local taxation affect it, how is the beneficiary situated with regard to other means of revenue. As in other affairs of life, sometimes boldness is required, prudence always.

The different classes for investment open to trustees without other guides than sound discretion and good faith may be said to include:

Stock in certain corporations.

Improved Real Estate and Real Estate Securities.

Government and Municipal bonds.

Other classes of bonds.

Investments by trustees in corporate stock have almost universally been avoided. It is only in recent years that courts of last resort have approved investment in bank and trust company stocks of undoubted standing. While it is true that certain classes of regular dividend paying stocks not overcapitalized and issued by such companies as are not engaged in trade have proven a safe and profitable form of investment, the safe rule is for a trustee not to make such investments without the proper direction or consent of the beneficiary.

REAL ESTATE AND REAL ESTATE SECURITIES.

The most satisfactory form of real property investment is in well located city property under ground lease for a long period of years, and at a fair rental. Under such conditions, with a clear title, with substantial buildings erected thereon by the lessee, and a lease embracing the usual conditions and providing for the prompt payment of insurance, taxes and assessment, and at the expiration of the lease with equitable provisions for the disposition of the improvements, the owner of the land is assured a fair and permanent income.

In such investments the lessee, not the trustee, bears the cares and annoyances. The brunt of losses from vacancies, from increase of taxes and insurance falls upon the lessee. At the expiration of the lease, after having received a fair return on the investment, the trustee is in a position either to demand a full price for the land or to purchase the improvements at no more than their value. Investments of this class are not often to be had.

Investments of trust funds in well improved, centrally located, income producing real estate in communities where taxation is not oppressive have for generations been accepted as a favorite form of investment by many cautious men.

Such investments are undoubtedly desirable in many instances.

There are, however, under some conditions, such objections as practically prohibit this class of investment. As, where the estate is of limited value and regular expenditures must be made for repairs, assessments, etc. Or where there is difficulty in purchasing such property at the exact amount seeking investment. Or where the loss of rent for a few months cannot be borne by the beneficiary.

Investments in land or vendors' lien notes should be made only after the most careful investigation of the title, of the location of the property, its value and productiveness. Prior lien notes secured by well located business property have proven by experience to be one of the most desirable class of investment securities, and at the same time one of the most difficult to procure.

Insurance, investment and trust companies have in the past made large advances on farm lands, but these have not always proven satisfactory, due, in part, to the difficulties in preventing the lands from deteriorating and in keeping informed as to their condition, cultivation, value and prompt payment of taxes. One of the most serious obstacles encountered is to obtain an impartial, reliable valuation on such lands. With the uncertainty of valuations for assessment purposes, with the constant inclination of friends and neighbors to place fictitious value on lands, and with the want of sufficient acquaintance with the situation by persons residing at a distance, an investor must indeed be cautious.

As a rule a farmer who mortgages his land, unless it be for improvements, is rarely enabled to pay his indebtedness without a sale of his lands. The holder of securities of this class is more or less dependent upon crop conditions for the prompt payment of interest. While in the event of default a lawsuit usually follows, with the attendant delay, expense and often the necessity for purchase of undesirable property.

Notwithstanding the briefness of the period for which such investments have to run, the legal expenses, delays and losses in case of foreclosure, the frequency of application in case of sale of encumbered property for a total or partial release and acceptance of the proceeds, thereby destroying the permanency of the investment, yet, for a short trust, real estate prior lien securities, on account of the better rate of interest, the visibleness of the security, its inability to take wings and its freedom from great or sudden fluctuations in value, have received much favor from investors.

BONDS.

One of the most important questions confronting a beneficiary is "What annual income may I with reasonable certainty count on during the existence of the trust?" With those persons, who, as a rule, are solely dependent on such income, the certainty rather than the amount is the important matter. Unless they can with reasonable confidence know the amount of their income their plans for the future are materially hampered. At this point, then, appears one of the most difficult problems regarding the investment of trust funds. If the only consideration be safety and permanency, the investment would be made in long term U. S. Government bonds or in the municipal bonds of cities of the highest credit—such investments often producing not more than two per cent. annually.

Few persons can afford to have their entire estate so invested. And with incomes from the same value of estate in the past decade having fallen from thirty-five to fifty per cent. in amount, and with small prospect of the rate being permanently bettered, the question of rate becomes a most important one.

As illustration of the changes in income, we recall a certain estate that in 1875 was invested on a ten per cent. basis. When the securities matured the funds were reinvested at six per cent., and in 1899 they were again invested in securities yielding four per cent. per annum. Thus the annual income from the same estate

had fallen in twenty four years from \$2,500 to \$1,000. To make it less profitable the taxes had trebled. In 1875 the tax rate was about sixty cents on the hundred dollars and in 1899 the rate was \$1.85 on the hundred. Here we are brought face to face with the unpleasant fact that incomes are being constantly diminished and taxes steadily increased. This applies to almost every State in the Union.

Hence it follows that for a permanent safe investment, yielding a fair income, prior lien bonds conservatively issued for a long period by water, gas, traction or other corporations performing *quasi* public functions, located in large cities and with practically exclusive privileges, offer many advantages. The prior lien mortgage bonds issued by some of the great railroad systems within the past few years are in the same category. A choice of any particular issue or issues depends on many conditions. Such securities should be purchased only after the most thorough and intelligent investigation.

The trustee will not in the event of loss be justified in saying that these securities were highly recommended. Its duty is to investigate the history of the company's earnings for past years, its resources for business, the efficiency of its management, the amount of its indebtedness, the legality of its bond issue, and to become acquainted in a general way with the territory in which the property is located, and with such other matters as affect its convertibility, its permanency, its safety and its value.

This careful investigation can be made more efficiently by a well organized trust company than by an individual. A trust company, with its corps of experienced officers, to whom a large variety of securities are constantly offered, and who are accustomed daily to consider and make investments, aided usually by a large body of representative men as directors taken from different walks of life, reduces to a minimum the danger of mistake in investment.

The expense attending such investigation is frequently a matter of much consideration. An individual desiring to invest from five to twenty-five thousand dollars cannot well afford such an expenditure as would reduce materially the net income from the estate. A trust company, having hundreds of trusts requiring investment in large or small amounts, can well afford the time and expense necessary for such investigation. In the purchase of such securities in large amounts, aided by the many resources at its command, the trust company makes prompt investments, often securing more advantageous terms and giving the different trusts an opportunity to be wisely invested—all of which inures to the benefit of the *cestui que* trust.

Whatever may be the choice of the investments, be they for large or small estates, the dictates of prudence require that the entire estate should not be invested in a single class of securities. With constant changes and with conditions over which the watchful trustee has no control, sound discretion demands that the estate be invested in a number and variety of securities.

Nor does the duty of the trustee end with the prudent investment of the funds of the estate, and the placing of them in a safety vault, the collection and payment of the income to the *cestui que* trust. The same careful inquiry regarding the property securing the investment must continue, accurate information must be obtained promptly, periodical statements regarding the properties and securities must be filed away and constantly referred to; and if prudence requires, the investment must be promptly converted into money and the proceeds reinvested. Eternal vigilance is the price of safety. Such vigilance and such imperative obligations can best be performed by a well equipped, well organized trust company.

When the trust is ended, with its day of final reckoning, the estate should either be converted into money and delivered to the legal owner, or, should the owner prefer the securities, they should be of such character as to be readily marketed. At the expiration of every trust the beneficiary has the right to anticipate that the estate, be it money, securities or other property, is no less valuable than when placed in the hands of the trustee.

Such a trust company will not die and the good its officers do will live after them.

Detailed Report of Proceedings.

THIRD ANNUAL MEETING TRUST COMPANY SECTION, HELD AT CLEVELAND, SEPTEMBER 6.

PROCEEDINGS OF MEETING.

The third annual meeting of the Trust Company Section of the American Bankers' Association was held in the Library of the Chamber of Commerce, Cleveland, Ohio, on the 6th day of September, 1899.

The convention was called to order at 10.20 a.m., by the Chairman of the Section, Mr. Breckinridge Jones.

The Secretary, Mr. Arthur Heurtley, thereupon called the roll, showing the following Trust Companies represented:

COLORADO.

Denver—International Trust Co.

GEORGIA.

Marietta—Marietta Trust and Banking Co.

ILLINOIS.

Chicago—American Trust and Savings Bank.

Merchants' Loan and Trust Co.

The Northern Trust Co.

Security Title and Trust Co.

Chandler Mortgage Co.

Pearsons-Taft Land Credit Co.

Quincy—State Savings, Loan and Trust Co.

INDIANA.

Indianapolis—Union Trust Co.

Marion Trust Co.

IOWA.

Clinton—People's Trust and Savings Bank.

Sioux City—Sioux City Safe Deposit and Trust Co.

KENTUCKY.

Henderson—Ohio Valley Banking and Trust Co.

Louisville—Fidelity Trust and Safety Vault Co.

Louisville Trust Co.

MASSACHUSETTS.

Boston—Old Colony Trust Co.

MICHIGAN.

Detroit—Union Trust Co.

Grand Rapids—Michigan Trust Co.

MISSOURI.

Kansas City—Fidelity Trust Co.

St. Louis—Lincoln Trust Co.

Mississippi Valley Trust Co.

St. Louis Trust Co.

NEW JERSEY.

Trenton—Trenton Trust and Safe Deposit Co.

NEW YORK.

New York City—Continental Trust Co.

Colonial Trust Co.

International Banking and Trust Co.

Trust Co. of America.

NORTH CAROLINA.

Winston—Wachovia Loan and Trust Co.

OHIO.

Cincinnati—Union Savings Bank and Trust Co.

Cleveland—State Banking and Trust Co.

American Trust Co.

Cleveland Trust Co.

Guardian Trust Co.

The Savings and Trust Co.

Painesville—Pioneer Trust Co.

Youngstown—Dollar Savings Bank and Trust Co.

PENNSYLVANIA.

Allegheny—Dollar Savings Fund and Trust Co.

Allentown—Lehigh Valley Trust and Safe Deposit Co.

Norristown—Montgomery Ins., Trust and S. D. Co.

Philadelphia—Commonwealth Title Insurance and Trust Co.

Pittsburg—Fidelity Title and Trust Co.

Safe Deposit and Trust Co.

Equitable Trust Co.

Mercantile Trust Co.

Pennsylvania Title and Trust Co.

Reading—Reading Trust Co.

Washington—Title Guarantee and Trust Co.

RHODE ISLAND.

Providence—Rhode Island Hospital Trust Co.

WASHINGTON.

Spokane—Spokane and Eastern Trust Co.

WISCONSIN.

Milwaukee—Milwaukee Trust Co.

Mr. Jones: Those of the gentlemen who have not registered we would be very glad to have register before they leave the room, and if there are any other companies represented whose names have not been called we would be very glad to have them rise.

After certain corrections had been made the Chairman, Mr. Jones, said:

Gentlemen, I have the pleasure of introducing to you Mr. J. G. W. Cowles, President of the Cleveland Trust Company, who will address you.

The members present were thereupon welcomed to Cleveland by Mr. J. G. W. Cowles as follows:

Address of Welcome by Mr. J. G. W. Cowles.

Mr. Chairman and Gentlemen:

In the absence of Mr. H. A. Garfield, who should have spoken to you now, I am permitted to express to you the welcome of your associate members, representing the Trust Companies of Cleveland, to our city and to the Third Annual Meeting of the Trust Company Section of the American Bankers' Association. I speak for Cleveland, and in particular for its Trust Companies. We have recently celebrated the first century of our city's honorable and prosperous history. Cleveland has always been a conservative city, and so, on the whole, of slow growth. During its first half century it was little more than a New England village in this new Connecticut of the Western Reserve, and in 1860, sixty-four years from its founding, the population was 43,838, whereas now it closely approaches 400,000. It has never gone backward by the collapse of booms, but steadily, though for periods slowly, forward in population, industries, trade and wealth. Cleveland has always been fortunate in the possession of financial resources of its own. Less foreign or Eastern capital has been required here than in any other Western city of its size. We have never been dependent upon outside money. With \$24,137,304 of active banking capital and surplus, and \$42,517,638 more of deposits in 14 national banks, and \$75,115,248 of deposits in 33 savings and other banks; a grand total of nearly 118 millions of deposits and over 140 millions of capital and deposits together, the business of the city is on a secure basis, assuring permanency and increasing prosperity as the years go on. In the last nine years our bank deposits have increased 66 millions, and our banking capital and surplus nearly 10 millions. This healthy growth has been gained through a series of years, including some very "hard times," and is indicative of the vigorous vitality which pervades our civic, our industrial, our commercial and our financial life. Savings banks have been a conspicuous feature of our financial institutions for more than fifty years. The fact that there are more than 30 of them in Cleveland, while in some other principal cities in neighboring States there is none, shows the drift and tendency of our people to accumulate their savings in such banks. These 75 millions belong to the people more than to the corporations, to the poor as well as to the rich, so-called, to the many rather than to the few, as evidenced by the 54,000 depositors who own the 31 millions of deposits in the Society for Savings, and the perhaps equal number who own the larger aggregate of deposits in the other savings banks

of the city. But Trust Companies, properly so-called, are of recent origin among us, but have had a prosperous development in these few years. It was not until 1894 that the State law authorized Trust Companies under special provisions, to act, by judicial appointment, as trustees of estates, guardians of minors, administrators and assignees. The five Trust Companies now organized and qualified to do such business under this recent State law have already in a large and emphatic way demonstrated their value to the business community and to the public at large by their enterprise as well as by their conservatism, by their progressiveness as well as by their prudent management of affairs intrusted to them.

I think no two mutually compensating mottoes better fit the requirements of Trust Companies than these—progress and permanency. No corporations have a larger interest in what is permanent than ours. Their religion should be that expressed in the prayer of David: "Lead me in the way which is everlasting," that is, the right way; and not in the other way which "He turneth upside down." Not only the present day, current events and affairs, but the future, even future generations, are within the field of our intentions and our obligations. For we deal not with the transient only, but with the fixed and permanent as well; not only in money and names, in currency and credits, which are like the flowing streams passing in a night and they are gone; but with realities, and with securities and with continuing estates which descend without change from fathers to their children, it may be for a hundred years to come. This is one chief and most important attribute of Trust Companies, *that they stay*. As a Catholic Bishop once said to me, concerning their way of building churches, now the foundation, in a few years the walls, later the roof, and at length the inside finishing: "Oh," said he, "we don't have to hurry, the Church lives forever." So the Trust Companies; or so will they, if they are what they ought to be. Such a purpose must have a controlling influence upon the conduct of business, and upon what I may call the moral character and development of Trust Companies, which resides not in the capital, not in the deposits, but in the men that manage them. They are not adapted to nor intended for speculative procedures, but for the conservative methods of legitimate enterprise and business. Their calling is to act wisely in the present, but with reference always to the accumulation of the "far off interest" of prudence and patience, rather than for the quick and often fatal profits of the passing craze. Nine times out of ten it is the haste to get rich that ruins; it is the *speed* that kills; and the pace at which "prosperity" has been going in the race since it got its feet again a year or two ago is the peril of the hour.

I am not prophesying evil, but I beg to indicate the responsibility of trust companies to restrain rather than to incite the speculative fever which prevails and to limit rather than to enlarge its rage and ravages. The danger of so-called "Trusts" which are not trusts at all, but gigantic corporations formed by combinations into a large unit, is less in the combinations and the magnitude of them than in the over-bonding and over-capitalization which become at length the millstone which drags them and others with them to the bottomless sea of bankruptcy. Nobody pretends that these capitalizations are the equivalents of values; everybody knows the fiction, but how pleasing the delusion in hopes of temporary gain. How soon is forgotten the stress of '93 and the stagnation and collapse of '96, and the law of gravitation which will bring the sticks of spent rockets and the baskets of exploded balloons to the ground, but the reason is plain. It was very long ago observed by a philosopher that "there is in human nature generally more of the fool than of the wise; and therefore those faculties by which the foolish part of men's minds is taken captive are most potent." But let us, and we shall if worthy to be trusted, seek *values*, demand *values*, certify only *values*, in true equation with their names and quantities, and of

such substance as to promise survival of values amid the changed conditions which must come.

Our office is to be trusted; our duty is to be worthy of trust; our vocation is to execute trusts; our honor will be to betray or to neglect no trusts; our success will be to guard and keep, to advance and enlarge all confidence reposed in us; observing in all regards the absolute obligation of disinterested fidelity, which binds the trustee to his *cestui qui* trust. "The greatest trust between man and man," once wrote Lord Bacon, "is the trust of giving counsel," for he says, "in other confidences, men commit the parts of life, their lands, their goods, their children, their credit, some particular affair, but to such as they make their counsellors, they commit the whole; by how much the more they are obligated to all faith and integrity." But the trust of giving counsel ends there; for the one advised may not take the counsel given, but go contrary to it on his own judgment, disregarding yours, while for minors and widows, for the incapable and dependent, for the absent and the dead in the long procession of the years, the Trust Company not only counsels but acts, stands alone responsible within the range of the vast trusts reposed, and is by so much still more obligated "to all faith and integrity," as has been said. And we are here to-day in order that by conference with one another we may learn how better, or rather how *best* to discharge these high and vast and long continuing fiduciary obligations. And our success in business as Trust Companies will depend not so much upon our selfish shrewdness and aggression, as upon our experienced intelligence and conscientious faithfulness in the conduct of our own business and the affairs of others intrusted to us.

Reply to Address of Welcome.

Mr. Breckinridge Jones, the Chairman, in reply to the address of welcome, said:

On behalf of the Trust Company Section of the American Bankers' Association, representing in capital, surplus and deposits nearly a billion of dollars, and representing in trust funds in their charge more than a billion dollars, it is my pleasure to acknowledge the courtesy that has been extended to us on behalf of the bankers of Cleveland. The words of wisdom that have been spoken by you could be brought to us, and take root in our minds, in no more appropriate place than in the wealthy and beautiful city in which we find ourselves. Cleveland is known from one section of the country to the other as a solid and wealthy city, a city that knows how to use its wealth, and a city that has accumulated by reason of the progress of the country at large. As we are here in charming weather, when the news from our homes brings word that our people are suffering there from greater heat, we can better enjoy your cordial hospitality. But we are here now, and I speak for this section in thanking you for the open hearted hospitalities which have been and will be extended to us, thanking you that your homes have been thrown open to us, thanking you for the opportunity that we have, not only to meet the business men, see your substantial buildings and other evidences of prosperity and wealth, but also to meet the charming women of Cleveland. As this section grows, in a generation from now when the Trust Company Section has become itself one of the momentous financial aggregations of the world, we will look back to the words you have spoken here to-day, and I trust that the histories of Trust Companies will then be such that it will be a promise of your city that the Trust Company is the representative of progress and stability. We thank you for your kindness.

Mr. Breckinridge Jones: Being supported, gentlemen, by officers who have given devoted attention to the work of the Trust Company Section during the past year, and whose reports will embody matters of interest to you, I shall not worry you with any extended address on the general affairs of the Trust Company Section, but leave the words to be spoken by my associate

officers in their reports and go into your records as a permanent expression of our wishes. I have the pleasure of calling upon Mr. Anton G. Hodenpyl, the Chairman of the Executive Committee and Vice-President of the Michigan Trust Company, of Grand Rapids, Mich., to make his report.

Report of Mr. Anton G. Hodenpyl, Chairman of the Executive Committee.

To the Members of the Trust Company Section of the American Bankers' Association:

The attendance at this meeting, and the character of the representatives of Trust Companies present this morning, is an assurance to your committee that the original plan conceived at the time of the birth of this Section was wise; and it has appealed to you, and that you find the Section of use and of practical help. This is encouraging, and although this is only the third birthday of the Section, it is now a healthy and prosperous child, with a future growth in strength and power and everything that tends to usefulness absolutely assured.

Consider for a moment the financial strength of this three-year-old child.

190 Trust Companies comprise the membership,
having a combined capital of \$94,622,145.00
With surplus and undivided profits of 67,838,100.00

Making a total working capital of \$162,460,245.00
These 190 companies hold cash deposits of . \$610,113,688.00

In the past year the advantages of the Section have been carefully explained by the Secretary to companies not heretofore members, and during that period Trust Companies with a capital and surplus of \$42,000,000, and with cash deposits of \$210,000,000, have come into the Section.

In considering the deposits of Trust Companies it must be borne in mind that the figures represent only the deposits of the banking departments of the different companies; and that in addition each company has under its control trust funds for investment, or trust funds actually invested, of an amount probably equal to or in excess of its cash deposits. The figures are startling in their magnitude, when the comparative youth of Trust Companies is considered, and are useful in showing the wonderful and rapid growth of this unique and very useful class of American corporations, which have taken such a position in finance in this country as to astonish the world. And, indeed, it would be difficult to imagine how the great financial transactions of America could now be carried on, or how the many existing trusts of enormous magnitude could be administered, without the assistance of the Trust Company.

Notwithstanding its magnitude and importance, the business of the members of this Section has all come into existence in recent years, and the Trust Company idea was originated within the memory of men now living. This thought suggested to your committee, at its last meeting in New York, the idea that the present is the time to preserve for history the facts and data of the origin of the very important movement which brought into existence the Trust Companies of this country. In a few years, it is quite possible, there will be no one living from whom this information could be gleaned. It was therefore determined that two papers on the origin and growth of the Trust Company movement, in Philadelphia and New York respectively, should be presented to you to-day, not only for your entertainment and instruction, but also to the end that the record of those important events should be preserved for history, and in this the committee believes that it is fulfilling a portion of the mission of the Section.

I have spoken of the original plans for the work of the Section, conceived at the time of its birth. These plans were, that the Section should be of practical benefit and of assistance to its members, in addition to bringing about an acquaintance and feeling of close friendship between Trust Company officials.

At each meeting it has been the aim of the committee to give to those in attendance practical instruction on practical subjects, to the end that the knotty problems constantly arising in this intricate class of business might be made easier, and that all should have the benefit of the experience of the others.

You will find on the programme notice of an exhibit by a number of Trust Companies of the various books and blanks used by them in keeping their records and accounts. These books and blanks are intended to exhibit the whole internal machinery of a well-conducted Trust Company office. Their preparation has been a difficult task, but it has been cheer-

fully performed, in order that all might have an opportunity to carefully study at their leisure a system that is well nigh perfect, and the exhibition is in line with the plan of the Section: to be of practical help to its members.

I notice that many companies are represented at this meeting, not only by officers, but by detail men as well, and I trust you will all give the exhibit the careful study it deserves. It will be open for your inspection during the entire three days of the Convention, and the exhibit of each company is in charge of a representative of that company, who will gladly explain any of the forms and methods.

Respectfully submitted,

ANTON G. HODENPYL, Chairman.

"Investment of Trust Funds," by John W. Barr.

Mr. Breckinridge Jones: One of the first Trust Companies organized west of the Alleghany Mountains, and I think the very first company, was the Fidelity Trust and Safety Vault Company, of Louisville, Ky., represented at this meeting by Mr. John W. Barr. In the City of Louisville it looks strange that there should be a company with \$40,000,000 of trust funds. The fact that there is such a company there shows that the officers have at least had considerable experience, and has led us to invite Mr. Barr to write a paper on the investment of Trust funds, and I want to say that not only in that particular is the Fidelity Company, of Louisville, a most excellent company, but it is in other respects as well. I remember when starting my own company ten years ago, I went over to Louisville, and went over their books to find out how the business was done, and you can judge, when I tell you that after being there I had to write back a letter to Mr. Malone and ask sixty-three different questions, how complicated the business was then. We have tried to save the gentlemen of the Trust Company Section that labor now by presenting the books here so you can see them.

Mr. John W. Barr then said: I thank you most sincerely for those very kind words of commendation to our Trust Company. Personally, I feel very much embarrassed; for, as far as I am personally concerned, they are not merited. It has only been within the past year that I left the practice of law to take up the duties of the Trust Company, and therefore the growth of our Trust Company has been due to older and abler heads than my own.

[Mr. Barr's paper will be found in full on pages 79 and 80 of this SUPPLEMENT.]

Mr. Breckinridge Jones: We have two papers on the growth and origin of Trust Companies in two of the States, and as Philadelphia has been considered the home of the Trust Company, I take the liberty of calling for Mr. Zug's paper first.

Mr. Breckinridge Jones: Some one may desire to ask Mr. Barr some questions in reference to his paper. If you do he will, I know, be pleased to answer before passing from that subject. If not, we will proceed at once with Mr. Zug's subject, "The Origin and Growth of the Trust Company Movement in Pennsylvania."

"The Origin and Growth of the Trust Company Movement in Pennsylvania," by Charles K. Zug.

[Mr. Zug's paper is given on pages 76 to 78 of this SUPPLEMENT.]

Mr. Breckinridge Jones: Is there any one who desires to ask Mr. Zug any questions with reference to Mr. Zug's paper?

Mr. Preston T. Kelsey, of the Marion Trust Company, Indianapolis, Ind., then said:

I would like to ask Mr. Zug if the failures he refers to have been Banking and Trust Companies, or whether any of them have been exclusively Trust Companies?

Mr. Zug: There has only been one failure in Philadelphia of a Trust Company. It was subsequently reorganized, and is now doing business.

Mr. Preston T. Kelsey: What was the cause of its failure?

Mr. Zug: I regret to say it was investing in Western securities of some kind or another. I know this, that

they were attempting to finance certain Western undertakings, and I believe they became very heavily loaded with stocks and bonds of street railroads and other companies of the West, and in the course of time they could not stand it. That was the cause as far as is known. I believe that was the only one case.

Mr. Breckinridge Jones: They had some stock in a paper company in Philadelphia, didn't they?

Mr. Zug: No, sir, that was the Chestnut Company.

Mr. Breckinridge Jones: We next have a paper on the Origin and Growth of the Trust Company Movement in New York, by Mr. Francis S. Bangs, of New York City. I know you will all listen to Mr. Bangs with interest. He was formerly Chairman of this Section and well known to all its members.

"The Origin and Development of the Trust Company in the State of New York," by Francis S. Bangs.

[We print Mr. Bangs' paper on pages 75 to 76 of this SUPPLEMENT.]

One of the delegates suggested that it would add to the historic value of Mr. Bangs' admirable and comprehensive paper if he would add the names of the four first Trust Companies in New York State.

Mr. Breckinridge Jones: I trust Mr. Bangs will comply with the suggestion.

Mr. Bangs: My paper, gentlemen, was merely intended as a sketch of the origin and growth of the Trust Company movement in the State of New York and not for advertising purposes, but if desired, I will insert the names.

Mr. Breckinridge Jones: Any questions, gentlemen, you would like to ask Mr. Bangs in reference to matters in New York connected with Trust Companies?

Mr. Breckinridge Jones: Now then, gentlemen, we are through with the formal papers, and we will now have for discussion some general topics that can be either as to the subjects of these papers, or any subjects that may be suggested. Some one has requested that there be put on the program this subject: "The best method of promoting Trust Company business." I take it that is something we are interested in. We would be glad to hear from any of you on this. That subject is open to any of you, and in order that we may start the ball rolling, we would like to hear from Mr. Holliday on that, or any other subject.

The Best Method of Promoting Trust Company Business.

John H. Holliday, Union Trust Company, Indianapolis, Ind.: I did not come with the expectation of making any remarks on this or any other subject. I have a subject that I have been very much interested in, and should like to know the experience of other members, and that is the savings account business of Trust Companies. I have long wanted to know what the experience of companies has been in reference to that, which is a branch of a great many of them.

As regards the best method of promoting the business of a Trust Company, I think it is only a question of principle, which can be very briefly defined, and that is, do your very best and do it honestly. You have got to be wide awake, and you have got to meet your competitors, but in the long run you have got to depend upon that principle for your success. There are so many different forms of business. We have three Trust Companies in our city and are shortly to have a fourth. Their lines of business are different, and it is best that they are. One, say, will devote itself directly to the purchasing and handling of bonds. Another perhaps to the administering of estates, another to the savings bank business, and so on, and as far as my observation has gone that is the case in a great many cities. While they all do a general trust business, they run more into specialties, and it is a very difficult matter, unless you come down to the details of these specialties, to advise and consult how you are going to promote that business.

BEST WAY TO ADVERTISE.

Mr. Breckinridge Jones: Mr. Holliday, how do you think is the best way to advertise a Trust Company?

Mr. J. H. Holliday: That is also a question of detail, depending on what business you are doing. I think the very best method of advertising the business is first in the daily papers, especially in communities where the business is new. You have to make people understand what it is. They have very erroneous notions about Trust Companies. We lost a very valuable trust some years ago on account of the prejudice of some of the heirs to trusts in general. They had heard so much of trusts in the newspapers, about the illegality of trusts, and it had been used as a political argument so often, that they could not be convinced that a Trust Company was a proper thing. We won over several of the heirs, but one man who appeared to hold the control and who was quite ignorant said he had heard too much in the newspapers about these trusts and he would have nothing to do with the Union Trust Company, or any other Trust Company, and advertising in the daily papers would be a good thing if only to obviate that condition of affairs and relieve the ignorance of such people. I have found that the best method of doing that, at least of attracting their attention, was through the daily papers. You have got to hammer it in, and keep on hammering it in, point by point, by iteration and reiteration, and then follow that up with literature of various kinds, circulars, letters and pamphlets on the different points. One very successful method or one very admirable method, I think, has been in the printing of papers that were read before this Section, especially last year, on different topics. We advertised at that time a few of the different parts of the business, and those papers bearing directly on these were printed and distributed about, to give persons who did not understand a comprehensive idea of what we were doing, but each company must be a law to itself I think. You have got to know your field, and cultivate it along certain lines.

Mr. Anton G. Hodenpyl: It probably is not known to all of the parties present that Mr. Holliday, the last speaker, is about to retire from the Trust Company business, and go again into the newspaper field. This possibly may account for the advice he has just given us.

Mr. J. H. Holliday: I think that is the very unkindest cut of all. First to invite me and urge me to speak, and then to make it known that I am going out of the business simply in order to make that drive at me. It is a well known fact, I think, that proper newspaper advertising always pays.

Mr. Arthur Heurtley: We have advertised more or less extensively in the newspapers, particularly in the earlier years of our corporate existence, and I must honestly confess that we have never been able to directly trace any especial benefit to newspaper advertising. In that our experience is different somewhat from Mr. Holliday. The best advertising we have found has been the issuing of little pamphlets from time to time on various topics, on Trust Company management and Trust Company work, and send these out to selected lists in the city of Chicago. This and little folders, giving the ideas in brief form, have been the best methods of advertising we have yet found.

Mr. Taft, of Chicago: I have been one of those who have monkeyed with advertising, and I think the great mistake, at least I think the mistake of one advertising man I had to deal with, was in not discriminating in advertising for men's money in large amounts and in small amounts. A man gets up in the morning, puts on his shoes and finds a hole in the bottom of one of them. If he is not acquainted with some shoe shop an advertisement in a street car will make or help make up his mind for him. If, however, he has a few thousand dollars which he has acquired by hard work and honest toil, you are not going to catch him with one shot. You have got to keep it up a long time. When he

is in a position to have his mind made up you perhaps can hope to influence him.

I started out about eight years ago with a mailing list, a monthly mailing list. That cost what seemed to be a great deal of money to get out every month. I think it was three years before there was a single indication that that list was doing any good, and there was more than three times during that period that I had to explain what I hoped to accomplish by it. But it began to show finally, and every once in a while some one would mention the fact that they had got that old circular again. In about five years it commenced to show. The last three years it has shown very much, and I think it has simply been for the reason that when a man happens to be in the mood to think about the thing and you have had your circular before him for a good while he remembers it. He thinks of it and reads it, and you will get a chance to talk with him about it. My experience has been the same as Mr. Heurtley, and I have never had an indication that newspaper advertising has ever paid us. I am certain, however, that constant advertising by means of circulars, with a well kept up mailing list, will pay every time.

Mr. Kelsey: I would like to ask Mr. Heurtley whether or not in his circular which he sends out more or less irregularly, whether each circular is confined to one branch or whether he combines them all, and what are the best results he has obtained?

Mr. Arthur Heurtley: The first pamphlet we issued was more of a general character, giving an idea of the Trust Company business and treating it in a general way. After that we sent out a series of pamphlets, taking each subject by itself. The first pamphlet was preparatory more in its idea, the others were simply following up the various lines as suggested by the first pamphlet. That has proven to us to be more successful in reaching the general public than in any other possible way.

Mr. Kelsey: What is your rule; do you use an inclosed envelope, two-cent stamp, or do you use a one-cent stamp?

Mr. Heurtley: A two-cent stamped envelope.

Mr. Kelsey: Always?

Mr. Heurtley: Always.

Mr. Charles K. Zug, of Philadelphia: Mr. Chairman, in Philadelphia, the best clients the Trust Companies have are the lawyers, and our advertising there has been made to reach members of the bar. It occurred to me that perhaps three different methods that are in use there might prove interesting to those present. The first was adopted a number of years ago and consisted of a legal calendar, published by all the Trust Companies in Philadelphia. It is a small book that you can slip into your vest pocket, and gives the name and address of every lawyer in Philadelphia, and I do not believe there is a lawyer who uses any other means of getting the name of a member of the bar, or his address if he does not know it. Another company issues what is called a legal calendar which you hang in your office, and which gives the various information that a lawyer needs as to the day certain writs will issue, the last days in which you are required to file your papers, accounts and things of that kind, and I question very much if you could go into a lawyer's office in Philadelphia without seeing such a calendar displayed.

Another company issues a small diary which gives the same information, and that is issued by that company to every member of the bar.

Mr. Breckinridge Jones: Mr. Case is here from St. Louis, and, as I have had occasion to feel the effects of his advertising, I would and I think you all would like to know how he does it.

Mr. Case: Mr. Chairman, I am not sure that I am entitled to the compliment conferred upon me by Mr. Jones, and then the answer which Mr. Bangs gave as his reason why he left those four names out keeps running through my mind. Possibly, Mr. Bangs, you were

a little selfish in that respect, and we had better let a hole out in our belt and tell what we know. But this occurs to me. We all have our own field. The Trust Company business is so wide that none of us can occupy it all. We have to select that field or part of that field for which we are best adapted, and where the field is most active and best cultivated, and then we must do our work according to our ability, and the measure of our financial strength, and as for reaching the people, that is a question of good common sense and the amount of money you want to spend. That has seemed to me to be the largest problem, to know how to apply the special amount of money which you may choose to set aside so as to best reach the people that you wish to do business with, or that will come to you from some field of the trust business that you are trying to work, and come the most easily and the most naturally.

As I say the field is too large. These powers that have been named here are too broad, and it is almost impossible for any of us to occupy the entire field. Even my friend Jones, with his five or six millions—. How many millions of capital?

Mr. Jones: One hundred millions.

Mr. Case: I have been away for a few weeks' absence, and I don't know just where Brother Jones is. Now, I see that he can't even take all there is in St. Louis. He is going to leave enough for us, but I am not the least bit jealous of him. We could carry on this talk all day with profit, I assure you, but on this question each company has finally got to use its good common sense in its particular field, and the advertising expert is the fellow that we should look to to do the work and make the suggestions, and we can pick out those points that apply to the particular work we want to do. Speak to a number of them, and make them furnish the suggestions to you, and when you want to push one particular branch you can do so. This talk is general. It is not specific. But I take it that each company must advertise differently in order to cover its special work, and according to its particular field and ability.

Mr. Richards, of Spokane, Wash.: Mr. Chairman, I came from a far off part of the United States, I came from the State of Washington, I came to listen and to learn. Of all the suggestions as to advertising I have heard, I have not heard one that was not good. It is true I have heard that sometimes in the West people take a very direct and short method. We have tried newspaper advertising moderately and successfully, and circular advertising moderately and successfully, but we find our most successful advertising is to acquaint our depositors frequently with the fullest particulars of anything and everything connected with the institution, and ask their support, and we have received a most satisfactory business through that channel.

Mr. Breckinridge Jones: It has been suggested that we should not keep these things to ourselves. About a year and a half ago I was in New York, and they were just launching a Trust Company there, and it has grown since then until it occupies now one of the largest rooms in the city.

You remember the story of the old stage driver who was asked the population of a small town along his route and who replied that he did not know its population as he had not been there since last week. Now, about that kind of growth has been going on with the Colonial Trust Company of New York ever since its organization. The president of that institution, Mr. John E. Borne, is here and we would like to hear from him.

Mr. J. E. Borne, of New York City: Mr. Jones, it is a very difficult matter to reply to the question as to the best method of promoting Trust Company business. This discussion seems to have launched into the specialty of advertising almost entirely. Of course that is only one of the branches. I cannot formulate in words the best way of conducting or promoting a Trust Company business, so much depends upon the personal ac-

tivity of those interested, but I should say above all things, let the Trust Company make itself popular. This may be a very difficult thing to do, but get good men on your board of directors, get men of influence, and then make those men work. Treat such depositors as you have liberally. Do not be too technical, that is, overlook small matters of detail. One man will tell another, and before you know it your one depositor may influence many other depositors.

When it comes to advertising, we have done considerable newspaper advertising. When we first began we advertised very liberally with the one idea of keeping our name before the public. I do not know that we expected to do anything by our advertising except to advertise our name. We did that for a year. We not only advertised in the newspapers, but we sent around circulars and when we were able we began to publish a financial statement and we sent that around. We duplicated that from time to time. We sent out special circulars to business men, to lawyers and others. We have issued a Trust Company manual which reviews the financial situation, etc. But we keep ourselves before the public by special advertising in two or three of the principal daily papers, not with the idea of saying too much, but simply that the people may see the name, the Colonial Trust Company, the Colonial Trust Company, again and again. We try to keep ourselves before our friends by hustling—by persistent hustling—the same as the manager of any business would hustle. If he hears there is a large account which may be had, he pulls his strings through his directors, sees the parties interested, and secures the business if he can. He keeps all his associate officers at work and they never let an opportunity slip. When any special or particular kinds of business come up, as for example that which is very much in vogue at present—namely, letting us act as—what shall I say—wet nurse in connection with the consolidation of various industries, or, in fact, when there is any business that we can possibly secure, we use all the influence we possibly can. I do not hesitate to use any director. I make him use his influence, and he is always glad to do it. We try to do it in a delicate way. We do not go to the extreme in working for business or according to the rule adopted by the commercial traveler. At the same time we keep hammering away, and the only thing I can say is, hammer away the best way you know how.

VALUE OF SAVINGS DEPOSIT BRANCH.

Mr. Breckinridge Jones: One question of very much interest to a number of Trust Companies, not so much to all of you, but a question that has been raised a number of times, is as to the value to a Trust Company of having a savings deposit branch for savings accounts, and running it practically as a savings bank. Mr. Gibson, of Denver, has looked into that question considerably, and I think as a result of his investigation he has organized a savings department. I know that some of the gentlemen here would like to hear from Mr. Gibson.

Mr. Frank B. Gibson, of the International Trust Company, Denver: Two years ago at the Detroit Convention I investigated this subject thoroughly, as we were then thinking of establishing such a department. We of the far West were having as many irons in the fire as possible. We were suffering from too much field. The result of the investigation was that we established a savings department about a year and one-half ago, and we have found it a very profitable adjunct to our business. I may say that with the exception of the first announcement, which was made very general, through an attractive booklet of original cuts and illustrations, we have not done any advertising of the savings department whatever, except through our general pamphlet, but in our city of 150,000 people there has drifted to us within a year and one-half \$400,000 of savings deposits which was valuable not only directly, but through other business which they have brought to us. We have a safety deposit department, and a bond department, and

all this has helped very materially also. Quite a number of our savings department customers have rented a \$5 or \$10 box, and not only put into it their papers, but through fears of impaired credit resulting from the public expressions of the last few years, they have put a little money in as well. Now we have been able to trace a good many deposits out of the safety deposit department into the savings department, and out of that into bonds and mortgages, and from the bonds and mortgages into the trust department, so that we are very well satisfied and very well pleased and are thoroughly convinced that the savings department is a good thing.

James W. Day, of Reading, Pa.: Mr. Chairman, I did not expect to make any remarks here to-day. I have only been in the Trust Company business for a year, but I have had a little experience in the savings bank business. We are in a little town of but 18,000 people. Of course we struck first the panic of 1892, and then of 1896, but by that time we had about \$190,000 of deposits, and about a year ago this Trust Company, of which I am a member, was organized. Our trustees have become very liberal in regard to the withdrawal of deposits in our savings department, and now the question in my mind is whether our directors are not making a mistake. A savings bank should have very stringent rules about withdrawing deposits. I know that in 1896 there was a run on our savings bank and the withdrawal rules were in force, but we paid out about 20 per cent. of our deposits in three months. Before the end of six months we had recovered all but about 10 per cent. of that amount. There was so much said in the campaign speeches about the savings bank depositor that people became alarmed. That is the trouble with a savings bank. It deals with a class of people very easily frightened, and they follow like sheep in many cases. Very stringent withdrawal rules should be applied. I think our directors are making a mistake as they are making very liberal rules about withdrawals, and when they need a stringent rule it will be too late.

Now as to advertising, we follow both methods, but we do not use circulars very much. We use the newspapers, but we use them with liners and news items and not the advertising columns. We contract by the year at so much a line and change the reading matter very frequently. At the time of our organization the newspapers were as full as we could get them, and then, being a town institution, our newspapers gave us a great deal of attention for some little time. As I have said, we have only been in the Trust Company business for about a year, and the discussion we are having will be of great service to me. We find our attorneys are a little shy because they do not realize that they retain their position as attorney for the Trust. They think they are giving up a part of their business and that the attorney of the Trust Company takes their place. We have been trying to dispel their idea that we take the work from the attorneys and are successful. The savings department, if properly managed, is a good thing.

There is another branch of trusteeship which has been suggested to me in one case. A gentleman has taken out a life insurance policy payable in ten years. He came to me and said what sum will you take to guarantee me each year enough to pay this insurance policy, including principal and interest, so that at the end of the time the amount due will just be the amount due on the policy? Of course it is a question of what contract you want to make. We as an experiment took this at 2½ per cent. He said the life insurance company would take it at 3 per cent. I would like to know whether any others have begun doing that branch of business and what they think of it.

Mr. Breckinridge Jones: I would like to say a word on the savings bank question, as we have in our company about eight to ten thousand depositors in that department. There is one great advantage. It is a great political argument, and when we come before the Legislature on any matter, why we stand up before them, and tell them we are the institution of the people and

not the rich men's institution. We try to show them that we are a popular institution and as a matter of fact we are. Our institution is in sympathy with the people, we give employment to labor, we take their deposits, and keep ourselves in other ways in touch with the concerns of the people, and in such a way that we are protected when it comes to any adverse legislation, and we have found our savings department a benefit to us in this way, in addition to the other ways which have been mentioned.

PRINTING THE FORMS AND BLANKS WHICH WERE ON
EXHIBITION.

Mr. Breckinridge Jones: I would like to draw your attention, gentlemen, to the matter of these forms that are here. They represent a great deal of work on behalf of the gentlemen who brought them here and are of great value to you, gentlemen, as well as those who are absent. It will be impossible for all of you to examine these forms, because it is a matter of a week's work to go through and examine them singly. The suggestion has been made that it would be of great advantage to the members of the Section if we could have these forms printed, and the copies belong to the section, and then sell them to members of the section at such a price as would make the enterprise take care of itself and leave a sufficient number on hand for members who may hereafter come in. Of course it would cost very little more to print one thousand copies than to print five hundred. I do not know what it would cost. Until they were gathered here we had no opportunity of getting any printer to make an estimate. But for my own part, and my own company, I should be very glad to have printed copies of these forms, whether it cost \$10.00 or \$20.00, or \$50.00, or even more, and I think it would be money very well spent. In starting our company I spent over \$100.00 in going around to find a system adapted to our work, and found there were no two institutions who had books kept in the same way, practically none of them were very comprehensive, they simply represented a beginning, and a growth, with little things tacked on from time to time, and had not been systematized on some general plan that would be satisfactory and suitable to a large and small business. At the same time I think the books of the Northern Trust Company, of which Mr. Heurtley was and still is Secretary, were the most complete set I saw. That is taking it all through in all its varying details. The books of the Fidelity Company, of Louisville, were also very complete in their system.

Now I would like to have some expression as to what your wish is.

First, to get some general expression, how many of you gentlemen would favor the idea of having these papers printed with the understanding that you could have a copy of them in your office at home. All in favor of that—

Mr. Borne: I would like to ask whether it would not be well to ascertain whether the companies who have been kind enough to have these brought here for examination would be agreeable to having that done.

Mr. Breckinridge Jones: Some talk has been had on that subject, Mr. Borne. There has been no objection urged. The idea is if these forms are printed the name of the company will be left out in the printing, so that it would be merely a form of books and entries, etc.

Mr. Heurtley, your company is represented here, would you have any objection to these forms being printed?

Mr. Arthur Heurtley: No, sir.

Mr. Borne: I make a motion that the matter be left in the hands of the Executive Committee, and let them exercise their discretion in the printing of these forms and distributing them, if they find it can be done on terms that will make the venture self-supporting.

Mr. Breckinridge Jones: It was looking to that, Mr. Borne, that I would like to get some expression from the gentlemen here. It would be quite expensive to do the whole work, and I would like to get some idea as to whether it would be self-supporting or not. What would

you, gentlemen, think if the work could be gotten, at, say, \$25.00 a copy? I do not know that it would cost that. We merely want to save the time and expense of having to write around.

How many of the gentlemen would be willing to subscribe at \$25.00 a copy if these books were printed?

Mr. A. G. Hodenpyl: I would like to offer an amendment to that motion, to the effect that the Secretary be instructed to receive an estimate of the cost of having these forms printed and then communicate with every member of the Section, those present and those not present, and if he receives a sufficient number of orders, that he proceed to have the forms printed, otherwise not.

Mr. Borne: I accept the amendment.

The motion was duly seconded and unanimously carried.

Mr. Breckinridge Jones: It is understood, of course, gentlemen, that these exhibits will remain here all day to-day and all day to-morrow, for you to look at.

Mr. Breckinridge Jones: Is there any other general business to bring before the Section? If not we will proceed.

James W. Day: I have seen this morning at Cleveland here in the Guardian Trust Company the most complete system that I have ever seen, and if the Secretary will get suggestions from the various members of the Section as to the best system, so that the system printed will be the latest, it would probably be better. This is merely a suggestion.

Mr. Breckinridge Jones: Yes, I think it would be well. I met this morning with several gentlemen who told me of a trust ledger which is very different from the one we have, and so we would be glad to ask you all, if you have any suggestions in reference to this matter, if you will kindly address a letter to the Secretary, he would be very glad to follow your suggestions, so the book when printed, if it is decided to have it done, will be as complete as possible.

I take it the idea would be to have these books printed and distributed only to members of the Section. The books would not be for sale or distribution to any outsiders but only to the members, so that we can strengthen the Section in that way.

I presume the Secretary can also look into the matter and see if the form can be copyrighted. I think, however, that this is a matter that can be left entirely to the General Secretary.

Mr. E. E. Foye, of the Old Colony Trust Company, Boston: Mr. Chairman, Why would it not be well at the same time the book is printed to have the special forms for registering of stock, also deposit slips, loan accounts and such things as that, printed separately, so that if a man did not want to buy the whole book he could buy a portion of it. A man may have a special department, and there might be some things that he would like to have a form of to put in that especial department. As for ourselves we have so many departments that with only one book we perhaps would not know where it was and would not be able to find it. Now if there were different forms for the different sections of the business gotten out, it would be much preferable to us, and it occurred to me that it might be so to the other members.

We have forms in our transfer department that are somewhat different from the forms on exhibition here, especially for stock transfers. We have some 28 men in our transfer department, so that we have shortened our forms there considerably. So it simply occurred to me that it might be well to have at the same time and with very little additional expense these special forms bound separately. I would be very glad for the Old Colony Trust Company to furnish any of our forms at any time. We have a special form of transfer book, we have special forms for deposits of securities and reorganization and subscription agreements and all the different forms that are in vogue to-day, and we would be very glad to furnish them at any time.

Mr. Breckinridge Jones: I think that is a very valuable suggestion, and we would be very glad if you would

furnish those forms of the Old Colony Trust Company to the Secretary. It is possible that the Secretary may have certain parts of the book bound separately, so that they could be distributed among the different departments of the business. I think Mr. Heurtley, who is the Secretary of the Trust Company whose work is on exhibition here, can very easily attend to that matter, in connection with the Executive Committee.

W. F. Comstock, of the Fidelity Trust Company, Kansas City, Mo.: I want to ask if it would not prove confusing if all the systems were published, particularly if they are duplicated, or what is the idea of the gentlemen?

Mr. Breckinridge Jones: I presume where they are duplicates reference can be made to them. Where they are different systems the idea would be to publish them all, but where they are merely duplicates reference could be made to some other part of the book.

Nomination and Election of Officers.

Mr. Breckinridge Jones: Anything further, gentlemen? If not, we will proceed to the next in order on the programme, which is the nomination and election of three members of the Executive Committee to serve for three years.

Mr. Breckinridge Jones: We have to elect a Chairman of the Section, a Vice-Chairman of the Section, and three members of the Executive Committee. The Executive Committee consists of nine members, and the Chairman and Vice-Chairman are *ex officio* members of this committee. The nine members are divided into three classes, and three are elected each year, and those elected serve for three years, so that two-thirds of the committee are the old committee at all times.

Possibly it would be well for us to proceed first to the election of a Chairman, and then to the election of a Vice-Chairman, and then elect three members of the Executive Committee.

Three of the retiring officers are not eligible for re-election. The members of the committee for the one year, or those expiring at this time, are Messrs. John H. Holliday, George H. Southard and Anton G. Hodenpyl. Their terms expire, and they are not eligible for re-election. The two-year class contains the name of Mr. Francis S. Bangs, who has tendered his resignation, by reason of severing his connection with the State Trust Company, and this has created a vacancy and which must be filled at this time.

The other members of the Executive Committee who have still a year to serve are Mr. Henry M. Dechert and Mr. Gordon Abbott. Those having two years longer to serve are Mr. Frank B. Gibson, Mr. Otto T. Bannard and Mr. Arthur Heurtley, of the Northern Trust Company, of Chicago. Mr. Bannard is also the Vice-Chairman.

The first order of business then will be the nomination and election of a Chairman of the Section. Nominations are now in order.

Mr. John H. Holliday: Mr. Chairman, I nominate for that position Mr. Anton G. Hodenpyl, and it gives me great pleasure to do so. Mr. Hodenpyl has been very active in bringing the Trust Company Section to its present prosperous condition, and I think it will be for the best interests of this section and a source of gratification to the individual members to retain Mr. Hodenpyl's active connection with it.

Mr. Breckinridge Jones: Are there any other nominations? If there are no other nominations a motion will be in order instructing the Secretary to cast the ballot of the entire Section for Mr. Hodenpyl as Chairman.

Mr. Borne: I move that the Secretary be instructed to cast the ballot of the Section for Mr. A. G. Hodenpyl as Chairman of the Section for the ensuing year. This motion was duly seconded, and the motion was unanimously carried.

[Cries of Speech, Speech.]

Mr. A. G. Hodenpyl: The Secretary and some of my kind friends say "Speech," but our time is short, and I

am not going to make one. I have only to say that I appreciate the compliment and the honor, and I am glad to be connected with you another year. My term was up, and I supposed my duties were over.

Mr. Breckinridge Jones: Nominations for Vice-Chairman are now in order.

Mr. Arthur Heurtley: I would like to place in nomination as Vice-Chairman of this Section a man who is not only well known to every member of the Trust Company Section, but also to every member of the American Bankers' Association, a former President of that Association and a man who has always taken a great deal of interest in Trust Company matters. He is at present Chairman of the Executive Committee of the Fifth Avenue Trust Company of New York City, and I take great pleasure in placing before you the name of Mr. Joseph C. Hendrix.

Mr. Breckinridge Jones: It may not be known to all of us that the existence of the Trust Company Section is largely due to Mr. Hendrix. Prior to the organization in Detroit three years ago suggestions had been made to the Executive Council that a section of the Trust Companies be formed, but it had not met with very much encouragement, so no thirty days' notice was given, as provided by the constitution. Mr. Hendrix was Chairman of the Executive Committee at that time, and, as such Chairman, he brought this matter up, and secured the unanimous consent of the Convention, and it was all done in about three minutes. It was because of his cordial co-operation with the Trust Company men that this Section was formed. He was the organizer of one of the Trust Companies in Brooklyn, then going over to one of the national banks of New York; since which time he has been connected, as Mr. Heurtley has said, with the Fifth Avenue Trust Company in New York.

A motion was then made, seconded and unanimously carried that the Secretary be instructed to cast the ballot of all present for Mr. Joseph C. Hendrix as Vice-Chairman of the Section for the ensuing year.

Mr. Breckinridge Jones: We will now elect three members of the Executive Committee. It has not been the custom to appoint a Nominating Committee, but as our body was small, that these things might be taken up in the general meeting and be subject to discussion. Nominations for three members of the Executive Committee to serve for three years are now in order.

Mr. Anton G. Hodenpyl: I desire to name as one member of the Executive Committee, to serve for three years, Mr. William G. Mather, President of the American Trust Company of Cleveland, Ohio.

Mr. Breckinridge Jones: Mr. William G. Mather, of Cleveland, is in nomination. Any other nominations?

Mr. John W. Barr: Mr. Chairman, I desire to place in nomination as one member of the Executive Committee Mr. Antilla Cox, of Louisville, Ky.

Mr. Breckinridge Jones resigned the Chair at this time temporarily to the Chairman of the Executive Committee, Mr. A. G. Hodenpyl, and took the floor. He said:

I should like to nominate, gentlemen, for one member of this committee, Mr. James B. Case, of St. Louis. When the Trust Company Section was formed there was a letter sent out to the various Trust Companies with the names of about fifty Trust Companies signed to it. Among them was Mr. Case. It has been my desire and feeling that in the history of the Trust Company Section there should be found in the names of the committees and officers, some time or another, the names of the gentlemen who signed that original letter. Most of them have been represented at this time. Among those who have not yet been honored is the gentleman whom I have mentioned and whom I again name, Mr. James B. Case, President of the Lincoln Trust Company, of St. Louis, Mo.

Mr. James B. Case, of St. Louis: Mr. Chairman, I greatly appreciate the courtesy on the part of Mr. Jones, coming as it does from a competitor in my own city, and I know it is made in good faith, and in a kindly

spirit, but there are other considerations that enter here, and I have a nomination to make myself. Mr. Jones has alluded to the formation of the Trust Company Section in connection with The American Bankers' Association. A few here know that it was not an easy task to have had this Section formed as a part of the Bankers' Association. Many of us know that there was a feeling of antipathy against Trust Companies, and that antipathy came from the banks. They felt that their preserves were being encroached upon. I mention this matter without going into detail, as there is no hard feeling about it. I simply allude to it in this connection, that it required delicacy of handling, and while we had the co-operation of that broad-minded man, Mr. Joseph C. Hendrix, yet the quiet, delicate handling was done by Mr. Breckinridge Jones, of St. Louis.

Now, gentlemen, our work is not done yet, and we want to have the same delicate hand on that Executive Committee. He has traveled over the road, and he knows every stump and stone in it, and he can be of great assistance on that committee, simply as a member of it. I am sure of that. He is the representative whom I want from St. Louis, because he can be most effective, and the personality can afford to stand aside. In other words, as far as the Lincoln Trust Company is concerned, I am young and can wait.

We want Mr. Jones on there for the sake of this Association, for the work there is to be done, and for the St. Louis representation of it; in all he is the proper person. Now let us lay aside all questions, and please accept it that way. There is nothing behind it, and I mean just what I say. It is the right thing to do. The other members of the Committee know it is the right thing to do, and as I say, I do it with the greatest cordiality, and I do it for the sake of this Association and its best interests. I therefore decline in favor of Mr. Breckinridge Jones.

The Chairman, Mr. Hodenpyl: Mr. Case has positively declined the nomination. We would like to have Mr. Case be with us and we would work together, and his advice and assistance would be of much service to us. At the same time, it is just as Mr. Case has said, we can't part with Mr. Jones. He must stay with us.

As Mr. Case has withdrawn, and Mr. Jones has been nominated, you have before you the names of three members, who have been nominated as members of the Executive Committee to serve for three years. If there are no other nominations, it will be in order to have a motion directing the Secretary to pass the ballot for the three candidates as named.

A motion was made, seconded and unanimously carried that the Secretary be directed to cast the ballot of all present for Messrs. Mather, Cox and Jones as members of the Executive Committee to serve for the next three years.

Mr. Breckinridge Jones: I am very much obliged, gentlemen, for the honor, at the same time it was not anticipated. I wanted very much to have Mr. Case on the Committee. By reason of my past association with you, my interest in the Trust Company Section will never cease. I shall look upon my connection with this Section, and the gentlemen in it, as one of the best parts of my life. My connection with this Section has been of much enjoyment and benefit to me. There is no city where a Trust Company exists in which I cannot go and feel perfectly at home.

I appreciate the honor you have conferred upon me, and feel it is something I should be proud of, to have been placed among the leaders in this great movement. I believe that in years to come when one of my little boys comes to looking back, and finds in the great organization of the financial interests of this country his father's name connected with its early days, he would have reason to be proud, and if he is in the Trust Company business, he will meet, I am sure, the sons of many of the gentlemen here to-day.

Mr. Breckinridge Jones: Mr. F. S. Bangs, who was at

one time Chairman of the Section, and who is a member of your Executive Committee, having severed his connection with the State Trust Company, of New York, has offered his resignation as a member of such Committee. I regret to say that Mr. Bangs is in ill health and has been for a long time and even now is in the Adirondack Mountains. Having severed his connection with a Trust Company, he, of course, by that reason, severs his connection as a representative, and has offered his resignation. We regret exceedingly to part with Mr. Bangs. He has left the room now, I believe, and I can say that he has impressed all of the members of the Section as one of the most charming gentlemen we have met. He is a representative of the very highest class of the American citizen. His resignation was tendered and brought before the Committee last Spring. We held it over at that time, hoping that there might be some action by which we might consider Mr. Bangs as still with us, but now I think it would be in order to accept Mr. Bangs' resignation, and I very much regret to say that a motion to that effect would be in order.

A motion was then made, seconded, and carried, that the resignation offered by Mr. F. S. Bangs as a member of the Executive Committee be accepted, with much regret.

Mr. Breckinridge Jones: That leaves a vacancy on the Executive Committee that ought to be filled now, and nominations are in order.

Mr. Frank B. Gibson: I would like to put in nomination Mr. John E. Borne, of the Colonial Trust Company of New York. I believe he would be of valuable assistance in the work of this Section, through the Executive Committee.

This nomination was duly seconded, and there being no other nominations, by vote of the Section, the Secretary was instructed to cast the ballot of all present for Mr. J. E. Borne, to fill the vacancy caused by the resignation of Mr. F. S. Bangs.

Mr. J. E. Borne: I beg to express my sincere thanks for the honor you have conferred upon me, and for the privilege of sitting with the Executive Committee. I consider it a privilege to come here. This is the first time I have had the pleasure of participating in the proceedings, and I consider it a great honor to be elected to serve as a member of the Executive Committee.

Mr. Breckinridge Jones: I want to say, gentlemen, that while we have a separate Section of the American Bankers' Association, we are still a member of that Association. We desired this more so that we could discuss matters pertaining particularly to the Trust Company business. We have felt, however, that our Section should be represented on the Executive Council, and last year it was suggested and an application was made to the Executive Council of the parent body to instruct the Nominating Committee that they should put upon their list of nominations for members of the Council some member of the Trust Company Section, such member to be suggested by the Trust Company Section. I had the honor to be suggested last year and have tried to see that anything affecting Trust Company matters was properly taken care of. Our idea was that as they have ten men to be elected each year, we would like to have a representative of the Trust Company Section, selected by the Section, and be ready to bring to the Association the interests and influence of the gentlemen who selected him. In other words, we would like each year to nominate one of the ten, so that we would have three members out of the thirty. We felt it was a courtesy to the Section. This matter was brought up before the Executive Council night before last, and the Executive Council passed an order of that character, suggesting to the Nominating Committee that they should put upon the list a gentleman selected by this Section. As the Section was not to meet until this morning at 10 o'clock, and the Nominating Committee were to meet at 9 o'clock, after conferring with a number of the Trust Company gentlemen, we suggested a name. But the

Nominating Committee, so I have been informed during this session, has seen fit to put upon the list two other Trust Company gentlemen, Mr. Alvah Trowbridge, of New York City, being nominated as Vice-President. They considered he would be a representative of the Trust Company, and also Mr. George F. Orde, of the Northern Trust Company, of Chicago, was nominated. Neither of these was the gentleman suggested by the Section as our representative, but the Nominating Committee has made those nominations. I think this Section is entitled to have that representation, and that next year we ought to see that we meet in sufficient time and numbers to be able to make a strong effort to see that we get what we are entitled to, and that if any man is put on to the Council as the representative of the Trust Company Section, he is the one selected by the Trust Company Section, and will stand as our representative. I merely make this report to you because it is a matter you are entitled to know.

When we have adjourned, the Executive Committee, most of whom are in the room, will please come to the table here. The Executive Committee are to select their Chairman and the Secretary of the Section.

Is there any other business?

SUGGESTIONS AS TO TOPICS FOR NEXT YEAR'S MEETING.

Mr. B. G. Witt, of Henderson, Ky.: I trust the members of the Section have listened, as I have, with a great deal of pleasure and interest to the two papers read before the Section on the origin and growth of the Trust Company movement in Pennsylvania and New York, but there are other States that we would like to hear from, and perhaps it might be proper to suggest to the Executive Committee that they take steps to have this subject covered next year. We are making history now, and it would be a matter of a great deal of interest to me to have a history of the Trust movement of the whole country to go into our records where it can be preserved by the members of our Section.

Mr. Breckinridge Jones: I think you will find that that is the policy of the committee, but we want also

a few other papers of general interest. An effort was made to have the growth of the Trust Company movement in Massachusetts at this meeting, but it was impossible. Our purpose is, and you will find it out if you will read the report of the committee, that we will, from time to time, give these reports, so as to preserve the history of the Trust Company movement all over the country.

Mr. Breckinridge Jones: All of you gentlemen who have not registered will please register before you leave the room. Mr. Heurtley tells me that some members of the Association have not enrolled themselves as members of the Section. If there be any such, we will be glad to have you put your names upon the roll of membership in the Section. There is no extra charge, and we simply want your name on the mailing list. And it is possible that there are some Trust Companies here who are not members of the parent organization, and if so, we would be very glad to have them join the American Bankers' Association, and then become members of the Trust Company Section. We hope that next year we will have a very large and enjoyable meeting. If there is nothing further, gentlemen, a motion to adjourn will be in order.

The Section then adjourned.

MEETING OF THE EXECUTIVE COMMITTEE.

The Executive Committee was called to order by the Chairman, immediately after the adjournment of the Trust Company Section.

On motion, duly seconded, Mr. William G. Mather, of the American Trust Company, of Cleveland, was unanimously chosen as Chairman of the Executive Committee for the ensuing year.

On motion, duly seconded, Mr. Arthur Heurtley, of the Northern Trust Company, Chicago, was unanimously elected Secretary of the Executive Committee for the ensuing year.

There being no further business, the Executive Committee adjourned subject to the call of the Chairman.

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BASED ON BALANCES
AND RESPONSIBILITY.