

BANKERS' AND TRUST SUPPLEMENT

TO THE

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INDEX TO ADVERTISEMENTS.

A complete index to the advertisements appearing in the present issue of the Bankers' and Trust Supplement will be found on page 38.

THE BUSINESS OUTLOOK.

By O. D. ASHLEY, President Wabash Railroad.

Whoever undertakes a forecast of business upon the eve of a Presidential election, without a liberal reservation to cover the contingencies, would assume a power of foresight far beyond ordinary human intelligence. This renders it more than usually difficult to write upon the subject satisfactorily, if the views of the writer are based upon the permanence of an administrative policy essential to business prosperity. A vast majority of the people interested in manufacturing industry and trade regard the permanency of the gold standard to be vital to the continuance of the present favorable conditions, and although the belief is strong in the reelection of President McKinley, the bare possibility of the success of a candidate pledged to a finan-

cial policy, which, in the judgment of business men, means a complete overthrow of all the conditions upon which the prosperity of the country depends, is a threat which exercises an important influence upon all departments of trade and industry.

While this uncertainty lasts enterprise will be held in restraint and undertakings of every description will be held in abeyance. All this, too, while confidence in the triumph of sound finance is very strong. But for this under-stratum of belief in the defeat of the free silver candidate, the present waiting attitude of the business community would have been impossible; instead of apathy and a disposition to rely upon the intelligence of voters, a wild scramble for shelter and safety in the face of a disastrous financial storm would have reflected the fears of all who have property at stake, and who regard the preservation of the gold standard of fundamental importance. Under the circumstances, the calm reliance of the leaders in commercial and financial affairs upon the common sense of the people, who are to decide this weighty question within a few weeks, is reassuring as well as gratifying. So long, however, as even a faint doubt remains, we are not likely to witness a return to the activity and vigor displayed in all branches of industry and trade during the three years of 1897 to 1899, inclusive. The "paramount issue" with business men, of whatever politics, is the money question, and upon its settlement hangs the near future of the vast interests involved.

Eliminating this restrictive influence from the discussion we find all of the conditions upon which business prosperity depends highly favorable to its indefinite continuance. Another phenomenal excess of merchandise exports over imports given in the statistics of the fiscal year ending June 30, 1900, carries the surplus of four years to the astonishing aggregate of \$1,976,000,000. Results which carry such convincing proofs of expanding trade and the rapid development of our agricultural and mineral resources, as well as progress in manufacturing industry, have attracted general attention, and have been the theme of economical writers to such an extent that further reference to the subject here would be simply repetition. The evidence is

conclusive enough to establish the fact that this country has become a creditor nation, and, so far as human foresight can determine the matter, the tide is still flowing in our favor. To reach this position it has been necessary to cancel a very large foreign indebtedness, but all of the securities which could be returned have been absorbed without difficulty, and the money market has offered capital to Great Britain, Germany and Sweden upon advantageous terms. This change in the financial situation, which converts borrowers into lenders, is with nations, as with individuals, an evidence of prosperity of the most convincing character. Power to hold this advantageous position is perceptible in all of the indications of the near future; the demand for our products of the soil is steadily maintained and a possible market for our abundant supplies of bituminous coal is suggested by its growing scarcity in Europe, or in more expensive mining.

Crop prospects must, upon the whole, be considered satisfactory. The cotton product, according to the careful report of the *Commercial and Financial Chronicle*, for the year ending August 31, 1900, showed a reduction of 1,795,824 bales, as compared with the amount marketed the preceding year, but the advanced market price more than compensated for the loss in the product. The crop now being harvested cannot yet be definitely estimated, but is evidently to be marketed at still higher prices. In the cereals, the wheat harvest of 1900 may show some deficiency, but corn promises about as large, if not a larger crop than in 1899, and while oats show some decrease, as compared with the abnormal crop of last year, the yield will still be large. The agricultural resources of the country are, therefore, substantially favorable to a continuance of business prosperity, the deficiency in quantity being offset by the increased value of the aggregate product. The possible changes in the market during the year can hardly affect the general result.

One conspicuous cause of the diminished volume of trade, which became quite perceptible during the first six months of the current year, can be found in the rapid advance in the cost of manufactures of every description. As soon as the imperative wants of consumers had been satisfied orders began to diminish, and it became evident that buyers would not follow the exaggerated values sought to be established. Accumulating stocks in the hands of the manufacturers soon produced the usual effect, and compelled a reduction to meet the views of buyers. This change has been accomplished in many branches of industry, and the country is now beginning to feel its benefits in the renewal of orders in sufficient volume to revive the drooping agencies of employment. In the manufactures of iron and steel this improvement in the situation is especially evident, except, perhaps, in steel rails which have held steadily at \$35.00 per ton in consequence of outstanding guarantees on contracts for delivery during the year. A reduction in the price of this important item of railway construction and maintenance has just been decided upon. This having been accomplished, orders which have been

withheld on account of the high cost, will undoubtedly increase, and the rolling mills will be fully occupied during the autumn and winter. This disposition to meet the market, which must extend through all branches of manufacture, will remove a formidable obstacle to industrial activity.

The industrial organizations, to which attention was so generally directed in 1899, on account of exaggerated capitalization and rapidly increasing numbers, have been checked in growth, and for the time have ceased to be a disturbing factor in the business situation. Promoters and underwriters have been fully occupied in taking care of the interests they have already undertaken to guard. The inducements, in a speculative point of view, to organize and float such concerns, no longer exist, and the danger of an unhealthy inflation in these industrial combinations has correspondingly diminished. Political quacks have now turned their attention to the subject of "Trusts," and propose remedies for the epidemic which are quite destitute of common sense, and which would involve the country in widespread confusion, if not serious disaster. These industrial combinations originated in Great Britain, where they have been extensively and successfully introduced, while in Germany they have been a prominent feature for several years. In Berlin the decline in industrial stocks has been greater than in New York, and, at one time, recently, the stock exchange of that city seemed to be upon the verge of a financial panic, which, fortunately, has been averted. All this proves that combinations of various industries and trading establishments have been adopted by intelligent business men as an improvement upon the old method, under which great economies could be effected, more capital secured and the products distributed to consumers at a lower cost. This is in harmony with practical common sense; but the speculative temptations offered in over-capitalization have seriously interfered with the original design of such combinations. The mere creation of fictitious capital implied the necessity of larger profits to furnish dividends upon paper valuations, and thus destroyed the fundamental idea of serving the public at lower prices.

The true remedy has already been suggested—that is, in regulation and publicity. Legislation may provide against fictitious capital and require periodical statements of business, and thus protect the people from speculative deceptions; but any attempt to prevent the consolidation or union of business interests, whether in mining, manufacture, or trade, will not only be ineffective but clearly against the public good.

The arguments against these combinations upon the score of a reduction in the number of employees have no force. If consolidations can lessen the cost of production, they will strengthen the employing capacity and thus benefit a larger number. The same opposition has been offered to all improvements in machinery, which displaced work by hand, and in every instance the result of the new method has been to enlarge the industry or trade and to increase the working force. Changes may be nec-

essary in the nature of the employment, but if more economical product can be secured the industry will grow in the ratio of the economy, and the demand for the product will call for a corresponding increase in the number of employees. This is the natural result of improvement in every department of business, confirmed by numerous precedents.

If confidence is not disturbed by the election of a President pledged to the overthrow of the gold standard, there is nothing to apprehend in the near future of the money market. The position of this country as a creditor nation is in itself a strong guaranty of financial tranquillity. The tendency to higher rates of interest is quite evident, but this is simply an argument in favor of the more profitable employment of our surplus capital. Our money market for a long time has occupied an anomalous position with a surfeit of capital seeking investment, while borrowers have been diminishing, and the cancellation, instead of the creation of debt, has been the result of the accumulation of wealth. The successful organization of so many industrial companies and the sale of their securities were the natural consequences of this congestion of capital. An immense amount of idle funds in New York, the money center of the country, floating in call loans at from one to one and a half per cent. per annum—the lowest market rate quoted in the world during 1900—indicated an unhealthy plethora of capital, and it followed naturally that it should seek more profitable use in foreign lands. Hence much of the surplus owned here has been loaned in London and Berlin, and will continue to flow to those markets so long as it will command higher rates of interest, either to be loaned there on call, or to be invested in the Government bonds of Great Britain or Germany. There is nothing to create alarm in this employment of money abroad, even if gold is exported in the process of transferring capital, which always seeks the best market for its employment. On the other hand, this control of money and securities in Europe is a guaranty against any real stringency in the home market. An advance in rates here permanent enough and sufficiently remunerative to invite capital here, would quickly turn its flow in this direction, always subject, however, to the maintenance of the gold standard.

In many respects the leading features of the business situation resemble those of 1899. The promises are equally favorable, and the conditions in some respects better; in the further accumulation of a trade balance and in the wholesome check given to speculative inflation; but this year politics keep the country in suspense, and an "IF" in capital letters is held in parenthesis by business men until the November election.

The unsolved problems presented by the Chinese situation and the recent strike at the anthracite coal mines are disturbing influences, but have not been considered as more than temporary in their duration and effect. Our exports to China have been interrupted, and much inconvenience may be caused by the shortage in the supply of anthracite coal. These obstacles are serious while they are

operative, but experience teaches that settlement of such troubles must soon follow; and, therefore, we attach less importance to them as adverse influences than, perhaps, the events and circumstances demand; but the troubles come within the range of intelligent diplomacy and compromise, and the application of such available remedies is consequently anticipated.

Inland transportation, which includes the great railway interest of the country, is so closely associated with and dependent upon general business prosperity that continuance of the one implies equally good results to the other. Thus far, railway earnings have been quite satisfactory, although some irregularity is shown in the weekly and monthly returns. The traffic, upon the whole, since June 30, exceeds that of 1899—an unexpected but gratifying result. A corresponding gain through the fiscal year cannot be anticipated, taking into consideration the phenomenal increase of the previous year over the traffic of 1898.

A condensed view of the business situation, suggested by the indications visible to human intelligence, presents very favorable prospects, subject, however, to check and, perhaps, reversal if the monetary system of the country is to be attacked by a free silver administration. Seldom, if ever, have the future conditions of finance, industry and trade depended so completely upon the will of the people. Should this be in favor of a policy, which, carried to its openly avowed and logical conclusion, means financial and commercial disaster, all of the signs which now inspire hopes of commercial progress and prosperity will have proved fallacious. The people of the United States will themselves determine within a few weeks whether prosperity shall continue, or whether it shall be interrupted by fear and distrust in the business community.

THE NEW FINANCIAL LAW AND BANK CIRCULATION.

The fact that the increase of bank-note circulation as the result of the refunding law seems to have for the time being practically reached its limit, makes the occasion appropriate for reviewing the effect of the law upon that feature of our national system. It should be noted at the outset that not all of the changes in the banking capital and bank-note circulation during the last six months can properly be attributed to the refunding law. There would have been a considerable increase in the number of institutions in the country in any event, and perhaps a slight increase in the bank-note circulation. The formation of new banks, while almost arrested in the years following the panic of 1893 with the result of a net decrease in the total number by reason of failures and liquidations, reached 44 in the year ending October 31, 1897, 56 in 1898 and 78 in 1899. The liquidations more than offset the new incorporations until 1899, when there was a net gain of two. The record for 1900 will be of a very different character, partly as the result of increased business activity, but mainly as the direct influence of the new law.

The provisions of the new law operated in two ways to make the national banking system attractive to bankers and investors who had not before seen fit to enter the system. The first of these inducements was the reduction of the minimum capital required from \$50,000 to \$25,000. This of itself accounts for the creation of many new banks in small places and for the entry of certain State banks into the national system. The State banks must have a motive for preferring the national to the State system. This motive might be found either in the advantages derived from circulation or simply from the reputation attaching to membership in the national system. Both influences have undoubtedly been potent in attracting the old State banks and leading to the creation of new banks under national law rather than under State law. The fact that the minimum of bonds required has been deposited in most cases seems to indicate, however, that the standing given to a bank under the national system has been an important inducement with some of those who could not have found their way into the system under the old requirement as to minimum capital. Other State banks, which originally contemplated entrance into the national system, have evidently reconsidered their purpose.

The number of letters received by the Comptroller from different banks and individuals proposing to form banks after the passage of the new law on March 14, ran as high as 619 on April 16 last, and even higher after that date. Of these 619 informal applications 307 were for proposed new banks and 312 for the conversion of State and private banks into national institutions. Only a limited proportion of either class have materialized in the actual incorporation of new banks. Some of the applications for new banks probably never got further than the stage of consultation among a few capitalists. The failure of some of the State and private banks to carry out the programme of conversion into national banks is more significant, and is apparently due to a large extent to the high price of the new bonds and the small profit likely to be derived from circulation.

The number of new banks actually organized, from March 14 to September 28, 1900, was 323, of which 231 were small banks with capital of less than \$50,000 each, which could not have been legally organized under the old law. The number of voluntary liquidations during this time was 24 and failures two, reducing the net number of new organizations to 297. This is in remarkable contrast with the falling off during the last six years, which carried the number of going banks down from 3,799 on January 1, 1893, to 3,590 on January 1, 1899. The number of going banks has now risen to about 3,900, and will not be far from 4,000 within a year after the enactment of the new law. The figures given above are for banks actually organized. There have been applications formally approved by the Comptroller from March 14 to September 28, numbering 481, or 158 more than the charters actually granted. There are 134 applications still pending for small banks and 24 for larger banks. The table below gives the national banks actually organ-

ized as a safer basis of results than the applications, but it is interesting to examine the figures of approved applications in order to determine the distribution of the new banks which are in process of formation.

The applications for small banks have been 365, with proposed capital of \$9,405,000. Of these only 74, with capital of \$1,908,000, have been proposed in Southern States, of which Texas has called for 35, with combined capital of \$908,000. It is a rather striking fact that so prosperous a State as Georgia has applied for only one small national banking charter under the new law, evidently because the State law is so advantageous to local banking. There have been four applications for large banks from the State, some representing the conversion of State banks. The strip of States west of the Mississippi, between the Southern States and the mountain States, shows 142 new applications with proposed capital of \$3,660,000. The States included in the group are Iowa, with 44 proposed small banks; Minnesota, 23; the Dakotas, 14; Nebraska, 19; Kansas, 12; Oklahoma, 18, and Indian Territory, 12. The three big central States of Ohio, Indiana and Illinois have 64 applications pending or granted with combined capital of \$1,650,000. The three groups of States mentioned represent 280 approved applications with a combined capital of \$7,218,000. These figures do not correspond exactly with the charters granted, but indicate the number which will be granted within a few weeks or months. The following table shows the charters actually granted by States:

NATIONAL BANKS ORGANIZED, MARCH 14 TO SEPTEMBER 20, 1900.					
	Num. ber.	Capital less than \$50,000.	Num. ber.	Capital \$50,000 or over.	Bonds.
New Hampshire.....	1	\$25,000	1	\$100,000	\$35,000
Connecticut.....	2	50,000	1	50,000	32,500
New York.....	6	160,000	5	610,000	277,250
New Jersey.....	5	135,000	1	100,000	74,500
Pennsylvania.....	20	532,000	15	1,900,000	724,550
Delaware.....	1	25,000	..	.....	18,000
Maryland.....	3	75,000	2	170,000	64,000
Virginia.....	5	125,000	2	100,000	101,000
West Virginia.....	2	55,000	4	250,000	92,500
North Carolina.....	2	50,000	..	.....	16,250
South Carolina.....	..	.....	1	60,000	20,000
Georgia.....	..	.....	3	600,000	112,500
Florida.....	1	30,000	..	.....	7,500
Alabama.....	..	.....	1	50,000	15,000
Louisiana.....	..	.....	1	50,000	12,500
Texas.....	22	598,000	9	535,000	335,350
Kentucky.....	3	75,000	4	1,845,000	285,050
Tennessee.....	2	50,000	1	50,000	43,750
Ohio.....	13	345,000	7	900,000	287,450
Indiana.....	9	245,000	4	250,000	156,000
Illinois.....	20	545,000	4	400,000	500,750
Michigan.....	3	85,000	..	.....	22,250
Minnesota.....	14	350,000	2	100,000	171,000
Wisconsin.....	3	75,000	6	700,000	210,200
Iowa.....	27	720,000	3	150,000	335,500
Missouri.....	3	85,000	..	.....	47,000
North Dakota.....	8	200,000	..	.....	85,250
South Dakota.....	3	75,000	..	.....	31,250
Nebraska.....	12	325,000	..	.....	111,250
Kansas.....	10	265,000	2	150,000	169,250
Wyoming.....	1	25,000	2	100,000	56,250
Colorado.....	1	30,000	4	300,000	122,500
New Mexico.....	1	25,000	..	.....	10,000
Oklahoma.....	15	375,000	1	50,000	178,050
Indian Territory.....	11	300,000	3	150,000	121,300
Washington.....	1	25,000	..	.....	10,000
California.....	1	25,000	2	150,000	72,500
Hawaii.....	..	.....	1	500,000	50,000
Totals.....	231	\$6,105,000	92	\$10,370,000	\$5,014,950

The national banks have been the principal contributors to the success of the new two per cent.

loan, and very few of the new bonds are in private hands. The total progress of the refunding operations up to Friday, September 28, is shown in the following table:

REFUNDING OPERATIONS TO SEPTEMBER 28, 1900.

Class of bonds.	Outstanding December 31, 1899.	Amount Refunded.	Differ- ences paid.
Three per cents.....	\$198,679,000	\$76,589,500	\$4,328,772
Four per cents.....	545,366,550	203,830,450	23,636,274
Five per cents.....	95,009,700	53,981,400	5,347,655
Totals	\$839,055,250	\$334,401,350	\$33,312,701

When it is considered that the national banks owned at the close of September \$262,937,500 of the new bonds as security for circulation, and \$45,986,400 as security for deposits of public money in the banks, it is evident that little more than \$25,000,000 of the new bonds have been retained by private investors. The boast that the United States can float a two per cent. bond at par is founded upon the use of these bonds as security for bank-note circulation, and is supported in this particular case by the attachment of special privileges to the use of these bonds. These privileges have operated as a stimulus to the increase of the bank-note circulation, in the face of great delay in obtaining notes after the deposit of bonds. The following table illustrates the upward movement of the bonds deposited and the circulation based on bonds since the beginning of the year, when the effects of the new law began to be discounted:

1900.	Bonds to secure circulation.	Circula- tion based on bonds.	Lawful money on deposit to redeem circulation.
January 1.....	\$234,484,570	\$209,759,985	\$36,435,538
February 1.....	235,830,170	210,166,789	36,820,404
March 1.....	240,172,270	213,610,029	35,824,849
April 1.....	256,001,480	233,284,230	37,668,838
May 1.....	268,408,240	246,067,162	39,211,164
June 1.....	276,829,990	263,089,117	37,399,772
July 1.....	284,387,040	274,115,552	35,444,167
August 1.....	294,948,930	286,447,434	33,567,922
September 1.....	295,790,380	290,641,356	33,582,454
October 1.....	296,672,630	294,222,979	34,112,994

These figures show a net increase in the total circulation from \$246,195,523 on January 1, 1900, to \$328,335,973 on September 29. The banks are entitled to an additional sum of about \$2,400,000 in circulation, representing the difference between the bonds pledged and the circulation based on bonds. This margin may never be quite covered, because of the policy of a few city banks in carrying the bonds required by law without taking out the circulation upon them. There are only a few of these cases, and the total circulation to which the banks are now entitled, and which they are soon likely to have, may be put at about \$330,000,000, or an increase of \$84,000,000 within the present year. As already suggested, this expansion has for the present nearly reached its limit. A few additional issues of bonds will undoubtedly occur from time to time, especially from new banks, but they are not likely to carry the total bank-note circulation above \$340,000,000 within another period of six months. This prediction is supported by the fact that the increase in deposits of bonds to secure circulation during the two months of August and September was less than \$1,200,000.

There was some fear while the refunding bill was pending that still larger issues of bank-notes would result from its operation. Few believed that an amount of bonds equal to the amount covered by the refunding law (\$839,146,490) would be exchanged into the new two per cents, or would become the basis of bank-note circulation. The national banks already had on deposit with the Treasury as security for circulation at the close of February, 1900, \$203,493,270 of the three classes of bonds available for refunding, in addition to about \$77,000,000 of the same classes of bonds pledged to secure deposits of public money. The deduction of these from the total amount available for refunding left a margin of possible increase in bonds available for circulation amounting to \$550,000,000. It was obvious that many of these bonds could not be drawn out of the hands of private investors except at prices which would make them unprofitable as the basis for bank-note circulation. Conservative estimates put the amount likely to be refunded in the course of a year at \$350,000,000 to \$400,000,000. These estimates put the increase in bank-note circulation, including the allowance to par, at \$80,000,000 to \$100,000,000. While based upon general reasoning, they were confirmed to a remarkable degree by the responses to the inquiries sent to all national banks by Mr. William C. Cornwell, of Buffalo.

It is a tribute to the efficiency of the refunding law in driving the banks to substitute the new two per cents for their old bonds that very nearly 90 per cent. of all the bonds now pledged to secure circulation are the new two per cents. The fact that the difference in the tax on circulation, when secured by the new bonds, is one of the vital elements of the situation is shown by the fact that the exchanges have been much less rapid in the case of the bonds pledged to secured deposits of public money in the banks. The ratio of the new two per cents to the total in this case is that of \$45,986,400 to \$87,655,680, or in the neighborhood of 53 per cent. The amount of the new two per cent. bonds now pledged to secure circulation is larger by about \$16,700,000 than the whole amount of bonds of all classes pledged to secure deposits of public money in the present year. About \$33,700,000 of old bonds remain in the Treasury as the guarantee of circulation, but all of the remainder of \$234,484,570 on deposit at the beginning of the year have given place to the new two per cents, and additional circulation has been sought by the deposit of about \$62,000,000 in the new two per cents. It is a source of some surprise to the Treasury that even so small an amount as \$23,000,000 of bonds available for refunding remain on deposit as the guarantee for circulation. They have been coming to the Treasury very slowly of late for conversion, but might be hastened by an announcement that the refunding offer was to be suspended.

The following table shows the changes in the classes of bonds pledged to secure circulation and the upward movement of the deposits of the new two per cents on several different dates:

BONDS TO SECURE CIRCULATION.			
Class of bonds.	December 30, 1899.	April 30, 1900.	September 29, 1900.
New two per cents.....		\$202,783,650	\$262,937,500
Fours of 1907.....	\$127,851,550	23,347,400	13,842,950
Threes.....	52,126,820	13,422,440	7,857,880
Fives.....	15,743,100	2,371,000	1,373,000
Fours of 1925.....	17,815,750	9,617,850	8,810,350
Extended twos.....	20,947,350	16,862,900	1,850,950
Totals.....	\$234,484,570	\$268,405,240	\$296,672,630

This table shows in a striking manner both the increase in the total bond deposits and the rapid substitution of the new two per cents for all other classes of bonds. The date of April 30, only about six weeks after the passage of the new law, is chosen for the second column, in order to show how rapidly the substitution of the new two per cents went forward. These six weeks witnessed a larger net increase in the bonds on deposit than the entire five months which followed and witnessed the substitution of the new bonds for the old in the ratio of nearly four-fifths of all the substitutions which have occurred under the law.

CONTINUED GROWTH OF THE NEW YORK TRUST COMPANIES.*

The check in the expansion of the business of the trust companies of New York State, noted at the time of the filing of their returns for the 1st of January, 1900, proves to have been only temporary. In the period that has elapsed since then growth has been resumed and in a more striking way than before. While the totals have been of large proportions for some time they are now assuming marvelous dimensions. Indeed, the growth and expansion which have occurred within a few years constitute one of the most noteworthy developments of recent times.

The trust companies are required to make semi-annual returns for January 1 and July 1 to the Superintendent of Banking at Albany. From advance copies of these returns for July 1, 1900, we were able to give in the *CHRONICLE* of July 28 the figures for *all* the trust companies in this borough and Brooklyn in comparison with the corresponding figures at the two previous semi-annual dates. We devoted five full pages to a presentation of these exhibits—pages 186 to 191. In the present article, however, we shall not confine ourselves to the companies in these two boroughs, but shall deal with the results for the entire State.

We have referred to the check in the upward movement which was disclosed in the returns for the first of the current year. This was practically the only interruption that had occurred since the operations of these institutions began to attract attention because of their rapid expansion. The reason for the falling off was explained in the *CHRONICLE* of February 17. It was the result of perfectly obvious causes, mainly the monetary stringency which prevailed and which made it possible for depositors to earn a better return on their money than what they were receiving from the trust companies. It will be remembered that the deposits of the New

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York City Clearing House banks were also heavily drawn down during the same period. The decrease in the case of the trust companies was emphasized because it was coincident with the opening up of a great many new institutions—that is, the decline came at a time when there was a great increase in the facilities for catering to the patrons of this class of institutions. Owing to the unfavorable conditions, some contemplated new organizations were abandoned and others concluded to merge with existing concerns. The setback, as already stated, it is now found, was only temporary, the whole of the loss of the last six months of 1899 having been recovered in the first six months of 1900 and a further addition made which places the total away ahead of anything previously recorded.

There are two ways of measuring the operations—the deposits and the aggregate resources. Considering the latter first, it is discovered that while the contraction the last six months of 1899 amounted, roughly, to 50 million dollars, the increase the first six months of 1900 reached over 124 million dollars. In other words, the total now exceeds that of a year ago by 74 million dollars, and then it had already attained extraordinary dimensions. Under the further expansion aggregate resources of the New York trust companies now stand but little less than 800 million dollars (\$796,483,887), which will serve to give the reader an idea of the magnitude of the business of these institutions. The following furnishes the record back to 1891:

AGGREGATE RESOURCES OF THE TRUST COMPANIES OF NEW YORK STATE.

July 1, 1900.....	\$796,483,887	January 1, 1896..	\$392,630,046
January 1, 1900..	672,190,672	January 1, 1895..	365,419,729
July 1, 1899....	722,356,523	January 1, 1894..	341,466,011
January 1, 1899..	579,205,442	January 1, 1893..	335,707,780
July 1, 1898....	527,084,533	January 1, 1892..	300,765,575
January 1, 1898..	483,739,926	January 1, 1891..	280,688,769
January 1, 1897..	396,742,948		

As against \$796,483,887 July 1, 1900, aggregate resources January 1, 1891, it will be seen, were only \$280,688,769. But let us compare with a more recent period. On July 1, 1898, the total was \$527,084,533. Hence in the brief space of two years there has been an addition of 269 millions, or over 50 per cent., and this on an already large total. Since January 1, 1897, a period of three and a half years, the total has more than doubled. Of course, the number of institutions has greatly increased, but let it not be supposed that the growth has come alone or mainly from that source. The older institutions obviously had augmented competition to meet. It is evidence of their strength and the excellence of their management that they have been able to extend their business and operations—as a rule very materially, too—notwithstanding the advent of the newcomers. Not all the older concerns show quite as large totals as they did twelve months ago, but that does not signify much in view of the marvelous antecedent expansion; on the other hand, several excel even their phenomenal record of July of last year. Take the United States Trust Company, which is the largest of all the companies. Its resources now are \$85,802,301, against only \$64,302,289 on January 1, 1900, and \$77,286,772 July

1, 1899. The Union Trust Company's present total is \$59,437,743, against \$44,445,173 last January and \$50,649,509 the previous July. The New York Security and Trust Company has been in existence a much briefer period of time than these old landmarks, but has also made very important additions to its totals, which stand, \$21,352,982 July 1, 1900, \$18,883,331 January 1, 1900, and \$17,147,497 July 1, 1899. Among the newer concerns, the Trust Company of America reports resources of \$16,151,650, while the Morton Trust Company appears in the list with an aggregate of no less than \$34,217,014.

Passing to a consideration of the deposits, the record is much the same. The last six months of 1899 they fell off 71 million dollars, the first six months of 1900 they expanded 117 million dollars. The total of the deposits of the trust companies of the State is now over 640 million dollars. We may compare this with the aggregate of the deposits for all the New York City Clearing House banks, which on June 30, 1900, were reported 888 million dollars. As against the present total of \$640,837,146, the trust companies January 1, 1897, had deposits of but \$305,354,637, as will be seen by the following:

AGGREGATE DEPOSITS OF THE NEW YORK TRUST COMPANIES.

July 1, 1900.	\$640,837,146	January 1, 1896.	\$307,351,893
January 1, 1900.	523,541,570	January 1, 1895.	285,741,794
July 1, 1899.	594,462,705	January 1, 1894.	266,092,955
January 1, 1899.	467,184,258	January 1, 1893.	264,295,048
January 1, 1898.	383,328,725	January 1, 1892.	234,466,697
January 1, 1897.	305,354,637	January 1, 1891.	211,320,275

With such large resources and deposits the trust companies are necessarily becoming growing factors in the money market. Conditions the present year have manifestly not been favorable to the placing of money at profitable rates. Yet the loans of the trust companies on July 1, 1900, were within 8 million dollars of the total recorded twelve months ago—that is, were 370 million dollars. On January 1, 1897, the loans were less than 170 million dollars.

LOANS ON COLLATERAL BY TRUST COMPANIES.

July 1, 1900.	\$370,483,337	January 1, 1896.	\$169,161,348
January 1, 1900.	328,143,588	January 1, 1895.	148,953,820
July 1, 1899.	378,218,698	January 1, 1894.	147,794,024
January 1, 1899.	283,402,822	January 1, 1893.	196,321,422
January 1, 1898.	230,581,708	January 1, 1892.	173,552,829
January 1, 1897.	169,894,938	January 1, 1891.	166,685,758

Collateral loans are the favorite form of investment with the trust companies. The other classes of investment also show increases, but not in such a striking way. We bring together here the leading items:

STOCK INVESTMENTS OF TRUST COMPANIES.

July 1, 1900.	\$178,789,114	January 1, 1896.	\$104,512,839
January 1, 1900.	168,195,642	January 1, 1895.	97,555,798
July 1, 1899.	148,971,045	January 1, 1894.	65,998,230
January 1, 1899.	136,561,066	January 1, 1893.	57,185,649
January 1, 1898.	113,525,798	January 1, 1892.	51,132,239
January 1, 1897.	101,983,600	January 1, 1891.	47,180,478

CASH ON HAND AND ON DEPOSIT.

July 1, 1900.	\$131,888,583	January 1, 1896.	\$50,804,137
January 1, 1900.	81,366,288	January 1, 1895.	61,206,703
July 1, 1899.	93,604,261	January 1, 1894.	74,365,761
January 1, 1899.	71,734,621	January 1, 1893.	35,033,016
January 1, 1898.	55,034,451	January 1, 1892.	33,932,847
January 1, 1897.	54,642,344	January 1, 1891.	26,564,978

HOLDINGS OF BONDS AND MORTGAGES.

July 1, 1900.	\$38,790,727	January 1, 1896.	\$25,114,077
January 1, 1900.	38,143,145	January 1, 1895.	21,569,504
July 1, 1899.	37,139,510	January 1, 1894.	17,451,674
January 1, 1899.	34,855,023	January 1, 1893.	15,062,290
January 1, 1898.	32,624,995	January 1, 1892.	13,373,463
January 1, 1897.	28,692,428	January 1, 1891.	17,537,008

LOANS ON PERSONAL SECURITY BY TRUST COMPANIES.

July 1, 1900.	\$47,937,934	January 1, 1896.	\$29,369,703
January 1, 1900.	31,101,271	January 1, 1895.	22,791,215
July 1, 1899.	39,865,910	January 1, 1894.	22,636,957
January 1, 1899.	29,930,376	January 1, 1893.	19,698,925
January 1, 1898.	31,183,292	January 1, 1892.	17,210,145
January 1, 1897.	25,788,188	January 1, 1891.	9,755,643

We would make a word of comment with reference to only one of the foregoing items—we mean the holdings of cash. If in the money loaned out on collateral the trust companies have played and are playing an important part in the money market, it is obvious that through their large holdings of unemployed cash they possess the means of exerting a still more important influence. For it appears that the uninvested cash, on July 1, 1900, was almost 132 million dollars (\$131,888,583), against 81 1-3 millions last January and 93½ millions in July, 1899. This is proof of the difficulty experienced in finding satisfactory employment for their funds. It remains to add that of the \$131,888,583 of cash, only \$10,820,407 was in their own vaults, all the rest being held in the banks.

THE CONVENTION AND ITS WORK.

If this year's annual Convention of the American Bankers' Association was not marked by so many important acts as some previous conventions, the occasion was one of the most enjoyable in the history of the organization. Held in the South—at Richmond—the cordiality of the greeting extended to the delegates served to give them an idea of the warmth and depth and glow of Southern hospitality. Every one who has had the good fortune to be a visitor in a Southern home knows the delight attending such a visit by reason of the graciousness and geniality of his reception. On the present occasion, however, a new meaning was given to the term by the people of Richmond in the way they treated the assembled bankers.

Two of the officers of the Association (the retiring President, Mr. Walker Hill, and the Secretary, Mr. James R. Branch) are native-born Virginians, and their return to the scenes of their childhood injected a personal element in the welcome which gave added charm to it. The annual gatherings of the Association have always been memorable affairs, and wherever they have been held there has never been a time when the delegates were not accorded a royal reception. There was certainly nothing lacking in the fervor of the greeting last year at Cleveland with that genial gentleman, Col. Myron T. Herrick, acting the part of host—a part which fits him so well. But there is something distinctive about Southern hospitality which places it on a plane all by itself. It is this that the delegates have felt, and they carry away with them, we are sure, recollections which will never fade from memory.

That the affairs of the Association are in flourishing condition has been often made apparent in our columns. But the fact is brought out very strikingly in a little comparative statement presented in the annual report of Secretary Branch. This statement shows that the Association now has 4,500 paid members. On October 1, 1895, the number was only 1,511. In the space of five years, therefore, the

membership has trebled. This is a marvelous showing, evidencing how the Association, after an interregnum when it seemed to be inviting decay, has taken on new vigor and strength and is now forging ahead in a way that is surprising even its most enthusiastic supporters. The Association is in the possession of ample funds, as the reports of the various officers will show. It should be noted, too, that the annual dues from membership now aggregate \$61,200 per year, as against but \$12,492 per year on October 1, 1895. During the last thirteen months alone there has been a net addition of 585 members. Moreover, the action just taken by the Convention in providing for membership dues as low as \$5.00 per year in the case of small concerns (the previous minimum having been \$10.00), should insure a further large accession of new names. The membership now enrolled represents an aggregate of capital, surplus and undivided profits of over 1412 million dollars (\$1,412,481,466), and aggregate deposits of over 5,168 million dollars (\$5,168,377,728), giving combined resources in excess of 6,580 million dollars—\$6,580,859,194. These figures, moreover, do not include the capital and deposits of 432 private bankers who do not make reports.

As regards the work of the Convention, we regard as its most important action the resolution approving the recommendation of the Committee on Education for the establishment of an Institute for the education of bank clerks. This is an innovation, in commendation of which hardly too much can be said. Mr. William C. Cornwell, President of the City National Bank of Buffalo, as Chairman of the Committee on Education, has given a good deal of time to consideration of the scheme, and he made an eloquent appeal to the Convention on behalf of the same. The object is to provide for the scientific and technical training of bank clerks in their every day duties, and also to provide them with the necessary education to fill the higher positions to which they aspire. When this purpose is stated, its desirability becomes at once apparent, both in the interest of the banks and the interest of the clerks. Moreover, the clerks themselves have been most urgent in favor of such a scheme. In speaking of this desire on their part, Mr. Cornwell forcibly said: "These are the men behind the guns. Will you train them as they ask, so that their work may be doubly effective? Or will you neglect them, abandon them to their own efforts, and let the service drift along half disciplined, and yourselves take the consequences of continuing to conduct your campaign with an untrained army?" The plan is to form a chain of Bank Clerks' Associations throughout the United States. There would be meetings at stated periods, at which the various subjects under consideration would be discussed, papers read, debates carried on, or lectures delivered from time to time by local or outside talent. At the end of the season certificates of proficiency would be delivered to those entitled to them. The course of study is to be of the most practical character, and for the first year would be essentially primary. Great Britain has its Institute of London Bankers, and there can be no doubt much good will

result from the carrying out of this contemplated scheme of education.

It is interesting to observe that much of the really useful work of the Association is now being done by committees. The results accomplished by the Committee on Education, as here outlined, are an evidence of what can be done by persistent and well directed efforts under the leadership of earnest men. In like manner the Protective Committee has become an indispensable adjunct of the Association. The identity of the membership of this committee from year to year is kept a secret. The work accomplished by it in the late year in preventing frauds upon the banks, and in relentlessly pursuing those committing forgeries and other crimes directed against members of the Association are shown in the report of Mr. Joseph C. Hendrix, the Chairman of the committee. As a result of the creation and active vigilance of the committee, the losses of the banks through frauds of this kind are now comparatively small. So, too, the Committee on Fidelity Insurance, whose copyrighted form of fidelity bond for employees was approved by the Annual Convention last year, has rendered very efficient and valuable services. The Committee on Uniform Laws, of which Mr. Frank W. Tracy is Chairman, is to be mentioned as another committee which has proved very useful, one result being a growing uniformity of legislation in the different States concerning a number of essential things relating to the banking business. The Committee on Express Company Taxation has also justified its existence, though for causes set out in their report they have not succeeded in accomplishing their object.

The reasons for the success of committee work of this description are perfectly plain. Committees are small and compact bodies of men; they can carry on their work throughout the year; members especially fitted for the task can be selected to serve on the same. We have shown above that the Association has grown tremendously in membership during the last five years. The larger an organization of that kind, the more unwieldy it becomes for collective action. Hence, a subdivision or assignment of the work to constituent portions of the main body, at least for preliminary consideration, is a matter of absolute necessity. For the same reason the Association is getting to rely more and more upon the advice and judgment of such committees. The feeling is that subjects referred to them will receive the attention they merit, while any plan or proposition emanating from such a body is sure to be well matured.

The action taken by the Convention with reference to some resolutions which were unexpectedly introduced shows at once the conservatism of the Association, and the growing inclination to refer new suggestions to appropriate subordinate bodies. It was sought to commit the Association, by the resolutions referred to, in favor of the Consular Service Bill and also in favor of creating, as part of the National Administration at Washington, a Department of Commerce and Industries, with a new member in the President's Cabinet. The effort failed

through the vigilant opposition of Mr. Breckinridge Jones and other kindred spirits. The effort was no doubt well meant, but there were obvious objections both to the measures themselves and to hasty action upon them. In the first place, it was not at all clear that they came within the province of the work of the Association. In the second place, it was manifest that the members of the Association did not pretend to any familiarity with the subjects compassed in them. The Convention made proper disposition of the resolutions when it voted one down and referred the other to the Executive Council.

THE PAPERS READ AT THE CONVENTION.

The addresses delivered before the Convention constitute the portion of its doings which possess for the outside public the most interest. Through these addresses the Association appeals to a larger constituency than its own membership—namely, the thinking portion of the community throughout the world. Unfortunately the papers do not attract the attention they should at the Convention itself. This is not because of any lack of merit in the discourses, or any want of interest in the themes selected, but simply because not sufficient time is allowed for their consideration and discussion. The official programme is always so worded as to convey the impression that there are to be other speakers besides those specially designated for the purpose. Thus, following the name of the subjects, there appears invariably in each case the expression, "Discussion to be opened by Mr. ——— (naming the person who is to prepare the address)." As a matter of fact the person designated in the programme is not merely the principal speaker, as intended, but almost always the only speaker on the topic assigned to him.

We think it would give added interest and weight to the proceedings of the Convention if the design to have general discussion could be carried out. We know that there is an element in the Association which believes in eliminating the prepared addresses altogether. These persons argue that it is short extemporaneous remarks that find most favor. But in the general discussion, which we suggest, the time to be consumed by any one speaker might with perfect propriety be limited. After the matured and well considered dissertation of the speaker named in the programme, an allowance of say five minutes to each subsequent speaker would doubtless be ample. Under present arrangements it would be difficult, of course, to provide for even five-minute speeches. But as we suggested a year ago, the call of States might be dispensed with. This consumes a great deal of time (taking up a good part of the second day's proceedings) and rarely brings forth anything of real value.

Some few of the speakers, in anticipation of this call, come prepared with statistics concerning their States, but the great majority of them respond simply because, the name of their State having been called, they do not want it to appear that she is without loyal and aggressive sons to sing her praises. So they get up and say a good word on her behalf. It

appears to us, therefore, that no one would object to the omission of this call of States, and that the necessary steps might with advantage be taken to have it omitted. That accomplished, the whole of the last two days of the Convention could be devoted to the reading of the prepared addresses, and a discussion of the subjects embraced in them. We opine the result would be beneficial. Imagine the wealth and the variety of the remarks that would be elicited in a general discussion of "The Financial Future of the United States," the topic assigned to Mr. Charles A. Conant. In such an event the speakers would have something to talk about, whereas now, in responding to the call of States, they appear at a loss most of the time as to what to say.

It is pleasing to find in all the addresses an appreciation of the great new problems confronting the country, both financially and politically. This applies also to the annual address of Walker Hill. Thus we find Mr. Hill saying: "We have broken our commercial shell, and the trade of our country will never again be pushed back within the confines of the United States. This new condition the bankers of the country must meet, for they are the custodians of the money of the country, and if they do not use intelligently and to the best advantage its medium of exchange, others, foreigners, will reap rewards that should be ours, for rest assured that we will not be permitted to long do awkwardly, slowly and expensively what can be better done by others. Excellence of service will be demanded of us, and therefore we must educate ourselves in the commerce of the world."

The importance of a stable standard of values is also emphasized in many of the addresses, accompanied in some of them by expressions of anxiety lest the law of March 14, 1900, may prove inadequate to the requirements. To quote Mr. Hill again: "No one will buy drafts on us, or deposit their money with us if these drafts, and their credits, represent doubtful and changing values, while a competitor nation offers a currency which does not shrink and is measured at all times by an unchanging standard. It is no answer to say that payment in gold, if that is the standard desired, can be secured by private contract. The very fact that it requires a special contract to secure it is a declaration that the general law does not afford the protection desired."

The same thought runs through the remarks of Mr. Charles A. Conant in his address upon "The Financial Future of the United States," an excellent paper, by the way, and one in every way worthy of the theme and the occasion. Mr. Conant points out that supremacy among the money markets of the world comes only by a combination of favorable conditions, in which industry, thrift and enterprise play prominent parts. The part of legislation is small, so long as freedom is left to native skill and enterprise to develop along natural lines. There is one essential prerequisite, however, to financial power, in which legislation does become important. This is in giving permanency to the standard of value. London owes much of its predominance in the world of finance, Mr. Conant shows, to the fact

that a contract for the payment of money in London has meant for so long a period of time one thing and no other. He also shows what an advantage it has been to Russia during the last few years to have adopted the gold standard. He lays stress, likewise, as concerns the attracting to this city of the exchanges of the world, upon the necessity of freedom from vexatious interference by taxation or legal restrictions with the transactions of organized markets. Striking illustrations of what harm may be done by excessive taxation, and by unwarranted interference, have been afforded within the last five years in France and Germany. Heavy taxation in the one case, the foolish attempt to stamp out "future" trading in the other, have fettered the markets of Paris and Berlin and driven much of their business to a less restricted field. Reasonable regulation of new stock company issues to prevent fraud are justifiable, and have not hampered honest transactions in London, but legislation directed by a hostile spirit against the stock exchanges and designed to hamper the free play of the competition which fixes values, means the death-knell of the market against which it is directed.

The address of Ellis H. Roberts, the Treasurer of the United States, on "The Treasury and the Money Market," was an interesting review of the relations between the Treasury and the money market, embodying considerable historical research, going back to the early days of the Government. General Alfred C. Barnes, the President of the Astor Place Bank of this city—a branch of the Corn Exchange Bank—had for his theme "The Internal Revenue Law." He showed what a considerable portion of the war taxes imposed by the new revenue bill are paid by the banks, and indicated clearly that the United States Government, by reason of the new tax law, and the revival of business prosperity, is accumulating such a large surplus revenue that the time has arrived for taking off some of these taxes.

Mr. J. A. S. Pollard, the cashier of the Fort Madison Savings Bank, of Fort Madison, Iowa, in his paper, "Public Opinion and the Bank," dwelt upon the importance of gaining for banks the good will of the public. He well said that public opinion to-day is the predominant governing influence. It directs all interests, commercial or otherwise. He showed that in order that banks may gain and hold public approval it is necessary that the men who conduct them should by deed and action be worthy of it. The banker must be something more to his country and community than a loan agent and merchant of exchange. He should be of broader caliber; one who can subserve the growing demands of trade and commerce and keep in sympathy with business progress. "His training and practice should lead him to understand in times of prosperity the music of traffic, the rumble of wheels, the rasp of the saw, the hum of spindle and melody of anvil, as well as to warn him against inflated values, speculation and the omens of depression and panic. He should be a man of sense, backed by unflinching nerve, as ready to encourage sound enterprise as to turn down the watered stock expert and the genius of boom real estate ventures."

Another interesting and instructive address was

that on "The Education of a Banker," by Mr. George Hague, General Manager of the Merchants' Bank of Canada. Mr. Hague emphasized the importance of properly educating bank clerks and officials, and he furnished the outlines of what the education of a banker should be. He argued that banking deserves to be called one of the learned professions; for the administration of a large bank calls for as much intellectual power as is required by the men who write treatises on political economy, and whose names are familiar in the world of literature. "I venture to say that there are letters written and documents produced at times in any great banking center by brokers or financiers which are equal in intellectual rank with any chapter in Mills' 'Political Economy,' or Smith's 'Wealth of Nations,' and display as much acuteness as any eminent lawyer's argument or any speech of Webster or Clay." Mr. Hague then went on to say that it was not unnatural that this should be so, for a banker's faculties are constantly sharpened by the consciousness that if he makes mistakes he will have to pay the penalty for them in the shape of losses. An author may propound unsound theories, and set forth unworkable schemes, and all that he has to fear is that another man will write something to the contrary; but a banker exercises his faculties under the danger of monetary loss should he make mistakes or his judgment be faulty.

THE TRUST COMPANY PROCEEDINGS.

The Trust Company Section continues to justify its existence. Trust companies in the United States are each year growing in magnitude and importance (we show in a previous article how marvelous the growth has been in this State), and the Trust Company Section in its work is evidently keeping pace with the movement. This department of the American Bankers' Association has an advantage over the Banking Section of the same organization, because, its membership being necessarily smaller (there being so many less Trust companies than banks), there is opportunity for direct personal consultation among the members. Moreover, the discussions on the floor are, for the same reason, much less formal, and consequently much more generally participated in. They are productive, too, of valuable interchange of experience. The programme this year was arranged with the usual care, and the papers submitted are all through of a high order. We advise every one interested in Trust companies to give attentive consideration to the proceedings of the Trust Company Section, which we publish in full the same as we do the proceedings of the American Bankers' Association proper. Not only will the prepared addresses be found engrossing and instructive, but the general discussions equally so. We warrant the reader his interest in them will not flag from beginning to end—which is the best test of their worth.

In speaking of the meeting of the Trust Company Section, we would be omitting mention of a very gracious feature of the affair if we did not refer to the exceedingly courteous and cordial welcome—so characteristic of the South—extended to the delegates by John Skelton Williams, the President of

the Richmond Trust and Safe Deposit Company. Mr. Williams' words were well chosen, and breathed a spirit of such generous friendship that those to whom they were directed could not but feel rejoiced. And his hospitality—every delegate will testify that it was boundless. His references to the useful functions performed by the Trust companies and to the fact that for forty-six months of every four years aspirants for political honors court the favor of trusts and financial institutions, and in the other two months preceding the Presidential election cannot find words strong enough and black enough to say in denunciation of them, were both apropos and pat.

Like the American Bankers' Association itself, the Trust Company Section is enjoying noteworthy growth. The present was only its fourth annual meeting. In 1897 there were 114 members; in 1898, 150; in 1899, 190, and now for 1900 there are 253. The capital and surplus of the institutions, we see from the report of the Executive Committee, is about \$204,000,000, while the deposits are about \$736,000,000, giving aggregate resources of nearly a thousand million dollars.

The remarks of Mr. Arthur Heurtley, Secretary of the Northern Trust Company of Chicago, on "The Proper Education of the Clerical Force of a Trust Company with Regard to Promoting the Highest Efficiency of the Office Force," embodied a thought which fitted well with the action of the Convention of the American Bankers' Association in approving the recommendation of its Committee on Education for the establishment of a chain of Bank Clerks' Associations throughout the United States. Mr. Heurtley well says that the better knowledge a clerk has, not only of his immediate duties, but of the general working of the institution with which he is identified and the principles governing the same, the more valuable he becomes and the better service he will render the company with which he is connected. As was pointed out by one of the speakers, in commenting upon Mr. Heurtley's paper, his suggestions will be largely met if the project referred to of the American Bankers' Association as a whole is carried out; hence the Trust Companies, quite as well as the banks, should labor to that end.

In speaking with reference to "The Proper Conservative Attitude of Trust Companies Toward Corporate Enterprises," Mr. John E. Borne, President of the Colonial Trust Company of this city, showed that he has a true conception of the duties and responsibilities of a Trust Company in such matters. Mr. Borne would not discourage legitimate industrial undertakings, but he would scrupulously refrain from making the Trust Company sponsor for them. Proper conservatism lies in the Trust Company assuring itself always of the standing of the originators of corporate institutions; in not entering into business relationship with other than respectable parties; in assisting such parties, by vouching for them, where their standing is assured; and in taking no part in exploiting the profit-earning side of any enterprise. The position of a Trust Company must be like that of Cæsar's wife, above suspicion; it should in itself represent the highest form of commercial and financial credit; and it can only do this by keeping free from entangling alliances

which may provoke criticism and injure its standing in the community of finance.

Mr. Richard L. Crampton, of the Northern Trust Company, Chicago, talked in an interesting and instructive way of "Trust Company Advertising." He began his address with the remark that occasionally one finds a man who says it is not good business ethics for Trust Companies to advertise. The average man will admit they *may* advertise. The officers of most companies, he believed, think they *should* advertise. The signs of the times say they *must* advertise—that is, if increasing dividends are desired. By advertising Mr. Crampton means the broad definition of the term: all that goes to make favorable publicity. He shows that he has the right notion of the importance of that feature when he urges that each company should have some one, preferably an officer, to attend to all advertising, at least so far as it relates to the general policy, in order that he may be brought to study more carefully the latest methods of reaching the people. Mr. Crampton voices the experience of nearly all large institutions when he expresses preference for placing the matter in the hands of an officer, who appreciates the importance of the subject, rather than turning it over to a subordinate or an outside man.

Mr. William A. Carr brought out clearly "The Advantages of Operating Safe Deposit Vaults in Connection with Trust Companies." He admitted that there was little direct profit in the Safe Deposit Department when run on a small scale, but the indirect profit of keeping the customers of the company in the house may be considerable. The box rent may be small, but a fair profit will likely accrue from the sale of the bonds through the banking department of the Trust Company. Mr. Carr pointed out that the strictly up-to-date Trust Company, under its corporate powers, is given an opportunity to make itself indispensable to large classes of a community inside and outside the business world. It can avail itself of this opportunity, as the department store does, by grouping around its main business all its auxiliary lines of business under the direction of bright, progressive managers.

Mr. Willis S. Paine dwelt upon the "Duties of Trustees of Financial Corporations." Mr. Paine, who is now President of the Trust Company of New York, was formerly Superintendent of Banking in this State, and hence speaks with authority. He notes that it was not until 1874 that the Trust companies of the State were subject to examination by the Banking Department, and that the result of the first examination was that three of the companies were closed up. How different the situation to-day! Mr. Paine thinks every Trust Company should have by-laws requiring its Board of Trustees to appoint an Examining Committee at least once in six months, whose duty it should be to make a general examination of its affairs, to count not only the cash on hand, but, what is of much greater importance, to examine into the amounts stated to be due from various sources, and to compare its liabilities and resources with the balance on the general ledger. He elaborates these suggestions, and it will be well for financial institutions to give heed to what he says in view of his wide experience.

One of the papers read at the meeting was on the "Essentials Required by Trust Companies to be Put in Mortgages and Other Papers." The speaker was Mr. Andrew Squire, counsel for the Guardian Trust Company of Cleveland, and he spoke with full knowledge of his subject. By "essentials required" is meant things needful to guard against the Trust Company being charged with liability which it never agreed to and never could afford to assume. As a trustee it is of the first importance, Mr. Squire notes, that the Trust Company shall not permit, in any mortgage or other instrument creating it a trustee,

any representation as to the character of security or priority of the lien which may be in any sense misleading. He gives an illustration of the harm that may result from the non-observance of this precaution. For a time certifications on bonds read: "It is hereby certified that this bond is one of the series of bonds secured by the mortgage or deed of trust within mentioned." The employment of the word "secured" brought some Trust Companies which inaptly used it into litigation, for the reason that it was claimed that there was some force to the word "secured," and that the Trust Company's certificate certified that there was actually some security for the bondholders, when in reality there was no such security, prior mortgages being sufficient in amount

to exhaust the property. Mr. Squire makes other similar useful suggestions.

The most elaborate paper of the series was that of Mr. Henry J. Bowdoin, Second Vice-President of the Maryland Trust Company of Baltimore, on "The Duties and Liabilities of Trust Companies Acting as Transfer Agents and Registrars." Mr. Bowdoin goes exhaustively into the subject. His argument cannot well be summarized in a few words. We may say, however, that he takes the ground that in the functions referred to the Trust companies are assuming greater liabilities and responsibilities than generally supposed, and that the compensation received is not commensurate with the risks run. The paper is deserving of careful study.

INDEX TO ADVERTISEMENTS.

NEW YORK.			
AUDIT Co. OF NEW YORK.....	PAGE	17	
BANK OF MONTREAL.....		19	
BROWN BROTHERS & Co.....		2	
CANADIAN BANK OF COMMERCE.....		7	
CENTRAL NATIONAL BANK.....		8	
CHEMICAL NATIONAL BANK.....		13	
COLONIAL TRUST Co.....		19	
FARMERS' LOAN & TRUST Co.....		26	
FLOYD, AUGUSTUS.....		113	
GALLATIN NATIONAL BANK.....		111	
HANOVER NATIONAL BANK.....		25	
HARRIS (N. W.) & Co.....		113	
HURLBUTT, HATCH & Co.....		111	
KIMBALL (R. J.) & Co.....		7	
KLEYBOLTE (RUDOLPH) & Co.....		15	
KNAUTH, NACHOD & KUHNE.....		22	
KNICKERBOCKER TRUST Co.....		24	
LATHAM, ALEXANDER & Co.....		8	
MARKET AND FULTON NATIONAL BANK.....		115	
McMILLIN (EMERSON) & Co.....		5	
MORGAN (J. P.) & Co.....	Outside Back Cover.		
NEW YORK SECURITY & TRUST Co.....		7	
REDMOND, KERR & Co.....		1	
TRUST Co. OF NEW YORK.....	Inside Back Cover.		
UNION TRUST Co.....		6	
VERMILYE & Co.....		1	
WINSLOW, LANIER & Co.....		110	
BROOKLYN.			
BROOKLYN TRUST Co.....		16	
PEOPLE'S TRUST Co.....		25	
NEWARK.			
FIDELITY TRUST Co.....		24	
BOSTON.			
ADAMS & Co.....		18	
AMERICAN LOAN & TRUST Co.....		18	
MASON, LEWIS & Co.....		9	
POOR (H. W.) & Co.....		18	
THIRD NATIONAL BANK.....		13	
TIBBITTS (F. R.).....		25	
BUFFALO.			
CITY NATIONAL BANK.....		113	
ALBANY.			
NEW YORK STATE NATIONAL BANK.....		17	
ROCHESTER.			
FLOUR CITY NATIONAL BANK.....		17	
GERMAN-AMERICAN BANK OF ROCHESTER.....		17	
HOLYOKE.			
WHITING PAPER Co.....		22	
MONTREAL.			
BANK OF MONTREAL.....		19	
TORONTO.			
BANK OF TORONTO.....		16	
CANADIAN BANK OF COMMERCE.....		7	
PHILADELPHIA.			
FOURTH STREET NATIONAL BANK.....		21	
GIRARD NATIONAL BANK.....		111	
GIRARD TRUST Co.....	Inside Front Cover.		
PENNSYLVANIA Co. FOR INSURANCE ON LIVES.....		21	
PHILADELPHIA NATIONAL BANK.....		12	
NORFOLK.			
CITIZENS' BANK.....		4	
NORFOLK NATIONAL BANK.....		5	
BALTIMORE.			
FARMERS' AND MERCHANTS' NATIONAL BANK....	PAGE	10	
INTERNATIONAL TRUST Co. OF MARYLAND.....		111	
MARYLAND TRUST Co.....		22	
MERCANTILE TRUST & DEPOSIT Co.....		10	
MIDDENDORF, OLIVER & Co.....		5	
RICHMOND			
NATIONAL BANK OF VIRGINIA.....		4	
RICHMOND TRUST & SAFE DEPOSIT Co.....		3	
SCOTT & STRINGFELLOW.....		5	
WILLIAMS (JOHN L.) & SONS.....		3	
AUGUSTA.			
GEORGIA RAILROAD BANK.....		16	
LOUISVILLE.			
AMERICAN NATIONAL BANK.....		11	
COLUMBIA FINANCE & TRUST Co.....		20	
PITTSBURG.			
DIAMOND NATIONAL BANK.....		116	
HILL (GEORGE B.) & Co.....		114	
SAFE DEPOSIT & TRUST Co.....		114	
UNION TRUST Co.....		114	
CLEVELAND.			
CLEVELAND TRUST Co.....		14	
EUCLID AVENUE NATIONAL BANK.....		14	
GUARDIAN TRUST Co.....		18	
WESTERN RESERVE TRUST Co.....		9	
WRIGHT (HERBERT) & Co.....		20	
DETROIT.			
UNION TRUST Co.....		115	
STATE SAVINGS BANK.....		115	
INDIANAPOLIS.			
FLETCHER NATIONAL BANK.....		115	
TOLEDO.			
NATIONAL BANK OF COMMERCE.....		14	
CINCINNATI.			
KLEYBOLTE (RUDOLPH) & Co.....		15	
CHICAGO.			
AMERICAN TRUST & SAVINGS BANK....	Inside Front Cover.		
BECKER (A. G.) & Co.....		16	
COMMERCIAL NATIONAL BANK.....		114	
CONTINENTAL NATIONAL BANK.....		12	
CORN EXCHANGE NATIONAL BANK.....		11	
EQUITABLE TRUST Co.....		116	
FULTON (F. R.) & Co.....		113	
GARTENLAUB & Co.....		116	
GUARDIAN TRUST Co.....		116	
HARRIS (J. F.).....		20	
MASON, LEWIS & Co.....		9	
NORTHERN TRUST Co.....	Inside Back Cover.		
WESTERN BANK NOTE Co.....		11	
ST. LOUIS.			
AMERICAN EXCHANGE BANK.....		21	
MECHANICS' BANK.....		23	
MISSISSIPPI VALLEY TRUST Co.....		23	
KANSAS CITY.			
MACKENZIE (J. & W. C.).....		10	
MILWAUKEE.			
FIRST NATIONAL BANK.....		15	
DENVER.			
INTERNATIONAL TRUST Co.....		15	
PULSIFER & YOUNG.....		15	

BANKING SECTION

AMERICAN BANKERS' ASSOCIATION.

26th Annual Convention, Held at Richmond, October 2d, 3d, and 4th.

INDEX TO CONVENTION PROCEEDINGS.

The Treasury and the Money Market - - -	Pages 39 to 41	Annual Report of the Treasurer - - -	Page 57
Financial Future of United States - - -	Pages 42 to 44	Report of Auditing Committee - - -	Page 58
The Education of a Banker - - -	Pages 44 to 48	Report of Executive Council - - -	Pages 59 to 60
Public Opinion and the Bank - - -	Pages 48 to 50	Report of Protective Committee - - -	Pages 61 to 63
The Internal Revenue - - -	Pages 50 to 51	Report of Committee on Uniform Laws - - -	Pages 63 to 64
Detailed Report of Proceedings - - -	Pages 52 to 89	Report of Committee on Education - - -	Pages 64 to 66
President Walker Hill's Address - - -	Pages 53 to 55	Report of Committee on Fidelity Insurance - - -	Pages 67 to 69
Annual Report of the Secretary - - -	Page 57	Report on Express Company Taxation - - -	Pages 69 to 71

The Treasury and the Money Market.

BY ELLIS H. ROBERTS, Treasurer of United States.

The American Bankers' Association represents in resources ten billion dollars, which is more than double the banking power of any other country in the world. You are the guardians, the administrators of this enormous active capital. He who appears before you should recognize the honor and the responsibility. Let me express my deep sense of both. In response to your invitation, perhaps you will be willing to hear a brief discussion of the relations between the Treasury and the banks as such, as they have been and as they are.

EARLY ENGLISH PRACTICE.

The attitude of governments to the money market has been, in all lands, in the large majority of cases, that of the borrower, often the needy borrower, whose effrontery and persistence have on occasion become bold beggary, and more than once arrant robbery.

Isaac of York, in *Ivanhoe*, is the type of the money market in England in the days of Richard Lion Heart, with extortion by the lender enforced by torture by the borrower. English Edward I., in 1275, according to Hume, was not content to borrow, but seized the whole property of the Jews, save enough to enable them to leave the country. By 1297 the stress of his war with France led him to treat the producers of his kingdom as he had treated the Jew money lenders, and to levy on and sell for his own use all their wool and leather and much other property. When the Lombards mastered the money market Edward III. fell in debt 1,500,000 florins to two houses which became bankrupt on that account.

Under the Stuarts the goldsmiths deposited their moneys for safe keeping in the mint, so that Charles I. was able to seize there their balance of £200,000, which he then called a loan. His son, Charles II., improved on his example, and in 1672 laid royal hands on nearly £1,500,000 so in trust, and refused to pay at all. After a while he was driven to admit the interest. The principal was cut down nearly 50 per cent., and has become petrified as the first item in the national debt—a monument of kingly finance. Those centuries illustrate the temper and bearing of governments toward bankers, as even worse than the popular prejudices of our own times.

MODERN METHODS, BRITISH AND EUROPEAN.

Modern methods of finance begin at the close of the seventeenth century, during the activity of Louis XIV.,

which stirred the world. To curb his ambition the British Government was piling up a debt at interest of 25 per cent. to 30 per cent., when thrifty King William sought a better way, and in 1694 the Bank of England was devised to unify the pressing public loans and to handle them. They were only £1,200,000, and against that sum the Bank put out its own notes and paid £100,000 for the privilege. As with other borrowers, this first transaction was only the entering wedge. The Government ran up its debt and in its exigencies made hard bargains with the Bank. In the struggle against the French Revolution, Pitt forced loans against the protests of the governors, and when asked to pay £7,186,445, he drove the bank to suspend payment. The process has gone on until the Bank holds securities of the government for £20,038,000, and in return enjoys its monopoly and pays annual charges of £175,500. In its issue department it has been styled "an office of the administration;" in finance it is above the Ministry, like a permanent official, a genuine Warwick.

The story is akin in all of Europe. The Bank of France is a creation of Napoleon in 1796, under the Directory. Now the only source of paper money in that country, it has carried on its back successive governments in their loans. Without a rival in its sphere, its burden in recent loans has been made light by the marvelous response which the French people always give to the calls of their government for money. The Bank of Germany is the steward of the Empire in its borrowing and general finance. Austria-Hungary uses its national bank in the same way for a monopoly of note issue. In Russia, the Imperial Bank, colossal like the nation, is really a branch of the administration, its fiscal agent for borrowing and for handling the debt, and for creating currency for both purposes.

In all the old world the governments touch the money markets first as borrowers, and use the banks to secure funds for the exchequer. They return privileges and immunities. By these monopolies interest is put up or down, foreign exchange is controlled, trade is affected, every industry feels the pressure. The Bank of England is the model of all these financial engines, master of the national funds, dictator of the money markets of Britain, of Europe, and until recently of the world. Long a fetish in finance, British criticism of its principles, its

conduct, and its effects has become sharp, aggressive, unsparing.

AMERICAN EXPERIENCE.

Finance has no devices which our country has not tried. The flood of continental currency was the beginning of our evils. To fund the revolutionary debt, to create a currency, to provide a way for collecting taxes, Hamilton called into being the Bank of the United States. His first aim was to frame "the most effectual instrument of loans." The institution served the Treasury well, but soon became a political force and was permitted to die in 1811. With a new charter in 1816 Jackson found in it a monster threatening the Government, seeking "to concentrate the whole moneyed power." His removal of the public deposits from it was a chief factor in politics for a decade. The discussions in Congress and Jackson's state papers exhibit the prejudice and frenzy of parties. The chronicles of panic and disaster are lurid enough to the fall of the bank in 1836. Yet the public moneys it held were never more than \$10,000,000, standing at \$9,868,435 in October, 1833.

General Jackson is often represented as waging war on banks. He did no such thing. He only transferred the deposits from one central bank, with branches, to several banks. Outside of politics it was simply a conflict between banks, of several institutions against a monopoly. The larger number won.

DEPOSITS WITH THE STATES.

But the many banks were met by an unexpected competition. The sales of the public lands increased rapidly from \$5,000,000 in 1834 to \$24,800,000 in 1836. Banks to the number of 788 were started, in large part to furnish currency to pay for the lands, so that between 1834 and 1836 the bank circulation ran up from \$95,000,000 to \$140,000,000. Of public funds they held November, 1836, \$49,367,986, while they owed other depositors only \$26,573,479. The States were greedy, and wanted the money. Congress voted to give them all but \$5,000,000, in four installments, pro rata. Three were paid, but this demand with the inflation proved fatal. Specie payments were suspended, and the last installment was never paid. For the National Treasury it was just as well. The States lent this money on real estate, Congress forbade the Treasury to collect it, and it stands on the books as unavailable funds, \$28,101,644.

ODD SCHEMES.

Bad as the actual experience was, it was not as vicious or as grotesque as some methods of dealing with the surplus suggested in those days. Secretary Woodbury, in 1834, urged "a temporary investment in some stocks sound and salable." The next year he favored "investment for a provident fund." In 1838 he recommended "purchase of State stocks as in the Indian trust." Think of the Treasury going into the market to buy \$100,000,000 in stocks, and when it needed funds and therefore a general stringency prevailed, offering its securities for sale to unwilling buyers. The Indian trust fund illustrates how State bonds have been suffered to sleep undisturbed by payment of principal or interest.

Other plans by the same secretary were, to designate various officers in the several States, including postmasters, to act as fiscal agents, and again to appoint commissioners or receivers general to collect and disburse public funds.

THE INDEPENDENT TREASURY.

Discussion resulted in the passage, July 1, 1840, of President Van Buren's project for an Independent Treasury, which the Whigs repealed August 1 of the next year. The Treasury was so poor that the banks derived little benefit. Congress tried to set up a Fiscal Bank, and a month later a Fiscal Corporation, to take the place of the Bank of the United States; but both were crushed by vetoes of President Tyler, August 16 and September 9, 1841. His own fantastic scheme of a Board of Control or Exchequer, not unlike the cum-

brous device of the Continental Congress, met with scant favor, and is known only to curious students.

From a Bank of the United States, from local banks as sole depositories, from deposits of public funds with the States, from multifarious schemes crude, dangerous, unworkable, Congress turned, if not in despair, in necessity, to an Independent Treasury whose previous career had been so brief. The Act of August 6, 1846, stands to this day, and its methods have prevailed longer than any other device for handling the finances of this Government. The maintenance of nine branches in different parts of the country solves the problem of exchange on both receipts and disbursements, and brings payments close to the people. By the designation of depository banks to receive the postal and the internal revenue, the friction of collection is reduced to the minimum and the drain of funds from localities is prevented.

THE LOAN OF 1898.

If proof were needed that the time is past when a single bank is needed to place Government bonds, the Spanish War loan of 1898 affords it abundantly. The zeal of the banks in subscribing for that loan five times over deserves all praise for their loyalty and devotion, and the praise should be extended freely and graciously. But the offers in small sums from individuals were twice the amount called for. The floating of that loan without discount and at a cost of only one-fifteenth of one per cent. for printing and distribution, records both the patriotism of the plain people and the excellence of the work of the Treasury.

TWO YEARS OF SURPLUS.

For two years our financial problems have related to the surplus. The Spanish war cost much less than the estimates. General prosperity has given large revenues. The Secretary of the Treasury has had to decide what to do with \$178,000,000 of unused funds, for the Treasury was able to spare so much from quick resources, and yet to retain about \$50,000,000 in its own vaults. That is about the cash kept by the British Exchequer in the Bank of England; the sum was £10,616,000 last month. Besides, our Government needs large amounts within quick reach for emergencies.

The task was to serve the Government, and to respond to the frequent and somewhat urgent appeals for the relief of the money market. The prepayment of interest could be only a transient measure; bondholders showed no desire to accept interest in advance on rebate.

Stronger measures were adopted and were successful. Offers were put out November 15, 1899, to buy \$25,000,000 in old fours and fives at the prices then current, and purchases were made of \$19,300,650. In May, 1900, the Secretary of the Treasury gave notice that the twos of the funded loan of 1891 would be paid on presentation and interest would stop on them August 18. By that date \$13,231,750 had been paid of the total of \$25,364,500, and on September 25, \$4,700,750 remained unrepresented, free of interest.

EXCHANGE OF BONDS.

The largest contribution of relief, however, was by the Act of March 14, 1900. That provides for the exchange of threes, fives and old fours for new consols at two per cent. During the six months which have elapsed, such exchange has been made to the amount of \$32,117,850, which is 39.57 per cent. of the bonds eligible, to wit: \$839,146,340. Of these redemptions, \$76,337,000 was in threes, being 38.4 per cent. of that class; \$202,659,900 in old fours, 37.16 per cent. of that class, and \$53,120,950 in fives, being 55.91 per cent. of their total last March. In the exchange the Treasury paid out \$33,169,060, and a net saving of \$8,418,205 was made to the Government in the transactions, while there was no increase of the public debt.

The Treasury, September 14, held of bonds subject to exchange, \$23,377,630 for circulation, and \$40,379,080 for deposits. For these new consols may be given, and if

that were done, they would become \$395,874,560, and the net saving over ten million dollars, with payment in premiums of \$40,000,000.

As a consequence of the provisions of the new financial law, the bonds pledged for national bank circulation ran up from \$239,947,270 on March 14 to \$296,172,880 September 15. The whole volume of bank notes, including those secured by money, increased between the same months by nearly \$80,000,000, and became \$327,690,801.

DEPOSITS IN NATIONAL BANKS.

A greater addition to the available resources of trade and industry was the deposit of public funds in the national banks. This was not a new device, but an enlargement of a well established practice.

Deposits were granted to every bank applying with proper security while the surplus permitted, and about \$50,000,000 was kept in the Treasury. The moneys so placed were at their maximum February 10, 1900, at \$109,094,878, including the credit of disbursing officers, and were reduced to \$96,410,498 by September 18. The depositories number 440, and they are found in every State except Mississippi and Nevada, and every Territory except Arizona and the Indian Territory. The banks holding \$50,000 or less are 170; from \$50,000 to \$100,000, 93; from \$100,000 to \$200,000, 87; from \$200,000 to \$500,000, 61; from \$500,000 to \$1,000,000, 19; over \$1,000,000, 10.

May 23, to prepare for payment of old twos, a call was made on these depositories pro rata, and in June a second and a third call followed, to the aggregate of \$14,853,700. No single institution, no one city could have paid that money more promptly and with less friction than did these four hundred and forty banks all over the country.

CONTRACTION AVERTED.

This is the plain story of the putting out-of \$178,000,000 from the Treasury, above current expenditures.

With its mingled verdure and blossom and fruit, the orange grove of the Indian River of Florida, or the extensive ranches of Southern California, is a triumph of arboriculture. More rich in its yellow fruitage is the policy which from the Treasury scatters to all marts the treasure which no orchard can equal, which serves more human needs than orange or apple or pomegranate.

A severe contraction would have followed Government operations running loose, without such care and vigilance. The funds were left to fructify in the marts of trade. Largely available for any emergency, the business of the country had the benefit of them. The full force of the national wealth was turned upon all the enginery of industry, of commerce and of finance.

THE MONEY MARKET.

The chronicle is brief, but the facts are impressive and the results are conspicuous. Except for the flurries in November and December, 1899, which were entirely apart from Treasury operations, quotations for call money have not been above 5 to 7 per cent., and then for only a short period, while the ruling rate, although touching 2½, has ranged from 1¼ to 2¼ per cent. Prime commercial paper has found sale from 3½ to 4, and seldom has the quotation been above 4½, though occasionally touching 5 per cent.

These low rates for money, the lowest in the world,

have brought Russia and Britain to borrow from us, and Japan and Sweden to seek loans here; last of all, Germany takes \$20,000,000 of our money. New York has become one of the two financial centers of the world. Without the outflow from the Treasury all this would have been impossible.

We all rejoice at large exports of wheat and corn and meat products. We each feel a personal pride in American mastery in iron and steel manufactures, and accept it as a compliment to ourselves. When the London Times says that America makes better locomotives than the English, our hearts beat quicker. In the export of \$20,000,000 worth of coal this year we each claim a share. Russia buys from us in one lot 5,000 fat cattle, and no farmer regrets the trade. We count it fortunate for all our people that we exported of our manufactures \$432,284,366 last year, which is more than the total of all our merchandise exported as late as 1870. The balance of trade in our favor for three years averages \$569,946,396. To our stock of gold every year since 1896 has been added more than \$100,000,000 on the average—a record never before known among nations. The gold in circulation, including certificates, has reached \$831,084,025, which is more than all our currency prior to 1880, and is \$10.63 per capita of our population, which is higher than the total circulation in 1862.

In spite of the vast outflows, the gross gold in the Treasury is the largest it ever held, \$437,221,191, and it is growing. Except the abnormal hoard of \$450,000,000 of the Bank of France, likely to be soon reduced, there is nowhere else in the world so much of the yellow metal under single control. If this flow of gold shall satisfy the appeal for more money, how healthy our currency will be!

The wealth of our people by the new census will not fall below \$90,000,000,000, and their annual net production is at least \$2,500,000,000. This wealth and this growth are beyond parallel in human annals.

They explain why the world comes to us to borrow. But those who borrow from us must pay with interest. It is just as healthy for us to export gold as it is to export coal or iron or cotton or grain or pork or beef, except as more labor enters into those articles.

In such facts as letters, American bankers hang out their sign, like a planet in the heavens: Money to lend to the nations; gold galore to spare. But fair notice is served that the yellow metal must come back, for of all countries now and hereafter, this is the home of gold.

And now, Mr. President, will you permit me to say that there could be no grander object lesson than has been presented upon the floor of this Convention to-day. The statements from the various commonwealths have shown that they are all pursuing the same career of industry, development and prosperity. As bankers they base their own welfare upon the intelligence, the education, the industry and the religious aspirations of the communities which they serve. And how happy we are that from all the commonwealths of the Republic we are gathered here under the starry flag which represents the aspirations, the civilization, the humanity and the progress of the race beyond any emblem ever before displayed among men; and this banner never before represented all that is highest and noblest in human effort than at this very day and this very hour.

The Financial Future of the United States.

BY CHARLES A. CONANT.

Several recent events have called attention in a striking manner to the changes which have come over the economic world within the last few years. A period of stagnation in business which lasted for many years has given place to phenomenal activity in Europe, in the United States, and even in the partially developed countries of the Orient. This activity has been especially marked in this country and has been accompanied by changes in our commercial and financial condition which have attracted the attention of shrewd financiers and far sighted students abroad as well as at home. Much of the foreign capital by which the country was developed prior to 1893 was withdrawn from the United States after that year by the process of returning American securities which had been issued or sold abroad. This process was at first one of intense suffering to this country, by depriving us of necessary working capital, arresting industry and throwing labor out of employment. But we are now witnessing a new phase of this development. Sending abroad an enormous volume of our products and increasing our exports of manufactures within five years by much more than one hundred per cent., we have built up credits which have enabled us to subscribe to several large foreign loans from our surplus savings. Russia, Japan and Great Britain have touched the fountain of our credit and abundant streams of wealth have gushed forth for their use.

The United States in the meantime have become a colonial power and are profoundly interested in the settlement of the future of China. It is probable that the interest awakened in the affairs of the Orient will lead to large investments of American capital in China and the Philippines, and that the securities issued for these investments will be quoted on the stock exchanges of the world, like the bonds of the Egyptian Government or the Greek guaranteed loan. All these events have contributed to bring New York into the circle of international money markets and have raised the question whether the star of financial supremacy was not to move westward from the precincts of Lombard street to our own chief city. These expectations may require time for their fulfillment, but it is already evident that New York is to be a more important factor than heretofore among the money markets of the world, and may at least dispute for the second place after London with the long established and wealthy cities of the Continent.

The magnitude of the transactions now carried on in New York is shown in a slight degree by the settlements through the Clearing House, which rose from a little less than thirty thousands of millions (\$29,841,796,924) in 1895 to more than fifty-seven thousands of millions (\$57,368,230,771) in 1899. Higher figures than those of 1895 were attained in certain earlier years of active business operations, but the volume of clearings was then swelled by Stock Exchange business, which was greatly reduced by the opening of the Stock Exchange clearing house in 1892. If the old method of Stock Exchange settlements had continued, it is not unlikely that the clearings of last year would have attained seventy-five thousands of millions, or an increase of more than 50 per cent. over the highest previous record in 1881. The actual figures of the clearings at New York are larger by twenty-five per cent. than those at London, heretofore the great clearing house of the world, and nearly three times the payments into the Bank of France, which operates as a sort of clearing house for the traffic of France. The volume of the obligations of the national banks to their country correspondents is added evidence of the volume of business which is centering in the hands of New York financiers. The obliga-

tions of New York national banks to other banks, including State and private banks, which were only \$173,000,000 in 1889, rose to more than \$425,000,000 by the last report to the Comptroller of the Currency. New York thus fully justifies the declaration of Mr. Horace White that the city is "a clearing house for the whole country as well as for its own immediate traffic."

Supremacy among the money markets of the world comes only by a combination of favorable conditions. It comes partly as the result of industry, thrift and enterprise, which create a great investment fund after the necessary machinery of production and exchange has been fairly provided at home, but it comes also as the result of far sighted and well directed policy in legislation and in business methods. The part of legislation is small, so long as freedom is left to native skill and enterprise to develop along natural lines. Legislation becomes important in many countries as a disturbing and retarding factor in business progress, and it is against such legislation that intelligent business policy should be directed. The part which positive legislation has to play in national economic progress is chiefly to afford the guarantees of security and order, the execution of contracts according to their honest terms, and the enforcement by law of the highest principles of business honor. Beyond these limits its interference is usually harmful and often hampers rather than advances a country in its progress toward industrial and financial supremacy.

There is one important prerequisite to financial power in which legislation plays an important part. This is in giving permanency to the standard of value. It has been pointed out so often that it has become a byword, but is none the less true, that London owes much of her predominance in the world of finance to the fact that a contract for the payment of money in London has meant for nearly a century one thing and no other. A contract for the payment of a given number of pounds sterling has meant the delivery of a certain weight in gold. The creditor having a debt coming to him in London has been subject to no uncertainty as to whether he would be tendered irredeemable paper, depreciated silver or gold coin adjusted to some new standard. When the Bank of France was authorized to suspend specie payments in 1870, and when by the course of events its option to pay either gold or silver became an option to diminish the value of a gold obligation, financial supremacy fled from Paris. Trifling as might be the premium upon gold caused by refusal to pay it on demand for bank notes, the difference was sufficient to drive from Paris to London the great operations of international exchange which turned for their profits upon minute fractions of percentages. London, by constituting a free market for gold and adhering to a fixed standard, without variability or shadow of turning, has drawn to herself the command of the world's exchanges.

The United States has recently planted herself by the side of other great commercial States by prescribing that a given weight of gold shall henceforth constitute the metallic standard. If this declaration is established beyond dispute or probability of change, it equips this country in this respect to compete with London for control of the exchanges of the world. The fact that the country declared for the gold standard in 1896 and that she has now put that declaration into law had much to do with the prosperity of the last few years. If evidence were needed that the adoption of a fixed monetary standard and the abandonment of a fluctuating standard meant much for the country adopting such a policy, it is demonstrated also by the experience of Russia. Adopting the gold standard only in 1895, and putting it in force com-

pletely only as recently as 1897, foreign capital poured into the country for industrial development at such a rate that stock companies were organized within five years with a combined capital of more than \$600,000,000, or more than within the entire ninety years before.

Another vital element in attracting to our chief city the exchanges of the world is freedom from vexatious interference by taxation or legal restrictions with the transactions of organized markets. The Stock Exchange, in spite of the bad name which it bears among the ignorant and unthinking, is the sensitive barometer of values. It diverts industry and capital by changes in the prices of securities, from unprofitable fields to the fields where they benefit the community. It prevents, so far as human foresight is possible, the waste of the great forces of production where they are not needed and extracts from them the highest good of which they are capable. Everything which interferes with the free play of the many influences which affect prices on the exchanges is a disturbing element in the truthful reading of this barometer of values. It is like placing iron filings near a mariner's compass and expecting it to read true. Not only is the true reading impaired, but transactions under such conditions are driven to points where true readings can be obtained—where the free play of competition and the laws of value are unimpaired by the meddling of those who do not comprehend the philosophy and use of organized markets.

Striking illustrations of what harm may be done by excessive taxation and by unwarranted interference have been afforded within the last five years in France and Germany. Heavy taxation in the one case, the foolish attempt to stamp out "future" trading in the other, have fettered the markets of Paris and Berlin and driven much of their business to a less restricted field. Brussels, the capital of the energetic little kingdom of Belgium, has profited by the blunders of her rivals, and within five years has multiplied nearly twenty-fold the issues of securities upon her exchanges. These illustrations have a serious lesson for us if we would attain a leading place in the world's finance. Reasonable regulation of new stock company issues to prevent fraud are justifiable and have not hampered honest transactions in London, but legislation directed by a hostile spirit against the stock exchanges and designed to hamper the free play of the competition which fixes values means the death knell of the market against which it is directed.

There are many material respects in which steps may be taken to strengthen New York as a center of exchanges. Here the aid of the State may well be invoked to provide adequate lights and docks and deep and safe harbors, suited to the modern ocean liner; and to insure equity between railways and their patrons, in order to prevent discriminations against individuals and communities. This is not the occasion for raising a discussion in regard to tariff laws; but it may properly be pointed out that the policy of customs duties should not be enforced in such a manner as to cause needless annoyance to merchants or to impose unnecessary formalities upon American exporters in getting the benefit of free raw materials. The history of the free cities of Germany, whether it would be a good guide for our imitation to-day or not, shows how much may be accomplished in an age of trade restrictions by establishing centers where trade may be carried on under conditions of freedom unhampered by clumsy regulations, which are often as oppressive as exactions in money. Freedom of trade to all the world, freedom for the use of London docks and warehouses and ships, without official interference, have done much to make London the world's warehouse and England the world's carrier, and to leave sticking to English fingers much of the profit of the handling of goods between producers and consumers.

If the producers and manufacturers of the United States, having already risen to the level of supplying the domestic market with the great staples of consumption, are to go forth to conquer the markets of the world, they

must organize production and exchange upon the basis of the greatest economy and efficiency. The aspect of this organization which comes closest home to the banker is the system of credit. Just so far as the American banker is compelled to charge a higher rate for credit to the producer than the foreign banker charges, the American producer must be handicapped in the struggle for control of the world market. A difference of one or two per cent. in the rate which the producer pays to the banker for the use of money might make the difference between his ability to lay down goods at Cape Town, at Tokio, at Shanghai, or in the interior of China on terms as favorable as his competitor in England, France or Belgium, with their great systems of credit and international banking. The subject of reducing credit to its lowest terms and highest efficiency by the most complete organization and the best monetary system is the contribution which the American banker should make to the solution of the problem of carrying American commercial supremacy in the wake of the flag around the girdle of the earth.

There are several steps which should be considered in the organization of American banking upon a more effective basis for competition with the powerful English and Continental banks in the financing of foreign trade. It is a striking commentary upon the closeness with which American banking has thus far kept at home that almost all our trade with Latin America is settled by bills of exchange on London, and that even the Government of the United States does its business in our new possessions in the Orient through the great English institutions—the Hongkong and Shanghai Bank and the Chartered Bank of India, Australia and China. Consolidation of capital, the authority to establish foreign branches, the extension of long credits in foreign trade and the application to banking of the highest organizing ability of the American mind are the share of the American banker in the task allotted to our captains of industry and kings of finance in conquering the trade of the world. If greater elasticity and freedom in note issues at home will make credit cheaper and more plentiful in the South and West and increase their capacity to produce cotton goods and to move their products, the benefits of a more elastic banking system should be considered without prejudice by every American banker. The reduction of the rate of interest in sections where it is abnormally high will not mean smaller profits to the banks, but the larger and safer business which comes with increased commercial prosperity.

Every measure of this sort, to which contributions can be made by the manufacturer, the captain of industry, or the American banker will be an important element in that struggle for world empire which is to be fought in our time or by our children in the field of business competition. The axis of the world's economic revolutions in the future may be shifted violently by the progress of events, and is almost certain to be shifted from the people whose methods are loose, wasteful and inefficient to those whose machinery of production and exchange is developed in all its parts to the highest degree of economy and productive power. New problems of the most serious character in the competition for markets will face the world with the completion of the trans-Siberian Railway, the creation perhaps of new centers of trade in Central Asia, the binding of North and South Africa together by bands of steel, the opening of China, and the application of electricity to the thousand functions of machine production. The perfection of machinery and means of transportation have swept away the barriers between local markets and reduced competition everywhere to its most acute form—competition against the producers of all the world. The American people cannot afford to be idle spectators of the struggle between other producing nations for commercial supremacy. They cannot afford to hamper by their laws the free play of modern economic forces or to skulk away from a contest in which they may be easily masters if they

go forward with enlightened minds and a courageous spirit.

I have spoken to some extent as though the financial supremacy of the United States centered about the development of the city of New York. But it is far from being a local problem. The interests of New York and of the whole country are bound up together so tightly that they cannot be separated. Prosperity throughout the whole country is vital to the accumulation of that great fund of capital which naturally flows to the commercial center to find investment and profit. Every factor which tends to broaden the basis of American production, to increase the market for American products of the field, the farm, and the workshop, or to improve the credit facilities of the interior and producing districts, tends to broaden the pedestal of wealth and national prosperity, upon which New York must have her firm footing if she is not to slip and fall in the struggle for financial supremacy with her great rivals in the Old World. New York cannot profit by a narrow or selfish policy toward other parts of the country, and least of all can the bankers of New York or any of the great cities

profit by a severe or jealous policy toward their associates in the country. Every step forward which New York makes, on the other hand, in the struggle for supremacy in the money markets of the world is a step which lifts up and benefits the whole country. The ability of New York to find investments abroad for American earnings or to attract foreign capital to American investments are distinct factors in raising the rate of profit and the earnings of all Americans, whether they toil under the burning sun of the Southern cotton field, run the engines which drag long trains of American products from the prairie to the ocean, or clip coupons in a Newport villa. The ability to place capital abroad, to find markets for American products beyond our own shores, to extend credit on the lowest terms to American manufacturers and merchants—all these powers, developed to the finest shade of superiority over foreign competitors, mean a wider field of employment for labor, a larger fund of American earnings to divide between the laborer and his employer, larger profits for American bankers, and a more rapid and satisfying progress for the whole country as well as for New York as her chief city.

The Education of a Banker.

BY GEORGE HAGUE, General Manager Merchants' Bank of Canada.

That banking is a profession worthy to rank amongst what are called the learned professions, and that its successful pursuit demands considerable exercise of high intellectual qualities, will be admitted by any man who has an adequate acquaintance with the subject. Its successful prosecution demands not only a perfect acquaintance with the multiplied technicalities of a banker's business, but no inconsiderate knowledge of human nature; some knowledge also of the laws relating to property and finance; a perfect acquaintance with the conditions of the trade and manufactures of his own district and of the country at large; in addition to which a banker must possess some acquaintance with the ways in which money is made and lost, and especially of the shoals and quicksands which beset the mariner along the financial seas he has to traverse. He must also have more than an average amount of common sense, a well balanced judgment, and the power of looking beneath the surface, and of weighing and balancing statements, reports and appearances, so as not to give more or less heed to them than they call for.

It was once said by a Scotch university professor to a rather stupid student, "Mon (he spoke in his native Doric), I can teach ye Latin and I can teach ye Greek, but commonsense is beyond my power tae gi' ye; if ye ha'e na that ye air to be pitied." Well, that is perfectly true, so far as college education is concerned, but much of what is nearly allied to commonsense may be rubbed into a man by the actual experiences of life, unless, indeed, he is such a dense fool that no amount of experience will make him wise. There are such, as we all know; and of all fools, the conceited fool is the most foolish. The man that thinks he knows everything, and that what he does not know is not worth knowing, will find that he has to deal with a very critical world, which will not buy him at his own valuation. And if he has to do business with the world, he will have to pay some measure of attention to what the world thinks. We may, in fact, apply to the judgment of the world—that is, to that corner of it with which we each have to do specially—what old Abraham Lincoln said about fooling men: "You can fool all the world a part of the time, and you can fool a part of the world all the time, but to fool all the world all the time is impossible." So, if a banker proceeds on the theory that the world is always wrong, and about all things, this world will be apt to let him severely alone and do no business with him.

In a word, then, a man, to be a good banker, must be willing to learn, apt to note his mistakes, watchful of his failings, and ready to set up for his own guidance a beacon here and a buoy there; and not only from his own experience, but the experience of others. In fact, he will be willing to learn as long as he lives; for a banker's education is really never finished, and as he proceeds along the journey of life toward its close, he will feel like old Michael Angelo in his last days, who said sorrowfully that he was about to abandon art as he was beginning to know what art was.

Banking, then, we may properly call a profession. It is, indeed, and deserves to be called, one of the learned professions; for the administration of a large bank calls for as much intellectual power as is required by the men who write treatises on political economy, and whose names are familiar in the world of literature. I venture to say that there are letters written and documents produced at times in any great banking center by brokers or financiers which are equal in intellectual rank with any chapter in Mill's "Political Economy" or Smith's "Wealth of Nations," and display as much acuteness as any eminent lawyer's argument or any speech of Webster or Clay. And it is not unnatural that it should be so, for a banker's faculties are constantly sharpened by the consciousness that if he makes mistakes he will have to pay the penalty for them in the shape of losses. An author may propound unsound theories and set forth unworkable schemes, and all that he has to fear is that another man will write something to the contrary, but a banker exercises his faculties under constant penalty of monetary loss. So it was said, not long ago, by a banker to a journalist, that if all the mistakes made by the writers of books, and all the misjudgments of critics, were followed by penalties as severe as were paid by bankers, and the amount paid to the State, a sum would have been accumulated long ago sufficient to pay off the national debt.

Serious consequences indeed follow the mistakes of men in the learned professions, as, for example, I once knew an oculist attending upon a patient whose diseased eye required removing, to take out the sound eye and make the patient blind for life. And if a lawyer makes a mistake he may deprive his client of property and reduce him from competence to poverty. In every civilized State, therefore—and the degree of civilization in any State may be measured by its care for the lives and

property of its citizens—provision is made for the education both of men who care for life and of those who care for property, and none are allowed to meddle with these important matters but those who have the imprimatur of duly constituted bodies.

The State, however, has not recognized banking as a profession, and has not made provision for the education of bankers. Yet mistakes in banking may result, and have resulted, in matters both of life and property, in more widespread disaster and heart-breaking misery, more undermining of health, and sending men and women to premature graves, than all the mistakes of all the lawyers and doctors that ever lived. A strong statement, but not beyond the truth. Let me recall one example out of many, and that from banking in the country which has been considered to have carried banking to its highest perfection. Well do I remember the failure of the City of Glasgow Bank, and the frightful calamities that followed in its train. The families that were reduced to ruin, the widows that lost their little all, and the young people whose prospects in life were irretrievably blighted, the men and women whose health was undermined and who died of broken hearts after years of suffering—all this, if fully told, would form almost as melancholy a chapter in history as a story of the calamities of war. We have had, within the last few years, in the city whence I come, two examples of the sad consequences of banking mistakes. In the one case, an old and solid institution, that had withstood half a century of vicissitudes, was wrecked within five years, by being placed in charge of a young officer of high ambition but wretched judgment, the consequences of whose follies are being felt in thousands of families in Canada at this day. A more recent case is one where a man of ability in another department of finance, being placed in practical charge of a bank without previous training, pursued a course which brought disasters which are working evil results over a wide area at this moment. There are men and women in my own district who are wearing out their lives in hopeless misery as a direct consequence of this. Am I not right, then, in asserting that mistakes of judgment in banking are often more serious in consequences than mistakes of lawyers as to property or even of medical men as to health? All of which might lead up to the conclusion that some system of State education might well be set on foot for bankers, and that no man should be permitted to have the control of a bank who has not been duly certificated by an authority recognized by the State. This, however, is impracticable. The State does lay down the lines on which banking corporations are to be constituted, and makes regulations as to the liability of stockholders, the power of issuing notes, and numerous other matters. But while giving power to directors to appoint what officers they please, the State has never attempted to regulate their qualifications. It might be an advantage if some system of education for bankers could be instituted, as there is for other professional men, and that a body of young aspirants bearing diplomas were to be found available for appointments as they arise. This, however, cannot be undertaken by the State; but there is no reason why something analogous to it might not be undertaken by a united body of bankers like yourselves or by the Association in Canada I have the honor to represent. You yourselves have made a movement in this direction. And the Canadian Association has done something analogous by offering prizes to bank officers for good essays on banking subjects. Both England and Scotland have also done something similar.

The purpose of this paper will be to indicate briefly the broad outlines of what the education of a banker should be—not so much theoretically as practically—that is, to indicate the course of training that will fit a man for the discharge of the duties of a banking office, as clerk or teller, until he arrives at a position where he controls operations connected with the commerce and manufactures of his district, or even has a bearing on the settlement of the currency of the country, or the di-

rection of the financial affairs of the Government. I name the last as you have, at this very time, a conspicuous instance of it in the fact of a practical banker, Mr. Gage, of Chicago, formerly one of yourselves, being called to the responsible office of Secretary of the Treasury. And without intruding upon matters that do not belong to me, I might venture to say that this is an admirable precedent to be followed.

I am not aware that anything like this has ever been done in England. But I do know that a remonstrance from our Canadian Association against silver being allowed to form part of the reserve of the Bank of England had great weight with the Chancellor of the Exchequer.

In speaking of the education of a banker, I shall first refer very briefly to that which concerns subordinate officers. A young man before entering a banking office we must presume to have been well grounded at school in what are called the three R's—reading, writing and arithmetic—and particularly the last; and the more he knows of it, and of mathematics also, the better it will be for his future progress. In beginning a banking career, the young aspirant learns to use his eyes and his fingers before he uses his brain. He learns to count money accurately under penalty, and to note sharply the money he counts, also under penalty. He has to draw on his school education for facility in calculation, and also for a knowledge of the geography of his own and other countries in connection with bank collections and foreign bills. He has to learn what constitutes a good bill—not the goodness of the names on the bill, but the legality of the document. As he proceeds, he passes on from work that is merely mechanical to work that is more and more intellectual. But he will soon find out that, as a lawyer's clerk is not a lawyer, and a doctor's assistant is not a doctor, so a bank clerk, however high his position as such, is not a banker. You all remember our friend, David Harum, and the description of him by his factotum, Chet, who, after enumerating his own work as a clerk and expressing the opinion that the "real business" was all left to him, went on to sagely observe:

"Dave don't give himself no trouble about the business. All he does is to look after lending the money an' seein' that it gets paid when the time comes, an' keep track of how much money the 'is—here and in New York—an' what notes is comin' due, an' a few things like that."

all which well justified his shrewd employer's remark that "it hain't rained wisdom an' knowledge in his part of the country for a consid'able spell."

There is this, however, to be said, that though a bank teller is not a banker, any man to be an efficient banker must have gone through the grades of the office. You may reply that David Harum had not; that he could not have done the work that his clerk was doing. But David was only a village banker; if he had been placed in charge of a bank in a city even of the size of Syracuse, his deficiencies might have ruined him. A banker's education, then, must begin at the beginning. But as he proceeds, his training will develop watchfulness, concentrated attention, accuracy in counting and calculating, all which, after penalties have been endured—and they will certainly come—crystallize into habits, and lay the foundation of the same qualities when applied to higher matters—that is, the dispensing of credit, the discounting of bills, and the conducting of accounts. The officer will gradually develop his intellectual faculties in learning something of the law governing his occupation—the law of bills and cheques, and deposits and drafts, and guarantees and indorsements, and warehouse receipts and bonds and mortgages—and these not theoretically, but as enabling him to know, when he is handling and registering banking documents, whether they are drawn up according to law or not—for a bill may have the best names in the country on its face, and be utterly void and irrecoverable, because not conformable to law. He must, in fact, become so practiced that he can tell at a glance whether a security is in proper shape or not. Along with all this will proceed the education of the eye—the devel-

opment of the faculty of quick observation which will enable him to detect a forgery in a bill, a false signature on a cheque, or a raised note or draft. The eye may be educated to a degree of sharpness that would seem almost miraculous to an outsider, so that no forgery, fraud or false coin could possibly escape detection. And a majority of bank officers come fairly up to this standard.

Certain moral qualities in the training of an officer must not be overlooked, such as the habit of obedience, of courtesy, of patience—often sorely tried—of close attention to directions, of economy of time, of thoroughness in work, and of conscientious discharge of duty as duty. Many fellows, indeed, go through the whole round of bank employment, and at the end of it have but a mere smattering of such knowledge as is here indicated, and have almost as many bad habits as at the beginning. Sometimes this is their own fault. They are too stupid to learn, or too proud to obey, or too conceited to submit to direction. But in many cases, it is to be feared, the fault is with the banker himself in not properly training his men. It is really his business and duty to educate his officers, and this by insisting at all times and with every man that work is not only to be properly done, but intelligently mastered; that rules are to be observed, time kept, and penalties to be enforced. Knowledge so acquired will never be forgotten. The best friend of a young bank officer is the cashier who strictly enforces discipline, his worst enemy the one that lets him do as he pleases. Banking is a profession that cannot be played with. A man who has had an easy-going superior and grown up to an easy-going style of doing subordinate work is apt to carry the same spirit into a higher position. We know the mischief that an easy-going banker may do. I have known such a one cause a loss of millions.

One of the most important duties of a cashier is to notice indications of ability. When a young man not only does things, but wants to know the reason why; when he suggests improvements in methods and economy of time, or notices the irregularities in the working of accounts and communicates them—such a one should not be snubbed, as the manner of some men is, but drawn out and encouraged, and made use of, and made to understand that he is appreciated. For no man should be too proud to take a hint from a subordinate.

So much with regard to practical training; but during the period of his education as clerk, a bank officer will do well to carry on the education he received at school or college, by mathematical study; geometry and algebra especially are useful, as they tend to develop habits of close attention and strict reasoning, the latter being invaluable in training a man to know fads and fallacies when he sees them, and to appreciate sound argument. It would be well, also, for him to study, as he can, the theory of banking, and the banking of different countries, also systems of currency, both false and true, and political economy generally. So much importance is attached to this by some banks that they will not promote an officer to some of the higher positions unless he can pass a critical examination in them. The Institute of London Bankers gives not only prizes to successful candidates at its examination, but diplomas which are highly valued and which carry weight.

But now, supposing a man to have passed through this preliminary training, in which if he keeps his eyes and ears open he will learn a thousand things that cannot be learned from books, he will be prepared to enter upon the responsible functions of a banker as distinguished from a clerk. And here, to begin with, he must not fancy that his education is finished, for, in fact, as in the case of the learned professions, it will in many respects have only begun. When the young aspirant is appointed to the position of a cashier or manager, he will do well at the outset to bear in mind the saying of the good old book: "Let not him that putteth on his armor boast as he that putteth it off." I have known more than one self-confident and boasting banker, and he nearly

always came to grief. On the other hand, a man must not let his cautiousness and sense of responsibility so dominate him as to make him too nervous to do anything. There are numerous rocks and shoals in the voyage of banking, truly, but hundreds of mariners have navigated their ships successfully through them.

As a young banker's practical education proceeds, he will find that the duties of one in control of a bank may be summed up under three heads—the management of his Officers and his office; the management of his Reserves, and the management of his Loans and Discounts. Of the management of his officers enough has been said, and I shall pass on to the second—namely, the management of his Reserves. Around this he will come to find that every department of his business revolves. The care of reserves dominates everything. I have known a bank, though worth millions, brought to the brink of ruin through want of care in this respect. The moment a man receives the deposits of the public and issues notes for circulation, he is face to face with the question, how much of all these funds he can put out at interest with safety; for put out some of it he must. If he does not lend a certain quantity, he cannot pay interest and dividends. If he lends too much, he imperils his power to pay his depositors on demand. He is therefore always under pressure in two opposite directions, and it is part of a banker's education to know how to steer his ship between this Scylla and Charybdis. Your law requiring a reserve of twenty-five per cent. is a sort of standard set up for a banker—not that it is absolutely efficient, for the banks of the United States at times must infringe the law to keep faith with their creditors. That you know very well—which is the reason why the Canadian banks have resisted the imposition of such a law at all. But though this is the minimum, there are times when prudence would require more; there are other times when safety may be insured with less. And to this end the banker will make himself acquainted with the tides and currents of money in his own sphere, at one period and another, for there are tides in money as there are in the sea. And a banker will educate himself to observe them, record them, and draw conclusions from them so as to act both for prudence and profit. What is suitable for one sphere and for one bank is not always suitable for another, yet there are certain general principles which must on no consideration be overlooked; and with regard to these, your law may be considered a useful general guide.

Vitally connected with the management of reserves is the consideration of how much of the reserve may be invested so as to yield interest. All banks, especially those having large deposits and heavy engagements, after reserving enough, according to experience, in actual cash—*i. e.*, gold and Government notes, to which may be added balances due them by banks in larger centers—find it prudent to invest considerable sums in convertible securities and call loans, rather than in discounts. Their first line of defence, so to speak, is their cash; their second is in these interest-bearing investments. But the quality of these is just as important as that of the discounts, for money can be lost here as well as in making loans to merchants; and no small part of the education of a banker is to learn the high art of getting the best interest out of investments combined with perfect safety.

Reserves, of course, may fluctuate in amount, according to the times. There are seasons when, as has been said, they may be safely allowed to run to a minimum, but even then the wise banker will always be scanning the financial horizon. The "cloud no bigger than a man's hand" may quickly overspread the heavens and bring a furious storm. It is sometimes when men say "peace and safety" that they are in the greatest danger. But there are times of financial difficulty which the merest tyro can see the signs of, and then it will be for him to closehaul his barque and run with reefed or double reefed topsails, or, in other words, to carry large reserves and be prepared for any emergency. I say he

can foresee this; otherwise he may have to realize investments at a heavy loss, or to call in his loans, with the result spoken by Hotspur to Owen Glendower: "They will not come when he doth call for them."

But that which bears most intimately on bank reserves is the great question of Loans and Discounts. How much to lend has already been determined, but to whom to lend and how much to each? And for how long? These, simple as the questions may seem, are matters in which every practical banker may go on learning for a lifetime. The high and responsible function of dispensing credit is that which distinguishes the banker from all other persons, and how responsible the function may be we may conceive in considering that it may be the making or the marring of any man engaged in business, or any corporation, or even any Government. Credit has built up thousands of mercantile men, and has tided over many a government in a crisis. But credit improperly dispensed, or, to speak plainly, when a banker lends a man too much, has been many a man's ruin. Abuse of credit has brought even governments and States into embarrassment. Credit is invaluable under one aspect, but equally dangerous in another. It may be wholesome food, it may be deadly poison. And whether it is the one or the other depends largely on the banker. It is not too much to say that the bank cashier or president has the fate of many of his customers wholly in his hands. The dispensing of credit is really an education in the knowledge of men, and especially the men of his own circle or the men in the lines of business in his own district. It is an education in the art of criticising and giving proper value to statements and reports, in detecting what is false and misleading, and in estimating properly those that are true—all which with a view to distinguishing good bills from bad ones and estimating accurately the various shades both of goodness and badness; the art also of finding out when men are beginning to go wrong and of determining on the best course to pursue—that is, whether to close them up, or to nurse them into a healthy position; the art also of distinguishing between business enterprise and speculation or gambling. It is an education also to learn the art of refusing courteously, and of giving advice without giving offence; and generally of steering a middle course between a foolish willingness to lend money to anybody and believing everybody honest and capable, and the opposite course of suspecting everybody to be either a rogue or a fool.

All these things must be familiar to the experienced men among you, but for the benefit of the younger men in this assembly, I will just say a word or two on the first head of education in discounting—namely, the knowledge of men. This will be about all I have time to say.

"Know thyself," said the sage—difficult enough, indeed, but what is it to the knowledge of other men? For there are infinite varieties of them, and it is the banker's business to judge between them as to whom to believe and whom not, who is worthy of credit and who not. Here, for example, is the plausible and confident borrower, with his sanguine outlook and rose-colored way of looking at everything. He is apt to infect everybody with his own temperament; but whoever is carried away, a banker must keep cool. The man may be honest, but he is dangerous from his propensity to carry too much sail and take unreasonable risks. Much more dangerous is the deliberate schemer, whose time is half taken up with laying plans to circumvent his neighbors. Will he spare his banker? Sometimes. I have known such schemers to be deliberately honest with their banker when they were ready to cheat everybody else. And a banker sometimes trusts to this, saying "I know he will not deceive me, liar though he is to everybody else; he cannot afford to lie to me." But a banker sometimes has to learn by unpleasant experience the depths of human nature, and the time generally comes when he has to sound the lower depths of such a customer, and be

cheated in his turn; and there is this to be noted that when such a man finds it to his interest to cheat his banker, he lays his plans for a large amount. A banker therefore is constantly being educated to weigh and measure men as a merchant does his goods. And in doing so, he finds that there are men who are better than they seem. But usually when a man says too much in praise of himself, and especially when he brings in a profession of religion to help a banking advance, a young banker will need to beware. "Methinks he professeth too much," such a one had better say. I am not ashamed to say before this audience that though I am a member of a church, and am what people would call a religious man, whenever a man talks to me about religion in connection with loans and discounts, I make a note of it, and the note is, "Beware of that man." Yet for all that, I hold it to be a banker's duty to observe a high standard of probity and honor, as well as of sobriety and good living generally; and not only so, but also to inculcate the same on his subordinates, not only by example, but by precept on suitable occasions, especially guarding young men from country homes from the vices and dissipations of city life, that are the ruin of so many.

But there are modest and quiet and shrinking men as well as boastful and scheming, and it should be for a banker to find out their true merit. The men who are very slow to make promises but can be depended on to keep them; whose word is their bond; and who, though, in Bible language, they "swear to their own hurt," yet change not—these men do not always impress a banker favorably at first. He has to find them out, sometimes to draw them out, and encourage them to make a confidant of him when they are laying a business proposal before him. A banker, then, must note his customers, yet without seeming to note, observing their looks, the style of their talk, the kind of letters they write, the kind of statements they make; especially must he note if they decline to make statements. Some men assume a pride of position to conceal their poverty. A mercantile man will pretend indignation at being asked for a balance sheet, when he knows a true one would show him insolvent.

It is part of a banker's education to be sometimes deceived. There is no teaching like actual experience. Reading all the books ever written will not produce the impression on a banker that the loss of even a thousand dollars will. But then, reading books may often teach a young banker how to use the experience he has gained.

But I have not time to enlarge further, except to say this, that a banker ought to aim not only to educate himself but his customers and the community he lives in. No man can live to himself, as we know; an influence is always radiating from him. And from few men do more influences radiate than from a banker. As a simple matter of business, apart from higher considerations, a banker will find it his interest to let his influence be on the side of sound business methods, prudent dealing, economy of living, honesty and uprightness; of the avoidance of business gambling, and of that commonly besetting sin—the making haste to be rich. He can do much to promote sound ideas on financial subjects, as for example to expose the fallacy of supposing that the value of silver can be doubled by a vote of Congress; or, in a district infested by the "fads" of Populists, the folly of supposing that the Government ought to own all the land and houses and farms in the country, which, if carried out, would reduce the whole population to Government serfs; or in a mining district that capital and capitalists are per se enemies of labor, instead of the very spring and fountain of its vitality, without which employment could never begin and without which, if withdrawn, it could never be continued.

Much more might be said on such a fruitful subject as a banker's education. But it is impossible to pursue it further. And what has been said will probably sound very simple to many of you.

But in this address I am thinking mainly of younger

men. And, as an old banker, whose time has about come to put off the armor, I am desirous to point out to them some of the way-marks on the road they will have to travel. And if anything I am now saying may serve as

a sort of guide to keep them off the many bogs and quagmires that beset their path, and enable them better to pursue an honorable, upright and useful career to the end, I shall be well repaid for the trouble of writing this paper.

Public Opinion and the Bank.

BY J. A. S. POLLARD, Cashier Fort Madison Savings Bank, Fort Madison, Iowa.

It will not be necessary to discuss at any length with this Convention of practical bankers the merit in favorable public opinion of the individual banking institution. We may presume that without exception bankers realize the importance of public confidence as it relates to the solvency and management of the particular corporation.

The banker holds the integrity of his institution inviolate, knowing favorable public opinion is part of his stock in trade, without which the monetary capital might as well not have been invested.

When the good opinion of the public is superseded by distrust of the bank or the probity of officers or directors, its career as a commercial factor is terminated with an abrupt slam of the doors; the examiner reigns supreme in silent halls where speculation or careless investment have brought woe to the once proud financier, who must sit, crushed and humiliated, amid the ruins of unprofitable assets, like Grief upon a monument, looking at Despair.

I wish to ask your consideration of a subject equally as important, but not as universally and diligently followed, and that is, public opinion of banking as a business or profession—public opinion of the bank in the abstract; a subject regarded by this Association, however, as of such vital importance that a competent committee has been intrusted with the duty of enlightening the general public upon the functions and uses of banks, to the end that any ideas of mystery in the purposes and aims of banking institutions may be dissipated in the light of reason and understanding; that their practical benefits in the handling of credits, in the economical direction of capital into proper commercial channels, in the enlargement of its use through system and consequent benefit to all the people, may be understood and recognized.

No more important work was ever undertaken in the history of this Association, and I trust the efforts of the Bureau of Education may be so prolific of good results and that infallible antidote for prejudice labeled "Education" may be administered by "Doctor" Cornwell and his eminent staff of trained nurses in such heroic doses that in time even the good-natured old fiat money skeptic may begin to see in the modern banking institution—transacting daily an amount of business without the use of actual money which, if performed by coin or its paper substitute, would make his wildest dreams of "per capita," look like the proverbial "thirty cents"—a real benefit, convenience and necessity to business interests; and then, perchance, "His silver hairs will purchase us a good opinion, and buy men's voices to commend our deeds!"

Public opinion to-day is the predominant, governing influence; it directs all interests, commercial or otherwise; its depression is the voice of the people, its approval the charter of success, its support invaluable.

This is likewise an age of materialism, in which commercial interests often dominate in the settlement of great public questions; influence the destinies of nations, and even threaten to partition territory and to move emperors and kings at will upon the chessboard of diplomacy.

Without considering the questions of sentiment or morals involved in the general strenuous advancement of things mercantile, it is evident that the caprice of

rulers, the differences of religion and race, the lust for mere authority over men, which for centuries have inspired the course of events, are now subserved in great measure to the accumulation of corporeal property; and with commercial interests such an important factor, and public opinion such a puissance in our present civilization, we find antagonism between these components, the people's will. "The manifestation of public interests" looks askance at the growing energy of commercialism, and controversies arise as to methods by which trade and commerce are carried on or expanded.

The bank, being an important complement of trade and commerce, seems to have been selected as the scapegoat upon whose devoted head are unloaded the anathemas of those who have positive ideas upon financial and commercial questions, ranging from the economic policy of adhering to an enlightened monetary standard to the political expediency of combinations of capital.

It would seem only fair that there should be a difference of deduction by the popular mind as to the extent of the bank's responsibility; but it is often the case that the only agreement reached by champions of different financial schools—the devotee at the shrine of government fiat or ardent disciple of sacred ratio—is that in some occult, psychic manner the banks profit through public distress, and that their healthy growth bodes no good to the commonwealth.

Prejudice has been called "The great obstacle to progress." The prejudice against the banking business is not confined altogether to the ignorant, the worthless or the constitutional specialists in philippic, and while more pronounced in certain localities, can yet be called widespread. I do not, by any means, infer that it is universal, representative or increasing, and am glad to believe the majority of intelligent citizens this year of grace and prosperity appreciate the benefits of banks and respect those engaged in the business; but we do not have to seek far in any locality to find traces of a misjudgment which we know to be artificial, wrong and uncalled for.

It is not exaggeration to say there are those in every community who believe the banker a financial despot, whose mandate is potent to cause bankruptcy; who believe the banker chuckles in unholy glee in times of panic and business depression—going forth like a black-winged cormorant to devour the farm, the cottage or the succulent collateral tid-bit. And these same wiseacres picture the banker turning his attention to the national calamity business when the supply of individual victims runs short—buying up the people's representatives in the interest of pernicious legislation, or getting up panics to satisfy the bankers' well-known love of excitement (?), or meeting in conventions, as has been said, to consider what shall be done, who shall be done, and how we shall do them!

Whether the bigotry of a benighted minority is influencing public opinion to further unjust legislation derogatory to banking interests, and as must ever be the consequence, to the injury of the general business interests; or whether the better judgment of the people through education as to the conduct and uses of banking institutions is gaining the ascendancy, is a question of interest and its solution "a consummation devoutly

to be wish't," especially to bankers whose business interests are established in localities where such remarkable financial theories are propagated.

Certainly there is nothing in the history of banking in this country to justify much prejudice. The banks have always been a power for good in the community when honestly managed, and every banker of experience has known sleepless nights trying to work out the salvation of his customer and at the same time fulfill his duty in the preservation of his sacred trust as a public custodian.

The bank merits favorable public opinion in the light of history. The names of patriotic bankers who pledged their all in the cause of freedom and the rights of man for which our forefathers shed their blood are graven in the hearts of true Americans in letters that can never fade. The noble declaration on which the colonists built their hopes and consecrated their lives in the cause of liberty bears the bankers' signature, and its principles to-day bear the bankers' indorsement.

Government bonds, selling at a premium which establishes the credit of our country above any nation of the world; the issues suggested, subscriptions made through and encouraged by bankers of the whole republic in substantial amplitude; a safe currency system; a stable standard; a people progressing in financial knowledge largely through the earnest and untiring efforts of bankers in educating them upon a subject they are well qualified to teach—these are a few answers to distorted public opinion which can hold the banker lacking in civic pride.

The banking institution is the heart of industry, and to its throb responsive, the energy and ingenuity of man is stimulated and the boundless resources of our country made available to mankind; the magic touch of husbandry is rewarded in bounteous store; the eternal hills yield wealth, emoluments to industry and skill, the furnace fires burn brightly, the wheels of traffic turn, the song of prosperity chords with the "busy hum of men," when to that heart untrammelled flows the capital and savings of the community with confidence and trust, to be again projected through the channels of industry to build anew the tissues of commerce.

That banks may gain and hold public approval it is necessary that the men who conduct them should by deed and action be worthy of it. The banker must be something more to his country and his community than a loan agent and a merchant of exchange. He should be of broader calibre; one who can subserve the growing demands of trade and commerce and keep in sympathy with business progress. His training and practice should lead him to understand in times of prosperity the music of traffic; the rumble of wheels, the rasp of the saw, the hum of spindle and melody of anvil; as well as to warn him against inflated values, speculation and the omens of depression and panic. He should be a man of sense, backed by unfailing nerves, as ready to encourage sound enterprise as to turn down the watered stock expert and the genius of boom real estate ventures.

So far as prejudice has its formation in the human instinct which leads certain of the unsuccessful to rail at prosperity of others, there is no remedy, except, perhaps, in a moral regeneration. The banker, though he be only moderately burdened with wealth, or not burdened at all in that respect, must expect to be the target for the "arrows and slings" of those who regard wealth as a crime—so long as some one else has it.

The prejudice of the unsuccessful borrower cannot be altogether remedied, but those individuals not entitled to credit who have been refused it with the simple statement that the bank would not be justified in making the loan are less virulent than those who have been put off with one of the stock excuses. Nine times out of ten the applicant knows it if you qualify your refusal. A good banker is never successful as a prevaricator—his

frank and open countenance should invite trust and his words carry conviction.

Likewise prejudice must exist in some degree while men mistake their calling and engage in banking when they are better qualified for usurers, promoters or speculators—the last named qualification being particularly and justly calculated to bring down the righteous wrath of the public. Banking is not a "get rich quick" profession, and the science of futures, stock margins and gold brick enterprises can be studied only sufficiently to be recognized and avoided. The percentage of those who are not representative and who bring no credit to the profession is fortunately small.

We must recognize the fact that the public has been exercised about the corporations, it being a popular theory that the corporation thrives at the expense of the individual. They have brought the regular scapegoat, the bank, into their antagonism to corporations, hopelessly confused the corporation with the trust and capped the climax by calling the National bank the greatest trust of all. It has been suggested that in view of this any five men in the rural districts owning \$5,000 each can buy a trust—the new currency bill makes them cheap at \$25,000—marked down from fifty.

The chief objection to the National bank has its foundation in the idea that the circulation feature gives these institutions an advantage over other people. It is difficult for many to understand the slight profit in National bank circulation, and while I would not attempt to bring in here the question of bank currency, I firmly believe that when a sound and scientific bank currency is possible, the immense benefits derived from an elastic system will be so apparent that public opinion will approve such issues more readily than the present National bank circulation.

Dignity has had something to do with a mild expression of unfavorable opinion of the banking business. The profession carries with it a certain commercial dignity, and the banker has been referred to as the haughtiest of business men—doing business on other people's money. The banker, naturally, a very busy man, is often inclined to smile at criticism, and, with an air of superior wisdom, knowing the justice of his cause, pass the subject and go ahead making loans or getting his mail off. If possible to conduct the business with just deference to honestly expressed public feeling, that golden returns in increased public esteem can be attained, bankers should be willing to devote time and effort toward that end.

What country banker, for instance, has not heard the honest farmer, of intelligence and integrity, whose note is good to the legal limit, and who personally respects and trusts the banker implicitly, make some reference to the enormously profitable business of banking as compared with returns obtained from tilling the soil? Many a banker has had such a customer, whose profits and wealth would compare favorably with his banking institution, talk to him as if he were a trust magnate. And how do the bankers meet his inference? Why, we smile and smile, many of us, and he may continue to think us "villains still;" change the subject, talk crops or weather, when it would take but a simple explanation, a few statistics, to convince him that bank capital in the aggregate gives only the most moderate returns on the investment.

Whoever heard of a man getting rich at the banking business? I mean starting at the foot of the ladder and acquiring wealth in that manner. It's a nice business after you have accumulated wealth in some other department of commerce, in which to invest surplus capital with safety and fair profit; but did you ever hear of a young man who becomes a millionaire in the approved style, starting life on a farm, studying by the light of a tallow dip, and coming to the city with forty-five cents and a ham sandwich—whoever heard of his going into the

banking business and getting to be a railroad owner? No; he must first accumulate his fortune by sweeping out the office of his future partner at seven dollars a month, and when he is gray headed, gouty and wealthy, then it is time for him to embark in the banking business and dodge missiles hurled by people who do not own bank stock.

To a greater extent this sentiment of prejudice is entirely artificial, and has in substantial measure been caused by those who would seek political preferment by appealing to the passions of the discontented; men who would seize an opportunity to foment the inherent antagonism, deep rooted, in certain individuals toward acquired capital, just as readily as they have been known to open old sores, political or sectional, promoting social strife to attain personal ends, and we need not wonder they can picture the banker a marble hearted coupon clipper, whose profits are wrung from those they are pleased to style the "masses."

Public opinion will still regard the bank as the agent of the money power, and the bank cheerfully assumes the duties of that great trust. It is not the green-eyed dragon of Lombard or Wall Streets, but a power existing in the homes of a people who have by diligence and industry accumulated a competence and invested it in the banks and savings institutions of the country; the people who own the deposits, who are largely interested in the stock of these institutions; people who will demand their savings or wages in money of equal purchasing power commanded when invested or labored for. This is the money power that employs the bank as its agent, and it is not only powerful in capital and influence, but in the expression of public opinion, a power greater than imperial despots wield; a power placed in the hand of the American citizen in this day of the grandest civilization the world has yet seen, as he stands in the ballot booth alone with conscience and his God and registers his honest conviction and will with

"A weapon that comes down as still
As snowflakes fall upon the sod,
But executes the freeman's will
As lightning does the will of God."

The public is rapidly coming to realize that the bank has no designs upon the Government; no diabolical plots for the financial enslavement of the people; but that its interests are identical with the interests of the people; it prospers only when they prosper.

And although public opinion has been busy with the bank ever since the "money question" and the complex problems of coinage were dragged into the political arena, where they do not belong, and the banker, much against his will, forced into prominence as something of an issue himself. Still, bankers have no political axes to grind. As bankers, they belong to no party, but are ever ready to hold the good name and integrity of the Government above all party affiliations when its credit is assailed.

In this day, when our country stands the peer of any world power, a creditor nation whose banking interests, the infallible barometer of business prosperity, indicate such commercial progress that the gold eagle is soon to speak a language that every country can recognize and understand as well as the pound sterling of Great Britain; when the "Old Lady of Threadneedle Street" looks across the Atlantic for gold to strengthen the financial sinews of the British Empire; when Imperial Germany and Mighty Russia follow the sun of commercial supremacy westward to our shores to replenish war chests from our abundant store; the bankers of the Republic, with hope for its progress onward toward the bright and shining star of destiny, proud of its high seat in the world's congress as the arbiter of nations, will continue to fulfill their duty, help maintain the credit, and further the prosperity of their country, and, with patience, await the reward of popular approval.

The Internal Revenue Law.

BY GENERAL ALFRED C. BARNES, President Astor Place Bank, New York City

Mr. President:

Taxation is a necessary function of government. Perhaps it should be borne proportionately by those who have made taxation inevitable and those who expect to derive the most benefit from the expenditure of the revenue. Most of our present bank taxes originated in the Spanish War of 1898, when our people, frenzied by the loss of the Maine, overran the earth with hollow ships and marching armies. Now we must pay the piper who furnished the field music for that great Anabasis. If you ask me who is responsible for the war and its consequences, I answer, the American people. And who will reap the most advantage from its successful conduct? The reply is again, the American people.

To provide for this unusual expense, our comfortable Government, which had enough and to spare under old conditions, enacted the war revenue law of 1898. This law seeks to take tithes on capital at rest and tolls on capital in motion. It is very ingenious and inquisitive. It searches the corners of every mart and brings many hidden things to light. If in the multitude of your possessions, gentlemen, there is anything you have overlooked or mislaid, the tax collector will find it for you, whether you acknowledge his services or not.

Of course, banks are always a shining mark when the arrows of assessment are flying. The assessors take the famous advice which the gather gave his son, "if you want money, go where money is." It makes no difference that we are not the owners but only the custodians of wealth. Our incorruptibility, impervious to temptation, makes us fit for our posts, and—keeps us poor! The

difference between the fabled Tantalus and ourselves is that he could not reach the tempting treasures dangling before his vision, whereas we can, but we will not. Therefore we suffer not only the pains of Tantalus but the additional agony of resistance to temptation.

Without attempting a close and serious analysis of the Revenue Law, I remark that the banks contribute to the country's war fund in two ways; first, directly, in the form of the two mill rate on capital and surplus. A wise and learned Attorney-General decided last spring that "surplus" does not include "undivided profits." Under this ruling, two banks with precisely the same resources settled as follows: One with a million dollars capital, a million dollars surplus and one hundred thousand dollars undivided profit, paid four thousand dollars tax. Its neighbor, with a million dollars capital, one hundred thousand dollars surplus, and a million dollars "undivided profits," paid two thousand two hundred dollars. Each bank should have been taxed four thousand two hundred dollars, and the Government, in these two instances alone, paid or rather forfeited twenty-two hundred dollars for that opinion. The revenue from direct taxation of banks was last year three and a half million dollars, being over three per cent. of all collected under the Act of 1898. Our other tax is indirect, for we pass it along to our customers. The law requires us to stamp all our documents, not only checks, notes and drafts, but powers of attorney, letters of credit, and even notices of protest. The stamps used by banks amount to about five and a half millions of dollars. So the total tax on bank capital and bank transactions aggregates

some nine millions, or nearly nine per cent. of the war revenue.

The Treasury Department of our Government is a great co-operative business concern, in fact a Trust, which those who object to the concentration of business interests have forgotten to denounce. Furthermore, it is a "grinding monopoly." But it does its work well. The Spanish war debt had to be paid. Payment is made by contributions levied upon all the sources of wealth that can be reached, upon the theory that government helps us make money and protects it for us, and consequently is a partner in all our enterprises. The theory is perhaps a little lame, but the practice makes it valid enough. A further theory is that money spent for patriotic purposes comes back again in increased prosperity and so illustrates Nature's eternal law of compensation, which offsets destruction with construction, while restoration follows abstraction.

Political economists insist that taxation is not a system of penalties for the crime of being prosperous. Nevertheless, under its forms, Government does seize our substance and compels us to take in exchange shares in the enlarged business of the Uncle Sam Expansion Company, Unlimited. Now let us see what we have to show so far for our investment in Spanish war futures.

The first item is a heavy introduction to the debit account. We will call it the Woe of War—made up of the waste of young life, the sorrow and hardship of our best and brightest, the lament of Rachel weeping for her children, the destruction of property and values wherever the war chariots roam, the awful curse of "man's inhumanity to man."

Second item in the account—The Glory of Conquest. At this magic word Glory, every American forgets his sacrifices of blood and treasure. Surely our horn has been exalted among the nations. The rude republic this side of the seas was held in slight esteem among the so-called Powers and their peoples, as every traveler knows. They thought us uncouth and self-centered, cowardly money grubbers. Now that with two or three swift blows we have humbled the oldest and proudest of them, their manners are much improved. Henceforth in all world affairs the United States is a potent factor to be reckoned with. In fact, our permission must be asked and obtained for every future international episode that develops in the march of history. So much to the credit of our investment in the Spanish war.

Third item: The Philanthropy of Power. As a missionary enterprise the war proved successful. Nine millions of darkened minds have been rescued from error and as many suffering bodies from oppression. The contributions of the charitable through their churches could make but slight impression on this dense mass of ignorance, but the mailed hand of power in a flash sweeps every heathen of them all within the pale of civilization, whence they will be permitted to go out no more forever. The schools on the Philippine hillsides, the churches on the savannahs of Cuba, bear witness. So the banks should certainly not begrudge what they have been able to do for foreign missions.

Fourth: Expansion of Territory. This is a familiar slogan at the present time. What does it mean to us? Well, few would be able to agree on that point until after election. To me it means that we have added to our possessions a very handsome inventory of islands and a vast population. Three years ago we were a solitary, isolated, almost hermit nation, confined within our own continental boundaries, our flag unknown or disrespected upon the seas, our foreign influence inappreciable. To-day we are a world power, with sentinel stations dotting the hemispheres and tributary peoples looking to us for all we can give them. The phrase "tributary peoples" is uttered with bated breath, for the fear of the anti-imperialist is abroad in the land—but that is just

what they are—for their own good as well as for ours. Are we not ourselves tributaries, we bankers—did not we pay tribute for the Spanish war? The new Americans will also pay tribute, not as enslaved tribes, but tribute of gratitude as emancipated peoples—involuntary tribute of taxes like ourselves, and voluntary tribute of trade and exchange, increasing as their civilized wants increase, until the expense of the Spanish war will come back a thousand-fold into our patriotic pockets.

Now we are prepared to review the Spanish war account and strike a balance. Debit items: Human suffering and money cost. Credit items: The glory of our country, the redemption of down-trodden peoples, the revenues of the opulent East. Now if the Celestial book-keeper will kindly offset the distress of war with the opening of closed lands to the light of the Gospel—matters which are out of our province—we can readily see how new trade will wipe out the expense and leave us the splendid satisfaction of triumph for our glorious country as a net undimmed profit from the Spanish war.

The country has bravely borne its burden and the banks their full share of it; but there is a time to be taxed and a time to quit. Do you realize that we are still under the full drain of war taxation, though the war ceased two years ago? True, a large and costly armed force is necessary to guard the new possessions and suppress the insurgent element. Probably we shall never be able to return to the modest old military and naval establishment. Then, too, there is that little affair in China. Don't you suppose we will have to take a slice when that great pie is cut, notwithstanding all our disclaimers? We may have to do it if only to defray our expenses there incurred.

But in time every fertile province to which we take title will pay for its own administration, as well as for the war which shook it into our basket. Why then should we taxpayers part with our good four and five per cent. money toward a debt insignificant in itself, when the Government can borrow at two per cent. and redeem its war bonds eventually from the revenues of the provinces?

Before it was foreseen that we would have any provinces, the Ways and Means Committee of the House of Representatives, in reporting the war revenue bill, explicitly stated that it was their proposition "when the war is over to cut out the war taxes and pay the bonds as we paid the bonds of the Civil War out of the usual and ordinary taxes."

Well, the war is over, and what are we doing? Just busy increasing the Government hoards by pouring in enormous sums which lie idle in the treasury.

During the last fiscal year, ending June 30, 1900, the national revenue exceeded the expenditures eighty millions of dollars. The income from all sources was five hundred and sixty-seven millions, of which only one hundred and five millions was collected under the revenue act of 1898. We expended for the Army and Navy one hundred and ninety millions, being one hundred millions less than during the previous fiscal year, which goes to show that the additional income from the war revenue act is already superfluous, and that its prompt repeal is in order.

As a body of peaceful men, representing the substance of prosperity, we are assembled in the capital of the late Confederacy, redolent with memories of our most lamentable war. What more appropriate place to weave a spell that may exorcise the fumes of powder once more from our financial system? The "man behind the gun" must have his little hour, when great principles are at stake which can only be maintained by force. But now he may lie down to rest upon the field of victorious battle while the Red Cross man, the man behind the money, steps over his weary body to apply the balm of unlimited resources to the healing of the nation.

Detailed Report of Proceedings.

TWENTY-SIXTH ANNUAL CONVENTION, HELD AT RICHMOND, OCTOBER 2d, 3d and 4th.

FIRST DAY'S PROCEEDINGS.

Tuesday, October 2d, 1900.

The President: The hour of 10 o'clock having arrived, by virtue of the authority of my office I declare the Twenty-sixth Annual Convention of the American Bankers' Association now in session and ready for business. The Divine blessing will now be asked by the Rev. Carey E. Morgan, of this city.

PRAYER.

Let us pray. Almighty God, Most High, ever to be adored, we praise Thee, we honor Thee, and we would laud and magnify Thy holy name, Father, Son and Holy Spirit. We thank Thee that Thou has brought this company from every part of this great land of Thine and ours without serious accident or fatality.

After the pleasures and the business of these sessions are ended, we pray Thee that all our guests may be brought safely back to their homes, and may the Lord watch between them and their loved ones while they are absent the one from the other.

Behold Thou hast brought the ends of the world together. Thou hast ordained that the whole world shall be one neighborhood. With railroads and steamships Thou hast tightened the girth of the earth and compressed it. Thou hast made of great distances only a Sabbath Day's journey. May we adjust to this purpose of Thine, and as Thy love is universal, so may our sympathies be; and, as in Thy love there is neither North nor South, nor East nor West, so may it be in our loyalty and devotion and fraternity.

Our hearts leap within us, dear Father, when we remember this company brought from every section of our common country, uniting fraternity with good will, supreme. May it ever be so.

Help these and those whom they represent to remember what great power Thou hast committed to their hands. May this power be exercised cautiously, kindly, generously and according to the standards of Jesus Christ. May we all remember that we are all Thy stewards; that what we have is Thine; that we are Thine; that we are but the stewards of Thy manifold grace and beneficence; that the cattle on the thousand hills are Thine; that Thou dost hold the whole of the world in Thy Hand. May we administer on Thy grace and beneficence graciously.

We are glad to remember how Thou hast touched the hearts of men, and women, too, to whom Thou hast committed the power of wealth, and how there has sprung up all over this land and all over the world institutions of learning, great philanthropic enterprises and institutions, homes for the homeless, clothing for the naked, food for the hungry.

Oh, do Thou yet smite the Rock, that streams of beneficence may flow in a mighty current.

Grant Thy blessing to our brother, the President of the United States. May wisdom be in the councils of his cabinet. Bless the Senate of the United States and the House of Representatives. Bless our brother, the honored President of this Association, the Governor of our old Commonwealth, the State officers, the Senate and House of Delegates, the Judges of our Courts, all to whom the law is committed. Bless the people of the State and of this city. Bless these, our guests. Bless the whole nation. May the rights of the individuals in the States be safeguarded in our national councils. We humbly beseech Thee to bless our friend and brother who is to preside over these sessions. Direct him and all who shall assist him. May this be a memorable meeting, and one which shall bring not only joy to the delegates and their friends, but which shall bring practical good to these great institutions of power and the whole nation. We ask it all in Christ's name. Amen.

The President: The next business in order is the roll call. Unless there is objection, that will be dispensed with.

The next business in order is the address of welcome to the State of Virginia by Governor J. Hoge Tyler. Is he in the building? As he is not, we will listen to the address of welcome to the city of Richmond by His Honor, Hon. Richard M. Taylor. [Applause.]

Address of Welcome by Mayor Richard M. Taylor, of Richmond, Va.

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

I greet you to-day with words of welcome which

carry the heartfelt desires of our people that your gathering in our city may be profitable and pleasant.

The wheel of progress finds its impetus in the monetary conditions which feed it, and your assembling for discussion of the best means to promote that interest excites in our minds the happiest thoughts for a proper solution of the problem.

You will not expect me, however, to enter into a discussion of the financial problem. My desire is to extend to you a heartfelt and cordial welcome to our city. Happily we find honored officers of your association in the persons of our native born former fellow citizens, Mr. Walker Hill and Col. James R. Branch. You have honored us in honoring them, and Richmond with outstretched arms welcomes them and their friends to their old home.

You are surrounded by our substantial and influential fellow citizens, who will gladly show their appreciation of your choice in the selection of this city for this annual gathering by doing their utmost to make your visit pleasant.

As Mayor, I present you the freedom of the city.

The President: The next business in order is the address of welcome by Mr. Virginius Newton, President of the Richmond Clearing House Association and President of the First National Bank of Richmond, Va. Mr. Newton took unto himself a wife a few days ago, so Col. John B. Purcell, Vice-President of the First National Bank of this city, will read his address.

Col. John B. Purcell: Mr. President, Ladies and Gentlemen: Inasmuch as our worthy President has made the announcement, it would be unnecessary for me to apologize for the absence of the honored President of our Clearing House Association. The large number of ladies in this audience, I am satisfied, would throw a preponderating vote excusing Mr. Newton for his absence. But I feel that some explanation should be made why I should be called upon to read his address. Let me say that Mr. Newton's entrance into the marriage state was very sudden, so sudden that it gave no time for any one to prepare an address in his stead. In fact, as surprising as this is to you, it was not less surprising to us. Mr. Newton's marriage was an elopement so far as we are concerned [laughter], and he has left nothing behind but these few remarks, which I am requested to read. Let me say that I have been selected, probably, to do this because I have *vox et praeterea nihil*.

Address of Welcome by Virginius Newton, President Richmond Clearing House Association.

Mr. President and Members of the American Bankers' Association:

It is a pleasing and most honorable function to bid you welcome to our city in the name of its Banking Association.

One old enough to have borne his part in the momentous days of our Civil War—when the new birth of this Nation passed through convulsive throes, more crucial than in any epoch of its checkered life—yet young enough to recall, with vividness, the heroic and strenuous play of vital forces, now happily tempered by the silent, ceaseless touch of time, may but regard this day as one of the most conspicuous in the kalends of the capital of the late Confederacy.

We greet distinguished representatives from every State of this Union, whose touch upon the credit pulse of the Nation is the gauge of its commercial and industrial life; whose presence indicates that unity of interest—unity of purpose—unity of allegiance—which makes the promise and gives the fruition of that consumma-

tion hoped for, "an indissoluble union of indestructible States."

Risen from the depths of a day of desolation—girded afresh with a new vigor—illumined by experience—sustained by the bright promise of the future—we voice with a reverence befitting the sublime sentiment, "Our Country—whether bounded by the St. John's and the Sabine, or however otherwise bounded or described—and be the measurements more or less—still Our Country—to be cherished in all our hearts; to be defended by all our hands."

"Thus the whirligig of time brings in his revenges," and we behold a most conspicuous body of men, representative of every State of the Union, holding its twenty-sixth annual session in the capital of the Old Dominion; presided over by a president, and grooved by a secretary, both "to the manner born."

Potential as you have been in directing the thought and the intelligence of the nation to sound views of finance, and in framing and urging measures for adoption by our National Legislature, your labors are but begun, and strenuous effort is yet the talisman by which you may achieve success.

The promise of the Republican party to this country of such legislation as would insure to us a sound currency takes shape, after near four years of weary waiting, in the act of March 14th, 1900. This law, as originally drafted in the lower House of Congress, carried features wise and beneficent, all of which were either struck out or so modified by the Senate as to make abortive the whole scheme of a more stable currency.

We are aware that the Honorable Secretary of the Treasury has sought to minimize the criticism leveled at this abortion of compromise, yet his warmest partisans may gather no higher assurance from his views than the hope that we have no cause for fear so long as one partial to gold, or of his sound financial views, administers the office of the Secretary of the Treasury.

It is an open secret that we are no more committed to a gold basis now than before the passage of the act; that every bond of the Government, save the 2 per cents. of 1898, is payable in coin, gold or silver; that private contracts, without a special agreement to pay in gold, are payable in silver; that our silver currency will be increased by some forty-five millions, and we shall have, in all, some five hundred and eighty millions of silver, worth 47 cents in the dollar, to keep at a parity with gold; and not a scintilla of authority for a gold reserve to maintain this parity, as the whole machinery of the gold reserve, and the sale of bonds, is solely applicable to the protection of United States notes and Treasury notes of 1890; that the demand of the country for a more elastic bank currency is postponed for decades, and that the United States notes are to continue a permanent part of our circulation.

The sole benefit we gain from this act is the separation of the Issue and Redemption Department from the general Treasury funds, and the privilege to fund all bonds, except the 4 per cents. of 1925, into a 2 per cent. bond, payable specifically in gold.

I may not forget that I speak to the survivors of twenty-five banquets and twenty-five welcome addresses. Let me remember, therefore, that as

"We pray for mercy,

That same prayer doth teach us all to render
The deeds of mercy."

My office is merely to bid you welcome. When spoken from the heart, in old Virginia fashion, it needs neither definition nor refinement; to do so would make me guilty of that "wasteful and ridiculous excess" which the poet characterizes as the attempt

"To gild refined gold, to paint the lily,
To throw a perfume on the violet,
To smooth the ice, or add another hue
Unto the rainbow."

Rather let me say, in the words of the same master mind,

"Sirs! you are very welcome to our house:
It must appear in other ways than words,
Therefore I scant this breathing courtesy."

The President: I see on the floor of the Convention the Honorable Ellis H. Roberts, Treasurer of the United States. I would like to invite him to the platform. [Applause.] All members of the Executive Council and all Vice-Presidents for the States are invited also to the platform.

The President: The next business in order is the address of your President.

Annual Address of President Walker Hill.

Your Excellency, Your Honor, Mr. President, Ladies and Gentlemen, and Gentlemen of the American Bankers' Association:

It is difficult for me to assume the role of a guest in this, the beautiful Capital City of Virginia, where I was born and reared and spent the first ten years of my manhood, and served an apprenticeship at banking in all positions from collector to cashier.

With my knowledge of the people of Richmond I feel assured that we will receive from all sides most courteous and cordial attention, and no effort will be spared to make the visit to this city of every member of this Association an event in his life.

A sweet singer thus beautifully describes the love of her children for Richmond and their pride in her glories, and the noble achievements of the sons of Virginia in her cause and in the service of our common country, though fate may carry them, as it has me, far from her borders, there to finish, it may be, such of the span of life as may remain to them. Listen!

"Richmond, loved city of my earlier days,
And cherished still in memory's tender mood,
No son of thine but proudly sings thy praise,
And feels his love by thought of thee renewed;
Pride of the Old Dominion in her pride,
Home of the statesman and the cavalier,
However far my paths may lead, and wide,
Still is thy glory to my spirit dear.

"Historic Richmond, sacred to the name
Of the lost cause, its faithful citadel,
No nobler tale lives in the book of fame
Than how brave Richmond fought, and starved, and fell;
The august shade of the illustrious Lee
Dwells in thy air, and dreaming eyes may view
His ragged army that defended thee
Again stand forth—the Gray against the Blue.

"And when, the Gray and Blue in union bound,
Their sons went forth to battle with Spain,
Another Lee of Virginia swift was found,
The beloved Fitzhugh—to prove the patriot strain;
Dauntless he stood against the Spaniard's hate,
Fearless, with treachery on every hand,
Defender of his country's consulate,
Guarding the standard of his native land.

"Dear Richmond, these the thoughts that stir the soul
Of thy proud sons who see thee now arrayed
In peaceful beauty where the thunder roll
Of battle once its dreadful music made;
Live in the glory of thy splendid past,
And in thy greater glory yet to be,
Loved City of the South, while life shall last,
My heart—a son's heart, Richmond—beats for thee."

Because of the character of its people, its commercial importance, and its historic fame, I am confident that all will commend the choice which has brought us together in the city before which those mighty captains, Lee and Grant, fought their peerless armies in the greatest war of modern times, as thereby we may be reminded of that which we should not forget, especially in this campaign year, that a Grant and a Lee now wear the same uniform, and that the latest addition to the battle ships of the United States bears the name of a State in which was located the first capital of the Confederacy, a name made famous in naval annals by the cruiser which drove American commerce from the seas, and which was sunk off the coast of France by the Kearsarge on a beautiful Sunday morning in June of 1864. That which re clothed a Lee in blue and placed an Alabama amongst the warships of the United States,

evidencing, as it happily does, that we are again, and more than ever before, one people, has brought its burdens. I will not call them the "White Man's Burdens," but they are ours, and we must bear them one way or another, though just how we should bear them I do not propose to discuss, but it is altogether proper that I should call your attention to some features of conditions resulting from the late war with Spain, and the foreign policy of our country during the past eight or nine years, that must affect more or less directly a large number of the members of this Association. Our flag has been carried into distant parts of the world; how long it will fly in those parts, and just what it will there represent, no one can now say, but this may be safely said: We have broken our commercial shell and the trade of our country will never again be pushed back within the confines of the United States. This new condition the bankers of the country must meet, for they are the custodians of the money of the country, and if they do not use intelligently and to the best advantage its medium of exchange, others, foreigners, will reap rewards that should be ours; for rest assured that we will not be permitted to long do awkwardly, slowly and expensively what can be better done by others. Excellence of service will be demanded of us, and therefore we must educate ourselves in the commerce of the world. We must acquaint ourselves with the character of the people and the countries to which our trade reaches. We must know what these people produce and what they consume, and the routes by which they can be reached most quickly and most cheaply, and we must inform ourselves of the chief features of their commercial laws. But we need more than this knowledge of these people, their countries, commerce and laws if we are to dominate their trade and be their bankers. To do these things we need a currency of stable value. No one will buy drafts upon us, or deposit their money with us if these drafts, and their credits, represent doubtful and changing values, while a competitor nation offers a currency which does not shrink and is measured at all times by an unchanging standard. It is no answer to say that payment in gold, if that is the standard desired, can be secured by private contract. The very fact that it requires a special contract to secure it is a declaration that the general law does not afford the protection desired. But furthermore, it is not, as a practical proposition, possible to entirely safeguard one's self against the uncertainties of variable currency through private contracts. The evils at home of such currency are bad enough, but in foreign commerce they are possibly worse, and will prevent any people who are dependent on such money from banking for those who can avoid them. Free choice will rarely bring them customers, though necessity may furnish them victims.

I think that all the members of this Association will agree with me that a variable standard of value is to be deplored and avoided if possible, though we may not agree as to what would constitute such a standard and how it could be best avoided. Furthermore, few dispute the proposition that gold is the most unvarying money standard, though some contend that it is not the only or best standard to be had. Mr. Bryan says he first desires to preserve "greenbacks" from legislative destruction, and that he will then consider whether they should ever be paid, and if so, how. I would firmly establish gold as the only standard money of this country, as the past and present both teach that it is the best standard. I am always in favor of improvement, but I do not believe that everything so called is properly named.

Since our last meeting a step—though not as long a one as I had hoped for—has been taken toward fixing gold in the monetary scheme of this country. I refer, of course, to the Act of Congress approved March 14, 1900. It authorizes an increase in the national bank circulation, and leaves undisturbed our ten different kinds of money, and it should, therefore, not offend, though it

may not satisfy, the monetary expansionist. This action leaves the standard silver dollar a legal tender to any amount in payment of all debts, public and private, except where otherwise expressly stipulated by contract. It provides that nothing in it shall be construed to affect the legal tender qualities "as now provided by law, of the silver dollar, or of any other money coined or issued by the United States." Therefore, all private contracts merely providing for the payment of "dollars" can still be discharged by the payment of silver dollars, Sherman certificates, and greenbacks—that is, it has not affected the standard of private contracts. It has, however, provided that something over \$839,000,000 out of about \$1,026,000,000 of Government bonds bearing 3, 4 and 5 per cent. interest, and payable in "coin," may be re-funded into 2 per cent. gold bonds. That is, to be assured of gold in payment of the interest and principal of these bonds, they must be readjusted, as it were, into 2 per cent. obligations on a 16 to 1 or 50 per cent. basis, as you may say, so far as interest is concerned. In other words, the act declares that "coin" in the bonds referred to shall mean "gold," if the holder will accept in exchange for his present 3, 4 and 5 per cent. bonds, others bearing, on the average, less than half the interest he is now receiving, and if he will not accept such readjusted bonds he may still be paid, both as to principal and interest, in silver. There still remains unfunded into these 2 per cent. bonds about \$550,000,000 of the \$839,000,000 that may be exchanged for 2 per cent. "gold" bonds. Having provided for the possible issue of \$839,000,000 of gold bonds, common prudence demanded that our gold reserve should be strengthened, and this the act has done, but it falls far short of establishing the gold standard in this country, and does not secure it against the policy of a President or Secretary of the Treasury hostile to gold. The passage of this act means, in my judgment, one thing which we should realize if we would understand the sentiment of this country on the question of currency legislation, and that is, that there is no hope in the near future, if at all in the lifetime of this generation, of any elaborate currency enactment along the lines of the "Baltimore Plan" or any other which contemplates the issue of money by the banks. Before we can hope for any legislation of that kind the people at large, the masses, must be made to understand the necessity of it, and the justice and wisdom of its specific provisions. And I care not how the value of this bank money may be secured, nor how fair may be the compensation paid by the banks for the privilege, it will be difficult work, and take a long time to persuade the people that the bankers are not getting an undue advantage and profit through their right to issue money. The unreasonable hostility with which so many people still view the right of national banks in this respect should convince the most sanguine of how almost hopeless will be the task of reconciling the people to anything worth attempting of the kind under consideration. And is anything along these lines worth attempting? Everything of the kind which has been suggested involves a greater or less abandonment of the most essential features of true or redemption money—namely: Intrinsic and fixed value. And the closer we keep to true money and the fewer substitutes for it we have, the better. The industry, capacity, commerce and wealth of the people are all proper elements of their credit; but credit, which means after all hope, relief, expectancy, should be eliminated as far as possible from money. For a thousand years before coins were invented money passed by weight alone, and during that period the only confidence needed with respect to it was as to the purity of the metal, which was weighed out before him to whom it was paid. Therefore, nothing but necessity should induce the adoption or emission of representative money. Its very name shows that it is a substitute for something which is conceded to be better than the substitute.

That there may at times, and in places, be need for

more money than is there and then to be had, does not, by any means, show a need which justifies the issue of representative money. The hoarding of money because of a widespread belief in its scarcity, or in a time of panic, will often reduce the amount in active circulation below the temporary needs of the community. Mr. Trenchholm in his work, "The People's Money," says that even through governmental efforts no community ever retains for any length of time a greater volume of circulation than will suffice for its ordinary needs, and that no amount of money emitted by the Government can avert periods of scarcity. In his judgment, the greatest safeguard against scarcity in a circulating medium lies in extending the area and population subject to the monetary system. He says: "Periods of stringency are less likely to occur in proportion as the area and population under one monetary system become enlarged, and hence it may be inferred that if the whole world were under a uniform system such occurrences would be reduced to a minimum, if they were not rendered impossible."

This brings me to a suggestion I would make in this connection. We may not be able to bring all the world to adopt our system of money, but may we not induce most of the people of this hemisphere to adopt it? Hayti has already made our gold dollar its standard of value, and its action may be the entering wedge whereby the gold dollar of the United States will become in express terms the standard of every country in the three Americas. All of them except some of the English possessions use the decimal system, and our money nomenclature is practically that of the Western Hemisphere, or is, at least, familiar to most of its people.

Let this Association take up as an important part of its work the task of procuring the adoption of the gold dollar of the United States as the standard of value throughout all the Americas. The mention of a future work of this Association naturally brings to mind the work it has done since our last meeting. What has been accomplished will appear from the reports of the several committees and of our Secretary and our Treasurer. I will not attempt to anticipate what these reports will disclose, but I cannot refrain from saying that too much credit for the flourishing condition of the Association cannot be given to its Secretary, Col. James R. Branch. He is honest, painstaking, intelligent, and has an eye always for the good of the Association.

In concluding, I would remind the members that this is a voluntary organization without legal means for coercing our members, or others, to measures that a majority of us may deem ever so advisable. We can only persuade, and heretofore we have never attempted to govern in any other manner, and have wisely forbore from going into the details of banking and endeavoring to secure uniformity in matters concerning which there must, from the very nature of things, be much diversity of interest and judgment. If a contrary policy were possible the present is an especially inopportune time for its adoption, when combinations by capital are viewed with so much disfavor by the masses.

That some of the leaders of the people should find it to their advantage to decry the patriotism of bankers is, I am sure, a source of regret to all the members of this Association; but I may venture to say, without fear of successful contradiction, that no other single class of men are so dependent on "good times" as bankers, and none do more to make times good or stand more bravely in the breach and sacrifice more to stem a panic and avert the untold evils that follow in its trail, than bankers. And no one class of men, from the days of Robert Morris to the present time, have made more personal sacrifices and ventured their fortunes more freely for their country than American bankers; and yet some who must know this hesitate not to induce many to believe that bankers are the enemies of their country. Let us hope that the ever-increasing intelligence of the people will soon make them impervious to such unjustifiable

misrepresentation and such unmitigated demagoguery as now misleads them to the injury of their most important interests. Let us, the bankers of the country, in the meantime go steadily along the pathway that conservative but progressive commercial methods marks out for us, working in the future, as we have in the past, for the prosperity of the people in times of peace and the honor and safety of our country in the troublous times of war, which, let us pray, may not come upon us again in our generation.

The President: I understand that Governor J. Hoge Tyler is now in the house. We would be glad to hear from the Governor. He is to extend the address of welcome to the State of Virginia.

Address of Welcome by Governor J. Hoge Tyler of Virginia.

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

It is said that the first time that Mark Twain got into the presence of President Grant, with faltering, trembling and hesitating steps, he nervously handed out his hand, or extended his hand, and said to him: "Mr. President, I am embarrassed. How do you feel, sir?" [Laughter.] I confess, my friends, that I feel embarrassed on this occasion, not only at being in the distinguished presence of the ablest financiers of this country, but before so many bright faces of beautiful women. But I received a shock to my nervous system as I came through the corridors of the hotel, trying to get to this stand a few moments ago. A man came up to me and took me for a banker. [Laughter.] He tried to sell me a box of "intment," as he called it, which he said was guaranteed to cure rheumatism in twenty-four hours. [Laughter.] While I have no objection to being considered a banker, and I don't know that I would seriously object to being a banker, yet if rheumatism is one of the complaints and a tin box of "intment" has to be bought when I haven't got a nickel to buy it with, I would most seriously enter my protest.

It gives me sincere pleasure to extend to you on behalf of the people of Virginia a most cordial welcome to our State and city. It is peculiarly appropriate that this great Association of representative men, coming as you do from all sections of our great country, should hold its first session in the South here in Richmond. So many memorials of a historic nature connected with our nation's birth and growth are clustered around this old capital that strangers are prone to believe that we are altogether sentimentalists, and I am glad to welcome this great body of American business men to our midst that they may bear testimony to the fact that we are beginning to realize the importance and necessity for industrial advancement. This magnificent edifice in which we are assembled to-day, our great locomotive works, our shipyards and other industries that will be shown you, all the product of Southern enterprise and Southern capital, bear strong testimony to the truth of this statement. We would not have you think we have lost all our sentimentality, for we have not; the glorious memories of the past are the mainsprings to stimulate present ambition and inspire future greatness. Sentiment is the soul of man that softens the burden of the practical. It was a sentiment breathed from the lips of Patrick Henry, on one of the seven hills of this grand historic city, that made possible this assemblage of representatives of America's financial greatness. We owe too much to sentiment to forget it, but we realize that we cannot live on it alone. We are glad to have you, gentlemen, representatives of the practical side of life, come among us and help build up this great and glorious section of our country. So that, if we cannot all have sentiment in common, we can all have interests in common. Let us add to the tie of sentiment the band of commercial unity, to bind together in closer ties than ever the States of this great Union and again make it what it was in the early days, so that an attack on Massachusetts was an attack on all, and from every section came men ready to lay

down their lives in her defense. The South stands with open arms to greet you, and her undeveloped resources offer rich fields for your investments and your labors.

The bank and the banker form the common meeting place for the energies and enterprises of the people. They constitute a common reservoir, into which empty the thousand streams of human thrift and ingenuity, and out of which are drawn the irrigating and sustaining currents of capital for carrying on exchanges and trades among men and for developing the latent powers of nature. The banker is the most trusted of all men, and, in turn, he must, perforce, maintain the greatest faith in others. He must needs be a profound student of human nature, and, above all, sagacious in the affairs of men. If all men bring to bear upon him as much pressure as I have known, at times, his normal condition must be a thousand pounds to the square inch of surface. If there are any weak or unsound timbers in him they are to be revealed. He has, I imagine, his troubles, like the rest of us, troubles that arise from inability to extend favors, to succor the embarrassed, and at the same time maintain his sacred obligation to the trust funds committed to his care and honor. I am not one of those so shallow in the philosophy of this life as to think that a man, because he handles money every day, and who sits where all waves meet, and where the trade currents ebb and flow with the tides, is, therefore, necessarily blessed among men and sips his lips from a brimming cup. Care, troubles, responsibility are as common to us all as the encasing air that we breathe. And if there is one distinctive class of men who should have a welcome to their work that is full of intelligent sympathy, that class is the Bankers' Association of America. Your opportunities are great; your responsibilities are correspondingly so. The American statutes creating the system under which you work may be vicious and filled with inequalities and injustices, but we all select our individual bankers because of their known probity, their trained business methods and never failing, never lagging courtesy and consideration. Of course evil men creep into your occupation and bring a reproach upon you all. But what profession is free from this? I have heard of such men even getting into politics. And I want to say right here, if there were as rigid penal statutes surrounding the holding of public office and covering the abuse of the same as now surround the bank and the banker, the Canadian colony of escaped politicians would far exceed that of fugitive cashiers. There would be a mighty exodus over the border every few years.

But I am drifting from my welcome. I want to say to you that I have been so used to looking at bankers through iron gratings that it is a refreshing sight to see you all sitting here with this unapproachable veil lifted from your faces. I am beginning to feel that after all you are men who can be trusted to walk out of your cages into the warm glow of the sunlight and into balmy good fellowship. And now, while I have you here, and when no suspicion of wanting to get a note discounted can possibly attach to me, I believe I will speak my mind on one or two subjects. In the first place, you have heard of that word *collateral*. Well, my friends, its meaning needs to be enlarged. It usually means, in all our American cities, the securities that are listed on the Stock Exchange; and, unless a man can present to the great Trust Companies, Savings Banks and National Banks these so-called "listed" securities, he is unable to borrow from them. Who lists these securities? The company of men who do this are themselves usually large holders of these listed securities, and are, therefore, little inclined to enlarge the limits of this favored circle. You may have lands and houses and cattle, manufacturing plants, municipal bonds and a hundred kinds of property, whose interest earning capacity is assured, yet you cannot tap with ever so small a pipe these great reservoirs. Even the small country banks themselves cannot provide the right sort of collateral and so rediscount their notes.

A better system ought to prevail. A man is not discontented with our American system because it will not lend its money on worthless and precarious risks; he is not discontented because you refuse to go into speculations of a doubtful issue; but he is discontented because so many men with income bringing property cannot always be accommodated with a loan upon it; not these "call" loans which will allow you, on a moment's notice, to dump the securities on the market whenever a panicky tremor runs through the "street," but time loans, when a man can prepare to meet them, both principal and interest, and pay you back the money that he has borrowed. A better system should be devised, either through branch banks or bureaus of information, or a closer union and inspection should be made among the different banks of the different States, so that a surplus in one could help to make up a deficit in another. City methods can never be applied to country ways.

If you will pardon me I will illustrate here by an anecdote which, I confess, I have used more than once on the stump.

Soon after the war, when banking rates, or discount rates, were high, an old country friend in one of our Southwest counties, a farmer, went to the bank to secure a loan of \$1,000 for five years. Of course this made the man behind the grating open his eyes and look at him with wonder and astonishment; and he was told that they could not make provision for such a loan as that unless they had the most absolutely satisfactory collateral that could be obtained. The old fellow says, "Collat what?" "Collateral," he says. "Well, what is that?" He went on to describe the stocks and bonds and securities. The old fellow says, "Well, if I had those things I wouldn't want any money." [Laughter.] "They are better than money," he says. "Well," says the bank man, "you can't get it unless you succeed in getting some of those collaterals; and then we might discount your note."

Well, to make a long story short, the old fellow succeeded in getting some collaterals and in getting some personal indorsements, and in getting his own name upon the paper and his wife's, and got mortgages and everything he had. He came and dumped his collaterals down on the desk, and they were satisfactory. And the cashier made out his note for him for \$1,000 and told him to sign it, which he did. He signed it and pushed it in to him; and then the cashier counted him out \$287.52. [Laughter.] The old fellow says "Come on." [Laughter.] "No, sir," says the cashier; "that is all you can get on a \$1,000 note for five years at our present rate of discount." "Dis what?" he says. "Discount. That is all you can get." "What do you mean?" says the farmer. "Why," he says, "we take off the discount for the first four months and the next four months and so on, and then, at the end of five years your note will only make \$287.52." The old fellow grabbed his note and said, "Give me my note, quick. I am glad I didn't ask you to lend me that money for ten years; you would have brought me in debt. I would have had to pay you something for asking you to lend it to me." [Great laughter and applause.]

Such illustrations as this show the general condition of the South at that time.

After the Civil War the South was a noble stretch of territory, stripped of all semblance of money. It had brains and energy, but no money; and this leads me to say that the basis for token or credit money, for the issuing of circulating notes, should be made broader and more liberal. To get the means with which to start new business and new enterprises and repair the waste places the men of the South had to travel hundreds of miles to Northern cities, and, when there, almost beg on their knees for credit. How quickly the work of restoration could have been done if the bonds of the several Southern States had been made the basis of credit money and bank notes, if the lands of the South could have been promptly mortgaged for operating capital.

Surely a plan can be devised by this company of men to provide more liberal banking facilities and a more abundant local currency without jeopardizing the return of the principal or the prompt payment of the interest; and any indisposition to take up this question, or to bring the richness of your experience and the weight of your influence to a happy solution of it, might give just ground for the charge that you are the beneficiaries of an unnecessary distress among the people.

You will notice that I have not said a word about free silver. I do not want to inject into this welcome any unnecessary disturbance, nor have any occasion to call out the police while you are in Richmond.

A little girl came running to her mother in great haste and said, "Mama, tell me quick how to spell *hell!*" Her mother, in great consternation, asked her what use she could possibly have for such a word. The little one replied, "Oh, make haste, mama; tell me quick. I have to spell *hello*; I know how to spell *o*, and I can get it all right if you tell me how to spell *hell.*" Now, we all know how to spell *o*, in all its phases—*o-h* and *o-w-e*—but the other part of your financial system is yet to be spelled; and it remains to be seen who can do it.

Let me again repeat, gentlemen of the Association, we give you a most cordial and hearty welcome to our State and Capital City.

The President: The next business in order is the report of our Secretary, Col. James R. Branch. [Applause.]

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

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

October 1, 1895—	
Paid membership	1,511
Annual dues	12,492
October 1, 1900—	
Paid membership	4,500
Annual dues	61,200

In the past year 234 members were lost through failure, liquidation and withdrawal from the Association, reducing the membership to 3,681. Eight hundred and nineteen members have joined since September 1, 1899, a net gain over last year's total membership of 585.

The roll now embraces 4,500 members whose capital, surplus and undivided profits aggregate	\$1,412,481,466
Combined deposits	5,168,377,728
Total	\$6,580,859,194

This is \$849,299,675 more than the same assets of last year's members. These figures do not include the capital and deposits of 432 members, who are private bankers and make no statements.

Respectfully submitted,
JAS. R. BRANCH, Secretary.

The President: You have heard the report of your Secretary. What will you do with it?

Mr. Frederick Heinz, of Davenport, Ia.: I move it be received and filed.

Seconded.

The President: It is moved and seconded that the report be received and filed. All in favor of the motion will say aye; opposed, no. It is carried.

The President: The next business in order is the report of our Treasurer, Mr. George M. Reynolds, Cashier of the Continental National Bank of Chicago. [Applause.]

Report of the Treasurer, Mr. George M. Reynolds.

CHICAGO, ILL., September 1, 1900.

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., September 1, 1899:

DISBURSEMENTS.

Transferred to standing protective account.....	\$25,000.00	
Proceedings 1899.....	2,535.52	
Postage and express charges for distributing proceedings.....	676.34	
Circular letters (31,700).....	56.25	
Postage on circular letters from Secretary's office and of various officers of the Association.....	875.42	
Salaries	8,694.44	
20,000 4 per cent. U. S. Reg. Bonds of 1925 at 134%....	\$26,875.00	
Less proceeds of 10,000 U. S. Reg. 3 per cent. Bonds of 1908-18 at 109%....	\$10,900.00	
14,000 U. S. 5 per cent. Bonds of 1904 at 113%.....	15,820.00	26,720.00
Expert Accountant's fee for examination of Secretary's office.....	250.00	
Oscar Unz for arbitrating bill for Bradford Rhodes & Company.....	100.00	
Executive Council meeting, New York, April 26, 1900.....	1,907.77	
Rent	1,452.78	
Postage	478.40	
Petty cash	120.00	
Sundry expenses.....	522.04	
Printing, stationery, etc.....	501.30	
Buttons for Cleveland Convention.....	316.50	
Expenses Committee on Revising the Constitution	46.20	
Expenses of Committee on Uses of Banks..	2,967.85	
Expenses of Credit Department Exhibit and stationery distributed.....	599.47	
Expenses Committee on Express Companies, Bills of Exchange, etc.....	961.10	
Expenses Trust Section	981.13	
Traveling expenses of Secretary.....	77.64	
Rugs for office.....	94.00	
Bonding officers	67.50	
Stenographer's report Cleveland Convention	125.00	\$49,561.65
Vouchers accompanying for the above-mentioned disbursements.		
Drafts (168) charged back account dues for year 1899-1900	2,095.00	
Balance close of business Aug. 31, 1900.....	63,936.34	
		\$115,592.99

RECEIPTS.

September 1st, balance.....	\$52,084.90	
Interest on bonds.....	950.00	
Amount returned by Jas. R. Branch, Secretary, account expenses Cleveland Convention.....	162.89	
Dues from members, 1899-1900—		
70	\$540.20	
1 at \$5.00.....	5.00	
463 at 10.00.....	4,630.00	
148 at 15.00.....	2,220.00	
14 at 20.00.....	280.00	
14 at 30.00.....	420.00	8,095.20
Due from old members paid in advance for 1900-1901—		
480 at \$10.00.....	\$4,800.00	
386 at 15.....	5,790.00	
47 at 20.00.....	940.00	
47 at 30.....	1,410.00	12,940.00
For account of the Continental National Bank of Chicago, Ill., Bills deposited with the National Bank of the Republic, New York, N. Y., for membership dues for the ensuing year (subject to deduction for unpaid bills).....	41,360.00	
Total	\$115,592.99	

STANDING PROTECTIVE ACCOUNT.

Balance on hand September 1st, 1899.....	\$8,940.70
Appropriated by the Executive Council.....	25,000.00
	\$33,940.70
Disbursed to September 1st, as per accompanying vouchers	\$20,522.13
Balance, August 31st, 1900.....	13,418.57
	\$33,940.70

The Treasurer holds for the Association as an investment the following United States bonds:

\$20,000 par value four per cent. registered bonds of 1925.

Respectfully submitted,
GEORGE M. REYNOLDS, Treasurer.

The President: You have heard the report of the Treasurer. What will you do with it?

Alvah Trowbridge, of New York: I move it be received and filed. [Seconded.]

The President: It is moved that the report be received and filed. All in favor of that will please say aye; opposed, no. It is carried.

The President: The next report in order is the report of the Auditing Committee. It will be made by its Chairman, Mr. R. M. Parmely, President of the American Exchange National Bank, of Cleveland, Ohio.

Report of the Auditing Committee.

RICHMOND, VA., October 2, 1900.

The American Bankers' Association:

Gentlemen: The undersigned Committee, appointed by the President to audit the accounts of the Treasurer, beg leave to make the following report:

Balance on hand September 1st, 1899.....	\$52,084.90
Receipts during current year.....	63,508.09
Total.....	\$115,592.99
Disbursements as per vouchers at close of business September 1st, 1899, including unpaid drafts re- turned	\$51,656.65
Balance on hand	\$63,936.34
Standing protective account—	
Balance on hand September 1st, 1899.....	\$8,940.70
Receipts transferred from general account.....	25,000.00
	\$33,940.70
Disbursements to September 1st, 1900.....	\$20,522.13
Balance on hand September 1st, 1900.....	\$13,418.57

Your Committee has examined the accounts and vouchers, and find the same to be correct, and we find the finances of the Association to be in good condition.

RICHARD M. PARMELY, Chairman.

J. M. DONALD,

J. H. WILLOCK.

The President: You have heard the report. What will you do with it? It is moved by a member that the report be received and filed. All in favor, please say aye; opposed, no. It is carried.

The President: Col. John B. Purcell, of the Reception Committee in the city, wishes to make a few announcements.

Col. John B. Purcell made announcements respecting pleasure trips prepared for the delegates and visitors.

The President: The next business in order is the report of your Executive Council by its Chairman, Col. Myron T. Herrick, President of the Society for Savings, of Cleveland, Ohio. Col. Herrick will please come to the platform. [Applause.]

Report of the Executive Council.

To the American Bankers' Association:

It seems unnecessary, in presenting this report of the Executive Council, to enter into a detailed account of the work, inasmuch as this is fully covered in the address of the President, the reports of the Secretary, the Treasurer and the various committees.

The increase in the membership of the Association, which we have noted from year to year, has continued during the current year, so that our present membership numbers 4,500 banks, trust companies and banking firms, as compared with 3,915 members reported last year, marking a gratifying volume of increase for the current year. The Association is in excellent condition financially—better than ever before.

The influence of the Association is increasing year by year in pace with the increase of membership, and its forward progress is ever toward a broader and higher plane of efficiency and usefulness to the end that it may "promote the general welfare of banks and banking institutions," and of the community at large. It is very evident that the unanimous and emphatic expression of the American Bankers' Association for an honest cur-

rency based upon a gold standard has exerted a beneficial and far reaching influence upon our country.

During the absence abroad of the Chairman of the Executive Council for a portion of the year, Mr. Trowbridge has courteously undertaken, and has, during that period, in his usual painstaking manner, rendered efficient service in the performance of the duties of that office.

To the diligence and energy of the Secretary, Colonel Branch, is due, in no small measure, the large increase of membership, and the work of his well organized office and able assistants is worthy of special consideration.

At a meeting of the Executive Council, held in this city last night, several questions were submitted, and will be offered for your discussion and approval or rejection.

MYRON T. HERRICK,

Chairman Executive Council.

The President: You have heard the report. And Mr. P. W. Huntington, of P. W. Huntington & Co., of Columbus, Ohio, from the Committee on Revision of the Constitution and By-Laws, will submit a report, which is a part of this report.

Mr. P. W. Huntington: Mr. President and Members of the Convention, Ladies' and Gentlemen: I regret very much that Mr. J. G. Cannon, Vice-President of the Fourth National Bank of New York City, who is Chairman of the Committee on Revision, is not present today. In his absence the duty of presenting the report of the Committee has been assigned to me. I beg to say that the Committee, in performing the duties assigned to them, have chiefly only recommended verbal changes in the Constitution and By-Laws. The only radical change they have suggested is that relating to the dues of the members.

AMENDMENTS TO CONSTITUTION.

The first change submitted by the Committee is as follows: In Article II, Section 3, substitute for the words, "No delegate shall vote in more than one capacity," the words, "But other than this no fractional part of fifty members shall entitle an Association to an additional delegate." In Section 4, add "Nor shall any State Association be entitled to more votes than it has delegates present at the meeting."

The President: What is the pleasure of the Convention? This is a long report and made unanimously by this Committee, and indorsed by the Council. I would suggest that each change be voted on separately, and then adopt the report as a whole; or read the changes and put the report before the body as a whole. I await the pleasure of the Convention.

Alvah Trowbridge: I suggest that the changes be voted upon as they are read by the Chairman of the Committee. I make that motion. (Seconded.)

The President: Mr. Trowbridge moves, and it is seconded, that these proposed changes to the Constitution and By-Laws be voted on separately. All in favor of that please say aye; opposed, no. It is carried.

Alvah Trowbridge: I move that the first change proposed be adopted. (Seconded.)

The President: It is moved and seconded that the first change proposed, which you have heard read, be adopted. As many as favor the motion say aye; opposed, no. It is carried.

Mr. P. W. Huntington: Section 4 we found to read: "Delegates shall vote in person; no voting by proxy shall be allowed. No delegate shall vote in more than one capacity." We added to that: "Nor shall any State Association be entitled to more votes than it has delegates present at the meeting."

J. P. Huston, of Marshall, Mo.: Are to we understand from this last change that proxies will not be allowed? We elected seven or eight or ten delegates six or eight months in advance of the Convention, and we find it is impossible for them all to be present; in fact, they are never present. It has been customary heretofore for the delegates who were present to fill the vacancies. Do I understand from that that proxies are prohibited?

The President: The Association does not require the names. All they want to know is that you have your representatives at the meeting.

Mr. F. W. Tracy, of Springfield, Ill.: Illinois instructed her delegates to fill any vacancy that might occur. That is the positive instruction from the State Convention. It seems to me that this Association has no right to restrict that, and if the vacancies are filled from those present, it seems to me it should be recognized. If that is provided for I am in favor of it.

The President: I will state to Mr. Tracy that that is not changed at all. If a man comes here as a delegate he is not a proxy. That is simple enough. The Council has passed on this, and the Committee. There is nothing taken from the State Associations in the change. It is moved that the proposed amendment be adopted. Those who favor the adoption will say aye; opposed, no. It is carried.

The President: Mr. Hague, the representative from Canada, a guest of ours, I understand, is on the floor. Will he please take a seat upon the platform? [Applause.]

Mr. P. W. Huntington: Section 1 of Article III, as we found it, is as follows: "The administration of the affairs of the Association shall be vested in the President and First Vice-President of this Association, and one Vice-President for each State and Territory which may be represented in this Association, and in an Executive Council, who shall be elected at the annual meeting, and who shall serve until their successors are chosen or appointed. The Executive Council shall be composed of thirty members, divided into three classes, one-third of whom shall be elected annually; commencing with the Convention of 1897, five members of the Executive Council shall be chosen by the delegates from the several State Associations of Banks and Bankers, five in 1898, five in 1899 and thereafter the successors of these several groups annually; the President and First Vice-President shall also be members *ex-officio*; and no President or Vice-President, nor retiring member of the Executive Council, shall be eligible for re-election for the period of one year after the expiration of his term of office." We suggest to omit "Commencing with the Convention of 1897," lines 9 and 10, and insert the words "annually" between the words "shall be" and "chosen by the delegates." Omit the words "five in 1898, five in 1899 and thereafter the successors of these several groups annually."

The President: All in favor of the adoption of the recommendation will say aye; opposed, no. It is carried.

Mr. P. W. Huntington: Section 2 of Article III, as we found it, reads as follows: "Immediately after the first adjournment that occurs in the session of the annual convention the delegations from each State and Territory shall meet, at which several meetings the respective Vice-Presidents of the States and Territories, if present, shall preside, and these meetings of representatives from the States and Territories shall each select a member who shall constitute and be the Committee on Nominations. The Committee may make its report at any subsequent session of the Convention, but its nominations shall not exclude the name of any person otherwise nominated in the Convention." There is another clause to the section which has nothing to do with the change we make. In the seventh line we insert after the words "select a member who shall," the following: "With others so selected." Insert after the words "the elections for President," the word "first." That is simply a printer's error in the original Constitution. The intention was that it should read "first vice-president." The printer omitted it.

The President: What will you do with the change proposed?

Mr. Alvah Trowbridge: I move its adoption. (Seconded.)

The President: It is moved and seconded that the

change be adopted. All in favor of its adoption will say aye; those opposed, no. And it is carried.

Mr. P. W. Huntington: Section 8, Article III, we found as follows: "The Secretary shall make and have charge of the records of the Association, as well as those of the Council, and of the correspondence of the Executive Council and Standing Protective Committee, and shall promptly send to each member of the Association a synopsis of the reports received by him of attempted or accomplished crime against any member of the Association. Such record shall be the property of this Association, and be held subject at all times to the order of the Executive Council."

For the sake of clearness the Committee struck that section altogether out, and substituted the following, which conveys very much the same meaning in a very little different phraseology: "The Secretary shall make and have charge of the records of the Association. These records shall include the correspondence of the Executive Council and that of the Standing Protective Committee. He shall be held responsible for and charged with the safe keeping of the records of both the Executive Council and the Protective Committee. And it shall be his duty to send promptly to each member of the Association a synopsis of the reports received by him of attempted or accomplished crime against any member of the Association. These records shall be the property of the Association, and be held subject at all times to the order of the Executive Council."

Mr. Homer C. Stewart, of McKeesport, Pa.: I move the adoption of it. (Seconded.)

The President: All in favor of the adoption of the proposed change will say aye; those opposed, no. It is carried.

Mr. P. W. Huntington: Section 4 of Article IV, as we found it, is as follows: "All detective and legal expenses and costs shall be paid by the Treasurer upon approved orders of the Protective Committee, out of such moneys in the treasury as may have been especially appropriated or collected by the Council for that purpose."

For the same reason we change the last section, we changed this, and substitute the following: "All detective and legal expenses and costs incurred by the Protective Committee, and other committees, not exceeding the appropriations set apart for the use of these committees respectively, shall be paid by the Treasurer, only upon vouchers drawn by the Chairmen of the various committees, duly countersigned as provided for in Article 3, Section 9, of this Constitution."

The President: What will you do with the proposed change?

Mr. Alvah Trowbridge: I move its adoption. (Seconded.)

The President: All in favor of its adoption will say aye; those opposed, no. It is adopted.

Mr. P. W. Huntington: Section 1 of Article VI, as we found it, is as follows: "The expenses of the Executive Council of the Association in carrying out the business to be done by them, shall be provided for by the annual dues of the members of the Association; provided, however, that the Executive Council shall have no authority to incur or contract on behalf of this Association any liability whatever beyond the annual dues hereby authorized, or moneys especially collected, and only that for the purposes hereby designated."

We changed this slightly in order to make it more clear. In the third line substitute the word "it" for "them," so that it will read: "The expenses of the Executive Council of the Association, in carrying out the business to be done by it, shall be provided for by the annual dues," etc. After the words: "Any liability whatever beyond the," insert "amount of the," and substitute the word "and" for "all" after "authorized." Omit the last line—"and only that for the purposes hereby designated," and substitute "no expenses shall be incurred, except for purposes designated in this Constitution."

The President: What will you do with the proposed change?

Mr. George M. Reynolds, of Chicago: I move its adoption. (Seconded.)

The President: Those in favor of its adoption say aye; opposed, no. It is carried.

Mr. P. W. Huntington: Article VIII, Section 1, as we found it, is as follows: "Any one failing to pay within three months the dues for carrying on the business of the Association, shall be considered as having withdrawn from membership, but may be reinstated upon application to the Treasurer, and paying all dues and arrears, with the consent of the President or Chairman of the Executive Council." We changed this very slightly. Omit the words "for carrying on the business of the Association," and insert the word "membership" before "dues," and change in the next lines the word "membership" to the words "the Association." In the fifth line, instead of application being made for reinstatement to the Treasurer, we substitute the word "Secretary." It is the business of the Secretary to receive these applications and not the Treasurer.

The President: What will you do with it?

Mr. Alvah Trowbridge: I move it be adopted.

The President: All in favor of its adoption will say aye; opposed, no. It is adopted.

Mr. P. W. Huntington: Article IX, Section 1, as we found it, reads as follows: "This constitution may be altered or amended at any annual meeting, by a vote of two-thirds of the members present, notice of the proposed amendment having been first submitted to the Secretary at least thirty days before the annual meeting, to be placed by him before the Executive Council, that they may arrange for bringing it before the convention under the regular order of business." We beg to substitute so that it will read "This constitution may be altered or amended at any annual meeting by a vote of two-thirds of the members present, notice of the proposed amendment having first been submitted to the Secretary at least thirty days before the annual meeting, and the Secretary shall forthwith forward to every member of the Executive Council a copy of such proposed amendment, and it shall also be placed by him before the Executive Council, that they may arrange for bringing it before the convention under the regular order of business."

You observe that the only change is that the notice shall not only be sent to the Secretary, but that it shall be his duty to notify each member of the Executive Council of the proposed change at once, when he receives the notice.

The President: What will you do with the proposed change?

Mr. Alvah Trowbridge: I move its adoption. (Seconded.)

The President: It is moved and seconded that the change be adopted. Those in favor of the motion will say aye; those opposed, no. It is carried.

Mr. P. W. Huntington: In Section 1 of the By-Laws we simply made a grammatical change. We changed the word "to," to the word "shall," so that instead of reading "The annual convention of each closing year to be held at such time," etc., it will read "The annual convention of each closing year shall be held at such time," etc.

The President: What will you do with the proposed change?

Mr. Alvah Trowbridge: I move its adoption.

The President: All in favor of its adoption, say aye; those opposed, no. It is carried.

MEMBERSHIP DUES REDUCED FOR SMALL INSTITUTIONS.

Mr. P. W. Huntington: The second by-law is the one in which we made the most important and radical change. It relates to the dues of membership. As we found it, it reads as follows: "The annual dues of the members of this Association, after the close of the fiscal year ending August 31, 1896, shall be \$10 for banks having an aggregate capital and surplus of less than \$100,-

000; \$15 for banks having a capital and surplus of \$100,000 and less than \$500,000; \$20 for banks having a capital and surplus of \$500,000 and less than \$1,000,000, and \$30 for banks having a capital and surplus of \$1,000,000 and over, except that the dues of savings banks without capital, private bankers, and banking firms, shall be \$10 each."

The Committee consulted with Mr. Branch, the Secretary of the Association, in regard to these dues. It is obvious that the Association accomplishes its greatest benefit to the fraternity throughout the country by increasing its membership as much as possible. The Secretary and certain members of the Council, besides, have found complaint made largely from the smaller banks through the country, of the excess of their dues—\$10. It has been proposed by the Committee to reduce those dues somewhat, for two reasons—one for the purpose of extending the membership among the small banks, especially in the South and Southwest; the other for preventing a large accumulation of money, or assets, in the hands of the Treasurer, for which the Association has no use. That fund has been growing rapidly during the last few years, while the membership of the Association has been so largely increased. The Committee beg to offer as a substitute for the second by-law, just read in your hearing, the following, which had the approval of the Executive Council last night.

The President: What will you do with the proposed change.

Mr. P. W. Huntington: I have not read it. [Laughter.] The substitute is as follows: "The annual dues of the members of this Association shall be \$5.00 for banks and trust companies having an aggregate capital and surplus of less than \$50,000, savings banks without capital, and private bankers and banking firms; \$10.00 for banks and trust companies having an aggregate capital and surplus of \$50,000 and less than \$100,000; \$15.00 for banks and trust companies having an aggregate capital and surplus of \$100,000 and less than \$500,000; \$20.00 for banks and trust companies having a capital and surplus of \$500,000 and less than \$1,000,000, and \$30.00 for banks and trust companies having a capital and surplus of \$1,000,000 and over."

You will observe that in the original clause as read there was no mention made of trust companies. We have inserted them in their proper place in the substitute.

Mr. George M. Reynolds: I move its adoption.

The President: What will you do with it?

Mr. F. W. Tracy: I want to understand whether private bankers with capital are assessed according to their capital or only pay \$5.00? According to the reading, I understand all private bankers pay \$5.00. Now, should they have capital, don't they come in under the other banks with the same capital? Should they not?

The President: If they make statements, they come in as any other banks; if they do not, they do not.

Mr. Frank W. Tracy: Shouldn't there be a provision in that amendment that the private banker should pay according to his capital? As it reads, it says private banks shall pay \$5.00. Isn't that the meaning of it?

Mr. P. W. Huntington: That is the way it reads.

The President: The only change here is a reduction in the small banks from \$10.00 to \$5.00.

Mr. P. W. Huntington: Banking firms formerly paid \$10.00.

Mr. F. W. Tracy: I suppose those without capital would also mean private bankers. It is not fair to the other bankers. They should pay about the same as the other.

The President: The question is on what you will do with the proposed amendment.

Mr. Alvah Trowbridge: I move its adoption.

Mr. F. W. Tracy: I would substitute an amendment, if I can, that private bankers and banking firms shall pay according to their capital, on the same basis as the other banks. Banking firms and private bankers should come in under this regulation. Under the old, I under-

stood it was where they were without capital; but, if they have capital they should pay according to their capital as the other banks. I make an amendment to that effect, that it shall read that all private bankers pay according to their capital.

Mr. Alvah Trowbridge: Mr. President, I think we had better consider the matter before we pass such an amendment as that. It is very desirable for this Association to have the membership of a great many private banking firms, particularly in the larger cities. I feel quite sure that, if you ask them to make statements as preliminary to their privilege of membership in the Association, they will not make a statement, but rather will abide outside of the Association. I think their influence in the Association is worth quite as much to the Association as any dues that might be inflicted upon them. I therefore move the adoption of the amendment.

The President: I will say to Mr. Trowbridge that there is a proposed amendment and an amendment to that.

Mr. J. P. Huston: I move the amendment offered by Mr. Tracy be laid on the table. (Seconded.)

The President: It is moved and seconded that Mr. Tracy's amendment be laid on the table. All in favor of that will say aye; those opposed, no. I decide that it is carried.

Mr. L. P. Behrens, of Redwood City, Cal.: I move that this matter be left in the hands of the committee. It does not seem to me fair for banks with \$100,000 to pay \$15.00, and those larger banks of \$1,000,000 or \$10,000,000 to pay \$30.00. If there is any readjustment I think it should be made between the smaller banks with \$100,000—that is, paying half the amount of a bank with \$10,000,000. I move that this be left to the Committee.

The President: The question is on the motion of Mr. Trowbridge—that is, the adoption of the report of the Committee. All in favor will say aye; opposed, no. The ayes seem to have it. There is a call for a rising vote. All in favor of the report of the Committee, which means that you will only change the small banks' dues from \$10 to \$5, and I think some of the Savings Banks—all in favor of the adoption of the report of the Committee, or that part of it, will rise and stand until the Secretary can count them. Now, those opposed will please rise. The report of the Committee is adopted.

Mr. L. P. Behrens: I raise the point that it requires a two-thirds vote.

The President: The Chair announces that there is over four-fifths.

Mr. L. P. Behrens: You haven't stated the number.

The President: The Chair has no number, but he announces that it is carried by a four-fifths vote.

Mr. P. W. Huntington: That ends the duties of the Committee on Revision. [Applause.]

Mr. J. J. Sullivan, of Cleveland, Ohio: I now move the adoption of the report of the Committee as a whole. (Seconded.)

The President: I think that the part of the Executive Council's report would require a two-thirds vote; so, therefore, I would suggest that you separate the motion.

Mr. J. J. Sullivan: I move its adoption as a whole.

The President: As many as favor the adoption of the report will say aye; those opposed, no. It is adopted.

The President: The report of the Protective Committee is now in order. This Committee is a secret committee, and the report will be read by the Secretary.

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 1899-1900:

Balance on hand per Treasurer's report,	
September 1, 1899.....	\$8,940.70
Appropriated by Executive Council.....	25,000.00—\$33,940.70
Paid account expenses, 1898-1899.....	503.83
Paid account expenses, 1899-1900.....	20,018.30—\$20,522.13
Total receipts.....	33,940.70
Total expenditures.....	20,522.13

Balance September 1, 1900.....\$13,418.57

Twenty-four hundred letters and reports received and considered during the past season have furnished selected matter for eighty-three items of information which have been issued in pamphlet form every few months to each member of the Association, containing descriptions of the swindlers at work and specimens of their handwriting, affording a possibility of identification in every town in the United States in which a member is located, and a warning of every method offering a menace to the banking community. Forty-eight photographs and descriptions selected by the detective agents of the Association with a view to their usefulness at time of issue, have been included in the pamphlets, and have helped to make their publication of the greatest practical value. In conjunction with the membership sign issued to each new member of the Association, there has been regularly forwarded a little booklet with confidential advice and instructions prepared by the Protective Committee.

Two special circulars have been issued with good results. In the first instance a circular, with accompanying letter, was sent out during August, 1900, bearing a photograph and description of one Harry Dell, whose operations with bogus drafts during several years past have defrauded and annoyed a number of banks and the proprietors of factories and machine shops, of whom he has negotiated purchases of second-hand machinery. To secure immediate payment, the owner of such machinery would indorse Dell's proffered draft drawn in excess of the purchase price, or else would identify him at the bank and so enable him to cash the draft. After making the agreed payment, Dell would leave town with the balance before the fraudulent nature of the draft could be learned. About a month after the issue of this circular, in September, Dell attempted to operate this method at Millbrook, N. Y., where he tendered at the First National Bank, a member of the Association, a bogus draft for \$525. He was recognized by the officials as the swindler referred to in the circular and at once placed under arrest. The Association was promptly notified and Dell has been transferred to Northport, L. I., where, in July, 1900, he defrauded the Bank of Northport, a member of the Association, with a fraudulent draft for \$525. He is now held for trial. A circular bearing a photograph and description of P. C. Bonner and showing his method of operating was issued in August, 1900, with a view of causing his arrest. Bonner is a forger who has operated by confidence methods to secure loans on parcels of real estate which do not belong to him, presenting as the basis for a loan a forged deed to property owned by a non-resident, to which he had attached a bogus notarial acknowledgment. He has been known to prepare and successfully forward for his identification a bogus notarial affidavit. His operations were usually conducted to defraud lawyers and loan agents, but, in several instances, banks have been defrauded by him. As a result of this circular, in September, the agents of the Association were notified of the arrest and identification of Bonner at Stuart, Iowa, where he presented at the Exchange State Bank, which is not a member of the Association, a check for \$2,000, representing the amount of a loan negotiated on a forged real estate deed at the adjacent town of Greenfield. Bonner will be tried at Fairfield, Iowa.

Following the custom of previous reports, we beg to submit herewith a brief statement in general terms of the results of the Protective system up to date:

1. So far as known, there is not to-day an organized band of expert forgers in this country.

2. Early in the year an organized band of forgers, under the leadership of Alonzo J. Whiteman, operated extensively. It defrauded one member of the Association in September, 1899. In November the entire band was under arrest, and its members are now serving long terms of imprisonment.

3. In spite of unusual activity among professional and tramp burglars since August 1, 1899, only one mem-

ber of the Association has suffered loss at their hands since that date, the loss amounting to \$3,000.

4. During the same period fifty-four banks, not members of the Association, have suffered losses of about \$130,000 from the same source.

5. From May 1, 1895, to September 15, 1900, members of the American Bankers' Association have lost by the operations of burglars, robbers and sneak thieves, \$24,932.

6. From May 1, 1895, to September 15, 1900, banks not members of the Association have, in the same way, suffered reported losses of over \$535,000.

In several instances members of the Association have been defrauded by individual forgers whose work during the year has begun and ended in that one operation. Petty malefactors, too, have operated on a number of members, but in one instance only has an organized band of expert forgers operated upon a member during the past season. Shortly afterward the band was disrupted by the arrest and imprisonment of its members. Upon the apprehension of this band at its headquarters in New York City, Alonzo J. Whiteman, a noted and troublesome offender, was found among its members, their undoubted adviser and head. As related in previous matter, Whiteman is a man of good education who has had experience as a bank director, and has held important public positions. His knowledge and ability have made him one of the most troublesome of the swindlers with whom the Committee has had to deal, although, of recent years, he has shown more or less a disposition to avoid members. The operations of a member of the band upon the Brooklyn Trust Company of the Borough of Brooklyn, New York City, caused the Association to take action.

In September, 1899, William Hartley, a member of the above-mentioned band, arranged to purchase for his residence a house in Brooklyn. He gave his name and title as George W. Johnson, M.D., and secured an introduction at the Brooklyn Trust Company from the real estate dealer with whom he had been negotiating. He agreed upon a rate for a proposed mortgage loan, and then arranged to open an account by his personal check for \$3,000 on Hoboken, N. J. Early the next morning he deposited a draft purporting to be drawn by the Lawrence National Bank, Kansas, on the First National Bank of New York City, and drew \$350 in cash. When his deposits were found to be bogus the Association was advised, and on November 13 the members of the band, four in number, were placed under arrest. Alonzo J. Whiteman was sent to Chicago to serve a sentence for a previous offense, and William Hartley was sentenced at Brooklyn to imprisonment for five years at Sing Sing. The other members of the band, Robert J. Knox and Charles E. Stewart, were wanted at Pittsburg, Pa., and Woonsocket, R. I., respectively, and were there convicted, Knox being sentenced to four years and six months' imprisonment and a fine of \$1,000, and Stewart being sentenced to imprisonment for five years.

BURGLARS AND THIEVES.—From August 1, 1899, to September 15, 1900, there have been reported ninety-nine attacks made by burglars, robbers and sneak thieves on banks not members of the Association. Fifty-seven of this number were attacked with success and suffered a total loss of over \$235,000, while during the same period four banks, members of the Association, have suffered from the same source a total loss of \$12,194.

A notable occurrence during the year was the robbery of the First National Bank of Seattle, Wash., a member of the Association, by Leonard Parker and John Collins, two sneak thieves, who entered the bank at noonday on March 19, 1900. A previous inspection had made them familiar with the surroundings and habits of the clerical force, and while Parker, at the window of the teller's cage, held the attention of its temporary occupant, Collins entered the gate of the banking inclosure used by the employees, made his way to

the back of the cage, secured \$5,000 in currency and escaped, followed by his confederate. The Association took the matter in hand at once, and on March 23, 1900, at Victoria, B. C., Leonard Parker was placed under arrest, and on the same day John Collins was apprehended at San Francisco. They were returned to Seattle, where Collins pleaded guilty and was sentenced to the penitentiary on May 26 for a term of ten years. Parker was convicted, and on June 9 was sentenced to the penitentiary for a like term.

At noonday on August 9, 1899, the Scandinavian-American Bank of St. Paul, Minn., a member of the Association, was robbed of \$540 in currency by sneak thieves, one of whom called the temporary occupant of the teller's cage to the telephone, while the other stepped from the lobby to the window and fished the money through. The thieves returned the money with an anonymous note saying that the theft would never have occurred had the membership sign been displayed at the teller's window. Owing to lack of means for securing positive identifications, further prosecution could not be made.

There has been unusual activity among tramp burglars during the past season. Their depredations have been especially prevalent in the central portion of the country, including the States of Minnesota, Wisconsin, Michigan, Indiana, Illinois, Iowa, Missouri, North Dakota, Kansas and Nebraska. In these States alone attacks made on sixty-two banks not members of the Association resulted in reported losses from burglary of more than \$85,000, while only one member of the Association, the Exchange Bank of Brooklyn, Mich., suffered loss from this source amounting to \$3,000, and three members, the Pearl City Bank, Ill.; the State Bank of West Pullman, Ill., and the Bank of Salem, Neb., were unsuccessfully attacked. On the night of November 20, 1899, the attack on the Exchange Bank of Brooklyn, Mich., was made by burglars who blew open the safe and secured \$3,000, making their escape without leaving any clue. The agents of the Association made a thorough investigation, but found that no identification could be made in the vicinity. At Cambridge, N. Y., on November 14, an ineffectual attack on the safe of the Cambridge Valley National Bank, a member of the Association, was made by burglars who desisted after their first attempt and made their escape. On December 12 four men attempted to force an entrance into the Deep River Savings Bank, Connecticut, a member of the Association. Following a warning to the bank from the Association in February, 1899, careful watch had been maintained, and the burglars were discovered by the bank watchman, who opened fire and killed one man, putting the others to flight. On December 9 the Bank of Houma, La., a member of the Association, was robbed of \$3,654 by local thieves, who cut through the brick vault and made off with three bags of silver coin, some loose silver and currency to the value stated. The safe was not attacked, and several trays of loose silver and two bags of coin in the vault were not molested. On April 13 an unsuccessful attack was made on the safe of the First National Bank of Claysville, Pa., a member of the Association, by burglars who blew open the vault door, but left without getting into the safe. The agents of the Association have these matters in hand.

FORGERS AND SWINDLERS.—From August 1, 1899, to September 15, 1900, ninety forgers and swindlers, including petty operators and amateurs, have defrauded or attempted to defraud members of the Association. Of these twenty-eight have been arrested and fourteen have been sentenced.

In addition, eleven forgers and swindlers have been convicted and sentenced who have operated to defraud members during a previous season, or who have been a source of annoyance to them.

Following is the detailed financial statement of the Protective Committee from close of fiscal year August 31, 1899, to September 1, 1900:

RECEIPTS.

Balance on hand September 1, 1899.....	\$8,940.70
Appropriated by Executive Council.....	25,000.00
	\$33,940.70

EXPENDITURES.

Paid Pinkerton expense incurred prior to September 1st, 1899	\$203.83
Paid Pinkerton expense incurred September 1st, 1899, to September 1st, 1900.....	15,178.55
Salaries and expenses, as per vouchers.....	4,832.75
Paid Stewart & Co., 1,000 aluminum signs.....	150.00
Paid United Typewriter & Supplies Company.....	75.00
Paid Stumpf & Steurer, 2,000 printed reports.....	62.00
Petty cash	20.00
Balance September 1st, 1900.....	13,418.57
	\$33,940.70

The purpose and policy of the Association in maintaining the Protective feature is now generally well understood, but occasionally the Protective Committee receives an urgent call from some banker who feels aggrieved when he learns that we pay no attention to petty swindles, which are successful because of imperfect vigilance on the part of bank officers. We desire to repeat our statement of last year that no protective system could be expanded so as to take in the class of cases with which every bank officer should be competent to deal.

The committee again acknowledges the valuable assistance rendered by individual members of the Association.

We append the report of the Pinkerton National Detective Agency, 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: The next is the report of the Committee on Uniform Laws, by the chairman, Mr. Frank W. Tracy, of the First National Bank of Springfield, Ill.

Report of the Committee on Uniform Laws.

Senator Manderson recently delivered an address which was a comprehensive review of many legal, legislative and political questions. He laid much emphasis upon the necessity of uniformity of law in the different States. He called attention to the fact that in the year 1899 there were enacted four thousand eight hundred and thirty-four general, and nine thousand three hundred and twenty-five special or private laws in the United States alone. Thousands of bills for laws were introduced which were not enacted. In such profuse legislation is there any wonder that there should be a cry set up for a halt, and that more attention be given to codifying the laws of the different States so as to promote uniformity?

In some things uniformity is absolutely essential, and Mr. Manderson gives a partial enumeration as follows:

We cannot overestimate the importance of uniform laws upon matters incident to commercial law, such as acts relating to negotiable instruments and bills of exchange concerning days of grace and the collection of debts. If the laws relating to deeds, wills and descent were alike the country over, the best legislation surviving, how much of needless, expensive and troublesome litigation would be saved. It has been truly said "likemindedness is the cause of all social stability." The instability of the relation of marriage, the frauds perpetrated upon non-resident defendants and upon the courts, the destruction of domestic happiness and the misery to children incident to the present diversity of divorce laws in the States need not be dilated upon. A uniform divorce law would help to maintain and sanctify that safeguard of American life—the home.

The American Bar Association has given particular attention to the Uniform Law for Negotiable Instruments for the last three years to the exclusion of everything else; deeming it the most important. There are Commissioners in thirty-two States, which we give at the end of this report so that our State Bankers' Associations may co-operate with them in their different States.

The genesis of the law is as follows: In 1896 the Committee on Commercial Law, instructed to that effect by the Conference of 1895, caused to be grafted an Americanized form of the British act on Bills and Notes, passed in England in 1882. This was done by Mr. John J. Crawford, of the New York City bar, who published the first draft, with notes and references, and along with the English act. This draft was sent to all the Commissioners on Uniform Laws, and to many of the authors and experts on that subject, inviting criticisms and suggestions. After receiving such criticisms and suggestions, the Committee on Commercial Law went over the act now entitled "A General Act Relating to Negotiable Instruments," carefully with its author, and the bill, as so revised, was presented to the Conference in 1896. The Conference spent several days in its consideration, making some slight changes in its phraseology, and recommended the act, as so prepared and perfected, for adoption in the several States.

The author and some of the revisers of the English act have expressed the highest commendation of the work of Mr. Crawford, and in no way more so than in saying that those features of their act which were recommended by the drafters and first revisers, and rejected by the over-conservative Parliament—such as the abolition of the days of grace—had been adopted by Mr. Crawford.

The production of a single mind, however learned and skillful, may well be regarded with distrust; but the product of scores of lawyers of Great Britain, best qualified to know the law on the subject, tested by fourteen years of successful experience, and revised by Commissioners from thirty States in this country, aided by the experts who have written on the topic, may surely inspire the confidence that the work is thoroughly done.

Then, too, while the bill is simple and intelligible in its expression, great care is taken to preserve the use of words which have had repeated legal constructions and become recognized terms in the Law Merchant.

The reception of the act will be a fair test of the interesting question as to how far the Legislatures will adopt the work of the Commissioners. Its importance in this point of view may justify some additional remarks upon it. A more useful or more thoroughly prepared statute on commercial law would be difficult to find. All the fundamental principles and essential differences of the law on commercial paper, the law, in short, of some ten thousand reported cases, is, in substance, condensed into thirty-six pages. The disputed points and variant laws, whose discussion occupies so large a share of two and three volumed treatises on the subject, are decided and harmonized. This decision and harmony is not the dictum or opinion of one man, or one body of men, or one State or one country. The English bill, originally drafted by Judge Chalmers, passed by the committees of both Houses of Parliament, adopted by its self-governing colonies, has had the test of fourteen years' experience, and the testimony is all one way as to its efficiency.

In our last report we gave the progress in the different States at that time. But few of the State Legislatures were in session last winter. In only two of them was the bill introduced—in Ohio and Georgia. In Ohio the bill has been favorably considered by the committee, but the session was not long enough to get it through. It is thought the next session will surely pass it. In Georgia we had hoped to get it through, but time did not permit.

The Commission to revise and codify the laws of the Territory of Arizona have adopted as part of the code of Arizona the Negotiable Instrument law, and propose to pass it through the Legislature the coming winter. There is quite a movement among the different States, as indicated by our correspondence, for the enactment of the law this winter.

The great majority of States will hold sessions of their Legislature, when we hope to make rapid progress

with the law. We urge upon the bankers in those States to see to it that the legislators are fully educated as to the bill. There will be no trouble in getting it enacted into law if a necessity is shown for it. That a necessity exists every attorney, every banker and business man can attest, especially those who engage in interstate commerce. This codified law has been already enacted in fifteen States and the District of Columbia. Every State of the Union should adopt it, and then the status of our credit currency may be understood in every State. We do not wish to pass another winter without the addition of several States to our list, and therefore we urge and reiterate the urgency that every banker make it his business to see that it becomes the law in his State.

The following States have passed the law with the amendments noted and the date when it became effective:

Connecticut, April 5, 1897; Colorado, July 19, 1897. (Notes falling due Saturday are payable the same day, except those falling due in Denver on any Saturday during June, July and August, when they are payable on Monday.)
 Florida, August 3, 1897; New York, October 1, 1897; Massachusetts, January 1, 1898. (Sight drafts are allowed three days' grace.)
 Maryland, June 1, 1898; Virginia, July 1, 1898; North Carolina, March 8, 1898. (Three days' grace on notes, acceptances and sight drafts.)
 District of Columbia, April 3, 1899; Wisconsin, May 15, 1899; Tennessee, May 19, 1899; Washington, June 7, 1899; Utah, July 1, 1899; Rhode Island, July 1, 1899 (three days' grace on sight drafts); North Dakota, July 1, 1899.

The Legislatures of the following States, in which the bill is not a law, will be in session this winter:

Alabama,	Kansas,	New Hampshire,	Texas,
Arkansas,	Maine,	Vermont,	Michigan,
California,	Delaware,	Minnesota,	Pennsylvania,
Missouri,	W. Virginia,	Idaho,	Montana,
Illinois,	Nebraska,	S. Carolina,	Wyoming,
Indiana,	Nevada,	South Dakota.	

We also give the names of the Commissioners representing the American Bar Association in these same States:

California.—E. J. Emmons, Bakersfield; Geo. H. Smith, Los Angeles; David L. Withington, San Diego.
 Delaware.—Geo. V. Massey, Dover.
 Georgia.—Peter W. Meldrim, Savannah; Walter B. Hill, Macon.
 Illinois.—Jno. C. Richberg, 605 Opera House Building, Chicago; Arthur A. Leeper, Virginia, Cass Co.; E. Burritt Smith, 415 First National Bank Building, Chicago.
 Iowa.—Emlin McClain, Iowa City; L. G. Kinne, Des Moines; H. O. Weaver, Wapello.
 Kansas.—T. D. Thacher, Lawrence; R. A. Sanky, Wichita; J. W. Fitzgerald, St. Mary's; J. O. Wilson, Salina; Jno. D. Miliken, Wichita; Thos. D. Wall, Wichita.
 Kentucky.—W. C. P. Breckenridge, Lexington; Lewis N. Dembitz, Louisville; Jno. Marshall, Louisville.
 Maine.—Chas. F. Libby, 57 Exchange Building, Portland; Frank M. Higgins, Limerick; Hannibal E. Hamlin, Ellsworth.
 Michigan.—C. W. Casgrain, Detroit; S. M. Coutcheon, Detroit; Thos. J. O'Brien, Grand Rapids.
 Minnesota.—Chas. E. Flandrau, St. Paul; W. S. Pattee, Minneapolis; W. W. Billson, Duluth; C. E. Chapman, Fergus Falls.
 Mississippi.—R. H. Thompson, Jackson; S. S. Calhoun, Jackson; W. V. Sullivan, Oxford.
 Montana.—J. B. Clayberg, Helena; T. C. Marshall, Missoula; J. W. Strevell, Miles City.
 Nebraska.—J. M. Woolworth, Omaha.
 New Hampshire.—J. L. Spring, Lebanon; Jos. W. Fellows, Manchester; H. E. Bernham, Manchester.
 New Jersey.—J. Franklin Fort, Newark; Jos. D. Bedlie, Jersey City; Frank Bergen, Elizabeth.
 Ohio.—Aquilla Wiley, Wooster; W. L. Parmenter, Lima; Frank P. Ritcher, Hamilton.
 Oklahoma.—John J. Dillie, El Reno; C. K. Brooke, Guthrie.
 South Carolina.—H. E. Young, 28 Broad Street, Charleston; W. R. Boyd, Darlington.
 South Dakota.—A. B. Kittridge, Sioux Falls; L. B. French, Yankton; J. W. Wright, Clark.
 Wyoming.—C. E. Blydenburgh, Rawlins; J. C. Hamm, Evans-ton; M. L. Blake, Sheridan.

We would suggest that the bankers confer with these gentlemen in their several States as to the best methods of promoting the passage of the bill.

Respectfully submitted,

FRANK W. TRACY, Chairman.

Mr. R. D. Kent, of New York: I move it be received and filed.

The President: All in favor of the motion say aye; opposed, no. It is carried.

Mr. J. B. Finley, of Monongahela, Pa.: I merely want to add that the committee be continued. (Seconded.)

The President: Mr. Finley moves that the Committee on Uniform Laws be continued, and he has a second. All in favor of that motion will please say aye; opposed, no. It is carried. But it is the decision of the chair that the resolution will have to go before the Executive Council before it can go into effect.

The President: The next business in order is the report of the Committee on Bureau of Education, by the chairman, Mr. Wm. C. Cornwell, President of the City Bank of Buffalo.

Report of Committee on Education.

Your committee begs to report that it has taken up carefully the subject of an Institute for Bank Clerks, that it finds the project entirely feasible, and presents herewith the data on the subject obtained by the committee.

THE NEED OF AND DESIRE FOR AN EDUCATION ON THE PART OF BANK CLERKS.

As never before there is required in every branch of business the most thorough training, scientific and technical, for the attainment of success under the intense competition that prevails.

In no business is this truer perhaps than in the business of banking in this country, a country which is reaching out through its tremendous export increase for the business of the world.

There is abundant evidence that the young men who are doing the clerical work in banks in the United States are anxious to avail themselves of any and all knowledge and training which will help them to do their work better and more intelligently.

There is no way provided by which this can be done.

One of the leading banking journals the other day received the following letter from a clerk in one of our large Southern banks:

THE EDITOR.

Dear Sir:—Judging from the interest you take in Banking Education and the space you devote to same, I thought, perhaps, you would help me in my desire to obtain a more thorough knowledge of the many questions appertaining to my profession.

It is my endeavor to get an insight into the many financial questions, the mastery of which is so essential to a successful career.

My position is such that I am unable to take one of the courses that have been established in some of our universities, but desire to take advantage of any opportunity within my reach which will better fit me for my life work.

Is the Educational Committee of the American Bankers' Association doing any missionary work in this direction? Would an application to the Committee be productive of beneficial results?

Any information you can give me in regard to this matter will be greatly appreciated.

Trusting that I may be favored with a reply, I remain,

This committee has already reported the receipt of a petition signed by a large number of bank clerks in two principal cities, asking the committee to take up the matter of the formation of a Bankers' Institute similar to the one in England.

A year ago some of the bankers in Minneapolis wrote to the Committee asking to be informed whether the Association was ready to act, but not hearing from us definitely, the Minneapolis Bank Clerks' Association was formed, and in the spring of this year the Committee received the following letter:

COMMITTEE ON EDUCATION, ETC.

Gentlemen:—The writer had some correspondence with you in December about an Institute for Bankers, which you were planning to organize in this country. I thought it might be of interest to you to know that the Banks Clerks of Minneapolis formed an organization primarily for educational purposes, and have held one meeting a week since the first of January to and including April 14th, at which meetings we took a course of

lectures on Commercial Paper, given by a professor in the Law Department in the University of Minnesota. At our meeting on April 14th the Bank Clerks took a written examination on the subject, and I enclose herewith one of the examination papers. We will close our year's work with a banquet at which members of the Clearing House Banks, together with the Bank Clerks of the city will meet. The principal address of the evening will be delivered by Professor Laughlin, of the University of Chicago, on "Three Decades of Financial Legislation."

The Bank Clerks have taken great interest in the organization, and will continue it next year, taking a course of lectures either on contracts or agency, together with political economy. We have planned to begin our work next year in October and carry it through to May. Yours truly,

[Signed.]

JOSEPH CHAPMAN, JR.,
Pres't Minneapolis Bank Clerks' Ass'n.

The examination paper appears in the appendix to this report. The Committee have recently received the following letter relative to the work now to be undertaken by the Minneapolis Association:

We have planned a course of lectures for the coming season, to be given by W. W. Folwell, of the State University, on Political Economy. The course will cover twenty lectures, special emphasis being laid on the branches of political economy that relate to banks and banking. It is not our intention now to have an examination on this subject. Our educational work will commence the 1st of October and we plan to carry same on until the end of April. Once a month we will have what we call an open meeting. At these we will be addressed by prominent business men of this city and elsewhere, who have made a success in their own line of business. For example, we will have a talk on railroads, one on the wheat business, one on lumber, and we plan to have an evening devoted to the subject, "Theory of Life Insurance," explaining how the premiums are arrived at and showing whether or not life insurance is a good investment for a young man to make. We will also have an evening devoted to stocks and bonds.

We have tried to plan our course so that it will interest and benefit every man in the bank, whether he is an officer or junior clerk.

Thanking you for your interest in our association, I remain,
Yours truly,

[Signed.]

JOSEPH CHAPMAN, JR.,
President.

Your Committee in the early part of the year requested Mr. A. O. Kittredge, of the Account, Audit & Assurance Co., Ltd., New York, to take up the matter carefully and prepare suggestions on the subject of a "Bank Clerks' Association" for the whole country. The report of Mr. Kittredge will be found in the appendix.

The Committee has also obtained from some of the banks suggestions as to the practical subjects to be taken up. In the Seaboard National Bank of New York there is an actual yearly course with examinations, which the bank has had in operation for a year or two. A copy of this appears in the appendix to this report. It is remarkably practical in character.

In another bank the following was sent to each of the various departments of the bank, viz.: The Foreign Exchange Department, the Loan and Collection Department, the Tellers' Department, the Department of Individual and General Books, and the Bond Department:

It is proposed to organize an Institute for Bank Clerks by means of which certain study can be taken up by the employees outside of their regular duties, of such subjects as will be of value to them in their business.

In your department what would you suggest as things it would be valuable for a Bank Clerk to know?

The answers received will be found in the appendix. They show a lively interest in the subject.

There is no question that the formation of a chain of Bank Clerks' Associations throughout the United States is perfectly feasible, and that, conducted on proper lines, it will do a vast amount of good, that after the first year or so it can be made entirely self-supporting, and that, if it is not done by some such body as The American Bankers' Association, the work will go on as in Minneapolis, spontaneously, but in spots, and no such general and immediate good results can be obtained as by complete organization.

To properly organize such an institution would necessitate the employment of a man of first-class abilities, who could devote his entire time to the work as Secretary of the Committee. His first undertaking would be

to frame a simple course of practical study to be undertaken by the bank clerks during the coming winter. This he would do by correspondence with practical bankers and educators. The next step would be the actual formation of associations in the leading cities. This would be preceded by sending out to all the banks pamphlets for distribution among their clerks outlining the plan and course of study, etc.

In a given city at a certain time and in co-operation with the bank officers of that city a meeting of the clerks would be called, at which the Committee's Secretary would be present, and the organization in that city perfected, officers elected and plan adopted.

The plan would include monthly meetings of the Association of that city at which the various subjects under study would be discussed, papers read, debates carried on, or lectures delivered from time to time by local or outside talent. At the end of the season in the spring examinations would be held, and certificates of proficiency delivered to those members entitled to them.

The course of study would be of the most practical character connected with every-day transactions of banking business and for the first year would be essentially primary. The course could end, if so decided, by a banquet tendered by the local bankers to the associated clerks.

Aside from every other consideration, the fraternal feeling which would be fostered among the clerks and the spirit and devotion engendered between employed and their employers should be of great advantage in carrying on business.

Here then is a work of the most practical character squarely in line with the aims of The American Bankers' Association, entirely feasible, involving no large outlay of money, and calculated, if successfully conducted, to do an amount of good which cannot be measured and which will influence favorably the lives and fortunes of hundreds of young men who are growing up in our banks. They, themselves, have appealed to you through your committee for encouragement and guidance. It is a cry out of Macedonia—will this great Association with its ample means and its vast influence take up this work which means so much for the future success of the bank clerks of this country, means so much for improvement in the work of that splendid staff of young men on whom we rely for the safe, honest and successful conduct of our business?

These are the men behind the guns. Will you train them as they ask, so that their work may be doubly effective? Or will you neglect them, abandon them to their own efforts and let the service drift along half disciplined and yourselves take the consequences of continuing to conduct your campaign with an untrained army?

REGULAR WORK OF THE COMMITTEE.

Your committee begs to report that during the year the question of preparing new literature was taken up and it was decided, as there were still about 700 banks unsupplied, who had applied for the pamphlet "What is a Bank?" which the committee had first published, that a new edition should be ordered. Of these 82,000 have already been sent out, and there are still some orders coming in. The fact that the banks have voluntarily kept up this distribution leads us to believe that the usefulness of the first pamphlet has not yet passed by. In several instances requests for quotation of price for printing the pamphlets in German, Italian and Spanish have been made. Some of the banks have offered to pay the cost of the work, and in such instances the offer has been accepted and the amounts received credited.

The Committee has also taken up with several of the presidents of our large universities the question of introducing courses of study needed by bankers and commercial men, and it is most gratifying to find that the leading educators of the country are deeply interested in the suggestions made to them covering this advanced

step. This is evidenced by the introduction of such courses in several of our larger universities.

WILLIAM C. CORNWELL,
ROBERT J. LOWRY,
HARVEY J. HOLLISTER,
J. B. FINLEY,
GEORGE F. ORDE,

Committee.

Mr. Wm. C. Cornwell: Mr. Chairman and Members of the Bankers' Association and Ladies: The report of this Committee has been embodied in a pamphlet and a copy placed upon each seat in this house. I ask your indulgence to take that paper, because I am not going to read the report, but I may occasionally want to refer to something in that pamphlet; so, if you will take it up, we will facilitate business. You have it all before you, and I am not going this morning into the details of the work of the Committee; but I want to refer (although this is not a sermon) to a text which you will find on page 4 of this report at the top. This is the text: "There is abundant evidence that the young men who are doing the clerical work in banks in the United States are anxious to avail themselves of any and all knowledge and training which will help them to do their work better and more intelligently." That is the text, on the strength of which this Committee has investigated this subject of an Institute of Bank Clerks, and we find that the matter is, first of all, perfectly practicable; second, feasible, and, third, inexpensive. We find, further, that the bank clerks of the United States, or a great many of them, are desirous of having something of this kind done. We got this in the form of letters and petitions and letters to the newspapers. And I want to call your attention to a letter on this same page, written by a young man to one of our leading financial papers, which voices, it appears to us, the feeling among the better class of bank clerks in the United States. This is one of the things he says: "It is my endeavor to get an insight into the many financial questions, the mastery of which is so essential to a successful career. My position is such that I am unable to take one of the courses that have been established in some of our universities, but desire to take advantage of any opportunity within my reach which will better fit me for my life work." Now, is not that an appeal which we, if we can, ought to pay some attention to? If it is not, then I would like to know what a great association of this kind, of bankers, is for? He goes on and asks if the Educational Committee of the American Bankers' Association is doing any missionary work in this direction; whether he can get any good from an application to them. Now, I say, we have had petitions from hundreds of clerks asking for the establishment of an Institute of Banking. A year ago some bankers in Minneapolis wrote the committee to find out what they were doing; and found they were doing nothing very definite. So the bank clerks and bankers of Minneapolis went to work and established a Bank Clerks' Association of their own. All last winter they were carrying on the work with weekly meetings, and studying practical subjects, that helped every bank clerk in Minneapolis to do his day's work—not theoretical subjects that he might use afterward, but the things that helped him in daily operation. We have had a letter from them lately stating what their course is to be this year. You will find that on page 5, and I wish you would read it when you get home. Now, there is another system of study in operation in one of the banks of this country, in which we have become very much interested because of its practical character, that is in the Seaboard National Bank, of New York. If you will turn to page 23 you will find 65 questions which constitute a part of the examination course of the Seaboard National Bank of New York, which are, to my mind, the most practical set of questions that I have ever seen put together; and I will wager that there are many of us who, off-hand, could not answer those questions. But the clerks in the Seaboard National Bank are required to make a study of these

matters, and their progress in promotion depends somewhat upon the proficiency that they manifest in this examination. Now, I want to interrupt this report and call upon Mr. Thompson, of the Seaboard Bank, to tell you how that thing operates in that bank, because I am here to-day to get this Convention to inaugurate something of this kind all over the United States; and I don't want it to be a theoretical thing. I want you to know what the thing is in practice; and, if Mr. Thompson will kindly stand up and tell us something about that (I think the chairman will allow it) I will be very much obliged to him, as a part of my report.

John F. Thompson, of New York: Mr. Chairman, if you will read those questions that Mr. Cornwell has referred to, you will note that they are primary, very elementary. They were adopted in our bank simply as a beginning, with the hope that the clerks would become better posted in banking knowledge, and would study on broader lines. We had found, as all of you bankers, a very great difficulty to obtain men of breadth of mind and character who were able to fill the exact positions. We had some of the brightest young men that you could find anywhere. We wanted these young men to do the work, carry on the business of the bank, and let the officers draw the salary. We tried to find some method which would broaden and develop them. After a great deal of thought these questions were prepared by the heads of departments, by the managing clerks and by the officers. As I have said, they are very elementary. They are mixed up in a sort of general hodge podge; but the result has been that they have benefited them greatly. I venture to say that there are very few of us who will attempt to answer them. I should hate to very much myself, when I, to a certain extent, am responsible for them. The general law which maintains in the whole world, that is the survival of the fittest, will hereafter maintain in banks. The man most able to do the work with the best executive ability, will receive the proportion of the legacy incurred. The result has been that these bright and energetic young men have gone to studying. They are coming to us daily and saying, "What shall we read?" We want not only to answer these questions, but we want broader fields. "What should we read?" Another point that will interest you gentlemen particularly, is, that it has made the tasks of the officers of our bank very much easier. We now know we have men who are thinking and who are studying. I might say we shall not stop with this elementary examination, but will carry it on to something higher.

Mr. William C. Cornwell: I asked Mr. Thompson to talk on this subject, to give us an illustration as to what might be done not only by one bank but by all the banks in the United States if there was an institute of bank clerks which conducted a course of study and examination somewhat similar and thoroughly practical, as this in the Seaboard Bank. This thing is perfectly feasible. The Association Committee, or some committee appointed by it, would employ a secretary of first-class ability, and that man would formulate, in conjunction with others, a plan of study for the winter. He would then send out to all banks for distribution among the clerks a prospectus of the plan, and then travel from city to city, and in conjunction with the banks would call together the bank clerks and organize and elect officers for a branch in that city, and start work; have monthly meetings among themselves. At the end of the season an examination would be held, and the clerks who were proficient would receive a certificate from the institute. That certificate would have a money value, as indicating the character and the mind of the man possessing it; and it would be of benefit to him in earning promotion. Now the amount of expense for getting this thing in operation for one year would be slight comparatively; and once in operation the thing would run itself. I have here a set of by-laws and everything prepared for a National Institute of Bank Clerks; and after

these chapters were formed, at the end of the season they would elect delegates to a central convention, and at that convention they would elect a National Secretary, a President and Treasurer, and also a Council of ten or fifteen, which would govern the Association. The clerks would pay dues, a part of which would go to the local branch, and a part to the National. Now let us suppose that one-tenth of all the clerks in the United States joined associations of this kind. We estimate that there are 65,000 bank clerks in the United States. If the dues were \$2.00 a year and 6,500 members in the Institute, this would be \$1.00 each for the local branch and for the National Institute. I feel very certain from the interest taken in the subject that in one year this thing would be on its own feet and supporting itself. I have an elaborate plan here, but I do not propose to present that to-day. I want the Council to take that up, if you decide this is something that ought to be done. It seems to me that this cry from the bank clerks is a cry out of Macedonia; and it is for you to decide whether this Association shall undertake this work which will help along this great army of young men, upon whom we rely for our good, honest work, or whether you shall let them go and take care of themselves, forming associations in spots, and struggle along slowly, when you can place them in one year in a position which will make this Institute a success and a benefit to every bank clerk in the United States.

RESOLUTION CONCERNING THE FORMATION OF AN INSTITUTE OF BANK CLERKS.

Mr. J. G. Cannon, of New York: I would like to offer the following resolution:

"Resolved, That it is the sense of this convention that the Executive Council shall authorize the Committee on Education to organize an institute of bank clerks, for bank clerks of the United States, appropriating such sum as will be necessary to operate such institute for the first year, not exceeding ten thousand dollars."

Mr. Robert J. Lowry, of Atlanta: I second that motion.

The President: I will state for the benefit of the stenographer that when the gentlemen arise they will state their bank, where they are from and their position.

Mr. Farson, of Farson, Leach & Co., of Chicago: No more important work has been done by this Association, or can be done, than the work outlined by the talented chairman of this committee and his colleagues. They are entitled to the thanks of every member of the Association, and I wish to most heartily second the motion made by Mr. Cannon.

The President: The question is upon the adoption of Mr. Cannon's motion. All in favor will say aye; opposed, no. It is carried.

The President: The next business is the report of the Committee on Fidelity Insurance, by its chairman, Mr. Caldwell Hardy, president of the Norfolk National Bank, of Norfolk, Va.

Report of the Committee on Fidelity Insurance.

To the American Bankers' Association:

Your Committee on Fidelity Insurance begs to report that it has continued its work and investigation along the lines laid out in its last report to the Cleveland Convention.

RATES.

Inquiries were sent to all the members and from the replies received we find still a great diversity of rates being paid, but the general average is materially lower than for the year 1898. While many of the banks are still paying the same high rates, those who have followed and profited by the work of this committee have obtained concessions on former rates of from twenty-five (25) to fifty (50) per cent. These replies also indicate a general consensus of opinion that rates have been much too high, and disclose the fact that many banks in large cities are paying the higher rates, while those in smaller cities and towns, who have given the matter more at-

tention, have secured marked concessions, the rates now being paid in smaller cities being actually lower than those in large cities on larger lines of insurance.

It may be interesting to note the varying rates which were paid in the following cities:

Boston	.....	\$2.50, 3.00, 3.33, 4.00, 5.00
Providence, R. I.	.....	\$4.00, 5.00
New York	.....	\$2.50, 3.00, 4.00, 5.00
Nashville, Tenn.	.....	\$2.50, 5.00
Chicago	.....	\$2.50, 3.00, 4.00
Buffalo, N. Y.	.....	\$2.00, 2.25, 3.00, 5.00
Philadelphia	.....	\$3.00, 3.50, 4.00
Toledo, O.	.....	\$2.00, 4.00
Cleveland, O.	.....	\$2.00, 3.00, 4.00, 5.00

Lower rates are reported in many places and a number quote \$5.00 per one thousand (1,000) dollars for three years, or \$1.66 per annum.

Our last report, covering six years, showed that the average loss on bank business had been very small, and the returns for the year 1899 are even more favorable than for the six preceding years, and emphasize the fact that the business of our banks has been decidedly profitable to the companies writing it. Undoubtedly, among the various risks they are covering by Fidelity Bonds in general, including Court and Probate Bonds, insurance of State, County and Municipal Officers, Contractors, Saloon Keepers, etc., it will be found that some classes are decidedly unprofitable; in fact, we are assured that companies of unquestionable standing, prefer writing the business of our banks, at from 50 to 70 per cent. of the rates that many of them are paying, to accepting many other lines of business at materially higher than prevailing rates. We call especial attention to the desirability, both to our members and to companies, of each class of business being separated from every other, and made to provide its own losses, expenses and profits. When this is done, we feel that our members will, as a rule, pay less than they are now paying for their insurance, and the companies still get adequate rates.

FORM OF BOND.

The form of bond reported by your Committee last year and copyrighted in the name of your Association for the exclusive benefit of its members, has been adopted by a very considerable per centage of them, considering the brief time it has been before them. Many more propose to adopt it at the next expiration of their bonds; and yet, we can but feel that if all members appreciated the value of the bond, none would lose time in adopting it.

All forms heretofore have been ex-parte, drawn by the Surety Company assuming the risk. It would be expecting of human nature more than is reasonable, to suppose that a company drawing its own form should not look more carefully to its own protection than to that of the assured. The Association bond is the only one we know of, in general use, drawn by counsel for the banks, the ablest we could find. In its preparation, Surety Company counsel was consulted, as well as representatives from a number of the companies, so that the obligations of both sides were fairly considered and defined, and the instrument freed from technicalities. Some companies decline to furnish our form and one company will only furnish it at two and one-half times its regular rate, and it has been subjected to fierce criticisms from various sources antagonistic to it. These criticisms, however, when carefully weighed, as they have been by many of our members, and in some cases by their attorneys, have brought out only more clearly the advantages of the form, and the result has been its adoption by those who have considered it carefully.

The following letter explains itself:

JULY 20, 1900.

MR. CALDWELL HARDY, Chairman, Norfolk, Va.

Dear Sir: I have read very carefully the article of Mr. A. C. Anderson, a copy of which you so kindly sent us. I feel great interest in the subject, having had some experience with Fidelity Bonds.

Under the form at present mostly used, they afford but small, if any, protection. They insure nothing beyond the pay-

ment of premium and a most bitter, intricate and costly litigation, if you be so unfortunate as to attempt to enforce one.

They are most scientifically constructed, being modeled on a blending of a Pandora box and a chameleon.

I have great faith in the ability of the American Bankers' Association, but if they succeed in bringing about the issuance of a plain, honest form of fidelity bond, one that will squarely and honestly fill its purpose, they will accomplish much that will add to the safety and security of banking.

Our former cashier defaulted. He was bonded by the _____ Company in the sum of \$10,000. There could be no question raised as to the default, but we were met with various technical reasons, clauses, constructions, interpretations, etc., and finally having had to resort to the courts, we are still without a judgment in the matter. There may be other companies who deal not as this one does. I hope so, for in this one we see humanity in a light that is calculated to blight what little faith we may yet have in our fellow man.

I delayed this long in replying, desiring first to read your last report, so kindly sent me. This I have done with much pleasure and benefit. The form of bond reported is a fair obligation on both sides.

For your information we give the following quotations from replies received to our inquiry why the members had not yet adopted the Association form of bond:

Member: "Old form seems to be satisfactory."

NOTE.—We suggest the party read the foregoing letter. COMMITTEE.

Member: "The companies make out their own forms, which are satisfactory to us."

NOTE.—They are also evidently satisfactory to the company. COMMITTEE.

Member: "Have simply renewed old bond at suggestion of company."

NOTE.—Have no doubt company will continue to offer this suggestion, as the party is paying 25 to 33 1-3 per cent. more than he ought to. COMMITTEE.

Member: "We accept the form submitted by our company."

NOTE.—Had this party compared what he got with our Association form, he would have made the selection instead of allowing the company to do so. COMMITTEE.

Member: "Never spent a moment's thought about it."

NOTE.—It is worth thinking about, notwithstanding. COMMITTEE.

Member: "For the present, prefer to deal with regular insurance companies."

NOTE.—This party is under a misapprehension in supposing we issue bonds, but he can get the Association form of bond from a responsible company at considerably less than he is paying for inferior protection. COMMITTEE.

Member: "The company with whom our men are insured do not write it, except at a very high rate."

Member: "It has never been offered to us at a price we could afford to accept."

NOTE.—The company evidently places a high value upon the protection afforded by the Association bond, but the parties are already paying for the company's own form more than others are paying for ours. COMMITTEE.

Member: "Must confess I did not know of it. Did not receive your first communication; have since read the report of your committee and think it contains much food for thought."

NOTE.—We have received many other replies of similar purport. COMMITTEE.

GENERAL PLANS.

Under this heading your Committee last year alluded to the English companies who operate on a mutual basis, and to the possibilities of such a plan for our members.

We get from many of them expressions favoring the adoption by this Association of a similar plan, but the successful inauguration of it would involve possibly an incorporation of some kind. Then officers, and a suitable staff, experienced in such business, would have to be employed to manage it, and a supervision exercised over such a bureau, which would require more time than any member of this committee, or any member of the Association, could probably afford to give it. One State Bankers' Association has entered into an agreement with a Surety Company by which all its members get their Fidelity insurance written at a moderate and uniform rate.

Believing as we do, that members who give the question proper attention can get our form of bond at a fair rate from good companies already engaged in this line of business, we are not yet prepared to recommend a mutual plan to this Association, but the statistics already gathered by this Committee would prove of the greatest value, should the occasion arise making the consideration of such a plan advisable.

The following companies have agreed to write the Association form:

Aetna Indemnity Company, of Hartford, Conn.
American Bonding & Trust Co., of Baltimore, Md.
City Trust, Safe Deposit & Surety Co., of Philadelphia.
Fidelity Trust & Deposit Co., of Baltimore, Md.
National Surety Co., of New York.
The Pacific Surety Co., of San Francisco, Cal.
United States Fidelity & Guarantee Co., of Baltimore, Md.
Employers' Liability Assurance Corporation, Limited, of London, England.

If any of the above companies decline to furnish a member this form, he will consult his own interest, and get further information, by addressing the Secretary of the Association on the subject.

Some of the members appear to be under a misapprehension as to the object of our work, as some of them inquire as to the rate at which we will furnish bonds, and some of them think that they can only get the Association form of bond from us.

We wish to emphasize the fact that we are not in the insurance business, but have endeavored, at considerable effort, to place our members in a position to secure their Fidelity insurance upon satisfactory terms from companies already engaged in the business.

Any company can obtain from our Secretary authority to write our copyrighted form of bond; it only being necessary for it to write the form for our members only.

Our members are carrying over one hundred million dollars (\$100,000,000) of Fidelity insurance, and if we can secure for them the placing of this enormous amount upon a good form of bond, and at a saving of only one dollar per thousand from former rates, they will have secured better protection and saved \$100,000 per annum, and your committee will feel gratified to have rendered them this service.

Our banks have for years been familiar with the protective work of the Association, as carried on by its Protective Committee, know how efficient that work has been, and at what infinitesimal cost to each member. The work of *this* committee has been to safeguard the millions of Fidelity insurance carried by our members, by providing a bond drawn solely with this end in view, and the result of its work has been an absolute saving to many banks, of more than their entire annual dues. We estimate the annual saving to our members, in the premiums paid for fidelity insurance alone, when all of them shall have fully understood what the Association is doing for them, will be materially more than enough to pay the entire running expenses of the Association, from year to year. But important as the saving of premiums is, the most important question to be considered is, to obtain a protection that protects.

We are convinced that the subject is so important to this Association, that its consideration should be con-

tinued along such lines, and through such channels, as may be found most effective.

CALDWELL HARDY, Norfolk, Va.

President The Norfolk National Bank.

A. C. ANDERSON, St. Paul, Minn.

Cashier St. Paul National Bank.

W. P. MANLEY, Sioux City, Ia.

President Security National Bank.

JOHN L. HAMILTON, Hoopeston, Ill.

Of Hamilton & Cunningham, Bankers.

F. H. FRIES, Winston, N. C.

President Wachovia Loan & Trust Co.

Mr. J. G. Brown, of Raleigh, N. C.: I am sure this Association appreciates the work that has been so carefully and so intelligently done by this committee; and I move that their report be received and spread upon the minutes, and that the committee be continued. (Seconded.)

The President: All in favor of that motion please say aye—opposed, no. It is carried.

Mr. Bradford Rhodes, of New York: Mr. Chairman and Gentlemen of the Convention: I wish to supplement the resolution offered by Mr. Cannon, of New York, that the Committee on Education be continued for another year. This committee has been doing most excellent work during the past year, and I feel quite sure that it should be continued one more year to carry out that most excellent work. I make that motion, that the Convention request the council to continue that committee for one more year.

Mr. I. E. Knisely, of Toledo, O.: I think there is nothing in the constitution authorizing the Executive Council to appoint any committee except two. One is the Protective Committee and the other is the Advisory Committee. I understand all these committees are creatures of the Convention, and the Convention can dispose of them or continue them at will; and with that view I second the motion that the committee be continued.

Mr. Bradford Rhodes: I accept that.

The President: It is moved and seconded that the committee be continued for one year. All in favor of that motion say aye; those opposed, no. It is carried.

The President: The next business in order is the report of the Committee on Express Company Taxation, by its chairman, Mr. F. W. Hayes, president of the Preston National Bank, of Detroit, Mich.

Mr. F. W. Hayes: Mr. President, Ladies and Gentlemen: I do not suppose the ladies will be much interested in the subject of Express Company Taxation, but we are glad you are here to listen to it.

Report of Committee on Express Company Taxation.

To the American Bankers' Association:

Since the War Revenue Tax took effect the bankers throughout the country have been growing increasingly dissatisfied with what they consider the unfair competition in their exchange business by the various express companies. These companies have become most aggressive competitors for that business, and have advertised all over the United States that they are engaged in all branches and phases of both domestic and foreign exchange. The small banks throughout the country, with capitals of from \$50,000 to \$100,000, which promptly paid the tax imposed upon them, felt it was a great injustice to them to allow these powerful companies, with millions of dollars of capital and tens of thousands of agencies, to engage in the exchange business without paying a penny of taxes for the privilege. They do not complain of the competition, but they are indignant over such unfair advantages.

Prior to March, 1899, there had been rulings of the Internal Revenue Department, both by Commissioner Scott and Commissioner Wilson, that the sale of money orders, drafts or checks constitute a dealing in exchange, and made those engaged in the business subject to the payment of the special brokers' tax. But on

March 24 1899, a ruling was made (No. 20916) by which the express companies were declared to be not subject to the payment of the tax, for the technical reason that they were not engaged in the business of exchange, because they did not transact this business by means of instruments known to the law as "bills of exchange," but merely by means of "money orders," which were not bills of exchange.

The agents of steamship companies had previously been paying this tax upon similar transactions. They complained of the ruling which exempted express companies and left them liable, and the Commissioner on June 20, 1899, suspended the previous rulings affecting such steamship companies.

Complaints had been so numerous from interior banks and bankers that three of the large foreign exchange houses in New York City—namely, Knauth, Nachod & Kuhne; Ladenburg, Thalmann & Co., and Kountze Brothers, brought the matter to the attention of the American Bankers' Association at its Convention held in Cleveland. As a result of the action there taken, this committee was appointed to obtain, if possible, a reconsideration of the Commissioner's ruling, which exempted the express companies from the payment of the bankers' and brokers' tax imposed by the Revenue Law, and now submits this report:

Section 2 of the War Revenue Law provides: "Brokers shall pay fifty dollars. Every person, firm or company whose business it is to negotiate purchases or sales of stocks, bonds, exchange, bullion, coined money, bank notes, promissory notes, or other securities, for themselves or others, shall be regarded as a broker."

The contention of this committee on behalf of the American Bankers' Association is that every agent of every express company negotiates, purchases or sells "exchange," "promissory notes or other securities" (the words "other securities," in our opinion, being intended as a general expression to include all kinds of instruments for the negotiation of credits and money transfers).

On October 27th, 1899, the committee personally attended a meeting before the Commissioner in Washington and delivered to him a letter of that date, a copy of which is herewith submitted. They also submitted certain exhibits consisting of circulars issued by the express companies advertising their business—viz., "foreign remittance cheques," "travelers' cheques" and proof of "telegraphic and cable transfers of money to and from points in the United States, Canada and foreign countries," "purchase of commercial bills of exchange," and of all kinds of property, including "securities." Also exhibits showing the American Express Company's advertisement that it "opens accounts in Paris and London;" "receives deposits at home and abroad;" "issues cheques against deposits;" "allows interest on cash deposits of \$2,500 or over;" "buys commercial paper and advances money on securities;" together with further exhibits of blank forms used in their various lines of business, quoting rates of exchange, etc.

As the result of that meeting the committee was advised by letter to its counsel, dated October 31, 1899 (Treasury Decisions, No. 21,709), that the Commissioner held that the evidence submitted with respect to the "American Express Company and its agents throughout the United States is conclusive (if not hereafter overthrown) in establishing the special tax liability of this company and these agents as brokers."

The Commissioner also held that wherever the American Express Company was engaged in the business of buying or selling foreign or domestic bills of exchange it was subject to the tax.

Inasmuch, however, as the business of buying and selling foreign coins or bills of exchange could probably be confined to a very few agencies, the committee, representing the banks, requested the Commissioner to pass upon the main question involved in their application—namely, whether the business of selling the various instruments issued by the express companies, such as "for-

eign remittance checks," "travelers' checks," drafts and orders, by cable or otherwise, did not make those companies liable to the payment of a banker's or a broker's tax at each and every of its many thousand offices. On November 3, 1899, the counsel for the committee wrote to the Commissioner, stating that they had obtained some additional proof of a very positive character, showing that the American Express Company was actually engaged in the foreign exchange business, and that they would forward this proof if the Commissioner had not been fully convinced by the evidence previously submitted. In reply to that letter the Commissioner wrote to them, on November 10, as follows:

"In reply to your letter of the 3d instant, you are hereby informed that on the facts stated by you in your former letters to this office there appears to be no reasonable ground for doubting that the American Express Company has been engaged in the business of buying and selling foreign exchange, and that it is accordingly required to pay special tax as a broker for each and every distinct and separate place of business at which such purchases and sales have been made."

Prior to writing this letter, however, and on November 4, 1899, the Commissioner, who had been deluged with letters of complaints from the banks throughout the country, had requested the Secretary of the Treasury to obtain the opinion of the Attorney-General on the questions involved, including also the "money order" business.

The action of the Commissioner in referring the whole matter to the Attorney-General, made it necessary for the committee to appear before that official in Washington, at which time a brief carefully prepared by Mr. John A. Garver, of the firm of Shearman & Sterling, New York, was submitted, a copy of which is herewith attached. This brief contained much of the information hereinbefore referred to, together with a large addition of further facts and proofs. At this meeting there were present attorneys of the several express companies, who were not prepared to submit briefs, but did make some oral arguments on the different points. Time was given by the Attorney-General to the express companies' attorneys to submit briefs, and considerable time was taken, after which the attorney of the committee prepared and submitted a brief in reply, a copy of which is herewith submitted. After waiting a very long time the opinion of the Attorney-General, written by one of his assistants, was delivered, a copy of which is also herewith attached, sustaining the contention of the express companies, and totally disregarding that of your committee.

The committee desire to call the attention of the members of the Association to some of the points submitted, first asking the members to bear in mind the definition of the word "broker" as given in the Revenue Law above quoted.

In a small pamphlet issued by the American Express Company, a copy of which is submitted herewith, you will find on page 1 the following: "Travelers' cheques of the American Express Company are practically certified cheques of the company." "These cheques are more available, economical and secure than any other form of travelers' credit, and * * * are virtually a universal currency." "Cheques may be purchased at any of the company's 7,500 agencies in the United States, * * * also through many banks and tourist and steamship agencies." The committee contend that certainly these 7,500 agencies, besides the steamship and tourists' agencies, are acting as brokers for the sale of these cheques, and should each pay the brokers' tax.

On page 5 of the same pamphlet there is proof not only that the company's agents are acting as brokers, but also as bankers.

Terms of Issue. (Travelers' Cheques.)

Fourth. Against Deposits of Cash. Commission will be payable same as under paragraph Third. Interest will be allowed on cash deposits of \$2,500 or over.

On page 6 is the following:

Cable transfers of money to and from the United States and Canada and Europe, or other Foreign Countries, may be made through any of the Company's offices.

Also on page 6:

American Express Company draws sight drafts for any amount payable at all principal points of the commercial world.

Still the Attorney-General decides that the company is not engaged in the business of negotiating purchases or sales of exchange.

On page 7:

The company is prepared to buy or sell foreign money at any of its agencies in the United States or Canada, as well as at its London * * * and Bremen office.

Let us ask: Would any sane business man decide, in the face of such public declaration of its business, that the company, and all its agents, are not engaged in the business of negotiating sales or purchases of coined money or bank notes?

In a folder pamphlet entitled "Notes and Maps of Interest to Travelers and Shippers," issued by the same company, a copy of which is attached, many of the features of the business of the company given above are repeated, and in addition thereto other declarations are made, clearly showing not only that the company and its agents are brokers and liable to such tax, but also that they are acting as bankers, and should pay the tax on the \$18,000,000 capital stock they advertise.

In that folder we find, first, "American Express Company, with its incomparable organization * * * reaching upwards of 30,000 places in the United States and Canada." Let us remark parenthetically that there is presumably an agent in each of these places. If so, the Government loses \$1,500,000 each year through the favorable decision of the Attorney-General.

We quote next "A 'universal currency' is the term often applied to these checks * * *"

Notwithstanding all the agents of the company are negotiating sales of this "universal currency," the Attorney-General decides that the company is not liable for the tax imposed upon all others negotiating "purchases or sales of stock, bonds, exchange, bullion, coined money, bank notes, or other securities for themselves or others."

We quote again: "Commercial Bills of Exchange purchased by American Express Company at (here follows a list of nine principal cities only)—a change in advertisement brought about probably by the Commissioner's ruling first alluded to herein—viz.: "There appears to be no reasonable ground for doubting that the American Express Company has been engaged in the business of buying and selling foreign exchange, and that it is accordingly required to pay special tax as a broker for each and every distinct and separate place of business at which such purchases and sales have been made."

Let us hope, therefore, that the Government has collected such tax for the nine places named in the advertisement.

On another page will be found the following: "Collection of Accounts, Bills, Notes, Drafts, etc., made in any part of the Commercial World by American Express Company * * *"

Certainly the collection of notes, drafts, etc., is the business of a banker, and one which occupies the greater part of a bank's clerical force, and to which they devote the utmost thought and plan the most complete arrangements. The banks, for the privilege of doing business as a bank, pay \$2 a year on each \$1,000 of capital. The express companies enjoy the same privilege and pay no revenue tax therefor on their many millions of advertised capital.

The committee is informed that in Minneapolis and St. Paul the express companies have gone into the market and offered to sell drafts on New York to the jobbing people at a lower rate than that maintained in those cities by the banks under Clearing House rules and regulations.

This company indicates by its advertisement that it

is competing with the Government in distribution of advertisements previously forwarded by mail by the following paragraph:

To facilitate distribution, a representative of this company will call upon patrons by appointment to quote rates for the handling and distribution of their entire issue of advertising or other matter.

The express companies, as competitors of the Government in the issuing of Money Orders, from their own statement of the business done by them, have taken a large part of the business from the post office, and in consequence have made serious inroads upon the profits which the post office would have had had the express companies not been competitors for the business.

Now as to the Express Money Orders: The contention of the committee is that they are undeniable promissory notes. They read: "This company will (or 'agrees to') transmit and pay to the order of" a specified sum. This clearly, is not an order, but a promise to pay, and, therefore in the judgment of any reasonable person, comes within the list of things, the negotiating sales or purchases of which constitutes a broker.

After the rendering of the decision of the Attorney-General the committee made a full report to the Executive Council, and the Council appropriated a sum of money for the purpose of testing the validity of such decision, but it has not been ascertained in what way such a suit could be brought. The express companies, therefore, having the opinion of the Attorney-General in their favor—viz.: "Brokerage is not the business of the express companies; they are carriers, and the issuing of money orders and travelers' checks is a mere incident of the business of carriers," are escaping the payment of the tax. If this be true, does it not follow that all railroads, steamboats or other "carriers" can indulge in any of the same practices without paying taxes for the privilege?

The opinion of the Attorney-General's assistant fails to reply to many of the points made in the brief submitted on behalf of the Committee, and evades other points; and it is neither satisfactory nor conclusive on any point. Its weakness must appear from what has already been said, and is obvious to any one familiar with the subject. It will be difficult, and may be impossible, to carry the question up to the Supreme Court of the United States. Unless relief can be obtained in this manner, the question remains to be answered, what are you going to do about it?

All of which is respectfully submitted.

F. W. HAYES, Chairman,
C. R. HANNAN,
PERCIVAL KÜHNE,

Committee.

Mr. J. P. Huston, of Marshall, Mo.: Mr. Chairman, the Bankers' Association of the State of Missouri is heartily behind the American Bankers' Association in its efforts along this line. Of all the competition that we have had to deal with the most meddlesome and pestiferous competition has been that of the express money order. They give an order and advertise on the face of it that any bank in the United States will cash it. The work of this committee has been valuable—would have been valuable if it had brought forth a vigorous protest on the part of the Association against the express company nuisance, and I believe that in the hands of the committee definite results will be accomplished. I move you that the present committee be continued for another year.

Mr. P. C. Kauffman, of Tacoma, Wash.: The State Bankers' Association of Washington this year adopted a resolution which was forwarded to the Secretary of this Association, most heartily approving the action of the American Bankers' Association in endeavoring to relieve us from the unfair competition from the express companies. The bankers of the State of Washington probably suffer from it more than a good many other sections of the country, from the fact that almost

all of our banking transactions are necessarily in coin. We are unable to ship currency. It is established on the Pacific Coast that all transactions must be paid in specie. The result is we find we are compelled to pay the express companies not less than the rate of \$1.75 on the \$1,000, to transfer gold from San Francisco. During the panic of the years succeeding 1892 it became customary among the people. Many, from good reasons, lost confidence in the banks and thought it was better for them to buy express money orders instead of depositing the money, using the express money order simply as a certificate of deposit, and holding that until they needed it, and then turning it into the banks to cash it. We have suffered from that a great deal. Every little town in the State upon which the express companies sell their orders turned their orders back to the larger cities and have them cashed, sending either through the local bank or through the merchants who hold their accounts with the bank. We therefore think that the efforts of the Association should be most earnestly indorsed by bankers of all sections of the United States. The practical question would seem to be, What are we going to do about it? If there is no other method, we certainly should have such a modification made of the Revenue Act as will put the express companies upon the same basis with them. I wish most heartily to second the resolution that this committee should be continued, and that its work should be continued and brought before the House of Representatives, if possible, or at least some legal efforts to be taken in order that we should have the just protection that should be given to us.

Mr. J. R. Van Wagenen, of New York: I am heartily in accord with the motion, and with the importance of the subject. These express money orders are made to circulate freely because they are taken freely by the banks and cashed as exchanges. I speak now with reference to the smaller towns, as I am not competent to speak for the larger towns in their various methods, but the smaller towns constitute a very large feature of this matter, because they render the circulation of these orders free and popular. It is a matter of fact that in practice they do not, in the hands of their local agents in the smaller towns, have any money ready to pay their own orders, and they are returned, and the bankers are expected to do that, and thereby give them the capital in business to which they contribute nothing. If the banks in cashing these money orders would make a charge, it would in that way call attention to the fact that the assertion of the express companies is not true that they are the best form for the transmission of money. This has nothing to do with this resolution, but I believe every banker within the sound of my voice will agree that we can very soon make them unavailable, and convince the people that the best place to get small drafts is from the banks.

The President: The question is upon the resolution to receive the report of the Committee on Express Company Taxation, and to continue the committee for one year. All in favor of that will please say aye—those opposed, no. It is carried.

The President: The Secretary will now make some announcements as to the meetings of delegates from States and Territories to appoint the Nominating Committee, in accordance with the constitution.

After the announcement of the meetings was made, the Convention adjourned until Wednesday morning at 10 o'clock.

SECOND DAY'S PROCEEDINGS.

Wednesday, October 3, 1900.

The President: The Convention will please come to order. We will open the service with prayer by Rev. Dr. W. E. Evans.

PRAYER.

Let us pray. Our Father, who art in Heaven, hallowed be Thy name; thy Kingdom come, Thy will be done on earth as it is in Heaven; give us this day our daily bread, forgive us our

trespasses as we forgive those who trespass against us; lead us not into temptation, but deliver us from evil, for Thine is the kingdom, and the power and the glory, forever and ever. Amen.

Almighty and Everlasting God, we thank Thee that during the past night Thy loving arms were about us, protecting us from all danger and from harm. And, now, at the beginning of this day, we lift up our hearts and voices in praise to Thee for all Thy goodness, for our creation, for our preservation, for the means of grace, for the hope of glory, and for Thine inestimable love as manifested in the gift of Thy blessed Son for us. We invoke Thy mercy upon the members of this Convention. Grant, we beseech Thee, Blessed Lord, to direct them in all their doings with Thy most gracious favor; that all their works, begun, continued and ended, may redound to Thy glory and to the good of men. When the members of this Convention shall retire on their way to their homes, grant them journeying blessings, protecting them from all dangers of travel and from all evil, that they may come to the haven where they would be, with a grateful sense of Thy mercy and with thankfulness in their hearts. Hear us in this our morning prayer, we beseech Thee. Sanctify us with Thy grace and pardon all our shortcomings, in the name of Jesus Christ, our Lord. Amen.

Call of States.

The President: The next business is the call of States. Statements will be limited to five minutes.

ALABAMA. (No response.)

ARIZONA. (No response.)

CALIFORNIA. (No response.)

COLORADO. (No response.)

CONNECTICUT. (No response.)

DELAWARE. (No response.)

DISTRICT OF COLUMBIA. (No response.)

FLORIDA. (No response.)

GEORGIA. (No response.)

IDAHO. (No response.)

ILLINOIS. (No response.)

INDIANA. (No response.)

The President: If the States are present, they will be expected to report the condition of matters. I would say that I believe in carrying out the programme regardless of the people present. I think the States ought to be called, and those who are here we will hear from; and, if the Convention wishes it, we will call the States again.

INDIAN TERRITORY. (No response.)

IOWA.

Mr. Jno. R. Wallace, of Iowa: Our chairman is not present. I will go and hunt him up.

KANSAS.

Wm. C. Henrici, Cashier Inter State National Bank, of Kansas City, Kansas.

Mr. President and Gentlemen: Kansas is justly proud and grateful that she has for the first time been given representation on the Executive Committee of the American Bankers' Association.

It has not been many years since a Kansan would reluctantly reveal his identity when away from home, sneak in the back door, so to speak; but, since the State has been "redeemed" and the people have shared in the general prosperity, that same Kansan overlooks no opportunity to make his presence known, be it on land or in the water or on top of the Chinese wall, and I may state that his ability to take to the water is not altogether due to the fact that it is the only beverage legalized by statutory enactment.

Kansas is largely an agricultural State, and probably few know how productive her 52,000,000 acres are. The crops of all kinds for 1899 represented a value of \$170,000,000, of which corn was king, with 225,000,000 bushels, valued at \$53,000,000.

But Kansas has other things to be proud of. The value of live stock owned in 1899 was \$133,000,000. Her dairy and poultry interests represent many millions more, and her wonderful salt, zinc, lead, coal and other minerals produced in 1899, grouped by the Geological Survey, as non-metallic and metallic, were valued at \$11,894,576.

The products of her many packing houses go into the remote corners of the world.

Within her borders is one of the largest live stock markets in the country, where were received, in 1899, 2,017,484 cattle, 2,959,073 hogs, 953,241 sheep, 33,775 horses.

The moral welfare of her 1,500,000 citizens is by no means neglected, and in order that the coming men may be

equal in intelligence to the "Wise Men of the East," 9,344 educational institutions are maintained, besides a State University and a State Normal School.

The prairie schooner is a thing of the past, and in its place we now have 9,000 miles of railroads (exceeded, perhaps, by three States), and are up to date on automobiles and rubber tire vehicles.

To assist in moving the immense crop and foster the different lines of business, about 500 banks are in operation, with over \$61,000,000 on deposit, of which 4,000 are State banks and the balance National, all showing a big increase in deposits during the last year. The State banks work under a banking law administered by an efficient Bank Commissioner, to whose efforts it is due that bank failures are almost unknown in Kansas.

All are in good health now, except that they are suffering from what the Bank Commissioner calls "the money plague."

The increase in deposits reflects the general growth of business, and if the croaker and calamity howler affected not to know it before, he has, by an object lesson, learned that the law of supply and demand regulates the rates for money, just as it does the price of commodities, for the borrower with good collateral has been able to obtain money in Kansas at rates which were at one time considered low in Eastern money markets.

Our State Bankers' Association is in a flourishing condition. At the convention in June many matters of local interest were discussed, and an effort was made to have the Uniform Negotiable Instrument Law brought to the attention of our Legislature. If a State ticket is elected, which is not hostile to every cause espoused by bankers, we may be successful; otherwise we may have to "wait a time in patience."

I might go on indefinitely telling of the greatness and recounting the glories of the "Sunflower State," but my time is limited. To those who are in doubt, we extend a cordial invitation to come and enjoy our hospitality; for, as shown above, we always have enough to eat, and the latch string hangs out.

They will also be convinced, to use the language of another, "that the half was not told me; thy prosperity exceedeth the fame which I heard." [Applause.]

KENTUCKY. (No response.)

LOUISIANA. (No response.)

MAINE. (No response.)

MARYLAND. (No response.)

MASSACHUSETTS. (No response.)

MICHIGAN.

J. A. S. Verdier, of Grand Rapids, Mich.: I have lived in Michigan for thirty-five years, and we have always been prosperous. Even the hard times have not struck us quite as hard as, perhaps, some other States. Our farmers are having good crops this year. Our fruit is simply immense. It runs into the millions—the amount of peaches that we are shipping from that State, together with other fruits. Our manufactories are all busy. Thousands of men are employed in our furniture factories of the State and other factories. Of course, Grand Rapids is well known throughout the country as being the great furniture centre of the United States. We have a great many furniture concerns that employ thousands of men, and the business generally is good. Their market, you might say, is the world. Great shipments are made even to Europe, and we are entirely satisfied with the volume of business this year. [Applause.]

MINNESOTA. (No response.)

MISSISSIPPI.

Mr. Lawrence Foot, of Canton, Miss.: We are an agricultural people almost altogether. We have a kindly people, and a soil upon which the sun shines warm many months of the year. Mississippi, to be appreciated, must be seen; and, if you will come and dwell with us and live under our vine and fig tree, you will truly think that you are living in a part of the Promised Land, living with the chosen people a thousand years ago. [Applause.]

MISSOURI. (No response.)

MONTANA. (No response.)

NEBRASKA. (No response.)

NEW HAMPSHIRE. (No response.)

NEW JERSEY. (No response.)

NEW MEXICO. (No response.)

NEW YORK.

Mr. David Cromwell, of White Plains, N. Y.: Mr. President: New York, the great Empire State, is all right. Her manufacturers are prospering. Her agricultural interests are prospering. Indeed, every large interest in the State is doing well. We have a progressive and very useful State Bankers' Association, divided into groups or divisions of contiguous territory. The group meetings are very useful in giving bankers information in relation to the financial standing of borrowers in their locality. It follows, of course, that the banks are doing well when all other interests prosper. Our great metropolis, the city of New York, where nearly all of the bankers of the country have accounts, the great financial center of our continent, is growing every way, and in no way faster or more solidly than in our banking interests. New York bankers are making loans the world over, and are able to make more. New York, Mr. President, is doing well and is all right. [Applause.]

NORTH CAROLINA.

Thos. H. Battle, of Rocky Mount, N. C.: Mr. President and Members: As the delegate from the North Carolina Bankers' Association, I wish to join in extending a cordial welcome to our Southland. Our State rejoices as fully as any in the complete burying by the Spanish War of the last remnants of the sectional animosity and rancor naturally resulting from the most terrible war known to history. The old Tarheel State did its full duty in that fearful struggle, and is now trying to do its full duty to our great union; and we glory without stint in the unparalleled growth of our united country, and in the increased respect which our starry flag commands from the entire world. We will visit the battle fields this afternoon hand in hand.

I am glad to report that the wave of prosperity has not entirely kept away from our State. Our ideas, our needs and our opportunities are smaller than others, but in our own way we are going ahead, fairly prosperous and contented.

The tobacco growers are somewhat under a cloud, but the cotton sections are now claiming that cotton is king again.

Our towns are growing, our bank deposits are increasing, new factories are springing up and a general state of improvement seems to pervade the entire State.

In common with the other Southern States, we, of course, labor under some very serious disadvantages that should always be taken into consideration in comparing reports from various States. The greatest of these disadvantages is the enormous drain the payment of war pensions makes each year upon us of the South; a burden that is entirely right and proper, of course, but one that makes the growth of the new South all the more wonderful and miraculous. A short calculation will show you that each Congressional District in the South pays a full thousand dollars a day in war pensions to the North and West. Of course, all the States pay it, but the Northern and Western States get back their share and ours, too. The Congressional District in which I live, for instance, composed of seven counties, pays some \$340,000 a year in pensions, which is equal to one-half of the entire capital and surplus of all the banks in the district. And this statement is all the more striking from the fact that the district includes the State capital and the strong banks there. The amount of life insurance money also sent North by us annually will undoubtedly equal the pension drain, and, while we take pride in the fact that we are actively helping to create these stupendous trust funds, aggregating a thousand millions, held by the New York life insurance companies alone, still we are confronted with the fact that we in North Carolina are not allowed to borrow a dollar of it.

These matters do not affect our happiness, however, and I only mention them as matters of interest that make the wonderful material progress we have made since the war appear still more wonderful. As we send north each year one-half of our banking capital for pensions and the other half for life insurance, you can understand why money is so scarce with us. While we cannot claim the nativity of the author of the Declaration of Independence, still you are bound to concede that old North Carolina is the birthplace of the author of the interesting Ocala Platform Sub-Treasury Scheme of printing, which promised once such a royal road to wealth, but now happily defunct. [Applause.]

NORTH DAKOTA. (No response.)

OHIO.

Jacob Frick, President of the Wayne County National Bank, of Wooster, Ohio: Mr. President, Members of the Association and Ladies: The great State of Ohio, which I represent in this Convention to-day, continues in the business of

creating and furnishing the material out of which we make Presidents of the United States.

The banking business of Ohio is steadily growing, many banks having been organized within the past year. Deposits have increased and loans have correspondingly increased.

The farmers in our State are prosperous. Stock of all kinds, as well as grain, bring good prices. Manufacturing and agriculture are increasing. All our people who went to work are employed. Five years ago we could loan to farmers ten thousand dollars where we can't loan them more than one thousand dollars to-day, with the rate of interest much lower.

I come from one of the best agricultural counties in the State, and have handled their crops for thirty-five years, and know whereof I speak. Nothing like the prosperity that now exists was ever seen in Ohio before.

We do not want a change, and McKinley will be elected in November. Ohio will give him fifty thousand majority.

I think you are convinced now from these few words that Ohio is a grand good State to live in anyhow.

This is my first visit to this beautiful city of Richmond, and her visitors are, I believe, ready to concede that her far-famed reputation for royal hospitality has surely been well earned. Thanking you all for your kind attention. [Applause.]

OKLAHOMA. (No response.)

OREGON. (No response.)

PENNSYLVANIA.

Mr. John W. Taylor, of Pittsburg, Pa.: I don't know whether there is any other gentleman present from this State. Our prosperity for the past four years has never been excelled. The iron and steel business, as you all know, has been very prosperous. The Eastern part of the State has had some little troubles in the anthracite region, but I believe it has been adjusted and working all right now. In the Western part of the State we have a great deal of money. It is almost as plentiful as silver was in the days of Solomon, when it was counted as nothing and was as stones in the streets of Jerusalem. [Applause.]

RHODE ISLAND. (No response.)

SOUTH CAROLINA.

Mr. J. A. Brock, of Anderson, N. C.: The price of cotton is bringing wealth to our stricken country down there. We invite the people of the North down there. We think we have a fine field for investment, with cheap lands from fifty cents up to fifty dollars. In South Carolina there is immense progress in manufacturing interests. Cotton factories are springing up all through the State everywhere. You are hardly out of the sound of a cotton mill whistle. I suppose the spindles have increased an hundred fold in the last five years. Charleston, on the coast, is the only one you might say that is flush with money. I don't know what they mean by keeping it on the coast. There is forty thousand dollars locked up in the coffers there. We are not only on the road to prosperity, but we are yonder in the front. [Applause.]

SOUTH DAKOTA. (No response.)

TENNESSEE. (No response.)

TEXAS.

Mr. Edwin Chamberlain, of San Antonio, Tex.: Texas is unfortunate to have to report the dreadful disaster which occurred in the city of Galveston, and floods and storms which occurred in other sections of the State. The State is so large that the sections affected represent a very small area of the entire State. The general condition of the State is excellent. Our banks report good collections and large deposits. The large cotton crop we are raising in the State at the present time and the good prices being gotten for it indicate for us a very prosperous fall and winter.

UTAH. (No response.)

VERMONT. (No response.)

VIRGINIA. [Applause.]

Mr. J. P. Lewis, of Martinsville, Va.: I had hoped that some other delegate more eloquent than I would report for Virginia; but I am here to say that Virginia, in natural resources, is probably the equal of any State in the Union. What she needs is progressive men and some money to develop her resources. She is rich in coal, timber and various natural resources that go to make up wealth; and as to her hospitality, I suppose the events of last night testify to the gentlemen present. [Applause.]

Virginia is coming to the front. Her vast oyster inter-

est, when known and exploited, will be a source of vast wealth. We invite you again, gentlemen. [Applause.]

NORTH CAROLINA.

Wm. A. Blair, of Winston, N. C.: North Carolina might, perhaps with propriety, join this State in a welcome for you, and in an expression of appreciation of your visit to the South land; for, in the early days of Colonial history, the virgin queen fondly christened our fair slopes and these, with the magic, musical and charming name, Virginia.

That name our State, too, bore, until a married sister, she changed it on her wedding day with Carolus or Charles. Long after these F. F. V's made tobacco a legal tender by purchasing wives with that weed, which has caught "Sabeian odors from the spicy shores of Araby the blest," the golden leaf was for both States, in common, Richmond funds, and twist or plug answered every purpose of New York exchange.

Your geographies, being out of date, perhaps yet tell you that our great State produces only tar, pitch and turpentine. But I desire to say that the crop of politicians has not suffered from the drought.

The song of our cotton and woolen mills is echoed from every hill top. We are shipping furniture to Grand Rapids, machinery to England, Germany and Japan, and cattle to Chicago. Lumber and grain, vegetables and farm products, are bringing us more money than ever before. The peach crop was a success, and the liquid extract from it and from the corn is abundant.

Our mining operations are successful, and our banking institutions flourishing.

It is, indeed, God's favored land. It is blessed with a perfect climate and a perfect soil. It teems with mineral wealth, virgin forests and waters, pure and abundant.

On every hand we are greeted by the whirl of machinery, the whistle of engine and the growth of trade, wealth and power. The more practical and materialistic North is sending us now, not slaves, but capital.

The shackles of toil have fallen from human hands and we are at work, with the audacity of genius, in fastening them upon the moving winds, the rushing waters, the tireless streams and the electric currents.

By elevating our citizenship, by putting culture and business before politics, we are gaining in peace what we lost in war, and we are again taking our place in the front ranks of the world's onward march. [Prolonged applause.]

Mr. A. W. Conklin, of Newark, N. J.: The first thing I have seen going backwards in these proceedings is going from Virginia to North Carolina. The backward march was soon dispelled when we heard those eloquent words of the delegate from North Carolina. I wish to include under the letter "N" New Jersey for a moment.

The President: We must do this thing in order. I don't think you were present when we opened the Convention, and it was understood that we would call through the States and would call the list again. If your speech will keep, I would prefer that. [Laughter.] I see the Vice-President from Virginia. I think he was out late last night and he couldn't get here sooner. I see him here and I know he has a speech, and I wish the Convention to listen to Mr. William R. Trigg.

VIRGINIA.

Mr. William R. Trigg, of Richmond, Va.: Mr. President and Gentlemen: It would certainly be a great reproach upon me if I hadn't been out late last night. I haven't got a speech, and I was out last night. There is no doubt about that at all. I had very good authority for being down stairs, because I was with the Treasurer of the United States and others, and I thought I had a right there. But what I have to say is very brief, owing to what other people have done.

It devolves upon me, as filling the honorable position of Vice-President of the Association for Virginia, to report to you the condition of banks of this State. It is a duty easy to perform, for the President of the State Association of Bankers, Mr. Mann S. Quarles, a gentleman not without honor in his own country, has presented me with a statement so full and clear that "he who runs may read." To use his own words, "From every standpoint the outlook is encouraging to us, both as bankers and as Virginians."

The compilation furnished, and which is before me, represents 36 National banks, 10 Trust Companies, 101 State institutions and private bankers, and this is the summary, being a comparison of condition as existing January, 1899, and January, 1900, with the further showing of increase of

circulation by National banks since January, 1899, to date of report, say May 1st, instant:

REPORT.

Paid up capital, January, 1899.....	\$11,856,942
Paid up capital, January, 1900.....	13,177,305

Increase	\$1,302,363
Surplus and undivided profits, January, 1899..	6,262,331
Surplus and undivided profits, January, 1900..	7,065,050

Increase	\$802,719
Cash and due from banks, January, 1899.....	13,684,842
Cash and due from banks, January, 1900.....	13,880,629

Increase	\$195,787
Deposits, January, 1899.....	31,260,594
Deposits, January, 1900.....	33,364,019

Increase	\$7,102,425
Loans and discounts, stocks and bonds and securities, January, 1899.....	41,726,649
Loans and discounts, stocks and bonds and securities, January, 1900.....	52,697,020

Increase	\$10,970,371
Circulation of 36 National banks, January, 1899	2,108,255
Circulation of 36 National banks as of this date	3,245,465

Increase	\$1,137,210
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Mr. Chairman, the figures I have shown for the whole State, so big to us, I know very well fall far short of those of many single institutions represented upon this floor, but, nevertheless, I give them with pride and satisfaction, for they mean tireless energy, not surpassed any where by any people.

Speaking "financially," and to you bankers, of resources, as you understand them, I will state: In the throes of war we lost the "ninety and nine" and only "one" remained; but that one, praise be to God, contained or embodied the needed germ of them all, courage and self-reliance.

In 1865 the word went out, "We have lost, but we must not repine, we must take up our lines as they have fallen." We have borne more than our share of the burdens; and, if it took a foreign war to convince some that we were back in the Union to stay, a vain search will be made for one of us who would have been lacking in fealty to the Government at any time; and so, with good conscience, we worked ceaselessly to build up our waste places; and hence these figures, to repeat, so small to you, so big to us.

I cannot close without welcoming, on behalf of the State, the Bankers of the whole country to the capital of our State. [Applause.]

WASHINGTON.

P. C. Kauffman, of Tacoma, Wash.: The people of the State of Washington, and in fact the entire Pacific Northwest, are rejoicing now over a period of unexampled prosperity. The contrast with the conditions that prevailed four year ago is remarkable. Then the entire State was struggling in the depths of a commercial and financial slough of despond from which there seemed no means of extrication. Business completely paralyzed, the manufactures at a standstill, prices of staples in many instances below even the cost of production; despair written on every countenance. To-day all the industries of the State are in a most flourishing condition; crops uniformly heavy, prices good, so that the condition of the farmer has greatly improved, and he has been enabled not only to pay off his mortgage, but also to have a balance with his banker. The latest statements of the banks show them to be in a very strong condition. Deposits have reached high water mark, while the reserve carried averages fully 45 per cent. The outlook for the future is even brighter still, and unless some great disaster should happen the next decade will show a truly phenomenal development. The inhabitants of that section to-day are perched upon the very pinnacle of hope, instead of, as four years ago, plunged in the depths of despair. The reason of this transition can be stated in a few words. The most important event in modern history was the destruction of the Spanish fleet in Manila Bay, May 1st, 1898, and the consequent establishment of the United States as one of the first-class sea powers. The century succeeding the Declaration of Independence has been pre-eminently emphasized, throughout the world, as that

of the great struggle for freedom. In that century the Anglo-Saxon race has been predominant, and with the extension of that influence has followed a most wonderful extension of modern civilization. In every quarter of the globe wherever the flag of the Anglo-Saxon has been carried, the shackles of slavery have been broken, and the ignorance of barbarism enlightened. Even darkest Africa itself is being illumined with the electric light of civilization, and it will not be many years before Cecil Rhodes' dream of a railroad from the Cape to Cairo, will be realized. If, then, the nineteenth century has been specially marked as the period of the world's great struggle for freedom, it may be safely predicted that the coming century will be known as that of the great struggle for commerce, with the scene of that conflict transferred from the Atlantic to the Pacific Ocean. The Orient, with its teeming myriads just awakening from their thousand years' sleep, offers to-day the richest prize ever presented in the struggle for commercial supremacy. With scarcely a thought of the United States ever proving a factor in that contest the great nations of Europe have been for years partitioning the Oriental trade among themselves, each one striving to obtain the strongest vantage. When Admiral Dewey two years ago sailed into the Harbor of Manila and destroyed the Spanish fleet, the ruling nations of the world realized that hereafter the United States of America would be one of the leading sea powers, and that due allowance and consideration would have to be made for it. With that decisive victory, the sick man of Europe ceased to be the main object of consideration for the leading European diplomats. From henceforth they will care but little for the Sultan of Turkey or control of Constantinople. The interests of the nations of the world will hereafter be centered on the sick man of China, and the United States must take, and will take, a prominent part in deciding the destiny of that invalid; for this is the only great power that looks out upon the Orient, the theater of future commercial activity. We do not want the Philippines for the Philippines alone, but for China. In this, the new irrepressible conflict that is destined to occur between the Anglo-Saxon and the other races, the theater of action will be transferred from the Mediterranean and Ægean Seas to the Pacific Ocean and the Yellow Sea. It is not simply a question of destiny, duty, Imperialism and expansion, but another step in the great modern struggle among nations that must inevitably result in the survival of the fittest in the evolution of commercial supremacy.

When the smoke of battle has blown away, and the conditions are made plain to all, the bugaboo of Imperialism will vanish into thin air, fading away, as the baseless fabric of a dream, and the people of the United States, awakening to a full realization of the grandeur of their destiny and the greatness of their opportunity, will settle down to a development of the commerce with the Orient that will ere many years re-establish our merchant marine, cover the Pacific with the white winged birds of commerce, and pour into our treasuries the riches of Golconda.

The possibilities of trade with the Philippines and the United States are as yet scarcely capable of estimation. That we have a rich gem in this new acquisition to the nation's jewels is unquestioned, but the stone is not yet cut. Every fresh glimpse of its interior reveals increasing value. It is a rich agricultural land, bearing prolific yields of hemp, tobacco, sugar, coffee, rice and so forth, and abounding in almost inexhaustible tracts of valuable tropical woods. But a far greater value than even its tropical products are its rich mineral resources: gold, silver, lead, iron, copper, platinum, sulphur and coal. With command of the trade with the Philippines it will be impossible to hinder the growth of our trade with China; a trade that is destined to expand to incalculable proportions. The most recent census of the Chinese Empire shows it to have a population of not less than five hundred millions, which is far greater than the food stuffs produced in China, vast as it is, will sustain.

The Chinese Government, after a most careful examination, decided that wheat from the United States must supply that deficiency, and that even at a cost as high as a dollar and a quarter a bushel and made into flour, it remains the most economical food in proportion to its nutritive quality that China can import. In 1892 the Northern Pacific Steamship Company inaugurated the line of first-class modern steamers of about 5,000 tons each between Tacoma, Wash., and Japanese and Chinese ports.

A great export trade has been built up by this line, taking out millions of dollars' worth of American products from Tacoma and bringing to it, on return trips, a vast amount of tea, silk, raw and manufactured, sugar, rice, matting and gen-

eral Oriental merchandise. The flour shipped goes principally to China, each steamer carrying about 1,000 tons. The export from the port of Tacoma for the year 1899 amounted to over five million dollars.

Within the past two years the Nippon Yusen Kaisha, a Japanese-American line, sailing between Seattle and Japanese ports and operated in conjunction with the Great Northern Railroad, has been inaugurated by J. J. Hill, President of that road, and has already developed a marvelous trade.

In the growth of this commerce lies the future greatness of the State of Washington and the cities of Puget Sound. Puget Sound lies 500 miles nearer the Orient than San Francisco, and in all the coast lying north from the Golden Gate there is not a harbor so conveniently accessible to deep sea vessels. It is not an uncommon thing to see ships sail through the Sound a hundred and fifty miles from the entrance to the Straits to Tacoma or Seattle, and cast anchor in the placid waters of Commencement of Elliott Bay, without having received any aid from a tug. Tacoma and Seattle, the chief ports of Puget Sound, are thousands of miles nearer to Yokahama or Hong Kong than London, Liverpool or Hamburg.

Australia and all Oceanica lie closer to Puget Sound than to England. The vast territory of Northern Asia, fast developing into a new commercial Empire, opens its doors at Vladivostok and Port Arthur, which are thousands of miles nearer to Puget Sound than to any European port.

The pathway from the Occident to the Orient leads through to the gateway of Puget Sound. It is but a trail now—like the meager rut in the sands of the Western plains of America made by the wabbling wheels of the "Prairie Schooner" in 1849, but it is destined to become the grandest highway of the seas. The greatest portion of the human race lies at one end of it, the most advanced civilization and commercial progress at the other. The intercourse and exchanges between these two will exceed those of any other section of the globe, and the "Westward Star of Empire" will forever rest in the zenith of Puget Sound, the mart of untold millions across the Pacific.

WEST VIRGINIA.

Mr. E. M. Gilkerson, of Parkersburg, W. Va.: Mr. Chairman and Gentlemen of the Association: Speaking for West Virginia, I have to say in the first place that we take just pride in our ancestry, and we are proud to speak of this old Commonwealth, Virginia, as our mother. We are proud of our beautiful women, our sturdy, aggressive, progressive citizenship, our majestic mountains and beautiful mountain streams. We might if time permitted discuss the birds and the flowers, but this is a practical age, an epoch of commercialism. In the States further South, cotton is known as king, but, as our revenues are so varied, we find ourselves unable to designate the king. With an area of nearly 400 square miles we venture the assertion that nowhere in all the world can be found a like territory that will compare with ours in its great wealth of coal.

West Virginia, if I mistake not, stands second as a coal producer, and is in the forefront with the great timber districts of the country; and, if not first in petroleum, it is certainly second, and oil is not found in any State of superior quality. To give you some faint glimpse as to our development along this line, I have to mention a fact that only two weeks ago the South Pen Oil Co., in what was termed wildcat territory, in the County of Lewis, sunk a well that has produced at the rate of 8,000 barrels of oil a day. So great a find was this, the tankage to meet the demands could not be had; and, as strange as it may sound, one of the tributaries of the Little Kanawha was actually dammed in order to save thousands of barrels of oil that would have otherwise gone to waste.

We have our cattle upon a thousand hills, and the bleating of the lamb is everywhere in evidence. Our agricultural interests are by no means of secondary consideration. But I have not time to dwell longer here. No State in the Union can boast of more stable banking institutions. I cannot call to mind a single bank failure, save only the Montgomery Banking & Trust Co., of Fayette County. Whilst they have closed their doors, I am advised that they will pay out. This institution was a very insignificant affair, and hardly arose to the dignity of a bank. In the past decade our banks have quadrupled their deposits, not a few having jumped from one and two hundred thousand dollars to one million and a quarter. Our population in the same length of time has nearly doubled itself. Your attention is also directed to our natural gas holdings, and our brethren from the Central West, Indiana for instance, are ad-

vised that we have entered the list as a competitor of theirs, and offer the manufacturers of the country an abundance of this cheap fuel; and well they understand when the oil gives out (no find is long lived) that they have within our confines inexhaustible coal fields which argue the continuation of their plants *ad infinitum*. In conclusion, let me say that we are a happy and prosperous people, not lacking in hospitality, and we extend to you all a cordial invitation to visit us, and we will do what we can to make your stay pleasant and profitable.

WISCONSIN. (No response.)

WYOMING. (No response.)

The President: I see on the floor ex-President Hendrix, and I wish he would take a seat on the platform—Mr. Joseph C. Hendrix, ex-President of the American Bankers' Association. [Applause.] [Calls of "Hendrix," "Hendrix."]

Mr. Joseph C. Hendrix: Mr. President, Ladies and Gentlemen: This is a most unexpected disturbance of a beautiful day dream; and, as I am summoned before you, I feel very much like a gentleman who came in from the suburbs of London, where I was last summer during the session of the Bankers' Association at Cleveland. The only good thing I got out of London was this story: He came from the suburbs, and attended a banquet something like Richmond provided for us last night. He drank so much Mountain Dew, which was provided on that occasion, that he forgot quite where he lived. When he went to the depot, being confused by the lights and noise, etc., he went to the ticket office and put down a half-sovereign. The ticket agent says: "What station, please?" He wasn't going to be anything but a gentleman under any circumstances. Says he, "What stations have you, please?" [Laughter.] When I am held up and fired out before a Convention, in which I see so many faces of those whom I am privileged to call friends, I am almost tempted to turn around to my successor, the President, who you observe uses the same hair oil that I do [Great laughter and applause], and to ask him what subject he desires me to speak upon. [Laughter.] But there is but one subject that looms up before me when I look at this audience, and that is the tremendous growth of the American Bankers' Association within the last five years. It is a pleasure to recall the Convention in Atlanta in 1894. The President of this Association attended there as a very modest visitor for that occasion only. His predecessor attended there. The predecessor of that predecessor attended there. So you can judge from the succession that was passed on, that in the group of gentlemen who went down to Atlanta there was some sort of Southern combination effected at that time. But the fact of it is that we took the American Bankers' Association in hand, some of the younger element of the fraternity, and said: "We will make it effective, we will make it of use to the bankers of America, and we confidently believe that they will appreciate it." The result is told. The energy of the Secretary, the effectiveness of the executive officers, the capacity of the various committees, all is told distinctly in one direction; and I desire as one of the Ex's (and it is said that the Ex's go before the Y's)—as one of the ex-Presidents of the Association, to put my seal of approval very distinctly upon the action which has been taken at this Convention in providing for the young men hid away behind the grills in the various banks throughout the United States, in carrying to them the results of experience in other parts of the country—making the man in Alabama familiar with the commercial law of Vermont—making the man in Maine understand how to loan money down in Texas and get it back. [Laughter.] That is a lesson which we all love to learn—always how to get money back. It is very easy to lend it; sometimes it is difficult to get it back. I remember one of the best proverbs I ever heard uttered from the platform of the American Bankers' Association was the one by our lamented friend, Comegys, of Philadelphia, who said that the Bible says that the borrower is the servant of the

lender. It is all wrong. The reverse. The lender is the servant of the borrower. [Applause.] I have nothing but the most cordial greetings and thanks for the very great kindness which this Association has bestowed upon me personally. There is nothing like getting a national reputation when you are in the banking business; and I do not know any cheaper form of advertising than to be President of the American Bankers' Association; but you have to earn your way up to that position. It is a great pleasure when you do earn the confidence of your associates; and, having secured that great honor, you sometimes fail when you get through, as the man who was asked, why he was trotting around so bow-legged, he said he went up in a balloon and walked back. [Great laughter and applause.]

The President: I knew you would enjoy hearing ex-President Hendrix and I called on him. We have with us to-day Mr. George Hague, General Manager of the Merchants' Bank of Canada, and a delegate of the Canadian Bankers' Association. We have never had Canada on our list of States; some day we may; but I am sure that this Government would like to hear what are the conditions in Canada.

Mr. Geo. Hague: Mr. President and Gentlemen: I had no idea whatever of saying a word, but I thought possibly you might like to hear a word or two from that far off northern country, and because we are very closely associated with you in the banking business, though we are not associated politically. We prefer to paddle our own canoe. But commercially and politically we have the closest possible relations with the United States, and I really do not know whether you would do more business with us if we were a part of the American Union. Perhaps you might and perhaps not. At any rate it is a fact that we import more from the United States than from Great Britain. It is a fact that there is a remarkable interchange between Canada and the United States. For example, our larger banks employ vast amounts of capital in New York, Chicago, Duluth, and in the South, too—one has a branch at New Orleans; and at this moment there is great development in the province of Great Britain on the shores of the Atlantic that will, if it goes on, make a little town of five or ten thousand inhabitants with vast coal and steel industries going on with American capital, so if we were a series of States we could hardly be more closely affiliated. You know Canadian banks have branches. One of the branches of the bank which I represent in the far off North, a thousand miles north of Chicago, is in charge of an enterprising manager who wanted to build up his American connections. He went to work and sent out circulars asking for collections to be sent to him. Before he got through he sent out a thousand. That will show you that he was stretching out his arms pretty widely for the business. I hope some of you will respond to these circulars. It is a fact which will interest you all that forty years ago when I first entered a Canadian bank the whole deposits of the Dominion of Canada were about \$15,000,000. We had no savings banks in those days, and the whole deposits of the country were only \$15,000,000. That was the condition when I entered the bank forty years ago, and their deposits now amount to about \$350,000,000, and all the rest of the banks is in accordance with these larger figures. And we are looking forward to the time of further development because we have vast stretches of territory undeveloped yet in the far North and in the East; and we are finding out what you are finding out and have found out, that this is a wonderful continent and has inexhaustible possibilities that the people do not dream of. One year or two ago there were indications of gold almost as far up as the North Pole. We have developed them the last year, where the thermometer goes far below zero, so far North there is not daylight during three or four months of the year. From that region last year there was \$20,000,000 of gold exported.

You are very intimately connected with us and we with you. And as for this southern country, I made a visit a few years ago to a place where we were interested. I came down South. I visited Charleston, Savannah, Pensacola and New Orleans. I could not go to Galveston, as that would be taking too much time, although we have interests there. I came home by the way of Memphis, Philadelphia and New York, and in every one of these places I saw names with which I was just as familiar as I am with the names of the people of Montreal. So you see our interests are identified with yours and yours with ours. You cannot prosper without making us prosper; and to some small extent I grant that any calamities that might befall us would afflict you. As the gentleman from Washington said, we are now in the flow of a wonderful wave of prosperity; every thing is growing, everything is advancing, people are making money more and more, and everything is rosy and bright as we would wish it to be. I think I have occupied a long enough time, and I thank you very much for the opportunity allowed me to speak to you. [Applause.]

The President: It was understood when we commenced this morning, so few States being represented, that we would call the roll of States through, and if certain States did not respond we would again call the roll and have their responses. Of course, no State will be permitted to make two speeches.

ALABAMA.

E. J. Buck, of Mobile, Ala.: Mr. President and Gentlemen of the American Bankers' Association: Alabama, first on the roll call of States, extends to you all a hearty welcome to our Southland. We feel in this visit to dear old Virginia that you are paying a compliment to our entire South; and I know I speak for every Southern State whether represented here or not, in saying that we appreciate your visit and throw open to you our doors in the most cordial manner that we have in our means. In speaking of the prosperity of Alabama, I can only voice what has been said by every State that has been heard from on this floor to-day. We, too, have partaken of the general prosperity. We, too, probably have had a little better share of it than most of our Southern sisters from the fact that we are cutting loose from the traditional South in ceasing to be a purely agricultural country. Alabama, with its immense fields of coal and iron, with the lime rock all lying in strata so close together that a mill built can get its coal, iron and rock all with its own tramways, is making iron that is setting the price of that product the world over. To-day you Pennsylvanians, and from other producing States, know that when you enter the markets you are coming up strongly against Alabama. She is the State that is shipping her pig iron to the markets of the world in competition with the mines of the world. Her iron products are increasing in rapid proportion. Her coal has increased from over four millions ten years ago to ten millions in the past year. Within this present year the coal value has increased two and a half millions, the iron over one million, the lumber over one million five hundred thousand; and I am glad to say that in close competition with that the price of cotton has made old King Cotton come back ahead of them all to-day with \$25,000,000 increase in money value to our State this year, making a grand total of over \$30,000,000 that honest toil has pulled from mother earth in Alabama this year. With this money we are developing our State; and we ask every man who wants to get in the band wagon to come in with us and bring your capital and your brains and energy, and we will give you a cordial welcome. We are having a tax rate of only seven mills in our State. We are extending every facility to manufactories that come in our midst. We have received within the last year some of the largest cotton factories that have been located in the South; notably at Huntsville, Alabama. Birmingham has given to the South some of the largest steel and iron factories that have been established recently; and coming down to my own native town of Mobile, we are showing increased foreign shipping with our neighbors, the Cubans, the Central American States, that is simply amazing. Our town has simply grown beyond our own expectations. We are making a splendid showing. The whole State is enjoying the same prosperity. This State has made a great many advances in a great many different directions—the agricultural interests the same. [Applause.]

ARKANSAS.

W. Y. Foster, of Hope, Ark.: The State, together with other Southern States, is enjoying unusual prosperity just now, particularly the agricultural interests. Crops of every kind, and we raise all crops known to agriculture in the South, are unusually prosperous this year. The cotton crop in my section is unusually good, and as you know the price now is better than it has been for the last fifteen years. Cotton sold in my town last Thursday at twelve and a half cents a pound. That nets the farmer, together with his seed, which is sold to the oil mill at \$15 per ton, \$55 to \$70 on the bale. This is making money very plentiful in the rural districts. When the agricultural interests are prospering, the banking interest is prospering. The banks are increasing every year in our State. The money is being centered at these money centers and industrial interests are being helped along by this means. During the year '99 statistics show that our State was first in the shipment of lumber, third in the construction of railroads, and in other respects she has done equally as well. As my friend from North Carolina says, we have raised a good crop of everything, including politicians. [Applause.]

The President: The Chairman of the Richmond Executive Committee wants to make a few announcements, so we will stop the proceedings and give him a chance.

Mr. A. Beirne Blair, of Richmond, Va.: Mr. President, Ladies and Gentlemen: As Chairman of the Executive Committee appointed by the local banks and Trust Companies of this city to prepare for the entertainment of this magnificent body of men, representing as they do the intellectuality, material prosperity and the highest commercial life of every State and Territory, nay of every city of this vast, glorious, reunited United States of America, I ask your indulgence and patience in an interruption of the weighty matters of business of the Convention, to preform a most pleasant task that has fallen to me. It has been a labor of love to us all to prepare for your comfortable entertainment, and we feel more than compensated by this very flattering attendance, which we understand to be the largest in the history of the Convention, and our fullest reward will only be in proportion as you all enjoy yourselves while with us. With pardonable pride, the bankers of this city thought this an auspicious occasion to commemorate a unique event in the history of your Association, in having two of its chief officers hail from our city; in commemoration of which, and furthermore, personally, we want to show our friendship and esteem for your President and Secretary, both of whom were our companions and co-workers for many years. I now present to you, Mr. President, and to you, Mr. Secretary, these cups, emblematic of our love and esteem; and we trust that whenever and wherever they may be used there will flow from them a perennial stream of happy memories of your warm friends in old Virginia. [Applause.]

The President: Gentlemen, as your presiding officer, I have been buncoed. [Laughter.] When Mr. Blair told me that he wanted to make an announcement I did not know that he had those cups up his sleeve. You all know that I was a Richmond boy. I was one of the organizers of the Richmond Clearing House, and I understand that this cup is given to me, I suppose, for the work that the Clearing house has saved the different members; for five years we tried to organize a Clearing House, leaving it to the Presidents. I at that time was a cashier. We could never get the Presidents to organize, and finally the cashiers did organize. I thank Mr. Blair for my cup. [Applause.]

Mr. James R. Branch, Secretary: Mr. Chairman, Ladies and Gentlemen of the Association: I suppose it is in order for me to say a few words also. It is always with pleasure that a man returns to the home of his youth and finds there those who are willing to grasp him by the hand and say "God speed." I have never in my life spent a prouder or happier week than the last one in the City of Richmond. I have received nothing but words of encouragement from those I knew and even from those with whom my acquaintance was of the slightest. When the Richmond Clearing House Association sees fit to pre-

sent tokens of esteem to our worthy President and myself, I can only say that from the bottom of my heart I thank them and hope that I will continue to deserve it. Born and raised in Richmond, I can only look around me and see happy faces and remember the scenes of my childhood. I can only hope in looking forward to the future, when the sands of life have passed away, that I will rest in this old historic city and my bones be consigned to Virginia soil. [Applause.]

COLORADO. (No response.)

CALIFORNIA. (No response.)

CONNECTICUT.

B. G. Bryan, of Waterbury, Conn.: Mr. President: General prosperity still retains command in the Nutmeg State, and although in some lines of manufactures a gradual slowing down of production has been caused by our approaching national election, yet our general business is excellent, and the man who will work still has a full dinner pail.

Our city is the largest brass producing city in the country, if not in the world. More than 75 per cent. of all the brass is made in Naugatuck Valley. As an evidence of our prosperity, I may say we have about 400,000 savings bank deposits out of a population of about 900,000, and these depositors have nearly two hundred million dollars to their credit, an average of nearly \$500 for each depositor.

Our eighty-three national banks, with their twenty million dollars capital and eleven millions surplus, seem to show a condition of soundness and prosperity, which in a majority of cases is no doubt true, but I am satisfied that the statements in many cases as published are unreliable, as many investors in our State have found out by bitter experience during the last year.

I quote from an article on the subject of bank statements by a bank examiner; he says: "The bank statement does not reveal the condition of the bank; if it affords you an idea of the general dimensions of the business, with the subdivisions, but dares not let you know whether the assets are worth enough to cover the liabilities, the statement gives the public practically no information upon which the depositor can determine whether his money is secure or not. The purpose of the law is to guard the interests of the depositor and creditor and the general public."

All that he says is too true, but the publication of these statements does not protect these interests, and if there is no law to prevent the publication of a statement which the bank examiner and the Comptroller of the Treasury both know is not true, then there should be such a law, and as this association has been prompt and efficient in the institution of reforms, I commend this subject to your earnest consideration. [Applause.]

DELAWARE.

Benj. Nields, of Wilmington, Del.: Mr. President, Ladies and Gentlemen: Delaware responds by stating that she still has the Du Pont Powder Works, the largest powder works in the world; that the Lobdel Car Wheels, made in Wilmington, are running in Russia, China, Japan, Australia, and in every country where railroad rails are laid; that nine-tenths of all hard fiber manufactured in the world is manufactured in Delaware.

In the manufacture of morocco, Wilmington stands the second city in the United States; there are finished daily in that city for the market, about sixty thousand goat skins.

The paper machines manufactured in Wilmington by the Pusey & Jones Co. are found in Russia, the British Empire, Germany, Italy, India, Norway, Sweden, France, Japan, Canada and in about every country where paper is made. Many of the great journals in our large cities are printed on paper made on machines manufactured by this company.

Delaware peaches are sold in nearly all the markets of the United States. We have more banking capital than is needed for our commercial, manufacturing and business purposes; we have to go outside of our State for investments. The company of which I am president has invested in a part of the late British loan.

If any of our sister banks in other States need assistance, need money, the "little blue hen" stands ready and willing to gather them under her protecting wings.

We believe that when Paradise is restored it will be in Delaware, and if man should ever again be tempted by woman, it will not be by an apple such as was grown six thousand years ago, but will be with a Delaware peach. [Great applause.]

DISTRICT OF COLUMBIA. (No response.)

FLORIDA.

Jno. T. Dismukes, of St. Augustine, Fla.: The gentleman who was to report for Florida is not in the room, and I would ask that Florida be passed.

GEORGIA.

John H. Reynolds, of Rome, Ga.: In speaking for the Empire State of the South, I shall tell you of its great and inexhaustible resources in agriculture, manufacturing and mining. We have made remarkable progress for the last twelve months.

First, I will speak of the Cotton Manufacturing Industry. Georgia now has 112 cotton mills valued at \$20,389,000. There are now in operation 1,178,486 spindles and 26,259 looms. Since January 1st to October 1st, there have been established 39 new cotton mills in Georgia. In this, Georgia leads the South, South Carolina coming next with 22 new mills. No other State has had so great a record in the extension of the cotton spinning industry than has Georgia in the last twelve months.

I am indebted for these cotton statistics to Mr. Cuyler Smith, of Atlanta, a young Georgian who is devoting his talent to the development of this industry in the South.

As to the cotton crop, Georgia last year made and sold 1,250,000 bales. Our crop this year is short, and it is not expected that more than 1,000,000 bales will be harvested.

Very little cotton has been sold for less than 10 cents per pound. When it is considered that one year ago cotton was bringing only 6 cents per pound, the profits to our farmers can be better appreciated. Southern farmers are getting in better condition than in many years.

A new industry, which has attained great proportions in Georgia in the last few years is that of growing peaches. The Georgia peach has become famous throughout the country for its beauty in appearance and luscious taste. The past summer there were shipped from Georgia about 2,500 carloads, valued at \$1,500,000. The lands of Northwest Georgia have recently been shown to be admirably adapted for peach growing. Experts say that it is unexcelled. The near future will probably show a large development of the peach industry in that section.

And you all know the famous Georgia watermelon. This season was not a good one for melons. Perhaps 2,000 carloads were shipped out of the State.

Another great product of Georgia are the naval stores. I will not burden you with statistics of the number of barrels and casks of spirits of turpentine and rosin which were shipped, but will say that the total value of the naval stores for the past twelve months, ending August 31st, was approximately \$12,000,000.

Great as Georgia is in agricultural wealth, she is still greater in mineral wealth. Her gold mines, her iron mines, and her vast deposits of marble are only partially developed. The United States established and operated a mint at Dahlonega for many years previous to the California discoveries. The output of gold in Georgia this year will be the greatest in history. The third largest stamp mint in the United States has recently been established at Dahlonega, with a prospect of another equally as large to be built within a year. The output of gold in Georgia for the past year is difficult to arrive at. I should think, however, that it was from three to five hundred thousand dollars. A large smelter has just been erected near Atlanta, by expert engineers from Colorado, which is proof that they think that there are large deposits of gold in North Georgia.

The brown hematite iron ores of Northwest Georgia are superior to any found in the South, and the supply is very large. Hundreds of carloads are shipped to the Alabama and Tennessee furnaces to be mixed with their poorer ores.

So plentiful is the marble that lies under the surface of the earth in Georgia that the county in which I live has some of its roads paved with crushed marble.

In Northwest Georgia there are also vast deposits of bauxite; in fact they are the only bauxites of the kind on the American continent. Because of the extent and improved methods of extracting aluminum from this ore, the price of this new metal has been reduced from \$9.00 per pound to less than 25 cents per pound. Heretofore the supply of bauxite for making aluminum in this country has been brought from France and other foreign countries.

In educational advantages, the Empire State of the South keeps up a splendid record. Our colleges and schools are all well filled. Possibly you do not know that the first female college ever established in the world was in Georgia. It was

the Wesleyan College in Macon, which obtained a charter and gave to our fair and lovely women the advantages of higher education.

A large amount of money is being expended in Georgia on public schools. She has taken an advanced position in educating her children, both white and black.

By those conversant with our constitutional history, it is observed that the great men of that day—the framers of our Constitution—believed that that portion of our country which lies east of the Mississippi and south of the Mason and Dixon line was to be the most populous and prosperous part of the Republic.

Many conditions and events, slavery, desolating war and other things prevented. Though when we look at the natural endowments we can see whence sprang this belief.

The Puritan and Chevalier finally met in the great struggle which was the *sine qua non* of our progress.

History records the removal of the South's great disability. Time has recuperated the devastated land, the burned cities, and now she promises to fulfill the prophecies of our forefathers.

IDAHO. (No response.)

ILLINOIS.

J. B. Forgan, of Chicago, Ill.: Mr. Chairman, Ladies and Gentlemen: I regret that I am only a substitute to speak to you for five minutes on the general conditions of business in the State of Illinois. I should have liked to have been able to lay before you some statistics to demonstrate the improved condition of business, but having been suddenly called upon, and not having statistics at my command, I must confine myself to generalities.

I have been in Chicago since 1892. I had not got well settled down in the harness there before the financial disturbances of 1893 were upon us. Commencing with that year, and for three or four years following, the whole country was full of financial distress, and Illinois suffered with the rest. Bank deposits shrank, values of merchantable commodities and of other kinds of property diminished, and statements rendered to banks by their customers, as well as bank statements themselves, contained a doleful tale of shrinkage in surplus margins over liabilities and loss instead of gain as result of business from year to year. But happily a different condition prevails now, and has prevailed during the past three or four years. Business has been remunerative, and banks as well as their customers have shared in an unprecedented prosperity. Wealth has accumulated and has been widely distributed, so that all classes of the community have been benefited by it, and the whole people are now in that happy condition which exists when there is work for all with reasonable remuneration for their services.

The increase in bank deposits in Illinois, as well as in the other States bound up with us in our Northeastern sphere of mutual commercial interests, has simply been phenomenal. The larger financial centers, owing to the accumulation in them of the increased wealth of the surrounding country, have changed from borrowing communities dependent upon the older Eastern financial centers into an independent financial position with more money at their command than they can find local investment for. The banks in the larger towns in Illinois and adjoining States are finding in the open market in Chicago investment for their surplus funds, while Chicago bankers have the world as their field of operation. Chicago banks have to look to other parts of our own country, and even beyond the seas for the investment of the surplus funds which have come into them as a result of the prosperity in the Northwest of recent years.

British Consols selling at a price to net almost double the rate of interest that our own Government bonds will yield, commercial paper selling in New York, bankers' bills selling in London and German banks offering for deposits higher rates than could be obtained in the home market, have all tended to open up a wide field for our financial operation and make the statement true that we have to-day the world for our field.

The act passed by Congress in March last, while it has neither satisfactorily settled the standard of value nor placed our currency system on a satisfactorily permanent basis, has so far resulted beneficially by inducing the banks to so increase their circulation as to accord a sufficient supply of it for the movement of the crops. We have had no difficulty this year in supplying all demands for a currency for this purpose. To this extent and thus far the increased circulation taken out has been beneficial, and I am pleased to be able to report conditions of business favorable and likely to continue so for many years to come, unless the unexpected

happens and a change of Governmental policy upsets all our hopes and expectations.

The President: I am requested to make the following announcement: Immediately after the adjournment of this body there will be in this hall a meeting of the Nominating Committee, who will nominate officers for the ensuing year.

IOWA.

Fred Heinz, of Davenport, Iowa: Mr. President, Ladies and Gentlemen: Expansion of prosperity is still the rule in Iowa. The past year has been more prosperous than any in her history, and Iowa has raised a large surplus of all good things that make her great.

Although Iowa already had more banks than any State in the Union, we have added over 50 new ones in the last year, while only three have retired.

The deposits in her State and savings banks have doubled within the last four years, while during the same period hundreds of curbstone politicians are out of a job, having found more profitable employment in some other capacity.

Expansion has also been seized upon by our railroads, who have laid nearly 1,000 miles of new road within the past two years, bringing the total to over 8,000 miles, and there is not now an acre of Iowa soil beyond the reach of the sound of a locomotive whistle.

Our State Bankers' Association, with 407 members, is in an active state and flourishing condition. The swapping of credits has been indulged in more than before, based on the substantial returns of the surplus products of Iowa soil, and not on the surplus of wind now so plentiful with some of the great campaign orators.

The money Devil seems to be about to leave his usual haunts in Europe and get nearer to Iowa, as he already has a foothold in New York, from whence, instead of supplying the farmers of the West with money to move their crops, he is now supplying the potentates of the East with money to move their armies.

Judging from the prosperous look of things here at Richmond, it is not unlikely that the money Devil already has one eye on Iowa and the other on Virginia, and it will be well to strangle him before he destroys the liberties of the people by loaning them money at too low a rate of interest. [Laughter and applause.]

LOUISIANA.

H. H. Youree, of Shreveport, La.: We are not so prosperous yet that we do not have to go East to borrow money. We are very thankful you are helping us to move our crops. I have noticed in the papers recently that we have already drawn out about three million dollars from New Orleans in about three or four days. Our rice crop is large. We are shipping rice to California for the Chinamen who live there to eat. If we have protection on rice and sugar I think we will keep up with the rest of the States.

MAINE. (No response.)

INDIANA.

The once abode of the Indian and the land of the buffalo has, in a comparatively short time, by the industry, perseverance and energy of its inhabitants, been transferred from a rude and humble condition to that of refined, progressive and advanced civilization, so that Indiana now takes its place in the grand constellation of stars in the most glorious union of States that God's brilliant sun ever shown upon. We are proud of Indiana. Education, the arts, science, agriculture, manufacture, in fine industries of all kinds, have ever characterized her, and made the term Hoosier a synonym for just its opposite from its original application.

In statesmanship we have been heard from. The legislators and senators, Vice-President and President, are honors that have fallen to worthy and deserving citizens, and none of her public servants have done aught to mar or stain her escutcheon.

In literature, her authors and writers are now attracting attention—social problems, political economy, find ready masters—and among her poets the name of James Whitcomb Riley will be a household word long after all in this vast assembly will have gone to their rewards.

Indiana has enjoyed her share in the general prosperity. The business conditions were never better. Our banks and other financial institutions were never in a more sound condition. I cannot recall a bank failure during the year, while many new banks and trust companies have been organized. The new financial law has made National banks more popular and of greater usefulness, several State banks having changed to National, and many National banks have in-

creased their circulation. There has been a marked development and extension of the oil field within our State, which is becoming to be more widely known as a State full of splendid natural resources. Coal, natural gas, oil and stone abound in inexhaustible quantities. Some of the best buildings in the country are built of our splendid building stone.

We send engines, flour mills, wagons and many other articles to the farthest countries of the world.

Even our politics are so finely adjusted that we are the political battleground of the country.

Our manufacturers have been prosperous, labor has found employment at remunerative wages, railroads show increased earnings, while in electric roads great activity has been seen. Our farmers have had some discouragement in the failure of the wheat crop, but will be able to recoup their loss in a great measure in the unusually large acreage and yield of corn. We have a good State Bankers' Association, which meets annually, with increasing membership. Various matters of interest to the bankers of the State are looked after by proper committees, and the annual meetings are bringing the members in closer touch with each other, and it is evident that bankers who take an interest in their State associations eventually take an interest in the National Association. As a matter of economy in management, it is doubtful if any bank can afford to isolate itself, by failing to unite with both State and National Associations. Having attended these meetings of the National body since the one in Atlanta, Georgia, in '95, I am glad to say that each meeting has been of increasing interest, enjoyment and benefit. To many bankers, perhaps, it is the only relaxation and outing of the year, and to these it means going back to the various duties with new ideas, pleasant recollections of friends and acquaintances formed, of courtesies extended from the local bankers where the conventions are held, and a more noble inspiration to conduct our various institutions, although it may be in some obscure community, on a higher plane and on sound business principles.

MASSACHUSETTS.

George W. Grant, of Massachusetts: Mr. President, Ladies and Gentlemen: Representing, as I do, the State of Massachusetts, and the exchange question being one of much interest to the banking community, it occurs to me to address you briefly upon the method of the New England Clearing House Association, established by the Boston banks and the results it has accomplished.

New England being a compact and closely settled territory, with Boston as its financial heart, our wisest bankers foresaw the opportunity of creating new collateral methods for that section, and after mature deliberation our present system was adopted by a practically unanimous vote of the Boston Clearing House Association. Our Boston banks make their usual local clearing in the morning, and in the afternoon the New England clearing is made, each bank carrying into the Clearing House its cash items on all New England banking institutions, check on each bank being listed separately. The second day thereafter the same are made cash to the Boston banks by the manager of the Clearing House, who has been made a member of the regular Clearing House Association, and who has, at that time, received remittances from the country banks.

For the year ending June 7th, 1900, the total clearings in the New England department of the Clearing House were \$416,115,363, and the expenses of the same were \$46,400. These expenses should be increased by a small allowance for additional clerk hire necessitated in a few of our larger banks, but upon the statement just made you will see that we collected our New England cash items at a cost of eleven cents per thousand dollars, plus two days interest at current rate for money.

During the past year the States have been put into the system, one at a time, consequently for the present year the aggregate exchange will be much larger and the expenses considerably smaller, as the organization is now established, and as a result we are now collecting our New England cash items at less than ten cents per thousand dollars.

The question before our Boston banks was not what we could make upon our New England exchange, but what we could save upon them, and our system has accomplished the desired results. We have since adopted, practically, the New York rule to be applied to the remainder of the country, and I wish to make the point that had we adopted the New York rule in connection with New England cash items, the banks in that section in the past years would have paid us one-tenth per cent., or \$416,115, in lieu of the expenses borne by the banks.

Of the 644 banking institutions in our six cities, 562, or seven-eighths of the entire number remit immediately upon receipt, without charge; every institution in Massachusetts and Rhode Island doing so; only six of Maine's 107 banks charge; thirteen out of New Hampshire's 64; 22 in Connecticut out of 109, and 41 in Vermont out of 71. Certainly a very creditable showing for our system. [Applause.]

MISSOURI.

J. B. Thomas, of Albany, Mo.: Mr. President, Ladies and Gentlemen of the American Bankers' Association: Missouri with her three and a half millions of happy and contented people sends greeting.

Although not one of the oldest States by any means, yet she claims the distinction of holding fifth place among the great States of this union. Her bonds bear the highest price in the markets of the world, and within the next four years her bonded debt will be entirely wiped out. She also claims the lowest tax for State purposes, being only 25 cents on the hundred dollars valuation. Three-fifths of this amount goes to the support of the public schools of the State. Her public school system is one of the very best, as almost every neighborhood is dotted with a neat school house, and all of her cities and many of her villages have high schools and colleges. Her eleemosynary institutions are of the very best and liberally supported by the State.

Her climate is good, and almost all the crops common to the United States are successfully cultivated within her borders, as is shown by the surplus disposed of by her people, amounting in the aggregate to over \$125,000,000 each year, about \$35,000,000 of which is live stock. And last but not least her mineral products of about \$18,000,000 annually, the majority of which is produced in the southwest portion of the State, and consists principally of lead and zinc.

The banks of the State are in a very prosperous condition, and are all safe and well guarded under our system of State and national supervision. The capital and surplus of the banks at this time amounts to \$54,000,000, loans \$170,000,000, and deposits \$230,000,000. This, too, at a season of the year when most of the surplus products are in the hands of the producer.

Our State Association is in a very prosperous condition. We doubtless have as large if not the largest membership of any State in the Union; our paid membership at this time being 570.

We desire to call your special attention to the exposition to be held in St. Louis in 1903. We invite you all to be present and see this the largest thing of the kind that has ever been held.

We cannot close without a word in behalf of our President, who hails from our State. With becoming modesty we assert that his administration has been one of which we all feel proud. We all love Walker Hill.

MONTANA.

Austin W. Warr, Lewistown, Mont.: Mr. President: When the price of silver was below forty cents a great many people in Montana thought we would no longer enjoy prosperity, but we are now enjoying prosperity not excelled by any State in the Union. Every interest represented in our State is enjoying the utmost prosperity. Four years ago those of us who thought that the best interests of the country would be subserved by adhering to the gold standard were considered as traitors to the State and enemies to our friends. I am frank to say this condition is not true now. Experience has demonstrated the falsity of the opinion of the advocates of free silver. Simply because Montana was interested in the mining of silver a great many thought it was the paramount issue; but they now understand that it is not the case. To-day, while it is a great deal to expect, yet there are a great many of us with strong hopes that the present administration will be continued; and a great many of our people, and I believe a majority of them, have arrived at that point where they want a dollar that can hold up its head and say "Thank God my Redeemer liveth."

NEBRASKA. (No response.)

NEW JERSEY.

A. W. Conklin, Newark, N. J.: New Jersey is happy. Her 205 banking institutions are happy to report that they reflect the conditions enjoyed by their depositors; that deposits and gross profits are the largest in their history, with losses the smallest. New Jersey is called one of the smaller States, though in square miles she is not much smaller than Massachusetts.

While she has not expanded in territory, she has enjoyed the benefits of the expansion of her productions and commer-

cial enterprises, due to well established confidence based on the gold standard.

Only one cloud is to be mentioned at this time, casting a slight shadow on the future. Some business contracts are being made, based on the continuance of that standard, to be canceled if it is placed in peril as the result of the coming election.

We join with the delegates from all of the other States in the hope and belief that it will not be disturbed.

We acknowledge with appreciation the excellent results of the great work of the American Bankers' Association, and join with all in praising the grand hospitality of the city of Richmond.

MICHIGAN.

M. W. O'Brien, of Detroit, Mich.: Michigan is undoubtedly prosperous. From the reports of the condition of the National and State banks of Michigan, June 30th, 1900, I find that the total amount of deposits then held by 191 State banks, three trust companies and 82 National banks were \$152,920,507. Of which the State institutions held \$102,448,609. These banks show an increase in deposits in State and National institutions in the year from June 30th, 1899, to June 30th, 1900, of \$12,446,927; and an increase in deposits from the same date in 1896 to June 30th, 1900, four years, of \$50,778,603.

The Commissioner of Railroads reports the income of Michigan railroads for the first six months of the year 1899, \$19,579,968, and for the first six months of 1900, \$22,068,661, an increase of 12.71 per cent. in six months.

MARINE INTERESTS.

The State of Michigan, with its immense coast line along and through which passes all the transportation of the Great Lakes, has large marine interests.

The commerce of the Great Lakes for 1900, as shown by the Custom House reports from thirty-seven of the principal ports, exhibits a remarkable increase.

The shipments of iron ore from the head of the lakes up to September 1st of this year, amounted to 9,449,536 tons, and during the same period in 1899, 7,539,706 tons, an increase of nearly 2,000,000 tons. The output of iron ore from the Michigan mines is not included in the above. The increase is in the same proportion.

The Commissioner of Mineral Statistics gives the production of the Lake Superior iron region for the year 1899 at 18,251,804 tons, and the production up to September 1st, 1899, at 10,670,468 tons, against 12,366,022 tons for the same period this year.

COPPER.

The State Commissioner of Mineral Statistics gives us nothing later on refined copper production than 1899, during which calendar year the production of refined copper amounted to 146,950,338 pounds, a little less than the production for 1898. The extraordinary expansion of this industry is manifest from the following comparison: In 1894 the product was 114,308,870 pounds, value of which was \$10,952,122. In 1899 the product was 146,950,338 pounds, value of which was \$26,098,388.

AGRICULTURAL PRODUCTS.

The Secretary of State estimates that the wheat yield in Michigan this year will be ten million bushels, which is less than the wheat crop of 1899. The condition of corn compared with the average is 97. Oats is a good crop, already harvested and estimated at 36 bushels per acre.

LUMBER.

The pine forests of Michigan are approaching exhaustion. The lumber product of Michigan mills for 1900 will slightly exceed 2,000,000,000 feet, probably 200,000,000 feet less than 1899.

SALT.

The salt product of Michigan will about equal that of last year, but the producers of soda and the various products manufactured from the salt beds along the Detroit River are rapidly extending their plants and increasing their production.

NEW HAMPSHIRE. (No response.)

NEW MEXICO. (No response.)

The President: The next business in order is the address on the "Treasury and the Money Market," by the Hon. Ellis H. Roberts, Treasurer of the United States. [Great applause.]

The Treasury and the Money Market.

[Mr. Roberts' paper will be found in full on pages 39 to 41 of this SUPPLEMENT.]

H. J. Hollister, of Grand Rapids, Mich.: I move that this Convention, by a standing vote, tender a vote of thanks to Mr. Roberts for his address.

[Amid great applause the Convention arose en masse.]

The President: This completes our programme for the day. The Vice-President of the State of New York requests that a meeting of the State delegations for a conference be held immediately after adjournment.

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

THIRD DAY'S PROCEEDINGS.

Thursday, October 4, 1900.

The President: We will commence our proceedings with prayer by Rev. Rob. P. Kerr.

PRAYER.

Let us pray. Oh God, who art our God and our fathers' God, Thou whose compassions fail not, Who art the same yesterday, to-day and forever, grant us the benediction of Thy presence, we beseech Thee, and the guidance of Thy Spirit, that, being directed from on high, we may do those things which shall be well pleasing in Thy sight this day. We return Thee our humble and hearty thanks for all Thy mercies to us and to all men for the means of grace and for the hope of glory through Jesus Christ, our Lord.

We humbly acknowledge and confess that we are sinners before Thee, and beg God's mercy that we may be pardoned and justified and have peace with Thee. May that God, who is everywhere present to protect and defend His people, take care of the families of Thy servants gathered here, and keep them in Thy holy Providence, and save them from all evil. Bring together again the members of these families; keep Thou those who are here, and bring them safely to their homes again.

Bless the interests of this Association, Oh God, and direct Thy servants according to Thy holy law, to do those things which shall be right.

We pray Thee for our country; for Thy servant, the President of the United States; for the Chief Magistrate of this Commonwealth; for all who make or administer laws in the nation, that they may be inspired with true patriotism, with a love of the Truth and of justice and of mercy; and may we dwell together in peace. Bless all nations of the earth. Bring order where there is discord; bring peace where there is war; bring liberty where there is oppression, and may Thy great glory be embraced to all the peoples, we beg through Jesus Christ our Lord.

Our Father which art in Heaven, hallowed be Thy name. Thy Kingdom come. Thy will be done on earth, as it is in Heaven. Give us this day our daily bread, and forgive us our debts as we forgive our debtors. Lead us not into temptation, but deliver us from evil, for Thine is the Kingdom and the Power and the Glory forever.

The Grace of Our Lord, Jesus Christ, and the love of God and the Communion of the Holy Ghost be with us all now and forever more. Amen.

The President: The first business in order this morning is the discussion on "The Financial Future of the United States." The discussion will be opened by Mr. Charles A. Conant, of the New York *Journal of Commerce*.

The Financial Future of the United States.

[Mr. Conant's paper will be found on pages 42 to 44 of this SUPPLEMENT.]

REMARKS BY REPRESENTATIVE OF BANK OF JAPAN.

The President: When Minister Conger wired that he was surrounded and being fired on by a set of barbarians, an Eastern power touched elbows with our army and rescued, not only their ministers, but our own. We have with us to-day a gentleman who is the representative of the First Bank of Japan, located at Tokio. I shall ask that Mr. F. B. Schenck, of New York, escort Mr. Masayoshi Takaki to the stand. [Applause.]

Mr. Masayoshi Takaki, of Tokio, Japan: Mr. President and Gentlemen of the Association: This is an unexpected and great honor which I have received, coming to this platform to speak words of greeting and congratulation to this Association.

However, this greeting is not an official one, as I came as a private investigator of the financial institutions in this country. Hearing that your Association convened here, on my way to Japan (I leave San Francisco on the 10th of this month), I thought I would stop here and attend your Convention and carry the news of this great Association to Japan. As all of you know, Japan is near to you—nearer than ever before. When your jurisdiction went to Hawaii, Japan was a little nearer. Now you are going into the Philippines; it seems to me the relations between Japan and the United States of America are nearer than ever before. [Applause.] Not only politically and geographically is Japan nearer to you, but financially and economically Japan is nearer to you. Japan was known to you in 1876, when you had your Centennial in Philadelphia.

There the trade of Japan and the manufactured goods of the Japanese people were first known to the people of the United States. Then, in 1893, when you had the great Columbian Exposition at Chicago, we exhibited our goods there, and Japan was still better known to you. [Applause.]

Now, with war in the East, your officers and representatives and soldiers were together with our people, and Japan is still better known to you. I hope that Japan will be still better known and closer to you from this time on. [Applause.]

Until this day Japan is known as the garden of Oriental countries. Every one who visits Japan brings news to your people that Japan is a pretty, handsome country to visit, but none of you gentlemen have discovered that Japan is a place where you might find great opportunity for investment. Japan has many mines and many manufactures where you can invest profitably. Now Japan has a gold basis for her currency, so that there is no more trouble in our commercial affairs on account of a fluctuation in currency. Lately Japan has become a great buyer of cotton and iron in your country, while she is a great seller of silk and tea to the United States. In that way our relations become closer than ever before.

And all the trouble we are having to-day is that our country's financial and economical conditions are not well known to you, because the Japanese merchants staying in this country do not mingle with you so much as we would wish, and your merchants in Japan also do not mingle with our business men and men of finance.

So, friends, hereafter it is my sincere desire and hope that the financiers of this nation may come in closer relations with the financiers and business men of Japan, so that the time will come when our Association of Banks in Japan and the Association of Banks in America will have closer relations.

I consider this a great honor you have extended me, and I present you my heartfelt greetings upon the great success of your business.

I thank you again, Mr. President and gentlemen. [Applause.]

The President: The next business in order is a discussion upon the subject of "The Internal Revenue Law," opened by Gen. Alfred C. Barnes, President of Astor Place Bank of New York. [Applause.]

The Internal Revenue Law.

[Mr. Barnes' paper will be found in full on pages 50 and 51 of this SUPPLEMENT.]

The President: This is a very important subject, and if any member of the Association wishes to speak he will be allowed two minutes.

E. J. Parker, of Quincy, Ill.: I have listened, as have all the members of the Convention, with deep interest to the scholarly, clever and kind address of the gentleman. In justice to the taxpayers and the Government, I will make one observation and consume only fifteen seconds.

United States troops are not out of Cuba; they are in the Philippines to-day; they are not out of China.

The President and the Secretary of the Treasury cannot estimate the financial burdens still to be faced by the Government of the United States.

Repeal will be in order, and we all seek especially to repeal the war tax on bank checks and legal instruments, but in justice to the Government and our administration I think repeal is now, or would be, premature.

The President: Are there any other remarks?

The President: The next question on the programme for discussion is "Public Opinion and the Bank," opened by Mr. J. A. S. Pollard, Cashier of Fort Madison Savings Bank, of Fort Madison, Iowa. [Applause.]

Public Opinion and the Bank.

[Mr. Pollard's paper will be found in full on pages 48 to 50 of this SUPPLEMENT.]

The President: The next business in order is a paper on "The Education of a Banker," discussion opened by Mr. George Hague, General Manager of the Merchants' Bank of Canada and delegate of the Canadian Bankers' Association to this Association. [Applause.]

The Education of a Banker.

[Mr. Hague's paper will be found in full on pages 44 to 48 of this SUPPLEMENT.]

RESOLUTIONS CONCERNING THE CONSULAR SERVICE.

Edward J. Parker, of Quincy, Ill.: I wish to speak very briefly to a question of privilege. Up to this time, in this large representative and conservative body, not a single resolution has been introduced either advocating or protesting against a single measure pending in the Congress of the United States. Men who were members of the Indianapolis Monetary Conference, and who have attended the sessions of the American Bankers' Association, well understand that in the exercise of a privilege and right of petition, that when a steady stream of petitions flow to Washington and land on the desks of Senators and Congressmen, that different men who are severely criticized, unjustly so, turn in response to the public opinion of their fellow citizens. The resolutions which I wish to submit were written out at the request of the National Business League, of Chicago, and relate, first, to a reorganization of the consular service of the United States; second, to the creation of a department of Commerce and Industries, with a Cabinet officer at its head. If the Chair will permit me to read the first resolution, which is very brief, perhaps some friend of this measure in Congress will move a suspension of the rules so that it may be put upon its passage. In submitting them to the Executive Committee, I was a little short of the notice required to be given. While I was a little short of time in doing that, you cannot be long in putting it upon its passage. This is the resolution:

"Whereas, The National Business League of Chicago, and other business organizations throughout the country—supported also by many prominent citizens of the United States—have endeavored, for several years, to secure the passage in Congress of a bill providing for the reorganization and classification of the consular service of the United States; and

"Whereas, Bill No. S. 4563, introduced in Congress by Senator Lodge, of Massachusetts, has been reported out favorably by the Senate Committee on Foreign Relations; therefore be it

"Resolved, That the American Bankers' Association urgently advocates the passage of Bill No. S. 4563, or a similar bill, providing for a thorough reorganization of the United States consular service, by creating a body of officials to represent this country abroad, who shall be chosen through examinations as to special fitness and competency for consular duties, and who, after acquiring valuable experience, shall not be subject to removal with every administration; and that the rules and regulations necessary to carry out this reorganization be left to the discretion of the President of the United States, except as otherwise provided in the act; and be it further

"Resolved, That the secretary of the American Bankers' Association be and he is hereby instructed to send copies of this preamble and resolution to the President and members of his Cabinet, and members of the Congress of the United States."

If your rules are suspended, I shall ask that that

resolution be put upon its passage. I hope it will be passed unanimously.

The President: You have heard the resolution. Does it meet with a second? (Seconded.)

J. D. Horsley, of Lynchburg, Va.: What is bill S. 4563?

The President: It relates to the consular service.

J. D. Horsley: What does it contain?

The President: I haven't read it.

The President: As many as favor the resolution will say aye—opposed, no. It is carried.

Mr. Breckinridge Jones, of St. Louis: Was the motion passed to suspend the rules? It wasn't to adopt the resolution. I raise the point of order that before a resolution of that kind can be passed by this body the rules would have to be suspended, in accordance with the constitution of this body. Until the rules have been suspended it is not proper to vote on a resolution of that kind.

The President: I think the gentleman from St. Louis is correct, and I will so decide that that resolution has not been adopted. Before it can be adopted the rules will have to be suspended by a two-thirds vote of the members present.

A Delegate: Can we suspend the constitution?

The President: No sir. I am from a section that tried to do it, but we didn't succeed. There is a provision of the constitution which provides for just what Mr. Parker wishes to do.

Caldwell Hardy, of Norfolk, Va.: I would like to read from the constitution: "Resolutions or subjects for discussion (excepting those referring to points of order or matters of courtesy) must be submitted to the Executive Council in writing at least thirty days before the Annual Convention of the Association; but any person desiring to submit any resolution or business in open Convention may do so, and upon a two-thirds' vote of the delegates present, the resolution or business may be referred to the Executive Council, to report upon immediately; provided that this shall not apply to any proposed amendment of the constitution."

The rules cannot be suspended. Your resolution can only be voted on by being referred to the Executive Council and reported back by them.

J. P. Huston, of Marshall, Mo.: I move this resolution be referred to the Executive Council, with instructions to make an immediate report upon same.

The President: The question is on referring the resolution to the Executive Council, with the request that it be acted on and returned at once. All in favor of that—

Breckinridge Jones, of St. Louis: Mr. President, am I in order?

The President: I would rather state the question. The question is on referring the resolution to the Executive Council with the request that they pass on it and refer it immediately back to this body.

Breckinridge Jones: This resolution contemplates the endorsement of a bill by this Convention. I dare say that not half a dozen men in this room have ever read the bill. Is it the part of prudence and careful business men of the bankers of the United States, in Convention assembled, to so lightly go into a question of National importance, as to endorse a bill, the provisions of which have never been discussed before the body, and a bill that has not been read by half a dozen men in the assembly? I do not believe that, as business and conservative men, we should adopt any such policy. Moreover, the resolutions referred to have been before the Executive Council. You already have the action of your Council. At a meeting not three days ago these resolutions were before the Council and acted upon by them; but you do not find that they have been reported here for action. With no information before this body at this time, to take up a question of this character, and as the endorsement of the Bankers of America, saying that the Executive Council are instructed to report immediately, I submit that is not prudent action in the light of the

fact that the Executive Council have already acted on the matter.

J. J. Sullivan, of Cleveland, Ohio: I heartily concur in the ideas advanced by my friend from Missouri. He has expressed my views entirely. In view of the status of this proposition, I move that the motion to refer this subject to the Executive Committee be laid upon the table, together with the resolutions. (Seconded.)

The President: You have the resolution to lay the resolution offered by Mr. Parker on the table. All in favor of that will please say aye, and those opposed, no. It is carried.

(Call for a division.)

The President: Is that gentleman serious who asks for a division. He is not, Mr. Parker.

RESOLUTION IN FAVOR OF A DEPARTMENT OF COMMERCE AND INDUSTRIES.

Edward J. Parker: While most of the delegates do not understand the provisions of the bill—

The President: You cannot debate a matter that is not before the Convention. I understand you have another resolution?

E. J. Parker: I have. Shall I offer it?

The President: Yes, sir.

E. J. Parker: The other resolution is as follows:

Whereas, The National Business League of Chicago, and other business organizations throughout the country—supported, also, by many prominent citizens of the United States—have been endeavoring, for several years, to secure the passage in Congress of a bill creating a "Department of Commerce and Industries," with a Secretary who shall have a seat in the Cabinet; and

Whereas, Bill No. 624 was introduced in Congress by Senator Frye (amended by Senator Nelson, of Minnesota, No. S. 738), and has been reported out favorably by the Senate Committee on Commerce at the last session of Congress; therefore be it

Resolved, That the American Bankers' Association hereby urges the passage of Bill No. 624, or a similar bill, which shall provide for the creation of the proposed "Department of Commerce and Industries," with a Cabinet officer at its head; and to which new Department shall be assigned (as proposed in Bill No. 624) the general jurisdiction over foreign and international commerce (except collection of internal revenue and administration of customs); transportation facilities by land and water (except cases under the jurisdiction of the Interstate Commerce Commission); the Geological Survey, mining and fishery industries, including fur-seal and other fisheries in Alaska; manufacturing industries, including the extension of foreign markets, and increase of trade facilities with foreign countries; also the following bureaus, divisions and branches of the public service, and all pertaining to the same, now under jurisdiction of the Department of the Treasury—namely, Life-Saving Service, Lighthouse Board, Lighthouse Service, Marine Hospital Service and Steamboat Inspection Service, Bureaus of Navigation and United States Shipping Commissioners; of Immigration, including the control of Chinese immigration; of Statistics and United States Coast and Geodetic Survey; also the Department of Labor and the office of Commissioner of Railroads (now under jurisdiction of the Department of the Interior) and the Consular Bureau (now in the Department of State).

Resolved, That the Secretary of the American Bankers' Association be and he is hereby instructed to send copies of this preamble and resolution to the President, the members of his Cabinet, and the members of the Congress of the United States.

E. J. Parker: That is the second resolution. I am not permitted to speak upon it now, am I?

The President: The Chair would say that the gentleman will be allowed two minutes. Our time is getting short.

E. J. Parker: Gentlemen, you have heard men from every State of the Union yesterday. You have heard the scholarly address of the gentleman from New York and from Mr. Roberts, the Treasurer, of the United States. The expansion of the commerce and industries of this country is most remarkable. Shall a country whose exports and imports are on the way to two and a half billion dollars annually, whose commerce is seeking foreign markets, be held up by an imperfect consular system and unbusinesslike methods in Washington, or shall we seek to keep pace with the growth of the in-

dustries, manufactures, etc., of the United States? Changes are needed in Washington, in legislation, as they are in our business daily. Congress can vex or facilitate the currents of business. We want in the Cabinet of the United States a conservative business head. We want these different bureaus, scattered at great expense in different departments, gathered in one of these bureaus where it will pay for itself. A vein of sentiment has gone through our proceedings from beginning to end. Coming from the North and the West, being both Eastern and Western man, let me while on the soil of Virginia pay a tribute to one of her sons who was, years ago, is to-day, and forever will be, "First in war, first in peace and first in the hearts of his countrymen." It was one hundred and thirteen years ago when George Washington, after the Continental war was over, was deeply concerned about the commerce on the Ohio River. He and our forefathers never dreamed or thought of the application of steam and electricity as supplanting the prairie schooner, much less the telegraph, the cable and the telephone. A tribute to another distinguished Virginian. Was Thomas Jefferson wrong—

[Calls of time.]

E. J. Parker: Mr. President, shall I proceed?

The President: Yes, sir.

E. J. Parker: Was Thomas Jefferson wrong in making the Louisiana purchase? This morning you have listened to Japan, whose little country in two or three years has knocked the stuffing out of China, although the whole international armies have not done it yet.

The President: I regret to stop you, but your two minutes is up.

J. J. Sullivan, of Cleveland, Ohio: I was about to say that the subject matter of the resolution presented so ably by the gentleman, Mr. Parker, is indeed a very important subject. I am sure that every gentleman here would readily give his vote toward any measure looking toward the intelligent consideration of the proposition embraced in the resolution. Unfortunately it did not come before us in the regular order, and hence we cannot to-day give the resolution our endorsement; besides, as was well said here, it brings up for consideration a very important question—the creation of a new department of our Government—and I do not believe, if we should give this proposition our consent or our approval to-day, that the next term of Congress (the short session) would take it upon itself to concur in our views. I therefore move that the resolution offered by Mr. Parker be referred to the incoming Council, and that the Council be instructed to favorably consider the same and to report to the next Annual Convention of our Association.

Robert J. Lowry, of Atlanta, Ga.: It occurs to me that that paper is so able, it is one that we should give action now upon. I think the resolution should be passed unanimously by this body. We can do it, as this body, I think, is greater than the Executive Council. They are our creatures—

The President: You are not talking to the subject. He moved to refer it to the Executive Council.

Robert J. Lowry: I want to move the adoption of the resolution offered by Mr. Parker. I think it should be unanimously adopted. I want to go on record myself.

J. P. Huston: I wish to second the resolution of Mr. Sullivan, and by way of showing the first speaker that this subject was not first brought up by Mr. Parker, and that the discussion is not entirely new to all the members of the Association, I wish to say that the Missouri Bankers' Association, at a meeting a year ago, adopted a similar resolution asking for the establishment of a consular service. We instructed our officers to transmit to our Representatives and Senators this resolution, and one of the first measures introduced in Congress was by Senator Cochran, providing for the establishment of a consular service. While we, perhaps, have not had the opportunity of weighing this fully, still it must be initiated somewhere. There was a time when we had no provision for training an army.

There was a time when George Bancroft had not provided for the establishment of a navy. But we are men of peace, and if you have schools where you teach men the art of war, why are not there also schools where you provide for the training of a consular corps?

J. H. Ingwersen, of Iowa: The thought has just occurred to me that inasmuch as the subject matter has been passed upon favorably by the Missouri Bankers' Association, it is needless for this Association to take up any time.

The President: The gentleman is out of order.

Breckinridge Jones: We have in Washington a body of men, composed of selected men by reason of their long experience and study of public questions. They have been put there to pass on questions of this kind. And now for a great body like the American Bankers' Association, in convention assembled, to have it announced that on a great national question of this kind, of so much importance that the unanimous action should be had, and yet, perhaps, there is not a gentleman in this whole Association who thought it of sufficient importance thirty days ago to serve notice that he was going to bring it up. It looks to me like an undignified thing for this body to take up and adopt a bill which we have never read and pretend to instruct the Executive Committee to make a favorable report, and thereby going before the American people indorsing something we did not know anything about. If we were appointed here as the general managers of the universe, and all important questions could not be considered until we pass upon them, it might be well for us to pass some of these things in a hurry; but I do not think it should be done this day. After I have made a passing remark to my friend from Iowa, I want to move a substitute, and that is that this question be referred to the Executive Council, instead of being referred to the Executive Council with instructions to favorably consider. Now, my friend from Iowa says he wants to make a little reflection upon the matter. Because the Missouri Bankers have taken the time and thought to consider this question and act upon it, my friend from Iowa thinks that it should be reflected upon by this great body. He is in a neighboring State of ours. I want to say that if he will follow in our tracks that we will prevent him from getting in an error of that kind in a national convention. In order that our friend from Iowa may not be caught asleep, when we do take occasion in Missouri to act upon this matter we are going to have the Secretary of the Missouri Association to send a certified copy of it to him.

The President: I understand you offer no substitution. The question is on Mr. Sullivan's motion to refer this matter to the Executive Council. All in favor of that will please say aye, and those opposed, no. It is carried.

The President: Gentlemen, we have a gentleman with us (I don't think it is necessary to give his name) who may want to talk to you just for about two minutes.

PRESENTATION OF A BOWL TO PRESIDENT WALKER HILL.

Myron T. Herrick: Ladies and Gentlemen: On this occasion I would rather liked to have had a good speech to deliver here, but the local committee and Mr. Trigg have kept me so busy I haven't had time to prepare it. It is especially fitting at this time that I have the floor. It is especially a nice occasion, because some years ago you sent out from Richmond to the West a young man to seek his fortune. He has come back to you on this occasion laden with honors, but he has left his hair on the frontier. [Laughter.] The members of the Association take especial pleasure in giving expression of their appreciation to that Richmond boy to-day, here in his old home, in presenting to him this punch bowl. [Applause.] This, in the name of the Association, I present with a feeling in so doing that I represent every member of the Association in their good will toward our President who is departing from office. [Great applause.] I recommend to him that he never fill this with anything

stronger than Missouri River water—except when he is visited by members of the Association. [Great applause.]

The President: I can see in this bowl the sweetest words to me—Richmond, Va.—brothers—sisters—father—mother—son and wife—a little one who to-day is lying sick at home; but you may not know it, each morning I get a letter from her telling me how to run this Convention. [Laughter.] She says, "Be brave—don't get scared; select some face in the audience and feel that you are talking to him and him alone, but not a woman's." [Laughter.] She expected to be here; she expected to preside; but without a knowledge of the constitution she said, "You have got to do one thing for me; you have got to elect me President for the next year, because this year you have had an Association run through a petticoat government, and I want to run it directly." I thank you for this bowl; and I will say to the Chairman that whenever he comes, I will not only fill it up once, but, with my experience in Cleveland, it will require several times to down him. [Great laughter and applause.]

RESOLUTION OF THANKS TO VIRGINIA CITIZENS.

J. G. Brown, of Raleigh, N. C.: While we are on these pleasant subjects, I would like to claim your attention for a moment. Some five and thirty years ago there was issued a command, "On to Richmond." Under the leadership of a distinguished son of Ohio there came in response to this command men from, perhaps, every State of the North and from every State of the great West. There are, perhaps, some present to-day—there are the sons and daughters of those who recall the unflinching warmth of that reception. A little while ago there went forth again a cry of "On to Richmond"—this time from the Executive Council of the American Bankers' Association, led by another distinguished son of Ohio, whom we have just seen before us. Can we ever forget the warmth of this reception? But it has not been like the one of years ago that made those who came regret their coming; but this has been one which has made us feel at home and long to stay here. Living as I do in North Carolina, just beyond the line, where we cannot fail constantly to feel the ever swelling tide of Virginia hospitality, we expected great things and we prepared for cordial greetings and for sincere hospitality, but our highest expectations have fallen far short of the real thing. We cannot have failed to have seen our welcome in the face of the people and to have felt it in the warm grasp of their hand as we have met them in the streets and at their homes. It seems to me, then, that we ought to record an expression of our appreciation, and the thought occurs to me that we might, with very great propriety, place a tablet on the dome of her Capitol and there inscribe those pathetic words which General Barnes tells us were written above the last resting place of California Bill: "Angels could do no more" is the last of it. I therefore take very great pleasure in offering a resolution; and in giving expression to these remarks it is not only my personal expression or the sentiment of my State, but, from the kindly expressions which I have heard on every hand, I believe it is the expression of every man and every woman in this Convention. I move that the following resolution be adopted by a rising vote, and that not only the members of the Association, but their visitors, be allowed to vote:

"Resolved, That this association hereby gives expression to its high appreciation of the cordial reception and kindly courtesies which it has received at the hands of the citizens of Richmond and of the Commonwealth of Virginia, and that the individual members of this association hereby bear hearty testimony to the genuineness and sincerity of old Virginia hospitality." [Applause.] (Seconded.)

John Farson, of Chicago, Ill.: If I could not live in Chicago, I would like to live in Richmond. In seconding this motion I would like to add a slight amendment to that tablet. From what I have seen of the ladies of

Richmond, instead of saying "the angels could do no more," I would say "the angels have done this." [Applause.]

J. G. Brown: I accept that.

The President: Mr. Brown, with his gallantry, accepts the amendment. All in favor of Mr. Brown's resolution, which has been duly seconded and amended, will please rise. (The entire Convention arose.)

The President: Mr. Trigg wants to say a few words.

William R. Trigg, of Richmond, Va.: Mr. President, Members and Ladies: I arose when you all arose, but with the intention of not taking my seat when you were seated. I appreciate beyond measure this attendance here, bringing so many ladies here. They are here and they must hear. I stated yesterday on meeting a gentleman I understood to be a president, that nobody could ever say a thing against good whiskey in my presence; that about three drinks taken at moderate intervals had brought this Convention here. I had Mr. Trowbridge at the club. He took a drink with me, naturally. He said "That is very good whiskey." I said "Yes, it is." Of course it wasn't very long before I rang the bell and we had another; and I said, "Mr. Trowbridge, why in the world can't the Convention come to Richmond? I believe we can take care of it." "I don't see why they can't come there." (You know how he looks over his glasses.) I suppose in half an hour or an hour or two hours (I can't remember about the time, but I remember the number), the train was about to leave. He said, "Trigg, I am going right straight to New York and advise the Council to have its Convention in Richmond." So I think we are indebted for that little tipping to a very happy instance. Words are very easily spoken—I know by most Virginians—but we prefer action; and I should like to hear instructions to the Executive Committee that when this meeting adjourns, it adjourns to meet again in Richmond next year and bring more ladies. [Applause.]

The President: Gentlemen, you see what Richmond wants.

The President: I have a telegram in my hand from a man whom all of us love to respect and who is absent to-day. It reads:

HOT SPRINGS, VA., October 3, 1900.

Walker Hill, President, American Bankers' Association, Richmond, Va.:

Am greatly disappointed I cannot attend convention. Sickness only prevents. Congratulations to you and regards to my friends in convention.

(Signed)

GEORGE H. RUSSELL.

[Applause.]

The President: I have another telegram written on the back of the first one. It is from his doctor. It reads: "Don't go to Richmond. Joe Hendrix and Bob Lowry are there." It is signed, "I. Have Gout, Dr."

(Laughter.)

Robert J. Lowry: May I say a word?

The President: No sir.

Robert J. Lowry: I am Mr. Russell. (Great laughter.)

The President: Please take your seat.

The President: I remember when Mr. Russell was presented with something like this you have presented to me to-day, and almost as large. He made these remarks—and those of you who do not know him intimately may not know that he has a little impediment in his speech, but he has no impediment in the flow of all good traits of heart and brain that a true man could have. [Applause.]

FLOWERS FOR GEORGE H. RUSSELL.

J. C. Hendrix, of New York: I ask unanimous consent that the Secretary be directed to send to Mr. Russell, in his sick room at the Virginia Hot Springs, a box of flowers in the name of the American Bankers' Association.

The President: That will be adopted unanimously without putting it. What I have to say is in a part of a written speech, and I must tell it, although Joe Hendrix

and Bob Lowry will continue to interrupt me. He said while they were presenting this beautiful loving cup, I believe, "Well, it looks to me as though it was constructed in proportion to the size of your President, and most beautiful." Then he halted. It was too good a chance to get a point on him and I called it, and he broke down. I will put the motion now of Mr. Hendrix, to be serious. It is moved by Mr. Hendrix, and seconded, that the Secretary be instructed to send some beautiful flowers to Mr. Russell with the compliments of the Association. All in favor of that will please rise. (The whole Convention arose.)

PLACE FOR HOLDING NEXT CONVENTION.

William C. Cornwell, of Buffalo, N. Y.: Mr. Chairman, Ladies and Gentlemen: I want to invite the American Bankers' Association to Buffalo in 1901, and my reason for asking you there in 1901 is that, in addition to the attractions of our beautiful city, we are to have there, as most of you know, a great exposition—the Pan-American Exposition, which I do not think I am extravagant in saying will be the most beautiful exposition that has ever been given in any country. I say that not excepting Chicago and Paris, and I say it for this reason: I think that we all agree to-day Chicago leads the world in expositions; the beautiful "White City" was made so beautiful by a board of architects, who embodied in classic white the best of modern architecture. The Pan-American Exposition is in charge of a board of architects, some of them the same as those in Chicago, and all of them as a body fully equal to the body that planned the "White City." They intend to produce in South American architecture, which, you know, is ornate, beautiful and artistic, a group of buildings in which, while the White City was prominent for the lack of color, the Pan-American color will be the ruling feature and the effect will be a harmonious, artistic coloring, the most beautiful the world has ever seen. I say this because we have the finest artists and architects in America who are evolving this exposition. Now Buffalo is in the center of a very large part of the population of the United States; and when I tell you that 48,000,000 of people are within one night's ride of Buffalo, you will see at once how great a country we have to draw from. There has been expended, or will be, \$5,800,000 in the erection and completion of the exposition, and the electrical display will be the most magnificent that has been presented at any exposition in the world. In proof of that I want to say that the chief of the electrical department is the same man who planned Omaha and Chicago, and he told me the other day that Omaha and Chicago were simply experiments in order to make the perfect thing for Buffalo in electricity. [Laughter.] The grounds comprise three hundred and fifty acres, one mile long, half a mile wide, intersected by Venetian canals, with a hundred thousand electric lights, with a tower three hundred and fifty feet high; and all this power is to be supplied by the Falls of Niagara. In addition to that we are to have an Art Gallery given by a citizen of Buffalo, costing \$500,000, and will be a permanent building of marble. Incidentally I might remark that there will be twenty acres of midway [laughter] and of a character that will be improved by the experience of Chicago and Paris. There is a great square that will hold 250,000 people. Now the objection that has been raised to Buffalo for the Convention next year is that, with this vast concourse of people, this Convention cannot be taken care of. I wish to gainsay that. To-day we have in Buffalo four first-class hotels which will care for easily one thousand people. These hotels can be engaged entire any time before the first of December for this Convention. The exposition will be just thirty minutes from Niagara Falls. At Niagara Falls there are accommodations that can be engaged now and at any time before the first of December for 2,500 people. We can take care of you in Buffalo. We can take care of you better there than any-

where else. Now we want you to come there, and I want to say that it is the home of the bicycle and the automobile. Hundreds of automobiles are running on our streets now, and for this reason—we have 223 miles of asphalt pavements, more than any other city in the world. We want you next year. While you can go any time to see the beauties of Buffalo, you all want to go to the Pan-American. As to the matter of the sessions of the Convention being interfered with, it will be arranged that the sessions will occur in the morning, and you will have the afternoons and the evenings for the Midway [laughter]—I mean for the exposition; and you ought not to spend half a day and a night at the exposition. I have no right to put a motion, but I think I have a right to ask for an expression on the affirmative side. I will not call for the noes, but I want all those in favor of going to Buffalo in 1901 to say "aye."

SUBSCRIPTION FOR GALVESTON SUFFERERS.

A Delegate: I move that the Treasurer of this Association write a check for \$1,000 and forward it to the Mayor of Galveston as a small token of our esteem.

Mr. J. W. Whiting, of Mobile, Ala.: I move to amend by making it \$5,000.

The President: The resolution will have to be referred to the Executive Council for them to report back to the Convention. It is moved and seconded that an appropriation of \$5,000 to the Galveston sufferers be referred to the Council with request to report back to the meeting. All in favor will say aye, and opposed, no. It is carried.

PLACE FOR NEXT CONVENTION.

Mr. F. C. Bigelow, of Milwaukee, Wis.: Unless I felt that I had a purpose I should not have asked the President to let me say a few words to you. I have invitations here from the Mayor of Milwaukee and the Citizen's Business League, which I will file with the Secretary. Milwaukee wants the Convention in 1901, notwithstanding the eloquent appeal from Mr. Cornwell. We are not Pan-Americans in Milwaukee; we are half Germans. But you will find a warm welcome if you come there, and I only hope that it may be as warm as we have received at the hands of Richmond. I did feel that Milwaukee had a right of way, but we felt a year ago that Richmond really had the right. We did not want to stand in the way of it, and we felt, and I believe that a majority of the Executive Council felt, that that amounted to giving us the right of way unless there was some insuperable objection. We ask that you come to Milwaukee. Now, of course, we are midway in continent, but we have no Midway in the sense that Mr. Cornwell referred to it, and I wish we could construct one—perhaps we will if you come. It is my great hope that you will come. I hope you will accept Milwaukee's invitation.

VOTE OF THANKS FOR MR. HAGUE.

R. McCurdy, of Youngstown, Ohio: We have with us to-day a most distinguished guest from Canada, who has delivered to us a most excellent and instructive address. Now I think that it would be a pleasure to grant this gentleman, Mr. Hague, a vote of thanks from this Association and to tender to the Canadian Bankers' Association our heartiest good will.

The President: All in favor of that will please rise. It is carried.

EXPRESSION OF APPRECIATION TO UNIVERSITIES IN PROVIDING FOR NEW COURSES.

H. J. Hollister, of Grand Rapids, Mich.: It has been a part of the duties of the Committee on Education to visit some of our larger universities during the past year in connection with our educational purposes and desires. We have had the pleasure of meeting the presidents of several great universities and we have presented to them the desires of this Convention that there should be a broader schedule of study that might be embraced by our young men; that the educational standard might be broader and more in accordance with the demands of the

young men of this country. Some of us have about finished our work as bankers. We have had for a long time the harness upon our shoulders. Never before in the history of this Association has there been such a body of young men as are gathered in this Convention. I am most heartily glad to look upon their faces. I feel that there never was a time in the history of the world when the future of young men was so great, and I hope that they may have the privilege of a broader life, a broader education and a higher standard of personal opportunity. Now I want to say in regard to these universities that they met us more than half way; so that to-day the University of Yale, of Pennsylvania, of Minnesota, of Wisconsin, of Michigan, and of New York, have entered upon new courses of study, having their curriculum for the coming year open to a broad line of study for young men. My object in speaking this morning is to offer a sentiment which I hope will be the sentiment of this body, for I believe that you fully appreciate any action that may be taken on the part of our educators in behalf of young men. I beg to offer this brief sentiment:

"In view of the fact that some of our leading universities by recent action are extending to the young men of this country courses of study that will equally meet the requirements of those who are desirous of the profession of banking as in the other professions, and that they are, with us, recognizing more clearly than ever before that recent financial and political events emphasize the importance of a higher order of technical and scientific education in business affairs, and that a commercial and economic education of the highest order has become a necessity, and that banking in this country can no longer be considered local or domestic, this association desires to express its most hearty and grateful appreciation of such action, and our Committee on Education is hereby instructed to convey to those universities that are extending these enlarged facilities our earnest consideration and sincere thanks."

I ask that this may become the sentiment of this body.

N. B. Van Slyke, of Wisconsin: Mr. President and Gentlemen of the Convention, I could hardly forego the opportunity of coming to this silver wedding of the Association. The pleasure, however, is mingled with some regrets when I find but few faces here of those who attended the first meeting of the Bankers' Association, which was not the American Bankers' Association, but that of National Banks only, in 1875. There are but two of them here, and I feel very much as some one has said, "I am more alone every year." They have dropped from time to time in the last twenty-five years. At that time in Saratoga the meeting was called by the National Banks to protest or try and get some relief from taxation. I had the honor of presenting there a resolution offering to unite the State and other banks with the National Banks and inviting their company; and they were soon with us, and this is the wedding anniversary. That union has been happy and the result I think has been golden. I would like to say a few words in regard to some changes that have taken place here since this organization, and as to which we seem to be drifting outside of the regular line of business, but the time being short, I will not.

REPORT OF COMMITTEE ON NOMINATIONS.

The President: The next business in order will be the report of the Committee on Nominations by the Chairman of that Committee. I do not know who the Chairman is. Has some member of the Committee the report?

E. J. Buck, of Mobile, Ala.: The delegates of the several States forming the Committee on Nominations were called to order by Mr. C. Hardy, of Virginia, and on motion Mr. F. G. Bigelow, of the First National Bank of Milwaukee, Wis., was elected to preside, and Mr. E. J. Buck, of Alabama, was made Secretary. On motion the Chair appointed Mr. H. R. Lyon and Mr. Jos. Sands to act as tellers. On motion, duly seconded, the Secretary was authorized to cast the unanimous vote for Mr. Alvah Trowbridge for President. [Applause.]

The President: Are there any further nominations for this office?

Mr. Robert J. Lowry: I move the nominations be closed. (Seconded.)

The President: All in favor of that will please say aye. It is carried. Under the rules we have to elect by ballot.

Mr. E. J. Buck: I move that the Secretary be instructed to cast the unanimous vote of the Association for Mr. Trowbridge. (Seconded.)

The President: It is moved and seconded that the Secretary cast the unanimous vote for Mr. Alvah Trowbridge for President. As many as are in favor of the motion will signify by saying aye; opposed, no. It is carried.

The Secretary: I cast the unanimous vote of the Convention for Mr. Alvah Trowbridge for President of the American Bankers' Association for the ensuing year.

The President: It gives me great pleasure to announce that Mr. Alvah Trowbridge is President of this Association for the ensuing year. [Applause.]

Fred. Heinz: I move that a committee be appointed to bring Mr. Trowbridge to the front. (Seconded.)

The President: It is moved and seconded that a committee be appointed to bring Mr. Trowbridge to the front. All in favor of that will say aye, and those opposed, no. It is carried. I appoint Mr. Hendrix and Mr. Heinz and Bob Lowry to escort Mr. Trowbridge to the stand. [Applause.]

Mr. E. J. Buck: The Committee on motion, duly seconded, presents the name of Mr. Myron T. Herrick for First Vice-President of the American Bankers' Association. [Applause.]

The President: Gentlemen, you have heard the nomination. Are there any other nominations?

Mr. J. G. Brown: I move that the Secretary be authorized to cast the unanimous ballot of the Association. (Seconded.)

The President: It is moved that the Secretary cast the unanimous vote of the Convention for Mr. Myron T. Herrick for First Vice-President of the Association. All in favor of that motion say aye; opposed, no. It is carried.

The Secretary: I cast the ballot of this Association for Col. Myron T. Herrick, of Cleveland, for First Vice-President for the ensuing year. [Applause.]

The President: Gentlemen, it gives me great pleasure to announce that Col. Myron T. Herrick has been elected your First Vice-President for the ensuing year.

E. J. Buck: The Committee recommends to your Association for election of the five members of the Council that are to be elected by the Association, the following names: William M. Hill, of Virginia; J. H. Willock, of Pennsylvania; W. L. Moyer, of Montana; S. A. Morrison, of Indiana, and Kenneth Clark, of Minnesota.

Alfred C. Barnes, of New York: I notice what appears to be an omission in the nominations for the Executive Council. It is either unintentional on the part of the Nominating Committee, or, if intentional, perhaps an explanation would be agreeable to the Convention. I believe it is a custom, when the President drops from the Gibraltar of command into the seething seas of the commonalty, for the Executive Committee to rescue him with a raft, so that he does not finally disappear from view, and the shock is not so great as if we would part with him without notice—especially in the case of our present presiding officer, so elegant and cordial in his manner, so firm and decided in his rulings; so much so that a former President of this Association was swept away thereby; and I think an attempt has been made to bowl him out, and the gentleman who made the attempt reminded me of Oliver Wendell Holmes' remark on a similar occasion when a bowl was presented to him with a lot of little angels carved on the brim:

"Oh, may the angels on the brim
Preserve him from the daily sin
That leads his wife to say when he comes home,
'My dear, where have you been?'"

Therefore, in order to give the Nominating Committee time to make an explanation if they desire, or, if not, to substitute for either of the names nominated by the Committee, I beg to put in nomination for the Executive Committee Mr. Walker Hill, the retiring President of the Association. (Seconded.)

F. B. Schenck, of New York City: It was discussed whether we should not have the honor of presenting Mr. Hill's name as a member of the Executive Council, and it was told us that it was to be the privilege of the other Committee to do so; therefore we did not have his name presented.

The President: I will say to the Committee that no doubt they have made that nomination in all kindness; but I have had all the honors that the American Bankers' Association can bestow on a man. I have served you three years as Councilman, one year as Treasurer, one as First Vice-President, and one as your President. I have a brother, whom you have been kind enough to nominate, and if you to-day honor him you are honoring me. I would have to decline most positively to stand in the way of any one as good as he and a good brother. [Applause.]

The President: The question is upon the election of the five members of your Executive Council which have been named by the Committee. I have not the names before me, but I would suggest, if there be no further nominations, that the Secretary be authorized to cast the ballot for those five gentlemen for your Executive Council.

J. J. Sullivan: I was about to make that motion. I, however, favored the idea advanced by the gentleman from New York, but with the explanation of our worthy President, I now rise to move that the Secretary be instructed to cast one ballot for the election of the five gentlemen named.

The President: The motion is that the Secretary cast the ballot for the five gentlemen named for the Executive Committee. As many as favor the motion will say aye; those opposed, no. It is carried, and the Secretary is authorized to cast the ballot.

The Secretary: I cast the ballot of the Association for William M. Hill, of Virginia; J. H. Willock, of Pennsylvania; W. L. Moyer, of Montana; S. A. Morrison, of Indiana, and Kenneth Clark, of Minnesota, for members of the Council of the American Bankers' Association.

The President: It gives me great pleasure to announce the election of the gentlemen named. Mr. Orde has a report of the State Bankers' Association.

George F. Orde, of Chicago, Ill.: The representatives of the States Bankers' Association have decided to nominate for the Executive Council Geo. W. Bolton, of Louisiana; J. P. Huston, of Missouri; F. W. Hayes, of Michigan; E. L. Meyer, of Kansas, and John T. Dismukes, of Florida.

The President: You have heard the nomination.

J. H. Tripp, of New York: I move the Secretary cast the ballot. (Seconded.)

The President: You have heard the motion. All in favor will say aye, and those opposed, no. It is carried.

The Secretary: I cast the unanimous ballot of this Convention for Geo. W. Bolton, of Louisiana; J. P. Huston, of Missouri; J. W. Hayes, of Michigan; E. L. Meyer, of Kansas, and Jno. T. Dismukes, of Florida, as members of the Executive Council for three years.

The President: It gives me great pleasure to announce that you have elected the gentlemen named for the Executive Council for the ensuing term.

The President: The next business in order is the election of Vice-Presidents for each State. The Committee on Nominations will please report.

E. J. Buck: The Committee begs leave to submit the following names to represent the various States as Vice-Presidents:

Alabama—J. B. Cobbs, Birmingham, Ala.
 Arizona—H. B. Tenney, Cashier, Tucson, Ariz.
 Arkansas—F. H. Head, Cashier, Pine Bluff, Ark.
 Alaska—C. M. Summers, Cashier, Juneau.

California—Jas. K. Lynch, Cashier, San Francisco.
 Colorado—E. C. Newcomb, Cashier, Cripple Creek.
 Connecticut—A. J. Sloper, New Britain.
 Delaware—Jno. H. Danby, Cashier, Wilmington.
 District of Columbia—Jesse B. Wilson, President, Washington.
 Florida—B. H. Barnett, Vice-President, Jacksonville, Fla.
 Georgia—J. D. Wadley, Waycross.
 Idaho—Chas. Himrod, Cashier, Boise City.
 Illinois—D. A. Moulton, Chicago.
 Indiana—O. N. Frenzel, Indianapolis.
 Indian Territory—B. A. Randle, Cashier, Muscogee.
 Iowa—H. M. Carpenter.
 Kansas—W. C. Henrici, Kansas City.
 Kentucky—S. N. Leonard, Eddyville.
 Louisiana—P. Youree, Shreveport.
 Maine—Chas. G. Allen, Portland.
 Maryland—Robert B. Dixon, Easton.
 Massachusetts—Otis H. Luke, Boston.
 Michigan—W. Livingston, Detroit.
 Minnesota—W. F. Myers.
 Mississippi—Lawrence Foot, Canton.
 Missouri—C. O. Austin, St. Louis.
 Montana—T. M. Hodgins, Butte.
 Nebraska—W. Gerecke, Staunton.
 New Hampshire—A. L. Mansfield, Hillsboro.
 New Jersey—A. W. Conklin, Newark.
 New Mexico—C. N. Blackwell, Raton.
 Nevada—C. T. Bender, Reno.
 New York—E. A. Groesbeck, Albany.
 North Carolina—F. H. Fries, Winston.
 North Dakota—Hiram R. Lyon.
 Ohio—D. P. Wheeler, Akron.
 Oklahoma—J. L. Wilkin, Oklahoma City.
 Oregon—P. E. Snodgrass, Eugene.
 Pennsylvania—J. R. McAllister, Philadelphia.
 Rhode Island—F. A. Cranston, Providence.
 South Carolina—William A. Law, Spartansburg.
 South Dakota—C. L. Norton, Sioux Falls.
 Tennessee—J. L. Hutton, Columbia.
 Texas—F. F. Downs, Temple.
 Utah—Lewis S. Hills, Salt Lake City.
 Vermont—Henry F. Field.
 Virginia—A. Bierre Blair, Richmond.
 Washington—P. C. Kauffman, Tacoma.
 West Virginia—Chas. E. Jolliffe, Mannington.
 Wisconsin—Frederick Kasten, Milwaukee.
 Wyoming—G. E. Abbott, Cheyenne.
 Hawaii—C. H. Cook, Honolulu.

The President: You have heard the names, what will you do with them. A delegate moves that the Secretary casts the unanimous ballot for the names as read. All those in favor say aye, and those opposed, no. It is carried.

The Secretary: I cast the ballot of the Convention for the list of Vice-Presidents named by the Nominating Committee for Vice-Presidents of the Association for the ensuing year.

The President: It gives me great pleasure to announce that the gentlemen whose names have been read are elected as Vice-Presidents for the several States for the ensuing year.

INSTALLATION OF NEW OFFICERS.

The President: The next business in order is the installation of your officers. It gives me great pleasure to present to you your newly elected President. You served us well and long as Chairman of our Council. Under your administration this Association has grown more in that three years than during all the others of its life. I know that in giving up this badge of honor the affairs of this Association will be in good and safe hands. I turn it over to you saying that it is one of the greatest honors that can be conferred upon a banker. [Great applause.]

Alvah Trowbridge: Mr. President, Ladies and Gentlemen: To be elected to the Presidency of the American Bankers' Association, an Association of more than 4,500 bankers of the United States, comprising every one of the mostly wealthy and noted and successful, is an honor that may well be sought by every one. To be elected to this place as the successor of these gentlemen who have done me the honor to accompany me to the platform, of the President who has now done me the honor to introduce me, succeeding also such names as Pullen, Mitchell and Coe and McMichael, names always honored where financial operations were thought of, is an honor that I will not try to describe to you. I will not try to tell you

how it sits in my heart. I remember the day when I was no taller than that table and was engaged as a clerk in a bank at the magnificent salary of six dollars per month, most of which I promptly expended for food and clothes. The chief duties of the office were to wash the windows and the floor, keep the fire in the stove, sweep the sidewalks and polish the handle of the big front door. There is another case of the boy who polished the handle on the big front door becoming honored. I accept the honor at your hands with a feeling which no words can express, and I promise you if there is any possible thing that I can do for the advancement of this great American Bankers' Association it shall be performed before the end of my service. [Applause.]

President Hill: Gentlemen of the Convention: This is another great pleasure to present to you Col. Myron T. Herrick, your First Vice-President. He is a fitting representative of the young and growing West. Having served on the Council with him for over four years I know his worth; and in performing this, though the last act of my official career in this Association, there is none that has given me more pleasure.

[President Hill pinned the Vice-President's badge on Colonel Herrick's lappel amid the applause of the Convention.]

President Trowbridge: I introduce to you your new First Vice-President, Hon. Myron T. Herrick, of Ohio.

Myron T. Herrick: Ladies and Gentlemen and Fellow Members of the American Bankers' Association: I need not tell you that I appreciate this honor. I understand that the duties of the First Vice-President are mainly to plan how he may become President next year, and I will endeavor to perform to the best of my ability those duties. [Great laughter and applause.] I appreciate this honor especially because you seem so willing to give it to me. I thank you. [Applause.]

Robert J. Lowry: I wish to extend the thanks of this Convention to the different clubs, the press, the railroads and telegraph companies that have been so kind to us during this meeting of our Association. I emphasize the clubs, you understand.

President Trowbridge: I do not think I need repeat it. As many as favor the resolution of Colonel Lowry will say aye. It is unanimously carried.

APPROPRIATION TO GALVESTON IMMEDIATELY
TO BE FORWARDED.

R. D. Kent, of New York: I want to know if there is

any technicality standing in the way of the appropriation to Galveston being forwarded?

The President: The matter has not yet been reported.

R. D. Kent: I suggest that the Convention take a recess of three minutes, and the Council meet in that time.

A Delegate: I amend that motion, that the Executive Council be authorized by this Convention to take such action as in their judgment they think will meet the approval of the Convention. The sense of this Convention is so plain in regard to sending that \$5,000 that it seems to me to refer the matter to the Committee is a waste of time.

R. D. Kent: I accept the amendment.

The President: Is it the sense of the Convention to instruct the Executive Council to do that thing? I think it would be better if you would pass a resolution requesting or authorizing the Council to do it.

R. D. Kent: I make that motion.

The President: As many as are in favor of the resolution authorizing and requesting the Executive Council to complete this transaction of sending \$5,000 to the sufferers of Galveston, will say aye, and those opposed, no. It is unanimously carried.

Mr. Chamberlain, of Texas: As a delegate from Texas, on behalf of the city of Galveston and the State of Texas, I wish to return our sincere thanks to you for this generous contribution. I can assure you you have no idea at the present time of the distress in the city of Galveston.

The President: Is there any further business before the Convention? If not, a motion to adjourn is in order.

RESOLUTION OF THANKS TO RETIRING OFFICERS.

Mr. Farson, of Chicago: We have had many good Presidents and none better than Mr. Hill, the gentleman who has just retired, and who lives in the suburbs of Chicago. I would like to move that a vote of thanks be given Mr. Hill and the other gentlemen who retired with him for their work last year. (Seconded.)

The President: As many as favor the resolution will please arise. The resolution is adopted. A motion to adjourn is in order.

[The Convention adjourned *sine die*.]

TRUST COMPANY SECTION

AMERICAN BANKERS' ASSOCIATION,

Fourth Annual Meeting, Held in the City of Richmond, October 3d, 1900.

INDEX TO TRUST COMPANY PROCEEDINGS.

Duties and Liabilities as Transfer Agents, Etc.	Pages 90 to 94	Proper Education of Clerical Force	- - Page 100
Attitude Toward Corporate Enterprises	- Pages 94 to 95	Duties of Trustees of Financial Corporations	Pages 101 to 102
Advantages of Safe Deposit Vaults	- - Pages 95 to 96	Detailed Proceedings	- - - Pages 103 to 110
Trust Company Advertising	- - - Pages 96 to 98	Address of Welcome	- - - Pages 103 to 104
Essentials in Mortgages and Other Papers	- Pages 98 to 100	Reply to Address of Welcome	- - - Page 104

The Duties and Liabilities of Trust Companies Acting as Transfer Agents and Registrars.

BY HENRY J. BOWDOIN, Second Vice-President Maryland Trust Company, Baltimore.

The office of Transfer Agent and Registrar of stock is an interesting instance of the operation of forces which may, from time to time, arise in the business world and, becoming operative, produce their effect in the form of an established business custom. In analogy, however, to the physical law of motion, the final resultant of such forces, the established business custom in question may, through the inertia of a movement once started, become crystallized at a point far beyond that at first contemplated, and may ultimately involve legal relations and responsibilities, not at first recognized, and which remain undetermined until some combination of circumstances brings the established custom before the courts for interpretation. Until the statute law or the courts have so defined or interpreted the legal responsibilities incident to such custom, all transactions within its scope are enshrouded in uncertainty and doubt, except to the extent to which light may be thrown by the application of general legal principles.

It is to the consideration of such a situation that I now invite your attention for a few minutes, to the legal and business questions involved in the position of a Trust Company acting as the Transfer Agent or Registrar of the stock of another corporation.

An effort to determine the primary operative reason for the now almost universal custom of appointing a Transfer Agent for the stocks of large corporations is of interest and importance, since such reasons are in themselves explanatory of the purpose and intent of those who enter into the legal relations involved in the office, and are also evidence of the purpose of those who have operated in such office or position in the expectation that the discharge of the functions of the office would meet the requirements of such intent and purpose. I have not been able to determine definitely the causes which have resulted in this well established custom, but it is reasonably certain that it is the evolution of a process of thought and reason running in the following groove: It is universally established that the transfer of title to stocks is not complete for all purposes, nor properly evidenced, until the transferee or purchaser has been registered as stockholder upon the books of the corporation; such registration and notation of transfer can be performed by the selling owner in person, or by his duly authorized attorney, and we all know that the latter course is the one almost universally adopted.

Business convenience, or the inexorable demand for business facilities, and the enormous volume of stock transferred, then created the necessity for and the custom of appointing an Agent whose sole duty it was to attend to those transfers, perfect them, complete the transaction involved in the purchase and sale of stock, and furnish the evidence of such completed transaction by the issue of a new certificate to the transferee; both the necessity for the office and its importance were, of course, apparent. Then, doubtless, the advisability of throwing every possible safeguard around the issue and transfer of stock being equally apparent, the advantage gained by increasing the difficulty of dishonest combinations between the officers of the corporation, through an increase in the number of persons whose complicity would be essential to any fraud, resulted in the custom of selecting a corporate agent, a Trust Company, and appointing it the Transfer Agent. The capital and surplus of this Transfer Agent is probably in excess of that of the company for which it is acting as such agent; doubtless the Trust Company is so selected from among others largely because of its prominence, financial responsibility and the consequent security which it offers to all those who deal with it. We may fairly assume that such are the causes which were creative of the now well established custom of appointing Trust Companies as Transfer Agents for the stocks of other corporations.

Of course we all know that the security which was sought to be gained through a multiplicity of officers whose signatures upon the certificates were essential to its validity in many instances no longer exists in fact, because it is quite customary for corporations to have large numbers of their certificates of stock duly signed, leaving only the name of the stockholder and the number of shares blank, and intrusting the certificates in this condition in the hands of the Transfer Agent. Nevertheless, the fact that this one primary reason for the establishment of the office has in this manner really ceased to exist does not create any probability of the ultimate abandonment of the custom; the other reasons for its creation still exist, and the continuance of the custom is largely insured by the fact that the omission of a Transfer Agent would be regarded as suspicious and irregular; in fact, many of the Stock Exchanges require the appointment of a Transfer Agent as a condition precedent to the placing of a stock upon its list, and

corporations are now so eager to assume all indicia of caution and conservatism that we often see a provision placed upon the face of the certificate to the effect that the certificate is not valid unless signed by the Transfer Agent. In several instances I have seen this provision carried to the extent of requiring not only the signature of the Transfer Agent, but also the signature of the Registrar as essential to the validity of the certificate.

The office of Transfer Agent may be regarded as a permanent institution; it should certainly be reckoned with as such.

A Trust Company, occupying this office, assumes a twofold obligation; certainly it assumes a twofold relation—first, to the corporation for which it acts as Agent, which we will designate the Principal, and, second, to those who have an interest in the stock transferred.

The relation between the Agent and the Principal is usually created by a resolution of the Board of the latter designating the company as Transfer Agent, accompanied by the payment of an agreed sum which is supposed to compensate the Agent for the clerical work involved in making transfers during the succeeding twelve months; the compensation is based upon the anticipated activity of the stock.

By clear implication the Agent holds itself out as competent to discharge the duties of the office. What are these duties?

Broadly speaking, the Agent agrees to perform for the Principal the work of passing upon the evidences of transfer of title to the Principal's stock, and of perfecting such transfers as are in proper shape by the due notation of the transfer and the issue of a new certificate. If no Agent were appointed the Corporation Principal would itself perform all this work, and, of course, all the liabilities incident thereto would rest upon it, and such was the case until the custom and office in question were created. But having appointed such Agent, what measure of responsibility to the Principal attaches to the agency, and is impliedly assumed by the Agent in accepting the office?

At this point we pass beyond the circle of light thrown by established law, and find ourselves involved in uncertainty and doubt. Is the relation so established between the Principal and Agent that of simple agency, to which the usual law of such relation may be applied with certainty, and the liability of the Agent may be considered with confidence as limited to the consequences of lack of good faith and ordinary skill, competency and knowledge? Or must the duties assumed by the Agent be so performed as to satisfy the requirements of the situation which would exist if no Agent had been appointed, but the Principal had remained in direct touch with its stockholders, and without the interposition of any intermediary? In other words, must the Agent so perform its duties as to fully discharge the responsibility which the Principal is under to its stockholders, in all that pertains to the preservation of the stockholders' interest and title until such interest and title is duly divested and transferred, and is the Agent responsible for all consequences ensuing to the Principal from a failure to so perform its duties?

In an effort to reach a conclusion upon the measure of responsibility assumed it should be borne in mind that the creation of the office is, apparently, at least, due to pressure rather from without than from within the corporation; this creation is not due to the requirements of business facilities and convenience of the corporation in perfecting the current transfers of its stock, but is due, certainly in great measure, to influences outside the corporation—to a demand for security not afforded within the corporation's own organization and consequently sought for outside that organization, through a separate existence, removed as far as possible from the influences and control of that organization.

The decisions of record, so far as I have been able to discover, are upon cases where there was some gross default by the Agent in the discharge of its duties; I

find no case presented involving the liability to the Principal when due care, skill and knowledge were exercised, nor where the court has decided what, in any specific case, would constitute due care, skill and knowledge; but in view of the causes which have resulted in the office and custom, and of the practically absolute control exercised in most instances by the Agent, it is certainly prudent for us to anticipate that the courts will decide, when the proper case is presented, that the Agent is responsible to its Principal in the full measure of the consequences resulting to the Principal for any acts of the Agent.

The degree of legal liability to the Principal may, of course, be restricted by the terms of any agreement entered into between the Principal and the Agent, and such limitation may be made operative between the Agent and those interested in the stock transferred if the latter are charged with legal notice of the restriction upon full liability, but certainly in the great majority of instances the relation is created by the method described—that is, by a resolution of the Board of the Principal designating the Company which is to act as Transfer Agent and the tacit acceptance by the latter of the duties of the office and the fee agreed upon. Clearly there is no limitation of liability here—the relation is left charged with such responsibilities as the court may decide to be implied in the transaction. Can it be successfully argued that, while the Agent agreed to perform the work, and accepted a cash consideration therefor, the responsibility for the consequences of mistake, however innocent, impliedly remains where it formerly rested, upon the Principal, it having parted with the control of the situation? I apprehend not.

If such be the conclusion which courts will reach, we are confronted by the fact that the many legal questions and difficulties involved in the transfer of stock, questions which have brought forth volumes of legal textbooks and decisions, are presented to the Agent, or, speaking more practically, to the knowledge of its transfer clerk and his discretion and discrimination in determining what questions should be referred to counsel for solution and action. The Agent must not do, or leave undone, any matter or thing whatsoever by which its Principal suffers loss directly, or by which it falls under liability to any one having property interest in its stock by reason of any impairment of that interest; the Agent must see that there is no overissue of stock, either by direct fraudulent act of its own employees or by issue of new certificates upon surrender of old ones with forged indorsements, or by permitting an unauthorized transfer of stock, thereby rendering possible the fraudulent loss to innocent parties, even if unknown and practically unknowable either to the Principal or Agent. The Agent is charged with knowledge of the signatures of the stockholders of its Principal, and with the legal capacity of the stockholder to transfer his stock; for example, in the case of *Chew vs. Bank, Maryland, 292*, a corporation was held liable for permitting a transfer upon the genuine signature of a stockholder who had become *non compos*, the fact of which the defendant was in complete ignorance. If this bank had been fortunate enough to have appointed a strong Trust Company as Transfer Agent, and this stock transfer had been passed by its Agent, the ultimate liability might have been shifted. Again, the Agent is charged with knowledge of the terms and powers under which a trustee stockholder acts, it having been decided that the word 'Trustee' on a certificate of stock carries with it, in many cases, responsibility of full knowledge of the powers of the trustee and the terms of the trust. A refusal by an Agent to transfer stock on demand is ground for suit, unless it is ultimately decided that the refusal was based upon adequate reasons, or upon lack of proper evidence of the right to demand transfer.

Of course the Agent is responsible to its Principal for all acts of fraud or negligence committed by the Agent or by any one in its employ by which the Prin-

principal suffers loss or damage. It is practically impossible for the higher officers of the Agent to scrutinize every transfer or to keep the Principal's certificate book under personal guard, so that many opportunities for fraud are open to the Agent's clerk having charge of transfers and with the certificate book of the Principal, signed in blank, in his possession. The case of *Bank of Kentucky vs. Schuylkill Bank* (1 Parson's Select Equity Cases, 180) is instructive as being a leading and one of the few instances in which the legal relations which we are considering have come before the court for interpretation, and interesting as showing the utter disproportion between the average fee of the Transfer Agent and the financial responsibility assumed.

This was a bill in equity in 1839, brought by the Bank of Kentucky, a corporation created by the State of Kentucky, against the Schuylkill Bank. The plaintiff had the power under its charter to establish transfer agencies where it pleased, which power was exercised, and the Schuylkill Bank was appointed its transfer Agent in Philadelphia on a salary of five hundred dollars per annum. The bill charged and the proof showed that Levis, cashier of the defendant, who had charge of the transfer of the plaintiff's stock, made a fraudulent overissue to the extent of about thirteen hundred thousand dollars. The bill also charged that the plaintiff was being sued by some of the holders of the spurious stock, and that it had purchased some of said stock in the hands of innocent purchasers without notice, and that it was ready to do the like in all such cases. The plaintiff further claimed that by virtue of an act of assembly of the State of Pennsylvania it represented all the holders of said stock. It asked, among other things, for an accounting, and for a decree against the defendant for the par value of the stock thus surreptitiously issued, with interest thereon, and also for damages sustained. The court decreed that the defendant pay unto the plaintiff \$1,184,738 as a just indemnity for the loss, detriment and damages to which the plaintiff and the holders of the stock had been put or suffered by reason of the fraudulent issue of 13,185 shares of stock of the plaintiff by the defendant while Transfer Agent of the plaintiff, through the knowledge, procurement and assistance of Levis. In reaching this conclusion the court used the following language:

(Page 217.)

"What is a transfer agency? It is a very harmless thing. It amounts to nothing more than the witnessing of the conveyance by one person to another, of personal property, viz.: stock of an incorporated company; and in this case, also, to furnishing the purchaser a certificate of ownership of such stock, on the surrender of a previous certificate of like character held by the seller.

"This is a very simple business, involving little or no risk or hazard; requiring nothing but ordinary care and fidelity in its performance. If the necessities of one bank require its stock to be transferred in another place, whether in the State of its creation or out of it, why cannot it ask aid of a correspondent bank that does all its other business in such a place? And why cannot such a correspondent bank afford the aid required? In the charter of the Schuylkill Bank there is found nothing in terms forbidding the execution of such a friendly office, either to another bank of our own or of a sister State."

(Pages 239-240.)

"First, it is contended that the contract for this agency being made by the president and directors of an incorporated bank, it became, from a necessity equally known to both parties, requisite to employ the assistance of sub-agents in its execution. That the cashier of the Schuylkill Bank was the sub-agent, so chosen by that corporation with the assent and approbation of the complainants; that all the frauds charged in the bill were perpetuated by him without the connivance and conivance of the president; and that under such circumstances the bank is no further responsible for his acts

than arises from the general obligation of every principal agent to act with good faith and ordinary care in the selection of a secondary agent. The principle on which this position rests is the familiar one that when it is usual and necessary for a principal agent to employ a sub-agent, as, for example, a broker or auctioneer, to transact the business, in such a case the principal agent will not ordinarily be responsible for the negligence or misconduct of the sub-agent, if he has used reasonable diligence in his choice as to the skill and ability of the sub-agent. But, indisputable as is this principle, it has no relevancy to an agency like the present. The cashier of a bank, while carrying into execution, under the orders of the directors, a lawful contract, such as the contract of creating this agency is shown to have been, is in no sense of the word a sub-agent of the board of directors."

(Page 241.)

"In fact, when the business of the agency has reached that point, the principal agent is not an agent so much to sell as to select on behalf of his principal some one competent to execute a necessary function for him, which the agent cannot perform himself; and all the cases referred to in this connection are but the various developments of this common principle. But was it ever heard of, that an agent charged with negligence or fraud, could relieve himself from liability to his principal by showing that his clerk or porter were the immediate actors in the wrong and acted without his authority? If such metaphysical niceties would be at once repudiated in a natural person, why should they be recognized in a corporation?"

The comments of the court upon the general nature of the relation are, I take it, *obiter dicta*, and, not being essential to the conclusion reached by the court, are deprived of all weight as precedent or decision.

You observe that in this case the defendant was not allowed to plead its due diligence and care in selecting its cashier, but was held to full accountability to its Principal. I can find no sufficient reason upon which to base a theory that would differentiate between the ultimate responsibility for such fraud as was perpetrated in the Kentucky Bank case and the ultimate responsibility for the consequences of passing a forged or unauthorized transfer, with absolute innocence of intent upon the part of the Agent and its employees. Let us assume that the plaintiff is an infant who has been injured by the defalcation of its trustee in transferring stock; the corporation whose stock is so transferred is clearly liable (*Marbury vs. Ehlen*, 72 Md., 206). Is not the Agent who was paid by that corporation to assume for it the duties of making its transfers liable in turn to that corporation for the consequences of an improper performance of those duties?

The decisions upon the liability of the Transfer Agent to the Principal are few in number; the direct liability of the Transfer Agent to the injured stockholder has apparently not been before a court of last resort, but the application of established legal principles to the latter proposition would seem to fix the Agent's liability to the stockholder as completely as the decisions noted established the Agent's liability to its Principal, and we reach the conclusion that the Agent must answer to the stockholder for all damages suffered by the former through such illegal or unauthorized transfers for which the corporation whose stock is so transferred would be held liable.

The stockholder's case against the Agent is strengthened by a regulation of the Stock Exchanges requiring the appointment of a Transfer Agent—for such requirement is in the nature of a demanded safeguard and precaution upon which the stockholder and the stock trading public have a right to rely. The case becomes yet stronger if the certificate contains a statement or notice that its validity is dependent upon the signature of the Transfer Agent, for in that instance such signature gives to the certificate a vitality and credit which it

would not have unless so signed. Such Stock Exchange requirements for listing and such provisions on the face of the certificate would seem to strongly emphasize the responsibility which the Agent assumes toward its Principal and the latter's stockholders.

Apparently the injured stockholder could successfully pursue either his corporation, the Principal, or the Agent, or both.

REGISTRAR OF STOCK.

At the second annual meeting of this Section (August 24th, 1898) an able paper upon this general subject was presented by Mr. Felix Rackemann, of counsel of the Old Colony Trust Company, Boston, in which the author drew a distinction between the legal responsibilities of a Transfer Agent and those of a Registrar of Corporate Securities, considering that the latter were broader than the former. He places the origin of the office in the fraudulent overissue of the stock of the New York & New Haven Railroad Company by its President and Transfer Agent, the transaction being known as the "Schuyler Frauds." (N. Y. & N. H. Rd. *vs.* Schuyler, 34 N. Y., 30.)

This occurrence emphasized the necessity of further safeguards around the issue and transfers of stock and resulted in the passage (in January, 1869,) of a regulation by the N. Y. Stock Exchange under the terms of which corporations whose stocks are listed are required to appoint a responsible Agency at which a registry of the stock shall be kept. The keeper of this registry is known as the Registrar; the sole purpose of the office seems to have been the creation of another check against overissue.

The appointment is made by resolution of the Board of the appointing company and is accompanied by the payment of a small cash consideration gauged by the degree of activity with which it is anticipated the stock will be transferred or dealt in. The Transfer Agent makes the transfer, issues the new certificate to the transferee, which, together with the old certificate and such separate powers or evidences as may accompany it, are sent to the Registrar and duly noted upon books kept for that purpose. Since the function to be performed by the Registrar, which it holds itself out as competent to discharge, is that of a check against the Transfer Agent, in guarding against an overissue of stock, it becomes necessary for the Registrar to scrutinize all transfers since the issue of a certificate, except against one, legally canceled, for the same number of shares would necessarily result in an overissue. This duty the Registrar impliedly, by its acceptance of the office and fee, agrees to discharge.

Obviously, if the Registrar certifies the issuance of a certificate, thereby placing upon it the last and highest indicia of validity, and loss results to the Principal therefrom, the Registrar has failed to fulfill the purpose of its appointment; if, by such action, loss inures to a stockholder whose property rights have been wrongfully divested thereby, cannot such stockholder recover from the Registrar, the signature of the latter, in acceptance and approval of the evidences of the transfer, being essential to the transfer and being the last act in consummation of the transaction by which the stockholder is injured?

In the absence of an expressed agreement limiting the liability of the Registrar, it would seem that the acceptance of the office carries an acceptance of responsibility for failure to properly perform the functions of the office, and that, unless such limitation of liability is brought to the knowledge of the stockholder, and of those who may, from time to time, become such, the acceptance of the office would also imply an acceptance of responsibility for all acts of the Registrar whereby the stockholder is wrongfully deprived of his property interest in the stock. Here again the case against the Registrar is strengthened by the quite customary regulations of Stock Exchanges requiring the signature or

counter-signature of a Registrar as essential to the validity of the certificate.

The duties and liabilities of Registrar do not, in my opinion, differ in any marked degree from those of a Transfer Agent.

It has been suggested that in case of difficulty or doubt the responsibility of decision should be thrown by the Agent or Registrar upon the Principal and definite instructions be asked for. This request would, if answered, relieve the Agent from liability to the Principal; it would certainly be evidence that the Agent considered itself liable only for the usual responsibility of an Agent, but I doubt the practical value of the suggestion because the request for instructions by the Agent would probably not meet with any satisfactory response.

I have, in representing a Transfer Agent, asked the Principal for instructions, and to my surprise received them. I anticipated, however, at the time that the Principal's reply would practically be, "You have been paid to perform the work of noting our transfers, and have, by acceptance of your fee, agreed to decide these questions yourself and assume the consequences of an erroneous decision, therefore we decline to instruct you and thereby reassume the ultimate consequences of mistake in the law or facts. Your signature is essential to the validity of the new certificate, and you put it on or refuse it at your peril, not ours."

Such position would be difficult to assail, and I am strongly inclined to the belief that such would be my position if, representing the Principal, I were applied to for instructions by a Transfer Agent or Registrar.

It may be that the weight of ultimate decisions by the courts, when the responsibilities of these offices have been presented for determination, will result in the application of the general rule governing the relation of Principal and Agent, and in holding the Agent responsible only for the consequences of due care, skill and knowledge, and in establishing that such measure of responsibility only attaches to or is implied by the assumption of the office. But if such is the case, it remains true that the questions which may arise in the transfer of stocks are most obscure and involved, and that the assumption of the skill and knowledge requisite to discharge the duty of passing upon such questions is a dangerous duty for any corporation to assume.

The responsibility of passing on transfers is one of the most important duties devolving upon the counsel of any corporation; as the number of corporations for which a Trust Company acts as Transfer Agent or Registrar increases, the weight of its responsibility as such Agent, even under the usual limitation of an Agent's liability, also increases through multiplication of the chances of innocent error and mistake, in proportions which it is not pleasant to contemplate.

It would seem, here, that a point has been reached when Trust Companies may, with possible advantage, pause to investigate and consider carefully the degree of liability which we so readily assume in accepting the position of Transfer Agent and Registrar, and, this being determined, to see if the scale of fees is commensurate with that responsibility.

Evidently the primary operative causes have resulted in the creation of an office which involves more liability than would, at first sight, have been supposed to attach thereto. Possibly the nomenclature of these offices—Agent, one who acts for another, and Registrar, one who performs the act of registering—has obscured the true relation and has created a feeling of confidence which is misplaced. Certainly it is anomalous that the extreme care and ingenuity which have been displayed in expressly limiting the liability of the Trustee in the discharge of the Trust under a corporate mortgage, nowhere appear in restricting the responsibility in making transfers of stocks in transactions involving untold amounts.

If the degree of responsibility is that which I have indicated, and the legal relation is not that of Agent and

Principal, that nomenclature being misleading, but is that of employer and employee, the Transfer Agent having assumed for a cash consideration all the responsibilities incident to the proper performance of the work, both to the body corporate so employing and to its individual members—those interested in its stock—is not the average of fees paid for such work entirely incommensurate with the risk, even applying, as a standard, the rate of premiums charged by Bonding Companies under the existing conditions of unbridled competition? It would seem to be scarcely commensurate with the responsibility assumed even if the liability is only to exercise due care, skill and knowledge in such transactions.

If my views are correct we are now engaged in the cheapest form of insurance ever devised; it is good business for the average corporation to employ a strong Trust Company to make its transfers, and, for a few hundred dollars premium, assume the risks of defalcation and innocent error.

Of course the large majority of transfers are in usual

course of Stock Exchange business, and present no new or novel conditions, and only those in which statute or established decisions furnish a safe guide, but we may be at any moment called out of the beaten path and confronted with facts, essential and with but little to indicate their existence, to which the well-known legal principles, and customary procedure, may or may not apply, and upon the decision, to transfer or not transfer, may depend a possible heavy loss.

In presenting these views I am conscious of occupying the uncomfortable but relatively easy position of a critic of existing conditions who is unprepared to suggest an adequate remedy.

If, however, the matter receives your consideration and that of your counsel, some system will doubtless be devised by which the degree of liability which we are willing to assume will be defined and properly evidenced, or a scale of fees will be established which fairly represents the responsibilities assumed, if they are determined, or the risks involved, if the responsibilities of the office remain undetermined.

The Proper Conservative Attitude of Trust Companies Toward Corporate Enterprises.

BY JOHN E. BORNE, President Colonial Trust Company, New York City.

Trust Companies have had, for years, relationships with certain corporate enterprises; they have acted as trustees in railroad and other corporation mortgages; as transfer agents and registrars of stocks issued by such corporations; and have performed various functions which, being purely clerical and administrative, call for no discretion in attitude or relationship, which latter consists, largely, of a proper performance of certain duties. The great industrial development, however, of the past few—and particularly the last two—years, has created another field of usefulness and activity for Trust Companies, and their services have been made use of in bringing into existence certain large corporate enterprises, in some instances new, and in the other, and by far the greater number, the result of the consolidating and joining together of already existing firms and companies. Here the Trust Company may act as intermediary in various ways; it may become the depository of stocks and bonds, titles and equities of corporations and firms; the holder of purchase moneys and payer of the same; the collector of subscription moneys and issuer of new securities under agreements of consolidation; and it performs the various and varying functions incident to each particular case.

Being thus brought into close contact with an organization, it becomes associated, in the public mind, with its formation; and its relationship with the enterprise is considered an indorsement of the good faith and probity of the organizers of the same. It is, therefore, of the utmost importance that a Trust Company should in every case thoroughly satisfy itself on these points, and that it should decline any business connection where these are at all doubtful, otherwise it will lay itself open to future criticism and will be bound to suffer in standing. No business function should be entertained where the least cloud exists.

A Trust Company should take the same view of a corporate enterprise that a merchant takes of a customer. The shrewd merchant first satisfies himself of the standing, both financial and moral, of the applicant for his merchandise, and if he is satisfied on both points, he gives him commensurate credit; if he is not satisfied on either of the above points, he will either refuse to open business connections, or will, at any rate, limit them to a strictly cash basis. The Trust Company must take the same view of corporate enterprises. If their

financial and moral standing is excellent, it can afford to lend them its credit; if these are not so, it should not even deal with them, as the merchant does, on a cash basis; it will save itself embarrassment and criticism by not establishing business connections with them. Being thoroughly satisfied, however, it can serve a corporation in many ways; it can act as its reference (and the reference of a Trust Company goes a very long way and has a decided influence in the public mind; hence, the necessity of being most careful in this direction); it can bring it into contact with capitalists, and it can further its interests legitimately in various directions, without in any way becoming sponsor of its ultimate business success. With this it should not concern itself, and it should in no sense ever become the exploiter of any business, or the guarantor, in any way, of its future success. Where any other course is adopted, the very laws of chance will make a Trust Company, at some time or other, sponsor for one enterprise out of many that will fail of success or prove disappointing, and this will reflect more seriously on it and hurt its general standing and reputation more than it has been benefited by the success of the many.

Therefore, it should not become the exploiter of a corporation's future possible success. This should be made very clear by a thoroughly neutral attitude. A Trust Company should practically say to the public:

"We know the originators of this enterprise; we are satisfied with their ability, responsibility, honesty and good intentions; as to the possibility of profit in the business, however, that every investor must look into for himself."

The recent industrial movement has brought to the front organizers and promoters of many classes. The responsible, serious one is readily known as such by his affiliations. The irresponsible, obscure one makes up in assurance what he lacks in the more desirable requisites; he secures his clientele by representing himself as more important than he is; he endeavors to secure the co-operation of a Trust Company by a generosity in prospective, which has behind it the ulterior motive of using the Company for the purpose of giving him a fictitious credit and standing. I have no doubt all of you are familiar with this character. He has no objection to any charge you propose on an issue of bonds, and considers any figure you may give him for the performance of

prospective services perfectly satisfactory. He makes with you a tentative arrangement which, as he possesses no responsibility, is rather one-sided at best; and then you find him using your name freely, as being behind him and his particular enterprise. His methods of ingratiating are various, but they have all one purpose and only one result with regard to yourselves. He is to be shunned.

It therefore seems to me that the proper conservatism of attitude of a Trust Company toward a corporate institution lies in assuring itself, always, of the standing of its originators; in not entering into business relationship with other than responsible, respectable parties; in assisting such parties, by vouching for them, where their standing is assured; and in taking no part in exploiting the profit earning side of any enterprise. By assuming this course it will carry out the functions which fall to it logically, in the present era of industrial development—namely, that of facilitating the formation of reputable

corporations. Here, in order to retain the confidence of the public, its functions should end.

In conclusion, permit me to say that in preparing this article I do so with the knowledge that the business of Trust Companies in various portions of the United States differs materially, and that what may be looked on as proper functions in one section of the Union may be considered as either too conservative, or not conservative enough, in some other section. I have the hope, however, that the above conclusions will be acquiesced in by the majority of my brothers in active Trust Company service. It seems to me that the position of a Trust Company must be like that of Cæsar's wife, above suspicion; it should, in itself, represent the highest form of commercial and financial credit; and it can only do this by keeping free from entangling alliances which may provoke criticism and injure its standing in the community of finance.

The Advantages of Operating Safe Deposit Vaults in Connection With Trust Companies.

BY WILLIAM A. CARR, Treasurer Union Trust Company, Pittsburg.

The trend of the times in business life is toward combination, the bringing of all auxiliary lines around a main business. The "department store," so arranged and furnished as to enable the purchaser to make all his purchases under one roof, and so to save his time and the annoyance of using his credit in a number of business houses, is a striking illustration. The same principle operated in the "department store" applies, and with equal advantage, to a Trust Company.

The strictly up-to-date Trust Company, under its corporate powers, is given an opportunity to make itself indispensable to large classes of a community inside and outside of the business world. It can avail itself of this opportunity, as the department store does, by grouping around its main business all its auxiliary lines of business under the direction of bright, progressive managers.

Some Trust Companies make a specialty of a particular work and give no attention to the departmental policy; but these companies are not following the trend of the times as we have earlier seen it to be. In a well-organized Trust Company there are departments, and of various kinds. These departments are needed for the convenience of the customer, will be appreciated by him, and will tend to fix him in the permanent list of customers. One of these departments popular with the customer, and, we may add, profitable to the company, is the "Safe Deposit Department." As an illustration: A customer of the banking department desires to purchase bonds. His relations with the banking department have been satisfactorily and fully established. He is introduced to the manager of the bond department, and, dealing with him, he makes selection and purchase of certain bonds. It happens, however, as is often the case, that, for convenience in making deliveries or sales, he desires to have a safe place in which to deposit his bonds, instead of registering them. The bond department manager, learning his wish and need, now introduces him to the manager of the Safe Deposit Department. The plan of boxes in that department is submitted and he makes a selection suitable to his requirements. Then, upon his signing a contract for the use of his box, the key thereof is delivered to him and his bonds are deposited therein.

There is, we admit, little direct profit in the Safe Deposit Department when run on a small scale, but the indirect profit of keeping your customer in the house may be considerable. And while the box rent may be small, a fair profit will likely accrue from the sale of the bonds.

The fundamental principle in business is in keeping

your customer—in making him feel satisfied that you are doing the best that can be done for his interests under all the circumstances. When once he has favored you with his patronage, if you have the departments needed to accommodate his requirements and in each of such departments his interests are carefully handled, he will remain with you, and the net results of his business, running through the various departments accommodating him, will likely be important.

There are many women customers in these times and their number is constantly increasing. They especially prefer to have their safe deposit boxes with the company that transacts their trust or banking business. They can deposit their coupons, notes, collaterals or other securities in the banking department for collection and thereby save time, risk and the inconvenience that attends transacting business at several places. The guard of the Safe Deposit Department should be particular in his attention to the ladies, saving them as much trouble as possible. He should see that their boxes are carefully inserted in the proper space in the Safe Deposit Vault, and, when removed, carry them to the coupon rooms. These little attentions are gratefully received, and not only do much toward making the renters of boxes feel that their patronage is appreciated, but lead them to tell their friends, and to so become active agents for the company in soliciting new business.

The manager of one of the large Trust Companies in New York recently said that they had many renters, both men and women, having no one to assist them in their money matters, who would frequently have the guard in charge help them to cut their coupons and arrange them in envelopes for deposit in the banking department of that company.

The first Safe Deposit Company in the City of Pittsburg was organized in the year 1867. Since that time there have been at least ten additional ones established, including banks which rent boxes.

As to the style of locks for Safe Deposit boxes, it is very desirable to have double locks with two escutcheons. Many of the renters suppose, when the guard places his key in the same escutcheon they use, that he has access to the boxes. This is a mistake, and the impression should be avoided as far as possible. The guards and managers of the Safe Deposit Department should be careful to see that the renters properly replace their boxes in their own compartment.

As to general powers of attorney granting admission

to Safe Deposit boxes, they should specifically set forth that the attorney in fact has authority to open the box, for while some companies consider a general power of attorney sufficient authority, others insist that a specific power be given, granting that privilege.

The advertising for the Safe Deposit Department should be kept up continuously, and should be of a rich, neat and attractive character. Of course, you do not get immediate results from your advertising. It is like the farmer sowing his seed; he has to wait until the seed finally develops into the crop, and this means that he will reap his harvest perhaps a year afterward. This law applies as well to the advertising of the Safe Deposit Department, and of all the other departments of a large Trust Company. One of the prominent merchants of Philadelphia at one time, having occasion to increase his credit, sent his credit man to New York to see Mr. A. T. Stewart concerning the granting of a larger line. The credit man admitted that the profits made by his concern were not sufficient for the amount of business done, and upon this admission the additional credit was declined. The principal of the house then went to New York to obtain, if possible, the desired credit, meeting with the same result. Later he requested a personal interview with Mr. Stewart, who at first also declined to grant him further credit; but when, upon considering his claim, Mr. Stewart asked him, "How much money did you pay for advertising last year?" and received the answer, "\$94,000," he said, "Add this to your profit for last year, and it shows you a very handsome return." As the result of this new light on the situation, Mr. Stewart said, "You can have the additional credit. You will not begin to realize until this year the benefit from

the money you paid last year for advertising." This is true of Trust Company advertising. A great deal of missionary work is done from which no returns are received for one, two, and in some cases, three years. But by careful, judicious and persistent advertising fair results are sure to come, if you have the facilities for taking care of the business, and treat your customers politely and handle their business with care.

The Safe Deposit Department should be made as attractive as possible. Some of these places are very dismal looking. Last summer, when in London, I visited one which was so gloomy that it reminded me very much of a dungeon, with its heavy grille grates and bars and its dim lights. The largest Safe Deposit Department I have ever seen is that in connection with the Credit Lyonnais, in Paris, this one department covering four floors. It is four stories under ground; all the different entrances are carefully guarded, and all the renters are carefully examined as they pass in. The Safe Deposit boxes are in large cupboards, and each of these cupboards in turn has a variety of assorted boxes, so that it is impossible to get into more than one compartment at a time.

In ordering Safe Deposit boxes for a company it is difficult to decide on the sizes to place in the vault, as the demand varies. The proper way is to buy them in sections and sort them up to suit the demand.

One of the most successful novelties which we use in advertising our Safe Deposit Department is a small tin box in which renters can collect their diamonds, jewelry, etc., and place in their Safe Deposit box. We have sent out 2,500 of them and have met with the best results.

Trust Company Advertising.

BY RICHARD L. CRAMPTON of the Northern Trust Company, Chicago.

Occasionally one finds a man who says that it is not good business ethics for Trust Companies to advertise. The average man will admit they *may* advertise. The officers of most companies, I believe, think they *should* advertise. The signs of the times say they *must* advertise—that is, if increasing dividends are desired.

By advertising I mean the broader definition; all that goes to make *favorable publicity*.

Many of the older Trust Companies have established reputations in their respective cities which keep on bringing new business to them three hundred and sixty-five days in the year, but even they must let the growing generations of this advertising age know that an up-to-date business is still being done at the old stand. The newer Trust Companies, particularly those in the West, where the functions of a Trust Company are only beginning to be understood, must make an advertising investment for the business of ten or twenty years in the future.

Perhaps in no business can good advertising be considered as favorably in the light of an investment as by Trust Companies doing the usual Estate business. The Estate of a person, who to-day is favorably impressed with the stability and business policy of a Trust Company sufficiently to name it as Executor and Trustee in his will, may become a trust for many years, and while the results are a long ways off, the companies which are making the best impression upon the public to-day through their advertising will later on, other things being equal, reach greater results than those which do not advertise.

The question then is as to the best methods of advertising. This will always be a matter of opinion. One man holds tenaciously to a style which another regards altogether wasteful, if not absolutely injurious. Some one

has said that advertising is one of the modern wonders. The established principles are certainly of a very general character and the secrets are hard to discover.

Each company should have some one, preferably an officer, to attend to all advertising matters, at least so far as relates to the general policy, in order that he may be brought to study more carefully the latest methods of reaching the people. I say preferably an officer, for the reason that I believe it will greatly promote the best interests of the company to have some one in authority who appreciates the importance of the subject, understands the policy of the institution and is on an equal footing with those whom he can consult with greater advantage than can an employee, or an outside advertiser.

The duty of creating new business is certainly of as great importance and more difficult than merely executing the business in hand, and should receive corresponding attention. I have been unable to learn of a single instance where professional advertisers, not familiar with Trust Company business, have been able to give satisfactory results unaided. I can see no reason for this except that their point of view has been greatly biased by their experience in handling advertising to sell goods. Trust Companies do not have goods to sell. They simply are giving publicity to their stability, their methods and their terms. In all of this the personal equation is the largest factor. It is, then, largely a matter of impressing the public with the personality of the management without seeming to do so.

The public knows an institution through its advertising. Therefore it should be absolutely the best. If the person in charge of it is unfamiliar with the subject he will do well to call in one of the best advertisers he can find as an assistant, expecting to pay him well for his services; but I believe it is necessary, in order to obtain

good results, to study the situation independently, and in a large measure to act independently of his advice. First of all study the constituency carefully and its point of view. Different localities and different constituencies require very different methods. If it is expected to get the money back that is invested in advertising, with a fair percentage in addition, it is essential that the details of the matter receive such careful attention that they may be considered as being almost on a scientific basis. Better not advertise if you cannot do this. Each company has one or two strong talking points. Or at least it should have.

The company with which I have the good fortune to be connected has probably one of the best Boards of Directors of any similar institution. They are well known leading business men, who are active in the interests of the company. Naturally prominence is given to this fact in our advertising. It is also well known that our policy is progressively conservative; hence we are careful not to do anything to disabuse the public of this opinion. If we had a fine building of our own we certainly would let the public know it, as such a building is undoubtedly a good investment from an advertising point of view, implying, as it does, permanence.

I am more and more impressed with the fact that we are best advertised by "our loving friends," and that no expenditure can bring as good results as that which will secure the class of officers and employees who will make a favorable impression upon the public with whom they come in contact. Disregard of the attentions properly due a customer, or one who may be asking for information, costs an institution a great deal more than the time which should have been expended. This is particularly true of financial business, and yet how often one notices want of courtesy on the part of those connected with such institutions.

The most common form of advertising is through the publication of the quarterly statements, called for by the State authorities. It is surprising that so many of these statements are so cheaply gotten up. If an excuse for advertising is necessary, certainly here is the excuse, and it should be worked for all it is worth. At least once a year the statement should be issued in an especially attractive booklet form, and made to cover fully all the features of the business.

Booklet advertising is very desirable for Trust Companies and should receive careful attention. Let the cover design be done by the best artist obtainable in a simple, strong and direct style, embodying, if possible, some distinctive marks which may become known as belonging to the company using it as a sort of trade-mark. Good designs cost money and are worth it. The same can be said of good paper and printing. Make everything about a booklet as good as the gold you are trying to get in trust, and I believe it will pay.

The most important contribution to Trust Company literature is Mr. Breckenridge Jones' paper on the "Trust Company Question," which has been used extensively all over the country and must have brought results when printed properly. It is difficult to understand how some of the companies which printed Mr. Jones' paper in the poorest manner possible could have expected to make a favorable impression and to get any returns.

Every Trust Company should issue at least one fine booklet, covering, in detail, the different features of the business which it transacts. This can be supplemented by smaller and less extensive booklets on the different features taken separately; for example, one on "Acting as Trustee Under Wills." Others on "Trust Agreements for the Management of Property," "Estates of Minors and Incompetent Persons," "Registration and Transfer of Capital Stock of Corporations," "Relating to the Appointment of a Corporate Trustee Under Mortgages to Secure Bond Issues," and under other titles which will suggest themselves. If Banking, Surety, Title or Safe Deposit Departments are conducted by the company each

should have its separate literature; all preferably in the same uniform and distinctive style. To get the best results from such direct advertising matter requires a carefully prepared mailing list; the names and addresses should be placed on cards showing the business connection, standing &c., of each individual, and with a place for noting the advertising sent out from time to time. Mail the general booklet with a carefully worded personal letter, and if any inquiries result, note the fact on the address card and send the particular booklet which fits the case. If no results are obtained in a reasonable time a letter of reminder will not be out of the way. If the party is making his will the result of the advertising may not be known until his death, years later.

Remember always that cheap, careless and sensational advertising unconsciously impresses the recipient with the idea that the company using it has the same characteristics.

Many Trust Companies favor the use of novelties, such as letter openers, pocket books, etc., the value of which, considering their large cost, I believe is greatly overestimated. Frequently I have asked persons who had such advertising souvenirs if they knew the name of the firm on them, and the answer has been very often in the negative, although the name has been before their eyes every day. If such things can have some relation to the Trust Company business and be presented in a very personal way with attractive printed matter, their value is greatly increased.

About three years ago I wished to increase the business of our Safety Vaults, which were not doing well, and hit upon the idea of sending out handsomely lithographed metal boxes, one-quarter the size of a safety box. In these I inclosed a will envelope and some advertising matter, suggesting that valuable papers be put in the box and returned to the vaults for safe keeping. The details of the scheme were carefully worked out with the result that we got our money back several times over the first year, and are still getting results, making it necessary to greatly increase the number of boxes in our vaults. The idea has been adopted by a large number of other companies. Several of these, however, say they have not had as much success as we did. Perhaps some details were omitted which were essential or the local condition may have been different.

This year to advertise our general business, which includes a banking department, we issued a new form of daily memorandum calendar with different reading matter for nearly every day. This gave a splendid opportunity for going into the details of our business and of keeping our name promptly before the users. These were sent principally to attorneys who, by the way, can do more to influence Trust business than almost any other class of people. Another Trust Company in Chicago issues each year for attorneys a very convenient pocket diary in which information concerning the courts is printed. Another company gets out a pocket directory of attorneys with telephone numbers and court rules. Things of this kind can be of great service, as they come into daily use.

Newspaper advertising is valuable, and one is tempted to act upon the principle that if a little is desirable a large amount will bring proportionate results; or, if it is a good thing to advertise once a week, it will be seven times better and quicker to advertise daily. If this reasoning is followed the advertising appropriation will soon equal the income account. I believe it is better to treat this class of advertising as part of the necessary auxiliary methods, and to use relatively small spaces say once or twice a week. In some localities it may be advantageous as an educator to use reading matter in the news columns, in order that the public may come to know and fully appreciate the functions of Trust Companies, and it would seem well that the companies in the newer fields divide the expense of such publicity.

This paper has already taken more of your time than

it is fair to allow it, although I seem only to have begun to go into the matter.

I will say in closing, beware of the numerous schemes, special editions, programmes and things of this character which are so frequently presented, and are of no special value but a considerable expense in the aggregate. Better leave them alone entirely. Remember to plan your

advertising in advance if possible, and not leave it to be done on the spur of the moment. Also that Trust Company advertising must have something in it which is more than mere cleverness, and that you must at all times have a clear understanding of the point of view of possible client and follow the lines of least resistance.

Essentials Required by Trust Companies to be Put in Mortgages and Other Papers.

By ANDREW SQUIRE, Counsel for Guardian Trust Co., Cleveland, O.

Within the last twenty years Trust Companies have increased very rapidly, and probably within the next twenty years will increase in numbers still faster. In many of the States, as in the State of Ohio, where I reside, they are of comparatively recent origin, the statutes, until the last few years, not permitting corporations to be organized to act as trustees along sufficiently broad lines to induce their incorporation. As a rule, they have been so successful and so well managed that they are fast coming to be recognized as one of the great conservative forces in every community where established.

The field which is open to the Trust Company has not yet been fully determined. Almost every year adds to its usefulness. While it may be true that large estates and large trusts may occasionally be better managed by some individual peculiarly adapted to the purpose, it is equally true that the average management of estates and other large trusts by Trust Companies is better than the average individual management; and the individual management is liable at any time to be terminated by the death of the individual, while the management by a Trust Company should be continuous until the end of any ordinary trust.

Thus far, there have been relatively few failures among Trust Companies, and it is exceedingly important that they should be surrounded at all times with that careful and judicious control and management which the law demands of trustees under all circumstances, and no trust of any character should ever be accepted by a Trust Company, in the fierce competition for business, upon terms which will not insure the bringing to the management of such trust all of the care and fidelity required for its proper execution. It is probably a safe statement to make that the majority of trustees are under paid rather than over paid for services rendered, and trusts are frequently undertaken that appear plain and simple, which, before their termination, involve a large amount of labor and continuous care and anxiety.

Experience has shown that in acting as trustees under mortgages securing bonds there are certain essentials which should invariably be insisted upon by the Trust Company, for its own protection. It is not unlikely that as our experience becomes greater it may be found proper and convenient to insist upon others, but it is the object of this paper to briefly call attention to those essentials which are being insisted upon by careful advisers of Trust Companies.

It is not the purpose to here refer to the Trust Company in any sense as a promotor of any enterprise, or as agent to dispose of any bonds which may be secured by a mortgage making the Trust Company trustee, for the Trust Company as a promotor and as a seller of bonds occupies a different and distinct position from that which it occupies as a mere trustee.

As a trustee, it is of first importance that the Trust Company shall not permit, in any mortgage or other instrument creating it a trustee, any representation as to the character of security or the priority of the lien, which may be in any sense misleading. Care should be

taken by the person examining the mortgage, if it be a mortgage, and the bond which it purports to secure, to see that the provisions are plain and thoroughly within the comprehension of the ordinary purchaser of bonds, who, it may be presumed, is less acquainted with such instruments and the provisions which they should contain than the examiner for the trustee, and when the trustee is called upon to certify a bond secured by mortgage or trust deed, such certification, it should be thoroughly understood, is merely for the purpose of identification—that is, to identify the bond as one of the bonds described in the trust deed or mortgage given for the purpose of securing them. For a time, and even occasionally now, one sees a certification something like this upon the bond: "It is hereby certified that this bond is one of the series of bonds secured by the mortgage or deed of trust within mentioned." The use of the word "secured" in this connection has brought some Trust Companies which inaptly used it into litigation, for the reason that it was claimed that there was some force to the word "secured," and that the Trust Company's certificate certified that there was actually some security for the bondholders, when in reality there was no such security, prior mortgages being sufficient in amount to exhaust the property. In one instance suit was brought against a trustee using similar phraseology, when the trustee had failed to record the mortgage and a subsequent mortgage was recorded which exhausted the property. Happily in this instance for the trustee, the court, after holding the trustee should be responsible, found the action had been barred by the statute of limitations. Careful Trust Companies now confine themselves, in making such certificates, to a mere identification of the bond by phraseology substantially as follows: "It is hereby certified that this bond is one of the series of bonds described in the mortgage or deed of trust within mentioned."

The Trust Company, as trustee, in accepting the trust, not only has the right, but it is its duty, to insist upon the instrument containing such provisions as will limit its liability and its duties within proper lines. These limitations are frequently found scattered in various places through the mortgage, in various phraseology and covering various conditions, dependent largely upon the skill, experience and care of the draftsman. No Trust Company should get into the habit of accepting trusts of any character without the advice of its counsel, unless its own officers are thoroughly well acquainted with the conditions which such instruments should contain, and even then it is better to have all instruments submitted to some lawyer in active practice accustomed to papers of that description. With many Trust Companies in the East and with several in the West it has become a habit, and unquestionably a good one, to place the conditions upon which the trust is accepted all together, immediately preceding the article of defeasance frequently placed at the conclusion of the mortgage or deed of trust. I know of no better way of placing concisely before you my views upon the essentials required in a mortgage or

deed of trust than to give a substantial copy of the conditions which are now being recommended to Trust Companies.

"ARTICLE ——. The Trustee hereby accepts the trusts and assumes the duties hereby created and imposed, upon and only upon the following terms and conditions, to wit:

"1st. The recitals of fact herein contained and contained in the bonds issued under the authority hereof, shall be taken as statements made by the mortgagor, and shall not be construed as made by the Trustee; and the Trustee shall have no responsibility as to the validity of this mortgage, nor as to the execution or acknowledgment thereof, nor as to the amount or adequacy of the security herein provided.

"2nd. It shall be no part of the duty of the Trustee to record or file these presents as a mortgage of real or personal property, or to refile or renew the same, or do any other act for the continuance of the lien of this indenture, or to give notice of the existence of the lien hereof, or to extend or supplement the lien sought to be created thereby; nor shall it be any part of the duty of the Trustee to effect insurance against fire or other damage to any portion of the property hereby mortgaged, or to renew any policies of fire or other insurance, or to keep itself informed or advised as to the payment of rents, taxes or assessments of or upon the mortgaged premises and property, or to require the payment of such rents, taxes or assessments, but the mortgagor shall and will perform all acts above mentioned necessary to fully protect the bonds described herein. The Trustee may, however, in its discretion, at the expense of the mortgage, do any or all of the matters and things in this paragraph set forth, or procure the same to be done.

"3rd. The Trustee may select and employ in and about said trusts and duties suitable agents and attorneys, whose reasonable compensation shall be paid by the mortgagor, or, in default of such payment, shall be a charge upon the hereby mortgaged property and its proceeds paramount to said bonds, and the Trustee shall not be liable for any neglect, omission or wrong doing of any such agents or attorneys, reasonable care being exercised in their selection; nor shall it be otherwise answerable, save for its own willful negligence and default.

"4th. The Trustee shall have a lien upon the mortgaged premises and the proceeds thereof prior and paramount to the bonds issued hereunder, for its compensation, reasonable expenses and counsel fees, incurred in the performance of said trust powers and duties or any of them, and the mortgagor agrees to pay the same, and the holder of each bond issued hereunder assents to such priority of lien.

"5th. The Trustee shall be under no obligation or duty to perform any act hereunder or to defend any suit in respect hereof, unless first indemnified to its satisfaction, nor shall the Trustee be bound to recognize any person as a bondholder, unless his bonds are submitted to the Trustee for inspection, if required, and his title satisfactorily established, if disputed.

"6th. The exclusive right of action hereunder shall be vested in the Trustee until the refusal of the Trustee so to act, and no bondholder shall have a right to enforce these presents, or to bring any action for that purpose, until after demand made upon the Trustee, accompanied by a tender of indemnity satisfactory to it, and refusal of the Trustee to act in accordance with said demand."

With reference to No. 1, which provides that the Trustee is not bound by the recitals of fact contained in the mortgage or in the bonds, while that provision is properly inserted, still a Trust Company should not rely upon it to permit any obvious misstatements in either of the instruments referred to. They should be critically and carefully examined, and, after that is done, the Trust Company protected by some clause substantially like the one given above.

The second paragraph, as read, is by no means an invariable provision, because some mortgages or trust deeds do not include any insurable property, or do not include property from which it is necessary to collect rents. In all cases the paragraph should be modified to meet the exact situation of the case. Certain it is that no Trust Company, for the ordinary compensation, frequently fixed at one dollar per bond, or less, should think of accepting the responsibility of seeing that any chattel mortgage is properly recorded or filed or kept recorded or filed in accordance with the various statutes of the different States where property is liable to be located, or to look after the collection of rents, or to take the responsibility of placing and keeping insurance upon the property covered by the mortgage. A Trust Company may assume these duties, all or any of them, but, in the event it does so, such duties should be assumed understandingly, and compensation commensu-

rate with the increased burdens and liabilities should be allowed.

As to the fifth paragraph, which provides for indemnity to the Trustee before it is obliged to act under the mortgage or defend any suit in respect thereof, the necessity and importance of such indemnity is clearly obvious and works no hardship upon bondholders entitled to demand action on the part of the Trustee.

The fifth paragraph also provides that the Trustee is not bound to recognize any person as a bondholder unless his bonds are submitted to the Trustee for inspection, and his title satisfactorily established, if disputed. Circumstances have arisen when parties who were not the rightful owners of bonds have made demands upon the Trustee, and the Trustee has occasionally been placed in an embarrassing position because of such demands and not having the right under the mortgage to require a production of the bonds and satisfactory evidence of title. It is the safe rule to have the Trust Company in a position to require of any one claiming to be a bondholder the production of the bonds he claims to own, for inspection by the Trustee, and if ownership is disputed to have it satisfactorily established.

The last paragraph, providing that the exclusive right of action be vested in the Trustee until it refuses to act, presupposes absolute impartiality on the part of the Trustee. It frequently happens in practice, especially with respect to large properties, that various reorganization committees are instituted, some in the interests of majority and minority stockholders, others in the interests of majority and minority bondholders. Frequently officers of the Trust Company which is Trustee may act as members of these reorganization committees; sometime of more than one of them, and sometimes the Trust Company itself may even be the holder of bonds; but the Trust Company, as Trustee, should always, in good faith, act in any litigation solely in its capacity as Trustee, and when so acting, clothed with the right to act primarily, it is able to prevent much vexatious litigation, sometimes brought by separate and individual bondholders for delay and personal advantage. Cases do occur in which, over the proceeds of property, or possibly over the property itself, controversies arise among bondholders of such a character that the Trustee should step aside and let the bondholders settle their own differences, but cases of this kind are exceedingly rare, and instruments should be so drawn as to protect, through the Trustee, every individual bondholder upon precisely the same footing, the Trustee being an agent for that purpose and clothed with full power to control all necessary litigation.

Other provisions might be mentioned which are useful, but it has been the aim to name simply those things which may fairly be considered essential for the Trust Company to insist upon in accepting a trust under a mortgage. Some mortgages provide for a majority, or two-thirds, or three-fourths of the bondholders controlling the action of the Trustee in various matters, especially in declaring the principal of the bonds due on default and requiring the Trustee to begin and carry on or discontinue foreclosure proceedings under the mortgage. Such provisions are really of more interest to the bondholder than to the Trustee, but it is an entirely reasonable provision to have inserted in the mortgage that some majority of the bonds should be able to control the maturity of the bonds in the event of default, and should have a voice in directing all litigation and proceedings brought by the Trustee. Also the rights of the mortgagor and the interest of the various people holding stock in the mortgagor, if it be a corporation, must not be lost sight of by the Trustee.

Essentials required by Trust Companies to be placed in instruments other than mortgages depend upon the character of the trust created. The only safe rule is to have every such instrument prepared or approved by counsel. Provisions which will enable a Trust Com-

pany to have its accounts regularly audited and settled with some one authorized to act on the part of the beneficiaries are useful, so that the Trustee may be free to devote its entire attention to carrying out the wishes of the party creating the trust, with the knowledge that its conduct and administration of the trust will never be questioned after having made its regular settlements.

It should be the uniform principle of a Trust Company, with all the essentials guarded and protected, to so conserve and handle every trust, and at such moderate and reasonable compensation, that the profit to the Trust Company will come from the regular and increasing business earned by its record.

The Proper Education of the Clerical Force of a Trust Company with Regard to Promoting the Highest Efficiency of the Office Force.

By ARTHUR HEURTLEY, Secretary of the Northern Trust Company, Chicago, Ill.

The question has arisen in my mind: How can the efficiency of our office force be best promoted? What is the best method of educating the clerks, so as to obtain the best results? And it was more for the purpose of obtaining information rather than imparting knowledge that I suggested this topic to the Programme Committee.

The life of a Trust Company officer is generally a busy one. It is filled with detail work, labor more or less technical in character, and with ever changing problems that have to be met and promptly decided. It is not to be wondered at that we sometimes forget we are responsible to a considerable extent for the training and welfare of the rank and file who are filling clerical positions in the company. From the clerks of to-day will come the officers of to-morrow. Those who now form the principal parts of the machine will then become its directors and guide where once they were led. To my mind the question of educating the clerical staff of our Company has always been a serious one. We have made some efforts in that direction, and I have had in mind for some little time a broadening of our present plan. We have had prepared a complete set of the various forms of books and blanks used in our Trust Department. These forms have been mounted upon heavy cardboard and the various pages bound together, making a large volume. These blank forms are arranged just as they would be used in the conduct of our business; specimen entries have been made and carried on through the entire set, thus enabling any one examining them to at once see the relation each form bears to the others. As changes are made in our books or blanks, the new form is substituted in place of the old one. This book is placed at the disposal of every clerk, and we have found it very useful in teaching the junior clerks our system of accounting.

In addition to this I have had in mind the adoption of a plan substantially as follows: To have the officers and clerical force of the Trust Department meet together one or two evenings each month for the purpose of discussing topics of interest connected with the business of the Company; to have a paper presented occasionally for debate thereon, and in every way to encourage the clerks to take a prominent part in the proceedings. It will be desirable, probably, to have some of the meetings more social in their character, with less of business formality. My idea is in this way to firmly establish confidence and pleasant relationship between the officers and employees, to encourage and promote the interest of the clerks in the institution with which they are connected, and to foster an *esprit du corps* that will make every member of our force proud to be identified with our Company. It is also my desire to have a library for the use of the clerks, containing books relating to financial questions as well as upon topics relating to

the work of the Trust Department, and our clerks will be encouraged to freely use this library.

The better knowledge a clerk has of not only his immediate duties, but of the general working of the institution with which he is identified and the principles governing the same, the more valuable he becomes and the better service he will render the Company with which he is connected.

It has seemed to me that in many instances there is lack of sympathy on the part of the officer with the employee. The latter is frequently looked upon as a mere machine, expected to do so many hours of work a day for a certain compensation, and so long as he does that work, little attention is paid him. I believe that the officers of a Trust Company should, as far as it is possible for them to do so, establish closer personal relations with the members of their clerical force than is frequently the case. They should try to win the confidence of every member of the staff, so that they may feel free to go to them whenever in trouble or distress. Many a young man who has found himself in great straits and has taken a wrong course in the endeavor to better his condition, would perhaps have been saved from such a step had he felt that his superior officer was one to whom he could carry his burden, with the assurance that he would find a sympathetic listener—one who would aid him in his hour of need.

Two considerations should prompt us to take a personal interest in the clerks who are associated with us in the conduct of our respective companies, namely: Our duty to the Company with which we are identified, and our duty to those who are striving to climb the same ladder along which we ourselves have made more or less progress. By elevating the standard of the clerical force, by increasing their zeal in behalf of the Company they are serving, by broadening their knowledge of their work and of its relation to the work, not only of every other employee, but to the business and policy of the Company itself, we will be rendering a great service to the corporation, the value of which cannot be overestimated.

It is one of our duties, it seems to me, to do this, but it is a duty that in the rush and hurry of business and in the pressure of a multitude of cares, is often lost sight of. And do we not owe something to the clerks themselves, apart from selfish business considerations? Is it not a part of our duty in this world to aid those who are associated with us to win a place for themselves?

I feel that these remarks of mine are somewhat disjointed, owing to lack of time in preparing them, as it was my intention to only throw out a few suggestions in the hope of receiving information from those present. I trust, however, that the suggestions that have been made will meet with a hearty response and this subject may be fully discussed, for to me it is a question of great practical importance to every Trust Company officer.

Duties of Trustees of Financial Corporations.

By MR. WILLIS S. PAINE, President of the Trust Company of New York.

Mr. Chairman:

It is a source of gratification to those of us who took an active interest in the formation of the Trust Company Section when it was organized at St. Louis that it has been so successful.

It has been suggested that a practical address might be of interest upon the duties of trustees of financial corporations, more especially in connection with the examination of such institutions.

It is a remarkable fact while the largest Trust Companies of the United States are located in the city of New York, such institutions were not examined by the Superintendent of the Banking Department until the year 1874. Indeed, previous to that time there were no general laws applicable to such corporations. All trust, loan, mortgage, security, guarantee or indemnity companies or associations were operated under the provisions of their respective charters. Some of these charters required reports to be made to the Supreme Court, others to the Comptroller of the State. It was not until the year mentioned that these corporations were placed under the supervision of the Banking Department, and required to make full reports in writing to it, verified by the oaths of the officers of such corporations, and containing such statements as to the condition of their affairs and business as the Superintendent might require.

Under the law which I have mentioned the Superintendent was required to examine such corporations personally or to appoint competent persons to make the same, to the end that inquiry be made as to the conditions of these corporations, the manner of managing their affairs, as well as the security afforded to those by whom their engagements were held.

Perhaps it is not irrelevant to state that during the first examination the examiners, of which the speaker was one, reported the condition of three of the Trust Companies located in the city of New York to the Bank Superintendent, and those corporations ceased doing business. Fortunately the depositors of these institutions, to whom there was owing over six million dollars (\$6,000,000), were paid in full. During the year 1875 the two examiners appointed by the Banking Department, of which the speaker also was one, found the Trust Companies in a materially improved condition, by reason of recommendations made by the department to such corporations during the preceding year.

Experience has shown that seldom has a Trust Company failed whose last published statement had not indicated a large surplus fund or undivided profits. The reason is that its trustees have not had the moral courage to charge off bad debts as soon as their collection is shown to be practically impossible. One thought ought always to be borne in mind, that the possession of ample cash or its equivalent is a sign of prudent banking. While the interest upon idle capital may be wholly lost, a trust company that is never embarrassed by an unexpected demand for money from its creditors, and which is always prepared to aid its depositors, must obtain a highly desirable prestige.

Trustees should not rely upon the researches of examiners rather than their own investigations. Between the visits of the examiners there may be large embezzlements or misapplications, and in the limited time afforded them it is oftentimes impossible to discover wrongdoing, especially in cases of collusion between several employees. If trustees were all well informed as to their duties, and performed the same thoroughly, failures would be exceedingly rare. The examinations should be without notice and be for the condition of the institution at the close of business of a particular day,

the examination commencing either after the close of business of that day or before the commencement of business of the next business day, thereby giving no opportunity for manipulation of the accounts or borrowing assets for the occasion, and a constant watchfulness should be observed that this is not done during the examination.

The statement of a Trust Company to the Bank Superintendent of the State of New York is in the following form:

RESOURCES.

Bonds and Mortgages.
 Stock Investments.
 Amount loaned on Collaterals.
 Amount loaned on Personal Securities, including bills purchased.
 Overdrafts.
 Due from Directors of the Institution.
 Due from Banks.
 Due from Brokers.
 Real Estate.
 Cash on Deposit in Banks or other moneyed institutions.
 Cash on hand.
 Amount of Assets not included under any of the above heads (accrued interest receivable, etc.).

LIABILITIES.

Capital stock paid in.
 Surplus Fund.
 Undivided Profits.
 Deposits in trust.
 General Deposits by individuals, associations and corporations, payable on demand.
 Other liabilities not included under any of the above heads (accrued interest payable, etc.).

Every Trust Company should have a by-law requiring its Board of Trustees to appoint an Examining Committee at least once in six months, whose duty it should be to make a general examination of its affairs, to count not only the cash on hand, but, what is of much greater importance, to examine into the amounts stated to be due from various sources, and to compare its liabilities and resources with the balance on the general ledger. The details of the books tributary to the general ledger should be examined and footed, and the balances compared with the balance representing the account in the general ledger. Failure to compare the amount due depositors, as shown by the individual ledger, with that account in the general ledger, has been a serious omission in many cases, and thereby defalcations of years' standing have remained undiscovered. The items which make up the cash on hand in the drawer of the institution should be carefully scrutinized, a fictitious item sometimes being taken out at the time of the examination and sent for collection to be returned worthless after the examination is over. The original credits for items said to be in transit and the letterpress copies of the letters remitting the same should be examined, and their receipt and payment or non-payment ascertained by correspondence. Indeed, correspondence should be had with every bank and Trust Company for verification of amounts alleged to be due from or to it.

The general ledger should represent the true condition of the company, yet there are many cases where it has not shown such condition. A case in point is that of a prominent institution which suffered a serious loss. In this instance the general ledger showed a much less amount due depositors than the individual ledger, certain amounts deposited not having been entered in the cash book, but appropriated by the employee taking certain deposits and making the entries direct, on the individual ledger, the passbook and the ledger agreeing. This state of affairs would be revealed by comparisons as before indicated, and shows the error of the common supposition that if the passbooks and ledger agree nothing further is requisite, as far as such accounts are concerned. After these necessary verifications of the ac-

counts in detail with the amounts in the general ledger, the books being in balance in every particular, there yet may be concealed some irregularity; for instance, where an officer of an institution charged a large sum to profit and loss, crediting the same to bills receivable, the authority for which could not be shown nor the bills receivable produced. All entries to the profit and loss account and the classifications of the profit and loss account, such as interest, commissions, expenses, etc., should be examined and their validity tested. So many adjudications have been made from time to time that trustees have their duties plainly defined. If, for instance, notice of illegal transactions is brought to their knowledge, and the same are allowed to continue, they

may be compelled to make good any deficiency caused by such illegality. While it is true that the higher qualities of banking, the skillful management of its affairs, are of much greater import than the constant scrutiny into details, each may be valueless without the other.

A constant source of inquiry should be made as to the conduct and habits of all the employees of the company.

In conclusion, the custodian of the property of others should welcome the most careful inquiry as to the condition of his trust, that the result may inure to his credit, confirming the fact that integrity and ability are necessary adjuncts to the capital of a financial institution, co-ordinate with the capital itself.

Detailed Report of Proceedings.

Fourth Annual Meeting TRUST COMPANY SECTION, held at Richmond, October 3.

PROCEEDINGS OF MEETING.

The Fourth Annual Meeting of the Trust Company Section of the American Bankers' Association assembled in the hall of the Masonic Temple, and was called to order at 10 o'clock, a. m., by Mr. William G. Mather, of Cleveland, O.

Mr. Mather said: Gentlemen of the Trust Company Section: We are unfortunate in not having with us today our Secretary, Mr. Huertley. Mr. Huertley informs me by telegraph and letter that he sent all his papers to us by express—that is, the list of members of the Section, the Registry Book, the Record Book, and all the papers which are essential to our meeting. He sent them on Saturday last, but they have not yet arrived, and, therefore, we are hampered by their absence, as well as by his absence, so that if matters seem to go on somewhat haltingly in the Secretary's line, I hope you will excuse it, and remember that it is on account of these papers not having come to hand, as well as Mr. Huertley's absence. Mr. Hale, of Cleveland, has kindly consented to act as temporary Secretary in Mr. Huertley's place. We are also very much hampered, I think, by the absence of our Chairman, Mr. Hodenpyl. I received a letter from him about two weeks ago. He was in Europe at the time he wrote and stated that he expected to arrive in this country about the middle of October; that he was extremely sorry at his inability to be present at our meeting, as it was one of the pleasures of his life, he said, to attend these meetings and meet his acquaintances in the Trust Company business. He had hoped that the Convention would not occur so early, but, of course, having engaged his passage, he was unable to change the date of his departure home, as, you know, there is such a rush of travel back from Europe this year. So we will also have to get along without the presence of Mr. Hodenpyl. I will ask the Secretary to call the roll.

ROLL CALL.

Upon a calling of the roll by the Secretary, the following members responded to their names:

Edward Hoopes, Secretary and Treasurer the Equitable Trust Company, of Pittsburg, Pa.
Cecil D. Landale, Vice-President Fifth Avenue Trust Company, New York.
H. E. Ambler, Trust Officer Royal Trust Company, Chicago, Ill.
L. A. Walton, Secretary and Treasurer the Equitable Trust Company, Chicago.
Henry C. Flower, President Fidelity Trust Company, Kansas City, Mo.
E. E. Hooker, Assistant Secretary International Trust Company, Baltimore, Md.
Edward W. Moore, Vice-President the Western Reserve Trust Company, Cleveland, Ohio.
Chas. F. Phillips, Vice-President Corporation Trust Company of Delaware, New York.
Otho Nowland, Vice-President the Equitable Guarantee and Trust Company, Wilmington, Del.
Henry Eitel, President the Union Trust Company, Indianapolis, Ind.
William A. Carr, Treasurer the Union Trust Company, Pittsburg, Pa.
Allen T. West, Assistant Secretary St. Louis Trust Company, St. Louis, Mo.
Joseph W. Day, Secretary and Treasurer Reading Trust Company, Reading, Pa.
W. E. Coffin, Treasurer Iowa Loan and Trust Company, Des Moines, Iowa.
E. G. Tillotson, Secretary and Treasurer the Cleveland Trust Company, Cleveland, Ohio.
E. V. Hale, Secretary and Treasurer the American Trust Company, Cleveland, Ohio.
John Jaster, Treasurer the State Banking and Trust Company, Cleveland, Ohio.
William G. Moore, Cashier Trenton Trust and Safe Deposit Company, Trenton, N. J.

P. C. Kauffman, Cashier Fidelity Trust Company, Tacoma.
Glenn C. Page, Treasurer Wyoming Valley Trust Company, Wilkes-Barre, Pa.
F. A. Allen, Vice-President Trust Company of Georgia, Atlanta, Ga.
C. O. Marsden, Jr., Secretary Westchester Trust Company, Yonkers, N. Y.
James C. Chaplin, Treasurer Fidelity Title and Trust Company, Pittsburg, Pa.
F. H. Fries, President Wachovia Loan and Trust Company, Winston-Salem, N. C.
George W. Lanphear, Treasurer and Secretary Manufacturers' Trust Company, Providence, R. I.
Vaughn E. Wyman, Treasurer the Pioneer Trust Company, Painesville, Ohio.
Edgar Stark, Assistant Secretary Union Savings Bank and Trust Company, Cincinnati, Ohio.
E. J. Parker, Cashier State Savings, Loan and Trust Company, Quincy, Ill.
E. C. Emerick, Treasurer Susquehanna Trust and Safe Deposit Company, Williamsport, Pa.
Howard K. Wood, Secretary Corporation Trust Company of New Jersey, Jersey City, N. J.
John E. Borne, President Colonial Trust Company, New York.
Joseph T. Elliott, President Marion Trust Company, Indianapolis, Ind.
Edwin Chamberlain, Second Vice-President San Antonio Loan and Trust Company, San Antonio, Texas.
Edward H. Reninger, Treasurer Lehigh Valley Trust and Safe Deposit Company, Allentown, Pa.
William Hageman, Trust Officer the Mercantile Trust Company, Pittsburg, Pa.
W. C. Lowrie, Secretary and Treasurer Pennsylvania Title and Trust Company, Pittsburg, Pa.
J. Allen Thompson, Secretary and Treasurer New Jersey Trust and Safe Deposit Company, Camden, N. J.
W. T. Howe, Secretary and Treasurer the Safe Deposit and Trust Company, of Pittsburg, Pa.
Willard V. King, Secretary Continental Trust Company, New York.
Mord Carter, Secretary and Treasurer Danville Trust Company, Danville, Ind.
C. F. Gill, American Security and Trust Company, Washington, D. C.
R. M. Hurd, Assistant Secretary United States Mortgage and Trust Company, New York.
James A. Parker, Vice-President Old Colony Trust Company, Boston, Mass.
W. S. McKemie, Secretary and Treasurer Trust Company of Georgia, Atlanta, Ga.
Henry L. Cabell, Vice-President Richmond Trust and Safe Deposit Company, Richmond, Va.
D. W. Stehman, Pennsylvania Trust Company, Reading, Pa.
F. W. Egner, Secretary and Treasurer Fidelity Trust Company, Newark, N. J.
C. F. Enright, Vice-President Missouri Valley Trust Company, St. Joseph, Mo.
Oscar F. Richardson, Second Vice-President the Trust Company of New York.
John J. Edson, President Washington Loan and Trust Company, Washington, D. C.

The Chair: If there are any other gentlemen here whose names have not been called by the Secretary, and who have not registered, we would be much obliged if they would kindly give us their names, so that they can be properly registered. All having registered, and the meeting being now open for business, I have the great pleasure of presenting to you Mr. John Skelton Williams, of the Richmond Trust and Safe Deposit Company, who will now address you.

Address of Welcome, by John Skelton Williams.

Mr. Chairman and Gentlemen:

This old city offers you welcome, and it is my pleasant duty to tell you so. With open and outstretched hands and from the fullness of hospitable hearts, our people say to you that we are glad you have come, and we are proud to receive you as our guests and friends.

You are your own letters of introduction; the positions you hold give assurance that you represent in your respective communities more than money, more than

business sagacity and capacity—character and the qualities which command for you the confidence of those who know you most intimately, that you are worthy to be trusted with interests, always important and often vital and sacred.

I suppose I shall not improve my own popularity just now by good words for anything wearing the name of Trust. We are in one of the regularly recurring periods, where in this country it is fashionable amusement to abuse and accuse you, where all the sins and evils and misfortunes of individuals and communities are carefully gathered up and deposited with the banks and Trusts, by people who usually have little else to deposit, to be held until the day after election. It is the time for many orators to invest their surplus of wind in denunciation of our financial institution, hoping for dividends in the shape of official salaries. You now exchange places with the working man, who is neglected until the campaign opens. Then he becomes the object of the warm devotion of our friends, the politicians and candidates. These gentlemen, who are your admirers and on social terms with you forty-six months in every four years, in the last two preceding the battle of the ballots, discover and denounce your diabolical qualities and are startled to find you intolerable menaces to the public peace and welfare.

Yet candor requires me to say, that if you are evil, as in these ante-election times you are said to be, you are necessary and inevitable evils. So far as your part in the trust system is concerned, I have been puzzled not so much to know what kind of law could be devised to exterminate you—which seems to puzzle very famous men—but to imagine how business could be conducted without you, if you were exterminated. My study of the subject teaches me that the Trust Company is as natural, wholesome and healthy an outgrowth of modern commerce as the banks themselves, wherein money is stored, exchanged, dealt in and handled, or the warehouses in which merchandise is stored, exchanged, dealt in and handled. The Trust Companies are comparatively few. A few years ago grain elevators were new. Before that there was a time when banks were new. Before the banks came each man who had money made his own bank by digging a hole in the ground. Trading was done by direct barter and people ate with their fingers and knew nothing of the printing press.

There has never been in the history of the world an improvement in method, a development or a discovery which escaped hatred, fierce opposition, the sour and sullen denunciation of that variety of humanity which instinctively resents the new and regards success as a personal affront and a badge of infamy. You may cheer up and feel that you can retain your self respect and the regard of most of your fellow citizens even if you do represent Trust Companies in a Presidential election year. Your institutions have come into being because the world needed them and will live because they have become indispensable.

Commerce has outgrown the capacity of the banks, has developed requirements beyond and aside from their functions. The Trust Companies meet the new needs just as the banks came when holes in the ground and direct barter and private systems of exchange were inadequate for the changing conditions and the growing demands. The banks assemble and concentrate for use the money of many individuals. You assemble and concentrate the strength of the strong and put it to the lifting of enormous loads, to the propulsion of enterprises too vast for any group of individuals to attempt. You furnish machinery to make safe and easy transactions and undertakings which without you would be cumbrous, dangerous and difficult. You make possible what before your time would have been impossible.

In the discharge of your multifold duties you become the long-lived guardian of the fatherless and the wise protector of the widow and the helpless. As the trustee

for long and enduring Trusts, your services are highly important and your responsibility immense.

The harm that has been done by Trust Companies is chiefly in the mouths of the campaign speaker and in the columns of the newspapers. The good they have done is expressed in gigantic enterprises created by their power and impossible without them, in new empires of wealth and territory, developed, in honest and profitable employment for many scores of thousands of hands. It is your work to guard alike and justly the interests of buyer and seller and to facilitate their intercourse. Your function is expressed in your name—Trust Companies, things to be trusted—managed and represented by men who are trusted and deserve to be earning profits by adequate and essential service.

Holding these opinions concerning you, I have special pleasure in bidding welcome in behalf of one of the country's oldest and most famous cities to the representatives of one of the country's newest and most valuable inventions. You will find Richmond a city full of history and of hope, with a record of honor, a present of progress, looking to new growth and glory. She is hallowed and dignified by the memories of a great past, all alive and bright and eager with purpose for a yet greater future. Our welcome to you would in any case be cordial. It is intensified by the fact that you bring back herestamped with your approval and honor and with the indorsement of their new homes, men who went from this city—one of them chosen by you to maintain Virginia's old record as the mother of Presidents.

Some of you come from States whose sons, with their breasts and bayonets, built around this city a ring of flesh and fire and steel which for four years encircled and defended it against the world. Others are from States whose men spilt their blood in gallant attempts to storm and break that living wall, so long impregnable, while Richmond was a hard road to travel. She is an easy road to travel now, wide open and ready with her hearty welcome for all alike. We are honored and gladdened by your coming. Our earnest hope is that your work here may be so valuable and your pleasure so abundant that you will carry away with you memories of your visit which will be altogether happy.

Reply by Mr. Breckinridge Jones to Address of Welcome.

Mr. Jones: On behalf of the Trust Company Section we wish to acknowledge the courtesy which has been extended to us by the city of Richmond, and to express our great pleasure in coming to a city of such historic interest. When we say Richmond, it brings up to our minds memories different from those which we have when we go to any other city. When we look at your monuments we see evidences of a great people, and we find here a population that is strictly American, with less admixture of the foreign element, possibly, than we can find in any other city of this broad land. When we come to Virginia, the "Mother of Presidents," whose people have been kept free from outside influence in the way of foreign population, we know that among these people we will find future Presidents. As we go about this city, and the battle fields in the vicinity, we recall what the poet patriot of the South said: "A land without ruins is a land without history, and a land without history is a land without memories." Here in the tide-water section of Virginia we find a people who have claimed, and worthily so, to represent the highest elements of American thought. We are glad to be with you and enjoy your hospitality, and will take back to our homes in various parts of the country the sweetest memories of the visit we have had. [Applause.]

The Chair: The next order of business calls for a report of the Executive Committee, by the Chairman.

Report of the Executive Committee.

To the members of the Trust Company Section of the American Bankers' Association:

This is the fourth annual meeting of representatives of the Trust Companies of the United States. It has been a profitable

and enjoyable event for us to have in this way flocked together for one day during the sessions of the Bankers' Association, to discuss those topics which are peculiarly our own. The growth of our membership is an evidence that we appreciate this favorable opportunity of enlarging the circle of our acquaintance and of our friends, for how much more easily, pleasantly and effectively can we transact affairs of importance with friends than with strangers. Were no other result attained it would be sufficient to justify these annual gatherings which at the same time induced many of us to visit sections of our country that would otherwise remain unseen. How pleasant, for example, to be welcomed in this old and beautiful city, which is fairly redolent with events of surpassing historical and romantic interest. The great attendance at this convention shows that Richmond has given additional zest to the usual attractions incidental to the bankers' meeting.

A few statistics, showing our growth, will not, I am sure, be out of place at this time, and the following table brings out the main points of progress:

Membership Trust Company Section: 1897, 114; 1898, 150; 1899, 190; 1900, 253.

Capital and surplus: 1898, \$121,547,701; 1899, \$162,660,245; 1900, about \$204,000,000.

Deposits: 1898, \$395,378,262; 1899, \$610,634,088; 1900, about \$736,000,000.

Represented in convention: 1897, 30; 1898, 24; 1899, 50.

Places of meeting: 1897, Detroit; 1898, Denver; 1899, Cleveland; 1900, Richmond.

At the Cleveland meeting there was an exhibit of forms used in accounting, which it was decided to publish at an early date. Mr. Heurtley, our Secretary, who is, unfortunately, unable to be present, has been working as well as he could, consistently with his other duties, on this compilation, and expects to have it ready for distribution before the end of the year. The Executive Committee has endeavored to follow the practice of its predecessors in preparing the programme so that problems especially connected with our own field, and of current interest, may receive careful attention. Suggestions will be welcomed from any one as to topics suitable for future programmes.

Your committee also desires to emphasize the great advantages to us all of free intercourse between trust companies, not only through the medium of these annual conventions, but also through meeting one another at our respective offices. It would seem as if the custom prevailing among our most progressive industrial establishments is quite appropriate to us. I mean the habit of sending representatives about, because personally acquainted with one another and to study each other's methods. The time has passed when it is considered prudent to withhold such information. No company has a monopoly of brains, and the largest and oldest can oftentimes learn something of the smallest and youngest, and thus benefit by freely exchanging courtesies and information. It is an advantage for us all to be intelligent, correct and sound in our methods; the failure of one to a greater or less extent reflects upon all, especially if it occurs through the practice of incorrect ways of doing trust business. Such mistakes could often be avoided by such free intercourse and exchange of information as your committee earnestly recommends.

The Chair: The next order on the programme calls for a paper on the subject of "The Duties and Liabilities of Trust Companies Acting as Transfer Agents and Registrars." This paper has been prepared and was to have been read by Mr. Henry J. Bowdoin, Vice-President of the Maryland Trust Company, of Baltimore, Md., but unfortunately he is not present. In his place, however, we will have the privilege of hearing Mr. Cabell, of the Richmond Trust & Safe Deposit Company, read the paper.

The Duties and Liabilities of Trust Companies Acting as Transfer Agents and Registrars.

[Mr. Bowdoin's paper in full will be found on pages 90 to 94 of this SUPPLEMENT.]

The Chair: This very interesting paper, and whose interest has been added to by its very intelligent reading, is now before us. The programme allows a discussion of the papers, and each participant in the discussion is limited to five minutes, unless further time is allowed by consent of the meeting. I trust we will have some remarks on this very interesting subject, which has been so ably presented to us.

Mr. John E. Borne, New York: I have been very much struck by the completeness of the paper as written by Mr. Bowdoin, and particularly by the dominant keynote, which is the point of view of the possible or positive liability of the agent, and I believe that Mr. Bowdoin's conclusions are very definite and very clear. I have no doubt that at some time this particular question will be

presented to a court for adjudication of some kind or other, and it will be found that the relations between the Trust Company and the issuing company are not those of principal and agent, but are really those of employer and employee; and I can only say that his conclusions are quite consistent with my own—that is, that the Trust Company has to take on its own shoulders all the care and heavy responsibility of any possible mistakes, any possible misadministration, and must feel, and must be prepared to be responsible for them. It is, therefore, a question whether—those being the conditions—it is not the cheapest kind of insurance that principal companies can take out, in having the legitimacy of their stock transactions absolutely insured by the payment of a small premium. It certainly seems to me that every Trust Company should be most careful, and should fully realize its responsibilities in assuming the functions of Transfer Agent, and in not so great a degree those of Registrar; and should be keenly alive to the fact that in assuming such an office it is assuming responsibilities that it cannot get away from, and which may render it liable for heavy loss at some time or another unless the greatest care is taken in the carrying out of the functions imposed upon it.

Mr. Willard V. King, of New York: The duties of Registrar are practically the same as those of Transfer Agent. Certainly the Registrar has no possession of the signatures of the stockholders, and there is no way of verifying the indorsements on the certificates. It seems to me, therefore, that the limit of responsibility of the Registrar should be to see to the apparent formality of the issue of new stock—that is to say, see that it is properly signed and that it is not for a greater number of shares than have been canceled. Our conception of the duties of Registrar is altogether confined to that, and we do not hold ourselves responsible for the correctness of the signature of the original stockholder. If the Registrar's duties are greater than that, certainly the compensation of the Registrar should be greater than that of Transfer Agent, but I believe, as a general rule, they are about half.

Mr. Phillips, New York: Representing a considerable number of companies, both for transfer and for registration, the company to which I belong has invariably adopted as a principle the belief that it would be equally responsible as Registrar as it would be in the case of Transfer Agent; and while it knows perfectly well, as has been stated here, that there have been no decisions bearing upon this particular point, still it has always acted on the theory of perfect responsibility, and I agree with Mr. Borne that we should always have that in view. It demands a charge beyond that which we receive; still we ought to live up to that, and be prepared for anything that may occur.

Mr. Borne: In speaking of the varying responsibilities, I said that the responsibility of a Registrar was, to my mind, not so great as that of a Transfer Agent, for the simple reason that what the registrar is primarily concerned about is to guard against an overissue of stock and to see that the usual formalities of detail in the issue of certificates are complied with. In New York, of course, where we act as Registrar, we have no possession of the transfer books, and do not in any way, shape or manner concern ourselves with the duties or responsibilities connected with the transfer, and would not consider ourselves responsible.

Mr. King: There is one point that I wish to ask about, what the responsibilities of a Transfer Agent are, generally considered, with respect to a certificate that bears the name of a man who is dead. In the first place, the certificate might be in the name of John Smith and be presented to the Transfer Agent, who knew John Smith had died. In such a case the custom seems to vary. We have been advised that the duty of a Transfer Agent is to refuse to accept the certificate of transfer, on the ground that it bears a power of attorney, and all powers of attorney are said to be revokable. There is some possibility that the power of attorney may have

lapsed. The intention of a man in indorsing his stock certificate is to govern the Transfer Agent in accepting it for transfer; and as stock certificates are indorsed for two different purposes, the Transfer Agent never knows which of those was in the mind of the indorser. When a man hypothecates his stock for a loan, he indorses it the same as he would on a sale of it. If John Smith had hypothecated his stock for a loan and had indorsed it, and the person with whom he pledged it was to take advantage of his death and claim ownership of the stock and attempt to have it transferred to his name, there would be a conversion which would be against the interests of John Smith's estate. Should the Transfer Agent look into that point or not? I understand that the statutes on the subject are to the effect that a power of attorney on the back of a stock certificate is irrevocable, and is not affected by the death of the man who signed it; yet it is perfectly plain that if he pledged the stock for a loan his estate has an equity in it. Then again, suppose John Smith is dead and his stock certificate is presented with a power of attorney signed by his executor! Should the Transfer Agent look into the terms of the will to see if the executor has power to sell the stock, or has been commanded to hold it? On those points the advice we have had from counsel has varied from time to time, and I know it has varied in one respect or another from opinions we have gotten from friends in other trust companies; and I would like to have information on this subject.

The Chair: Can any one throw light on the questions asked by the last speaker? There seem to be no further remarks on this subject, and I take pleasure in calling upon Mr. John E. Borne, President of the Colonial Trust Company of New York, who will read the next paper, upon the subject:

The Proper Conservative Attitude of Trust Companies Toward Corporate Enterprises.

[Mr. Borne's address appears on pages 94 and 95 of this SUPPLEMENT.]

The Chair: This paper is now open for discussion and comment, and I think it will help us all if each gentleman present, as he rises to speak, will give his name and the company he represents. We do not all know each other, and we would like to know who speaks.

Mr. Phillips, of the Corporation Trust Company of Delaware, New York: I have listened with a great deal of interest to the excellent and highly sensible and timely paper which has just been read, and I agree with the sentiments that have been expressed. I think that, in view of the great industrial development of the present day, and the immense number of schemes that are being launched almost daily, we cannot be too careful, particularly in view of the fact that nearly every form of enterprise is taking the corporate shape, and hence necessitating the intervention of Trust Companies in every section of the country; yet in dealing with that highly legitimate form of enterprise, having always in mind a proper conservatism, a little liberality in helping them on to a satisfactory connection with the public might be very serviceable and very excellent and consistent with the principle of prudence in business transactions. There was one remark of Mr. Borne's, relative to the varying methods pursued in different parts of the country, which arises from a defect that ought to be remedied. That defect is the immense variety of requirements of the law in the different States. We have a great many States, and have just as many bodies of corporate law, and it is very often that Trust Companies, being connected with corporations dealing actively in a great many States, are forced to encounter many embarrassments on account of this immense variation. Some States are unduly liberal and some are oppressive in their restrictions, and the thought easily presents itself to any observant mind that it would be worth while for a body like ours to make an effort to secure a unification of corporate law in all parts of the country. A few of

the States have laws that are admirable, and some others have laws approaching the standard of those States, and an effort has been made to induce other States to model their laws bearing on this subject in accordance with the latest requirements of business, so as to bring about little by little that unification; but so long as the power to vary those laws exists it is almost useless to expect the unification which would be desirable from every point of view—from the point of view of the Trust Company, from the point of view of the public, and from the point of view of the enterprise itself. I have, whenever the opportunity has presented, suggested to my friends the advisability of trying to secure such an amendment to the Constitution of the United States as would permit corporation law, in the present extraordinary condition of modern development, to be made exclusively by the National Government. I know there are many opposed to that idea, on the score that it would deprive the States of a part of their sovereign power; but the States have very cheerfully conceded many things in view of the absolute necessity of business, and I think until a change is brought about we shall encounter a great many difficulties and perplexities. I think it would be well if this matter were given more thought than probably it has ever received. I have endeavored now and again, when I could secure the support of the leading newspapers, to urge it upon the public, but I must confess that it has not met with a very liberal or generous response. I think it is eminently worthy of consideration, however.

The Chair: This paper is still before you. It is eminently desirable to have an exchange of thought. Even though the idea that may occur to us does not seem worthy of very much consideration, yet it may suggest something else in some other person's mind; so I urge you to speak freely anything that comes into your mind on these papers as they are presented. If there are no further remarks to be made on this subject, we will now take up the next address. The next paper was to be an address by Mr. Henry Russell, of Detroit, Mich., but unfortunately Mr. Russell is not here and we will have to omit that entirely. We will now listen to the reading of the paper on the subject of "The Advantages of Operating Safe Deposit Vaults in Connection with the Trust Company," by Mr. William A. Carr, Treasurer of the Union Trust Company of Pittsburg, Pa.

Advantages of Operating Safe Deposit Vaults in Connection with the Trust Company.

[Mr. Carr's paper is given on pages 95 and 96 of this SUPPLEMENT.]

Mr. E. V. Hale, Secretary and Treasurer of the American Trust Company, Cleveland, Ohio: As an illustration of the advantage of operating safe deposit boxes in connection with Trust Companies, I will state the experience of our company a short time ago. A renter of one of our boxes died, and when his box was opened in the presence of our officers it was found that he had died intestate. We immediately took steps to be appointed administrator of his estate, which we succeeded in doing. He was a co-executor of his father's estate, and it devolved upon us to act for him in that. By his father's will a trust had been created for the benefit of the grandchildren, and we were appointed trustees for the grandchildren. Since then the man's mother has made her will and named us as her executor, and his wife has done the same thing. None of the members of this man's family had done any business with us during his lifetime; and we can trace a good deal of business that has come to us through the renting of that safe deposit box.

Mr. Dechert, Commonwealth Title, Insurance and Trust Company, Philadelphia: Along the same line of thought mentioned by Mr. Hale, speaking more from my experience as a practicing member of the Bar, but also as a member of a Trust Company of Philadelphia, I agree with Mr. Hale that benefits seem to come, and even more largely than he has intimated, from the keep-

ing of safety boxes in Trust Companies. Very few persons as they grow old—I speak more of those in business life than of those in professional life or connected with corporations—feel that they can rely fully on individuals for the safety of their money matters. Let such a person take a box in a safe deposit company, allied to and directly a part of a Trust Company, and my own experience has been that, as the days and the weeks and the months and the years pass on, the confidence growing up in the mind of that elderly person gradually increases, and almost invariably, if the will be made late in life, that Trust Company will be named as the executor and trustee. This corporate executorship and trusteeship in our large cities, and no doubt in many of the smaller interior cities and towns, is now to a degree occupying the public mind, but we have little idea how far it will extend in future years. The sense of security is that given to people in making their wills, where they propose a continuous trust, first that the assets will be safely cared for and maintained, not for one year or a mere series of years, but for a long series of years, is being realized; and that can only be done, as we all know, effectually and safely and continuously, by a Trust Company. Implant in the mind of the community that your Trust Company has been for a series of years a perfectly safe depository of that family's assets in the shape of bonds, stocks, jewelry and silverware, and you have effected a lodgment, as Mr. Hill has suggested, in the minds not only of that family, but all of its friends, and as time goes on it will be the case, more so than now, that the Trust Company itself will be named as executor and trustee. I suppose in point of fact—I don't know how it is where a Trust Company has no competitor; there it may be a source of profit—but speaking for my own city, Philadelphia, I think it may be said almost without exception that, as a mere source of profit, the safe deposit vaults are not much of a factor. They are merely maintained as an adjunct in the direction we have spoken of, and of course in other directions in connection with the banking department; but that a Trust Company should be maintained for any continuous length of time without providing conveniences for its customers, in the shape of boxes in a safety vault, is to my mind a very undesirable thing; and it seems to me it would become almost an impossibility—that is to say, that a very large class of desirable customers would go to the rival companies.

Mr. Cecil D. Landale, Vice-President Fifth Avenue Trust Company, New York: In reference to the advantage of operating safe deposit vaults, I would state that when we opened our company, a little over two years ago, I know personally that every day we had to send accounts away; we could not secure them because we had no safe deposit vaults. The first question put to us was: "Have you safe deposit vaults?" And after six or eight months' consideration we concluded to put in such a vault as would answer the requirements of our depositors. We inaugurated this in June, and since then we have taken a great number of accounts, simply and solely because we had the accommodation for the securities. Apart from any possible profit to be made over and above the operating expenses, it would be a profitable feature in conjunction with the Trust Company. As Mr. Hale says, it leads from one thing to another, and some day we hope to be as fortunate as he was in the case he mentioned. [Laughter.]

Mr. Glenn C. Page, Wyo. Valley Trust Company, Wilkes-Barre, Pa.: The remarks made by Mr. Hale lead me to ask a question: He says on opening the safe deposit box it was found that the man died intestate and that his company immediately took steps to secure the appointment as administrator. The position of the Trust Company at that period is somewhat like that of the undertaker, and the niceties of bringing ourselves before the relatives of the deceased is one of the questions I want to ask about. How do you do it? Now our own attorney is much opposed to our approaching

the relatives in any way at a time like that, and we have to approach them in other ways, and the duty devolves upon me personally, because he and some of the others are opposed to it. Now, what I want to know is, How do you do it?

Mr. Tillotson: I will say to the gentleman that he has no idea of the sharp competition existing in Cleveland; and the way we do is, that the one who gets there first gets the business. In this case Mr. Hale was the first man in. [Laughter.]

Mr. W. S. McKemie, Secretary and Treasurer Trust Company of Georgia, Atlanta, Ga.: I am glad the gentleman asked that question. We have been in existence some years, but have never fully developed our resources. As the season approaches when what we call the "400" of our city migrate every year, we write them personal letters, and in that way get possession of their jewelry, silverware and other valuables. Then we keep a standing advertisement in the daily papers, augmented occasionally by circulars to the different people, and when we hear of the serious illness of some prominent person we keep our eyes open and try to approach some of the relatives incidentally. As the gentleman says, it is a very "touchous" question. In other words, when you think of the solemnity of the occasion it does look like a trespass to approach the relatives with reference to business; but, on the other hand, they are generally so taken up with the illness that they have no mind to devote to business, and we have been thanked by them for calling such matters to their attention.

The Chair: Are there any more interesting experiences to relate on this subject? If not, we will pass to the next paper, "Trust Company Advertising," by Mr. Richard L. Crampton, of the Northern Trust Company, Chicago. Mr. Crampton has sent his paper here, with a letter which I will read, or at least that part of it relating to the particular matter. He says: "I send you herewith my paper on 'Trust Company Advertising,' which is on the programme for Wednesday. I regret exceedingly that for business and personal reasons I am unable to be present at the meeting, and will have to ask you to find some one to read it for me. I will greatly appreciate it if you will have mention made that I do not consider myself in any sense an advertising expert, and that my work here is only incidental to my regular duties in connection with my management of the Real Estate Department, we not having as yet considered advertising of sufficient importance to devote more time to it. I think, however, the time is coming when a separate department will be given to this work." I have asked Mr. Stanton, of New York, to read this paper for us.

Trust Company Advertising.

[Mr. Crampton's paper will be found on pages 96 to 98 of this SUPPLEMENT.]

The Chair: Gentlemen, this paper is now open for discussion and comment.

Mr. H. E. Ambler, Trust Officer, Royal Trust Company, Chicago: We have been greatly interested in the comparative value, by way of financial return—that is, of the repeated advertising of our name, business functions, capital stock, etc., such as newspaper advertising and street car advertising, and that of the publication of important bits of information such as we can gather together in booklets. We find, from our own experience at least, that the latter method is much the best—that is, it brings us a larger acquaintance comparatively than the first method. We attempted to collaborate the different officers of the bank in compiling the booklets which are issued, giving the very best of our knowledge and experience, and putting it in as condensed a form as possible, with the idea that the people who read these booklets would think of other things they want to ask, and they invariably return to us for further information, giving us an enlarged acquaintance, and bringing us more forcibly before their minds than repeated advertising seems to do. The former method has the advan-

tage of having been used for a greater length of time, but it seems to require a great many years of this repetition, on the principle that constant dropping of water will wear away the hardest stones, to make any impression on the public mind—at least any apparent impression, such as we ourselves can follow up. I think the deduction to be drawn from that—at least by Western companies, where we have to bring ourselves forcibly before the attention of people who have grown up with the Eastern companies, is to bring ourselves before them in the way of valuable information, giving it in the shortest possible form.

Mr. E. G. Tillotson, Secretary and Treasurer the Cleveland Trust Company, Cleveland, O.: It has been my experience that in advertising we should advertise to reach certain classes of people. It is obvious that a statement that we act as registrar and transfer agent for corporations, etc., etc., is all right for the people who know about that business; but there are numbers of people who don't know what a transfer agent is. I dare say twenty per cent. of the bankers in attendance at the Richmond Convention don't know what a transfer agent is. I was asked last night by a prominent banker of Pennsylvania what the duties of a trust company were. [Laughter.] Mr. Ambler has recently issued a little booklet called the "Royal Road," which is the cleverest piece of advertising I have seen. I suppose it is addressed more especially to young people to show them the advantage of taking care of their money, and learning the royal road to wealth. It is humorous without being flippant, and it is right in the line of the advertising that has been successful in Cleveland and in St. Louis that I know of.

Mr. Glenn C. Page, Treasurer Wyo-Valley Trust Company, Wilkes-Barre, Pa.: I assure you that the bankers in Wilkes-Barre know what the trust companies are for, if they are from Pennsylvania. [Laughter.]

Mr. Edwin Chamberlain, Second Vice-President San Antonio Loan & Trust Company, San Antonio, Texas: I have listened to the reading of the paper with a great deal of interest, because our company has just opened and we are putting up a very large building there, believing, as one of the gentlemen has stated, that is a good advertising feature. The suggestions made here are very profitable, and I believe that, in the South and West especially, we have to educate people to a great extent as to what trust companies are. We have had some trouble, however, to convince our directors that advertising is profitable to trust companies, but I believe that when I go back, fortified with the facts I have listened to here, I will have no difficulty in convincing them that advertising will pay us in the end.

Mr. Dechert, Philadelphia: Having been connected with our company from its beginning, some thirteen or fourteen years ago, I have acquired some familiarity with this matter of advertising, and I think it is a matter, as suggested in Mr. Crampton's paper, belonging more particularly to the Secretary of the Company. That officer certainly ought to be assigned the duty, so that he may restrict or enlarge the volume of advertising, as the company's needs may require. But there are a few observations that I desire to make at this moment. There is a great waste by all of us in printing. One-half of the printed matter we all send out is wasted. Every man knows that when he opens his mail in the morning his waste paper basket is half full of circulars and other printed matter which have been thrown there without even being glanced at; and, unfortunately, there is no sale for waste paper now, so that it is of no benefit either to the ones who send the circulars or those who receive them. There are but few people to whom it is worth while sending such matter—I mean the quarterly and yearly statements, matter contained in special circulars and the like—and those few people are the stockholders and the depositors. From my own experience, and unfortunately it is true in many cases, I know the depositor often feels a warmer interest in the success and progress of the trust company than many of the stock-

holders to whom we send statements every six months. But anything of that sort going into the hands of stockholders or depositors is apt to be kept; sending it to the general public, however, is, I believe, pretty much equivalent to throwing it into the waste basket. Now how is the general public to be reached? My experience has been that it can only be done through the daily, semi-weekly or weekly newspapers. I believe newspaper advertising is worth a dozen times what it may cost in circulars, for this simple reason, that the advertisement in the newspaper is read—or, at least, the paper is read—by an average of five persons in a family, and we all know how often those papers are preserved; and if you insert your advertisement in the Saturday paper, to a great many persons that paper is a Sunday paper. I have a theory that the evening papers are worth more as advertising mediums than the morning papers. Business men have no time in the morning to read; we simply read the head-lines, and very seldom anything else; we generally wait until the evening, when we go to our club or to our home, and if there be an evening paper published in our town or city we are pretty sure—especially in the winter time—to make a thorough reading of it, and sometimes, in the mere dearth of reading matter often find ourselves guilty of reading all the columns, no matter how immaterial or indifferent the matter may be. A reader becomes familiar with the name of your company in this way. You may not be able to trace money directly from any one newspaper in that way, but it will finally come. And I would not be a partisan; that is, I would not only advertise in the paper of my own party politics, but would be entirely non-partisan in my advertising, so that, finally, the whole of your county and the tributary counties will become entirely familiar with the name of your company, its objects and purposes, and then you have done as much as you could expect to do. You have all been solicited at times to advertise in special editions; that is mere waste of money, I think. The promoter says it is only \$25, or only \$50, as if that were the only demand being made on your company. We have learned to turn them down, and I believe that with more of these special matters turned down there would be more money left in your treasury. Only last week, Mr. Borne, there was a newspaper man from your city in our office who said he represented the "Caricaturist."

Mr. Borne: Yes, he visited me.

Mr. Dechert: Did he? Well, I suppose there are some he has not got around to yet. If there are, and they want to meet him, I will furnish him with their names. His proposition is that one or more of the executive officers of the Trust companies shall contribute from \$50 to \$100 and be caricatured as the officer of the Trust Company.

Mr. Borne: And you can select your own attitude? (Laughter.)

Mr. Dechert: Yes, any one who is prepared to be crucified for the sake of his company, and pictured as a man with a big head and little legs, or big legs and a little head (laughter), has an opportunity to do so. Now all special advertising, in my opinion, as I said a moment ago, is a mere waste of money.

Mr. John Jaster, Treasurer State Banking and Trust Company, Cleveland, O.: I have listened with great interest to the paper of Mr. Crampton, and consider it a very able one. He starts in by saying he don't know very much about advertising, and hasn't done very much, but I think he understands the subject first rate; and in addition to what he says, I want to impress upon the members here that I believe one of the very best ways of advertising is, when you get a customer, to treat him so that he will advertise the institution and the men connected with it. In Cleveland there is a clothing firm who use this motto on their advertising matter: "If we please you, tell others; if we do not, tell us." I think that goes a great way. I know bankers frequently make efforts to get customers, and by some

little thoughtless treatment lose them. I believe that every one, from the President and the Board of Directors down to the least important clerk, should understand his business and also the wants of the customers of the institution, and treat them accordingly. I think if that was looked into a little more by the banks, that would advertise their business.

Mr. F. H. Fries, President Wachovia Loan and Trust Company, Winston-Salem, N. C.: I listened attentively to the gentleman from Philadelphia (Mr. Dechert), who spoke of newspaper advertising. Now in a large city that may, and I have no doubt does, do a great deal of good, but I have very grave doubts in my own mind as to the good accomplished by newspaper advertising in the country. For myself, I am not able to trace much, if any. I want to ask for the experience of others in work done, particularly in country districts, as well as in the cities, whether or not they find newspaper advertising is really profitable to them? I would like to hear from those who have had some experience along that line. Of course, I do not mean special editions—we all know they don't pay—but daily and weekly editions of newspapers.

The Chair: The next topic on our programme is entitled "Talks." The first subject is, "Essentials Required by Trust Companies to be Put in Mortgages and Other Papers." This is to be presented to us by Mr. Andrew Squire, of Cleveland, O., counsel of the Guardian Trust Company, Cleveland, O.

Mr. Squire: I put my talk in a paper, preferring to present it in that way.

Essentials Required by Trust Companies to be Put in Mortgages and Other Papers.

[Mr. Squire's address is printed on pages 98 to 100 of this SUPPLEMENT.]

Mr. James C. Chaplin, Treasurer Fidelity Trust Company, Pittsburg, Pa.: Mr. Chairman, that paper by Mr. Squire is one that we would all like to read, and I would suggest that it be printed, so that every member of the Trust Company Section can have a copy.

The Chair: I will state that all these papers will be printed in the record. The next feature of the programme is a paper by Mr. Arthur Heurtley, who, as you know, is not here. He has sent on the paper to be read, and its subject is, "The Proper Education of the Clerical Force of a Trust Company with Regard to Promoting the Highest Efficiency of the Office Force." The paper will be read by Mr. Hale, of Cleveland.

The Proper Education of the Clerical Force of a Trust Company.

[Mr. Heurtley's remarks will be found on page 100 of this SUPPLEMENT.]

The Chair: Mr. Heurtley's paper is on a very important subject—or so it seemed to the committee when it was selected—and I would like very much to hear others discuss it.

Mr. Phillips: The spirit dominating the paper of Mr. Heurtley is, of course, entirely akin to that expressed in the various remarks and suggestions at our meeting yesterday, tending to provide some system of education for the clerical forces of the various banks and Trust Companies of the country. If the project of the American Bankers' Association, as a whole, is carried out, of course the suggestions of Mr. Heurtley will be largely met, and the Trust Companies, quite as well as the banks, should labor to the ends suggested in yesterday's report. The matter has been tried, and has been proved in practice to be not only feasible, but eminently advantageous. I chance to be a Fellow of the London Institute of Bankers, and that Institute has devised a most successful scheme, similar to that suggested by Mr. Heurtley, and our friends at the meeting yesterday. Series of lectures by the most eminent financiers, and by counsel of various banks in London and throughout Great Britain, are constantly given at fixed periods. The

Journal of Bankers undertakes to answer promptly any question that may arise in the mind of any bank clerk. A library is established in St. Clement's Lane, open to all who choose to become connected with the Junior Institute of Bankers, and they have there a very large and well appointed library, where they can acquaint themselves with all matters pertaining to their work. Many other things connected with that idea are carried out so perfectly and thoroughly, that we have there an example which we may readily follow to our advantage, and we, representing the Trust Companies, should, as I have said, work very cordially with the banks along this line.

The Chair: Is there anything further to be said along the line of Mr. Heurtley's paper? If not, the programme is concluded, with the presentation of a paper by Mr. Willis S. Paine, President of the Trust Company of New York, on the subject of "The Duties of Trustees of Financial Corporations." Mr. Paine not being present, his paper will be read by Mr. Oscar F. Richardson, Vice-President of the Trust Company of New York.

The Duties of Trustees of Financial Corporations.

[We give Mr. Paine's paper in full on pages 101 and 102 of this SUPPLEMENT.]

The Chair: There is a report here of the receipts and disbursements of Mr. Heurtley. I will ask Mr. Hale to give you the footings of them.

Mr. Hale: The total amount of cash received was \$989.84; the amount of expenditures, \$1,083.49. In excess of the amount received, \$93.65.

ELECTION OF OFFICERS.

Mr. Dechert: Under the by-laws it becomes our duty now before we adjourn to elect officers to fill the respective offices for the terms expiring to-day. Under the provision of the by-laws, those gentlemen are not eligible to re-election, it being proposed to keep up a succession of office holding, so to speak, that there should be renewed interest from year to year. Mr. Hodenpyl, Chairman of the Section, as we have already learned, unfortunately could not be here to-day by reason of his absence in Europe. I would move that the Chairman of the Section be Mr. William G. Mather, President of the American Trust Company, of Cleveland, the gentleman who has now the honor of presiding at this meeting. [Applause.] (Mr. Phillips: I second the motion.) Mr. Dechert: As Mr. Mather is a modest man and would not like to put the motion, I will do so myself.

Mr. Mather: I think there should be an opportunity for other nominations.

Mr. Dechert: That is true. Are there any other nominations? There being none, all in favor of the election of Mr. Mather as Chairman for the ensuing year will please say aye, opposed, no. Mr. Mather is unanimously elected.

Mr. Mather: Gentlemen of the Trust Company Section: I thank you very much for the honor and compliment you have paid me, and the company and the city I represent. It certainly gives me very great pleasure to meet here at these gatherings, and I shall endeavor to transact the duties of Chairman for the ensuing year to the best of my ability. I thank you, gentlemen. [Applause.]

Mr. Borne: The office of Vice-Chairman having to be filled, I should like to nominate for that position Mr. John Skelton Williams, the President of the Richmond Trust and Safe Deposit Company. (Seconded.)

The Chair: Are there any other nominations? If not, I will put the question. All in favor of the election of Mr. John Skelton Williams as Vice-Chairman of this Section will please say aye; contrary minded, no. Mr. Williams is unanimously elected.

Mr. Jones: On the Executive Committee those who retire are Mr. Dechert, of Philadelphia; Mr. Abbott, of Boston, and Mr. Borne, of New York. I will say that Mr. Borne has not been a member of the Committee, ex-

cept to fill a vacancy during this last year, and it was discussed at the time and thought that would not disqualify him for re-election; and as there has been an impression by a number of gentlemen on the Executive Committee that it would be very desirable to have Mr. Borne as Chairman of the Executive Committee for next year, I wish to place him in nomination for that committee; also Mr. Hodenpyl, of Grand Rapids, Mich., who has been a member of the Section and active participant in all proceedings since it started. Following a precedent that has obtained from the start, that the retiring Chairman should be placed on the Executive Committee, in the hope of retaining in that way the knowledge of the history of the Association, I would like to nominate Mr. Hodenpyl for a place on that committee; and in place of Mr. Dechert, of Philadelphia, I will nominate Mr. William A. Carr, of Pittsburg.

Mr. Dechert: I second the nominations made by Mr. Jones.

The Chair: You have heard the nominations: Mr. John E. Borne, of New York; Mr. Anton G. Hodenpyl, of Grand Rapids, Mich., and Mr. William A. Carr, of Pittsburg. Are there any other nominations? If not, all in favor of the election of those three gentlemen to serve on the Executive Committee for the next three years will

please say aye, contrary minded, no. They are unanimously elected.

The Chair: Before adjourning the meeting I will ask all those who have read papers to kindly turn them in to the Secretary, if they have not already done so, in order that they may be incorporated in the record and published in the usual form, and they will then be distributed to all the members of the Trust Company Section. I would request all those who have not yet registered to please do so, so that we may have a record of all in attendance. I think there is no further business before the meeting and a motion to adjourn will now be in order.

Mr. Jaster: Do I understand that all the officers have been elected. Has the Secretary been elected?

The Chair: The Secretary is appointed by the Executive Committee, who will have a meeting immediately after we adjourn.

On motion the meeting then adjourned.

MEETING OF EXECUTIVE COMMITTEE.

After adjournment a meeting of the Executive Committee was held, and Mr. John E. Borne elected Chairman and Mr. James R. Branch Secretary.

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