VERMILYE & COMPANY

BANKERS

Nassau and Pine Streets, NEW YORK

13 Congress Street, BOSTON

201 East German Street, BALTIMORE

DEALERS IN

U. S. GOVERNMENT BONDS

AND OTHER

INVESTMENT SECURITIES

MEMBERS OF THE NEW YORK AND BOSTON STOCK EXCHANGES

Deposits Received and Interest Allowed on Balances subject to Draft at Sight

Private Wires to Boston, Philadelphia, Baltimore and Richmond

KEAN, VAN CORTLANDT & CO.,

26 Nassau Street, Corner Cedar,

NEW YORK.

BANKERS

TRANSACT A GENERAL FOREIGN

AND

DOMESTIC BANKING BUSINESS.

DEALERS IN INVESTMENT SECURITIES.

BROWN BROTHERS & CO.,

New York, 59 Wall Street.

Philadelphia, 4th and Chestnut Streets. *Boston, 50 State Street.*

—AND—

ALEX. BROWN & SONS,

Baltimore and Calvert Streets, Baltimore. ALL CONNECTED BY PRIVATE WIRE.

MEMBERS OF THE NEW YORK, PHILADELPHIA AND BALTIMORE STOCK EXCHANGES.

Execute Orders on Commission for Purchase and Sale of Stocks, Bonds, and all Investment Securities.

BILLS OF EXCHANGE BOUGHT AND SOLD.

Arrangements made with Banks and Bankers in the United States enabling them to Issue their own Drafts on Foreign Countries.

Commercial Letters of Credit and Travelers' Letters of Credit issued, available in all parts of the world.
Also International Cheques.

Collections made on all points; Telegraphic Transfers of Money made between this Country and Europe.

Deposit Accounts of American Banks, Bankers, Firms and Individuals received upon favorable terms.

Certificates of Deposit issued payable on demand or at a stated period.

BROWN, SHIPLEY & CO.,

FOUNDER'S COURT, LOTHBURY, E. C.,

AND FOR THE CONVENIENCE OF TRAVELERS, 123 PALL MALL, S. W.,

LONDON.

LEE, HIGGINSON & CO.,

44 STATE STREET,

BOSTON.

Members: Boston, New York and Chicago Stock Exchanges.

INVESTMENT SECURITIES.

The LIBERTY NATIONAL BANK

of New York.

UNION TRUST COMPANY
OF NEW YORK

80 BROADWAY.

CAPITAL, $1,000,000. SURPLUS, $7,300,000.

Authorized to act as *Executor*, *Administrator*, *Guardian*, *Committee*, *Receiver* or *Trustee*, and is *Legal Depository* for Money.

Acts as Trustee of Mortgages of Corporations, and accepts the transfer agency and registry of stocks.

Allows interest on deposits, which may be made at any time and withdrawn on five days' notice with interest for the whole time they remain with the Company.

For the convenience of depositors this Company also opens current accounts, subject, in accordance with its rules, to check at sight and allows interest upon the resulting daily balances. Such checks pass through the Clearing House.

Attends specially to the *Management of Real Estate* and to the collection and remittance of rents.

In its *Burglar and Fire-Proof Vaults* it makes ample provision for the *safekeeping of securities* placed in its custody, on which it collects and remits income.

TRUSTEES.

EDWARD KING,
E. B. WESLEY,
WM. ALEX. DUER,
N. PARKER SHORTRIDGE,
C. D. WOOD,
CHAUNCEY M. DEPEW,
HARRISON E. GAWTRY,
CHARLES H. TWEED,
R. T. WILSON,
CHARLES H. LELAND,
JAS. T. WOODWARD,
GEO. B. CARHART,
JAMES H. OGILVIE,
ALEXANDER MAITLAND,
JAMES J. HILL,
ROBERT W. GOELET,
JAMES SPEYER,
G. G. WILLIAMS,
AMASA J. PARKER,
H. VAN RENSSELAER KENNEDY,
W. EMLEN ROOSEVELT,
AUGUSTUS W. KELLEY,
JAMES HENRY SMITH.

EXECUTIVE COMMITTEE.

THE PRESIDENT,
JAMES T. WOODWARD,
E. B. WESLEY,
W. EMLEN ROOSEVELT,
C. D. WOOD,
WM. A. DUER,
G. G. WILLIAMS,
N. PARKER SHORTRIDGE.

EDWARD KING, President.

CORNELIUS D. WOOD, AUGUSTUS W. KELLEY, } Vice-Presidents.

JOHN V. B. THAYER, Secretary.
EDWARD R. MERRITT, Asst. Sec'y.
CARROLL C. RAWLINGS, Trust Officer.

FISK & ROBINSON

BANKERS

35 Cedar Street
NEW YORK

28 State Street
BOSTON

BANKING DEPARTMENT

DEPOSIT ACCOUNTS of Corporations, Firms and Individuals received subject to sight draft. Interest allowed on daily balances and on money deposited pending investment.

FISCAL AGENCY

ACCOUNTS for the payment of bonds, coupons, dividends, etc., and for the transfer and registration of securities received from municipal, railroad and other corporations.

INVESTMENT DEPARTMENT

UNITED STATES BONDS and other investment securities bought and sold. Orders on the New York Stock Exchange and in sound and marketable unlisted securities executed on commission for cash. Information furnished regarding the status of corporate securities.

W. H. HUNT, President. CHARLES FRANCIS PHILLIPS, Vice-President. W. J. HILANDS, Vice-President. J. O. RICE, Treasurer. H. B. ARDEN, Secretary. RICARDO COLIN, Secretary

International Bank and Trust Company

OF AMERICA,

Succeeding THE MEXICAN TRUST COMPANY BANK,

The First Trust Company to do Business in Mexico.

AUTHORIZED CAPITAL, - - - - - - - - - $10,000,000
CAPITAL OUTSTANDING, - - - - - - - - 1,800,000

AGENCY, 52 Broadway, New York. CHICAGO AGENCY, 806 The Rookery.

CITY OF MEXICO OFFICE, San Francisco and Betlemitas Streets.

—BRANCHES:—

GUADALAJARA, SAN LUIS POTOSI, PACHUCA, MONTEREY,
AGUASCALIENTES, TAMPICO, PUEBLA, FRONTERA.

—DIRECTORS:—

JULIUS C. BIRGE, C. F. CARRIER, WILLIAM ASTOR CHANLER, FRANK R. CROCKER, JOSEPH G. DEANE, SILAS B. DUTCHER, J. SLOAT FASSETT, HON. GEO. E. FOSTER, W. J. HILANDS, J. W. HINKLEY, WILLIAM HILL HUNT, ISAAC M. HUTCHISON, JOHN H. MAUGHAM, L. C. MITCHELL, DR. JOHN B. MURPHY, RICHARD M. NELSON, CHARLES FRANCIS PHILLIPS, J. O. RICE, FRANK B. ROBINSON, W. L. SAWYER FRANK L. TORRES, HON. WM. T. WATSON, RUSSELL WHITCOMB, JAMES L. WOLCOTT,

Transacts a general banking business. Draws Bills of Exchange on every part of the world. Issues Letters of Credit. Acts as Trustee and Financial Agent for Corporations and Individuals. Buys and sells Government, State, Municipal, Railroad and other Bonds. Collections made on all parts of Mexico.

Deposit accounts in Mexico solicited from Banks, Corporations, Merchants and Individuals in either U. S. Gold or Mexican Silver Currency, and Interest allowed by Agreement.

Correspondence invited, and may be conducted in Spanish or French.

Control has been secured for United States and Latin-America of the stamp-certified check system for travelers and for making small mail remittances This system is more convenient than money orders and saves a trip to the post-office; for any person can certify his own check on any of our correspondents, on our behalf, anywhere, at any time and for any fractional sum. Write for specimen checks. Bankers, and merchants at non-banking points, desired to act as agents. Terms on application.

OTIS, WILSON & CO.

BANKERS

182-184 LA SALLE STREET, "THE TEMPLE," CHICAGO.
8 CONGRESS STREET, - - - - BOSTON.

DEALERS IN

HIGH GRADE

INVESTMENT BONDS

INCLUDING ENTIRE ISSUES OF

MUNICIPALITIES, RAILROADS, STREET RAILWAYS, LIGHTING AND POWER COMPANIES.

SPECIALISTS IN

FOREIGN GOVERNMENT, STATE and CITY BONDS
PRINCIPALLY
MEXICAN AND GERMAN ISSUES.

LIST OF CURRENT OFFERINGS ON APPLICATION.

JOHN L. WILLIAMS.
JNO. SKELTON WILLIAMS.
RO. LANCASTER WILLIAMS.
LANGBOURNE M. WILLIAMS.
E. L. BEMISS.

JOHN L. WILLIAMS & SONS

BANKERS,

AND

DEALERS IN SOUTHERN INVESTMENTS

CORNER 10th AND MAIN STREETS,
RICHMOND, VA.

CABLE ADDRESS, - - - WILLIAMSON, RICHMOND.

Transact a General Banking Business. Negotiate Railroad and Municipal Loans. . . .

Draw Bills of Exchange and Furnish Letters of Credit on all parts of the world. . . .

We are prepared to purchase outright entire new issues of STATE, MUNICIPAL and RAILROAD BONDS, or to Negotiate the same on Commission. We invite correspondence, and cheerfully furnish information on any subject relating to Southern Investments, of which we make a specialty.

LATHAM, ALEXANDER & CO.,

BANKERS

AND

COTTON COMMISSION MERCHANTS

NOS. 16 AND 18 WALL STREET,
NEW YORK.

Conduct a General Banking Business.

MEMBERS OF THE NEW YORK STOCK AND COTTON EXCHANGES.

Accounts of Banks, Bankers, Merchants and Individuals received on favorable terms, and Interest allowed on Daily Balances, subject to check at sight.

CONTRACTS FOR COTTON FOR FUTURE DELIVERY BOUGHT AND SOLD ON COMMISSION.

President, CHARLES H. FANCHER
Vice-President, CHARLES F. MATTLAGE
Vice-President, SAMUEL S. CONOVER
Cashier, BENJAMIN F. WERNER

The Irving National Bank,

NEW YORK.

CAPITAL, - - - - - - - - - $1,000,000.
SURPLUS AND PROFITS, - - - - $1,000,000.

MERCANTILE ACCOUNTS WANTED.

Under conservative management, and with a strong Board of Directors

The Western National Bank of the City of New York

grants depositors as liberal treatment as is consistent with sound banking methods

Established 1887, Capital, Surplus an Undivided Profits now amount $5,200,000 and Deposits ov SIXTY MILLION DOLLA

Travelers' Letters of Credit available in all parts of the

Board of Directors

James W. Alexander, president Equitable Life Assurance Society
Henry M. Alexander, of Alexander & Colby, lawyers
Charles T. Barney, president Knickerbocker Trust Company
C. Ledyard Blair, of Blair & Co., bankers
Juan M. Ceballos, of J. M. Ceballos & Co.
Wm. N. Coler, Jr.
Chauncey M. Depew, U. S. Senator and Chairman Board of Directors N. Y. Central & Hudson River R. R., &c.
John F. Dryden, U. S. Senator and President Prudential Life Insurance Co.
Martin Erdmann, of Speyer & Co., bankers
Louis Fitzgerald, president Mercantile Trust Company
George J. Gould, president Manhattan Railway, N.
James H. Hyde, vice-president Equitable Life Assurance Society
Thomas H. Hubbard, chairman Board of Directors International Banking Corporation
Brayton Ives, president Metropolitan Trust Company
Otto H. Kahn, of Kuhn, Loeb, & Co., bank
Luther Kountze, of Kountze Bros., banker
John Howard Latham, banker
David H. Moffat, president First National Bank, Denver, Colo.
James H. Parker, banker
Valentine P. Snyder, president of the Bank
Sydney F. Tyler, Philadelphia

Condition 15th September, 1902

Resources

Loans & Discounts	$33,155,591.20
U. S. & other Bonds	3,877,151.30
Real Estate	496,362.76
Cash & Exchanges	29,669,672.35
Due from Banks	1,458,261.77
Total	$68,657,039.38

Liabilities

Capital Stock	$2,100,000.00
Surplus & Undivided Profits (net)	3,125,990.91
Circulation	367,997.50
Deposits	63,063,050.97
Total	$68,657,039.38

VALENTINE P. SNYDER, President
James W. Alexander, Vice-President
Henry A. Smith, Vice-President
Charles L. Robinson, Cashier
O. I. Pilat, Assistant Cashier

Equitable NATIONAL BANK

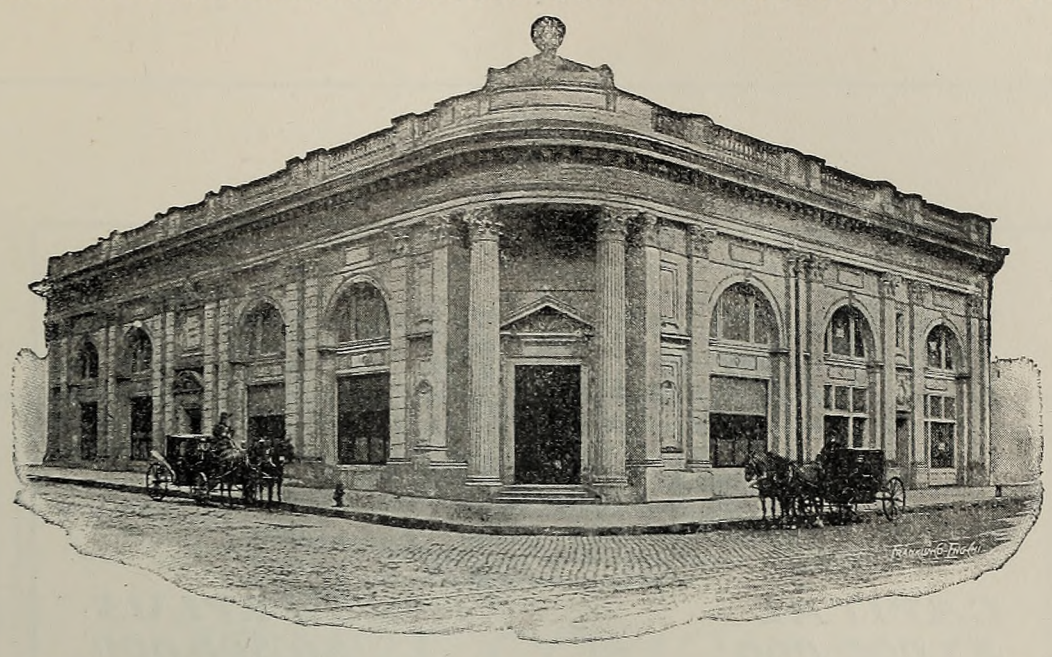
OF THE CITY OF NEW YORK.

JAMES M. BELL, President.
CARL RUDOLPH SCHULTZ, Vice-Pres. JOHN CARRAWAY, 2d V.-Pres.
JAMES S. O'NEALE, Cashier.

We Solicit the Accounts of Banks, Bankers and Individuals.
Correspondence Invited.

.... DIRECTORS ....

James M. Bell, John Carraway, E. G. Gilmore
Charles E. Lambert, William G. McAdoo, Carl Rudolph Schultz



Mississippi Valley Trust Company

N. W. COR. FOURTH AND PINE STREETS, ST. LOUIS

Capital, Surplus and Profits, $7,500,000

The Business of this Company is conducted in Five Departments, as follows:

1. FINANCIAL OR MONEY DEPOSIT—Receives deposits on time, savings and check accounts and pays interest thereon. Loans money on city real estate and collateral security. Buys and sells domestic and foreign exchange. Issues its own Letters of Credit available everywhere.
2. TRUST OR FIDUCIARY—Executes all manner of Trusts. Authorized by law to act as Executor, Administrator, Trustee, Guardian, Curator, Register and Transfer Agent of Bonds and Stocks, Receiver and Financial Agent for non-residents and others, and to become sole surety on all bonds required by law to be given.
3. BOND OR INVESTMENT—Buys and sells selected high-grade Investment Securities. List of Bonds for sale mailed on application. Commission orders, at usual rates, executed with promptness.
4. REAL ESTATE—Manages, Sells, Rents and Appraises city property. Pays Taxes, places Insurance.
5. SAFE DEPOSIT OR STORAGE VAULTS—Rents Safe Deposit boxes in Fire, Burglar and Mob Proof Vault at $5 and upward per annum. Stores, at special rates, trunks and boxes containing silverware and other bulky valuables; calls for and delivers same at residence free of charge.

ALL BUSINESS STRICTLY CONFIDENTIAL

OFFICERS

JULIUS S. WALSH, President

BRECKINRIDGE JONES, 1st Vice-Prest. and Counsel
SAMUEL E. HOFFMAN, Second Vice-President
JAMES E. BROCK, Secretary
HUGH R. LYLE, Assistant Secretary
HENRY C. IBBOTSON, Second Assistant Secretary
FREDERICK VIERLING, Trust Officer
HENRY SEMPLE AMES, Assistant Trust Officer
WILLIAM G. LACKEY, Assistant Trust Officer
EUGENE H. BENOIST, Real Estate Officer
WILBUR B. PRICE, Safe Deposit Officer
W. DAVIESS PITTMAN, Bond Officer.

DIRECTORS

ELMER B. ADAMS, U. S. District Judge
WILLIAMSON BACON, President Tyler Estate
JAMES E. BROCK, Secretary
CHARLES CLARK, Retired
HARRISON I. DRUMMOND, President Drummond Realty and Investment Co.
AUGUSTE B. EWING, Retired
DAVID R. FRANCIS, President D. R. Francis & Bro. Commission Co.
AUGUST GEHNER, Prest. Title Guaranty Trust Co.
GEO. H. GODDARD, Retired
S. E. HOFFMAN, Second Vice-President
CHAS. H. HUTTIG, President Third National Bank
BRECKINRIDGE JONES, 1st Vice-Pres. and Counsel
WM. F. NOLKER, Treas. St. Louis Brewing Ass'n
WM. D. ORTHWEIN, Pres. Wm. D. Orthwein Grain Co.
H. CLAY PIERCE, President Waters-Pierce Oil Co.
JOSEPH RAMSEY, JR., President Wabash R. R. Co.
MOSES RUMSEY, President L. M. Rumsey Mfg. Co.
J. C. VAN BLARCOM, Vice-President National Bank of Commerce
JULIUS S. WALSH, President
ROLLA WELLS, Mayor of City of St. Louis
MURRAY CARLETON, Pres. Carleton Dry Goods Co.

MERCANTILE
TRUST COMPANY

St. Louis

CAPITAL *$3,000,000*

SURPLUS *$6,500,000*

TRANSACTS

A GENERAL FINANCIAL, REAL ESTATE AND TRUST BUSINESS

EXCELLENT FACILITIES FOR COLLECTIONS

Correspondence Invited

OFFICERS

FESTUS J. WADE, President
CORWIN H. SPENCER, Vice-President
LORENZO E. ANDERSON, 2nd Vice-President
JONATHAN RICE, 3rd Vice-President
C. H. MCMILLAN, Secretary
J. B. MOBERLY, Asst. Secretary
GEORGE W. WILSON, Treasurer
WILLIAM MAFFITT, Asst. Treasurer
JOHN H. KRUSE, Asst. Treasurer
JACOB KLEIN, Counsel
VIRGIL M. HARRIS, Trust Officer
A. V. REYBURN, Manager Safe Deposit Department

COMMONWEALTH
TRUST COMPANY
SAINT LOUIS

CAPITAL	. .	*$2,000,000.00*
SURPLUS	. .	*$3,500,000.00*

INVITES BUSINESS AND PERSONAL ACCOUNTS.

ACTS AS EXECUTOR, ADMINISTRATOR, CURATOR, RECEIVER AND ASSIGNEE

Special Attention given to he Organization and Reorganization of Corporations and Partnerships.

CORRESPONDENCE SOLICITED

The National Bank of Commerce,

NORFOLK, VA.

Capital, - - $500,000.00
Surplus, - - 250,000.00

UNITED STATES AND CITY DEPOSITORY. . . .

— OFFICERS —

NATHANIEL BEAMAN, President,
R. P. VOIGHT, Vice-President,
H. M. KERR, Cashier,
M. C. FEREBEE, Assistant Cashier.

Superior Facilities for Collections throughout the State.

Correspondence Invited.

THE NORFOLK

NATIONAL BANK

NORFOLK, VA.

UNITED STATES DEPOSITARY.

Capital, ... $400,000
Surplus and Profits Sept 15, 1902, . 410,000

CALDWELL HARDY, President. C. W. GRANDY, Vice-President.
A. B. SCHWARZKOPF, Cashier. W. A. GODWIN, Asst. Cashier.

With Well Established Connections, this Bank has Unsurpassed Facilities in Every Branch of Legitimate Banking.

Accounts of Banks and Bankers Received on Most Favorable Terms.

COLLECTIONS MADE AND MONEY TRANSFERRED TO ALL PARTS OF THE WORLD.

THE CITIZENS' BANK

OF NORFOLK, VA.

Capital, $300,000. Surplus, $200,000.

ACCOUNTS OF

BANKS, CORPORATIONS,

FIRMS AND INDIVIDUALS

SOLICITED.

WALTER H. DOYLE, President.
J. W. PERRY, - Vice-President.
TENCH F. TILGHMAN, Cashier.

FIRST NATIONAL BANK

Nashville, Tenn.

CAPITAL, - $400,000. DEPOSITS, - $2,400,000.

JOEL W. CARTER, President. F. O. WATTS, Cashier.
D. S. WILLIAMS, Vice-President R E. DONNELL, Asst. Cashier.
RANDAL CURRELL, Auditor.

The aggregate population of the banking towns of Tennessee is 443,000. We reach 371,000, or 83%, of the banking population direct through our reciprocal bank correspondents. It is therefore fair to presume that we can offer the best and safest way of handling Tennessee colections.

American National Bank

NASHVILLE, TENN.

Capital, $1,000,000. Surplus and Undivided Profits, $50,000.

A General Banking and Foreign Exchange Business transacted. We issue Travelers' Letters of Credit and International Cheques, available in all parts of the world. Collections carefully made and promptly reported. All accounts solicited.

OFFICERS.

W. W. BERRY, President. A. H. ROBINSON, Vice President. N. P. LeSUEUR, Cashier.

DIRECTORS.

W. W. BERRY. JAMES C. BRADFORD. THOMAS L. HERBERT
A. H. ROBINSON. BYRD DOUGLAS. R. W. TURNER.
R. L. WEAKLEY. NORMAN KIRKMAN. JNO. B. RANSOM.

THE FOURTH NATIONAL BANK

NASHVILLE, TENN.

Statement of Condition, Sept. 15, 1902.

CAPITAL PAID IN - $600,000.00
SURPLUS AND PROFITS, 404,091.82

ASSETS.

Loans and Discounts		$2,503,324 92
U. S. Bonds		300,000 00
Bond Account		116,965 63
Stocks and Securities		77,976 05
Banking House and Fixtures		58,000 00
Other Real Estate		100 00
Premiums Paid		18,000 00
Due from U. S. Treasurer		15,000 00
Cash Resources—		
Due from other Banks	$216,717 17	
Due from Approved Reserve Agents	582,426 87	
Cash on Hand	533,950 28	
		1,333,094 32
Total		$4,422,460 92

LIABILITIES.

Capital Stock paid in		$ 600,000 00
Surplus Fund	$120,000 00	
Undivided Profits	284,091 82	
		404,091 82
Circulation		299,985 00
Deposits		3,110,181 99
Reserve for Taxes		8,202 11
Total		$4,422,460 92

This Bank has Larger Surplus and Profits than all other banks in Nashville combined.

SAM'L J. KEITH, President. J. T. HOWELL, Cashier.
J. H. FALL, Vice-President. G. W. PYLE, Asst. Cashier.

NASHVILLE TRUST COMPANY

NASHVILLE, TENN.

CAPITAL - - $350,000.00

OFFICERS.

JOS. H. THOMPSON.....President.
WILLIAM NELSON, Vice-President.
SAM H. ORR.....General Manager.
G. H. EWIN.....Secretary.

DIRECTORS.

Jos. H. Thompson, W. W. Berry, G. P. Thruston,
William Nelson, W. G. Bush, B. F. Wilson,
W. R. Cole, Geo. Searight, W. F. Foster,
John Orr, Percy Warner, M. J. Smith,
D. N. Kennedy.

Birmingham Trust and Savings Company

BIRMINGHAM, ALA.

Comparative Statement of Deposits as taken from the published statements during the past two years:

September 5th, 1900	$1,456,827.56	September 30th, 1901	$1,539,237.74
December 13th, 1900	1,774,840.20	December 10th, 1901	2,022,365.43
February 5th, 1901	1,693,890.52	February 25th, 1902	2,153,966.06
April 24th, 1901	1,589,982.65	April 30th, 1902	2,233,545.73
July 15th, 1901	1,762,359.81	July 16th, 1902	2,333,980.94

September 15th, 1902 ..... **$2,409,869.60**

ARTHUR W. SMITH, Pres. TOM O. SMITH, Cashier. W. H. MANLY, Sec. and Asst. Cashier.

DIRECTORS:

ARTHUR W. SMITH, President.
AMES BOWRON, Vice-President Dimmick Pipe Co.
J. M. CALDWELL, of Caldwell & Ward, Bankers and Brokers.
S. L. EARLE, of Earle, Terrell & Co., Merchants.
W. H. KETTIG, Pres. Milner & Kettig Co., Wholesale Hardware and Machinery.
ALEX T. LONDON, Attorney at Law.
R. S. MUNGER, Director Continental Gin Co.
W. T. NORTHINGTON, Pres. Continental Gin Co.
JAMES SPENCE, Vice-Pres. Birmingham Machine and Foundry Co.
R. A. TERRELL, of Earle, Terrell & Co., Merchants.
JAMES T. WOODWARD, Pres. Hanover National Bank, New York.

GENERAL BANKING BUSINESS TRANSACTED.

The First National Bank

OF BIRMINGHAM, ALA.

CONDITION SEPTEMBER 15th, 1902.

RESOURCES.

Loans and Discounts		$2,188,195 61
Overdrafts		416 44
U. S. Bonds and Premiums		102,500 00
Other Stocks and Bonds		10,520 00
Bank Building		51,000 00
CASH.		
In Vault	$409,192 27	
With Banks	1,103,519 10	
With U. S. Treasurer	4,870 40	
		$1,517,581 77
		$4,370,213 82

LIABILITIES.

Capital Stock		$250,000 00
Surplus and Profits		233,527 03
Reserved for Taxes		4,657 23
Circulation		50,000 00
DEPOSITS.		
Individual	$3,379,603 15	
Bank	402,426 41	
United States	50,000 00	
		$3,832,029 56
		$4,370,213 82

Nov. 1st, 1902, Capital, - - $300,000
Surplus and Und. Profits, - - 325,000

—OFFICERS—

W. P. G. HARDING, President.
J. H. WOODWARD, Vice-Pres.
J. H. BARR, Vice-President.
W. W. CRAWFORD, Cashier.
A. R. FORSYTH, Ass't Cashier.

UNITED STATES DEPOSITARY.

The Alabama National Bank

OF BIRMINGHAM, ALA.

UNITED STATES DEPOSITORY.

CAPITAL, - - - $200,000.00

SURPLUS and PROFITS, - 40,000.00

J. B. COBBS, Pres.
H. H. MAYBERRY, Vice-Pres.
W. A. PORTER, Cashier.
C. M. WILLIAMSON, Asst. Cashier.
S. McGAUGHY, Asst. Cashier.

SPECIAL ATTENTION GIVEN TO COLLECTIONS.

CORRESPONDENCE INVITED.

CONDENSED STATEMENT (from Comptroller's Call) OF THE CONDITION OF THE

CHATTANOOGA NATIONAL BANK

At CHATTANOOGA, TENN.,

AT THE CLOSE OF BUSINESS SEPTEMBER 15, 1902.

RESOURCES.

Loans and Discounts	$1,327,586 84
Overdrafts	3,060 38
U. S. Bonds and Premiums	106,737 50
Other Stocks and Bonds	14,100 00
Furniture and Fixtures	4,000 00
Cash, Sight Exchange, Exchanges for Clearing House and due from U. S. Treasurer.	357,500 37
	$1,812,985 09

LIABILITIES.

Capital Stock Paid in	$200,000 00
Surplus Fund and Undivided Profits	40,036 65
National Bank Notes outstanding	50,000 00
Deposits	1,522,948 44
	$1,812,985 09

DESIGNATED UNITED STATES AND STATE DEPOSITORY.

Officers: CHAS. A. LYERLY, President. J. T. LUPTON, Vice-Pres. J. P. HOSKINS, Cashier.

Directors: F. T. HARDWICK, of C. L. Hardwick & Co., Bankers, Dalton, Georgia. J. T. LUPTON, Treasurer Chattanooga Medicine Co. GEORGE D. LANCASTER, of Williams & Lancaster, Attorneys. CHAS. A. LYERLY, President. J. P. HOSKINS, Cashier.

This Bank since commencing business has paid Twenty-Eight Semi-Annual Dividends, aggregating Two Hundred and Fifty Five Thousand Dollars.

THE LOWRY NATIONAL BANK

OF ATLANTA, GA.

ESTABLISHED - - 1861. NATIONAL CHARTER - - 1900.

DESIGNATED DEPOSITORY OF THE UNITED STATES.

CAPITAL, - - - - - - - $300,000.
SURPLUS AND UNDIVIDED PROFITS, - $160,000.

ATLANTA NATIONAL BANK,

ATLANTA, GA.

STATEMENT OF CONDITION (Condensed) Sept. 15, 1902.

RESOURCES.

Loans and Discounts - - - -		$2,454,425.76
U. S. Bonds - - - - - -		300,000.00
Other Bonds and Stocks - - - -		360,418.80
Banking House and Other Real Estate - - -		87,262.78
Due from Reserve Agents - -	$298,362.99	
Due from other Banks - -	441,474.05—	739,837.04
Cash - - - - - -		383,522.66
		$4,325,467.04

LIABILITIES.

Capital Stock - - - - -		$ 150,000.00
Surplus - - - - - -		200,000.00
Undivided Profits - - - - -		427,778.77
Circulation - - - - -		150,000.00
DEPOSITS		
Individual - - - -	$2,823,212.78	
Banks - - - -	328,952.11	
United States - - - -	145,523.38—	3,297,688.27
Bills Payable - - - - -		100,000.00
		$4,325,467.04

—OFFICERS—

JAMES SWANN, President — P. ROMARE, V ce-President

C. E. CURRIER, Cashier — H. R. BLOODWORTH, Asst. Cashier

CORRESPONDENCE SOLICITED.

PEOPLE'S BANK,

MOBILE, ALA.

CAPITAL, - - - - - $150,000.
SURPLUS AND NET PROFITS, 425,000.
DEPOSITS, - - $1,700,000.

—OFFICERS—

J. W. WHITING, President. — J. B. DAVIS, Vice-President.

T. S. BIDGOOD, Cashier. — J. W. LITTLE, Asst. Cashier.

Mercantile Trust & Deposit Company of Baltimore

PAID-UP CAPITAL, $2,000,000.00 SURPLUS, $3,500,000.00
DEPOSITS, $10,500,000.00

AUTHORIZED TO ACT AS EXECUTOR, ADMINISTRATOR, GUARDIAN, RECEIVER OR TRUSTEE, AND IS A LEGAL DEPOSITORY FOR MONEY.

Interest allowed on daily balances, subject to check. Special rates for deposits made for definite periods.

Special attention given to the MANAGEMENT OF REAL ESTATE and to the Collection and Remittance of Rent. Acts as TRUSTEE OF MORTGAGES OF CORPORATIONS, and accepts the Transfer Agency and Registry of Stocks. Ample provision afforded for the safekeeping of securities, on which we Collect and Remit income if desired. Safe Deposit Boxes for rent. Vaults supplied for Storage of Silver Chests, etc.

OFFICERS.

JOHN GILL of R., President. W. W. SPENCE, Vice-President. C. R. SPENCE, Second Vice President.
A. H. S. POST, Third Vice-President. JOHN McHENRY, Treasurer. JOSEPH R. WALKER, Secretary.
CHAS. E. McLANE, Asst. Secy. and Treas.

DIRECTORS.

W. W. SPENCE, LOUIS McLANE, E. AUSTIN JENKINS, CHARLES D. FISHER, WM. H. WHITRIDGE, JOHN E. HURST, STEWART BROWN, WM. H. BLACKFORD, ALEXANDER FRANK, ALEXANDER SHAW, LAWRASON RIGGS, CHARLES W. SLAGLE, CHARLES F. MAYER, WM. T. DIXON, FRED. M. COLSTON, WILTON SNOWDEN, DOUGLAS H. THOMAS, NELSON PERIN, N. W. JAMES, AUBREY PEARRE, JOHN D. HOWARD, H. A ORRICK, BLANCHARD RANDALL, J. B. RAMSAY, SAM'L J. LANAHAN, DECATUR H. MILLER, ROBERT GARRETT, JOHN GILL of R., C. R. SPENCE, A. H. S. POST, JAMES T. WOODWARD, WILLIAM SALOMON, ROBERT J. LOWRY. Hon HENRY G. DAVIS.

JACOB PHINIZY, *President.* HAMILTON H. HICKMAN, *Vice-President.* CHARLES G. GOODRICH, *Cashier.*

GEORGIA RAILROAD BANK

AUGUSTA, GEORGIA.

CAPITAL, - - $200,000. PROFITS, - - $223,071.71.

Commenced Business December 31, 1892. Successor to The Georgia Railroad & Banking Company.

—DIRECTORS.—

JACOB PHINIZY, Augusta, Ga. HENRY D. McDANIEL, Monroe, Ga. JAMES WHITE, Athens, Ga. CHARLES G. GOODRICH, Augusta, Ga.
GEORGE A. SPEER, Atlanta, Ga. LEONARD PHINIZY, Augusta, Ga HAMILTON H. HICKMAN, Augusta, Ga. JAMES TOBIN, Augusta, Ga.
JAMES H. ALEXANDER, Augusta, Ga. WILLIAM A. LATIMER, Augusta, Ga. ROBERT D. SPALDING, Atlanta, Ga. HENRY B. KING, Augusta, Ga.

Correspondence Invited.

ESTABLISHED 1872.

PETER HELLWEGE & CO.

BROKERS,

COTTON, STOCKS AND BONDS,
NEW ORLEANS.

MEMBERS

New Orleans Cotton Exchange.
New Orleans Stock Exchange.
New Orleans Board of Trade.
New York Cotton Exchange.
Liverpool Cotton Brokers Assn.

PETER HELLWEGE.
PETER E. HELLWEGE.
RODOLPH WOESTE.

Maryland Trust Co.

N. W. Corner Calvert and German Streets,

BALTIMORE.

CAPITAL, - - - $2,125,000.00
SURPLUS, - - - 2,437,500.00

INTEREST ALLOWED ON DEPOSITS.
A LEGAL DEPOSITORY FOR COURT AND TRUST FUNDS.
SAFE DEPOSIT BOXES FOR RENT.

Acts as Financial Agent for States, Cities, Towns, Railroads and other Corporations. Transacts a general trust business. Lends money on approved security. Acts as Trustee under Mortgage, Assignments and Deeds of Trust, as agent for the Transfer or Registration of Stocks and Bonds, and for the payment of coupons, interest and dividends.

J. WILLCOX BROWN, President.
HENRY J. BOWDOIN, - - First Vice-President.
LLOYD L. JACKSON, - Second Vice-President.
J. BERNARD SCOTT, - Secretary and Treasurer.
CARROLL VAN NESS, Asst. Secretary and Asst. Treas.

DIRECTORS.

Wm. A. Marburg	John Pleasants	James Bond
H. J. Bowdoin	Josiah L. Blackwell	W. B. Brooks, Jr.
Lloyd L. Jackson	George C. Jenkins	Clayton C. Hall
J. Willcox Brown	J Southgate Lemmon	John S. Wilson
Joshua Levering	Henry Walters	J. D. Baker
Leopold Strouse	H. A. Parr	John A. Tompkins
Fred'k W. Wood	B. N. Baker	Seymour Mandelbaum
Geo. A. von Lingen	Andrew D. Jones	L. F. Loree

Farmers and Merchants National Bank,

SOUTH AND LOMBARD STREETS,

BALTIMORE.

Capital, - - - $650,000
Surplus and Profits, 450,000

OFFICERS:

CHAS. T. CRANE, President. CARTER G. OSBURN, Cashier.
OTHO H. WILLIAMS, Vice-President. J. E. MARSHALL, Asst. Cashier.

TRANSACT A GENERAL BANKING BUSINESS.

CORRESPONDENCE INVITED.

J. Wm. Middendorf. A. J. Robins. A. H. Rutherfoord. F. Lentz.

J. WM. MIDDENDORF & CO.

BANKERS and BROKERS,

MEMBERS BALTIMORE STOCK EXCHANGE.

Continental Trust Bldg., - BALTIMORE, MD.

Stocks and Bonds Bought and Sold on Commission. Special attention given to Municipal and other Investment securities. Dealers in Foreign Exchange. Drafts on Europe and Letters of Credit furnished.

SCOTT & STRINGFELLOW

1102 East Main St., Richmond, Va.

BANKERS

MEMBERS NEW YORK STOCK EXCHANGE.
MEMBERS NEW YORK COTTON EXCHANGE.

Solicit Correspondence in regard to

Southern Railroad, State and Municipal Securities.

Central National Bank

CLEVELAND, OHIO.

UNITED STATES DEPOSITORY

CAPITAL, = = = = = = = $800,000
SURPLUS and PROFITS, = = = = 350,000

J. J. SULLIVAN, President. E. W. OGLEBAY, Vice-President.
C. A. PAINE, Cashier. L. J. CAMERON, Ass't Cashier.

The Euclid Avenue National Bank

CLEVELAND, OHIO.

CAPITAL, - - $500,000.00. SURPLUS and PROFITS, $275,000.00.

OFFICERS:

S. L. SEVERANCE, President. KAUFMAN HAYS, Vice-President. C. E. FARNSWORTH, Cashier.

DIRECTORS:

H. E. ANDREWS.
H. R. HATCH, H. R. Hatch & C.o, Dry Goods.
KAUFMAN HAYS, Cleveland Worsted Mills Co.
F. F. HICKOX, Hickox Building.
E. V HALE, Secy. and Treas. American Trust Co.
BENJAMIN ROSE, President Cleveland Provision Co.
L. H. SEVERANCE.
S. L. SEVERANCE.
WINDSOR T. WHITE, Vice Pres. White Sewing Machine Co

WILL BE PLEASED TO CORRESPOND WITH YOU.

MYRON T. HERRICK, President INCORPORATED 1849 ALBERT L. WITHINGTON, Treasurer

SOCIETY FOR SAVINGS

In the City of Cleveland

REPORT of the condition of the "Society for Savings in the City of Cleveland," in the State of Ohio, before the commencement of business, October 6, 1902.

RESOURCES		LIABILITIES	
Loans on Real Estate	$7,682,262 78	Individual Deposits	$41,297,656 37
Loans on United States Bonds	531,120 00	Undivided Profits	404,111 29
Loans on Other Stocks and Bonds	5,130,872 28	Surplus Fund	2,250,000 00
United States Bonds, par	3,300,000 00		
State Bonds, par	76,000 00		
Other Bonds	21,895,890 77		
Real Estate	964,812 76		
Expenses	26,561 28		
Due from Banks and Bankers	3,828,422 44		
Specie	215,494 46		
National Bank and United States Currency	298,528 00		
All other Assets	1,802 89		
TOTAL	$43,951,767 66	TOTAL	$43,951,767 66

Number of Open Accounts. - - - - - 68,991

American Exchange Bank,

ST. LOUIS.

CAPITAL, $500,000 SURPLUS and PROFITS, $550,000

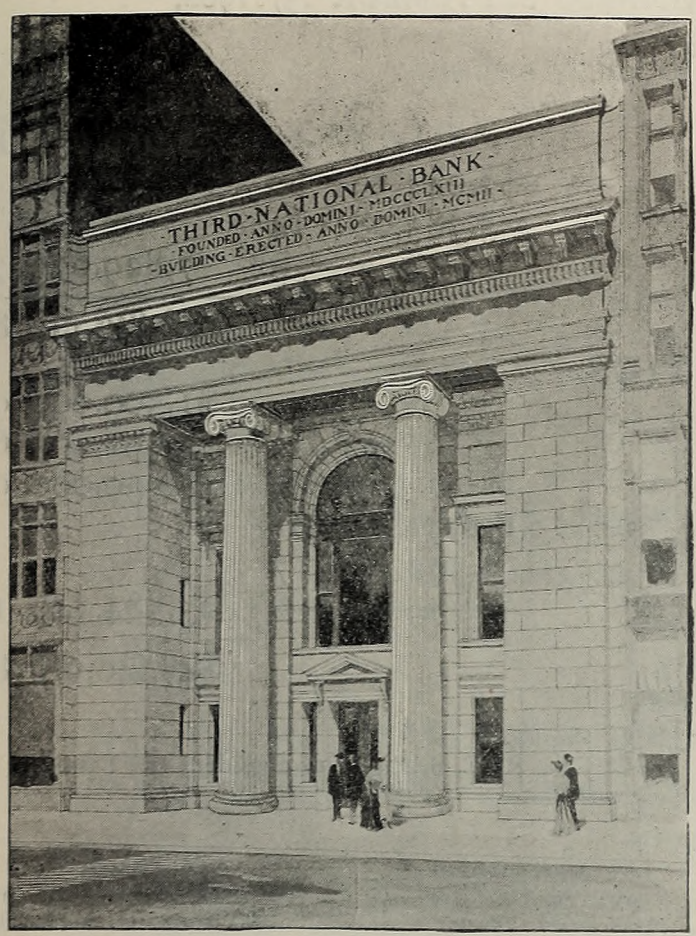
ACCOUNTS SOLICITED.

WALKER HILL, President. EPHRON CATLIN, Vice-President. L. A. BATTAILE, Cashier.
EMISON CHANSLOR, Assistant Cashier.

THIRD - NATIONAL - BANK,

14, 16 AND 18 WEST FOURTH ST., CINCINNATI.

Capital, $1,200,000. Surplus and Undivided Profits, $530,000. Deposits, $5,600,000



NEW BUILDING.

WILL BE COMPLETED AND OCCUPIED ABOUT JULY 1, 1903.

WHITE GRANITE FRONT, 67 FEET HIGH.

COLUMNS, 45 FEET HIGH; 5 FEET DIAMETER.

GROUND SPACE, 66 x 152 FEET.

MAIN BANKING-ROOM, 63 x 115 FEET, WITH SKYLIGHT 57 FEET HIGH OVER ALL.

TWO WAITING-ROOMS FOR LADIES AND TWO FOR GENTLEMEN.

FACE OF VAULTS, 52 FEET WIDE, 17 FEET HIGH—OF WHITE MARBLE.

SAFE DEPOSIT DEPARTMENT ON GROUND FLOOR—3,500 BOXES.

TELEPHONE EXCHANGE TO ALL DEPARTMENTS AND WAITING-ROOMS.

ENTIRE BUILDING DEVOTED TO THE BANK'S PURPOSES.

J. D. HEARNE, President. WM. A. LEMMON, Cashier.
C. H. KELLOGG, Vice-Pres't. C. T. PERIN, Ass't Cashier.

DIRECTORS.

J. D. HEARNE. ALEX. MCDONALD, C. A. AULT,
J. D. PARKER, STEWART SHILLITO, CHAS. H. KELLOGG,
J. G. SCHMIDLAPP, O. L. PERIN, LAWRENCE MAXWELL, JR.

LOGAN C. MURRAY, President. J. S. BOCKEE, Vice-President. CHARLES WARREN, Cashier,

THE

AMERICAN NATIONAL BANK

LOUISVILLE, KY.

Capital, $800,000. Surplus and Profits over $200,000.

United States Depository. State of Kentucky Depository.

Unsurpassed Excellence of Service for Collections on Louisville and in Kentucky, Tennessee and Southern Indiana.

COLUMBIA FINANCE AND TRUST COMPANY,

Louisville, - Ky.

CAPITAL, - - - - $1,000,000.

Is authorized to act as Executor, Administrator, Guardian, Receiver or Trustee.
As Trustee of Corporation Mortgages; and as Agency for the transfer and registration of stocks.
Allows interest on Savings Deposits; manages Real Estate and other properties; and collects rents.
Has Burglar-proof and Fire-proof vaults for the safe-keeping of Bonds, Stocks and other Securities.

☞ *WE SOLICIT YOUR CORRESPONDENCE AND PATRONAGE.* ☜

ATTILLA COX, Pres. JAMES S. PIRTLE, Vice-Pres. HARRY WEISSINGER, 2d Vice-Pres.
H. V. SANDERS, Treasurer. L. W. BOTTS, Secretary. G. S. BRIDGES, Asst. Treas.

The Philadelphia National Bank,

PHILADELPHIA, PA.

ORGANIZED, 1803. NATIONAL BANK, 1864.

CONDITION AT THE CLOSE OF BUSINESS SEPTEMBER 15, 1902.

RESOURCES.

Loans, Discounts and Investments,		$18,637,684 30
Due from Banks,		2,659,254 81
Exchanges for Clearing House,	$2,044,592 60	
Cash and Reserve,	5,785,081 14	
		7,829,673 74
		$29,126,612 85

LIABILITIES.

Capital Stock,		$1,500,000 00
Surplus and Net Profits,		1,992,463 67
Circulation,		50,000 00
Deposits { Individual,	$15,991,383 01	
Deposits { Bank,	9,592,766 17	
		25,584,149 18
		$29,126,612 85

OFFICERS.

N. PARKER SHORTRIDGE, President.
LINCOLN GODFREY, First Vice-President. LEVI L. RUE, Second Vice-President and Cashier.
H. J. KESER, Assistant Cashier.

DIRECTORS.

N. Parker Shortridge	Lincoln Godfrey	Lawrence Johnson	A. J. Cassatt
J. Livingston Erringer	John H. Converse	Alfred C. Harrison	Percival Roberts, Jr.
Richard Ashhurst	George Wood	George H. Frazier	George H. McFadden
Edward T. Stotesbury	James F. Hope	William Potter	L. L. Rue

ACCOUNTS OF BANKS AND BANKERS RESPECTFULLY INVITED.

KNICKERBOCKER TRUST CO.

66 Broadway, 234 Fifth Avenue, 100 West 125th Street.

CHARLES T. BARNEY, President.
FRED'K L. ELDRIDGE, First Vice-President.
JOSEPH T. BROWN, Second Vice-President.
WILLIAM B. RANDALL, Trust Officer.
FRED'K GORE KING, Secretary and Treasurer.
JULIAN M. GERARD, Asst. Sec. and Asst. Treas.
B. L. ALLEN, Manager Harlem Branch.

BOARD OF DIRECTORS.

JOSEPH S. AUERBACH	*HON. E. V. LOEW*	*JOHN MAGEE*
HARRY B. HOLLINS	*HENRY F. DIMOCK*	*HENRY A. MORGAN*
JACOB HAYS	*CHARLES F. WATSON*	*HENRY C. BERLIN*
CHARLES T. BARNEY	*FREDERICK G. BOURNE*	*CHARLES W. GOULD*
A. FOSTER HIGGINS	*C. LAWRENCE PERKINS*	*FRED'K L. ELDRIDGE*
ANDREW H. SANDS	*CHARLES R. FLINT*	*HENRY W. DE FOREST*
JAMES H. BRESLIN	*AMZI L. BARBER*	*ALFRED B. MACLAY*
I. TOWNSEND BURDEN	*CHARLES T. COOK*	*HARRY W. McVICKAR*

THE CHEMICAL NATIONAL BANK

OF NEW YORK.

Organized 1824. National Bank 1865.

Statement at the close of business, Sept. 15, 1902.

ASSETS			LIABILITIES		
Loans and discounts,		$20,301,403.63	Capital Stock,		$300,000.00
United States bonds,		50,000.00	Surplus fund,		6,000,000.00
Other bonds and stocks,		3,501,904.10	Undivided profits,		1,240,690.02
Banking-house and real estate,		275,064.18	State bank notes outstanding,		10,860.00
Due from banks,		2,262,089.16	Deposits, viz.:—		
Exchanges for clearing-house, etc.,		2,889,729.50	Individuals, firms and corporations	$19,977,419.44	
Cash on hand, viz. :—			Banks, Bankers and trust companies	7,675,084.78	
Specie,	$3,676,372.67				27,652,504.22
Legal tender notes,	2,247,491.00				
		5,923,863.67			
		$35,204,054.24			$35,204,054.24

OFFICERS:

GEO. G. WILLIAMS, President. WM. H. PORTER, Vice-Prest.
FRANCIS HALPIN, Cashier. JAS. L. PARSON, Asst. Cashier.

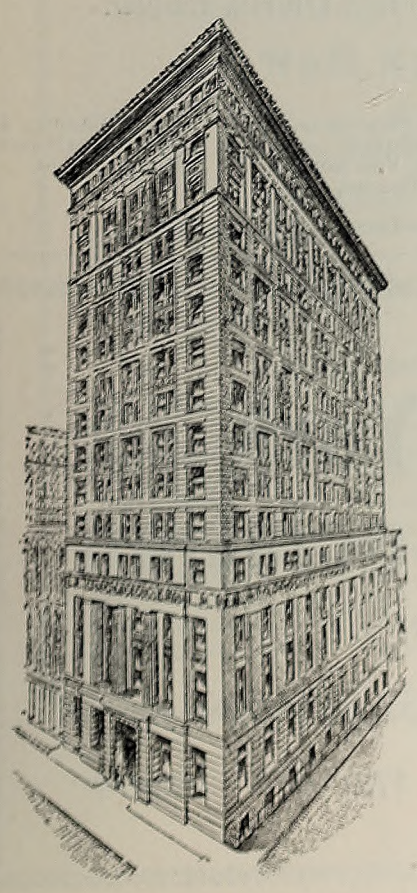
DIRECTORS:

GEORGE G. WILLIAMS, W. EMLEN ROOSEVELT, GEORGE G. DE WITT,
FREDERICK W. STEVENS, AUGUSTUS D. JUILLIARD, ROBERT WALTON GOELET,
WILLIAM H. PORTER.

UNITED STATES DEPOSITARY.

The Central National Bank

OF THE CITY OF NEW YORK.



CAPITAL AND SURPLUS, - - $ 1,580,000
DEPOSITS, - - - - - - - 17,000,000

EDWIN LANGDON, PRESIDENT. WILLIAM M. WOODS, VICE-PRESIDENT.

CHARLES S. YOUNG, CASHIER. H. J. FRANCIS, ASS'T CASHIER.

ACCOUNTS OF
MERCANTILE FIRMS, BANKS, CORPORATIONS AND INDIVIDUALS
RECEIVED ON FAVORABLE TERMS.

FRANKLIN TRUST COMPANY

Borough of Brooklyn. City of New York.

Capital, - - - - - $1,000,000.00.

Surplus and Undivided Profits over $1,400,000.00.

OFFICERS.

GEO. H. SOUTHARD, President. WM. H. WALLACE, Vice-President. GATES D. FAHNESTOCK, 2d Vice-President.
CROWELL HADDEN, Jr., Secretary. CLINTON W. LUDLUM, Assistant Secretary.

TRUSTEES.

A. A. Low, Edwin Packard, Darwin R. James, Wm. H. Wallace,
Joseph E. Brown, Albro J. Newton, Crowell Hadden, H. E. Pierrepont,
Geo. M. Olcott, Geo. H. Southard, Thos. E. Stillman, Geo. M. Coit,
Robt. B. Woodward, Stewart L Woodford, Geo. H. Prentiss, Frederick W. Moss,
Henry C. Hulbert, Wilhelmus Mynderse, Gates D. Fahnestock, William G. Low.

EXECUTIVE COMMITTEE.

Wm. H. Wallace. Geo. M. Olcott, Robt. B. Woodward, Geo. H. Prentiss, Geo. H. Southard.

INTEREST ALLOWED ON DEPOSITS. *ACCOUNTS SOLICITED.*

Long Island Loan and Trust Co.,

"Temple Bar" Brooklyn, N. Y.

Capital, $1,000,000 Surplus and Profits over $1,350,000

— DEPARTMENTS —

Banking, Trust, Safe Deposit, Letters of Credit, Foreign Exchange.

— OFFICERS —

EDWARD MERRITT, President. CLINTON L. ROSSITER, First Vice-President.
DAVID G. LEGGET, Second Vice-President. FREDERICK T. ALDRIDGE, Secretary.
WILLARD P. SCHENCK, Assistant Secretary.

— TRUSTEES —

William M. Ingraham, Edward D. White, Edward Merritt,
Frank Lyman, David G. Legget, Seymour L. Husted, Jr., John Englis,
Seth L. Keeney, Frank L. Babbott, Theodore F. Jackson,
John F. Halsted, David H Valentine, Clinton D. Burdick, Frederick T. Aldridge.
Henry F. Noyes, Clinton L. Rossiter Martin Joost,

National Bank of North America

IN NEW YORK ORGANIZED 1851.

Capital, $2,000,000 Surplus, $1,000,000 Undivided Profits, $1,029,595

UNITED STATES, STATE AND CITY DEPOSITORY

— OFFICERS —

RICHARD L. EDWARDS, President. CHARLES W. MORSE, Vice-President.
HENRY CHAPIN, JR., Vice-President. ALFRED H. CURTIS, Cashier.
J. FREDERICK SWEASY, Asst. Cashier.

— DIRECTORS —

Henry H. Cook, Warren Van Norden, David H. Houghtaling, John H. Flagler,
Henry F. Dimock, Mahlon D. Thatcher, William F. Havemeyer, Richard L. Edwards,
Charles T. Barney, August Belmont, Edward T. Bedford, Charles W. Morse,
Robert M. Thompson, Frank K. Sturgis, Warner M. Van Norden, Oakleigh Thorne,
Henry Chapin, Jr. William Salomon, Henry Budge.

Buys and Sells Foreign Drafts. Issues Travelers' Letters of Credit.

— ORGANIZED 1784. —

The Bank of New York National Banking Association

48 WALL STREET, NEW YORK

Capital, $2,000,000 Surplus, $2,328.000

ACCOUNTS OF BANKS AND BANKERS INVITED AND GIVEN THE MOST PROMPT AND CAREFUL ATTENTION

CHARTERED 1832.

LEATHER MANUFACTURERS NATIONAL BANK,

29 Wall Street, New York.

— *OFFICERS* —

GATES W. McGARRAH, President.
WILLIAM H. MACY, JR., Vice-President.
FRANK O. ROE, Cashier.
ANDREW H. VOORHIS, Assistant Cashier

— *DIRECTORS* —

WILLIAM M. KINGSLAND, WILLIAM ROCKEFELLER, WILLIAM H. MACY, JR., JOHN T. WILLETS, NICHOLAS F. PALMER, WILLIAM C. STURGES, GEORGE W. QUINTARD, GATES W. McGARRAH, ANTON A. RAVEN, HENRY STEERS, HENRY B. STOKES.

MERCHANTS' NATIONAL BANK

OF THE CITY OF NEW YORK

42 Wall Street

Capital, $2,000,000 Surplus, $1,200,000
Deposits, $21,000,000

OFFICERS:

Robert M. Gallaway, - - President.
Elbert A. Brinckerhoff, - Vice-President.
William B. T. Keyser, - - Cashier.
Samuel S. Campbell, - - Asst. Cashier.

DIRECTORS:

John A. Stewart,	Ch'man Board U. S. Tr. Co.
Elbert A. Brinckerhoff.	Capitalist.
Chas. Stewart Smith,	Merchant.
Gustav H. Schwab,	Oelrichs & Co.
Donald Mackay,	Vermilye & Co.
Robert M. Gallaway.	President.
Charles D. Dickey,	Brown Bros. & Co.
George Sherman,	Vice-Pres. Central Trst Co.
Edward Holbrook,	Pres. Gorham M'f'g Co.
Orris K. Eldredge,	Eldredge, Lewis & Co.
Joseph W. Harriman,	Harriman & Co.

Market and Fulton NATIONAL BANK OF NEW YORK

Capital and Surplus

$1,900,000

ALEX'R GILBERT, - - - - President
ROB'T BAYLES. - - - - Vice-President
T. J. STEVENS, - - - - - Cashier
JOHN H. CARR, - - - - Ass't Cashier

The Union Discount Company

OF LONDON, LIMITED.

39, Cornhill, London, E.C.

Cable Address, "UDISCO, LONDON."

Capital Subscribed, $7,500,000, in 150,000 Shares of $50 Each, On which $25 have been paid.

PAID UP, $3,750,000. RESERVE FUND, $2,000,000. NUMBER OF SHAREHOLDERS, 2,561.

DIRECTORS.

WILLIAM THOMAS BRAND.
SIR EDWARD BLOUNT, K.C.B.
SIR WILLIAM DUNN, BART., M.P.
ARTHUR JOHN FRASER.
JOHN GREEN.
ROBERT PETER LAURIE. C.B.
HENRY OPPENHEIM.

MANAGER—CHRISTOPHER R. NUGENT. ASSISTANTS TO MANAGER—E. C. STEVENSON, AND F. NEVILL JACKSON.
SECRETARY—E. MARCH.

DR. Balance Sheet, 30th June, 1902. CR.

To Capital Account, 150,000 Shares of $50...	$7,500,000.00		By Cash at Bankers	$2,220,835.54
Amount paid, $25 per share.....		$3,750,000.00	" Consols, Exchequer Bonds, Indian Government and other Securities...	13,354,905.08
Reserve Fund..		2,000,000.00	" Loans on Sundry Securities at call and short dates	6,737,781.75
Provident Reserve Fund....		130,950.69	" Bills Discounted	73,749,980.50
" Loans and Deposits, including provision for contingencies.....	69,878,524.35		" Sundry Debit Balances.....	39,482.67
" Bills Re-discounted...	19,889,202.75		" Freehold and Leasehold Premises, Fittings and Furniture.....	545,832.29
		89,767,727.10		
" Rebate on Bills Discounted....	609,410.42			
Balance at Credit of Profit and Loss for Appropriation... ...	390,729.62			
		1,000,140.04		
		$96,648,817.83		$96,648,817.83

DR. Profit and Loss Account for the Six Months ending 30th June, 1902. CR.

To Current Expenses, including Salaries, Rent and Taxes, Directors' Fees, and all other charges.....		$89,413.04	By Balance brought forward from 31st December, 1901.....	$158,041.92
" Rebate of Interest on Bills discounted not due, carried forward to New Account		609,410.42	" Gross Profits for the half-year, after making provision for bad and doubtful debts	931,511.17
" Dividend for the half-year at the rate of 11 per cent. per annum, free of Income Tax...	206,250.00			
" Balance carried forward to next Account	184,479.63			
		390,729.63		
		$1,089,553.09		$1,089,553.09

E. MARCH, *Secretary.*

WILLIAM DUNN, A. J. FRASER, } *Directors.*

Balance brought down $184,479.63

In accordance with the provisions of the Companies' Act, 1900, we certify that all our requirements, as Auditors, have been complied with.

We have examined the Securities representing investments of the Company, those held against Loans made by the Company at call, short and fixed dates, and all bills discounted in hand. We have also verified the Cash Balances, and vouched the Securities and Bills given as collateral security for Loans and we have now to report to the Shareholders that the foregoing Accounts agree with the Books and in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as shown by the Books of the Company, except that, whilst it shows the amount of the Bills discounted which have been re-discounted, it does not show the amount of the Bills and other Securities given out against Loans shown on the debit side of the Balance Sheet.

A. YOUNG (TURQUAND, YOUNGS & CO.), THOMAS A. WELTON (WELTON, JONES & CO.), } *Auditors.*

LONDON, E. C., *7th July*, 1902.

The Company discounts approved bank and mercantile acceptances, receives money on deposit at rates advertised from time to time, and grants loans on approved negotiable securities.

$5 = £1.

The Fourth Street National Bank of Philadelphia.

CAPITAL, - - - - $3,000,000.
SURPLUS AND PROFITS, - 4,200,000.

ACCOUNTS OF BANKS AND BANKERS SOLICITED.

FOREIGN EXCHANGE BOUGHT AND SOLD.

EXCEPTIONAL COLLECTION FACILITIES.

R. H. RUSHTON, President.
FRANCIS L. POTTS, Vice-President. B. M. FAIRES, 2nd Vice-President.
E. F. SHANBACKER, Cashier. W. Z. McLEAR, Asst. Cashier.
FRANK G. ROGERS, Mgr. Foreign Exchange.

The Central National Bank

PHILADELPHIA

CAPITAL - $750,000
SURPLUS & UNDIVIDED PROFITS . . $2,280,000

THEO. KITCHEN - President
T. L. DeBOW - - Cashier
WILLIAM POST Asst. Cashier

Edward B. Smith & Co.

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PHILADELPHIA.

85 CEDAR STREET,
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MEMBERS
NEW YORK AND PHILADELPHIA
STOCK EXCHANGES.

FIRST NATIONAL BANK

Of Milwaukee

UNITED STATES DEPOSITORY.

CAPITAL, - - - - -	***$1,500,000***
SURPLUS AND PROFITS, - -	***750,000***
TOTAL - - - -	***$2,250 000***

FARMERS AND MILLERS BANK, 1853.
FIRST NATIONAL BANK, 1863.
FIRST NATIONAL BANK, Reorganized 1882.

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WM. BIGELOW, Vice-President.

FRANK J. KIPP, Cashier.
THOMAS E. CAMP, Asst. Cashier.
H. G. GOLL, Asst. Cashier.

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H. C. PAYNE.
WM. BIGELOW.

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GEO. P. MILLER.
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OFFER AND RECOMMEND THE FOLLOWING HIGH GRADE BONDS
ADAPTED FOR TRUST FUNDS AND SAVINGS

Fox River Valley Gas & Electric 5s, due 1921
Consolidated Stone Co. of Indiana 6s, due 1920
(Guaranteed principal and interest by Monon R. R.)
Sioux City, Iowa, Independent School District 4s, due 1909
Grinnell, Iowa, Independent School District 4s, due 1909
Benton Harbor & St. Joseph Electric Ry. & Light 5s, due 1920
6% Gold Timber Certificates, due 1905-1912
East St. Louis Gaslight 5s, due 1922
Macon, Dublin & Savannah Ry. 6% Certificates, due 1904

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Lombard Building, INDIANAPOLIS

THE

CONTINENTAL NATIONAL BANK

OF CHICAGO.

REPORT OF THE CONDITION AT CLOSE OF BUSINESS, SEPT. 15, 1902.

RESOURCES.

Loans and Discounts,	$26,255,629.60	
Other Stocks and Bonds,	916,883.43	$27,172,513.03
U. S. Bonds to secure Circulation,		50,000.00
Overdrafts,		32,992.05
Real Estate,		22,652.65
Due from Banks and U. S. Treasurer,	$9,108,314.55	
Cash,	6,484,394.67	15,592,709.22
		$42,870,866.95

LIABILITIES.

Capital Stock Paid in,	$3,000,000.00
Surplus Fund,	750,000.00
Undivided Profits,	376,929.78
Circulation,	50,000.00
Deposits,	36,693,937.17
	$42,870,866.95

OFFICERS

JOHN C. BLACK, President.
GEORGE M. REYNOLDS, Vice-President.
N. E. BARKER, Vice President.
IRA P. BOWEN, Assistant Cashier.
BENJAMIN S. MAYER, Asst. Cashier.
WILLIAM W. HILL, Secretary.

DIRECTORS

JOHN C BLACK, HENRY BOTSFORD, J. OGDEN ARMOUR, WM. C. SEIPP, BERTHOLD LOEWENTHAL, N. E. BARKER, A. J. EARLING, WILLIAM G HIBBARD, FRED'K WEYERHAEUSER, GEORGE M. REYNOLDS, P. A. VALENTINE

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ATLANTA
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The affairs of private and public concerns examined and confidential reports upon the financial condition prepared for Directors, Officers and Individuals.

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SOUTHWEST CORNER LA SALLE AND MONROE STREETS,

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AND
STOCK REDEMPTION

A NEW METHOD OF SECURITY MERITING THE CAREFUL CONSIDERATION OF INCORPORATORS, PROMOTERS AND INVESTORS.

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OF CHICAGO

WITH A HALF MILLION DOLLARS CAPITAL

OVER A QUARTER MILLION DOLLARS SURPLUS

AND A STRONG DIRECTORATE

will *assume the payment at maturity* of Corporation Bonds secured by Mortgage or Deed of Trust; and will *guarantee the regular payment of interest* on such Bonds.

It will assume and guarantee *Redeemable Stock* Obligations and *Dividends* for any number of years and at any rate, provided the issuing Company can satisfactorily show a substantial earning basis entitling it to the patronage of conservative investors.

The Advantages of this Guaranty are

1st. It *enhances the value* and the price at which Bonds or Stock can be sold.

2d. It enables interested parties to *reserve control* in Corporation Management.

3d. It protects the Investor from loss by *foreclosure or failure.*

4th. It gives to the owners of securities the *power to borrow money* to a considerable and material amount.

5th. It affords opportunity to Corporations to *use surplus earnings* in repurchasing and retiring their own obligations.

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Farmers' and Mechanics' National Bank

PHILADELPHIA

CAPITAL - - - - - - - - - - $2,000,000

SURPLUS AND PROFITS - - - - - 1,000,000

OFFICERS

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HOWARD W. LEWIS.....Cashier.
JOHN MASON.....Transfer Officer.
EUGENE H. AUSTIN...Ass't Cashier

THE AUDIT COMPANY OF NEW YORK.

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THOMAS L. GREENE
Vice-President and General Manager.

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Investigations for Financing and Underwriting and for Reorganization Committees

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Mutual Life Buildings,
43 Cedar Street.

Chicago.
N. Y. Life Building,
La Salle and Monroe Streets.

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CAPITAL, $4,000,000
SURPLUS, $1,000,000

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CHARLES G. DAWES, Ex-Comptroller of the Currency

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CHARLES T. WEGNER, . . Asst. Cashier
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MAX PAM, ... General Counsel

Banking, Savings and Trust Departments

FIDELITY TRUST CO.

CAPITAL AND SURPLUS $1,500,000

KANSAS CITY, MISSOURI

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CARES FOR AND COLLECTS WESTERN MORTGAGES AND SECURITIES, having remitted to investors over sixteen million dollars as proceeds of such collections.

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		To Net Per Annum
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20,000	*Elwood, Ind., Improvement 5's*	5%
15,000	*Starke County, Ind., Gravel Road 4 1-2's*	4%
13,000	*City of East Chicago, Ind., 20-Year Water Works 5's*	4 1-8%
18,000	*Chadron, Neb., School District 5's*	4 1-4%
15,000	*Morgan County, Colo., School District 6's*	4 1-2%
10,000	*Brainerd, Minn., School District 4s*	3 3-4%
3,500	*Hendrum, Minn., Fire Dept. 5's*	4 1-2%
6,000	*Lincoln County, Minn., School District 5's*	4 1-8%
4,700	*Champaign & Ford Co., Ill., School District 5's*	3.90%
5,000	*Grant County, Minn., School District 4 1-2's*	4 1-4%
6,000	*Poplar Bluff, Mo., School District 4's*	3 3-4%
8,500	*Greenwood Water Co. (Greenwood, Ind.) 6's*	5 1-2%
4,000	*Citizens' Gas Light Co. (Nebraska City, Neb.) 6's*	5 1-2%

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NEW YORK

WEST END OFFICE
73rd St. and Broadway.

CAPITAL, - - $2,000,000. SURPLUS, - - $3,000,000

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Allows Interest on Deposits subject to check. Is Legal Depositary for Court and Trust Funds. Acts as Fiscal Agent for Cities and Corporations. Buys and sells Foreign Exchange. Makes Cable Transfers and Collections. Issues Letters of Credit available in all parts of the world. Issues Commercial Credits. Loans Money on Bond and Mortgage. Issues First Mortgage Trust Gold Bonds. Acts as Trustee, Registrar and Transfer Agent.

TRANSACTS A GENERAL TRUST BUSINESS.

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ARTHUR TURNBULL, Vice-President.
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EDWARD T. PERINE, Comptroller.
WILLIAM P. ELLIOTT, Secretary.
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CALVERT BREWER, Asst. Treasurer.
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August Belmont,
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ACTS AS TRUSTEE FOR RAILROAD AND OTHER MORTGAGES.

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FREDERICK Y. ROBERTSON, Vice-President.
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(ESTABLISHED 1817.)

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UNDIVIDED PROFITS, $435,698.

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E. S. Clouston, General Manager.

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INCORPORATED 1855.

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DEPOSITS, - - - 15,000,000.00 TOTAL ASSETS, - - - 23,000,000.00

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CAPITAL AUTHORIZED, $3,000,000. CAPITAL PAID UP, $2,900,000
RESERVE FUND, $2,900,000.
UNDIVIDED PROFITS, $200,000

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SURPLUS AND PROFITS **436,956.62**

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FRANCIS A. LOW, Assistant Cashier
FRANK H. WRIGHT, Assistant Cashier

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OF ALBANY, N. Y.

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Deposits $11,600,000.

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GRANGE SARD, Vice-President. CHARLES H. SABIN, Vice-President.
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HUGH N. KIRKLAND, Asst. Cashier.

Designated Depositary of the United States, State of New York and City of Albany.

THE GERMAN AMERICAN BANK

CAPITAL . . . $200,000.00
UNDIVIDED PROFITS, $300.000.00

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ALBRECHT VOGT - - - - 2nd Vice President
F. P. ALLEN - - - - - - - - Cashier
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Unusual Facilities for Making Collections throughout New York State.

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CAPITAL $250,000. SURPLUS $250,000.

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1792—1902

The HARTFORD BANK is the OLDEST BANK in Connecticut and the fifth oldest in the UNITED STATES. In Capital and Surplus it is the LARGEST BANK IN NEW ENGLAND outside of Boston.

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Its record and its resources GUARANTEE STRENGTH. Thoroughly up to date in its equipment, it is PROGRESSIVE and LIBERAL in its POLICY. BUSINESS is SOLICITED on a BUSINESS BASIS.

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WALTER G. BROWN, *Assistant Cashier*

Capital $1,000,000.

COLLECTIONS AND CORRESPONDENCE RECEIVE CAREFUL AND PROMPT ATTENTION.

Rhode Island Hospital Trust Co.

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Surplus Earnings over 1,300,000

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505 CHESTNUT STREET

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Choice Issues of Street Railway and Gas Companies.

LIST ON APPLICATION

FIDELITY TRUST COMPANY,

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CAPITAL, - - - - - - - - - - - - - $1,500,000.00
SURPLUS AND UNDIVIDED PROFITS, - - OVER 3,500,000.00

ALLOWS INTEREST ON daily balances of $1,000 and over, subject to check at sight, and transacts a general banking business.

RECEIVES DEPOSITS in its Savings Department of $2.00 and upward, and allows interest on sums of $5.00 and upward at the rate of 3 per cent. per annum.

AUTHORIZED BY LAW to act as Executor, Trustee, Administrator, Guardian, Assignee, Receiver, and in all fiduciary capacities, both under court and personal appointment.

TAKES ENTIRE CHARGE of Real and Personal Estates.

RENTS SAFES and stores valuables in well guarded Burglar and Fire proof Vaults.

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OF THE CITY OF NEW YORK

5, 7, 9 and 11 Nassau Street. Temporary address, 7 Wall Street.

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THE PEOPLES TRUST COMPANY

BROOKLYN, NEW YORK.

CAPITAL - - - - - $1,000,000 SURPLUS - - - - $1,000,000

UNDIVIDED PROFITS - - - - $610,000.00.

ALLOWS INTEREST ON DAILY BALANCES.

TRANSACTS A GENERAL TRUST AND BANKING BUSINESS.

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First Floor, 419 Wood Street, Pittsburgh, Pa.

STOCKS AND BONDS

Bought and Sold Outright or on Commission but not carried on Margin.

WE SOLICIT THE BUSINESS OF FINANCIAL INSTITUTIONS AND OTHER INVESTORS.

The Farmers' Loan & Trust Co.

CHARTERED 1822.

NOS. 16, 18, 20 AND 22 WILLIAM STREET.

NEW YORK.

CAPITAL, $1,000,000 00
SURPLUS, 6,813,762 73

The Company is a legal depositary for moneys paid into Court, and is authorized to act as Executor, Administrator, Trustee, Guardian, Receiver, and in all other Fiduciary capacities.

Acts as Trustee under Mortgages made by Railroad and other Corporations, and as Transfer Agent and Registrar of Stocks and Bonds.

Receives deposits upon Certificates of Deposit, or subject to check, and allows interest on daily balances.

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STATEMENT.

Showing its actual condition at the close of business on the 30th day of June, 1902, as reported to the Superintendent of the Banking Department.

RESOURCES.

United States Bonds, at market value,	$4,088,630.00
New York City Stocks, at market value,	6,076,659.00
Railroad and other Bonds and Stocks, at market value,	9,163,642.15
Real Estate,	1,016,983.77
Bonds and Mortgages,	1,115,500.00
Amount Loaned on Collateral,	37,918,687.33
Cash on hand and in Bank,	6,833,586.70
Miscellaneous Securities, accrued interest, rents, etc.,	473,774.29
	$66,687,463.24

LIABILITIES.

Capital Stock,	$1,000,000.00
Undivided Profits,	6,813,762.73
Deposits in Trust,	58,587.632.41
Interest accrued on Deposits. Taxes, and Unclaimed Dividends,	286,068.10
	$66,687,463.24

BANKERS' AND TRUST SUPPLEMENT

TO THE

COMMERCIAL & FINANCIAL CHRONICLE.

Entered according to Act of Congress in the year 1902 by WILLIAM B. DANA COMPANY, in the office of the Librarian of Congress, Washington, D. C.
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The Chronicle.

The COMMERCIAL AND FINANCIAL CHRONICLE is a weekly newspaper of 64 to 72 pages, published in time for the earliest mail every Saturday morning, with the latest news by telegraph and cable from its own correspondents relating to the various matters within its scope.

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

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

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

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

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

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 54.

CURRENCY DISCUSSIONS AT THE NEW ORLEANS CONVENTION.

The speeches on financial subjects made before the Convention have been of more than usual interest; chiefly, it is safe to say, because the circumstances of the time lent an emphasis to all that was said on the question of banking and currency. By a not unfortunate coincidence, the bankers assembled at a time when the strain on bank reserves, largely due to our great industrial prosperity, had already attracted more or less concern. Mr. Vanderlip's speech to the Wilmington Bankers' Association, two weeks ago, had sounded a note of caution, pointing out as it did the striking fact that an increase of $4,000,000,000 in deposits of the national banks during the past four years had been accompanied by no net increase whatever in reserves. Nor, indeed, was Mr. Vanderlip the first to direct public attention emphatically to this striking movement. Secretary Shaw's action, some eight weeks ago, releasing the banks from the obligation to hold reserves against their government deposits, and extending facilities for substitution of other collateral for government bonds now held against public deposits, was based explicitly on the fact that percentage of reserves to liabilities had reached an unusually low figure, not only in the large reserve cities, but in the so-called country banks. The action of the New York banks shortly afterward, in restricting their advances for speculative operations, was in its way the utterance of a similar warning.

None of these various moves foreshadowed or predicted calamity; on the contrary, all of them were made with clear recognition of the fact that the immense industrial prosperity of the country had placed a peculiar strain upon the banks, which had been aggravated by the shifting of reserves to the harvest country, by the periodical withdrawal of currency by the Treasury from the markets, and by some ill-advised Wall Street speculation. It was, however, in all respects timely that the Bankers' Convention should have devoted its attention not only to the causes of this situation, but to the remedies, and we esteem it fortunate that this theme was paramount in the discussions at New Orleans.

The speech of Comptroller Ridgely dealt with the problem in straightforward fashion. It was perhaps more a warning than an exposition of measures of relief; that phase of the discussion Mr. Ridgely properly enough left to the speakers who were to follow him. Summing up briefly the points made by the Comptroller, we find, first, the following striking statement of the actual situation:

The percentage of legal reserve to deposits in the reserve cities required to hold 25 per cent. has fallen from 32.08 per cent. in 1896 to 24.21 per cent. in 1902, and at the last call for report of condition, not one of the central reserve cities and only seven out of the thirty reserve cities held the full legal reserve. The legal reserve held by the banks required to hold 15 per cent. has fallen from 22.65 per cent. in 1896 to 16.91 per cent. September 15, 1902. These changes are due to the greater volume of business that is being handled. The money in circula-

tion has been increased, and, although the amount held by the banks has increased, as stated, 253 millions of dollars since 1892, there is not enough to handle the additional business. Not only is there more of every kind of material to handle, but prices are higher, requiring much larger sums of money. Transactions which ordinarily could be conducted with comparative ease are now matters of much anxiety. The operations of the Treasury Department in collecting money for taxes and the disposition of the funds of the Government; the money required for moving the crops or any large payments of money for interest, dividends, or syndicate payments of unusual size, produce much more disturbance than they did before the present condition was reached. . . .

Mr. Ridgely was careful to point out that this very expansion of loans and deposit liabilities was a result and an evidence of prosperity. He showed that the present extreme activity in industry has employed legitimately a large part of the country's capital, and that at this very time the farmers are harvesting the most valuable crop ever produced. But he added the conclusion that, with reserves declining, not only in the reserve cities, but in pretty much all the country's banks, the situation is one which requires close attention and careful handling. In this regard the Comptroller spoke very plainly.

Some peculiar phases in the present loan expansion were pointed out by Mr. Ridgely. Not the least striking of these is the practice of our industrial combinations in borrowing from the larger banks the money requisite for their operations, instead of discounting their own or their customers' notes with banks at smaller localities, as had naturally been the practice with the companies amalgamated into the larger combination. It has been obvious that this change in methods did not involve any greater aggregate demand for capital than existed previously, except so far as the actual total business of the enterprises has been enlarged since the amalgamation. But the result has also been to change the direction of the demand for capital. As Mr. Ridgely points out, banks in the smaller localities, whose business was formerly made up largely of discounting for neighboring manufacturers, have not merely found inquiry for such purpose disappearing. They have also been confronted with a situation where their previous customers were so largely supplied with capital, as a result of the purchase of their properties by the combinations, that the occasion for borrowing even in other enterprises was largely absent. The obvious result of such a changed condition has been to send the money of interior banks to the city markets. When this natural tendency was increased by the fact that the agricultural prosperity of the West had added enormously to the loanable bank resources in the section, some of the phenomena of the past few years, and especially of the last few months, are made sufficiently plain. Mr. Ridgely's conclusion as to this matter was expressed as follows:

Nothing can prevent the development and growth of this country. We have all the elements which are necessary, and a great lead over all our competitors. Our destiny was fixed when all these unequaled natural advantages were placed side by side, and it only awaited for its fulfilment the coming of our masterful race of men, who, for centuries, have been bred and trained for such a career as is before us. The final result is absolutely certain, but it may from time to time be impeded and checked as it has been by bad finance and by trying to do too much in too short a time. It seems to be inevitable that we should have periods of rest and recuperation.

The Comptroller's remedy for the awkward elements developed and illustrated by the present banking situation is, that the banks should be empowered to issue, in addition to their notes covered by bonds, some 50 per cent. of uncovered circulation; this additional currency, however, to be subject to such a tax that its retirement when its presence was no longer needed should be ensured. This, it is needless to say, is the expedient practiced with considerable success by the Imperial Bank of Germany. As to the need of some provision for an emergency currency, pretty much all of the speakers who followed Mr. Ridgely agreed, but they differed as to methods. Congressman Pugsley, of this State, enlarged on Mr. Ridgely's propositions to the extent of recommending that all banks having a surplus equal to 20 per cent. of their capital should be permitted to issue 10 per cent. in currency based on assets. This, in his view, should be secured by approved bonds or by bills receivable double the value of the currency issued. It should also be taxed by the government at not less than 6 per cent. per annum. Mr. Pugsley recommended that such emergency circulation should not be allowed to remain outstanding longer than six months.

Ex-Comptroller Dawes approved the plan of an emergency currency taxed so largely as to provide a fund which, in connection with the pro rata share of the assets of an insolvent bank, would be sufficient to redeem its notes in full. Mr. Dawes was also emphatic in his recommendation that the tax should be large enough to force such currency into retirement as soon as the emergency should be passed. Mr. Horace White, of the "Evening Post," spoke at greater length on the question of an assets currency, pointing out particularly the fact that, whatever might be said as to incidental emergencies, the present basis of our bank note circulation is approaching extinction, and cannot well be retained alive if redemption of the government debt continues at its present rate. Mr. Charles N. Fowler, author of the bill for remodeling the basis of bank circulation, spoke in favor of his own plan of assets currency.

Reviewing the speeches as a whole, the fact which will probably most impress the average reader is that agreement among the experts is by no means general as to the proper measure for altering the basis of the bank circulation. President Myron T. Herrick, of the Bankers' Association, went further even than the expression of specific criticism on the plans proposed, concluding his own speech with the following words:

Shall we not, then, be wisely content to promote proper financial legislation simply as American citizens, not striving as an association to furnish ready-made laws on any subject? It would be a sorry day if bankers were ever to forget that they have

peculiar responsibilities which dwarf whatever possible obligation rests upon them to take part as a class in law-making. I cannot believe that the country is ready to accept a bank-made scheme of legislation. However, it is more willing now than ever before to give the banks their full share in the favors of government, in tardy recognition of the fact that they are now, as they were in Jackson's day, really the simple embodiment of and receptacles of the active industrial power of the people, and as such entitled to an equitable participation in all the abounding glories of this great republic.

It may be doubted whether the Bankers' Convention, or the banking community in general, would be willing to rest on so comfortable a laissez-faire policy. However much the different suggestions in the Convention speeches may have varied in their proposals of remedy, there was manifest in all of them a feeling that the present provision for the country's circulation is inadequate and in its nature temporary. It appears to us that this view must be accepted by all intelligent observers who devote careful study to the situation.

If there were no other evidence of the inadequate nature of our existing laws, it could be found in the experience of the Treasury and in the movements of the bank note currency the past fourteen years, and particularly in the year 1902. We have seen, during the executive terms of Secretary Fairchild, Secretary Windom and Secretary Foster, the Treasury constantly forced to throw out an overflowing surplus through redemption of Government bonds, and the banks surrendering their existing circulation because of the inducement offered in open market for the bond collateral. Ten years later, the same phenomenon recurs under Secretary Gage, until, at the opening of the present year, the wholly abnormal situation is presented of a bank note currency steadily contracting at the very moment when need for abundant circulation is peremptory. We have seen Mr. Gage's successor in the Treasury abandoning such bond redemption on the explicit ground that the bank note circulation must not be imperiled, and yet forced by the subsequent progress of events to resume these very purchases. A bank note system subject to abnormal vicissitudes and unnatural influences such as these can hardly be described as adequate for this country. If there were no other argument against it, that already referred to, based on the possible extinction of the public debt, would certainly be sufficient.

It seems to us very fortunate that the subject should have been thus ventilated at the place where its consideration will have weightiest results, and at the time when its proper settlement is shown to be most necessary. That the Bankers' Convention and the banking community as a whole should be indisposed to rush into hasty experiments with the currency shows a right and proper instinct. Nevertheless, the question is one which much be settled, and ought to be settled rightly.

It may be well to add a word regarding the frank recognition in the speeches at New Orleans of the dangers which may beset our banking situation unless it is carefully and conservatively handled. To our mind, the best assurance that we are not on the eve of any such disaster as might be imagined from the warnings uttered is that such warnings have been made, and that they have been listened to with approval. A banker or a business man, or indeed a private individual, who is so determined to regard an existing situation as free from all elements of danger that he will not listen to conservative warnings is in a hazardous position. He is in danger for the very reason that his attitude shows unwillingness, if not inability, to recognize signs of danger. We not only think that the banking community is in no such position as this, but we think also that the calm discussion of the possible dangers in the situation proves, better perhaps than anything else, the feeling abroad that existing dangers can be safely overcome. The liquidation which has been in progress on the New York Stock Exchange is a result very largely of the conservative attitude of bankers who have steadfastly maintained the position that, when pressure on the money market has become severe, commercial and industrial interests must be protected first and that, if this is threatened, expansion in the more speculative lines must be curtailed. This frank recognition, both of an awkward situation and of the surest means of remedy, is to our mind the best guarantee that the banks understand the present situation and are abundantly able to cope with it.

THE ADVANCE OF THE SOUTH.

As the Convention was held in a Southern city, it seems not inappropriate to devote a little space to a consideration of the great progress made by the South in recent times in everything that betokens material prosperity and advancement. Nearly all the speakers at the gathering made reference to this fact, and there was full justification for the claims put forth.

The theme is one not readily exhausted. The growth of the South during the last twelve or fifteen years has been really wonderful. Noteworthy though the general expansion of the country has been, no section has advanced by such rapid—we might almost say phenomenal—strides as the South. To those not cognizant of what has been going on the glowing pictures painted by Southern speakers may have seemed very like excusable exaggeration, natural to those wishing to impress outsiders with the advantages and potentialities of their native soil. But this is a case where truth is stranger than fiction, where the facts bear out the statements made.

Favored beyond other parts of the country in natural resources of practically unlimited extent, the growth of the South during the ten or fifteen years following the close of the war was slow for obvious and well understood reasons. Time was needed for recuperation and recovery. Time was also needed to re-establish the confidence of the outside world in the stability of the new state of things so as to ensure the needed inflow of capital. As was said by Mr. Jos. G. Brown, President of the Citizens' National Bank of Raleigh, N. C., in his address on "The New South"—which, by the way, was conceived in an admirable spirit—the Southern

States had to face the greatest problem ever presented to any people, that of the proper adjustment of the two races, black and white, in their new relations to each other. In addition to this there was the task of repairing the havoc wrought by the war. The new conditions were met unflinchingly, and since about 1885 with a proper appreciation both on the part of the South herself and of Northern capitalists of the vast resources at her disposal, wealth has been multiplying very fast.

The most encouraging feature, of course, in this progress has been the steadily increasing extent to which the products of the soil, agricultural and mineral, have been utilized directly in Southern territory. Manufacturing enterprises have sprung up on every side, and what is more, they have proved profitable and successful—sure harbinger of the still greater industrial conquests to be made in the future. Previously the wealth of the South consisted of her natural products alone, in their raw state. Now these products, by the application of the various manufacturing processes, are being converted into finished goods and commodities of high selling value. What all this implies is perfectly plain. It means—to quote once more from the address of Mr. Brown—that eight cent cotton is being turned into a product worth more than two hundred cents to the pound; that, instead of cutting the trees from the forests and selling them for firewood at $3.00 per cord, they are being converted into useful shapes that bring the cord value up to more than half a hundred dollars; that wasteful living has been abandoned and that not only in the mills, but in technical schools everywhere the hands of the boys are being trained and at the same time their minds stored with useful knowledge. It follows, of course, that the South is only upon the threshold of her development, that even more striking progress than any yet achieved is in prospect.

Instances without number might be cited of growth and expansion. We shall, however, confine ourselves to a few leading illustrations. First of all we shall refer to the records of bank clearings as an indication of the growing volume of business transactions. We have prepared the following table to show the bank exchanges at all the clearing houses in existence for the calendar year 1885, the calendar year 1895 and the calendar year 1901:

BANK CLEARINGS AT SOUTHERN CITIES.

Calendar years.	1901.	1895.	1885.
St. Louis	$2,270,680,216	$1,244,313,653	$759,130,425
New Orleans	603,551,124	487,948,184	387,787,760
Louisville	462,031,893	314,490,188	217,748,973
Galveston	189,717,900	135,775,067	.....
Houston	233,213,064	127,417,275	.....
Richmond	198,091,536	121,960,869	70,711,000
Savannah	182,496,330	124,105,242	.....
Memphis	154,482,940	96,137,893	67,703,941
Atlanta	111,755,850	65,318,255	.....
Nashville	79,390,990	48,747,724	.....
Norfolk	71,953,057	50,764,264	.....
Fort Worth	74,180,044	36,698,530	.....
Augusta	68,311,136	31,307,748	.....
Birmingham	48,029,008	20,044,293	.....
Little Rock	34,808,284	17,202,706	.....
Knoxville	32,496,362	*8,371,048	.....
Macon	35,133,000	.....	.....
Chattanooga	23,190,452	12,248,811	.....
Jacksonville	16,757,773	16,207,256	.....
Totals	$4,890,270,959	$2,959,059,006	$1,503,082,099

* Five months.

It will thus be seen that in 1885 the aggregate of the year's exchanges was only 1,503 million dollars, that by 1895 the aggregate had risen to 2,959 million dollars, while for 1901 the amount is up to 4,890 million dollars. It may be urged that in 1901 there were a great many more clearing houses than in 1885, but that in itself is the strongest evidence of the expansion which has occurred. For it signifies that in the earlier year business had not yet become large enough to make clearing houses necessary at all except a few points. We include for each year all the clearing houses in existence in such year, and it hence appears that while in 1885 there were only five clearing houses, in 1901 the number had increased to 19. It is worth noting, too, that while in the ten years from 1885 to 1895 the addition to the total of the clearings was 1,456 million dollars, in the six years from 1895 to 1901 the increase was 1,931 million dollars, showing the progressive rate at which business is expanding.

In the matter of the South's manufacturing growth those two main industries, cotton and iron, tell a story so plain that their significance cannot be doubted. It has long been known that the South is possessed of untold mineral wealth; especially have her facilities and advantages for the production of iron attracted attention. There are many points where these advantages are unrivaled, the fuel, the ore and the flux being found in immediate proximity, reducing to a minimum the cost of turning out the metal. A keen appreciation of the possibilities involved in such a rich physical endowment led certain far-seeing spirits to predict several decades ago that the South would ultimately become the chief iron producing section of the country—that iron could be made cheaper there than anywhere else in the world. Pennsylvania holds such a decided lead now that many years must necesssarily elapse before this prediction can come near fulfillment. Nevertheless iron production in the South has attained very large proportions, and as yet the iron and steel industries are merely in their infancy in that part of the country. We introduce the following statement as evidence of what has already been accomplished. The figures for 1901 are for the calendar year and are those of the American Iron and Steel Association. The others are for Census periods, those for 1900 being for the twelve months ending May 31, 1900, those for 1890 for the twelve months ending June 30, 1890, and those for 1880 for the twelve months ending May 31, 1880.

GROWTH OF SOUTH IN PIG IRON PRODUCTION.—GROSS TONS.

	Calendar year	Census figures.		
	1901.	1900.	1890.	1880.
Alabama	1,225,212	1,203,277	817,508	55,657
Georgia	*27,333	21,505	25,099	20,624
Kentucky	68,462	†	39,534	51,882
Maryland	303,186	241,172	86,282	53,271
Tennessee	337,139	374,249	264,187	42,744
Texas	2,273	9,789	.....	1,250
Virginia	448,662	428,117	278,899	15,988
West Virginia	166,597	188,292	115,508	71,473
Totals	2,578,864	2,466,401	1,627,017	312,889

* Includes a small amount of iron produced in North Carolina.

† Not reported.

From the foregoing we see that in 1880 the total

of the make of iron in the South all told was only 312,889 tons; 1890 found the amount up to 1,627,017 tons, and 1900 saw an increase to 2,466,401 tons and 1901 to 2,578,864 tons. An output of 2½ million tons is evidently no mean figure even in these days of large iron production, and is very suggestive as to future development. Alabama alone furnished half the total, or 1,225,212 tons, but Maryland, Tennessee and Virginia also have made marked advance, their figures being respectively 303,186, 337,139 and 448,662 tons.

The most satisfactory feature, however, in the development of the iron industry is that the South has reached a point where much of her product is retained for home manufacture—that is, is converted into the higher and finished forms of iron and steel before being sent out. So long as there was no market or use for the iron except outside of her own territory there was, of course, a pretty well defined limit to the amount of iron that could be profitably disposed of. Notwithstanding the cheapness with which the metal could be made, freight charges are necessarily heavy and hence forbid shipments for long distance. But the South has learned to produce steel, and steel making is being gradually extended. From the subjoined table it appears that in 1880 less than four thousand tons of steel was produced in all the Southern States combined; that even in 1890 the output was less than 163,000 tons, but that in 1900 the amount was 632,214 tons, while for the calendar year 1901 the total was 916,170 tons.

PRODUCTION OF STEEL IN SOUTH.—GROSS TONS.

	Calendar year 1901.	Census figures. 1900.	1890.	1880.
Alabama	916,170	48,191	268	....
Kentucky		74,737	....	312
Maryland		255,070	893	....
Tennessee		146	134	3,571
West Virginia		254,070	161,307	....
Totals	916,170	632,214	162,602	3,883

It will no doubt surprise most persons to hear that in the late calendar year the South did not fall very far short of turning out a million tons of steel. The current year, doubtless, that figure will be exceeded, and as new mills are added from time to time, equipped in the most modern fashion, the hold of the South on the trade must grow stronger and stronger. As to future growth he would be a bold man who would attempt to set a limit to it.

In another direction the achievements of the South have been no less noteworthy. By this we mean that in the general industrial expansion of recent years a decidedly advanced place must be given to cotton manufacture. Considering the obstacles that had to be overcome, marvelous perhaps best describes the progress made. As a producer of the raw material, that section for the better part of a century has not only held the first place among the world's producers of that staple, but has kept so far in advance that it really has had no rivals. As a manufacturing center, however, its prominence is a comparatively recent event. In the early part of the second quarter of the nineteenth century very little attention was given to the manufacturing of cotton goods at the South; the earliest reliable statistics of consumption obtainable are those for 1843-44, when the mills used about 71,000 bales, Northern consumption for the same year being 336,000 bales. Subsequent development also was rather slow and uncertain until 1855, when progress became quite a feature, only to be completely arrested by the War.

So thorough was the setback that struggle produced that whereas in 1860-61 Southern mills consumed 189,000 bales of cotton, consumption in the year after the cessation of hostilities was almost nothing, and even in 1870-71 had only reached 91,000 bales. On the other hand, Northern mill consumption, which in 1860-61 was 650,000 bales, only dropped to 587,000 bales in 1865-66 and had risen to 1,009,000 bales in 1870-71. In other words, while Southern cotton manufacturing in 1870-71 was put back to the plane it occupied in 1846-47, Northern mills advanced their takings over 50 per cent. It is, of course, practically unnecessary to offer any explanation for this condition of affairs. The reasons were apparent. Chief among them was the want of capital; such as could be commanded was needed in other directions; none was available for the rebuilding and extension of cotton factories. The history of the succeeding decade fully demonstrates this, for although some progress was made, the consumption of the mills in 1880-81 was only slightly greater than twenty years earlier.

The fall of 1881 was the beginning of a new era in the development of Southern industries. The Cotton Exposition held in Atlanta, Ga., at that time opened the eyes of the North to what a profitable field for investment the South offered, and the Augusta National Exposition, which opened November 8, 1889, acted as a further stimulus. An incident at the Atlanta Exposition in particular served to indicate clearly the decided advantage of the South over the North in the manufacturing of cotton goods, especially of the coarser grades. It will be remembered that one of the incidents on that occasion was the presentation to the Governor of the State of a suit of clothes made from cotton grown and cloth manufactured in the South. Indeed, the cotton from which the suit was manufactured was raised on a field within the limits of the Exposition and was put through all the various processes, from picking and ginning to the finished garment in one day. This was a revelation to those who witnessed the feat. It was urged that with the raw material practically at the door of the factory, with abundance of labor available and other advantages, production could be more economically carried on than at the North. Capital became interested and convinced and the rapid extension of cotton manufacturing at the South was the result.

In the season prior to the opening of the Atlanta Exposition there were in the whole South about 170 mills, containing 610,000 spindles, consuming 205,000 bales of cotton. Within a decade—by 1887-8—the number of factories had risen to 235, spindles had increased to 1,177,901—over 100 per cent.—and consumption reached 443,373 bales. Four years later (1891-92) there were 293 mills equipped with 1,938,524 spindles. Since that date development has been even more rapid; capital,

coming from all directions, has been put into the building of Southern factories, and quite a few Northern corporations have erected branch establishments in that section. In 1896-97 the number of spindles was 3,456,537, in 1898-99 it was 3,987,735 (more than double the number in 1891-92), in 1899-1900 it had risen to 4,540,515, in 1900-01 it reached 5,819,835, and in the last season the total was 6,408,974. The growth in spinning capacity therefore, since the Atlanta Exposition drew attention to the South's advantages as a cotton manufacturing center, has been eleven-fold. Furthermore, projecting and building is still conspicuously active. Not a week passes without advices of some new mill or mills building, starting or in contemplation. The most important project now under way is the one referred to in our last annual cotton report and in which Mr. W. B. Smith Whaley, who was mainly responsible for the construction of the 100,000 spindle Olympia mill at Columbia, S. C., is the leading spirit. That project is likely to result in the erection of a mill near Kansas City, Mo., in which there will be installed 500,000 spindles, a number almost as great as there was in the whole South in 1879-80. This is a stupendous undertaking, but the complete success of Mr. Whaley's former projects leads to a belief in a prosperous issue to this latest one.

The consumption of cotton by Southern mills during the past twenty years has advanced in almost equal ratio with spindles, notwithstanding the average count of yarn spun has gradually become finer. In the census years 1879-80 the actual consumption per spindle, running on No. 13 yarn, was 156 pounds, and in 1901-02 the actual running spindles working on an average of No. 19 consumed an average of over 148 pounds. When it is remembered that the number or count of yarn spun refers to the number of hanks to the pound and that the number of yards in a hank is always the same, it becomes clear how much greater must be the speed attained to spin an article averaging nearly 50 per cent. finer yarn with a loss of but about 5 per cent. in the weight spun. The actual consumption of cotton in 1891-92 was 681,471 bales, in 1896-97 it was 1,024,482 bales, in 1898-99 it was 1,400,026 bales, in 1899-1900 it had advanced to 1,599,947 bales, and in the season recently closed it was 1,942,881 bales. The progress here disclosed is amazing; within a comparatively short period the South has risen from an unimportant position to one of great importance as a manufacturer of cotton goods, and rightly so, as the natural advantages are with her. It is reasonable to assume that within a very brief time her consumption will exceed that of the North, and unless something intervenes to check the development now in progress, another decade should place her ahead of Great Britain in the amount of cotton used. To some this assumption may not seem to be warranted, but facts are stubborn things. In 1889-90 Great Britain's consumption reached 3,227,000 bales of 500 pounds each (that figure has never been exceeded by as much as 300,000 bales), and in 1901-02 it was 3,253,000 bales. In the same interval the total for the South has risen from 791,000 bales to 1,830,000 bales of 500 pounds each.

But the future of the South and of the North in cotton goods manufacture will depend largely upon the development of the export trade. It is true that for the fiscal year ended June 30, 1902, a large increase in the volume of foreign shipments was exhibited, but the whole gain was in the movement to one country—China—and for which there was special reason. Given a more extensive and gradually widening outside demand, the continued advancement and prosperity of American cotton manufacturing industries is assured. Without it any further material gain at the South will be at the expense of the North.

Without further comment we subjoin a compilation which covers the number of spindles in each Southern State according to Census returns for 1859-60, 1869-70, 1879-80, 1889-90 and our own results for the latest year, 1901-02. As of interest in connection with the table we also give total Southern consumption and aggregate American crop for the same years, as well as the percentage of each crop spun at the South, and the South's proportion of American consumption.

SPINDLES IN SOUTHERN STATES.

Year ending September 1.	1901-02.	1889-90.	1879-80.	1869-70.	1859-60.
Virginia	170,458	83,252	44,340	77,116	49,440
No. Carolina..	1,685,982	364,598	92,385	39,897	41,884
So. Carolina..	2,152,928	373,339	82,334	34,940	30,890
Georgia	1,181,235	424,086	198,656	85,602	85,186
Florida	.....	.....	816	.....	1,600
Alabama	634,756	94,200	49,432	28,046	35,740
Mississippi...	147,188	54,004	18,568	3,526	6,344
Louisiana....	69,052	50,000	6,096	13,084	6,725
Texas	58,720	35,576	2,648	8,878	2,700
Arkansas.....	19,588	7,280	2,015	1,125	.....
Tennessee....	206,912	95,813	35,736	27,923	29,850
Missouri	13,741	7,000	19,312	16,715	5,000
Kentucky.....	68,414	35,187	9,022	7,734	8,192
Ind. Ter. and Oklahoma...	.....	.....	.....	.....	.....
Total spindles.	6,408,974	1,624,335	561,360	344,586	303,551
Southern consumption, bales	1,942,881	549,478	182,349	91,369	116,941
American crop, bales.	10,701,453	7,313,726	5,757,397	3,154,946	4,823,770
Per cent. of crop spun at South.....	18.15	7.51	3.17	2.90	2.42
Southern proportion of total American consumption, per cent.	45.33	23.02	10.20	9.18	11.07

THE BUSINESS SITUATION.

By O. D. Ashley, Chairman Wabash Railroad.

New York, October 25, 1902.

If any doubts were entertained as to the continuance of the general prosperity of the country while the crops were growing, they have been dispelled by the certainties of abundant harvests in our cereal products and the promise of a fair cotton yield. Even with strong inclinations to advise caution and conservative movements, it is not easy to furnish good reasons for doubt or hesitation as to the near future of business in this country. It is impossible, however, to witness the growth of enterprise upon such an extensive scale, and an expansion of credit beyond all precedent, without apprehension of a recoil which may, perhaps, bring temporary reverse in its train, and, therefore, while

no clouds appear above the horizon to indicate the approach of a storm, it will be prudent and perhaps useful to keep a close watch over the situation. The preparation which such a policy implies may avert a troublesome reaction, and at all events will mitigate its violence, if such a visitation is forced upon the business community.

During a period of six years this country has been favored with exceptional and continuous prosperity. The only interruptions in the flow of this favorable tide have been in the Spanish war and the failure of the corn crop of last year. These proved of but temporary duration and had no serious effects upon the general situation. Labor troubles, and especially those developed in the anthracite coal strike, have caused much anxiety and material losses in the field of industry, but have not been regarded as permanent disturbances. During the period of suspended work at the mines the consumers of coal will suffer in the higher cost of fuel; the railway companies will lose in the profits of transportation, but the most serious loss will fall upon the laboring classes which voluntarily stop work and cease to fill the ranks of bread winners. Deplorable as such events may be, they have but slight effect upon the general industries of the country and must of necessity soon come to an end.

An increase in our merchandise imports and a large decrease in our exports for the fiscal year ending June 30th are features in our foreign trade deserving of thorough consideration. The decrease in exports, amounting to $105,731,584, is largely accounted for by the partial failure of the corn crop. The imports, on the other hand, show an increase of $79,739,143, but, nevertheless, the balance of exports over imports is still in our favor, amounting to $479,122,099, and giving us a credit balance, in round numbers, in foreign trade of $3,100,000,000 during the six fiscal years 1897 to 1902. Comments upon the disposition of this credit balance must necessarily be crude and mainly conjectural. How large a proportion of this apparent credit balance may have been invested in our own securities, returned by foreign holders, how large a balance may have been left for employment in foreign money centers, when rates of interest were higher than in the home markets, or how much has been invested in foreign securities, it is impossible to determine.

Nor is it practicable to ascertain with any certainty what amount has been borrowed by our banking houses in floating the large capital of new industrial combinations. The cheaper money markets have undoubtedly been made available by promoters and underwriters in the acquisition of properties and in the process of distributing the new securities; but these are financial measures incidental to the changes involved and can hardly be considered other than temporary movements of capital from buyers to sellers. The process is similar to that which takes place in our home money market when large cash payments are required to complete transfers of property and time is necessary to collect of subscribers to the new arrangement. In such cases bankers in control of ample capital carry out the contract by a temporary advance which is presently returned when the new securities are ready for delivery. Under such circumstances bankers naturally avail of the best markets to carry out their undertakings, and thus may borrow in London, Paris or Berlin, if those money centers offer more advantageous terms than can be secured at home, and at the same time the deal is carried out with the least disturbance in Wall Street.

This seems to be the common sense solution of the large loans said to have been made in London and Paris on American securities, which have been the subject of comment by financial writers at home and abroad. In no other way can these foreign loans be satisfactorily accounted for, without assuming a position utterly inconsistent with the trade conditions of this country. It is certainly inconceivable that so large a trade balance has been established in our favor without a large diminution of our foreign debt, and these bankers' loans have therefore caused no uneasiness.

The weak spots in our financial situation, where danger signals should be displayed, are to be found in the speculative movements at home, in the wild and extravagant schemes of Wall Street operators and in the rapid expansion of credit which such transactions stimulate. The recent spasm in our money market, which compelled a sudden and violent contraction on the part of the banks and an alarming advance in the rates of interest on call loans, furnishes a striking example of the mischievous effects of tampering with the machinery of credit. If stock speculators alone had been the sufferers in the collapse of inflated values there would have been no adequate cause for complaint; but, unfortunately, such disturbances in the money market have serious effects on legitimate trade, and it is, to use a mild expression, at least unfortunate that such occurrences should be made possible by the extension of credits in aid of speculative inflation. It may be that, under our imperfect monetary system, such events may baffle foresight, but it is humiliating to think that the entire credit machinery of a great and prosperous nation can be dislocated so violently within twenty-four hours, only to be repaired by prompt and unusual relief measures on the part of the Secretary of the Treasury.

The so-called "Trust" problem, which is now the theme of political platforms and speeches, is as far from solution as ever, and its discussion up to date has only resulted in crude and impracticable propositions scarcely worthy of the consideration of an intelligent people. Under this popular denunciation of "Trusts," all combinations, whether industrial or in lines of transportation, are included, and the impression is created that all these combinations are of the irresponsible monopolies formerly organized as "Trusts," under no more State control than ordinary business concerns engaged in mercantile affairs. The truth is, however, that nearly if not quite all of these combinations have become corporations under State laws and are now entitled to the privileges as well as the protection of those State laws, as much as any State corporation. If this is

the case, and these corporations are not guilty of any infraction of those State laws under which they are incorporated, how can Congress or the general Government interfere without an invasion of State rights? If they exceed their chartered rights, it is clearly the duty, as well as the right, of the State authorities to interfere and to correct such a violation of corporate law. Congress can pass general laws, applicable to interstate commerce; but neither Congress nor the Executive can take from a State corporation its rights under a State charter without an amendment of the Constitution of the United States.

Without discussing the abstract question as to the advantages or disadvantages of these gigantic combinations of capital, it is absolutely necessary to establish an actual grievance before attempting legal corrective measures. Thus far the only tangible complaints are those which refer to over-capitalization and lack of publicity, and these evils, which are justly regarded as detrimental to public interests if not actually dishonest, are easily within the reach and jurisdiction of State Legislatures.

The openly avowed object of these combinations is the concentration of industrial enterprise and management in such a way as to reduce the cost of production, and thus to benefit the consumer as well as the producer, and this, as a matter of fact, has been the result of these aggregations of capital and change in the machinery of management. The working forces, under the changed conditions, have not in a single instance been diminished, but, on the other hand, largely increased in the ratio of successful administration. The salaried officers, rendered superfluous by the more compact organization, are the only persons apparently injured by the changes, and in most cases they have found compensation in their proprietary interests. Here and there isolated cases of hardship may have occurred, but, as a rule, capable men who have thus been displaced have found little or no difficulty in securing good positions in other lines of industry. Possibly in some instances the object of these organizations has been the monopoly of the market and higher prices for the purpose of securing larger profits, but an examination fails to develop successful attempts in this direction.

Among the most prominent of these so-called "Trusts" are the Standard Oil Company, the American Sugar Refining Company and the United States Steel Company, and it is perfectly safe to assert that the products of the first two—namely, refined petroleum and refined sugar—have never been so low in a series of years as during the period of the existence of these companies. As to the steel products which have been controlled by the largest of all our industrial combinations, it is well known that the United States Steel Company has actually prevented an advance in the price of its manufactures at a time when, in consequence of an urgent demand, such a policy had been advocated and seemed justifiable.

Putting aside all of the learned essays and political diatribes as to these "Trust" monsters, the practical question so far as the people are concerned is whether such combinations are, upon the whole, beneficial to consumers or not. So long as prices are satisfactory no amount of superficial argument can furnish real grounds of complaint.

The inducement and the profits of these combinations are to be found in the over-capitalization to which reference has been made, and if this can be checked the temptation to combine will be removed. The owners of small but prosperous industrial concerns have obtained their profits from the copiously watered stocks of the new organizations, and the promoters and underwriters, without whose aid the schemes could not be carried through, get their reward from the same inflation of capital. If this evil can be removed the "Trust" mania will speedily exhaust itself, except under desirable and acceptable conditions. Regulation, publicity and wholesome control under State laws are the true remedies to be applied to this epidemic of corporate combination.

Predictions in regard to railway traffic for the year, which appeared somewhat sanguine in the autumn of 1901, have really been exceeded in the actual results, and there is nothing within the range of human foresight to indicate an unfavorable change in the current of transportation. The promises of very favorable traffic conditions are in fact more encouraging than in the Autumn of 1901, when a large deficiency in the corn crop naturally suggested apprehensions of a decrease in the volume of freight, in the diminished shipment of that important part of our cereal products. The deficiency, whatever its magnitude, has been made up in the increased movement of manufactures and merchandise, while in passenger traffic the increase has been steady and continuous. A restless activity seems to have permeated the business community, and there are as yet no signs of its abatement. On the other hand, as a partial offset higher wages and the advancing prices of materials used in the maintenance, repair and improvement of railway lines have added largely to operating expenses, and the net gain has consequently been diminished to that extent. The most serious interruption of industrial progress has come from the long sustained strike at the anthracite coal mines, to which reference has already been made, but which is now happily in process of settlement under an agreed arbitration. If concessions are made to the demands of the miners for an increase in wages, it will still be a question whether the gain in this during the period of the new agreement will be sufficient to offset the losses of the miners during the five months of the strike.

A definite settlement of the anthracite coal dispute will doubtless be followed by a more pressing demand for an advance in the wages of railway employees. Applications of this character have already been made to a number of the prominent railway companies in the West, and, unless granted, or settled by compromise, serious disturbances may be anticipated. In either case the net earnings of railways in the near future must be unfavorably affected unless a corresponding advance in the rates of transportation can be established. If any ad-

vance in the wages of anthracite coal miners is conceded by the arbitrators the price of coal will undoubtedly advance accordingly and consumers will pay the difference; but in the transportation rates of railway companies strenuous opposition to any advance may be anticipated.

Trade conditions are satisfactory and the near future is bright with promise in all directions, but it is, nevertheless, evident that the elements of disturbance are more threatening. The situation calls for careful and conservative methods on the part of those who are influential in the world of finance and business.

THE WORK OF THE ASSOCIATION.

The American Bankers' Association is each year growing more powerful and each year further extending the area of its influence. Strong evidence of the truth of this statement is found in the action of the Convention in endorsing by a unanimous vote the proposal of the Executive Council to add a Savings Bank Section to the departments of the Association's work. This branch, we take it, is to be similar in scope and purpose to the Trust Company Section, added six years ago—that is, will be devoted to the particular interests of the institutions for whose benefit it is created, but will be within the scope of the authority of the Association. Like the Trust Companies the savings banks have recognized the advantages to accrue from identification with this influential bankers' guild. The Association on its part has been quick to see that the more diversified and representative its constituency, bringing within the fold all classes of financial institutions, the greater must become its authority and importance. Hence when the savings banks knocked for admittance the Association promptly and willingly opened the door. Mutual benefits are sure to result from the step.

Another indication of the recognition of the growing and widening usefulness of the Association is found in the further large additions made to the membership. During the fourteen months from September 1, 1901, to November 1, 1902, the list was enlarged by almost a thousand members; 1,159 actually joined within that period, while the loss through failure, etc., was 186, giving a net addition of 973. The aggregate membership now is well above six thousand—6,354. The work of the Association during the time since the previous Convention has been prosecuted along the same lines as in the past. As Mr. Frank G. Bigelow, President of the First National Bank of Milwaukee and Chairman of the Executive Council, well said in his report, this work is done, and properly done, by committees. There are many of these committees, each filling a distinct field of usefulness, and, as will be seen by a perusal of their respective reports, they have performed the duties committed to their care with the same fidelity as in the past. The Protective Committee, the Committee on Bureau of Education, the Committee on Fidelity Insurance, and the Committee on Uniform Laws are the bodies whose doings are most constantly in the eyes of the members, and their activity has been undiminished during the year under review.

Mr. A. O. Kittredge in his report as Secretary of the American Institute of Bank Clerks (a branch of the work of the Committee on Education) announced that while the Institute was formally organized only about eighteen months ago—that is, on the 23d of March, 1901, there are now 27 chapters of the Institute in active operation. Mr. Kittredge said there were also several associations among bank clerks outside of the Institute which are co-operating with the same and no doubt in a short time would become chapters. The total membership of the chapters, taken at a date just prior to the summer vacation, was 4,156. He thought it was probably larger at present.

The papers and addresses presented at the Convention received the consideration which their importance merited. A large number of these dealt with the banking and financial questions which are now uppermost in the public mind. We have discussed these in a separate article on a previous page, and therefore there is no occasion for further comment upon them here. We think it proper, however, to quote a remark made by Mr. Bigelow as Chairman of the Executive Council, because there is a thought in it which is commonly lost sight of. Mr. Bigelow referred with approval to the recent speech of Mr. Hepburn, of the Chase National Bank, save (as he said) Mr. Hepburn's reflection that the next panic will be "man's size," which must mean larger than ever before. He differs with Mr. Hepburn on that point and gives the reasons for his disinclination to accept this view by saying "This is not philosophical, as the panic of 1857 was infinitely worse than that of 1893, and the latter was exaggerated by doubts about the standard of value, and that ghost is laid. With strong combinations of capital and ability, with a fixed standard and the great general wealth of the country, it ought not to be possible to have a panic again of the size of 1893."

As usually happens on such occasions, a humorous vein ran through many of the speeches. Most of the facetious remarks and witty tales could only be fully appreciated by hearing their authors deliver them in their own comical way, but we wish to make room here for a paragraph from the speech of Dr. William C. Stubbs. Mr. Stubbs spoke for Governor Heard, of Louisiana, who was prevented by illness from being present. The Doctor laid unusual stress upon the advantages accruing from the deposits carried by the Mississippi River in its course to the Gulf and finally wound up with the following geological prophecy:

"The Great Father of Waters is annually bringing down over 7,000,000,000 cubic feet of earth and depositing it in the Gulf of Mexico. This sediment is filling up the Gulf and extending the domain of Louisiana. Yea, more, a part of this sediment is floated out by the gulf stream and finds a lodgment upon the banks of Florida and Cuba, thus extending the areas of these two countries. Thus the Peninsula of Florida has been built up, and speaking geologically the time is not indefinitely remote when Cuba, the latest born of the nations, will be peace-

fully annexed to the dominions of the United States without diplomacy or legislation."

This utterance was not lost upon Mr. Myron T. Herrick, the retiring President of the Association, for in his reply to the Addresses of Welcome he responded in a similar vein, saying that he was prepared to subscribe to all that Dr. Stubbs had said, particularly the reference to the sediment, as he had found some of it in his bathtub that morning.

THE TRUST COMPANY SECTION.

Like the parent body, the Trust Company Section is in a thriving condition, extending its usefulness and influence with each succeeding year. The constant increase in membership which is taking place furnishes striking proof of the truth of this statement. Since September 1, 1901, only 12 memberships in this Section have been lost, while 95 new members have been admitted, a net gain of 83, bringing the number up from 339 to 422. There is an obstacle to very much further immediate growth. It is found in the circumstance that the aggregate number of these institutions in the United States is not large. Mr. John Skelton Williams, the retiring chairman, made reference to this fact in his remarks, saying that as there are now but few trust companies not members of the Association, future increase will come principally from new companies yet to be formed. The Trust Company Section has members in forty-three States and Territories, and also one member in the Sandwich Islands.

Mr. Williams paid deserved tribute to the importance and growth of the City of New Orleans, reminding his hearers that in the value of its exports the Crescent City stands next to New York and ahead of Philadelphia, Baltimore, Boston and San Francisco. Mr. Williams also adverted with much aptness to the part played by trust companies in modern progress, saying " The very name trust has been made odious to the American people. Yet it is the trust company that has made the impossible possible. It has gathered the capital of many investors and with aggregated and concentrated power it has done what no individual enterprise or fortune could do. They have collected and held money in vast masses, and made it effective for tremendous achievements. The trust company as an institution has in a comparatively short period from a small beginning advanced swiftly until it has become today the most powerful engine of modern finance." Mr. Williams cited some striking figures to show the marvelous growth of the trust companies.

Mr. Ingwersen, in his address of welcome, referred to a peculiarity of the laws of Louisiana which has interfered with the growth of trust companies in that State. He pointed out that the laws in Louisiana descend from the Roman Civil law, instead of from the common law of England, which is the foundation of the law of the other States of the Union. From the earliest time, he declares, the trust estates of the common law, with very few exceptions, have been prohibited in Louisiana. Such prohibition against trust estates, Mr. Ingwersen notes, modifies very materially the scope of trust company work in Louisiana. Nevertheless, three trust companies, with aggregate capital and surplus of over 5 million dollars, he said had recently been organized and are now in successful operation. In addition, several of the savings banks of the City have qualified under the law, so that now New Orleans, he thought, was as well equipped for handling the business generally entrusted to a trust company as any city of equal size in the country.

Mr. J. Dalzell Brown, Vice-President of the California Safe Deposit & Trust Company, of San Francisco, gave an interesting description of the conditions relating to trust companies on the Pacific Coast. He showed that these conditions are widely different from what they are in the East, and that the trust company is not yet a recognized institution there in the sense that it has become such here in the East. He claims that his was the pioneer trust company on the Coast, that in California trust companies have existed for only about eleven years, and that the average age of the seven companies now doing business is a trifle under seven years. In view of this his characterization of these institutions on the Pacific Coast as Babes of the West compared with the Giants of the East seems very apt.

For some of the services ordinarily performed by these institutions there is as yet very little demand on the Pacific Coast. For instance, Mr. Brown tells us that the registration of stocks has never been in vogue in San Francisco, as the people generally do not understand the safeguards consequent on registration, and the Stock Exchanges have never objected to dealing in securities which are not registered. The result is that except in the case of one or two corporations stocks pass from hand to hand without registration, and he thinks that this condition of things will continue until some corporation floods the market with over-issued stocks. Mr. Brown also notes that with one exception none of the local dividend paying companies in California employ a trust company to disburse dividends. Nor has it been the custom to appoint the trust company as transfer agent of their stocks.

Mr. Clark Williams, Treasurer of the United States Mortgage & Trust Company, was well qualified to speak upon the subject of " More Adequate Protection of Municipal Bonds Through Certification by Trust Companies." His company has for quite a while been engaged in that class of work, certifying as to the genuineness of bond issues, and its business in that line appears to be steadily growing. Mr. Williams cited numerous instances to illustrate the losses incurred in the past by reason of the lack of proper care. He pointed out that ready facility for the perpetration of fraud exists in the fact that public officials are usually unfamiliar with the methods well established in the issue of other securities, and often are even without experience in the issue of municipal bonds because of the frequent change in office tenure.

" Yet this County Supervisor or that City Clerk must superintend according to his own uncertain methods, or under the direction of the purchaser,

the preparation and negotiation of these bonds, which find their way into the vaults of savings banks. The investor receives securities which are printed, or cheaply lithographed, on blanks obtained from any stationer or printer. If their preparation is so elaborate as to require the use of plates, after they have served their purpose these are considered of small value, are carelessly held by the printer and are apt to fall into improper hands. The result has been that in no class of security have errors in issue been so common, or duplication and fraud been so widely carried on, as in municipal bonds. Beside the abundant opportunity for error in the preparation and execution of bonds, the prevailing method, or lack of method, of issue, is almost an invitation to the unscrupulous to duplicate parts of or entire issues."

Mr. Williams insists that municipal bonds should be carefully engraved by a responsible bank note company producing the best workmanship and giving absolute security during the different stages of preparation, as well as exercising a careful guardianship over the engravings afterward to prevent either plates or impressions falling into improper hands. A certificate signed by a responsible Trust Company should appear on each bond, evidencing the genuineness of execution and as a guarantee against overissue through carelessness or fraud.

Because of the peculiar conditions under which municipal bonds are issued, the question of legality he thought was of so great importance to the investor that such investigations should be made by counsel especially qualified by experience to pass upon the intricate questions involved in their validity of issue. A certificate of legality should appear on each bond or a reference to the fact that such legal examination has been made and that the legal papers relating to the issue are filed with the Trust Company, which would be responsible for the genuineness of the certificate, in this way avoiding the constantly recurring expense and delay of examination of the legality of the security by counsel for each new purchaser. The Trust Company, however, certifying the bond as to its genuineness, should, he argues, be particular to assume no responsibility as to its validity. A convenient place of registration should be provided in the chief financial centers of the country to save purchasers the inconvenience and expense of forwarding securities to the place of issue in order to obtain registration in their names. The payment of interest should be arranged for at the office of responsible and experienced Trust Companies at the financial centers, affording conveniences to investors and a safeguard against the acceptance of fraudulent coupons.

The suggestions made by Mr. Williams should have careful consideration. His paper elicited a good deal of discussion, the upshot of which was the appointment of a committee of three to inquire into the matter of certifying bonds, and also into the protection given by various engraving companies as regards the engraving of bonds—this committee to report at the next meeting of the Trust Company Section.

Mr. A. O. Kittredge, in his paper with reference to "The Investigation and Audit of the Accounts of Trust Companies," pointed out that modern conditions demand regular and systematic investigation and report or audit in all divisions of business. Banks, by the process of natural selection and long experience, have reached a basis that might be described as uniformity in accounting. That is, the features of their accounting systems are so much alike that the examination of one bank is a fair preliminary study for the examination of various other banks. On the other hand, trust companies are yet so new that in various directions their account-keeping is crude. Their methods, if not experimental, are yet, Mr. Kittredge thought, in a condition not thoroughly worked out or reduced to definite form. He then went into an extended analysis to indicate the method that should be pursued in the investigation and audit of the accounts of these institutions.

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AMERICAN BANKERS' ASSOCIATION.

28th Annual Convention, Held at New Orleans, November 11, 12 and 13

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The Changes in Banking Conditions.

By Hon. William Barret Ridgely, Comptroller of the Currency.

I have recently seen a statement that the profits of the operation of one of the great railway trunk lines are being reduced by too great a density of traffic and too large a volume of business. Heretofore it had been found that as the volume and density of traffic increased, the cost of operation, and particularly the cost of conducting transportation, was a much smaller proportion of the gross earnings, and, in consequence, the net earnings increased more rapidly than the gross. Now, however, it is found that there is a limit to this with a given plant of tracks, terminals and motive power, and that when the volume and density of traffic passes a certain point the slightest delay or derangement of train movement spreads so rapidly and so far that it more than proportionately increases the cost of operation and the resulting net earnings are less than with a smaller gross amount.

The general business in the United States and more particularly the financial and banking operations are in much this same condition to-day and there is danger in our situation from an excess of business and a lack of machinery and facilities for conducting it. It is becoming more and more apparent that there must be some curtailment of operations or increase in facilities, either by the addition of new means or more efficient use of the old ones, if we would avoid serious trouble, if not disaster. For several years there has been a steady and enormous increase in the volume of all kinds of business which has necessarily produced a very large expansion. The Clearing House transactions have increased from fifty-four billion dollars in 1897 to one hundred and fourteen billions in 1901, an increase of sixty billions. That is, they have more than doubled in amount.

By consolidating the reports made to the Conptroller of the Currency by all the National banks and all other banks who make any reports, I get the following data regarding the changes in condition of practically all the banks in the United States.

From 1892 to 1902, individual deposits have increased from 4,665 million dollars to 9,082 millions, or have almost doubled in amount.

The loans have increased from 4,337 millions to 7,169 million dollars, or more than sixty-five per cent.

The item of due from other banks increased from 684 million to 1,552 million dollars, a total of 868 million, or one hundred and twenty-seven per cent.

From 1892 to 1902 the cash on hand in all the banks has increased 253 million dollars, or forty-three per cent.

The proportion of individual deposits on hand in cash in all the banks, National and all other, was twelve and one-half per cent. in 1892, twelve and two-tenths per cent. in 1897, but it has fallen to nine and two-tenths per cent. in 1902.

In the same way the legal reserves of the National banks have gradually declined. The percentage of cash on hand and with approved reserve agents of all National banks in the United States has been at the following dates:

December 17, 1896, 32.42 per cent.
October 5, 1897, 31.70 per cent.
September 30, 1898, 30.27 per cent.
September 7, 1899, 29.38 per cent.
September 6, 1900, 29.67 per cent.
September 30, 1901, 27.65 per cent.
September 15, 1902, 25.74 per cent.

The percentage of legal reserve to deposits in the reserve cities required to hold 25 per cent. has fallen from 32.08 per cent. in 1896 to 24.21 per cent. in 1902, and at the last call for report of condition not one of the central reserve cities, and only seven out of the thirty reserve cities held the full legal reserve. The legal reserve held by the banks required to hold 15 per cent. has fallen from 22.65 per cent. in 1896 to 16.91 per cent. September 15, 1902. These changes are due to the greater volume of business that is being handled. The money in circulation has been increased, and although the amount held by the banks has increased as stated 253 millions of dollars since 1892, there is not enough to handle the additional business. Not only is there more of every kind of ma

terial to handle, but prices are higher, requiring much larger sums of money. Transactions which ordinarily could be conducted with comparative ease are now matters of much anxiety. The operations of the Treasury Department in collecting money for taxes and the disposition of the funds of the Government; the money required for moving the crops or any large payments of money for interest, dividends, or syndicate payments of unusual size, produce much more disturbance than they did before the present condition was reached.

We now find ourselves in the condition of the railroad embarrassed by the volume of traffic. With all the machinery of exchange strained to the utmost to keep up the present rate, and with every channel swollen to the full with the rushing tide, the slightest disarrangement spreads at once and is very far reaching in its effects. We must either reduce the volume of the traffic or add to our facilities for handling it. In the present condition there is not a sufficient factor of safety and there is danger of the strain exceeding the limit of elasticity if it does not reach the point of ultimate rupture.

It must be conceded that the improvement in business and general revival of prosperity has been based on the soundest fundamental conditions. The agricultural, industrial and commercial conditions have justified and produced it all. Our crops have been abundant and have found ready sale at home and abroad at good prices. Our mines have produced enormously; our industrial establishments have been steadily employed producing goods of every kind, and there has been an active profitable trade in all classes of merchandise. There is no section of the country nor branch of trade which has not participated in the benefits of this revival.

In the last ten years the value of farm lands in the United States has increased 3,395 millions of dollars; the implements and machinery on the farms 267 millions, the live stock 769 millions, and the value of one year's farm products has increased 2,279 millions. The total value of the farm products for the year 1900 reached the enormous sum of 4,739 million dollars, and for the year 1902 it will considerably exceed this.

From 1890 to 1900 the number of manufacturing establishments in the United States has increased by 157,000, the number of employees by 10½ millions. The total wages paid in 1900 was 2,330 millions of dollars and the value of the manufactured products was over 13 billions of dollars. A comparison of the figures giving the banking totals with those giving actual increases in quantities and values of those things which are the basis of all wealth and credits, justifies the statement that based on fundamental conditions, the expansion which has taken place is legitimate growth. It is expansion, not inflation.

The increase in the total loans of all the banks for the year is only about eighty per cent. of the increase in value of the farming lands and just about equal to the increase of this year's crops over those of ten years ago. It is only about seventy-four per cent. of the increase in the value of one year's production of manufactured articles, and less than fifty per cent. of the increase in value of both farm and manufactured products.

The total amount of loans, 7,169 millions of dollars, is only about sixty per cent. of the value of one year's manufactures and only forty per cent. of the value of the combined farm and manufactured products for a single year. These loans are forty-three per cent. of the value of the farm lands of the United States and seventy-two per cent. of the capital invested in manufactures.

It is true these items may not bear any direct and immediate relation to each other, but the sums are so enormous that even with our recent liberal education in hearing and reading of millions and billions of dollars, it is hard to form any idea of 7,169 millions. I have therefore made these comparisons with the values of the things which are or represent wealth, so that one can form some opinion or judgment as to whether our loans are unduly inflated or whether they seem justified by existing conditions. To me they seem to be no more than should be made on the values which exist for their basis and that we are therefore not on an inflated basis of loans. In confirmation of this mathematical consideration we have had in the events of the last two years more than one practical demonstration of the strength of our industrial and commercial situation. The stock panic of May 9, 1901, would have produced a crisis and depression which might have lasted for years if we had not been in a condition of very great industrial strength. This was followed in a few months by the assassination of the great President who had so justly been considered such a factor in the revival of business that for a few hours it looked as if it might all be undone in a day by his tragic and fearful death; but such was the strength of our condition that outside of the speculative markets there was not the slightest halt in the onward march. Again in a few weeks came the collapse of the copper stocks and a speculative syndicate handling a group of highly inflated stocks at a time when there was a great deal of apprehension due to a very short crop of corn. Such, however, was the inherent strength of the fundamental conditions that these events which might, under different circumstances, have produced panic and widespread disaster, had very little effect outside of purely speculative business, and the organization and promotion of new enterprises. As far as these have been checked and made to proceed with caution, the result has probably been far from an unmixed evil. There has been no falling off in railroad earnings; on the contrary, they continue to increase. The consumption of iron and steel proceeds at a rate never equaled before, and manufacturing concerns of all kinds are actively and profitably employed. Business failures are few in number and small in size. There have been but two failures of National banks since August 3, 1901, and these were of very small banks which had been ruinel, if not looted by their officers. Our farmers are now gathering and beginning to sell the largest and most valuable crop they have ever produced. They are well supplied with money as a result of good crops and high prices for the past few years. Wholesale and retail business is good in all parts of the country, and the universal report is that collections were never easier to make.

In spite of all this, the banking and financial situation is looked upon with considerable apprehension. We cannot disguise the fact that with reserves running down, not only in the reserve cities but in all the banks of the country, the situation is serious and requires close attention and careful handling. Now is the time for caution and care in bank management. It is in times such as we have been having for several years that banks get into trouble. What becomes later a bad line of credits is apt to be made in prosperous years, not when times are dull and business bad.

There have been some changes in banking conditions which greatly affect the present situation. You are familiar with the movement of the last few years resulting in the consolidation of great numbers of industrial corporations into the vast combinations which we have come to call "trusts." All over the country, concern after concern, hundreds and perhaps thousands of them, have been combined in this way. They have been capitalized for very large sums, the total running into billions of dollars. A large part of these securities, more, I think, than has generally been supposed, have been retained by the various vendors of the constituent companies, but many hundred millions have been sold in the New York market and are still held there, some of them carried by the banks as collaterals for loans; others paid for and put away. New York has not only had to furnish the money to buy out a large part of all the industries of the country, but it is called on now to furnish the money they have to borrow. The financing of the companies is mainly done in New York, or the other large cities. Instead of a vast number of concerns getting the money they require by discounting customers'

paper or giving their own notes to their local banks, we find the "trusts" mainly keep the small amount of customers' paper they receive and borrow their money from the large banks. The largest and strongest do this on their own single name paper, some of them borrow upon collateral, and others make so-called commercial paper or notes to be sold by note brokers to banks all over the country. In many lines the credits formerly given have been shortened in time. Instead of the terms of sale of many articles being as formerly sixty days, ninety days, or four months' paper, they have been reduced to thirty days or less on open account, settled in cash instead of by paper. The result of these movements has been to send a large amount of money out of the cities for the purchase of the plants and to deprive the country banks, into which much of this money went, of their best borrowing customers. The prosperous local manufacturer who brings in good commercial paper received from customers for actual transactions and who, at certain seasons, borrows moderate sums for the purchase of material or carrying goods, is a valuable customer for a country banker. It varies his business from the local merchant, farmer and stock feeder to have such accounts. But the number of such customers is greatly reduced and the banker with large deposits and perhaps local competition which makes him pay interest on many deposits, has less demand for his money. I meet many bankers in this condition, especially in the richer sections of the Middle West. They have had to reach out in new directions to employ their money. It has led to a great increase in the purchase of so-called commercial paper from brokers. That is, paper made to be sold by brokers. Much of it is first class, and there has so far been surprisingly little trouble with it to my knowledge, but it is always difficult to keep thoroughly posted in regard to the maker of it. Many concerns are borrowing in this way more money than they could in any other way. It is a very attractive idea for a bank to have a certain amount of this kind of paper, given by people the bank is under no obligation to carry, and which they can collect without renewal when due. It would be easy for one or quite a number of banks to collect this money, but if trouble should come and many banks try it at one time. there might be much more difficulty about it.

Another direction towards which the country banks have turned is the loaning of money on call against collaterals through their correspondents. By country banks are meant not only those in small country communities, but all the banks outside of the central reserve and a few of the largest reserve cities. Many banks who have not heretofore loaned money in this way have been doing so lately, and the amount of these loans now probably exceeds 100 million dollars. About thirty per cent. of the loans in the New York City banks are brokers or Wall Street loans on stock collateral. Including the Jersey City and Brooklyn loans, there are now about 225 million dollars of these brokers' loans. There is some difference of opinion as to the amount of such loans by the trust companies, but the best estimates place them at not over 150 to 175 millions. So the total brokers' loans amount to about 500 million dollars, of which the outside banks furnish about one-fifth. These figures and proportions are important and significant in any consideration of the financial situation. There has been much discussion lately as to the amount of money borrowed abroad, which has been estimated as high as 500 million dollars. It is difficult to get any definite basis upon which to estimate this, but it would seem impossible that it can nearly equal the total amount loaned by our banks, and it looks as if the more conservative estimate of 150 to 200 millions, made by some of the best informed New York bankers, is more likely to be the outside figure, and I think it is less rather than more than this. This will bring the total up to not over 700 millions, or say one-tenth of the total loans of all the banks in the United States. This is a vast sum of money, but not in any very undue proportion to the total loans of all the banks of the country. The collaterals are mainly the best railroad stocks and bonds with only a small proportion of industrials, and those are almost entirely of the better class which by their records are establishing their standing.

There should be considered with the collateral loans a considerable amount held by the banks as stocks and bonds and other securities. This amounts to more than 100 million dollars in the New York banks, but it is mainly composed of high-grade bonds held for investment and they are not very speculative in character. In case of a great liquidation some of these might have to be sold, but they would be held through anything short of almost universal liquidation. It is not true, as we often hear said, that "the banks are loaded to the guards with cats and dogs." Whatever may be true in regard to the amounts still held by underwriters and promoters there is no such very great amount of them in the banks. The banks have been scrutinizing collaterals very closely for some time and throwing out more and more of the stocks which are not based on values which justify their prices. The stocks of this whole class are gradually reaching their proper levels. However they may be from time to time manipulated, values will in the end rule and determine their proper place and standing. Unless something happens requiring this to be done suddenly, it can probably be accomplished without any widespread trouble. In discussing collateral loans due regard should be given to the improvement in railroad securities. The railroad business of the country is on an entirely new basis from that of twenty or even ten years ago and railroad stocks and bonds are a much more reliable and safe basis for bank loans than they ever have been before.

There has been a tremendous speculation in stocks of all kinds, and values now are on a very high level. The schemes of promotion and combination have been on such an enormous scale as to be startling and bewildering. This is all so spectacular and sensational that it attracts great attention in the newspapers and the public mind is filled with stories of great stock deals and enormous sums made by speculators. We should remember, however, that all this is not the cause of our great prosperity nor its chief result, but merely an unavoidable, if not necessary, feature of it. It is not speculation which has advanced prices so much as it is advanced prices which have caused speculation. Railroad stocks have gone up because we have four billion dollars' worth of farm products and thirteen billion dollars' worth of manufactured goods to move. In consequence railroad earnings were more than fifty per cent. higher in 1901 than in 1896, and the traffic of the railroads to-day is only limited by the capacity of the cars and motive power. A billion dollar steel combination was only possible because we were producing twenty-eight million tons of iron ore, fifteen million tons of pig iron, thirteen million tons of steel ingots and twelve million tons of finished steel a year, and were finding a ready market for it all.

We saw after the 9th day of May panic that there might be a great speculative collapse without its so affecting our industrial and commercial conditions as to produce any lasting depression, but we can hardly expect to withstand repeated shocks of this kind, and it is therefore now especially important for us to strengthen our financial and banking situation and act with great prudence and caution.

There has been another change in banking conditions of very great importance in the increase of wealth and bank deposits and also the cash in banks in the farming States—that is, the Middle Western, the Southern, the Western and the Pacific States, as they are generally divided in the Treasury Department tables and reports. I have prepared a table from the reports to the Comptroller of the Currency showing the chief items of the consolidated statement of all the banks in these States

and also a table showing the increases in values of farm lands and farm products since 1890.

From these it will be seen what a great increase there has been in ten years in deposits and cash on hand and due from banks. The deposits in the entire territory have more than doubled, and this is true of all the separate divisions but the Pacific States, where they have only a little less than doubled.

The cash on hand and due from banks has more than doubled in each division and in the Pacific States it is almost three times as great.

The loans increased about forty-seven per cent. in the ten years, but about seventy-four per cent. in the last five years.

The figures for ten years are all the more significant because the increase has all been in the last five of the ten years. From 1892 to 1897 these items all practically showed a decrease.

During the same period the Census Reports show what is the real basis of this improvement. The farm lands in these States have increased in value 3,459 million dollars, farm implements and machinery 230 million dollars, the live stock 769 millions and the value of one year's crops over two billion dollars. In the same period in these States the value of manufactured articles produced per annum increased 1,950 millions, and the annual wages increased 232 millions. Here lies the true strength of our situation. It is in the productive resources of this great district, which are unequaled in any part of the world. There is no other country which equals it in natural advantages and none which has such an organization for production and transportation, prepared to utilize to their fullest extent the great fertility of its soil and the wealth of its resources of every kind. We have hardly begun to develop this country. In the South, the Southwest and the West are immense possibilities as yet untouched. You of the South have before you wonderful opportunities. With your oil, timber, coal and iron added to the richness of your lands, you should record in the next ten years as great a progress and growth in wealth as the country has ever seen. I know of no greater opening anywhere than the South presents to-day for men of capital, industry and ability. You are attracting them from every direction, and what is better you are developing them at home.

Nothing can prevent the development and growth of this country. We have all the elements which are necessary and a great lead over all our competitors. Our destiny was fixed when all these unequaled natural advantages were placed side by side, and it only awaited for its fulfillment the coming of our masterful race of men who, for centuries, have been bred and trained for such a career as is before us. The final result is absolutely certain, but it may from time to time be impeded and checked as it has been by bad finance and by trying to do too much in too short a time. It seems to be inevitable that we should have periods of rest and recuperation. They are apt to be most severe when we have been going too fast. The pace we have traveled for the past five or six years has been a rapid one. The signs are not lacking that it should be moderated before we are too far spent. There is yet time, and with prudence and care we should be able to avoid any lasting ill effects. I do not believe that the strain is more than we can safely stand up to this point, but it is time to pause and consider. We have prices for materials of all kinds up so high that the cost of living has greatly increased. We have been consuming our available liquid capital at a very great rate and changing it to fixed capital where it may be unproductive for a long time. Cost of production has so increased that our balance of foreign trade is falling off at the rate of hundreds of millions per year. Our bank reserves are low and the loans as highly expanded as is prudent. The situation has lately been so acute as to render assistance from the Treasury Department necessary to give some relief.

Ordinarily the operations of our Government finances add to our difficulties rather than help the situation, and the best that the Secretary of the Treasury can do when called on to help the situation is merely to undo some of the harm which has been done by the operation of our laws for the collection of the revenue and the hoarding of money in our Treasury. The Federal Government, under existing laws, continues to collect a large surplus revenue and lock a large part of the money collected up in its vaults where it is no longer available for business. In 1892 there was in the Treasury as assets 151 millions of dollars. By 1897 this had grown to 266 millions, and on September 1, 1902, the Treasury had in its vaults as assets 314 million dollars, or one-eighth of all the money in the United States. It is anything but a help to business to take money from the people by taxation, simply to lock it up in this way. It is almost equally harmful to take money which is needed for business enterprises of all kinds and for which the people would gladly pay five or six per cent. and buy bonds with it on a basis which nets under one and three-quarters per cent.; and yet this is the way the Secretary of the Treasury can best undo the harm caused by the laws now existing. Something should be done to more nearly equalize Government receipts and expenditures. We should years ago have changed our obsolete system so that the funds of the Government can stay in the channels of trade and not be locked up in vaults by the hundreds of millions.

It is unfortunate that the weakest point of our banking system is in its provisions for dealing with such a situation as seems before us to-day. Nothing could better illustrate the necessity for a more elastic banking currency than the demand for it at the present time. Our banks have been, and are being, called upon to furnish the currency and credits necessary to move enormous crops, probably the largest in volume and value the country has ever produced. We have raised over three billion bushels of grain, worth at least 1,800 million dollars, and 10 million bales of cotton worth 300 million dollars. With the other varied products raised the total value will probably be about 5,000 million dollars. This call for currency comes at a time when all business is being done on an enormous scale. Of course this crop does not all move at once and some of it is used where it is raised, but enough of it to require a very large amount of money must be financed in some way within a few weeks. Much of it is done on bank credits not requiring actual currency, but the currency required is enough in volume to be a large and difficult matter to handle each year. This year it has been more so than usual and has been a cause of considerable anxiety. In the farming States where this harvest is being gathered there are 9,295 banks with 602 millions of capital and 70 millions of surplus. The people who want this money advanced against these valuable and readily salable products own lands valued at 13,674 million dollars; have farm implements and machinery worth 761 millions, live stock worth 3,078 millions and raise over 4,000 million dollars' worth of produce each year. It would not be any undue expansion or inflation if these banks had the privilege of issuing in addition to their notes covered by bonds an amount of uncovered notes equal to say fifty per cent. of their covered issues. Call it credit currency, asset currency or emergency currency, or what you will. A small tax will provide a guarantee fund which will absolutely protect the note holder and the public. A graduated tax and ample provision for redemption will insure the retirement of these notes as soon as the necessity for them ceases. Such notes have been found safe and satisfactory in other countries. They will be more so here where we have abundant basis for the credits and a great need for such an improvement in a banking system which, in all respects but the lack of elasticity of its currency, is most excellent. There has been no system of banks in this country as good as our National system, and no system in any country will be any better if we make this improvement, which is almost all it needs. Our people believe in the National banks and

well they may. Nothing could be better than the quality of their notes, which have never resulted in the loss of a dollar to a noteholder. The total loss to depositors since the beginning of the system is about 34 million dollars. This is only about eight one-hundredths of one per cent. of the average amount on deposit, and the smallest fraction of the total amount of deposits handled. With an elastic currency we need ask for little more improvement in our National banks. They would be the best banks in the world.

I believe in branch banking. Theoretically it is the best system, as it is more economical, more efficient, will serve its customers better and the organization can be such as to secure in most respects better management. Owing to co-operation between its branches, it can be made safer than any system of independent banks. If I were outlining a new system for a country in which there was none, I would adopt this system; and I regret that it was not adopted or permitted in the beginning of the National banking system. I believe the National banks would be stronger and better to-day if branches had been permitted and the system had been developed with the branch feature an essential part of it. If this had been done the currency would doubtless have been made more elastic before now. If it had not it would be easier now to do so with a system of large banks with numerous branches. Our system, however, was started on the other plan. All its growth has been in the other direction. Our people know the independent home bank and banker. It is too radical a change for the bank, the banker and the customer to introduce at this late day. I do not think it would be wise to make such a change now if it could be done. I most emphatically believe it will not and cannot be done. The majority of bankers, the majority of the people are against it, and they will see that the majority of Congress are against it.

The American Bankers' Association and the various State Associations are doing a great work in discussing these questions. They are educating the people and educating themselves. Nothing but good can come from this discussion, which I hope will continue. When we strive for practical results, however, we should be careful not to undertake too much. We cannot do everything at once.

With united and harmonious action, however, I believe it is possible to secure such legislation as will correct the evils of our Sub-Treasury system and add such elasticity to our National bank currency that it will respond to the wants of business rather than the price of bonds. With this accomplished, a long stride will have been taken to improve our financial and banking systems and remove the reproach, which has had too much justification, that they were not keeping pace with the improvements in organizations and methods which have taken place in our agricultural, manufacturing, mining, railroad and commercial business in the closing years of the last century. In all these lines the United States begins the new century ahead of all the world. Our banking and financial systems must be so improved that they will do their full share in the work which is before us in the development of the resources of this grand country which has been given into our care.

Summary of the principal items of resources and liabilities of National banks and all other banking institutions located in the Southern, Middle Western, Western and Pacific States, reporting to the Comptroller of the Currency in 1892, 1897 and 1902:

IN MILLIONS OF DOLLARS.

	Loans.	Cash on hand.	Due from other banks.	Capital.	Individual deposits.
SOUTHERN STATES.					
1892	307	44	50	136	233
1897	274	40	53	114	232
1902	504	54	126	137	481
MIDDLE WESTERN STATES.					
1892	980	145	197	288	924
1897	844	159	241	276	881
1902	1,743	231	475	339	1,930
WESTERN STATES.					
1892	182	24	44	79	155
1897	121	23	54	55	133
1902	263	33	105	60	316
PACIFIC STATES.					
1892	271	27	25	87	240
1897	215	29	34	67	237
1902	317	52	96	66	464
TOTALS FOR FOUR DIVISIONS NAMED ABOVE.					
1892	1,740	240	316	590	1,552
1897	1,454	251	382	512	1,483
1902	2,827	370	802	602	3,191
Increase 1902 over 1892	1,087	130	486	12	1,639
TOTALS FOR THE UNITED STATES.					
1892	4,337	586	684	1,071	4,665
1897	4,216	628	781	1,012	5,094
1902	7,169	839	1,552	1,198	9,082
Increase 1902 over 1892	2,832	253	868	127	4,417

VALUE OF LAND ETC., IN THE FARMING STATES, IN MILLIONS OF DOLLARS.

	Land, improvements and buildings.	Implements and machinery.	Live stock.	Farm products for one year.
SOUTHERN STATES.				
1900	2,887	158	689	1,226
1890	2,345	85	521	739
Increase	542	73	168	487
MIDDLE WESTERN STATES.				
1900	7,923	283	1,133	1,857
1890	5,924	201	926	907
Increase	1,199	82	207	950
WESTERN STATES.				
1900	2,027	102	713	659
1890	1,286	55	385	229
Increase	741	47	328	430
PACIFIC STATES.				
1900	1,138	53	196	274
1890	961	25	128	132
Increase	177	28	58	142
TOTALS FOR FOUR DIVISIONS NAMED ABOVE.				
Totals 1900	13,975	596	2,731	4,016
" 1890	10,516	366	1,970	2,007
Increase	3,459	230	761	2,009
TOTALS FOR THE UNITED STATES.				
Totals 1900	16,674	761	3,078	4,739
" 1890	13,279	494	2,309	2,460
Increase	3,395	267	769	2,279

The Scottish Banking System.

By John Johnston, Vice-President Marine National Bank, Milwaukee, Wis.

Gentlemen:

When I received a telegram a short time ago from our worthy Secretary asking me for a talk of a few minutes on Scottish Banking before this Convention I consented without any hesitation because I knew that he did not want a profound paper, an elaborate essay or a string of statistics, but rather an informal address.

I have often wondered that Scotland had any banks at all. It is only about half the size of the State of Michigan—a few square miles of rocks and glens, of straths and bens, lying under the North Star, between the shores of Labrador and Norway. It is much further North than Winnipeg, and not one-quarter of its land is fit for cultivation. In these days we are inclined to put great stress on size. We boast of great banks, great insurance companies, great cities and great States; we love to speak of millions, too often oblivious of the fact that mere size has little to do with real greatness, and that Palestine, Greece, Switzerland, Holland, Norway and Scotland have filled a more important place in history and have done more for the advancement of mankind than many of the mightiest empires of earth.

In 1694, William Paterson, a Scotsman, founded the Bank of England, and next year John Holland, a merchant of London, organized the Bank of Scotland. It was the first private joint stock bank formed by private persons to do a banking business, having no connection whatever with any Government, local or national. I need not give the rise of the Scottish banks, that can be found in any encyclopædia, but there are some prominent facts which it may not be amiss to state.

Before, during and after the Napoleonic wars the banks in England fell by the hundred. The failure of country banks on three different occasions—in 1792, in 1814, 1815 and 1816, and again in 1825 and 1826—produced an extent of bankruptcy and misery which has never been equaled except after the Mississippi Scheme in France. From 1809 to 1830 no fewer than three hundred and eleven banks failed in England, while during that whole period not a single Scottish bank gave way.

From 1765 to 1845 the issue of bank notes in Scotland was absolutely free, but since 1845 it has been limited to the average they had in circulation during the year ending May 1st, 1845, and for any excess over that they must hold an equal amount of gold and silver in their vaults at the head office. While in England £5 is the smallest bank note permitted, the Scottish banks are allowed to issue notes of £1. Notwithstanding the fact that there was no limit to the issue of bank notes for so many years and notes of so small an amount were permitted, Scottish currency for 130 years has never, for one moment, varied from par, neither has a penny been lost by a single depositor during all those years. I need not remind you that the currency of Scotland is an asset currency.

The failure of the City of Glasgow Bank was terribly disastrous to the stockholders, as their liability was unlimited, but not a depositor or billholder lost a penny. At the time of the failure of that bank there were in the three kingdoms eighty-two banks whose stockholders were liable without limit, and those who were responsible began transferring their stock to the names of those who had nothing to lose, and there would soon have been no wealth at all behind the stock of those eighty-two banks. A bill called the "Reserve Liability" act was rushed through Parliament, of which seventy-five of the eighty-two banks at once took advantage, at the same time increasing their capital stock from eighty millions of pounds to one hundred and sixty-six millions, and thereby securing their creditors much more fully than if the unlimited liability feature had continued with irresponsible shareholders.

The question naturally occurs, Why did the Scottish banks stand firm through all those years which proved so disastrous to the English banks? The popular reason is found in the supposed closeness and caution of the average Scot. I remember when long range rifle shooting first began the Scottish team always won the international trophy, which "Punch" said arose from the ability of the Scot to make a small piece of metal go a great way. We have all heard of the native of the "land of the heather," who visited London and wrote home that it was a grand city but a terrible place in which to spend money, for he had not been there an hour before "Bang went a saxpence."

I believe, however, that the high encomiums passed upon the Scot for his virtue of caution are wholly undeserved. His history shows that he cares little for money when it is placed in the scales against things higher, such as education and civil and religious freedom. For three hundred years he carried on a continuous contest with his many times larger and more powerful neighbor on the South, till finally the Scottish king took his place upon the English throne. Time and again, however, he saw his fields wasted from the Tweed to the Moray Frith, his churches and abbeys destroyed, his castles filled with hostile soldiers, and even his towns and villages burned, yet he valued his freedom more than money. His caution never led him to compromise. He has many times seemed even reckless. It is only a century and a half since five thousand Highlanders were bold enough to invade England and got as far as Derby in their march to capture London. There is no more adventurous freebooter mentioned in the annals of the country than Captain Kidd, while for deeds of daring on the high seas during the War of Independence Paul Jones stands first. Even in the business world he has shown a lack of common caution: Witness the Darien expedition, one of the most visionary undertakings in all history. The whole nation became excited over it, and crazy instead of cautious would have been a more appropriate epithet to apply to the people. It is remarkable that William Paterson, who started the Bank of England, was responsible for the African Company and the Darien expedition, and we all know what his countryman and contemporary, John Law, was doing in France about the same time.

There can be no question, however, as to the fact that the Scottish banks maintained a stability unknown in England. A committee of the House of Lords, appointed in 1826, reported that "It was proved by the evidence and by the documents that the banks of Scotland, whether chartered or joint stock companies, or private establishments, had for more than a century exhibited a stability which the committee believed to be unexampled in the history of banking."

No doubt several circumstances contributed to this; among them I would mention the fact that the number of stockholders is very large. In some of the banks they are counted by the thousands; one of the smallest I know has 3000 stockholders. The banks rest upon the people, and the people are loyal to the banks. In Scotland the feeling is universal that the interests of the banks and of the people at large are identical. There is no such sentiment as is to be found in some places that whatever favors the banks must be antagonistic to the

country at large. Then, in Scotland, land, as well as personal property, can be attached for debt, and as all the land is registered it is easy for the creditors of the bank to ascertain from the records what landed property is possessed by the shareholders of the bank, which I understand is not the case in England. This tends to create confidence in the minds of the depositors and bill-holders.

Another fact appears from the public reports—viz.: That the Scottish banks never jeopardized their safety by a too eager desire for great profits, but adopted the practice of retaining a large portion of their capital and deposits in Government securities, which are at all times convertible into money.

At the present time there are ten banks in Scotland with a capital and reserve fund of $80,000,000, and with 1082 branches. When we consider that Scotland is only about half the size of Michigan we can appreciate what immense banking facilities the Scottish people enjoy.

To an American the two most striking features of the banks of Scotland are their numerous branches and their system of cash credits or cash accounts. To one who has lived in Scotland the lack of banking facilities in this country is very marked. This may seem strange, but I know of a great many villages in Wisconsin wholly destitute of banking privileges, while villages of equal size in Scotland would have one and perhaps two branch banks. In Milwaukee County alone I could name three or four small towns where there would be branch banks if they were in Scotland. The populations of Scotland and Ohio are about the same; few people will say that Scotland is richer than Ohio, yet the deposits of the banks in Scotland are much larger than those of Ohio. In Scotland the banks touch the people, not only in the large cities, but at every cross roads. These branches are of immense value to the rural districts in supplying facilities for the transaction of business. Every spare dollar in the country finds its way into the banks. I do not believe there is a pound note hid away in an old stocking in all Scotland. As I have said, the people believe in the banks—yea, they are proud of their banks and stand by them. The multitude of branch banks tends to promote saving, for they pay interest on the smallest deposits, and they are nearly at every man's door. The Scot must work hard, and he must save or he would surely starve, but when a Scot gets ahead in the world there is no one more liberal in the use of his money. We all know more than one instance of that.

I know some of my friends who have banks in our smaller cities fear that the capitalists of New York would invade their territory were branch banking permitted. It appears, however, as if the banks of New York have all they can attend to without establishing branches in the distant parts of the country. I firmly believe that not a single branch bank would be established in Wisconsin by Eastern capitalists, while it is more than likely that the banks of our larger cities would establish branches in the smaller towns of the surrounding country. It may be that there is something in the make-up of the American people opposed to branch banks, but I cannot believe it. Branches flourish in every other business, such as insurance, and in mercantile and manufacturing of every description. I cannot see why there should be any objection to the establishment of branch banks in those towns where there are at present no banks at all.

Another peculiar feature of the Scottish banks is their system of cash accounts or cash credits. One of the bugaboos conjured up against branch banks in this country is that branches of a large bank would never condescend to make small loans to their poorer customers. Now the branches of the Scottish banks are remarkable for the small loans they make. The system of cash credits first introduced by the Royal Bank, in 1730, and now in general use by all the banks of Scotland, has without doubt done more to develop the resources of that country and promote its agricultural and commercial prosperity than any other cause whatever. When the witnesses from Scotland were before the committees of the Lords and Commons their examiners manifested great curiosity regarding cash credits. It was asked, "What are the facilities that exist in obtaining this sort of a loan compared with those of obtaining an ordinary loan," and the answer was, "When a person applies for a cash account, which is not an immediate advance of money on the part of the bank, but a conferring of the power or privilege of drawing upon the bank to the extent specified, the person proposes two or more personal sureties; a bond is made out and he draws as occasion requires." We would call a cash credit permission to run an overdraft secured by good bondsmen, limited in amount, to be reduced to almost nothing at certain times, for if it becomes a dead loan it will be called in. This permission to overdraw may stand for years unless the bank become dissatisfied with the bondsmen or they withdraw from the obligation.

Not a few of the most wealthy men in Scotland have attributed their rise in life to having received a small cash credit through the assistance of friends. One of the witnesses before the Lords Committee stated that he had known many instances of young men who were starting in the world from the low situation of servants who conducted themselves well, and who by the assistance of friends were able to secure a cash credit and thereby raised themselves to the position of farmers or small manufacturers.

We would naturally suppose that cash credits, while very advantageous to the borrower, would necessarily be unprofitable to the bank, but I understand a higher rate of interest is usually paid on cash credits than on ordinary discounts; at any rate, they seem to please both the banks and their customers.

Gentlemen, I fear I have not been able to tell you much which you did not know before, but at any rate I congratulate myself that I have not occupied a great deal of your time.

Assets Currency and Branch Banking.

Remarks of HON. CHARLES G. DAWES, President Central Trust Company of Illinois, Chicago, Ill.

Financial reforms in the United States, with its vast population and diversified interests, are, as they should be, a matter of evolution. Public sentiment is the factor which, in matters affecting of the people, determines the trend of legislation in representing government. A general public perception of the need of reform in our currency laws will lead as a rule to corrective legislation, provided our law-makers and currency reformers will advocate practical plans which are not so radical as to be at variance with and in advance of public sentiment. Whatever may be our individual theories as bankers as to branch banking, reform of the present subtreasury system, and asset and emergency circulation, we should view with distrust and apprehension as practical men the extremely radical and comprehensive measures suggested at the present time, covering not only asset and emergency circulation, but branch banking and subtreasury changes as well. The currency reformer should ask himself, What are those simple propositions out of all the many which have so long been discussed, which the people, not simply the bankers, can unite upon and have incorporated into law? To find what is the best practical reform at this time, not simply what is best theoretically, should be our purpose as business men. Let us take one step or we may not take any. We had best conclude at the outset that whatever may be the legislative outcome of the universal discussion and public interest relative to the trust question, until Congress settles its mind as to what to do with the question of the relation of the Government to the present great industrial combinations, it is not going to take down the bars and remove the existing restrictions upon branch banking, thus further facilitating the progress of consolidation in the banking interests which is already going on to some extent through other devices than the branch banking system.

Whether branch banking is right or wrong as an economic principle, as practical men we can make up our minds at the outset that the public will have nothing to do now with the branch banking idea, and that to couple it with another measure of currency reform in any plan of legislation will be to injure the chances of both. The most of the arguments for branch banking assume that a community can be as well served by an agent acting at a distance under delegated authority as by an independent local institution possessing full authority and power to pass upon local questions. Now the record of corporation development in the United States indicates that the process of centralization and consolidation which is going on, is accompanied by the absorption into head offices of an increasing number of functions formerly exercised by independent institution. To allow any great latitude or discretion in the making of local loans by the agents of branch banks would result in a diversity of policy inconsistent with the highest success of such institutions. The branch banking system, since it would lessen the number of independent institutions, and therefore the expenses of the banking system, which have to be paid in interest and exchange charges by the community, would, of course, have many advantages. But while it would result in a lessened rate of interest upon certain classes of loans and in an increased rate of interest paid to attract deposits, it would also result in the consolidation and lessening of the number of individual loans. The tendency would be to curtail the number of small loans where personality and character are elements in the consideration of loan applications by the local banker. The proposition is not sound that if there is a demand for the making of loans to small manufacturing and commercial enterprises and to small borrowers upon personal credit, it would be properly met under a branch banking system by the independent local banks which would remain in the field for that purpose. A bank cannot live on borrowers alone—it must have deposits.

The branch bank, operating under less expense than the independent bank, can take the bulk of the deposits by offering a higher rate of interest to depositors. The growing tendency to pay high rates on deposits is one of the characteristics of the centralization of banking interests already going on in the country. For instance, certain city trust companies are now advertising throughout wide sections of country that they will pay four per cent. on deposits to be remitted by mail. The branch bank, having facilities to loan through the parent bank, and paying higher rates on deposits, will to a large extent drive out of business the local banks irrespective of the needs and demands of small local borrowers who cannot offer loans secured by staples like grain and produce with established cash markets in money centers, in the making of which the personal equation is a small element. This would all be well enough perhaps in the older communities, and for all except the small bankers and borrowing customers of small banks. For the small bankers as bankers I make no special plea. They are not entitled to the protection of the restrictive provisions of law relative to branch banking, unless, in addition to their own interests, the interests of the people of the nation are subserved. The question is a broader one than that of the small banks, and as long as the opponents of branch banking base their claims only upon the alleged right of the local banks to be protected from the competition of the central bank, they will make little impression as against arguments unholding branch banking as securing economies and other benefits to the people as a whole.

Now, what will be the effect upon the public interest of a system which curtails loans to the borrowing customers of this great system of small banks which we have throughout the country and facilitates at their expense the borrowing of money by the great industrial concerns, whose headquarters are in the central cities where would exist the chief offices of the central banks under a branch banking system.

Our great Western, Middle and Southern States are as yet undeveloped. And the man who develops a country—the man who starts a little manufacturing industry—who starts a small wholesale business—who starts in a small way to develop the mineral resources of the country—the man, in other words, who goes to work in fields of undeveloped resources, is the very one whose credit is to be curtailed and his chance to found or increase a business injured by the branch banking system. In this country we are leading the world commercially, because under our law and government we have made it our special effort to protect the rights, interests and opportunities of the individual and of the small enterprise. To the protective tariff system, which kept the flood of foreign competition from our manufacturing interests in their earlier stages, we owe in great part our magnificent industrial development as a nation. The United States has just entered fairly upon the work of developing its almost boundless resources, and we are not ready as a nation to dispense with the small business man or curtail his opportunities, for that small business man may become a great business man, and in so doing may grow to bring opportunity for employment and accumulation to thousands of our people in towns and territories where now there are but restricted and undeveloped fields of work. And

if we are not yet ready to dispense with the man of small enterprises; if, as a nation, we still regard it wise to protect his opportunities, it is better for us to pay the small additional cost of this present great banking system of 15,000 independent banking units as compared with the cost of a branch banking system. Our present banking facilities are well caring for our great industrial concerns. These great combinations seem to be doing well, and it is to the national interest that they prosper. But it is not the large concerns which are suffering these days; it is the small ones. With an increasing public agitation to regulate and curb industrial combinations, which has arisen largely from the feeling that the scope of individual endeavor is being so contracted as to endanger the highest national progress, let us beware how we remove restrictive legislation already on our statute books. Branch banking may come in time, when still further the great process of industrial centralization and national development shall have continued, but it is not time for it now, and from the standpoint of public policy, as bankers and as citizens, we should oppose it at the present time. What we should do now is to consolidate our whole efforts behind some measure for an elastic circulation, the need of which we all feel. In support of such a measure both the friends and opponents of branch banking can unite. Instead of demanding as bankers the passage of a law involving complex and radical changes in financial legislation concerning which there is not even among ourselves any unanimity of opinion, let us ask at this time simply for an emergency circulation, which will supply the needed elasticity in our currency to assist us in the crop moving period and in times of panic, waiting until that reform is attained to urge other reforms. Let us now advocate, for the purpose of allowing elasticity to bank-note issues to protect the banks and the community in times of panic, a small amount of uncovered notes, in addition to the secured notes, which should be authorized by law under the following limitations: They should be subjected to so heavy a tax that they could not be issued in normal times for the purpose of profit, but would be available in times of emergency. The tax should be so large upon the solvent issuing banks as to provide a fund which, in connection with the pro rata share of the assets of an insolvent bank, would be sufficient to redeem the notes in full, without necessitating any preference of note holders over depositors of any insolvent issuing bank. The tax should be so large as to force this currency into retirement as soon as the emergency passes. Such a currency could be used only to lessen the evil effects of the too rapid liquidation of credits which are collapsing under a financial panic, but could not be profitably used as a basis of business speculation and inflation. It should be to the business community what the clearing-house certificates are to our cities in times of panic—a remedy for an emergency, not an instrument of current business.

Remarks of HORACE WHITE, Editor Evening Post, New York City.

Gentlemen of the Convention: Your Executive Committee has asked me to say a few words here on the subject of Assets Currency and Branch Banking. My views on the latter subject were presented at some length at a Bankers' Convention in Kansas City a few months ago, and as they were published in several bank periodicals, it would be needless to repeat them now. At Kansas City I spoke in favor of the plan of assets currency proposed by the Indianapolis Monetary Commission four or five years ago. That plan was introduced in the House of Representatives in 1898, but was not brought to a vote or to general debate. A modification of it was introduced in the House by Mr. Lovering of Massachusetts two years later, but was not acted on. A bill embodying the principle of assets currency, but differing in important details from the Indianapolis plan, was reported by the House Committee on Banking and Currency on the 5th of April last. This is known as the Fowler bill. It is the one which now, for the most part, engages the attention of those persons who give any attention to the subject at all.

MEANING OF ASSETS CURRENCY.

Before going further, we had best tell what we mean by assets currency. This is a phrase peculiar to our own country. Properly speaking, all banknotes are assets currency, since their goodness depends upon the assets of the issuing bank. This is true of our own national banknotes, since the bonds deposited in the Treasury as security for them are assets of the issuing bank. So the distinctive feature of assets currency, as we use the term, is that the *bank itself* holds all the assets on which the goodness of the notes depends, instead of depositing some part of them in the *public Treasury*. The reason for lodging a portion of them in the Treasury is to guard against loss through bad investment, fraudulent management, or robbery. These banking risks exist always and everywhere. Yet assets currency prevails in all civilized countries except the United States and that part of Great Britain called England. It exists in Scotland and Ireland, as well as on the continent of Europe. Banknotes secured by assets not under the control of the issuing bank are the very rare exception to a general rule.

THE FOWLER BILL.

I shall glance first at the Fowler bill. I am glad that Mr. Fowler is here to speak for his own measure, because he is well equipped for that task. He and I have discussed his plan together, both verbally and in writing. While entertaining a high opinion of his abilities and sympathy with his aims, I have not been able to give entire approval to the details of his measure, and this has been a source of keen regret to me, because we have bought battles together for sound money these many years.

By the first section of the bill a division of banking and currency is established in the Treasury Department under charge of a board of three Comptrollers. There is already a bureau of this kind in the Treasury Department under charge of a single officer. The difference between the one now existing and the one proposed, so far as the bill itself enlightens us, is simply a difference in the number of persons to be consulted in reaching decisions. I can see no more reason for having three Comptrollers of the Currency than for having three Secretaries of the Treasury, but I admit that this is not a very important mater.

BANK LIABILITIES AS BANK RESERVES.

The secend section provides that if any national bank shall assume the current redemption of an amount of United States notes equal to 20 per cent. of its paid capital, it shall have the right to issue circulating notes, not secured by United States bonds—to issue them at various times, in varying amounts and at varying rates of taxation. I shall not occupy your time with the details of issue. If a bank with a capital of $100,000 shall assume the current redemption of $20,000 of the existing greenbacks, it shall have the right to issue, at certain intervals of time, $100,000 of its own circulating notes, but all the notes above $60,000 are styled emergency circulation, and are made subject to a tax heavy enough to make it certain that they will be issued only in time of trouble, and will be retired as soon as the emergency passes away. In order to identify the United States notes, that each bank shall currently redeem, they must be stamped on their backs with the name and promise of the particular bank. So, if all the banks

should join in the arrangement, there would be upwards of four thousand particular lots of greenbacks in the country. They might be in circulation, or they might be in the banks' reserves, or in both. It is doubtless the intention of Mr. Fowler that they shall be mostly in the vaults of the banks responsible for them, and thus it would come to pass that the bank reserves would be composed of bank liabilities to the extent that these stamped greenbacks were held by them. I confess I do not know what the effect of such an arrangement would be in a time of great stringency, when the banks should be compelled to pay out their reserves, or in case of a large exportation of gold. The Government's responsibility for these notes is not changed by the bill. It must still redeem them on demand, but having done so, it may demand redemption of them again by the bank. Thus, in an imaginable case, there would be a stream of stamped greenbacks issuing from the banks, flowing to the Treasury, and back to the banks, and being redeemed twice in the circuit, and then repeating the circuit. If gold were wanted for export, this would be the most likely method of obtaining it, since by presenting the notes *en bloc* to the Treasury the holders would be spared the trouble of sorting them. But, as I said before, I do not know what would be the consequence of having the banks' reserves composed in part of their own liabilities, and I do not venture to make predictions. The plan might work well, or it might not.

RETIRING THE GREENBACKS.

Each of the banks entering into this arrangement is required to present to the Treasury its quota of United States notes to be stamped as aforesaid, and at the same time to present one-half as many more to be redeemed by the Treasury and cancelled. The capital of all the national banks will soon reach $700,000,000. If all should enter into the arrangement the amount of greenbacks endorsed would be $140,000,000, and of those redeemed and cancelled $70,000,000, leaving $146,000,000 outstanding. The amount of gold in the redemption division of the Treasury would thus be reduced to $80,000,000, and under existing law the Secretary of the Treasury would be obliged to restore it to $150,000,000. The bill provides that when the banks shall have assumed the current redemption of $130,000,000 of United States notes no national bank shall pay out any greenbacks not endorsed, but shall present them to the Treasury for redemption as fast as they are received in the course of business, and when redeemed they shall be cancelled.

Thus, if the bill were enacted, and if the banks should avail themselves of their privileges under it, three-fifths of the greenbacks would, after a while, be retired and cancelled, and the other two-fifths would be locked up in the bank reserves. To those who think as I do, that all of them ought to be retired and the Government taken out of the banking business wholly, this arrangement is objectionable only because it adopts circuitous and dilatory and roundabout, instead of plain and direct, methods. Why should the banks "currently redeem" notes which they never issued? Why should not the Government redeem, both currently and finally, notes which it has issued, and for which it has received value, and which it is abundantly able to redeem? The answer to these questions is found in the report accompanying the bill. It tells us that one of the purposes of the bill is "to protect the national credit against assult through the demand oligations of the Government, by completely relieving the Treasury at once of a burden amounting to more than seven hundred millions." Protecting the national credit against assault, as the phrase is here used, means preventing the holders of greenbacks from presenting them for redemption. There are only two conditions under which the public will present greenbacks for redemption. One is where there is a legitimate trade-balance calling for gold for export. The other is where fear exists in the public mind that the Government may be either unable or unwilling to redeem its greenbacks.

In the former event the trade-balance must be paid anyhow. Such balances are relatively small, and it is desirable that the Government, rather than the banks, should furnish the amount needed; first, because the Government, not the banks, owes the money which the greenbacks call for; second, because every dollar of gold taken from the banks depletes their reserves and lessens by as much as four dollars, their ability to make advances to the business community.

In the other event—that is, in the case of a panic, neither this measure nor any other can prevent a run on the Treasury for gold, since the Government is the ultimate sponsor for every outstanding greenback, whether they are stamped or not. The bank depositors, if they are really alarmed, as they were in 1893-6, will possess themselves of the stamped greenbacks and present them to the Treasury for redemption. Moreover, the Government ought *not* to be relieved of the necessity of redeeming its demand notes. The onus of redemption ought to be kept constantly upon it. Nations learn wisdom by experience. They seldom learn financial wisdom in any other school. The repeal of the Sherman silver act was brought about by acute suffering. President Cleveland might have lectured Congress till he was black in the face; he could not have accomplished the purpose for which he called the extra session in 1893, had not bankruptcy been wielding its lash in business circles all over the country. If you want the greenbacks to continue as a permanent feature of our currency system, just devise some way to protect the Government from the necessity of redeeming them. If you want to get rid of them you must keep public opinion in a state of anxiety respecting them. I want to get rid of them as soon as possible, because they are political money; and any political party that may hereafter find itself in power at Washington may increase the amount to a billion dollars, or any other sum. I can remember a time, not so very long ago, when a political platform demanded that the volume of money should be made "equal to the wants of trade." What did that mean? It meant that the Government's printing press should be put in motion and kept going until everybody had as many legal-tender notes as he wanted. You may say that the time for such folly has long since passed away. I should be glad to think so, but I have heard as great follies as that advocated on the stump within sixty days, in connection with the coal strike in Pennsylvania. The danger of greenback inflation will last as long as the greenback itself lasts. When it disappears it will be gradually forgotten, like the Continental currency and the Confederate currency, but while it exists it will be an ever-present suggestion and impulse to financial madness.

The bill we are considering has a plan for the eventual retirement and cancellation of the greenbacks. I have already referred to the clause for the redemption by the Government, of one-half as many greenbacks as the banks assume to "currently redeem"; also the clause which requires the banks to present to the Treasury for redemption all the unstamped greenbacks that they receive in the course of business. There is a method also for eventually retiring the stamped greenbacks. It is somewhat intricate. A safety fund equal to 5 per cent. of all outstanding banknotes is established in the Treasury for the redemption of failed banknotes. Into this fund is paid also the tax on banknote circulation and the interest received by the Treasury on deposits of public money in the banks. Whenever the accumulations of this fund from all sources exceed 10 per cent. of the amount of national banknotes existing, the excess shall be applied to the redemption and cancellation of stamped greenbacks, beginning with those last stamped, and proceeding backward in the reverse order of their assumption by the banks. I suppose that the stamped notes would be redeemed by this process at some time, the tax on note circulation being continuous

and the duration of the Government (as we hope) eternal, but at what time this result would be reached no man can say. No many can say how many banks would come into the arrangement at all.

FEDERAL CLEARING-HOUSES.

The bill provides that the United States shall be divided into Clearing-house districts, and that each district shall contain one Clearing-house, whose charter, to run twenty years, shall be granted by the Board of Control. They are to effect clearings between banks, and perform "such other business and service as said Board of Control may approve." A Clearing-house is defined by Mr. James G. Cannon as "a device to simplify and facilitate the daily exchange of items and settlement of balances among the banks, and a medium for united action upon all questions affecting their mutual welfare." It is a voluntary association, hampered by no rules except those of its own making, and these it can abrogate or change at its own pleasure. Upon this liberty of action its efficiency depends. It is now proposed to make the Clearing-houses chartered institutions, subject to a Board of Control in Washington, and also subject to the process of the courts of law. Each bank will have its own twenty-year charter, and will be a partner in another twenty-year charter—that of the Clearing-house of its district. This looks like a very complicated scheme, but the greatest objection to it is that it cripples the powers of the Clearing-house to take immediate action in any given case. Suppose that the Clearing-house committee desires to issue loan certificates in an emergency. The Board of Control may not think the emergency sufficiently grave to warrant such a step. Or some bank in the Clearing-house district may object, and apply for an injunction to prevent it. Under present conditions, too, the Clearing-house Committee can suspend any member for any reason it deems sufficient. The nature of such business requires prompt decision, but if the Clearing-house becomes a chartered company, any bank may appeal to the courts whenever any action is taken that is not to its liking, and thus cause delay. But the acts of the Clearing-house are generally such as do not admit of delay. If they are not put in force at once they are of no use. The only chartered Clearing-house that I ever heard of was the Gold Exchange Bank, which was incorporated under the law of New York in 1867, in order to facilitate the business of buying and selling gold, during the suspension of specie payments. Its operations were those of a bank and a Clearing-house united. During the Black Friday conspiracy of 1869, it was put in the hands of a receiver by Judge Cardozo, at the suit of a bogus claimant, all clearings were forbidden, and the fees of lawyers and receivers, amounting to $100,000, were paid out of the assets.

Now, why should we adopt indirect methods, instead of direct ones, either to get rid of the greenbacks or to establish a system of assets currency? The straight method would be to provide that the Government shall use a certain portion of its surplus revenue to pay and retire its past-due notes, and that the banks issue their own notes according to the safety fund plan. There is really no reason why these two things should be coupled together at all. The one is not necessarily contingent upon the other, but when either or both shall be embodied in legislation, it is my opinion that they will command more votes in Congress and in the country if they are direct and easily understood than if they are roundabout and obscure.

ASSETS CURRENCY INEVITABLE.

That assets currency will come I have not the least doubt. It will come because it will be a necessity. The yearly spasm in the money market, in connection with the crop movement, would force Congress to act eventually, even if nothing else should compel it. Why should we have such a yearly spasm any more than Canada? She has a harvest-time also, but she has no more constriction of the money market in the fall than in the spring. All seasons are the same to her, because her banks can issue their notes in the amounts and at the times and places where they are wanted. The Canadian banks can create the crop-moving currency when it is needed, or rather they can keep it on hand without expense to themselves, and put it out when it is called for. We can do nothing but send it from one place to another, perhaps a thousand miles apart, and send it back another thousand miles after it has performed its office; and if there is not enough to go around we must import gold to supply the deficiency.

But there is another force operating to bring assets currency to the front, and that is the gradual extinction of the national debt, upon which the present currency is based. Fifteen million dollars of the bonds of 1925 were taken by the Secretary of the Treasury for the sinking fund a few days ago. The debt is shrinking all the time, and as the amount becomes smaller the market price of the remainder increases. Private investors are constantly bidding against the banks. They are buying bonds out of your own hands. They are making it more profitable for you to retire your circulation than to keep it. This condition will be intensified as years roll on. The basis of banknotes issued on the present plan will disappear, and then assets currency will be a necessity unless we are to have a currency consisting merely of Government notes and gold certificates.

ASSETS CURRENCY MUST BE SAFE AND SOUND.

Assets currency ought to be better than Government notes because the assets of the banks consist of the circulating property of the country. If these assets are not good, nothing is good. If they were not good the Government could not long exist. The assets of the banks are partly cash and partly claims upon the producers and holders of the country's wealth of every description. The Government has nothing but the right to tax, and this is effectual only in so far as the producing power of the country, in which the capital and deposits of the banks are invested, is profitably employed. France is a rich country, but the Bank of France is much stronger financially than the Government, as has been proved in more than one crisis of that country's history. There are other reasons why banks are more fit than the Government to supply the nation's currency. They are credit-dealing institutions, lending institutions, business institutions. The Treasury, when it issues currency, is simply a borrower, and it can never be anything else unless it attempts to discount commercial paper, which nobody has yet proposed, and which no sane banker would consider possible under our form of government.

Although the assets of the banks as a whole are good, it does not follow that those of each individual bank are good. There will always be a certain percentage of bankers so eager for profit that they will not keep the necessary reserve against their liabilities. Hence there will always be a certain percentage of bank failures. But no system of assets currency can have any chance of adoption in this country which contains the possibility of depreciated banknotes. The failure of one bank, if its notes were not provided for and kept at par, would discredit the whole system, because it would put every note-holder to the necessity of examining the contents of his pocketbook, and scrutinizing all the notes offered to him in trade, and perhaps keeping a banknote reporter at his elbow to determine the goodness of the paper money in circulation, as was customary before the Civil War. I shall not go into details on this subject. Time does not permit, but I consider the Indianapolis plan of assets currency bomb-proof as regards the safety of note issues, and I think that the Fowler bill is also.

A BANKING SUPERSTITION.

There are some superstitions prevailing in the public mind, and in the banking mind also, regarding banknotes. It is commonly believed that it would be dan-

gerous to allow a bank to issue notes exceeding the amount of its paid capital, and that anything above 60 or 80 per cent. of its capital ought to be heavily taxed. Both the Indianapolis plan and the Fowler bill embody this conception. The soundest banking system that the country had before the Civil War was the State Bank of Indiana; yet this bank was allowed to issue notes to double the amount of its capital and it did so, and it never failed to redeem them even in the panic of 1857.

This is not difficult to understand. The State Bank of Indiana kept the right proportion of reserve to liabilities, and when a bank does so it is immaterial whether its liabilities are for notes, or for deposits, or for a combination of the two. The State Bank of Indiana existed in a sparsely settled agricultural country, where deposit banking was of little use. Nearly all the persons whose paper was discounted wanted notes. If the bank had been hampered by a provision that it should not issue notes in excess of its paid capital, and not more than 80 per cent. thereof without paying a tax of 5 per cent. on the excess, it could not have existed at all. Suppose that our national banks were prohibited from having deposit liabilities in excess of their paid capital, and were required to pay a tax of 5 per cent. on all such liabilities above 80 per cent. thereof, what would be the result? According to the last report of the Comptroller of the Currency the capital of the national banks was $655,000,000. Under the supposed rule their deposits could not exceed that amount in any event, and they could not exceed $524,000,000 without paying an excessive tax on the overplus. Yet their actual deposit liabilities were within a small fraction of $3,000,000,000 at that time, and their loans and discounts were an equal sum. How many of these banks could exist if they were restricted by such a rule regarding deposits? And how could the business of the country be carried on?

Yet, as regards the safety of a bank, there is no difference whatever between a note liability and a deposit liability. The former is a check drawn by the bank's President against his reserve fund, the latter is the check of the depositor, or his right to draw it, against the same reserve fund. Of a given amount of liabilities composed partly of notes and partly of checks, the notes will stay out longer than the checks and give the banker less trouble. Only about one-fourth of the national banknotes now existing are presented for redemption each year.

THE SUFFOLK BANK SYSTEM.

I might instance the Suffolk bank system that prevailed in New England before the Civil War. This was as distinct an evolution and as marked an example of "survival of the fittest," as can be found in this world's affairs. I never read its history without admiration, and while I agree that the national banking system was necessary and was a great blessing for the whole country, and that the Suffolk system had to give way to it, I regret the necessity that put an end to so useful an institution.

Under the law of Massachusetts any bank might incur debts to the amount of twice its capital stock, not counting as debts its deposits, or its dues to other banks. Therefore, the banks might legally issue circulating notes to double the amount of their capital, but practically they could not do so. Their note circulation was seldom more than 40 per cent. of their paid capital. The public would not take any more. It is the public demand, not the inclination of the banker, that determines how many notes shall be in circulation, and this public demand ought always to be satisfied by banks paying out their own notes over their own counters in exchange for good bills receivable. The law of Massachusetts prohibited banks from paying out any notes but their own, and that was a wise provision, since it compelled the banks to send to the Suffolk for redemption the notes of other banks that it received in the course of business. All the banks were thus required to keep a sufficient reserve in order to redeem their notes at the Suffolk. The New England note circulation was redeemed ten times each year on the average, yet the cash reserve needed was only 15 per cent. of both circulation and deposits, and country banks were allowed to keep all of this reserve in Boston banks. These country banks received as deposits in the course of business as much specie as was ever called for by their customers, and they had plenty of currency to meet all demands, since they made it themselves, as the Canadian banks do now. Yet the losses to noteholders from failures among the 500 banks embraced in the Suffolk system in twenty years (1840-1860) were only $877,327. A tax of one-eighth of one per cent. per annum on the circulation outstanding would have protected noteholders against this loss.

"EMERGENCY CIRCULATION."

The point of all this is that there is no necessary or logical relation between a bank's capital and its circulation any more than there is between its capital and its deposits. Both are liabilities, and the same percentage of reserve that will protect one will protect both. Why is it then that all of our banking laws, and projects of law, restrict the note issues of banks to a certain proportion of their capital, while they allow deposits to multiply to any extent? Why is it that bankers themselves see no danger in the unlimited increase of deposits, but look with great favor thereon, yet think that note issues should be restricted to the paid-up capital of the issuing bank, even where they are secured by bonds in the Treasury? This queer notion is an inheritance from the days of heterogeneous State banknotes, when banking was in great disorder, and when failures were frequent and disastrous. Banks were known to the public only as note-issuing institutions. Examine the statue-books of that period and you will find that the phrase "banking privileges" meant solely the right to issue circulating notes. The words had no other acceptation. The suffering caused by broken banks was therefore attributed entirely to note issues. It sank into the public mind. It created the conviction that the banks failed because they had insufficient capital, which was true in most cases; but it did not follow that the notes had caused the failures. On the contrary, the notes, as long as they were out, brought strength, not weakness to the banks, and if the latter had been managed rightly in other respects, and had kept the proper cash reserve, as the State Bank of Indiana did, they would have weathered all gales as that famous institution did, and as the great majority of the Suffolk banks did. We have inherited the beliefs of those *ante-bellum* days. We have accepted without question or examination the doctrine that the note liabilities of a bank should be restricted to the amount of its paid capital, or to some proportion less than its capital. If this is a sound doctrine than it is logical to say that all note isuues above 60 or 80 per cent. of capital should be termed "emergency circulation" and be heavily taxed. If it is not sound, then the proposed tax is unphilosophical and is really an obstacle to the relief sought for by such circulation.

But it is said that Germany issues emergency circulation in times of great stringency, and puts a tax of 5 per cent. on it, and does so with advantage to the business community and to the Imperial Treasury. Quite true, but the German bank act measures note issues by the bank's cash reserve, not by its capital. It says that the Reichsbank may issue notes to the amount of 450,000,000 marks regardless of its cash reserves. Then it may issue additional notes equal to its cash reserve. Up to this point the German system runs parallel with the Bank of England system, but here they diverge. The German law allows further issues, but not to an unlimited amount. The bank must always keep a cash reserve equal to 33 1-3 per cent. of its outstanding notes, and upon this last batch, or overplus, of notes, it must pay to the Imperial Treasury a tax at the rate of 5 per

cent. per annum. Thus the danger-line is drawn not at the capital of the bank but at its cash reserve, which is the true criterion both for note liabilities and for deposits. It is the true criterion because the bank's capital may be locked up in investments which cannot be realized on immediately, where as the reserve consists of the very thing wanted to meet liabilities.

Before closing, I wish to speak of one feature of the Indianapolis plan of assets currency, which has not attracted the attention that it deserves. It provides that the Government shall hold a 5 per cent. redemption fund for all banknotes as now; also a 5 per cent. guarantee fund with the power to replenish it by taxation when needful; also a paramount lien on the assets of failed banks and on the shareholders' liability, for the redemption of the notes of such banks. Having supplied the Government in this way with the means for redemption of banknotes, it provides that the Treasury shall receive at par all such notes in payments to itself except for duties on imports, and that it shall not pay them to its own creditors without their consent. Under this plan, therefore, the noteholder can lose nothing because he can use the notes in payments to the Government, and the Government cannot lose because it is armed with the power to recoup itself. It is said by some that if the Government is to be responsible for a note circulation it will issue such circulation itself instead of intrusting that function to banks. That is one of the things that remain to be seen. I suppose that the Government will insist upon whatever the people insist upon. It is all a matter of popular education.

Remarks of Hon. Charles N. Fowler

Mr. President, Ladies and Gentlemen:

Whatever might happen to a person if he were to make the remark, certainly here I am safe in saying that bankers are good fellows—all good fellows; they are the best men in the country—but I want to say to you that you have come here not as bankers alone. First of all, every person here who comes here representing a bank is a moral being. Secondly, you are here as a citizen, a lover of your country, a patriot. Lastly, and least of all, each of all is here as a banker seeking your self-interests. No one of you at home by conferring with his conscience would waive his manhood on the one side and his citizenship for his position as a banker. Yesterday the President of the Bankers' Association made one or two remarks that might possibly mislead the unthinking, and, inasmuch as I have discovered that many of you are here somewhat, if not largely, for a good time, when you are having a good time you are not thinking all the while. My friend, Mr. Herrick, took occasion to remark that "There is in this country no postal savings department to make the National Government the creditor of thrifty wage-earners and others of small means." Here deposits in savings banks form a very large part of the money used by the banks of discount! Mr. Herrick has the reputation of being the president of a very large savings bank—he tells me with $41,000,000 of deposits, and that he carries about $4,000,000 of reserve or cash. If you should take his remarks for what they might seem to mean, you would think that he has $40,000,000 of money—but he has not, and he would hate mightily to have people call for $40,000,000 during the coming week. (Laughter.) There is a vast difference between property, capital, money and currency. When one makes a deposit of a check for $1,000,000 with some bank, he has not turned over any money; he has turned over the title to $1,000,000 worth of property! that is all. Do not get these terms mixed.

Now another thought: Money may be currency, but right currency is never money. Money is the touchstone, or should be, of your currency. Currency ought to be of two kinds, the currency of commerce, the checks and the drafts, and the currency of trade, a right bank currency, a note of the bank.

Another thought—for, as the woodchopper in the forest first clears away the underbrush before he strikes at the root of the tree, so I want to remove some of the apparent entanglements that Mr. Herrick would seem to have thrown in my pathway.

Mr. Herrick alluded in his speech to the fact that there had been great failures in Australia, where the banking system was Scotch, both as to currency and branches.

That is true, but it was because those banks forgot that their busines was a commercial business, and went into the real estate business. The fact that they failed only proves that no good bank, dealing with the commerce of a country, will engage in a real estate business. (Applause.) Mr. Herrick's statement was as if I were to say: John Doe has cattle on his farm, therefore he has no horses.

Another remark: He said we must not deal with fads. Let me assure the gentleman that I am not dealing with fads or fancy, but with facts—facts that the fiat of economic law has carved out.

Another assurance that he gave you yesterday was that the gold mines of Johannesburg are now being worked, and that there is no reason to be anxious for the future. Let me say to you, sir (turning to Mr. Herrick), that it would be utterly immaterial to this country whether those mines produced $1,000,000 or $10,000,000 a month or $50,000,000 a month unless this country has a way of getting the gold. (Applause.) I assert that that there is not to-day in the United States a commercial or economic reserve against our vast commercial credits. We are dealing with something more than fads and fancies. I recently used this language: "It may be assumed without fear of successful contradiction, that the United States is absolutely without a natural and responsible guardian of an adequate reserve for our commercial credits. Indeed, a step further may be taken, and the assertion confidently made that there is not commercially speaking, a commercial reserve in the United States at all. On the other hand, there is no doubt that there is now more gold in the United States than would be required to constitute such a commercial reserve. But this fact would not protect us against a panic this fall." I used this language last June, and you are having your panic now. Or even next week, if, for some unforeseen reason a startling or considerable amount of gold should be taken away from us. A fear that it will be called for now is resting upon this country. The same subtle powers and unseen and unknowable forces that kept and brought only $879,000,000 gold here from 1879 to 1902, notwithstanding the facts that the production of gold in the United States for that period amounted to $995,000,000, and the balance of trade in our favor for the same years was $4,844,000,000, may silently but surely take away $500,000,000 more or all we have, simply because there is no self-interested and legally required power to protect and prevent when the drafts come. Is the American memory so short that it does not recall that we had $332,301,356 of gold in the Treasury in September, 1888, and yet were compelled to put into that seemingly bottomless pit $294,164,290.79 more by February, 1896, making a total of $625,515,596 of gold coin that practically went into and out of the Treasury by compulsion during the short space of seven years?

In the light of this experience, is there much ground for jubilation over the fact that there is in the Treasury to-day gold amounting to nearly $600,000,000, when we recall the fact that we do not have the slightest control over its movements and that a still larger amount proved

as evanescent and as elusive as a midsummer dream between the years of 1889 and 1896? With all our superabundance of gold and matchless prosperity, it is certain that we are living—nay slumbering—in a fool's paradise, and may almost any moment be suddenly and rudely awakened? "We are somewhat awakened now." Because our financial system is only a fair weather craft, wholly unsuited to carry, in a violent commercial storm. In the years following 1870, and down to 1902, the balance of trade against Great Britain was $26,000,000,000. Yet England had always as much gold as she wanted. During these same years France had a balance of trade against her of $4,000,000,000. Yet she got all the gold she wanted. During the same years Germany had a balance of trade of more than $4,000,000,000, yet Germany got what gold she wanted. Yet none of these countries produced any gold to speak of. During the past five years—a most wonderful period in the human race in this country—the balance of trade in favor of the United States was $2,700,000,000, and we have produced a vast amount of gold, between $300,000,000 and $400,000,000, making over $3,000,000,000 all told.

Now, if there was anything in the fallacy of the balance of trade, we ought to have, in New York or in the United States, $3,000,000,000 more than we had in 1896, when we had $696,000,000. But how much have we? We have added just $500,000,000; we have now $1,200,000,000. So that there is due from us to Europe $2,500,000,000; yet we are told by bankers in New York, who know the situation best, that we have on the other side anywhere from $1,000,000 to $300,000,000 of loans coming due within the next two or three or four months. How are you going to stop the gold from going when all Europe can go to the Treasury of the United States with a bag and get it without price? If the burden were placed upon the bankers of the United States, as it is upon the Bank of England and the Bank of France, you would place the price of gold every night in the rate of interest; it would control the movement of gold. But there is no such condition in this country, and there will be no such condition until the United States notes are retired and that burden thrown upon the banks. (Applause.)

Never was there greater need than we now have of a financial system. We have no system now. It is catch as catch can and go as you please. The financial system should be built upon principles as unvarying and immutable as the law of gravitation. Eighty millions of the most intelligent, ambitious and productive people in the world, concerting their talent and toil, until more than $20,000,000,000 of products every year, which in their swift and ceaseless changing from mine and mill and from forest and farm to the ever increasing wants of a grandly advancing nation, send the exchanges bounding beyond the $100,000,000,000 mark, are entitled to, need and must have something more and other than tentative monetary conditions, subject every two years to a party vote, and dependent almost every hour on the caprice or fancy of a Secretary of the Treasury.

The infinite and almost immeasurable commerce of this country should be grounded upon and anchored to the world's standard of value, and yet not a single transaction, however small or however great, of the countless trades involved in the whole $120,000,000,000 of exchanges must now be proved in gold coin. Indeed, nowhere does gold bear a direct compulsory relation to the business of the country.

The currency tools of smaller trade, as well as those of the larger commerce, should spring into being with each transaction and return to their source upon the completion of their mission. These instruments of trade should always be equal to the needs of business and always as good as gold, because convertible into gold upon the demand of the holder. The banks of the country should prove the soundness of their credits by daily gold coin redemptions. Our banking system should be such as to make every dollar of money or credit available at the points where most needed, and that without charge or discount, if we are to have a mechanism of the highest utility, greatest economy, undoubted stability and the most perfect efficiency.

Now, with the commerce of this country founded upon a gold basis, we must then proceed to devise a most economical and efficient mechanism for carrying on this business. It is a sort of superstructure, and it cannot be constructed until the foundation is laid. Let me say, by way of anticipating what I know is in the mind of many a person here, that I shall not urge or recommend a currency which has not stood the test of 200 years in England, 100 years in France, and for 60 years of the first history of this country and 35 years in Germany. So that the man who thinks that I may be alluding to something that is running through his mind, that his father now has "red dog," or any other kind of dog money, is utterly mistaken; for I want to say here and now that though through every part of the United States there was during the history of this country down to 1860—a period of 73 years—test made of a right currency, in no instance was there an opprobious term used with regard to it, and to study the difficulty that has at all times, and was set off not only in this country, but on the other side of the Atlantic, though it emanated from American institutions. That is more than can be said of any bank currency or government currency that is in this country to-day.

Now, I leave this opportunity open; I challenge any man in this audience—he may take until to-morrow to meet the challenge—to point out a single instance in the history of the world where a true credit currency, with proper reservation by law, currently redeemed in kind, ever failed. A bank may have failed, but the system never failed anywhere at any time.

Now let me put a question to you as a banker, each one taking it to himself. A man comes to your bank and desires to borrow $1,000. To eliminate all question of credit, because we want to agree upon as many things as possible, he says that he has $1,000 Government bonds to secure the loan. When you ask how he will have it he says "Place it to my credit." You give him a check book and a pass book. He goes out on the street. To-morrow the same man returns and says he wants to borrow $1,000 upon the same kind of security. You loan it to him. You ask how he will have it. He says "Place it to my credit," and, starting to leave, he bethinks himself that the use he desires to make of it will require some better credit than his own, and therefore he draws ten checks of $100 each, and turns to the cashier and asks him to certify the ten checks. I will ask any banker here if there is the slightest difference to the bank in these two cases. Is there? No, of course, there is not. The next morning the same man comes back and desires to borrow $1,000 upon the same kind of security. You ask him how he will have it. Bethinking himself, he says, "I will take bank notes"—the mere promises to pay of the bank. Is there the slightest difference between the account subject to check, the certified checks of the cashier, and the bank notes that you have given the man?

A. J. Frame, of Waukesha, Wis.: Yes, there is.

Mr. Fowler: Are you not liable simply for $1,000 in each case?

Mr. Frame: I beg to call your attention to the fact that in the second case the Government is liable.

Mr. Fowler: I am not speaking of side issues now. Let us stick to the text. The bank is liable for $1,000 in each case, and that is all there is to it. Supposing the banks, as now, had the right to issue 100 per cent. of such currency, do you believe that such an issue would be dangerous? Do you believe that it would amount to inflation? Don't take my statement for it, but let me call your attention to experience. Mark this: France has a permissible issue of $1,000,000,000 of notes, but the amount that France has out is only $814,000,000.

Germany could issue $464,000,000, but has only out $332,000,000. Scotland could issue $148,000,000, but has out only $40,000,000. The First United States Bank could have issued $10,000,000, but its highest point was $5,000,000. The Second United States Bank could have issued $50,000,000, but its highest point was $23,000,000. The Bank of Indiana could have issued $10,000,000, but it had out only $4,000,000. The Bank of Iowa, $2,000,000 and only had out $1,000,000. In New England the Suffolk system of six different States with 500 banks could have issued $122,000,000 and only had out $44,000,000 at the end of its period. The Canadian banks have the right to issue $65,000,000 and the highest point reached last year was $57,000,000.

Now, I want to call your attention to a little history running back from 1897 to the present time, in the Canadian Bank system. In 1897, in January, it was $30,000,000; in October, $41,000,000. In 1898 it was $35,000,000, in January; in October, $42,000,000. In 1899, in January, $36,000,000; in October, $49,000,000. In 1900, in January, $41,000,000; in October, 53,000,000. In 1901, in January, $45,000,000; in October, $57,000,000. I have not October for 1902, but you will notice that every year there was the same proportionate increase, although the amount of business generally was rising. This will explain the operation of that currency.

(At this point Mr. Fowler displayed a diagram.)

You will notice that every year when the crops had to be moved in Canada, that that currency came out, and it came out just once a year.

I have given you the figures, and here is a diagram built upon those figures. In October there was that natural increase, in 1894, and then in October of the next year.

Canada is an agricultural country, and the increase of the currency came always in the fall, because there was no time in the year besides that when there was a particular call for currency.

(Displaying another diagram.)

In Scotland there are two periods of time when money comes out. They have settlement days, as they call them. The first of May and the first of November. Now, you will notice that this same currency came out in May, and again in November, came out in May and still once more in November. Then it went back again to its normal condition to meet the actual needs of the people. There is a case where it came out twice a year to meet the demands of trade. (Exhibiting another diagram.)

In Germany there are settlement days every quarter. You will notice here with what accuracy this currency came out every three months to meet the trade conditions of Germany.

Gentlemen, these are facts—not fads, not fancy. (Applause.) But the same imperial law of economics determines the control and the movement of this currency every time. Bear that in mind!

Now, I will show you one diagram where we have displayed a splendid display of elasticity.

(Producing another diagram.)

A Delegate: Won't you put that upon the table where we can all see it.

Mr. Fowler: Do you want them all set up?

A Delegate: No, that one will do.

Mr. Fowler: Let me tell you one fact about this diagram. You see there is a bend here. (Indicating.) Do you know what caused that? The bankers were speculating in bonds. That is what made that bend. Every time there was a chance to speculate in bonds you will see a little bend in the currency line in our system. (Applause.)

I think now that I have probably satisfied every frank man in this House, assuming that these things are telling the truth, that there is a vast difference between our currency and the currency of every other civilized nation. I pointed out to you some time ago, in giving you the figures, that while there was a maximum opportunity to issue currency it never reached the maximum; it kept right where the business demands of the country held it.

Now, a word with regard to the safety. Speaking of the Suffolk system—and I am reading now from my own remarks heretofore made:

"When the soundness of this system is tested by a comparison with the National system of to-day, the result more than justifies the assertion that the former was incomparably the better."

Be honest with yourselves, my fellow bankers. Don't play hide-and-seek with your manhood or your citizenship.

"For, when you compare the conditions during the 20 years from 1840 to 1860 with those of the past 30 years, all must admit that argument is futile and the conclusion inevitable that the former was better."

Now, I want to say there are many people here who do not study this subject, and especially the ladies—and I am always anxious to have the ladies on my side, because I know that with God and the ladies, I am sure to win, (Applause), and the ladies are more anxious for elastic currency than the men are. (Renewed applause.) The Suffolk system was a system of banks in six of the New England States that existed for many years prior to the war, and it was a system that grew up in each State by itself; there was no uniform law in all of the States. I am now going to read about what happened, simply to tell the natural growth of that system and the intelligent operation of a banking mind upon the commerce of New England. Mark this, that while a tax of one-eighth of one per cent. on all the notes in circulation would have paid all the notes of failed banks from 1840 to 1860, it would have taken a tax of one-fifth of one per cent. on all notes out to pay the notes of the failed National Banks. Nor is this all. The Suffolk system greatly lowered the rates of interest, and thereby advanced the welfare of labor and brought a larger return to the producers through New England.

In 1844 the Commissioner of Banks of the State of Connecticut used this language:

"It has been impossible for the banks of discount to find use for all their means in discounting good paper, and some, having the largest capital, have reduced the rate of interest in a few instances to 5, 4, and even 3 per cent."

Gentlemen, we are progressing. Some of us are paying two per cent. a month! (Laughter and applause.)

If the rate of three per cent. was reached in 1844, what ought it to be to-day, with our vastly increased capital in the banking business? But the fact is that we have the most expensive system in the world, which, if persisted in, may drive us from the coveted fields of the world's commerce. This system was tried in New York State. It was tried in Virginia. It was tried in Connecticut. It was tried in Missouri. It was tried in Ohio. It was tried in Indiana. It was tried in Iowa. Then right in this old State where we are meeting to-day, they had a banking system before the war of this very kind. And mark you, there was no limit of the note issue at all. A bank could issue as many notes as it pleased, if it would secure a coin reserve of 33 per cent. And so good was that banking system that after the war had been waged a considerable time, Mr. Horace White, to whom a monument ought to be erected before he is dead (Applause), tells us that when General Butler marched into this city our banks were redeeming their notes in gold coin. (Applause.) What about the United States Bank? Read the words of James Parton, the eulogist of General Jackson.

"If bank notes were as good as gold in every part of the country from Maine to Georgia, from Georgia to Astoria, a man could travel and pass these notes at every point without discussion. Nay, in Sweden, Paris, Rome, Cairo, St. Petersburg, the bank notes were worth a fraction more or less than full value at home, accord-

ing to the current rate of exchange. They could usually be sold at a premium at homogeneous commercial centers."

Is there anybody in this audience now, after this array of facts, that doubts the safety of this kind of a note?

A Delegate: Yes.

Mr. Fowler: I am surprised. Let me adjust this one matter of detail—and this is the first and only time during my remarks that I shall in any way allude to my legislation or to any particulars, as I am desirous to deal only with principles. A bill was introduced into Congress that there should be a guarantee fund of 5 per cent. to protect these notes. Let me call your attention to what that would mean as to our present system. A guarantee fund of 5 per cent. I went to the Comptroller of the Currency, to whom I shall pay my respects a little later on, and I asked for some detailed information, which he gave me with as much courtesy as any man could, for he is one of the best men in the world; and I want to give you the benefit of that investigation. I asked him to give me the detailed information which would show what would have happened if every United States bond which was placed behind these national bank notes had been completely lost; how much of a tax he would have taken then to protect the notes, and I want to read to you now what the conclusion was——

Mr. Charles G. Dawes, of Chicago, Ill.: Let me ask you a question right there, Mr. Fowler, for my information. Is this upon the assumption that there was a first lien in favor of the note holder, in estimating the tax?

Mr. Fowler: I will come to that in a moment; I am dealing with it both ways.

"A detailed report furnished by the Comptroller of the Currency covering every national bank discloses the fact that a tax of twenty one-hundredths of one per cent. would have paid in full all the notes of the failed bank."

That is without a first lien.

"This investigation discloses further that if all the United States bonds which had been deposited to secure the payment of the national bank notes from the very inception of the system down to 1902 had been lost and the notes had been a first lien upon the assets of the respective banks, provided by this bill, a tax of eight one-thousandths of one per cent. per annum upon the outstanding circulation from year to year would have paid all the notes not paid out of the assets. And, indeed, there have been only 30 cases in which the notes would not have been paid in full out of the assets."

Upon such a showing no one will deny that if there had been a guarantee fund of 5 per cent., deposited with the nation, the notes in circulation protected to the note holder would have been much more than that. Mark this, that if all the United States bonds deposited to secure circulation had been lost the 5 per cent. guarantee fund would have been 635 times as much as the annual tax required to redeem the notes of the failed bank. Again: "The tax of one-eighth of one per cent. per annum would have been 16 times larger every year than necessary to insure the payment of the notes."

Now, does my friend who says he doubted the safety of the note still doubt that those notes would be safe when 5 per cent would last 625 years? Is he satisfied now? The bill further provided that the accumulations should reach 10 per cent. So that when you reach the maximum of the amount we have a guarantee fund that would last 1,250 years, which would go as far as any man or woman here would need it. (Laughter and Applause.)

Now, about our present currency. I assert that it has no relation whatever to the commerce of the country, and that speaks louder than any words I can utter. For every vibration of that line (indicating a line on one of the diagrams) you will find is the result of the purchase or sale of bonds. Let me call your attention to one fact. From 1881 to 1890, a period of nine years, because the profit in bonds was off, the national banks of this country, while our business was increasing, reduced their circulation from $320,000,000 down to $122,000,000, or restricted them $200,000,000. Therefore, I assert without fear of contradiction—successful contradiction I mean, for men in their enthusiasm contradict a great many things (Laughter)—but I have said without any fear of successful contradiction and proof, that there is no distinct relation to the business of this country, except that it happens to be in the business of the country; that is all.

Now it is an expensive currency. I think I have proved beyond the peradventure of a doubt that the currency to which I refer is lasting and that it responds to the demands of business. I think I have shown that it will answer, if you did not even have a reserve fund—if you had the first lien. But with the reserve fund that covers 1,200 years it is certainly safe. I say that when you can use such an instrument of trade it is idle and wasteful to use the instruments of trade that are expensive. When a man comes in to you to make a loan, you ask him what he will have and he says currency, what do you give him? You pay out to him, we will say, gold. You have delivered to him one thousand dollars of property. You, as a banker, have paid one thousand dollars of property, of capital, for that one thousand dollars of gold. If, instead of the gold—for I know now that you appreciate the truth of that statement—you push out national bank notes, you push out to him one thousand dollars of property, because you paid property of a thousand dollars' value for the one thousand dollars' notes, and, more than that, 10 per cent. premium. You paid $1,100 practically for the cheapest of the bonds. Now what have you got to charge the man for? You have got to charge him for the property he is using; you have got to charge him for insuring his credit, and you have got to charge him for doing the work in the bank. In other words, if a man goes to a livery stable and says he wants to go horseback riding, the proprietor of the stable says to him, "I cannot let you have a horse to go riding with; you must take two horses and a wagon," and the man says "I don't want two horses and a wagon." But the livery man insists, "You must take two horses because the law says so." Now, what has he got to pay for that? Instead of paying the livery stable keeper for the horse that would serve his purpose a great deal better, he has got to pay for the span of horses and a wagon—all because the law says so.

Let me go just one step further and imagine, if you please, that in the course of a few years we have more than 79,000,000 of people—we have 100,000,000 of people—and that the present per capita circulation goes on at $30, and we have in this country $3,000,000,000 worth of money and currency. Let any man or woman go away from this hall without two distinct ideas, one money and the other currency. We have $3,000,000,000 of money and currency. If we go on as we are going on the whole $3,000,000,000 must represent actual property. A certain portion of it should represent property—just enough of it to put the test to the currency and to the rest of your credit every day in the year; just that much and no more.

Now I imagine if you have just the right kind of a financial system, you would have about $500,000,000 of money and small change, gold and the subsidiary coinage, and $1,500,000,000 of bank notes. What does that mean? It means a saving to the American people of no less than one to two and a half per cent. on $1,500,000,000 every year—twice the interest on the national debt. Are you for saving it? Or are you for spending it?

Now, my friend, I have finished with the subject of currency, and I have more than used up my time. I wanted to say something upon international banking

and a banking system, but I shall not encroach upon the time of the gentlemen who are to follow me, for I would rather do what I did, as far as I go, well, than only to half do it. Whether I have succeeded or not with regard to credit currency, I will leave you to decide. If the gentlemen here will give me fifteen minutes, I will briefly say something about branch banks.

(Cries of "Go on," "Go on.")

I am for an international banking system for this General Government. I want to see in every market of the world a representative of an American banking institution. I recognize the fact that we must look for markets abroad. The prophetic mind of William McKinley saw this in his last and greatest speech, at Buffalo. If we go on, taking advantage of the genius and discovery of the American mind, and all its productive energies, soon it will be every sixth man working upon commodities that will be sold beyond the borders of our land. (Applause.) How are you going to keep them at work? The most potential influence that can be brought to bear upon that problem is the representative of an American banking institution in every market of the world where goods are bought and sold for export and import! As an American, I want to see the time when New York City, and not London, shall become the exchange market of the world. (Applause.) I want to see every bit of exchange that comes for goods coming in, or for goods going out, written in dollars and cents and not in pounds, shillings and pence. (Applause.) I want to see the signet of the American Eagle upon it. I want to know that when the pittance is paid for exchange it goes over a bank counter where the English language is spoken with the American accent! (Applause.)

For what do we live? Production and consumption of commodities. That is the problem of civilization—to make the production as cheap as possible, in order that the articles that the American citizens buy can be bought as cheaply as possible. American production and consumption does not exist for the railroads, but the railroads exist for American production and consumption. (Applause.) American production and consumption do not exist and are not carried on for the benefit of the banks, but the banks exist for the benefit of production and consumption. We are fighting the great battle of civilization in this country, the battle of higher and higher wages, and cheaper and cheaper commodities. (Applause.) Now, will anybody say that it is not their duty as a man and a citizen to see to it that if they have the power they will reduce the cost of production to the lowest possible point? Let us take, if you please, a railway, the great New York Central Railroad, or the Pennsylvania Railroad, from New York to Chicago. It is the product of the time in which we live; four great one hundred pound rails, one hundred tons engine. One hundred cars in a train, air brake! The result, half a cent per ton per mile! A blessing or a curse to the American people. Can you see any difference in such a system of traffic in commodities of the United States and a corresponding traffic in the title of those commodities? One hundred miles north of New York or less, you can assume that there is a bank with a million of dollars of customers. Its customers borrow $500,000, and it charges them 6 per cent. always. The banker takes $500 of their deposit and goes down to New York and buys three and four per cent. paper. Is that a blessing to the people of that town? A banker in Kansas, where the banks have agreed to maintain an eight per cent. rate, takes the deposits of the people and goes to Kansas City or Chicago and uses the money and buys paper for three and four per cent. Is that a blessing to the people of Kansas? A bank that could within an hour's time, without cost or charge to any one, locate it where you please, there might be hundreds of them in this country, receiving a deposit, at a town on the Hudson or at a town in Kansas, or in Chicago, or New York, in Shreveport or in New York, or the borrower in Kansas the same rate that his brother is getting in New York, Boston or Chicago. In other words, if the banks of those cities had branches in those little towns, they could give the people the benefit of the same rates that their brethren in Chicago, New York or Boston enjoy.

I do not get your applause now, but I have your mind; you are convinced and I know it, because I have respect both for your intelligence and for the honesty of the average American citizen, and you are the best species of them. (Applause.)

You rail, my friends at a trades union that meets to-night in Shreveport or New York, because the trade union by vote declares that a man shall lay only 100 brick in a day, and you say that is stealing. You say more. You say that it destroys the American citizen, strikes at his liberties and strikes a death blow at the American idea. You are right. But when you stand up in your bank, uniting with your brother banks in a town and sell their credit in another town at three per cent. and hold them up for eight per cent., what are you doing? (Laughter.)

Mr. A. J. Frame, of Waukesha, Wisconsin: Up our way we are loaning at five per cent. every day in the week.

Mr. Fowler: Yours, then, is an exceptional case.

A Delegate: Have you seen one of these circulars this morning, which have been circulated around through the hall?

Mr. Fowler: I think I have.

The Delegate: I would like to have you answer that circular in a minute if you will.

Mr. Fowler: Oh, I think I have answered everything that I have heard of around this town since I have been here. (Laughter.)

Now, before I sit down—time goes so when you are serving your country, and I don't often get a chance to serve it as well as I am now (Laughter)—I want to say a word about my friend Ridgely.

Yesterday my friend Ridgely, whom I love, and the Lord loveth whom he chasteneth (Laughter) said "I believe in banking." He was right. "Theoretically, it is the best system as it is more economical, more efficient, will serve its customers better and the organization can be such as to secure, in most respects, better management."

"Owing to co-operation between its branches it can be made safer than any system of independent banks."

He is absolutely right and surpasses me in statement.

If I were outlining a new system for a country in which there was none, I would adopt this system; and I regret that it was not adopted or permitted in the beginning of the National banking system. I believe the National banks would be stronger and better to-day if branches had been permitted and the system had been developed with the branch feature an essential part of it. If this had been done the currency would doubtless have been made more elastic before now. If it had not, it would be easier now to do so with a system of large banks with numerous branches. Our system, however, was started on the other plan.

Was it ever started at all? I assert that the banking system never was started at all. They started a scheme for floating the national debt that the banks drew up.

"All its growth has been in the other direction. Our people know the independent home bank and the banker."

"Don't you think you would still have the home bank and the home banker, and that ever swelling affection he holds for the people around him? (Laughter.) Going about seeking whom he may devour, leading them in that way."

"It is too radical a change for the bank, the banker, and the customer to introduce at this late day. I do not think it would be wise to make such a change now if it could be done."

Now, here is the astounding proposition:

"I most emphatically believe it will not and cannot be done. The majority of bankers, the majority of the people, are against it."

How do you know that? (Turning to Mr. Ridgely.)

A banker said to me a short time ago, "Don't you know, Mr. Fowler, that five thousand bankers are against you?" I replied "I do, but I know on the other hand that there are five million others for me." (Applause.)

Mr. Ridgely: How do you know that?

Mr. Fowler: I know that the intelligence of the American people will demand it, when they find out about it. Now, this is the jewel:

"They will see that the majority of Congress are against it." (Laughter and applause.)

When I entered Congress I saw a Republican party and a Democratic party amassed against the gold standard. I remember the time when we were 106 Republican majority, and only three men stood up and declared in favor of the single gold standard. I have lived long enough to see every man, woman and child in favor of the gold standard. (Applause.) Is it a proper place for a man in public life to be looking over his shoulder and wondering what the people are saying, when he knows he has a duty to perform? What would have happened to the world if it had been made of such stuff as that? Why, if I did not know Ridgely as well as I do I would think he wanted to run for Congress or was a candidate for the United States Senate. (Laughter and applause.)

Now if you will bear with me a little longer, I have a notion to tell you a story to rest you—but I guess I won't.

(Cries of "Yes, yes; tell it.")

A slender attenuated youth was in the habit of visiting a lady of considerable avoirdupois. She was very talkative and he generally was very quiet. They got far enough along so that she sat on his lap occasionally. Upon this occasion he had not spoken for some time, and she remarked, "Lovey, are you asleep?" "No," he replied, "I am paralyzed." (Laughter.)

So, I hope, my friends, if you are not already paralyzed you will bear with me while I say a few more words. (Applause.)

We are in a great transition. The banking interests of our country are not keeping pace with the other gigantic changes that are going on in the commercial world.

"It is hardly more than yesterday when it took 25 men to do the work of one man of to-day in sowing and reaping grain, 55 men to do the work of one man in making watches, 242 men to spin the yarn for gingham worsted now spun by one employee, 333 men to make the horseshoe nails to-day turned out by a boy, and 44,491 men to produce as many screw posts as the single toiler is making now.

"The typesetting machine, under a single hand, takes the place of five men; while the printing press, watched by a single eye, surpasses the product of 16 skillful hands of yesterday.

"In thirty minutes 150 tons of ore are lifted from the hold of a ship to the waiting cars.

"The 50-pound iron rail has been replaced by the 100-pound rail. The single track has demonstrated the need of four tracks. The 30-ton locomotive of minature proportions has disappeared, and in its stead has come the giant of 80 tons, only in its turn to give way to the still more wonderful giants, one weighing 134 tons now being built.

"The ships that lay at anchor when yesterday's sun went down were of but 3,000 tons burden; to-day they are five-fold as large; to-morrow, from our great Pacific Coast will spring a monster of 21,000 tons, or seven times the size of the playthings tossed upon the waves in 1870.

"Soon a mighty fleet of 25 ships, each of 21,000 tons burden, will be plying the waters of the Pacific, carrying from our shores in each bottom 2,500 carloads, and distributing every week upon the average 100,000 tons of the product of our farms and factories to the uttermost parts of the earth.

"While the law of co-ordination, unification and economic operation has made this age the wonder of the ages, and our own country has surpassed all others in marvelous achievements in all other directions, our banking system alone remains a monument of what we were in all things prior to this glorious development of which we boast.

"Hardly a single financial or currency law graces our statute books that has been the result of cool, clear, dispassionate calculation and economic reasoning; but nearly all of them have sprung from the necessity of war, political purpose, or the shock incident to some commercial convulsion.

"The result is that the banking business of the country is conducted in a most wasteful way, with machinery utterly inadequate to provide for the business at hand, and wholly unsuited to successfully withstand the strain of expanded credits and keep the debtors in safety while contraction rages and panics prey upon prices.

"At the very time when banks should be of the greatest assistance our 12,000 integrated, so-called independent banks become the most dependent weaklings and destructive forces in the business organization. Each individual institution, conscious that all its creditors know its weakness, begins the desperate struggle of self-preservation and ruinous liquidation follows.

"With what truth did George S. Pallain, manager of the Bank of France, say to me: 'In all crises small banks feed on commerce, but great banks feed commerce.'"

"We might if we would learn a very important lesson from the great bridge now building over the East River between New York and Brooklyn. A single wire with a favoring breeze might float a kite over that waterway. But 8,000 wires bound together into a mighty cable 19 inches thick will, with its four fellows, sustain a gigantic structure 118 feet wide over a single span of 1,600 feet, furnishing a thoroughfare for hundreds and thousands of people to walk or ride, without a thought of its strength and weakness, because it outstrips the comprehension in its ability to sustain the burdens thrown upon it.

"This should be the relation of our banking power to our business interests. But, if we are to continue the present restrictions, and by force of law limit their individual operation to a single town, the banks will never get beyond the single wire in strength, which with difficulty sustains a single kite even with a favoring wind.

"Again, those mighty four cables, containing only 32,000 wires, because combined are vastly stronger than a million or any countless number of wires stretched separately across the same expanse, each barely able to carry its own weight, to say nothing of sustaining and supporting almost immeasurable burdens.

"One of the most essential rules to safe banking and sound business is that each individual or corporation shall have but a single account in banking relation, a principle which can find no recognition in our day, because the miniature affairs we call banks in no way correspond to the business of our times.

"This is a period of great undertaking, and the young man with business perspective and large comprehension has comparatively little chance to consummate his purposes, because our laws prevent with arbitrary prohibitions the co-ordination of our banking facilities to our business oportunities and requirements.

"At the very threshold of our business necessities we are met by the cry that a large banking capital will be dangerous to our liberties—a mere hobgoblin, born of the seething brain of the demagogue, seeking to prey upon the fear of the people.

"The Pensylvania Railroad has a capital of $202,-200,800, and the New York Central a capital of $115,-000,000.

"Does any sane man think that they will be dangerous to the liberties of the people?

"These and twenty other great railway lines have given us by far the cheapest and incomparably the best passenger service in the world. They have reduced our freight rates to a point one-half that of the lowest of any in the world, being as low as 0.469 of one cent, or less than one-half of one cent for carrying one ton one mile. They are bringing from Minneapolis, the great flour market of the world, to the toilers of New York, a loaf of bread for one-sixth of one cent.

"Oh, what a curse these giant railways have been to the great producing States of the West. Oh, what a curse to the toiling millions of the East, by making it possible for each section to do the very best and most for itself!

"The great ship lines, with various amounts of capital, reaching $170,000,000, have provided floating homes for travelers a single ship, costing $3,200,000, carrying 4,850 tons of coal to push its mighty engines of 35,000 horse-power 22 knots per hour, while 600 persons are employed and busy in caring for this little floating world.

"But the other day a vessel from New Zealand arrived at Southampton, and from its refrigerated apartments there were taken 77,000 carcasses of sheep, as fresh as the day they left the dock, a month before.

"Herds of cattle leave their grazing ground in the far West, take ship at some seaport on the Atlantic coast, and in a week are turned out to fatten in merry old England preparatory to the sacrifice.

"Since 1870 the ocean freights have fallen and fallen until now they are about one-quarter of what they were then.

"Oh, what a curse these gigantic steamship lines have been to the American people- How they have threatened their liberty! How they have enslaved them with opportunities to be industrious, strive, struggle and win gloriously.

"All these things have been made possible only by the conservation of energy in the form of combined capital.

"In banking alone are we struggling with a discredited system which bears the horrible scars of at least a score of tragedies of political origin.

"Shall we not bring harmony between banking and business; bring strength, confidence, power and a permanent condition to the National Treasury; bring to an almost limitless trade fit tools with which to do its delicate, intricate and important work; and, last of all, so co-ordinate the broken and fragmentary parts of our credit device as to insure the preservation of every solvent business, every profitable plan, every worthy purpose, while the contraction of credit may now and then put to the test the commercial soundness of the country." (Prolonged applause.)

Mr. President, and ladies and gentlemen, I want to apologize to every speaker who will follow me for taking so much time. I will not apologize to this audience, but you have my most sincere thanks. (Renewed applause.)

Remarks of WILLIS S. PAINE, President of the Consolidated National Bank of New York.

Mr. President:

The Comptroller of the Currency, in his instructive address yesterday morning, as well as in his last annual report, states in substance that there is pressing and immediate need not now supplied by our National banks for an Asset Currency which can be used to supply an emergency circulation, and that this is a good time to make reforms which are necessary. He adds that it will have to be determined by Congress in the near future, as to what shall be done with the National banks and their circulating notes, and what changes are to be made in the various kinds of paper now in circulation.

All plans should be carefully considered whereby our currency system, which every one admits to be faulty, may be perfected and recurring embarrassments obviated as far as possible.

Our present financial system is a mosaic of emergency legislation. It came into being by reason of the Civil War, at a time when the nation had to adopt expedients to avert possible destruction. If it is to be reformed, it should be done at the present time when no emergency exists. Its weakness is not so apparent in good times, but evidently enough its weakness is one of the causes of bad times and the frequent pledges which have been made of financial reform should be redeemed. The next Congress can put its time to no better use than in considering every well-digested measure which may be presented.

The National Bank Act should not be disturbed. It has existed thirty-nine years; hundreds of judicial decisions have been rendered as to the meaning of its various portions. It has been approved by successive Congresses and it has the complete confidence of the nation. It is to-day as nearly a perfect statute as a general law can be made.

President McKinley in his last public address said: "These are times of appalling prosperity." The then condition of the general business of this country to which he alluded still obtains. If the prosperity of our land is based upon what comes from the ground, our recent remarkable harvests and the demand for the same argue plainly that our good fortune is based upon the most satisfactory of foundations. The carrying of freight is unprecedented. Bank clearings are twenty-five per cent. above last year, and this increase has been going on each year higher than the preceding year at about the same percentage for more than half a decade.

Every indication points that this prosperity will continue for a considerable period of time. Such being the case, the question must be answered: Is there enough of the floating supply of money to meet the demands of trade? Should not the answer be in the negative? Instead of a large amount being due to this country from Europe as was the case in the year 1896, and preceding years, the converse is true. We owe more abroad than we have ever owed in our history as a nation. We have imported from abroad many kinds of goods which we previously sold to European buyers.

Prices in not a few instances have been advanced to a level much higher than in the years preceding 1896. They are too high to attract foreign purchasers. Another reason is the remarkable one that while our currency exceeds two billion five hundred millions of dollars, the National banks have increased their loans within three years over one billion dollars, while their specie holdings have materially decreased during the same period.

In view of the remarkable prosperity of the West and South it is evident that a much greater demand for currency has to be met than ever before in our history.

The statement that when the Boer War was ended large quantities of gold would be mined, and hence would be available as a circulating medium, has not been justified, and no one's opinion is ex cathedra. In this connection it is probable that the Secretary of the Treasury will soon be compelled to take away from the National banks a considerable sum of public money to meet the obligations of the Government now coming due by reason of the recent prodigality of Congress. Indeed, it is not, in a comparative sense, a large balance that now lies in the Treasury when the amount due from the Government is considered. The Treasury of the United

States has its limit, and it is not desirable to say more to thinking men. The very recent efforts of the Secretary of the Treasury to relieve the money market are well worthy of recapitulation in this connection. During the months of September and October last, within five weeks he offered relief aggregating $95,800,000. The items of relief were: Release of reserves held against the Government deposits, $40,000,000; purchase of bonds, $20,500,000; additional deposits in National banks, $18,000,000; added to National bank circulation, $14,000,000, and rebates of interest, $3,300,000.

Like relief cannot always be relied upon to meet an unusual condition of affairs. If prosperity is to continue, we must have more currency, and this can be done in a way which will not call for the repeal of existing laws. Upon general principles, it is unwise to discourage the issue of circulating notes by banks. Without them the currency would consist of gold certificates and coin, which are the most desirable currency in point of stability, provided enough were in circulation to supply the needs of trade; of silver certificates and coin, which are uncertain in value, and of legal tender notes, which are also uncertain and may become redeemable in silver. It is evident that without the circulating notes of banks, the currency of the country may be unsteady through changes in relative values as well as by Congressional action.

The Suffolk system of the daily coin redemption of notes made a banking system which was practically perfect, except that it lacked the element of insurance to protect the holders of circulating notes. Had a proper guarantee fund been created, the notes would have been commercially perfect. The credit notes of the Canadian banks, thirty-five in number, possess the confidence of the people. The increase in the National bank circulation during the first seven months of this year was less than $2,000,000, about one-half of one per cent. During about the same time the Canadian banks increased $6,449,172, more than thirteen per cent.; their total circulation at the end of last August being $55,933,701.

Reference might well be had to the operations of the Bank of England during its two centuries of existence, especially during what is known as "the Registration Period;" its fiduciary notes (including the amount authorized by order of the Council of last August to be issued) have increased to £18,175,000.

As an abstract proposition, State banks should not be debarred from the privilege of issuing circulating notes. A bank ought to possess three functions; Firstly, it should be permitted to receive money on deposit and hold it subject to draft, or under an agreement as to the time of its return; secondly, it should have the right to loan money; thirdly, it should possess the privilege, subject to restrictions, of paying out its own notes.

"The Safety Fund System" of the State of New York, as it was generally termed, would have proved successful had the banks of the State been subject to other conditions. While by law each bank was forbidden to issue circulating notes to a greater amount than twice its capital, yet no provision of law existed whereby a supervision could be exercised like that which obtains at present. A number of institutions violated the statute, and the fund which was intended to secure the payment of a bank's deposits as well as its currency, was found to be too small. No bank was compelled to contribute to the fund beyond one-half of one per cent. annually on its capital for six years, because the law provided that when three per cent of its capital had been paid, its contributions should cease.

The State of New York enacted, April 13th, 1838, a general banking law, which has well been called, "The Second Declaration of Independence." Its main feature is a secured currency. It is the basis of the National Bank Act. That Commonwealth has carefully preserved by re-enactment and revision its laws for the issue of circulating notes by banks and bankers. An epitome of the same is as follows: They provide that any bank or individual banker may deposit with and transfer to the superintendent of banks any interest-bearing stocks or bonds of the United States or of the State of New York, or any county or incorporated city of that State authorized to be issued by the Legislature, or bonds and mortgages on improved unincumbered real property of the State of New York worth seventy-five per cent. more than the amount thereon loaned, but no such stocks or bonds shall be received by the superintendent at a rate above their market value. The superintendent may thereupon issue to such bank circulating notes in the similitude of bank notes in blank, engraved and printed in the best manner to guard against counterfeiting, in various denominations which shall be registered in the books to be kept for that purpose in the office of the superintendent under his direction, by such person as he shall appoint for that purpose, so that each denomination of such circulating notes shall bear the uniform signature of such register.

The aggregate amount of notes thus issued to any bank or individual banker shall not exceed ninety per cent. of the market value nor ninety per cent. of the par value of the stocks and bonds or other securities so deposited with and transferred to the superintendent by such bank or bankers.

Every bank or banker issuing circulating notes, except those whose place of business is in certain cities and which have not already made such an appointment, shall forthwith appoint in writing an agent who shall keep an office in designated cities for the redemption of all circulating notes issued by it or him which shall be presented to such agent for payment or redemption.

Any bank or individual banker, or other person, may be such agent, and in case of the neglect or omission of any such bank or banker to appoint such agent, the superintendent shall appoint him, and if any bank or banker shall neglect or refuse to redeem its notes on demand, such bank or banker shall pay to the person making such demand interest on such notes at the rate of twenty per cent. per annum, and if such redemption is not made within twenty days from the time when first demanded, such bank or individual banker may be proceeded against by the superintendent of banks in the same manner and with the like effect as though insolvent. The superintendent may also give notice in a State paper that all the circulating notes issued by such bank or bankers will be redeemed out of the trust funds in his hands for that purpose, and he is authorized to apply such funds to the payment *pro rata* of all circulating notes put in circulation by said bank or bankers.

Mr. President, your attention is especially called to the fact that the Secretary of the Treasury has during the last few days set the stamp of his approval upon securities of a like character by accepting State and municipal bonds as a proper security for public deposits, which the latter part of last week aggregated very nearly seventeen millions of dollars.

A plan may be suggested whereby even if the affairs of a bank were managed injudiciously or the supervision exercised by the authorities of the State wherein it was located was inefficient, its currency would be so absolutely secure that it would be taken as freely at one end of the Union as the other. By reason of its elasticity it would prove an important factor in accelerating business transactions and developing the resources of the country. Under the old systems publications known as bank note detectors were a necessity to protect business men from worthless notes. The engraving and printing by the Government of circulating notes is now so well done that counterfeiting of its currency has almost ceased. It is reasonable to believe that the people of this country will not sanction a return to the old custom whereby we had nearly as many systems of currency as there were States.

No currency bill ought to be considered by Congress which is not based upon the thought so well expressed

in the charter of the Bank of France: "The essential interests of the country imperiously demand that every bank note will be declared to be lawful money and shall be able to circulate equally in all parts of the land."

It may be urged that securities, like those mentioned, could not be promptly converted into cash in case of an emergency, that the public must be sure not only that they will be ultimately available, but that the money can be had immediately, and that if it then were but the shadow of doubt, although a mistaken one, a panic as to such notes could not be averted, and even the remote possibility of such a lack of confidence would destroy the usefulness of currency based on such securities.

If this statement is met with the answer that the Government would be ready to redeem this currency because fully protected by reason of holding those securities, it may be replied that the Government should not be compelled to maintain a reserve to meet these notes if presented for payment, and that Congress, representing the people, would not permit the Government to go into the business of keeping money at hand to meet such emergencies.

In answer to the foregoing it may be shown that the currency contemplated can be made more secure than the present National Bank currency, and without the necessity for maintaining a reserve.

The circulation of each State Bank could be made a preferred lien upon the assets of each institution, to be paid before any other liability is met. The stockholders should be individually liable precisely as the law of the State of New York contemplates. Assurance would be doubly sure if a yearly revenue tax of one-half of one per cent. collected upon the amount of circulation of each bank was to be placed in the Treasury as a safety fund for the redemption of all circulating notes in any case where the security mentioned might be inadequate. When the accumulation of a safety fund as herein suggested exceeded a certain percentage of the amount represented by the circulating notes, it could be disposed of in various ways. For example, it would be equitable to refund to each bank the sum which it had contributed above a certain ratio to its liability for its currency.

Some plan similar to the one suggested would go far toward binding together the people of the whole nation in a community of interest, and would place a premium on honest administration of State and local governments which experience has shown to have been sadly needed.

This plan is an attempt to solve the currency problem. It is a purely economic question. Does it give an opportunity for the free coinage of substantial values into currency so controlled as to meet with the requirements of the people of this country?

And does it in any way disturb the existing monetary system?

Ought not circulating notes be issued by banks in response to the demands of the trade, provided such notes are absolutely secure? The needs of business must necessarily control; no bank can afford to pay a tax upon such notes when the demand for the same ceases.

It may be added, a stable currency is the life blood of the nation's prosperity. Without it we cannot hope for commercial supremacy, while with it we may be assured as to our future prestige. (Applause.)

Emergency Circulation.

Hon. Cornelius A. Pugsley, Member of Congress, Peekskill, N. Y.

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

I have just emerged from a political campaign, and an emergency circulation of any sort appeals strongly to me at the present time. Probably no one feels the need of an emergency currency more than the politician, and I think the Honorable Chairman of the Banking and Currency Committee of the House of Representatives will fully concur with me in this. The moving of certain constituents demands as free a circulation as the moving of the crops, and an elastic currency that would be susceptible of indefinite extension, particularly around election times, would be hailed with joy by every politician in the land.

When we consider the mighty forces that are at work to develop and accumulate wealth; when we see men enduring privations, braving the cold and snow of frozen Alaska and the heat of torrid Africa, that they may enrich themselves with gold, which in its last analysis means a purchasing power, we can realize the force and the truth of the words of the phrase maker, Fitz Greene Hallock, when he said: "This bank note world." How true it is that the typical Yankee and the progressive American

> "Counts his sure gains and
> Hurries back for more."

Money is the one thing universally used and abused. The one thing universally coveted and reviled. It has been said that the advice, "Put money in thy purse," has become too much the gospel of the country, and that the "trail of the trade-mark is over us all." It is undoubtedly true that money is the principal source of power in modern times, and particularly is it so in this country, where we have no titles of nobility. But neither money, social or political power, nor any other power, for its own sake, is worth the devotion of a life.

Money has played an important part in the world's development. Pope said of it:

> "Trade it may help, society extend,
> But lures the pirate, and corrupts the friend;
> It raises armies in a nation's aid,
> But bribes a Senate, and the land's betrayed."

In the early, or primitive, ages, we have abundant evidence that money, or currency, did not exist. When persons traded they exchanged the products of the soil, of the chase, directly with one another. Thus Homer says:

> "From Lamnos' Isle a numerous fleet had come
> Freighted with wine. . . .
> . . . All the other Greeks
> Hastened to purchase, some with brass and some
> With gleaming iron; some with hides,
> Cattle or slaves."

These lines are probably the first record of trade or barter, and it is easy to imagine the inconveniences of such a system; for it presupposes that the purchaser must have some article desirable to the prospective vendor.

As the world progressed, however, all nations fixed upon a material substance which should represent a unit of value. Skins of wild animals were thus used by the ancient Romans for money; cattle, brass, nails of iron, in ancient Greece; wampum among the American Indians, salt in Abyssinia, eggs in Alpine towns, codfish in Iceland, cakes of tea in China, shells in India and Africa, tin in ancient Syracuse and other articles in other countries too numerous to mention. In Britain as late as the Norman conquest, two kinds of money were in use, living money, consisting of slaves and cattle, and dead money, consisting of metal. Even at the present day in our thinly settled and remote communities, the products of the soil and bench are bartered when there is a scarcity of money.

Confidence is one of the great essentials of all successful business. Ninety-eight per cent. of the transactions of commerce are accomplished by the use of credit money, bills of exchange, bank notes, checks, money orders, etc. Foreign commerce is said to aggregate nearly $2,000,000,000 per annum, and less than two per cent. of gold is required to settle the balance of all this vast volume of trade. Some one has said "Credit represents confidence, the most important factor of all in the world's commercial relations." The New York Clearing House balances are not infrequently more in a single week than the total current money of the United States. And Daniel Webster said: "Credit has done more a thousand times to enrich nations than all the mines of all the world."

It is to the Jewish race, who have been called the compulsory bankers of Europe, that the great commercial world is most deeply indebted. When the world was in its swaddling clothes of financial and trade development; when populations were increasing and nations growing in power and influence, with the financial and business acumen for which the race was always noted, they were advancing money upon approved security. "When a whole nation," says the elder Disraeli, in his "Genius of Judaism," "devote themselves to one great pursuit, one single art, they open sources of invention, they reach to a noble perfection. Unhappily for the Jewish race, that great pursuit, that single art, was the commerce of money; and to render fortunes invisible, their genius produced the wonderful invention of bills of exchange, an object, like printing, too familiar to be admired; the miracle has ceased and its utility only remains; yet both are sources of invention and connect together as in one vast commonwealth the whole universe."

Much criticism has been had of the currency system of this country, but whatever there is of criticism it is sound beyond question, and good beyond peradventure The great essential in any currency is quality rather than quantity. It is the exponent of value in trade and exchanges, and fully meeting these demands the desirability of an abundance of money ceases. One does not need three horses to draw the plow when one will do, and the smallest amount of money which will transact the largest amount of business is a very near approach to a perfect ideal in business conditions.

The greatest objection to our currency is that it does not possess flexibility. Its only elasticity is afforded by our mines and the gold settlements of the trade balances for and against us. The present law regulating circulation, whose purpose was not to prevent a too sudden contraction of the currency but to prevent Government bonds held to secure circulation from coming upon the market prohibits the retirement of more than $3,000,000 per month. It has been suggested by prominent bankers that this law should be repealed, and that banks should be allowed to retire their circulation, if they chose to do so. Although this might add flexibility to our currency system, yet I am not sure that such action would be desirable, as it would, undoubtedly, result in a very considerable contraction of the currency in order to reap the profits to be derived from the high prices of Government bonds. The national banks of our country are compelled to hold as a reserve gold and silver and United States notes, and yet I see no reason why a national bank note, which is admittedly more effectually secured than a greenback or a United States bond, should not be counted as a reserve, because I consider them as good for that purpose, or any other purpose, as any obligation in this country to-day. As a well-known banker has said: "It is first an obligation of the bank to pay; second, it is secured by Government bonds; third, the Government is pledged by law to redeem it upon presentation, having in turn a prior lien upon the assets of the bank for reimbursement." In Germany I understand that notes of specie paying banks are so counted as a reserve.

During the panic of 1893 it was necessary to resort to the issuing of Clearing House certificates, and that they rendered the public untold service is unquestioned. The amount of Clearing House certificates issued by all the clearing houses of the country amounted to about $66,000,000. These certificates were issued merely in the great commercial cities, and were available only between banks in settling debit balances at the clearing houses. These certificates were the means of affording only indirect relief, as they were not negotiable in the hands of individuals. If a great panic should again befall the country I am somewhat in doubt whether these Clearing House certificates might prove as desirable under our changed conditions as in the past. It has been stated by eminent authority that these certificates, if again issued, might impair our national prestige as a money power in the world of finance and depreciate our securities as a nation.

This being the case it behooves the banker of this country and the legislative bodies of the country to prepare such an emergency currency as will take the place of Clearing House certificates and relieve the distress which attends not only a great panic, but that results from a demand for additional circulation in the moving of crops and the undue contraction of the currency resulting from the accumulations from customs deposited in the United States Treasury, which occur almost periodically each year.

Various plans have been evolved for the reform of the monetary system, and a number of bills have been introduced in Congress during recent years for the purpose of giving greater elasticity to the currency. Among the former are the famous Baltimore plan, the plans of Secretaries Carlisle and Gage, and the Indianapolis Monetary Convention; of the bills that have attained prominence are Congressman Walker's, the Lovering and Mr. Fowler's.

Another bill which has been highly commended in certain sections, which provides for the incorporation of clearing houses to issue an emergency currency, prepared by Mr. Gilman and introduced by me at the last session, had the same purpose in view.

I do not believe the American people are yet ready for an asset currency pure and simple, or for such a radical departure in our currency system as is provided for in the Fowler bill. I believe, however, that an emergency currency engrafted upon our present system might prove beneficial, and would also test the working of an asset currency, to which we may have to come when the Government bonds are no longer available as security. Such an emergency circulation, I believe, might be had if the present law should be amended so as to permit all national banks holding Government bonds as security for circulation, to issue ten per cent. additional currency on the amount of bonds deposited with the Secretary of the Treasury, the same to be taxed at the rate of five per cent. per annum, and also providing that all banks having a surplus fund equal to twenty per cent. of their capital should be authorized to issue ten per cent. of the asset currency, to be secured by approved bonds, or by bills receivable specifically set apart for that purpose, as in the Bank of France. As the present law provides that all circulation issued by the Government to the banks is a first lien upon assets, there would be no necessity for change of the law in that respect. This ten per cent. of asset currency should be taxed at not less than six per cent. per annum, and the bonds and bills receivable set apart to secure the same should be in excess of the circulation by at least fifty per cent. The bills receivable should have one or more endorsers known to be responsible and guaranteed by the personal bonds of the directors that the same are set aside as security for circulation. The setting aside of the bonds should also be guaranteed in a similar manner with the infliction of a penalty, if the security is not set aside as guaranteed.

These emergency circulation notes should not be

printed in any distinguishing color or design, but it should be within the power of the Secretary of the Treasury, or the Comptroller of the Currency, to have in hand and to issue such emergency currency, not to exceed twenty per cent. of the bank's capital, when in their judgment it should be advisable or necessary, and also to call for payment of this circulation from banks when it should be desirable that the same should be retired, thus avoiding inflation of the currency. An undue inflation of the currency, in my opinion, might prove more dangerous than a lack of currency at certain seasons of the year. The great requisite should be the quality rather than the quantity. Mr. Dawes, a former Comptroller of the Currency, has very aptly said: "We do not want an asset currency that will help us into a panic when we are out of one, but an emergency currency that will help us out of a panic when we are in one." But better still, and what is needed and required, is that emergency circulation so perfect in its security and availability that it will unquestionably prevent the panic.

If such an amendment to our monetary system should be provided it would result in sufficient currency, in my opinion, to tide over any conditions of panic or stringency in our circulating medium. It will be remembered that in the panic of 1893 about $66,000,000 of Clearing House certificates were issued. Under the provision that ten per cent. should be issued by banks having Government bonds on deposit, there being about $365,000,000 of Government bonds held as security for circulation, an amount aggregating about $36,000,000 would be afforded, and under the provision that banks having twenty per cent. of surplus should be allowed to issue asset or emergency currency to the amount of ten per cent., I should consider $50,000,000 more would be available, without having examined carefully into the number of banks that could avail themselves of this provision. The provision that National banks should issue such currency would undoubtedly lead all banks to strengthen themselves in order that they might avail themselves of the act.

The provision might also be had that this currency should not remain in circulation for a longer period than six months. But this might safely be left to the Secretary of the Treasury and the Comptroller of the Currency, the retirement of the notes being effected as at present, through the redemption fund and without disturbing the bonds on deposit. The security of ten per cent. of currency issued would be unquestioned by the market value of Government bonds at the present prices and with the interest charged upon this ten per cent. of currency, as well as upon the ten per cent. issued by banks with a surplus of twenty per cent. or more would soon provide a fund amply sufficient to pay any possible loss that might be incurred by the Government. This same provision as now in regard to the deposit of five per cent with the Comptroller of the Currency should also apply to the circulation issued under this provision, and I am not sure but that at least the same per cent. of legal tender money should be held against this circulation in banks as is now provided for bank deposits.

It seems to me that this question is well worthy the consideration of this great Association, representing, as you do, the banking and commercial interests of this country. A sound, stable and responsive currency is one of the greatest bulwarks of national glory, greatness and power, and one which will prove of inestimable value to its business interests.

Financial Crises.

By Hon. Theodore E. Burton, Member of Congress, Cleveland, Ohio.

In order to understand the future of financial crises it is necessary to study the whole field of trade and industry. They are not independent events, but bear close relations to changing conditions in the business world. At the outset it is necessary to define three terms: Financial crisis, depression, poverty. John Stuart Mill has defined a financial or commercial crisis as follows: "There is said to be a crisis when a great number of merchants or traders at once either have, or apprehend, that they shall have a difficulty in meeting their engagements." The crisis which he defines is essentially financial. It is most keenly felt at banks and in financial centers. It may occur when trade and industry are not seriously affected. It is of brief duration and may or may not be followed by a prolonged disturbance. A crisis is, however, usually a signal or introduction for a period of prolonged disturbance during which a decided change for the worse occurs. This disturbance may be described as a depression or a period of depressions. A depression may be briefly defined as a protracted season in which the activities and profits of an industry and trade fall materially below their normal level. Poverty describes a condition still more prolonged than a depression, and one which is of a fundamental nature. Crises and depressions appear in highly developed countries where trade and industry flourish and there is a rapid progress. Poverty exists where there is a general condition of stagnation, and development either does not exist or is very slow. Crises and depressions are severe in countries which from decade to decade show the greatest increase in wealth and material prosperity. An eminent financial writer has said: "Paradoxical as it may seem, the riches of nations can be measured by the violence of the crises which they experience." If instead of "riches of nations" he had said "rapidity in material development of nations," this statement could be accepted as substantially true.

In order to explain this singular phenomenon, that the most advanced and progressive countries suffer most from crises and depressions, it is necessary to seek their causes. Their underlying causes can be traced to the inevitable changes which characterize modern industrial and commercial progress, to the aggressive spirit and energy of progressive peoples. These changes require the constant absorption of exceptionally large amounts of capital in great enterprises, the completion of which requires a considerable time, or which when completed are not immediately profitable. This class of investments disturbs the normal relation between expenditures for the future, and those required for early utilization. Illustrations may be found in such instances as the building of the great trans-continental railways, the Hoosac Tunnel or the underground railway in New York City, or the investment of capital in great establishments which are made necessary to meet some new demand of public utility or convenience. Equally disturbing are those changes in methods of production or manufacture occasioned by inventions or by improved machinery and methods which require the substitution of new appliances and equipment for the old. These changes require the loss of much of investment which has been utilized for prior demands of production. Material and appliances which have been used to furnish supplies are abandoned to the scrap heap and great investments of capital are lost. An incident of this progressive tendency is the unequal development of invention in different lines, and greater profits in certain branches of business or manufacture than in others. As the result of this there is absence of equilibrium between different lines of production, too much is produced of

some things, too little of others. In a period of advancement also, when there is an increased demand for the necessities and luxuries of life, there is an incidental tendency to overaction, or to engage in an unusual number of unprofitable undertakings, manifesting itself in seasons of expansion by an unusual amount of speculation and fraud.

The course of advancement is marked by a demand for increased production which stimulates enterprise. This is attended first by a rise in prices; then by a great increase in the equipment for production and later by an oversupply which causes prices to fall. In tracing the course of these disturbances prices almost always reach and pass a maximum before a crisis occurs. The crisis comes when, instead of a demand greater than the supply, the supply is greater than the demand, and there is a glut in the market. Manufacturers and traders are confronted by slower sales and by diminished profits.

In the banking business the visible indications of the approach of a crisis are an increase of loans and discounts—that is, an increase greater than that which is required by the ordinary expansion of trade and industry; by a decrease of deposits, at least of deposits not based on discounts, by a rise in the rate of interest, or a scarcity of available money; also by a decrease of specie and of bank reserve.

One of the most accurate indications of healthful financial conditions or the reverse, is the relation between specie and loans, as shown by the statements of the banks. In the first half of the last century this was the infallible indication. While this same indication now forecasts the approach of a crisis it is much less prominent. The same conditions which have caused its diminished prominence as an indication have also lessened the severity of crises. Among them are the growth of international financial relations and the recognition of a general interest which renders it desirable that the stronger should support the weaker, and all should unite in giving attention to localities or interests where disturbances exist. As a result assistance is rendered where support is needed in time of stress. There is also the adoption of substitutes for money which diminishes the strain on the monetary supply, metallic or paper; the larger capital invested in the banking business, the custom of increasing the rate of discount at a time when gold reserves begin to diminish and, as important as anything, the greater skill and prudence expressed by bankers.

In the consideration of crises in our own country it is necessary to take into account certain exceptional conditions which have existed or which now exist here. Among the most notable causes of crises in the United States in the past has been the lack of certainty that paper money would be redeemed in specie, and in the standard of value whether it should be gold or silver. Great losses and great disturbances have arisen from the evils of irredeemable paper currency. A further injury has arisen from frequent changes and constant agitation in regard to vital matters of economic and fiscal policy, such as tariffs and the issue of paper money. Happily recent legislation has given assurance of the maintenance of the gold standard, and public sentiment has unequivocally declared against sudden changes in economic policy.

The notable defect at the present is the absence of elasticity in our currency, with the resulting scarcity in times when large quantities of money are required and the tendency to speculation when money is redundant. It requires little discrimination to discover that the demands for money are unequal at different seasons of the year, and in the same seasons of successive years. The term "autumn drain" has been applied to the great demand for currncy in the autumn season. It is clear that the quantity of paper money should be so regulated that it may increase or decrease, according to the requirements of trade.

The function of the Treasury as a bank of deposit also has an injurious effect because of the tendency to lock up money in the Government vaults when it is most needed, and to disburse it in large quantities when a less supply would be sufficient.

A remedy for these two conditions, the absence of elasticity in the currency and the accumulation of money in the Treasury, has been advocated by those who say that the Government should go out of the banking business. The issuance of greenbacks in the time of war was clearly intended as a temporary expedient. President Lincoln, in his message of December 1st, 1862, seemed to take the view that the United States notes were of doubtful expediency, and to regard the issuance of paper money as the function of the banks.

While the proper custody of Government money presents a different problem, it would seem that some method might be devised under which a limited amount, as nearly equal as possible from month to month, might be retained by the Treasury, and the balance made part of the circulation.

For the practical management of banks with a view to prevent crises, no rules can be formulated better than those stated by Mr. Bagehot—first, that in the time of alarm, loans should only be made at a very high rate of interest. This course, he says, will operate as a heavy fine on unreasonable timidity and will prevent borrowing out of unnecessary precaution. Second—that at this high rate loans should be made on all good security and as largely as the public ask. He says what is wanted is to diffuse the impression that though money may be dear still money is to be had.

The question when another crisis will occur presents an interesting inquiry. The answer is rendered much more difficult by the different conditions which prevail preceding each successive crisis, and especially at the present time. The exceptional conditions of the present are much more marked in our own country than elsewhere. We have attained a commanding position unknown in any other country. Our development has not only been great, but it has been attended by an unusual degree of equilibrium between production and consumption, by skill and aggressiveness in obtaining access to new markets and by a recognition of community of interests not known before. In several foreign countries, if we may judge by the ordinary indications, the unequaled prosperity of recent years has reached and passed its zenith; but such does not seem to be the case in the United States, though surely a diminished purchasing power in other countries must in time have an injurious effect upon our country.

One general factor of the most important nature which cannot be overlooked in the present situation is the great increase in the production of gold in the past ten or twelve years. This increase stimulates trade by increasing the monetary supply and by rendering it easier for the debtor to meet obligations. Such an increase would naturally be attended by a very considerable increase in prices, but this increase in prices has been very much diminished by the cheapening processes of invention and by improvements in manufacturing and in transportation and in the methods of managing business enterprises. An increased supply of metallic money has usually been attended, not only by a wholesome increase of wealth, but also by an unhealthful stimulus to industry, which in time causes overaction and results in a crisis; but the present development is marked by such harmony and such adaptability to new conditions that the injurious results which attend an increase of metallic money have not been felt so much as in previous years. It must be expected, however, that so great a prosperity cannot continue without abatement. Still it is certain that such crises as may occur will be but temporary checks in the great forward movement. This is especially true in our own favored land. Our aim should be to establish such a degree of steadiness and to exercise such a caution in our business growth as will reduce to a minimum the deleterious effects of crises and depressions.

The New South

By Jos. G. Brown, President Citizens National Bank, Raleigh, N. C.

In the long life of the great lawgiver of Israel there were three eventful periods. The first of these covered that portion of his life which was spent amid the luxurious surroundings of an Egyptian court, as the adopted son of royalty. The second began when he chose to be loyal and true to his own people, and with them to endure poverty and want, rather than remain the petted son of the King's daughter and enjoy all the pleasures that wealth and power could give. This epoch in his life was one of loneliness and privation as well as one of preparation for the great life work to which he had been called. The third and last period was spent in the service of his people, leading them out of bondage, guiding them through the wilderness, strengthening their faith and their courage, and inciting them to noble lives, by which they would be fitted for the enjoyment of that land which God had promised to their fathers.

In like manner the life of the people of the South may be divided into three distinct periods, almost parallel in their nature with the unique career of Israel's leader. Prior to the Civil War our Southern land, although sparsely populated, was the home of culture and refinement. With thousands of slaves to cultivate their broad acres our people lived in ease and plenty. But the war came, like a besom of destruction carrying blight and devastation in its path, tearing down homes, laying waste the towns, destroying the young manhood and reducing to want and penury the women of the land. Then came the long to be remembered days, following the close of the war. May we not with propriety call this the Resurrection period? For all that contributed to the peace and prosperity of the Southland was dead save the spirit of her people. There is a law of nature that out of death comes life. The grain of corn is buried in the earth, and from its dying mass comes the new shoot, the new blade, the new stalk which bears the new fruit. So, out of the dead Confederacy came the new life, the new energy, the new spirit that gives to me the topic for this occasion. If I could wield the brush of an artist, as best illustrating these three periods, I would spread on the canvas before your eyes three parallel pictures. First, that of the old plantation home. The "Great house," as it was called, stands yonder upon its lofty hill—a *great* house in fact, with its many rooms, its spacious halls, its broad verandas, all betokening the rich hospitality that was so graciously dispensed. In front of the house, along the foot of the sloping lawn, sluggishly flows the beautiful river. Behind the house, and beyond the barns and stables, are a hundred neat cabins, with the little negro children playing about the doors, their cheerful mothers or older sisters bustling about inside, or keeping time in song to the music of the spinning wheel; while in the broad fields beyond the fathers are tilling the ground. In the evening time, just as the reflected rays of the setting sun are making glorious the banks of clouds along the southern horizon, the melody of negro voices is heard, as the laborers return from the field; and, by and by, when the frugal meal has been eaten, and the chores are done, again is heard the weird negro voice, accompanied by the stirring notes of the old banjo; and presently the shuffling feet of men and women and the peals of merry laughter tell of the happy free-from-care life of the old plantation home.

But another scene rises before my vision. Four years of cruel war have passed, and we are brought to the year of grace, 1865. Along the country road, which follow the course of the river, slowly and painfully trudges a man in tattered gray. By his side hangs an empty sleeve. He seems downcast, dejected, but as he nears the site of the old homestead his spirit seems to revive, he quickens his pace, and a sweet smile plays over his countenance. He pauses upon the brow of the hill, from which can be had the first view of the dear old home, from which he went, a strong, brave hopeful man, four years before. He shades his eyes. He looks about him in every direction—and again turns longingly toward the site of the old home. His bosom heaves, the tears run down his cheeks, a look of inexpressible sorrow comes over his face. The old home is gone. Only the bare, blackened chimneys and the debris about them mark the place where it stood. There is the same grassy lawn sloping down to the river's bank; the same familiar trees stand here and there in the yard; there is the same old well from whose oaken bucket he had so often quenched his thirst in boyhood days; the same sun in shining down from the heavens, but it looks upon *home* no more. Pausing only long enough to regain his composure, he brushes the tears from his cheeks, and with determined step turns toward the negro cabins, where appears the only sign of life about the place. As he approaches the nearest cabin, an old gray-haired man, who is resting under the shade of the trees, catches sight of him, and, rising, comes with tottering steps to meet him. From the cabin door, attracted by the joyful exclamation of the aged man, there comes at the same time a sweet faced woman, clad in plain, homespun garb, her sleeves rolled to the elbows, having been evidently interrupted in her household duties. At a glance she recognizes the visitor, and rushes forward. Thus the father and mother meet their returning soldier boy. Doubtless the angels in heaven dropped tears of pity at the anguish of these people as each saw the sad changes wrought in the other during the four years of separation. But I may not dwell on this scene. It is but one of thousands familiar throughout our Southland at this period. The son and parents are happy that they are reunited. Briefly the experiences of the four years are recounted, and then plans for the future are discussed. The cabin in which the old folks are living is the only one occupied. The others are empty, desolate. The negroes are gone. But, although the body of the young man is weak, and one strong arm is missing, there is a soul within that is strong and buoyant, and this gives him inspiration. So not many days elapse before there is a great transformation in the appearance of things. New life seems breathed into the old place, and by degrees it is rebuilt, and becomes the original of my third picture.

Once more we stand on the banks of the river, upon whose bosom now float majestic steamers. We look with admiration upon the beautiful green of the sloping lawn, and upon the graveled walks that lead up to the front of the handsome, modern structure, evidently a home of wealth and culture. At a little distance we see a mammoth building, with a great smokestack pointing heavenward, and from its myriad windows there come the musical hum of the whirring machinery, and the gladsome voices of the happy operatives of a great cotton mill. Behind the house are the barns and stables, and in the distance large herds of cattle are grazing in the rich pasturage, while in other directions are waving fields of grain, and broad acres of cotton reflecting in its snowy sheen the glad sunlight of heaven. Adown the river, we see a bustling town, sprung up as if by magic, under the touch of the genius of the youth who, but a little while ago, came back in the tattered gray from scenes of blood and carnage. This, too, is but one of many similar scenes which go to make up the new South.

The pictures that I have drawn are true to life. The close of the war found, indeed, a desolate, devastated

country, its farms run down, its property gone, and its people, all too unused to work, crushed and broken-hearted, not only because their property had been swept away, but also because their strong men had either fallen in battle, or had come back broken in health and with shattered frames. They went away boys, with light hearts and joyous anticipations of the future. They came back men, bowed down with disappointment and sorrow, and facing the greatest problem ever presented to any people—that of the proper adjustment of the two races in their new relations to each other. Then it was, as never before, the world saw the true glory of the South as it shone out in her noble womanhood. Reared in luxury, as she was, with strong arms to provide for and protect her, and with obedient, docile slaves to do her every bidding and to gratify her every wish, it is wonderful with what ease she adapted herself to changed conditions. With her own delicate hands she began to do the drudgery work of the humble home, while with her glad hopeful heart she cheered and helped the more despondent husband and brother, and inspired in the breast of the boys a determination to rebuild the lost fortunes, and to re-establish the land of their birth and of their love. There was nothing to build upon, however, save the uncared for land, and the indomitable pluck of her people. The story that tells of their struggles and their difficulties, their failures and their victories, is one of thrilling interest, but I can undertake only to present a few figures to show results. Interesting indeed are the figures that tell of her wonderful prosperity. But, before presenting these figures, let me say that the topic assigned me is a misleading one. There is no new South, except as there is a new North, or East, or West. Ours is the same old South which, in the early days of the Republic, gave her sons for freedom, and in days of peace gave them to her country as statesmen to aid in building up for her the greatest and best government the world has ever known.

This South of ours is very much like the popular society belle. She never tires of listening to pleasant things about herself, and she is always ready for you to tell her again the same sweet old story of her beauty and her charms. I have told you that the South had practically nothing at the close of the war. The world looked on in amazement at the ease with which France met the installments of the enormous penalty imposed by her victorious foe at the close of the France-German War. The South, after enduring a war four times as long, paid in one vast lump sum a penalty five times as large, the money value of her slaves being that much greater than the amount demanded of the French. No country ever rallied from such desolation, with such spirit and vigor as she displayed—a result due not more to her abounding natural resources than to the spirit and pluck of her sons and daughters. Tried in the severest furnace, she has proved to the world that she is worthy of its confidence, that in her and her people are to be found the real elements of moral and material wealth. Her wealth to-day equals that of the entire country in 1860, and practically all of this has been created since the close of the Civil War. It took from that time until about 1880 to gather sufficient accumulations to serve as a basis of credit and of active operations—to inspire confidence and to acquire prestige sufficent to attract outside capital. Now our advantages are an open book known and read of all men. To-day the North is sending to us now only her money, but her sons. They are coming this way looking for opportunities to aid in our industrial development. How different the outlook of to-day from that of even twenty years ago!

At the beginning of this new century, *a thousand millions of dollars* will barely tell the amount of capital the South has invested in her manufacturing enterprises alone, and she is annually putting on the markets of the world her own handiwork to the value of more than one and a half billions of dollars. What does this mean? It means that the wealth of the South, consisting heretofore of her natural products alone, in their raw state, has been infinitely multiplied in value by the application of her brains and her skilled hands. It means that instead of confining themselves to the professions and to politics, her sons are learning to erect, to equip and to operate the mill, and that they are converting their eight-cent cotton into a product worth more than two hundred cents to the pound. It means that instead of cutting the trees from her forests and selling them for fire-wood at $3.00 per cord, she is converting them into useful shapes that bring the cord value up to more than half a hundred dollars. It means that the South has learned that wasteful living and dependence on unskilled labor will keep her people always as mere "hewers of wood and drawers of water." It means that not only in the mills, but in technical schools everywhere, she is training the hands of her boys, and at the same time storing their minds with useful knowledge. It means that the South is but upon the threshold of her development, and that this first decade of the 20th century will witness a progress more marked than the most optimistic have ever dreamed of—a progress unparalleled in the history of any country. But what is there to substantiate these claims? Let me tell you. In tobacco, the South is supplying the world with a quantity and a quality that are not equaled elsewhere. She produces 75 per cent. of all the tobacco raised in the United States. The annual product of her cotton fields is more than 10,000,000 bales, against about half that much twenty years ago. With $22,000,000 invested at that period, she manufactured less than 200,000 bales of her own cotton. To-day, with $150,000,000 invested capital, she is manufacturing more than 1,500,000 bales. In cotton oil mills in 1880 she had $3,500,000; now, more than $50,000,000. She is producing 200,000,000 more bushels of grain, and her agricultural products exceed in value those of 1880 by more than $600,000,000.

In this beautiful section, where we are gathered to-day, I learn that the rice industry, in its infancy twenty years ago, now employs a vast multitude of men, and more than $12,000,000 of capital. The South is producing 51,000,000 tons of coal, more than eight times the entire output of the country in 1860. Her pig iron product exceeds that of 1860 by nearly 2,000,000 tons. In 1880 she had but a little more than 20,000 miles of railroad, while to-day 55,000 miles of well built and well managed railways bind together all her sections and tie them, as with ropes of steel, to her sister States throughout the Union. Many sections are manufacturing furniture on a large scale. My own State of North Carolina is selling furniture to Grand Rapids itself; many sections are knitting and weaving; great engines are being built, and great ships from Southern shipyards are plowing the waters of the seas, and carrying the commerce of the nations. In many lines the increase in the South has been proportionately much larger than in other sections. This is especially true in cotton milling. Within twenty years the South has added 7,000,000 spindles to her mills, while the addition in other sections has been only 2,000,000 spindles.

Since 1890, the number of persons engaged in agriculture in the South has increased 36 per cent., and the wage-earners in manufacturing have increased in number 157 per cent.—both percentages being greater than in the country at large.

The capital invested in manufacturing has increased in the South 348 per cent. against an increase of only 252 per cent. in the United States—while in the value of products the increase in the South has been 220 per cent., against 142 per cent. in the Nation. The increase of value in farm property has been in the South 92 per cent., in the United States only 67 per cent.

Within these ten years the banking resources of the South have been increased by about $300,000,000, aggregating now more than $800,000,000. This, with

the large amounts of foreign capital now seeking investment in our midst, has made possible the rapid growth. Nowhere is this growth more perceptible than in this quaint old city, whose unstinted hospitality we are enjoying. Although retaining much of the flavor of her early days, she is yet beautifully typical of the New South in her commercial activity, in the splendor of her buildings, in the beauty of her paved streets and in the enterprise of her people. With vast beds of phosphate-rock for fertilizers, with boundless acres that produce cotton almost spontaneously, and with our own mills, manufacturing our product, and with cheap labor, may we not safely claim to control the cotton situation of the world? With our hills and mountains stored with coal and iron, with boundless forests everywhere, and with hundreds of natural oil wells gushing forth continuously the cheapest of all fuel, what section can successfully compete with us in iron and steel industries? Zinc and copper, gold and silver and rarest gems abound in many sections. Our granite and marble are unsurpassed in beauty and durability. Our soil responds readily to cultivation, and our trucking districts are supplying the populous sections of the North with fruits and vegetables. Ours is "a good land, a land of brooks of water, of fountains and depths that spring out of valleys and hills; a land of wheat and barley, and vines and fig trees, and pomegranates; a land of oil olive, and honey; a land wherein thou shall eat bread without scarceness, thou shalt not lack anything in it; a land whose stones are iron, and out of whose hills thou mayest dig brass." We have a climate that strengthens and invigorates. It was within our borders that the old Spaniard discovered the fountain of perpetual youth. Nature has indeed been lavish in her gifts, and our people are but just awaking to a realization of their possessions. We have room for and we need more people. Many have come among us, and mingling with us, have become "bone of our bone, and flesh of our flesh." We have the warmest welcome for all who come to unite with us in developing this land that we love.

I have said there is no new South. True, the old South of slavery has passed away and the South of freedom has taken its place. The South of 1860 strove to defend what she conceived to be her rights. But the South of this 20th century, the Renewed South, if you please, realizes that it was a blessing in disguise that took away her dependence on the slave and the farm, and gave her self reliance and the diversified industries that are to-day blessing our people with plenty and prosperity. The South has learned that not only is the work of the free negro of greater value than that of the slave, but that freeing him has freed the white man from the idea that manual labor was for the negro alone, and rich and poor alike are now training their sons to work.

We thank God for Universal freedom! Another great factor in our unbuilding is the Educational awakening among our people. Long time we hung our heads in shame and confessed our enormous percentage of illiteracy, but to-day Southern hands and Southern hearts, and Northern hands and Northern hearts are united in their one purpose and effort to educate *all* the people, and more money is being spent for that purpose than ever before in our history. The bright light of education is illumining our Southern skies, and every passing day brings fuller acknowledgment of the genius of Southern manhood, in learning, in the arts, in industrial and commercial lines. Only a little while ago a young Southerner, and a college classmate of mine, from a little country village in North Carolina, was called to cultured Boston, where, as editor of the *Atlantic Monthly*, he filled with distinction the chair that James Russell Lowell and other New England literary celebrities had been proud to occupy. And never in its distinguished history has that magazine attained higher literary excellence, wider popularity and larger influence than during his occupancy of the editorial chair. That young man is to-day making the *World's Work* in the city of New York, a mighty factor in the literary and industrial life of the country, and he is one of the recognized leaders in the great educational campaign now waging in the South. Just three weeks ago, at the hands of Grover Cleveland and others, a scholarly young Virginian, Woodrow Wilson, was placed at the head of Princeton College.

A native Texan guides the destinies of the National City Bank, one of the leading financial institutions in this city.

Another Southerner, and North Carolinian, too, is the active head of the English-American Tobacco Company, whose great commercial arms are reaching out over the civilized world. This young man and his immediate family have recently invested nearly a million dollars in higher education in North Carolina. So, in the sacred pulpit, in the learned professions, in the great banking institutions, in the management of great railways, at the head of the American Bankers' Association, in every line where brain and character and genius count, the sons of the South are found. We are proud of them. Among all our rich possessions we count as our chiefest and best our loyal sons and daughters. These are our jewels. "Our sons are as plants, grown up in their youth; our daughters as corner stones, polished after the similitude of a palace."

There is another matter which has been misunderstood, and perhaps ought not to be omitted in this discussion. Another war is being waged. Another declaration of independence has been proclaimed, and is being defended. It is the emancipation of the white man. When the great Lincoln issued his proclamation of freedom, the world applauded. The most intense Southerner to-day rejoices that the negro's freedom was accomplished. But scarcely any well informed person is found now who does not recognize that an egregious mistake was made when, through the ballot, the balance of political power was placed in the hands of a mass of ignorant people, without the least conception of the meaning of government. The South honors the negro. We can never forget the loyal fidelity with which he stood by the old home, and by the women and children when the husbands and fathers and sons were gone to the war.

Longing for freedom, and knowing the meaning of the battle that was waging, he never failed in his devotion to the interest of his old master. History records no similar devotion among any people. The South cannot forget these things, and because of them she gives the negro her sincerest friendship. But she believes that it is to the best interest of both races that the control of Government should be in the hands of intelligent men, and it is to this end that recent constitutional changes have been made, and educational restrictions imposed. And thus in verious ways we are undergoing the process of a new emancipation.

Already the benefits are manifest in the impetus that has been given to the cause of education. And unless our wisest men are mistaken, a few years will convince the world of the wisdom of what now seems to be rather heroic action. Let criticism be withheld until results are seen. We ask your patience, and we claim your confidence.

Time works wonderful changes in our ideas. The youngest of us remembers when the prejudice against Northern men was very bitter, and when the name of the great man who issued the proclamation of freedom was cordially hated by many in the South. Not so in this good day. Around me I see men and women of every section—men and women of the South and of the North. Not many of these were among those who drew the sword and fought each other, but they are the sons and daughters of those grand old heroes who wore the blue, and equally grand old heroes who wore the gray. We sit together here under the same flag, at

perfect peace—and we rejoice together that we are one people, one in spirit, one in purpose, one in devotion to our common country.

At a meeting of the New England Society in New York City in 1887, the eloquent Southerner, Henry W. Grady, said that Abraham Lincoln was the first typical American, containing within himself all the strength and gentleness, all the majesty and grace of the Republic, that in his ardent nature were found the virtues of both the Virginia Cavalier and the New England Puritan, and in the depths of his great soul the faults of both were lost.

The North applauded these words, and the South re echoed and adopted them as her own. From that day to this, stronger and stronger has grown the tie of Union, weaker and weaker the bar of separation, until in our common grief around McKinley's bier the last trace of the imaginary line that separated us was wiped out forever, and we became one and indissoluble—a reunited country. What God hath joined together, let no man put asunder! Then, if all these things are true; if the South, after bravely fighting for what she conceived to be her rights, laid down her arms in submission to her stronger foe; if then, instead of sulking in her tent, she raised the "stars and stripes" above her head, and proclaimed to the world that these were her colors; if, when her country called to arms again, she sent her bravest and best, giving the first blood in Worth Bagley, and unsurpassed instances of courage and bravery in her Hobson and her Blue and her Shipp, and in those grand old veterans, Joe Wheeler and Fitzhugh Lee; if her sons and daughters have now turned their hands to lines of industry, and are building up the material interests of the country; if she has sent her Hendrix and her Carlisle, her Duke and her Rushton to manage the great financial institutions of the metropolitan cities; if she has sent her sons to direct the great railway systems that are building up the waste places; if she has given her lawyers to interpret the law, her editors and scholars to teach the people, and her ministers to point out the way of life; if in all these things she has proven her loyalty and her worthiness, and has received as an equal, is it not time that she should be given, too, a political equality, and that we hear no more the cry that this or that man, worthy though he may be of the very highest honors, must be ignored because, forsooth, he is a Southern man? Away with such inconsistency! Away with sectionalism forever! Let our topic be no more the North or the South, but forevermore, "The Union." We are brethren, let us live as such. And henceforth, in this glad land of the free, let men be recognized for fitness only, and not because of their local habitation.

I have now tried to tell you what the South was, and what she is to-day. I would that I might lift the veil that hides the future and reveal to you what she shall be. If from the depths and desolation of such abject poverty she has risen with such vigor and strength, and, with such scant resources, has accomplished so much during the past twenty years, what may we not expect from the record of the next decade, starting as it does from the vantage ground of present prosperity, and with our vast accumulation, and our unlimited credit, with our countless mills and factories, and with the easier access, which the Isthmian canal will give us, to the markets of the Orient, whose teeming millions are in need of the very supplies that we can most readily furnish? It has not entered into the mind of man to conceive what the coming years shall bring. The future is bright with hope. Let us go forward then, realizing that to whom much is given, of them much shall be required.

Relying upon the Divine Leader, and upon the strong arm of the American people, let us take our place at the head of the nations of the earth and put forth every effort to make this country of ours a beacon light—an object lesson, illustrating the grandeur of a Republic—spreading the light of American civilization, and inspiring men everywhere with a love of freedom and of right.

Detailed Report of Proceedings.

TWENTY-EIGHTH ANNUAL CONVENTION, HELD AT NEW ORLEANS, NOVEMBER 11th, 12th and 13th

FIRST DAY'S PROCEEDINGS.

Tuesday, November 11, 1902.

The Twenty-eighth Annual Convention of the American Bankers' Association was called to order by the Hon. Myron T. Herrick, President, promptly at 10 o'clock Tuesday morning, November 11, 1902, in Tulane Hall, New Orleans, La., before the largest audience ever assembled at the opening session of any of its meetings.

The proceedings are given verbatim, as follows:

The President: The Convention will be in order. Our proceedings will be opened with prayer by the Rev. Beverly Warner, of Trinity Church.

PRAYER.

Almighty God, whose name is exalted in all the earth and whose glory is above the heavens: We invoke Thy blessing upon this convention now assembled in Thy presence. Direct these men in all their doings with Thy most gracious favor, and bless them with Thy continual help. Prosper all their consultations to the advancement of the Commonwealth, the safety, honor and welfare of Thy people, so that all things within their proper field of influence may be so ordered and settled by their endeavors upon the best and surest foundations, that peace and happiness, truth and justice, may be among us for all generations.

We ask Thy special protective care upon those who have journeyed from far distances. Defend them all from sickness, accident and sorrow. Watch over their loved ones in their absence, and conduct them in safety once more to their several homes, with a grateful sense of Thy mercies and a deeper dependence upon the sheltering care of Thy everlasting arms.

So rule the hearts of Thy servants, the President of the United States, the Governor of this State, and all others in authority over us that they, knowing whose witnesses they are, may above all things seek Thy honor and glory, and that we and all people may obediently honor Thee, for the sake of Him who taught men to draw near to God in these most gracious words: Our Father who art in heaven, hallowed be Thy name. Thy kingdom come, Thy will be done in earth as it is in heaven. Give us this day our daily bread, and 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.

The President: If there is no objection the calling of the roll will be dispensed with.

Gentlemen, we will now listen to an address of welcome from the Acting Mayor of New Orleans.

Address of Welcome by Acting Mayor of New Orleans.

Mr. President and Gentlemen:

In the absence of the Mayor the pleasing duty devolves upon me to extend to you, in the name of all our people, a welcome to the city of New Orleans. I trust that you may find our climate genial, your surroundings pleasant, and above all, that you may realize that you are among your fellow citizens, compatriots of yourselves in the greatest country on earth. (Applause.)

The hospitality of our people will be extended to you by another gentleman. May its warmth and generosity make you know and believe that you are in the home of your friends. The great purpose which has brought you among us it will not be necessary for me to refer to, but the whole country is interested in your gathering. I can only say that I hope peace and harmony may prevail in all your deliberations, and that abundant success attend you one and all.

I have the pleasure to present to you Hon. Samuel Gilmore, our City Attorney, who will extend to you a welcome on behalf of our city in words more appropriate than I can express.

Address of Welcome by Hon. Samuel Gilmore.

Mr. President and Gentlemen of the Convention:

The Mayor of New Orleans, who is at this time unavoidably absent from the city, has by letter requested that you should be assured of his great regret at his inability to be present at the opening of your Convention, and of his sincere wish that your stay among us may be to you both pleasant and profitable. The Acting Mayor has asked me to extend most heartily to you the hospitality of the city of New Orleans. One of the sagest thinkers of the Nineteenth Century, Thomas Carlyle, made the observation that there were three things beyond human understanding—time, space, and finance. It is not so many years ago since Carlyle's cynicisms sank into the silence of the grave. Carlyle was a wise man, and he was a lover of truth; but he knew not America, and he died before the dawn of the Twentieth Century. Were he alive and were in this assemblage to-day he would contemplate the potentialities now developed—the telephone, the telegraph, and the evolution of a system adjusted like the mechanical parts of a steamship to the movements of National, international, yea, world wide industrial and commercial prejudice and to the minutest detail of the smallest daily avocations—with wonder. Upon retiring from this assemblage I feel sure the old toastmaster would have made a note in his diary like this: The Americans have done somewhat to circumscribe space; they have subjected to their conveniences processes feasible, but not inacceptable; finance they manage simply by the use of testing registers of surprising delicacy, correctness and precision, having made of it a huge and perfect machine.

There is but one thing incomprehensible to the human understanding, and that is its own escape. And thus this mighty people of ours go on from day to day supplementing and correcting from the wisdom of ages. No profession, no calling, no industry gathers in council nowadays, but that it evolves something new, something progressive, something simplified, and no avocation is more potent for such results than that of the financier. His science is to society what blood is to physiology—the means to establish and maintain a circulation which will give long life and vigor to the social body.

We appreciate, I think, the compliment you have done us in the selection of New Orleans as your meeting place. We realize that results of importance must follow your visit, and we believe that if your members will study our situation and our conditions you will be led to avail yourselves of the unparalleled advantages which we offer for the safe and profitable investment of capital. For 27 miles the city of New Orleans fronts a river nearly a mile wide, 100 feet deep, and 100 miles from the open sea. All the navies of the world could ride safely through every danger of storm and tidal wave within our harbor. Right at our doors there is an abundance of raw material and cheap fuel. From our suburbs stretch vast forests of trees; the rich coal and iron beds are but a few hours from our wharves, and oil springs in abundance from the earth at our very doors. The geniality of our climate permits the uninterrupted exercise every day in the year of all outdoor activity. Our laws are equitable and our government just.

This brief rehearsal of our city is not made in any boastful spirit, but because we feel that if your friendly attention is directed to these matters it will result in a new tide of energy and wealth coming amongst us.

In conclusion, gentlemen, I wish that success and happiness may be with you and with yours now and forever. (Applause.)

The President: We all regret that the Governor of this great city is not here this morning, but he sends

as his representative Dr. William C. Stubbs, who will now speak for him.

Address of Welcome by Dr. William C. Stubbs.

Mr. President and Gentlemen of the Bankers' Association:

It has become, suddenly and unexpectedly, my pleasant duty to appear before you in obedience to a request from our honored Governor, who is prevented by illness from discharging the grateful courtesy of welcoming you here to-day. His absence is greatly to be regretted, since he, impersonating as he does the mighty machinery of this great Commonwealth, with its wonderful resources and hospitable people, would thrice welcome you with deeper impressions and weightier words than I could hope to do. However, invoking the spell of these potent influences I, in his behalf, extend to you a cordial welcome, accentuated long and loud. The people of this great State have hailed your visit "with eyes that marked your coming and grew brighter when you came."

Gentlemen of the Convention, you have arrived to-day in the most unique State and city of this Union. The history of creation might be amended as follows: God rested on the seventh day, and on the eighth he made Louisiana and took the best material of twenty-nine States to do it; and, like that other Eden, "out of its soil He made to grow every tree that is pleasant to sight and good for food." So fertile is the soil and genial the climate that you will find but few of us in a hurry to get rich. The land that was a day late in creation has been content to remain a day late in progress.

In fact, the quiet resignation of our people was recently well depicted in a letter by a sojourner in our midst, who wrote contentedly, "In the midst of life I am in Louisiana."

But, Mr. President, we are making progress; not only in Louisiana, but all over the South. Recall Henry Grady's brilliant but truthful description of the return of the Confederate soldier from Appomattox, buttoning up in his faded gray jacket the parole that was to bear testimony to his children of his fidelity and his faith. What did he find? His house in ruins, his farm desolated, his slaves free, his stock killed, his barns empty, his trade destroyed, his money worthless, his social system—feudal in its former magnificence—swept away, his comrades slain in battle, and the burdens of others heavy on his shoulders, without credit, employment, material or training. These were the ruins and ashes of 1865. Devastation was never before so overwhelming, and I assert to-day with positivism that restoration was never swifter. Agriculture and slavery were the basis of the civilization of old. To-day agriculture interwoven with other industrial activities have created a system whose present achievements challenges the admiration of the world, and almost bewilders the imagination in its possibilities of wealth-making and power. Mr. President, it was my good fortune to spend many months last year at Buffalo, and I there studied the habits of the Northern people. I visited several times while there the great Niagara Falls and the gorge below them. While standing on the bridge over the latter, and seeing the rushing waters going through, it came over me that Northern life was a sort of Niagara gorge, in which millions of individuals were leaping, plunging, rushing, driving, now on the surface, now dashed on the rocks, now thrown up in spray, now pushed aside in a quiet eddy, but ever crowding on restlessly toward the one end, the acquisition of wealth; and the survival of the fittest seems the only law that controls.

Mr. President, if this same money-getting spirit pervaded every one in our State, Louisiana would soon be peopled with many millions of men, and her aggregate wealth become almost fabulous. But the South has already passed a few milestones in the march of progress.

Prior to the war the maximum cotton crop was about four and one-half millions of bales. Fifteen years after the planters had stepped from the trenches into the furrows, they had nearly doubled the average crop of ante-bellum times. Since that time they have trebled it, and to predict that many here to-day will see it increased sixfold is not extravagant. The South has been gradually learning how to raise and manufacture what they consume, and of the $500,000,000 which is annually obtained in exchange for the cotton crop, a large part is now kept at home and is permanently enriching our country. Self-confident and strong in our awakening energy, we have sent a challenge to the spinners of old and New England, and last year consumed 1,600,000 bales of cotton in our own mills, an increase of 200,000 bales over the previous year.

A challenge has also been sent to the iron and steel makers of Pennsylvania and Ohio, and lo, the furnaces of Alabama and Tennessee are shipping pig iron across the ocean, and Birmingham, Anniston and Chattanooga are becoming as well known across the waters as Pittsburg. Our mines furnish the coal for manufacturing, railways and domestic purposes. The greasy cataracts recently loosened in Texas and Louisiana, spouting their millions of gallons of petroleum, are about to revolutionize our manufacturing industries, and the world realizes that the future center of industrial activity will soon be transferred to the shores of the Gulf of Mexico. Our forests are resonant everywhere with the buzz of enormous saws, cutting our timber to be used in the construction of our mills, bridges, warehouses, business blocks, churches, schoolhouses and homes, and the surplus goes over the United States and to nearly every foreign port within the limits of civilization. Our fruits and evegetables have made the North and Canada almost forget that there are changing seasons. From beneath our soils and beds of rivers phosphates are dug which enrich our own soils, while the residuum finds its way over the world to form the basis of all commercial fertilizers. The former borders of the tobacco fields have been moved in two decades over 200 miles South, and South Carolina and Georgia are now competing with Virginia and North Carolina in a greatly increased product. The superlative excellence of our own cigars, grown under artificial shade, has fairly wrested the scepter from the "Gem of the Antilles." Turpentine and rosin, tar and pitch add yearly to our wealth. We have learned the art of shipbuilding, and Newport News, Richmond and New Orleans are launching almost daily an iron hull, varying in size from a tugboat to the great battle ships "Kentucky" and "Kearsarge."

Our former oligarchs are harnessing everywhere our wanton water powers and are fast making them the slaves of our new throbbing industrial life.

Our rice and sugar industries have increased several fold.

Better than all, we have expended $400,000,000 in the public education of our children, white and black alike, although the latter pay but one-twentieth of the taxes, yet have received about one-half of this amount.

Recently at Baton Rouge, in our State, our own Teachers' Association, following the wake of similar associations in the more northern portions of the Southern States, has sounded the tocsin of war against ignorance, published a bill of rights of every citizen of this State to an education, and made a declaration of intelligence for every child in this land.

My friends, these are some of the achievements of the immediate past under almost insuperable difficulties. With these difficulties largely removed, what will be the future? No prophet in vision can possibly foretell it; no words known to humanity can describe it; no mental organism can imagine it. With the aid of electricity, steam, machinery, telephones, telegraphs, phonographs, automobiles, air motors, yet incomplete, the disciple of progress has one thousand opportunities for development to one presented the Confederate soldier on his return from Appomattox.

But, Mr. President, I want to show the possibilities of Louisiana. I have alluded to our unique State and city. Geologically, Louisiana is a very young State. Only a few closing chapters of the world's history are here recorded, and these have been written by water, the great factor in landmaking in this State. She has not yet reached maturity, for growth continues yearly at a goodly pace! The Great Father of Waters is annually bringing down over 7,000,000,000 cubic feet of earth and depositing it in the Gulf of Mexico. This sediment is filling up the Gulf and extending the domain of Louisiana. Yea, more, a part of this sediment is floated out by the gulf stream and finds a lodgment upon the banks of Florida and Cuba, thus extending the areas of these two countries. Thus the Peninsular of Florida has been built up, and speaking geologically the time is not indefinitely remote when Cuba, the latest born of the nations, will be peacefully annexed to the dominions of the United States without diplomacy or legislation.

Agriculturally, Louisiana is a princely domain, towering among her sister States far above them all, like Saul among the prophets. Nature has blessed her with a fertility of soil rarely equaled, never surpassed. If you doubt it, visit our cane fields, where to-day hundreds of acres of sugar cane are falling under the stroke of the cutters' knives. Inspect our sugar houses, whose ponderous machinery is converting their juicy contents into the whitest and sweetest crystals. You will find a half a million of people interested in the progress of this work, and half a million of acres of the most fertile lands on the globe devoted to this crop, yielding over $25,000,000 annually. If agriculture is a failure here, it is man's mistake. The trouble is not in the fertility of the soil, not in the balmy climate, not in our favorable seasons. This is truly a land of sunshine without sunstroke—a little sunbrowned perhaps, but greatly sunblest—and the farmer and planter who intelligently strikes her in her spring breasts may fill himself from her fountains.

You can appreciate the nature and fertility of these lands by watching the united waters of the Great Mississippi flowing past us with a freight of sediment stolen from over a thousand townships. Remove a glassful of it and set it aside to settle and you will have a deposit gathered, like this Convention, from all parts of the Union, from the fertile farms of New York and Pennsylvania, from the sandy cliffs of the great Kanawha, from the clayey slopes of the Ohio, from the blue-grass regions of Kentucky and Tennessee, from the corn prairies of Illinois and Iowa, from the melon patches of a Cheyenne squaw, or from the canyons of the far-famed Yellowstone.

Louisiana has 20,000 square miles of such soils, formed from the best materials of 29 States.

Go, next, to the Attakapas prairies, once the peaceful abode of the Creole pony and cow, now a vast rice field with a half a thousand miles of canals and a thousand artesian wells, densely filled with happy homes of many thousand sturdy Western farmers, congregated into cities, villages and hamlets which loom up with spectacular grandeur like silhouettes upon the sky skirting horizon. Go into their fields and see how they have applied to the more profitable cultivation of rice. You will see Iowa or Illinois reproduced, gilded by the glorious sunshine of Louisiana. Millions of dollars have been made in this section in the last decade, and millions now await the immediate future. Visit our Red River section, you will find the fertility of the Nile with the healthfulness of the Hudson. "A dwelling place for man by far the finest on the globe." Its latitude, elevation, soil and rainfall all combine to make it capable of sustaining a dense population. In this State is the centre of maximum production of cotton. The staple grown upon these lands is pronounced "for elasticity and strength of fibre" the finest in the world, and its high appreciation by English and Eastern spinners is attested by the constant presence of these buyers on our market. It is gold from the instant it puts forth its tiny shoot. Its fibre is current in every bank, and when it loosens its fleece to the sun and floats its snowy banner which glorifies the field of the humble farmer, that man is marshaled under a flag that shall compel the allegiance of the world and wring a subsidy from every nation on earth.

Other sections might be visited, but these will suffice.

Our staples are sugar, rice and cotton; but many other crops are grown. Corn, oats, alfalfa (with five to eight cutting per year), clovers, grasses, Perique tobacco, and trucks are all extensively grown. Oranges, figs, pomegranates and pecans are our famous fruits. Improved stock raising is everywhere on the increase.

But Louisiana has other than agricultural resources. Her forests are teeming with timber of all kinds. Over 60 per cent. of the entire forest wealth of the United States is in the South, and of this amount Louisiana has the lion's share of over 50,000,000,000 of feet of available pine alone. Our cypress mills cut over 300,000,000 feet of finished lumber annually, while our other timbers furnish quantities of staves (for foreign markets), oars, spokes, hubs, paper pulp, etc.

In minerals we have endless quantities of salt, sulphur, gypsum and petroleum, to say nothing of our marble, iron ores and lignites.

Our facilities for getting our lumber, minerals and soil products to market are marvelous, and will be appreciated when it is known that navigable waters penetrate every one of our 59 parishes, save four, and give us the cheapest transportation known. Add to this our coats line of 1250 miles and Louisiana has here a wealth that many an inland State would covet.

I need not speak here of our 7,000 square miles of oyster beds, which, when properly cultivated and handled, will bring to the State millions of wealth. Nor of our varied and abundant supply of fish, crabs and shrimp, sources already of great profit to our people and of endless sport to the followers of Nimrod.

But, gentlemen, of this Convention, Louisiana's largest natural resource is her location. Situated on the Gulf, connected inland by the great Father of Waters, with an immense territory stretching from the Appalachian to the Rocky Mountains and outward through its mouth with every port on the globe, it must be the gateway through which the exports and imports from the entire Mississippi Valley, now populated with over 30,000,000 of people, must pass. The Northern coast of the Gulf of Mexico is the natural centre of trade for the Western Hemisphere. The configuration of the continent, the direction of the great rivers, the sweep of the ocean's current and the prevailing winds, all points to the mouth of the Mississippi as the natural centre. Hence, New Orleans, the pride and boast of every Louisianian, and an integral part of this State, has been founded by commerce, and is to-day the chief commercial emporium of the Southwest.

Her greatness and commercial grandeur, now rapidly increasing, will be given a large impetus by the completion of the Nicaraguan or Panama Canal. Indeed an investigation of the map of the United States and a thorough knowledge of the international trade relations will, we think, justify the prediction that in the fast-coming future there will be four and only four, great commercial emporiums in the United States, New York on the east, Chicago on the north, San Francisco on the west and New Orleans, the peer of the others, on the south. Nothing can prevent a realization of this prophecy but an imperial despotism holding huge investments elsewhere. New Orleans must dominate the commerce of nations. Her extensive wharves (30 miles in length, if needed), her splendid harbor, her banking facilities, daily increasing, her live and energetic business men, her large and growing manufacturing interests, all united with her splendid location in proclaiming her future grandeur.

In conclusion, a word relative to the population

which is developing our resources. Of the typical Louisianan a splendid mystery seems sometimes to be made. But Lousianans have reason to be proud of their historical descent. They have a history as authentic as the Puritans of Massachusetts, as aristocratic as the Cavaliers of Virginia, and as devout as the Huguenots of South Carolina. The State's colonial structure was reared by the best blood of France, it was afterward directed by Castillian grandees, and finally incorporated into the American Union under Claiborne and his associates. Louisianians are brave, chivalrous, generous, hospitable people, whether tracing their history to Bienville or Lausatt, O'Reilly or Salcedo, Claiborne or Wilkinson. The descendants of the above mixed with English, Irish and Scotch immigration and the offspring of the Cavalier and Huguenot settlers from Virginia, Georgia, Alabama and the Carolinas, together with the numerous additions from Northern and Western States, make up the population of Louisiana. These different types vying with each other in the cultivation of their noble traditions and refined associations, have become homogeneous and to-day exhibit the finest traits known to humanity, evidenced everywhere in the generous hospitality, the chivalric spirit, the punctilious courtesy, the knightly hand, the Christian knee, the clean firesides and the holy altars cherished in the heart and home of every Louisianian.

Gentlemen of this Convention, in the name of the Governor and in the name of these people, we bid you a welcome, thrice welcome, to Louisiana. (Applause.)

The President: Gentlemen, I now have great pleasure in presenting Mr. R. M. Walmsley, President of the Clearing House Association, who will also give us a welcoming address.

Address of Welcome by Mr. R. M. Walmsley, President New Orleans Clearing House Association.

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

It is my mission to extend to you fraternal greetings from the associated banks of New Orleans, and I take great pleasure in doing so.

The bankers of New Orleans with unusual interest hail your gathering as perhaps the most important since your organization. You meet at a time when the financial problems of the nation are under general review, in fact, I may say, under close inspection. The eyes of not only this community are upon you, but from every part of our country the business world is looking to you and will await your discussions and conclusions with unusual interest.

In my intercourse with men I find that there are many who seem to understand, or think they understand, all financial questions, not only of this country but of the world. As for myself, I do not pretend to know very much about them; sometimes I think I know but little more about finance than I do about astronomy, and I can assure you my knowledge of astronomy is very limited. We are, however, told that the planetary system is governed by laws that are exact; and this we have every reason to believe, since eclipses of the sun and moon are calculated with absolute accuracy years and centuries ahead of their occurrence. We know, too, that we have national laws applying especially to our monetary movements and currency system which are very exact—so much so, that we believe they might be relaxed, amended or changed so as to benefit the people and the nation. In other words, the commerce and business of this great and expanding nation have outgrown its currency system. Our standard is as it should be; and there is another great and good thing about our currency system—that is, its absolute safety to the note-holder. When I first began active business there was a periodical published that has now ceased to exist. It was called "The Counterfeit Detector and Bank Note Reporter." It was indispensable to business, as we had to be on the lookout for bank failures and also to ascertain the discounts upon the different bank issues at money centers; but now a note-holder feels so safe that he does not look to see whether a note is issued in Maine or in California, whether a bank is going on or is closed; in either case it is absolutely good everywhere. A sound currency, perfectly guarded, is the first consideration; and the second is that it should be of sufficient volume to meet conservative business requirements.

At this time there is great and undoubted prosperity prevailing in this country and it extends from the east to the west and from the north to the south. Accompanying this there is great confidence, which, of course, is absolutely essential to what we call prosperity; for without confidence nothing seems to prosper. The fields, forests and mines of this great nation are all giving forth their products with a munificence never before known. Industrial enterprises of almost every kind and character are contributing to the commerce of the country a volume that is almost overwhelming. In other words, life and activity in the business of this great nation have reached a point unparalleled in its history.

As we grow older we seem inclined to indulge in retrospection. Though we may not live much in the past, still the inclination is to look back over the road which we have traveled. I shall never forget August of 1857, when, like lightning from a clear sky, the failure of the Ohio Life and Trust Company was announced. Preceding this there had existed quite a long period of monetary ease, with active speculation, small then, of course, in comparison with transactions of to-day. The panic that followed the failure of this institution was a veritable financial cyclone. We say that experience is a great teacher, and it is; but circumstances and conditions change so radically that it is difficult sometimes to make experience fit conditions as they arise. Still, lest we forget, it is perhaps the part of wisdom to call to mind occasionally things that have happened.

Gentlemen, in conclusion, I wish to say that we are glad to see you here, and that we are not only willing to sit at your feet and learn, but gratified with the opportunity of doing so; and we expect to drink from your sources of knowledge and wisdom, feeling well assured that we shall not be disappointed. (Applause.)

Reply of President Herrick to Address of Welcome.

Mr. Mehle, Mr. Gilmore and Mr. Walmsley: In behalf of the American Bankers' Association here assembled I will say that we consider ourselves most fortunate to be in your hospitable city, and we appreciate your kind words of welcome. We feel a trifle, however, like the children that were playing together—those from one street having run through the connecting fence in the rear to play with the children living on that street; they had not mingled together very much and they commenced to play with great gusto. Those from the one street said, "We have carriages;" "My father has factories;" "My father has banks," and so on. Then one little fellow from the other street, who sat digging his bare feet in the sand, said, as his face lighted up with enthusiasm, "We 'ims got a skunk under our barn." (Laughter.)

Gentlemen, you have made your welcome so warm that we have about concluded to spend the winter here. I have heard several of our Northern members say that if you would throw open some of your beautiful houses on Jackson Avenue they would stay with you all winter. But you might find yourselves in the position that a friend of mine found himself in when he had a guest—and he expected others—who had sort of out-stayed his welcome and he did not know how to get rid of him. Finally in the morning at breakfast he had a happy thought, and, as he asked the blessing, he said, "Oh, Lord, with Thy manifold blessings which Thou hast given us, we ask a special blessing for our guest who departs from our house this day." (Laughter.) We of the North have all these good things which you so beautifully express sort of latent in us. We cannot compete with Southern oratory. We can compete with

it in mills and factories. The best speeches we make a'ways are those as we go home from a banquet and think what we might have said. But we have none the less a very warm feeling for all the people of the South. Nothing has so interested the people of the North from day to day as we have seen you rise in your commercial grandeur. Nothing more delighted the people of the North than when that patriot who gave his life for this nation did so much to bring together and cement the old relations between the North and the South (Applause), and we trust that that good feeling which was received will be continued until that line of demarcation, which is growing fainter every day, shall have been obliterated entirely, and I trust we will live to see the day when it is entirely wiped out. (Applause.)

We know your splendid history. We know of those trials which brought the early men to this country. It has been said that God sifted three kingdoms in order to find seed grain with which to plant a Republic. You came from the best Spanish stock and from the French, and there was no lack in that primai stock, no weakling founders' blood here. God took France by the rim and shook it until the blood ran in the streets like open arteries, and He sifted out the best in that old kingdom and it came across the bounding seas and settled in Louisiana, and we see evidences of it all around us to-day.

Once more I thank you for your hospitable welcome. We have already had occasion to feel it and we already feel richer because of that deposit which was spoken of by Dr. Stubbs, which we found in our bathtubs this morning. (Laughter.)

Gentlemen of the American Bankers' Asssociation, I congratulate you upon this auspicious opening of your meeting, the twenty-eighth annual meeting. The attendance to-day is, I believe, larger than has ever before been present at the opening session of any of our conventions.

Annual Address of President Myron T. Herrick.

American democracy in its imperial progress has found its power and sure support in the confidence and good will of a mighty nation, emphasized in its bankers. Its trade conquests, its financial gains, international prestige and its world sweeping plans are personified for the average observer, here and abroad, in the masterful gentleman who presides in his unpretentious banking house at the corner of Wall Street and Broad. The banker son of a banker is a prodigy in the eyes of scores of millions in the civilized world. He stands before the world as the embodiment of all that is overwhelming, magical and epoch making in recent American commercial growth and life. He is looked upon as the incarnation of the power of money, the climax of militant wealth and American lust of commercial and industrial dominion. Yet Mr. Morgan is not even incorporated. Banking, in this most potent and portentous form, is not a great stock company, still less anything which can be called a trust. It is merely a man and his partners. It is a Connecticut Yankee, who has gained a wonderful control of Wall Street—not, however, by inherited riches or lucky gambling, but by the force of his personality and his commercial generalship.

Here is a fact well calculated to compel radical readjustment of the cherished notion of those who have made a hobgoblin of banks and bankers and named their monster the "money power." Other conditions equally impressive and conspicuous have been operating forcibly in the same direction.

In an era of trusts (using the word in its popular sense) and great combinations aiming at the restriction, if not the entire removal of competition, a movement reaching far and wide in trade and productive industry, the banks have gone on in the old way, every one for itself, wedded to the idea of individuality and independence as a cherished tradition. The banks of the United States stand before their country and the world examples of solidity, conservatism and straightforwardness. In its very nature banking is the opposite of the business of any trust, of the type which constitutes a political storm center. There can be no monopoly of product in banking, nor can we imagine a combination among debtors that would restrict commerce, yet we must acknowledge it to be the chief business of banks to become debtors. Collectively, they constitute the circulating system of the vital fluid of commerce, and while acting harmoniously are productive of the greatest good.

These facts are too big and plain to go unnoticed by the average American. There is no dodging their meaning. They acquit banks and bankers of the charges which at various times and in certain places have been made to pervert public sentiment and to prejudice the public against a class of men whose notable services are too often discounted by ignorance and thoughtlessness. The more the tendency toward combinations and the restraint of competition affects commerce and industry the more the banks will inevitably gain favor by contrast. The greater the force of the trust movement in the direction of over-capitalization the readier the country will be to look upon banks and bankers as champions of independence in business and as safeguards of conservatism.

Do not these conditions present an opportunity to the banking interests of the United States which is too valuable to be lost? Have we not as bankers been given the best chance ever afforded to insure to us the hearty good will and entire confidence of the American people, which shall mean not only faith in the solvency of the banks, but also a friendliness toward them and a willingness now and then to look through bankers' spectacles at legislative and other questions? Have we not learned that we are not profitably enriched by the increment of usurious interest, which is really withholding blessings from the needy? Is any greater gain to be hoped for from the concerted action and the utmost influence of banking interests than the winning of such complete public trust and good will as the American banks and bankers have always desired but never as yet quite attained?

It is not many years since the most conspicuous labor organization of that day in the United States barred from membership just three classes. They were the saloonkeeper, the lawyer and the banker. And a painfully large number of men other than Knights of Labor thought the grouping was sensible, or perhaps rather hard on the liquor sellers. The feeling which found expression in this curious bar to American knighthood has been greatly weakened by the logic of events, even where it was formerly most common. Too many of those who fifteen or twenty years ago were avowed enemies of the banks have become depositors and stockholders in the institutions which they denounced to permit of the continuance of such sentiments.

The impression that Federal legislators have that much of this prejudice and suspicion remains makes bankers as a body an unpromising source of proposed legislation on the money question. As individuals, working directly with Senators and Representatives, party leaders and political organizations, the members of our Association can exert far-reaching influence on the side of common sense and sound policy. But as an assemblage of bankers could this Convention take positive action in favor of any sharply defined and finished scheme of financial legislation without great danger of hindering rather than helping the wise and permanent development and improvement of the money system of the United States? Would it be possible to go so far without furnishing texts for demagogues and frightening timid lawmakers and political leaders? In Ohio we have learned by long experience, as one of the States composing the "buffer" which the Middle West has interposed between the vagaries of the newer States beyond the Missouri and the uncompromising and sometimes over-aggressive orthodoxy of the East, that the

gains which are of vital importance are often most easily won by discreet pliability regarding non-essentials. Prudence in ways and means of progress is not unfaithfulness to a cause of renunciation of a purpose.

The imperative need, now as in the past, is that every part of the circulating medium of the American Republic shall not only be as good as gold, under all stress of business weather, but shall have the reputation merited by its character. A dollar doubted is a dollar half destroyed. The folly or injustice of the great suspicion makes small difference in the hour of danger. Flexibility in the body of currency is very important, but it should never be forgotten the vital point is that nothing used as money shall be distrusted. It is not what the logic of financiers proves but what the man in the street feels which makes the difference between safety and peril for banks, in the frenzy of panic or the lean years of industrial and commercial depression.

Enthusiastic advocates of the Scotch banking system, with its circulating notes secured by the assets of banks of issue, and its wide multiplication of branch banks supporting the central institutions in emergency, are prone to overlook or ignore our conditions, which cannot be pushed aside at will. In this country there is no postal savings department to make the National Government the creditor of thrifty wage earners and others of small means. Here deposits in savings banks form a very large part of the money used by the banks of discount. The national banks and the savings banks are bound together by ties of self-interest and interdependence, and any scheme for throwing new responsibilities upon national banks which would force them to assume the regulation of note issues and the adjustment of the supply of money to the needs of business would equally affect their allies. The very nature of the American Government makes universal suffrage forever to be reckoned with in legislation affecting banks and currency. A small, especially instructed class will never be able to control law-making in the field of finance as it does in Great Britain. We have to deal with a more mobile and emotional people than our kinsmen in the United Kingdom, and conditions are not the same. What that means has been impressively shown in the British Colonies.

President Stickney, of the Chicago Great Western Railway Company, urged with marked ability before this Association last year that the experience of Canada proved the desirability of branch banks and note issues secured by bank assets, and we wonder that anything other than a Scotch banking system should be taught by the experience of the great self-governing colonies of England. The ordeal which Australia passed through after the Baring failure is suggested in this connection. In that country of very large gold reserves and exceptional per capita of wealth the multiplication of branches of great banks established in Sidney, Melbourne and other cities had been carried to the extreme limit of possible need in the most active times. When the crash came in land values, as an inevitable result of over-speculation, and when general business languished the banks did not pay, and they could not safely be closed when the public was uneasy and apprehensive. The managers of branch banks had been far too ready, in eager competition for patronage, to procure the loaning of funds on security unfit to stand the test of hard times. In the beginning of 1892 there were 28 banks in Australian colonies of Great Britain, with more than 1,700 branches, which had gone through the first crisis of 1891. But in the following year panic swept the Antipodes. Immense banks, one after another, succumbed to ruin and losses. Some had deposits reaching $50,000,000 apiece. Others owed their patrons from $25,000,000 to $35,000,000. In several instances a single big institution had over 100 branches. One bank, which was compelled to close its doors, boasted of 200 branches. Several banks went down in spite of capital paid in to the amount of more than $5,000,000 apiece.

Never, in modern times, has been experienced any such a collapse of banks and destruction of confidence in financial institutions of the country as Australia endured in 1891 and 1892, notwithstanding its very complete development of Scotch banking. While branch banking has proven, on the whole, a desirable plan, it apears that there is no system which insures safety in a carnival of imprudence and inflation of values.

The truth is plain that the individual responsibility on the banker can never be shifted upon any general scheme. The man, not the law, counts most in the crucial test. Prudence, courage and tact carry banks through evil days under our too rigid American statutes, when the absence of such qualities would inevitably bring ruin regardless of what might have been attempted by legislation to promote banking and to lessen its risks.

I do not mean to say that bankers should omit to do what they can do properly and safely to bring about the improvement of laws regulating banking and currency in the United States, but it should be carefully considered in every case whether more is to be lost than is gained. Confidence, friendly community of interests between banker and depositor, and general good will should not be jeopardized in the pusuit of fads or in attempting to persuade Congress to abolish with one fell swoop the existing order of things, Sub-Treasury and all, as inadequate as they are to the requirements of a great commercial nation, and to supplant them with a financial system, a large part of which, owing to our peculiar circumstances and political institutions, must necessarily consist of unproved theories. That a change is urgent cannot well be denied. However, evolution is safe, revolution is dangerous. The banks are sharing the prosperity of the nation. Conditions improve in the relation of the Federal Treasury with the financial interests of the country. Congress has conceded many points in the line of justice and common sense; the Secretary of the Treasury has recently made liberal rulings. National bank notes can be issued on better terms than was possible a few years ago. The stock of money in the United States and in the civilized world grows steadily and rapidly. South Africa was producing almost $100,000,000 in gold annually before the Boer War. For two years it added scarcely anything to the world's supply of the basic money metal of civilization. Now the mines of the Witwatersrand District, in and about Johannesburg, are turning out $3,000,000 a month. The best authorities agree that the production will steadily rise until it reaches $10,000,000 a month, and will remain at or above that level for a long time.

The world will surely feel such changes in the supply of gold. Prices here have already been forced upward, as is evidenced by the late decrease in exports and the increase in imports beyond the dictates of prudence, and in such a movement this country is never backward. It is questionable whether the lasting good of the American people would be conserved by anything tending strongly to loosen the money market. Perhaps speculation needs the check of stiff interest rates. No safe expansion of the most flexible circulating medium could ever match the desires of borrowers in the years of spectacular money making and boundless hopes. Possibly existing conditions in the loan markets are none too strict to curb over-inflation tendencies.

While we boast of an increase of $4,000,000,000 in bank deposits throughout the country in the four years last past, we are not unmindful of the fact that during that period the banks have shown no increase in the amount of real tangible money, such as gold, silver and legal tenders. The loans have kept pace with this abnormal growth in deposits. During this period also we have become indebted in the way of temporary loans abroad, amounting probably to $200,000,000. Does this not show an undue expansion in bank credits and an overloading of the money market with debt?

Shall we not, then, be wisely content to promote proper financial legislation simply as American citizens,

not striving as an Association to furnish ready-made laws on any subject? It would be a sorry day if bankers were ever to forget that they have peculiar responsibilities which dwarf whatever possible obligation rests upon them to take part as a class in law making. I cannot believe that the country is ready to accept a bank-made scheme of legislation. However, it is more willing now than ever before to give the banks their full share in the favors of government, in tardy recognition of the fact that they are now, as they were in Jackson's day, really the simple embodiment of and receptacles of the active industrial power of the people, and as such entitled to an equitable participation in all the abounding glories of this great Republic.

The President: We will now listen to the report of the Secretary.

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

November 1st, 1902.

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

September 1st, 1901—	
Paid membership	5,381
Annual dues	$59,500
November 1st, 1902—	
Paid membership	6,354
Annual dues	$67,000
The $800 interest from $20,000 Government fours of 1925 makes the total income	$67,800

In the past year 186 members were lost through failure, liquidation and withdrawal from the Association, reducing the membership to 5,195; 1,159 members have joined since September 1st, 1901, a net gain over last year's total membership of 973.

The annual income of the Association has increased $7,500 since September 1st, 1901.

The capital, surplus and deposits of members aggregate over eight billions of dollars.

Respectfully submitted,

Jas. R. Branch, Secretary.

The President: If there is no objection, this report will be received and placed on file.

The report of the Treasurer is next in order.

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

Chicago, Ill., September 1st, 1902.

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 1st, 1901:

GENERAL OR MEMBERSHIP ACCOUNT.

RECEIPTS.

September 1st—		
Balance		$63,084.09
Account bills deposited August 31st, 1901, for membership dues 1901-02		160.00
Interest on bonds		800.00
Refund from Western Passenger Association account Special Agent's Services at Milwaukee, Wis		6.00
Balance transferred from Trust Company Forms account		1,799.80
Dues from members, 1901-02—		
356	$1,301.35	
527 at $5	2,635.00	
87 at 10	870.00	
84 at 15	1,260.00	
9 at 20	180.00	
12 at 30	360.00	
		6,606.35
Dues from old members paid in advance for 1902-03—2,009 members		21,655.00
3,919 bills for membership dues for the ensuing year (subject to the deduction of unpaid bills) deposited with Continental National Bank, Chicago, Ill		41,810.00
		$135,921.24

DISBURSEMENTS.

September 1st—	
Standing Protective Committee	$28,235.65
Committee on Fidelity Insurance	1,742.79
Committee on Education	8,127.84
Committee on Uniform Laws	62.25
Trust Company Section	1,863.50
Expenses of Milwaukee Convention	5,089.99
Buttons for Milwaukee Convention	367.50
Proceedings, 1901	3,518.82
Distributing Proceedings	958.54
125,518 circular letters and pamphlets	743.35
Stamped envelopes	1,307.72
Printing, stationery, etc	488.60
Salaries	12,603.48
Sundry expenses	617.09
Expenses account Executive Council meeting, New York, April 24th and 25th, 1901	78.00
Executive Council meeting, New York, April 23d and 24th, 1902	2,453.40
Rent	1,500.00
Petty cash	120.00
New York Telephone Company	158.05
Bonding officers	56.25
Traveling expenses of Secretary	309.90
Dues received in error	20.00
Drafts charged back (166) account dues for year 1901-02	1,780.00
Balance August 31st, 1902	63,718.52
	$135,921.24

STANDING PROTECTIVE ACCOUNT.

Balance September 1st, 1901	$3,462.31	
Transferred to this account from General or Membership Account in accordance with resolutions passed by the Executive Council	28,235.65	
		$31,697.96
Disbursements to September 1st, 1902		31,697.96
Due from General Fund to Protective Account as per resolution of Executive Council		1,764.35

The Treasurer holds for the Association as an investment $20,000 in 4 per cent. United States Registered Bonds of 1925 of a market value of $27,500.00.

Respectfully submitted,

G. M. Reynolds, Treasurer.

The President: This report will be received.

The report of the Auditing Committee is next in order.

Report of the Auditing Committee.

To the Members of the American Bankers' Association:

Gentlemen: We, the undersigned Committee, beg leave to report that we have examined the account of George M. Reynolds, Treasurer, together with the accompanying vouchers, and have found the same to be correct as reported.

W. T. Fenton,
C. A. Latimer,
Alex. C. Cambell.

The President: We will now receive the report of the Executive Council, which will be presented by Mr. Bigelow, its chairman.

Report of the Executive Council, by Frank G. Bigelow, Chairman.

Mr. President and Gentlemen of the Association:

There has been no change in the method of conducting the affairs of your Association during the past year. The work is done, and properly done, by committees and by the active officers, whose comprehensive reports will be laid before you and you will find all details therein.

The growth of membership this year has kept us just about the same extraordinary rate of increase as last year. About 1000 members have been added to the roll, which now numbers about 6,350. Your income has been increased a little over $7,000 and is about $67,000 During the last seven or eight years your membership has grown from 1,500 to about 6,300 and your income from about $15,000 to over $67,000. I merely make the suggestion to you all, though that matter will come before the council itself, that this should, in my view, be very generously taken into account in fixing the salaries of those on whose shoulders lies the burden of active work. I think in that matter we can afford to be not only just but generous, and I wish to thank the Secretary and those under him for their attention to their duties during the last year.

The Treasurer's report will show our financial condition to be excellent. Our income, though large, has been practically used up this last year, though I doubt if the expenses will be so great the coming year, there having

been some extraodinary uses for money. The association owns $20,000 of the long time United States 4 per cent. bonds, worth nearly $28,000, and I shall recommend to the council to sell these securities and to make some other conservative investment that will pay a better rate of interest.

The work of this committee continues, as in the past, to be of the very greatest importance. It has used nearly half the income of the association in the past year, which is to say (as will perhaps be more particularly shown in the committee's extended report) that the minimum fee paid by associations for membership dues is entirely used up in the efficient work of this one committee. The good done by the Protective Committee is more especially for the benefit of the smaller banks of the Association, as with lighter equipments and in remoter districts they are more vulnerable. If it were necessary (which it is not) to increase the annual dues, I think every small bank in the country could well afford to belong to this Association, even at twice the cost for dues, and it is well enough in this brief way to point out the advantages enjoyed by our members.

I commend especially the work of this committee and the able and thorough report of its Chairman; much has been accomplished and it has been a good work. We have an admirable form of bond and the protection it affords is appreciated by our members. It may be that something further may be done in getting concessions and rates, and the income thus derived may be used for the purposes of the Association, or may be given to the members direct. The report implies much extension of work in new lines for this association, and under proper restrictions I think this may be well taken up.

The work of the Committee on Uniform Laws and of its Chairman, Frank W. Tracy, has been unremitting and painstaking and has accomplished much good. It should be carried forward until every State enacts uniform laws.

The Committee on Education had an appropriation last year of $10,000, and I believe it is to ask for a less sum this year. I refer you for particulars to the report of the committee, and I hope the work will be carried on and made as practical as possible.

The repeal of the war revenue act has taken effect since our last meeting. In this connection I call attention to the report of Mr. A. B. Hepburn, Chairman of the committee that had to do with getting the act repealed and with trying to secure what seemed to your Executive Council a more just interpretation of it. To this end, as you will see by his report, the Association took up the expense of contesting in the courts the decision of the commissioner that banks should be taxed not only on their surplus, but on their undivided profits. So far the banks have lost their case, but the appeal is on now. The President of this Association and your Chairman took this responsibility, deeming it appropriate, and they ask your approval. Your Chairman regrets that there should have been some cases where the surplus was so small and the undivided profits reported so large as to make the work of contention more difficult.

I think it not inappropriate to refer in a general way to questions of currency reform, papers on which will be presented before this Convention. I do so mainly to ask that any efforts in that direction, or any action that the Convention may take, or any resolutions it may pass, be concentrated, and that we work only for what we can agree on and fairly hope to accomplish. It would seem to me that in the recent congestion of the money market, arising from the country's abounding prosperity and its inevitable resultant, a strong market in securities, the administration and the banks have come nearer together, and that the Secretary of the Treasury and the administration behind him should have our congratulations on having taken the initiative and rendered assistance—not, in my opinion, in a crisis, but in a period which acted a little like the approach of a crisis—and this assistance was rendered in such a way as to leave no room for reasonable criticism, because no money was restored to commerce except that which had been taken from the channels of commerce by the operation of the War Revenue Act and the excessive receipts of the Treasury ever since that act's repeal. The operation of this law under entirely rigid enforcement might some day tie the business of the country up in a hard knot. Nor is it a reasonable contention that when these deposits shall some day necessarily be withdrawn in whole or in part by the requirements of the Department there will be any crisis, for that would then mean no more than the ordinary transfer of funds in any business, the money remaining in the channels of commerce. This entering wedge may serve to bring about the repeal of the Sub-Treasury system. As to what we may agree upon and accomplish, I think there should be practical unanimity in advocating a law authorizing the Comptroller of the Currency to issue to national banks with $50,000 capital or more and at least 20 per cent. surplus circulation to 50 per cent. of capital with 6 per cent. tax (½ per cent. a month). This is Mr. Hepburn's plan and I heartily approve it as sound and unobjectionable. I like also his elucidation of the plan in an address recently published, save his reflection that the next panic will be "man's size," which must mean larger than ever before. This is not philosophical, as the panic of 1857 was infinitely worse than that of 1893, and the latter was exaggerated by doubts about the standard of value, and that ghost is laid. With strong combinations of capital and ability, with a fixed standard, and the great general wealth of the country, it ought not to be possible to have a panic again of the size of 1893.

The genius of our people rests in our union in government—our unity in our efforts. So far from one section having become independent of another, we should be bound more closely together.

Long after we shall have finished debating it, New York City will be the financial center of this country and of the world. (Applause.)

At a meeting of the Council held last evening, I, as Chairman, was directed to recommend to the Convention the adoption of the following proposed amendment. This was proposed by the President of the Emigrant Industrial Savings Bank, of New York City:

AMENDMENT TO CONSTITUTION, PROPOSING A SAVINGS BANK SECTION.

"By-Laws. Sec. 5 (Additional).

"A Section of the Association, to be known as the Savings Banks Section, is hereby established, which shall meet annually in connection with the meeting of this Association; its scope shall embrace all matters relating especially to savings banks, with a similar programme and proceedings as the Trust Companies Section, and it shall be under the supervision of the Executive Council."

M. C. F. Latimer, of New York: I move the adoption of the proposed amendment.

The motion was seconded and the amendment was unanimously adopted.

Mr. Bigelow: In this connection I hope some delegate will move to strike out the words, "savings banks without capital," so as to put them under the same rule as to dues with other banks.

Mr. Hammert, of New York: I make that motion.

Seconded and unanimously adopted.

Mr. Bigelow: It was also directed by the Council that the following amendment be recommended for adoption. This is an amendment to Art. III, Sec. 1, of the Constitution and By-Laws:

EX-PRESIDENTS MADE MEMBERS EX-OFFICIO.

"Sec. 1. Add the words 'ex-Presidents of the Association," making the paragraph read: 'The President and First President and ex-Presidents of the Association shall also be members ex-officio of the Executive Council.'"

This is in the order of Senator Evart's famous remark that the X's should come before the Y's. (Laughter.)

Mr. Kauffman: I move the adoption of the proposed amendment:

Seconded, and the amendment was unanimously adopted.

Mr. Bigelow: I was also directed to report to the Convention, without recommendation, the following preamble and resolution offered by Mr. A. J. Frame——

Mr. A. J. Frame, of Waukesha, Wis. (interrupting): Mr. President, I am the author of the resolution referred to, and with the permission of the house I desire to ask that the consideration of the subject be postponed until after the discussion which is down on the programme to take place at to-morrow's session.

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

Next in order on the programme is the Report of the Protective Committee, but as that has been printed and pretty generally distributed to the members of the Association, we will not take up the time by having it read in full now.

Report of the 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 1901-1902:

Balance as per Treasurer's report September 1, 1901	$3,462.31	
Appropriated by the Executive Council	30,000.00	
		$33,462.31
Paid account expenses 1900-1901	$926.81	
Paid account expenses 1901-1902	30,771.15	
		31,697.96
Total receipts	$33,462.31	
Total expenditures	31,697.96	
Balance September 1, 1902		$1,764.35

More than thirty-nine hundred letters and reports have been considered by the Protective Committee from September 1, 1901, to September 1, 1902, compilations wherefrom have been forwarded to members in pamphlet form, including one hundred and six circulars, accompanied by forty-eight photographs and descriptions selected by the detective agents of the Association, affording a warning and means of identification in every part of the country.

In special instances circulars have been issued as follows:

In October, 1901, banks and attorneys throughout the West were notified of the operations of Charles E. Alburn, of various aliases. On January 13, 1902, he was arrested at Antonito, Colorado, and jailed pending trial. He assaulted the jailer and emptied the latter's revolver at the sheriff in an ineffectual effort to escape, and on May 6, 1902, was sentenced therefore to imprisonment of from twelve to fourteen years. He first operated upon a member of the Association at Topeka, Kansas, where, on August 20, 1901, he defrauded the Bank of Topeka for $900, cashing a draft for that amount fraudulently drawn to his order on the National Bank of St. Joseph, Missouri. While the agents of the Association were investigating this swindle they received word of similar operations at Cripple Creek, Colorado, where the First National Bank had paid a bogus certified check for $750. In each instance the swindler was introduced at the bank by reputable local attorneys who had acted for him in negotiating the sale of out-of-town property by mail. He would secure and respond to their letters, accepting the offers made, and inclosing bogus drafts in settlement. On his reappearance to learn the result of their efforts, his attorneys would accommodate him with an introduction at the bank. Alburn was identified for operations in California, Idaho, Kansas, Colorado, Texas and Nebraska.

On January 24, 1902, a second circular was issued in the matter of the First National Bank, Winnemucca, Nevada, which was robbed on September 19, 1900, of $32,640 by three outlaws, who escaped into the mountains. Since the issue of our first circular in the spring of 1901, Harvey Logan, mentioned therein, has been arrested at Knoxville, Tennessee, and held for shooting two officers who were attempting his capture. In July, 1901, Logan's band robbed an express train near Wagner, Montana, securing incomplete new bank notes en route to Helena banks. On November 5, 1901, Benjamin Kilpatrick, a member of the band, was arrested at St. Louis, Missouri, for passing some of the stolen notes, and was sentenced to fifteen years' imprisonment. On April 17, 1902, O. C. Hanks, another member, while resisting arrest at San Antonio, was killed by Texas officers. His photograph and description on the circular of the Association, together with some of the stolen bills found in his possession, perfected his identification. George Parker and Henry Longbaugh, who have been indicted for the robbery of the bank at Winnemucca, are the only members of the band now at large. Our circular presents photographs of these men, with numbers and denominations of stolen bank notes which may be in their possession, and offers rewards aggregating $4,000 for their capture.

Two other cases, which have been the source of considerable expense during the past year, have been advanced toward completion by the arrest and conviction of the principal offenders.

In the matter of the contemplated burglary of the First National Bank, Cobleskill, New York, November 26, 1900, when the town watchman was killed, we referred last year to the capture of three of the burglars and the death of a fourth. We have now to announce the capture of the two members of the band then at liberty, and the termination of the first trials, which resulted in the conviction and sentence to death of James Sullivan, October 25, 1901, and William Hinch, January 28, 1902, and the incarceration of Edward Jackson under a sentence of nine years and eleven months. The cases of Sullivan and Hinch have been appealed, and will come to a hearing in November. The remaining two members of the band are held pending a final disposition of the case.

On March 25, 1902, James Farrell, the organizer and manager of a dangerous band of swindlers, was sentenced in New York City to six years and six months' imprisonment. Under his direction, from October, 1900, to January, 1902, intermittent operations with bogus checks were conducted on the banks at Boston, Brooklyn, New York, Philadelphia, St. Louis, Baltimore, Cleveland and Chicago. Of the eight men who operated, all have been arrested and six have been sentenced. In August, 1901, Henry Greaves and John Nelson were arrested in New York City and sentenced to prison for three years and six months each. Michael Farrell, the only other known member of the band at that time, was arrested in New York City September 2, transferred to Philadelphia, and sentenced there to six years' imprisonment. This appeared to break up the band. About a month later, however, James Farrell had a new gang at work. The agents of the Association redoubled their efforts and were rewarded in the arrest at Chicago of Frank Charters, who has been sentenced to the penitentiary for an indeterminate period, and the capture at Brooklyn, N. Y., of George Moore, who has been sentenced to Sing Sing Prison for one year and five months. On January 11, 12 and 13, Charles Morris, James Farrell and Alfred Senior were arrested in New York City, completing the disruption of the band.

Following are a few brief statements of results:

1. So far as we know, there is not to-day a band of organized forgers at work in the country.

2. A dangerous organization of forgers has been disrupted by the arrest of five men, including their leader, James Farrell. Last season an organization begun under his management was broken up by the arrest of three men who acted as presenters.

3. In three instances vaults were left unmolested by burglars who had gained access to the banking rooms

of banks displaying the sign of membership in the Association.

4. From September 15, 1901, to September 15, 1902, ten banks, members of the Association, have been robbed by burglars of $23,539.50, while, during the same period, seventy-three banks, not members, have been robbed of $129,438.77, as reported.

5. From May 1, 1895, to September 15, 1902, members of the Association have lost by the operations of burglars and thieves, $89,511.50.

6. From May 1, 1895, to September 15, 1902, banks not members of the Association have lost, as reported, $793,438.77 in the same way.

BURGLARS.

The tramp burglars, known in police parlance as "yeggmen," have proved most annoying, and the efforts to overtake them and to put an end to their depredations have caused considerable expense. Roving men, without criminal record of importance, with no skill except in the use of high explosives, they study out small towns which have no police protection, and where the banks have unguarded safes. Several of the banks, now members of the Association, which have been robbed, were selected for attack because they began to display the membership sign, and in two cases they were warned by the Protective Committee. During the period from September 15, 1901, to September 15, 1902, ten members have been robbed and fifteen have been fruitlessly attacked. The total loss of $23,539.50 indicates the low average loss to each bank. Although these numerous bungling attacks show lack of expertness, they evidence boldness and activity. In the ratio of successes to attacks, banks not members of the Association have fared the worst. Of one hundred and fourteen total reported attacks on banks not members, seventy-three were successful, with an aggregate reported loss of $129,438.77, while forty-two failed. Each attack upon a member of the Association has been thoroughly investigated, and while it has been impossible in some instances, as yet, to secure legally satisfactory proof, the agents of the Association have been enabled to co-operate in securing the punishment of known offenders for operations elsewhere. In addition to the important arrests in the Winnemucca and Cobleskill matters, previously mentioned, four men under arrest are specifically charged with attempt at burglary on members of the Association, thirteen believed to have been concerned in attacks upon members have been sentenced for other, and more radily provable depredations, and one has been killed resisting capture. The results have not been as satisfactory as the committee, under its general policy of defense, hoped for, but it will be noted that the successful attacks upon members, resulting in any noteworthy loss of money, are not numerous. The committee feels that the same policy which has so effectually disrupted bands of trained criminals will succeed with these tramp burglars, although it may prove expensive.

FORGERS AND SWINDLERS.

From September 15, 1901, to September 15, 1902, cases have been reported to the Protective Committee involving operations on members of your Association by one hundred and one forgers and swindlers, forty-nine of whom have been arrested. Twenty of these have been sentenced. There were convicted and sentenced, also, twelve forgers and swindlers who operated to defraud members previous to this season. In addition, an old offender was transferred from Ohio to New York.

On January 10, 1902, at the expiration of his sentence at Columbus, Ohio, Timothy J. Hogan was arrested by officers from New York County, and returned to Blackwell's Island to serve an unexpired term of four years and one month. Hogan had been incarcerated at Blackwell's Island in 1895, under a sentence of five years, but made his escape in January, 1897. Previous to his imprisonment, he had been defrauding banks with checks stolen from the mail and altered. Following his escape he commenced to operate actively with several associates in the West, getting so troublesome the agents of the Association issued descriptive circulars, and enlisted the co-operation of the police and postal officers in breaking up the band, Hogan being captured at Columbus, February, 1898. In June he was sentenced to the Columbus Penitentiary for five years, but made a sensational escape in a packing box in May, 1899. The agents of the Association located him in New York City and secured his return.

Following is the detailed financial statement of the Protective Committee from September 1, 1901, to September 1, 1902:

RECEIPTS.

Balance as per Treasurer's report September 1, 1901..	$3,462.31
Appropriated by the Executive Council.....	30,000.00
	$33,462.31

EXPENDITURES.

Paid Pinkerton expenses incurred prior to September 1 1901.....	$626.81
Other expenses incurred prior to September 1, 1901..	300.00
Paid Pinkerton expenses, September 1, 1901, to September 1, 1902.....	25,477.77
Salaries and expenses as per vouchers.....	4,902.00
Paid Stewart & Company, 1,000 aluminum signs.....	150.00
Paid F. Hanrahan & Company, 500 aluminum signs..	65.00
Paid American Bank Note Company, 2,000 booklets..	60.00
Paid Stumpf & Steurer, 1,000 printed pamphlets.....	81.38
Petty cash.....	35.00
Balance	1,764.35
	$33,462.31

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: Next in order is the Report of Committee on Uniform Laws, which will be presented by its chairman, Mr. F. W. Tracy, of Springfield, Ill.

Report of the Committee on Uniform Laws.

November 1, 1902.

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

We are proud that we are able to report much progress this year, considering the opportunities in our effort to have the Negotiable Instrument Law enacted by the different States so business can be conducted on uniform conditions all over the United States.

The past winter we appeared before six of the Legislatures of the States which held sessions and had not acted upon the bill, and we were successful in three of the most important of them—that is, in Ohio, Iowa and New Jersey.

In Louisiana we were so nearly successful that we are encouraged to believe we will win next time.

The Territory of Arizona enacted the law too late for our report of last year. The bill is a law there, but unfortunately in engrossing the bill for passage in one branch of the Legislature the chapter on Promissory Notes and Checks was entirely omitted. It is promised, however, that this omission will be corrected at the next session of the Legislature so that it may be uniform with the other States.

In Iowa an amendment was made to the act, which we quote: "Section 198. Days of grace. Demand made on. A demand made on any one of the three days following the day of maturity of the instrument, except on Sunday or a holiday, shall be as effectual as though made on the day on which demand may be made under the provisions of this act, as to notice of nonpayment nonacceptance and as to protest, shall be applicable with reference to such demand, as though the demand were made in accordance with the terms of this act; but the provision of this section shall not be construed as authorizing demand on any day after third day from that on which the instrument falls due according to its face."

We cannot understand this section. We suppose its author intended to give the three days of grace which were abolished by Section 145, but instead of doing this it seems to us it only makes it uncertain on which of the four days the maturity of the instrument occurs. It certainly puts in the power of the holder of the instrument to declare the day of maturity by making a demand for its payment on any one of the three days after maturity. We do not believe this is good policy. We believe a day of certain maturity should be fixed by the law, which the old law did. We hope the Legislature of Iowa can see its way to do away with this amendment and thus have the State in line with other States.

The Negotiable Instrument Law has been much discussed in law journals and before the National and State Bar Associations, and it is almost universally approved. Mr. McKeehan has been criticising the debate on the law and the parties thereto very freely in several numbers of the "American Law Register," but withal, he concludes his discussions by saying the law is "all right." This is very high praise, as Mr. McKeehan is acknowledged on all sides as a very able critic in legal matters.

There is one section (137) upon which it is desired the bankers should express an opinion. It provides as follows: "When a drawee to whom a bill is delivered for acceptance destroys the same, or refuses within twenty-four hours after such delivery, or within such other period as the holder may allow, to return the bill accepted or nonaccepted to the holder, he will be deemed to have accepted the same."

Your Committee are of the opinion that this section is a very appropriate one for the conditions named, and believe it should be retained, and we trust this Association will be able to indorse this opinion. We have urged upon this Association for the last five years the great importance of this code on Negotiable Instruments. We find in an address made before the Twelfth National Conference of State Board of Commissions for promoting uniformity of legislation in the United States by M. D. Chalmers, Parliamentary Counsel to the Treasury, England, in August last, some very good arguments in favor of codification of Commercial Law, a few extracts from which we venture to quote:

"Legislation, it must be borne in mind, is both speedier and cheaper than litigation. The English law of negotiable instruments took about 150 years to develop. Its main principles were worked out by about 2,000 decisions, and taking a moderate estimate, the taxed costs of this litigation must have cost the parties about two million dollars. Judge-made law has certain great merits, but cheapness is not one of them.

"Codification of course does not mean the abolition of litigation. Until the millenium arrives there will always be disputed facts which will give rise to legal contest. Lord Westbury is said to have advised an aspiring junior at the bar in the following terms: 'My young friend, in arguing your case never make a mistake in your logic; the facts are always at your disposal.' The object of a code is limited to the prevention of mistakes in logic. It is no part of its purpose to curb the exuberant imaginations of the witnesses. Moreover, draft a code as carefully as you will, there are certain to be ambiguities and small discrepancies and obscurities in it, which can only be cleared away by judicial interpretation. No code can provide for every case that may arise or always use language which is absolutely accurate. If a code provides a clear rule for a great majority of the cases which crop up in ordinary business, it satisfies the needs of business men. Exceptional cases must shift for themselves.

"Lawyers, perhaps, are inclined to attach too much weight to the occasional difficulties which arise in construing a codifying statute. The cases which come before lawyers are just the cases in which the code is defective. In so far as it works well, it does not come before them. Every man's view of the question is naturally colored by his own experience. In dealing with commercial matters, we, as lawyers, are apt to forget that we see mainly the pathology of business: its healthy physiological action is a matter outside our professional experience. A perfect code is, of course, an impossibility, but in codification, as in other practical matters of life, let well enough alone. If we seek after an impossible perfection we lose our chance of a practical and positive good which is within our reach."

Among the lawyers in our Legislatures we have found too often the feeling that the passage of this law would interfere with the business of the lawyers. This eminent lawyer feels differently. He evidently believes that litigation will last as long as time lasts, and therefore this argument is not a good one.

We have to report an addition of four States to the number reported last year, making the number now twenty. We believe we are rapidly gaining ground, and it will be but a few years until we will have a negotiable instrument that can circulate all over the country from the Atlantic to the Pacific, and from the Lakes to the Gulf. We beg of the members of the Association in the States where the Legislatures meet this winter that they will make a special effort to get into touch with the members of those bodies. Our experience has been that the average legislator is seeking for light and will gladly avail himself of your knowledge if you will approach him in that spirit.

The following are the States which are operating under the Negotiable Instrument Law:

Connecticut.—April 5, 1897.
Colorado.—July 15, 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 the following day.)
Florida.—August 3, 1897.
New York.—October 1, 1897.
Massachusetts.—January 1, 1893. (Three days' grace allowed sight drafts.)
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 12, 1899.
Oregon.—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.
Arizona.—September 1, 1901. (Except by clerical error chapter on promissory notes and checks omitted.)
Iowa.—July 1, 1902. (Amended to give three days' grace, on each of which demand may be made.)
New Jersey.—July 4, 1902.
Ohio.—June 1, 1903.

The following States hold sessions of their Legislatures this winter, in all of which an effort will be made to pass the bill by the American Bar Association, and the bankers are invited to give their assistance fully and freely:

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

The Commissions appointed by the Governors in the different States will have charge of the bill. They are the following gentlemen:

Delaware.—George V. Massey, Dover.
Illinois.—John C. Richberg, 604 Opera House Building, Chicago; Arthur A. Leeper, Virginia, Cass County; E. Burritt Smith. 415 First National Bank Building, Chicago.
Indiana.—Robt. S. Taylor, Fort Wayne; William A. Ketcham, Indianapolis; Oscar H. Montgomery, Seymour; George L. Reinhard, Bloomington; Samuel O. Pickens, Indianapolis.
Maine.—Charles F. Libby, Portland; Frank M. Higgins, Limerick; Hannibal E. Hamlin, Ellsworth.
Michigan.—C. W. Casgrain, Detroit; Thomas J. O'Brien, Grand Rapids.
Minnesota.—Charles E. Flandrau, St. Paul; W. S. Patte, Minneapolis; W. W. Billson, Duluth; C. E. Chapman, Furgus Falls.
Montana.—J. B. Clayberg, Helena; T. C. Marshall, Missoula; J. W. Strevell, Miles City.
Nebraska.—J. M. Woolworth, Omaha.
New Hampshire.—Joseph W. Fellows, Manchester; H. E. Burnham, Manchester.
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, Evanston; M. L. Blake, Sheredin.

FRANK W. TRACY.
G. P. GRIFFITH.
HOMER A. MILLER.
Committee on Uniform Laws.

Mr. I. E. Knisely, of Toledo, Ohio: I move that the report be received and placed on file and that the committee be requested to continue its good work.

The motion was seconded and carried.

The President: The Report of the Committee on Express Company Taxation will not be presented, as its chairman, Mr. F. W. Hayes, of Detroit, Michigan, is absent by reason of death in his family.

The Report of the Committee on Bureau of Education will now be presented by its chairman, Mr. Robert J. Lowry, of Atlanta, Georgia.

Report of Committee on Bureau of Education.

New Orleans, November 10, 1902.

The American Bankers' Association:

Our report a year since gave general particulars concerning the organization of the American Institute of Bank Clerks, and a contract that our committee had made with the Account, Audit & Assurance Company, of New York, for its management and operation. The contract referred to has been continued during the present year, and under the management of the company named the work has progressed and grown until there is at present for your consideration an educational organization of influence and importance.

The general work of the Institute through the year, in which you are all interested, is somewhat carefully set forth in a report addressed to this committee by Mr. A. O. Kittredge, of the company above named, and who is acting in the capacity of Secretary to the Institute. We make Mr. Kittredge's report a part of this communication.

In the management of this organization, up to the present time, your committee has guarded against creating any obligation which might in any manner forecast the policy of the American Bankers' Association in the matter of educational work. That the Institute, however, is a creature of the American Bankers' Association goes without saying, and, as pointed out in Mr. Kittredge's report, the young men who are members of the chapters, or students in the Correspondence School of Banking, or subscribers to the *Bulletin*, are being impressed with the fact that the privileges which they are enjoying are due to the bounty of the American Bankers' Association.

After settling in full with the Account, Audit & Assurance Company up to October 1, and paying all other expenses of your committee, there remains in the hands of the Treasurer a balance of nearly $3,000 of the appropriations which have been made for the purpose of inaugurating and conducting the Institute. Our prayer is that we may be continued in this work, and that this body make an appropriation for another year to the extent of $10,000, including that which is left over from the old appropriations. We thing the work upon which we are engaged warrants this further amount from this organization, and we believe that there will come back to this Association manifold rewards for its generosity in this direction.

ROBERT J. LOWRY, Chairman.

Supplementary Report of Committee on Education.

Gentlemen of the American Bankers' Association:

In presenting the report of the Committee on Education, I do not desire to consume the valuable time of the convention, but only to preface the report by making a few remarks. The report of our Committee relative to the organization of the American Institute of Bank Clerks is in pamphlet form, and each of you have a copy. If not, the Secretary will be glad to furnish you with it. I respectfully beg each and every one of you to read the report through carefully, that you may become acquainted with the movement, which I regard as one of the most important which has been inaugurated by this Association. It is not only an important movement, but it bids fair to become one of the most successful in the training of young men to become efficient in their work, and hard students of finance and financiering. It behooves each and every member of this Association to post himself upon the progress of this educational movement, which has accomplished so much during the past year under the able direction of Mr. James G. Cannon, late President, and Mr. Kittredge, our efficient Secretary.

It will, of course, be borne in mind that the Institute is young, and we must give the children time to grow. We cannot expect the fruition of the Committee's ambition within the short space of eighteen months, which represents the life of the organization, but the showing made of the growth of the Institute, the Committee feel proud in saying, is not only encouraging, but gratifying. Many thriving Chapters of the Institute have been organized in the larger cities, and the Correspondence School of Banking has about 700 active students, who are making a study of all the intricacies which from day to day arise in the experience of bank clerks. The Bulletin, which is the official mouthpiece of the organization, has now a subscription list of over 5,000, mailing list of some 6,000, and from each and every issue of this sheet can be culled valuable information for the ambitious clerk who wants to learn and seeks the opportunity of gathering information.

Now a great deal of missionary work has been accomplished which gives us vantage ground in the further prosecution of this important work. Prospects are good, and a continuation of the work so well begun seems not only advisable but necessary. There are thousands of young men in this country, who can and will be greatly benefited in their daily capacities both now and in the future through the permeating influence and effected training in this School of Bank Clerks. Many of these young men will sooner or later occupy positions of great responsibility; many of them will become members of this association; many may become powers in the financial world, and some may be called to high positions of trust in the public affairs of our great country. In whatever capacity they may be called to serve in the future, a thorough course of study, and familiarizing themselves with the topics handled by this Institute, can do them naught but good, and the time and expense put into this work would not and could not be lost.

I beg you will read carefully the report of Mr. Kittredge to our committee as to the work of the Institute of Bank Clerks for the past year. Mr. J. B. Finley of Pittsburg, now president of the Institute, and Mr. Kittredge are with us to-day, and I respectfully ask the granting of a few moments of the time of the Convention to them. He has had active charge of the work of

this Institute as its Secretary, and is more familiar with the details of the work along this line than I am. He is enthusiastic in the work, and I am sure we would be glad to hear from him as to his experience in the past with this work, and his views and plans for the future.

(Signed) ROBERT J. LOWRY, Chairman.

Report of Secretary of the American Institute of Bank Clerks.

New York, October 31, 1902.

To the Commitee on Education of the American Bankers' Association:

Continuing the history of the American Institute of Bank Clerks from the point at which we broke off in our report a year since, your attention is first directed to the present official staff of the Institute, which is as follows:

President, J. B. Finley, Pittsburg, Pa.
Vice-President, George F. Orde, Chicago, Ill.
Treasurer, John F. Thompson, New York, N. Y.
Secretary, A. O. Kittredge, New York, N. Y.

The Board of Trustees is composed as follows:

Robert J. Lowry, Atlanta, Ga.
James G. Cannon, New York, N. Y.
Harvey J. Hollister, Grand Rapids, Mich.
A. C. Anderson, St. Paul, Minn.
Harry L. Burrage, Boston, Mass.
Walker Hill, St. Louis, Mo.
J. B. Finley, Pittsburg, Pa.
George F. Orde, Chicago, Ill.
John F. Thompson, New York, N. Y.

The effort of the year has been along the lines laid down in the original scheme. Considerable traveling has been done with the result that a considerable number of chapters have been organized in the large cities of the country. The Secretary personally co-operated in the formation of the chapers at San Francisco, Salt Lake City, Kansas City and other points.

Great care has been given to the editing and general conduct of the *Bulletin*, with the result that we seem to be pleasing the great mass of our readers. The lesson courses in the Correspondence School of Banking have been revised, enlarged and completed, and entire satisfaction with the work has been expressed by the considerable number of pupils enrolled.

The American Institute of Bank Clerks was formally organized on the 23d of March, 1901. It is at this time therefore only a little over 18 months old. That it is a lusty infant, in good health and growing, we shall try to show by what follows.

The year that has elapsed since our last report has been one of hard and active work within the lines laid down at the outset. Our report presented at the Milwaukee Convention showed a circulation of the *Bulletin*, the official mouthpiece of the organization, somewhat gratuitous in character because it was the medium through which we were advertising the organization. Now, as appears elsewhere in this report, it has a paid circulation of upward of 5,000 copies.

When we last reported we had a few students in the Correspondence School of Banking, enough only to demonstrate the acceptability of that scheme of instruction to the class to which it was addressed. At present we have upward of 700 earnest students in the several set courses and more coming every day.

In our last report, made a year since, we referred in a general way to the organization of chapters. Now we are able to announce twenty-seven solid and substantial organizations of this character with a membership of upward of 4,000.

The result of the year has been to perfect plans and carry them forward, to meet with a generous response from the people addressed, and to pile up results which are perhaps unequaled by those of any other educational effort ever brought to the attention of the public.

The circulation of the *Bulletin* has been a progressive quantity from the very start. It has not gone by leaps or bounds, but has been one steady strong pull ahead. A very large number of testimonials have been received as to the satisfaction that the subscribers feel with the paper and every mail brings more of the same kind. The present mailing list is a little under 6,000 copies, upward of 5,000 of which are paid for. Some of these subscriptions, and I might add many of them, have been taken at cut rates, or else the periodical would be on easy street. All the chapter members are subscribers and their subscriptions have been taken at one-half the regular rates, while special introductory rates have been made in various directions.

In the last few weeks a special effort has been made to extend the subscription list of the *Bulletin* among bank officers, bank directors and the like. A scheme of circularization has been devised, one feature of which is the offer as a premium of charts of Bank Organization and Administration, a pamphlet made up from some of the lesson courses in the Correspondence School of Banking, and which reveals the scheme of organization and administration at the foundation of the work of some of the largest and best known banks in the country. Whether it be merely from the idea of sustaining the work of the Institute or because they want the charts, the offers thus made are being accepted with considerable freedom and the mailing list of the *Bulletin* is being correspondingly augmented.

The charts referred to are of considerable advantage to bankers everywhere. They have been greatly appreciated wherever examined and are a distinct advance in banking literature.

Twenty-seven chapters of the Institute are in active operation. Several associations among bank clerks, which have been formed outside of this Institute, are co-operating with us and no doubt in a short time will become chapters. The total membership of the chapters taken at a date just prior to the summer vacation was 4,156. It is probably larger at present.

The largest chapter in active work is located in Chicago and the second in rank is found in New York. New York has two large and active chapters, the combined membership of which is perhaps in excess of the one in Chicago. In both cities the work is being actively and energetically pushed with good results.

The cities in which chapters have been formed are as follows: Baltimore, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Denver, Detroit, Grand Rapids, Hartford, Kansas City, Louisville, Milwaukee, Minneapolis, New York, Philadelphia, Pittsburg, Providence, Richmond, Springfield, Mass., St. Louis, St. Paul, Salt Lake City, San Francisco, Toledo and Washington.

In a dozen to twenty other places preliminary work has been done, the results of which are likely to be secured within a very short period of time.

The Correspondence School of Banking, in which at present the Institute has about 750 eager, earnest pupils, does for the country bank clerk what his city cousin gets out of the chapter. The two avenues of improvement and advancement which the Institute opens to bank clerks are characterized by the way in which they are employed by the clerks. The young men in towns and villages and the smaller cities of the country take up with the Correspondence Courses of Instruction, while their cousins in the larger cities get together in chapter organization and give attention to essay reading, debates, investigations and more or less in the direction of study under the auspices of specially engaged teachers.

The Correspondence School of Banking offers sixteen different courses, ranging from such elementary matters as Penmanship and Spelling up to advanced courses like Commercial Law, Government and Finance. The largest number of pupils in any one study is that of Practical Banking, following which in rank of patronage comes Commercial Law. Throwing these two out of the general list, the students are divided somewhat equitably among the remaining courses, Penmanship having the largest number and Government the smallest number.

What has been done to date in the Correspondence

School has been accomplished at a time when of necessity the largest share of attention was being given to the preparation of the courses of study, the writing out of lessons and the general arrangement of the foundation work. All this has now been practically completed and there remains only the pushing of the School into still greater prominence and the enrolling of a still larger number of pupils.

Some things have followed the organization of the Institute, and more particularly the organization of local chapters of the Institute, which were not specifically covered in the original program, but with which bankers, nevertheless, are everywhere expressing the greatest satisfaction. The chapters are becoming training schools and intelligence offices and are serving incidentally to emphasize the particular attainments and accomplishments of their members. Accordingly, we find that local bankers are carefully scanning the list of members of the chapter in their immediate vicinity when looking for men for positions of responsibility or promotion.

The number of promotions and advancements which have thus taken place in chapters since the work was commenced numbers several hundred, and it in itself is something which should not be lost sight of in estimating the advantage which the Institute is to the banking public.

In passing brief attention may be given to what some of the chapters are doing by way of work, thereby indicating the training to which the members are subjecting themselves. It has been constantly obtruded upon the attention of chapter members that a very large measure of the good that was to follow upon their being associated together in chapters was that which is retroactive in character or reflex in its action; that there was more advantage to the one who prepared an essay than there was to the Association at large in the information conveyed by the essay. We think that this idea has been pretty generally worked into the members of the chapters and that a large number of them are proceeding in their work accordingly.

Referring now specifically to undertakings, one of the most important in character is that proposed by the Chicago chapter. This chapter proposes to write a book displaying the resources and business methods of the United States, a book of facts and not of fancies, and one which will illustrate as far as possible the uses of currency. This book it is proposed to divide into twenty-five chapters, each chapter to be in charge of a special committee. The chairmen of the committees are all carefully picked men, each of whom has already displayed some ability to write, and so far as possible the chairmen are familiar with the subjects upon which they are to work. The whole winter is to be given to the work in order that it may be thorough, and no fixed date has been named for the publishing of the book.

The subjects in this book include agriculture, live stock, mining, lumber, manufacturing, fisheries, railroads, labor, exports and imports, banking and currency. It is proposed to have the book prefaced by an introduction written by a prominent bank man, and prior to publication to submit it for criticism and examination with reference to technical errors.

The St. Louis Chapter is making strenuous efforts in the accumulation of a library and according to last accounts had raised nearly $1,000 for this purpose, and had already invested a considerable portion of it in books bearing upon banking topics.

The Alexander Hamilton Chapter of New York, among other attractive features for the winter, will have a course of lectures on the Negotiable Instrument Law, by Thos. B. Paten, of New York. In this connection it may be mentioned that a course of lectures on the Negotiable Instrument Law is also one of the features of the winter's work of the Pittsburg Chapter.

A scheme proposed by one of the chapters and still under debate, but being delayed because of the very great magnitude of the undertaking, has been the organization of an ideal bank, with all its departments represented by chapter members, with its blanks and forms designed by chapter members and with the whole machinery operated by chapter members. Should such a thing as this be carried out, bankers would have the opportunity of knowing how their clerks regard some of the routine features of present bank manipulation.

The Philadelphia Chapter, among other things, is giving marked attention to that which has to be done in the organization of a national bank. A special committee is taking up the work of organizing a bank and is instructing the members in this work.

And so we might go on until we had touched upon each of the several organizations, for there is not one at this time that is not doing something that deserves mention. All of the chapters are engaged in that which is calculated to train their members for better work along the lines of bank administration, broadening the views of the members and making them more capable of the discharge of their daily duties.

Incidentally, bankers are looking in upon the work which the boys are doing and not infrequently they are giving them words of encouragement and advice. In fact, we might add that in some instances the bankers become very enthusiastic over the work and it is with reluctance that they are persuaded to give it over to the boys, who are to be specially benefited by carrying out their schemes.

It should be remembered in discussing the advantages of the Institute and the expediency of sustaining the work so auspiciously begun, that young men are being trained along the lines of membership in the American Bankers' Association. Up to date the American Institute of Bank Clerks has been distinctively known as a creature of the American Bankers' Association, and whatever bank clerks have derived from it they have understood to come directly from this fountain source.

It is worth much to the American Bankers' Association as an organization, that young men are being thus trained to think of it as their alma mater, and that from which they derive substantial benefits. Every bank clerk who is taking a course in the Correspondence School of Banking, or who is a member of a local chapter, or who is a reader of the *Bulletin*, is thus being trained for the high responsibilities of membership and representation in the American Bankers' Association.

Whatever may be said of the work to date, it is all initiative. There has been required time to get started. Those who are in the Institute to-day, either as chapter members or as students in the Correspondence School of Banking, or merely as subscribers to the *Bulletin*, are just beginning to make known to their friends their satisfaction with what is before them.

Shall the effort be continued? It seems to us that there is only one possible answer to the question. It has done well to date; it promises better for the future; it is worthy of every encouragement.

The American Bankers' Association has made two appropriations to its Committee on Education for the organization and support of the American Institute of Bank Clerks, amounting in the aggregate to $20,000. From these appropriations have been paid accumulated expenses belonging to this committee prior to the initiation of the Institute movement as well as current expenses. With the total expenditures deducted, there remains on hand a balance of not quite $3,000, making the net cost to the Association of what has been accomplished in this line to date in the neighborhood of $17,000. It has to show for its work the establishment of twenty-seven chapters, with over 4,000 members, a Correspondence School with over 700 active pupils, and a periodical which has a paid circulation of over 5,000 subscribers.

All of which is respectfully submitted.

A. O. Kittredge, Secretary.

Mr. Tripp, of Marathon, N. Y.: I move that the report be received and placed on file.

The motion was seconded and carried.

Mr. J. P. Huston: Mr. President, I suggest that the programme be amended so that we may hear from Mr. Ridgely now.

The President: If there is no objection, the Chair will ask Mr. Ridgely to address us at this time. Gentlemen, I have the honor to present Mr. William B. Ridgely, Comptroller of the Currency. (Applause.)

The Changes in Banking Conditions.

[Mr. Ridgely's paper will be found in full on pages 55 to 59 of this SUPPLEMENT.]

Mr. J. J. Sullivan, of Cleveland, Ohio: I move that the thanks of this Convention be hereby extended to Mr. Ridgely for his able and interesting address.

The motion was seconded and carried.

The President: The Chair would next introduce Mr. John Johnston, of Milwaukee, Wis., who will address us on "The Scottish Banking System."

The Scottish Banking System.

[Mr. Johnston's paper will be found in full on pages 60 to 61 of this SUPPLEMENT.]

The President: I next have the pleasure of introducing to the Convention Mr. Joseph G. Brown, of Raleigh, N. C., the subject of whose address will be "The New South."

The New South.

[Mr. Brown's address will be found in full on pages pages 79 to 82 of this SUPPLEMENT.]

The President: The next committee of which we were to have a report was the Committee on Fidelity Insurance.

Mr. J. J. Sullivan, of Cleveland, Ohio: Mr. President, I move that that report be passed for the present. It is a very important subject, and most of the delegates are now going out and I do not think it should be presented before a slim attendance of the members.

The President: Very well. The Chair will pass that report and it may be taken up to-morrow morning.

The Report of the Committee on Internal Revenue Taxation is in print and it will be published in our proceedings at this place.

Report of Committee on Internal Revenue Taxation.

The American Bankers' Association:

Your Committee on Taxation respectfully beg to report that they used their best endeavors and in consultation and co-operation with the officers of your society exercised their best influence to procure relief from the onerous and, as it seemed to us, unjust taxation specially imposed upon banks by the terms of the Spanish War Revenue Act. As you well know, the entire act was repealed and therefore the relief sought was obtained, and your committee are entitled to discharge from further consideration of the subject.

We also beg to report as follows: The Commissioner of Internal Revenue, by decision duly rendered, reversed the former ruling of the Department and held that banks were liable to a tax upon their undivided profits as well as their capital and surplus. Instructions were issued to the various collectors of internal revenue to proceed to collect the same. It was believed that the interests of the banks would be conserved if the labors of your committee were supplemented by a committee representing the clearing house associations of the leading cities of the country. Such committee was duly created as follows:

Jas. B. Forgan, Chairman, President of the First National Bank, Chicago.
Stephen Baker, President of the Bank of the Manhattan Company, New York City.
Theodore Kitchen, President of the Central National Bank, Philadelphia.
Thos. P. Beal, President of the Second National Bank, Boston.
C. C. Homer, President of the Second National Bank, Baltimore.
Wm. T. Dixon, President of the National Exchange Bank, Baltimore.
Chas. Parsons, President of the State National Bank, St. Louis.

They appeared before the Commissioner at Washington and the Secretary of the Treasury, and found them both inflexible in their determination to adhere to their ruling, notwithstanding the same was directly contrary to the opinion expressed by the former United States Attorney-General, John W. Griggs. They agreed with the Commissioner of Internal Revenue as follows: The banks to make report of undivided profits as required by the Department, the Commissioner to extend the tax thereon, the banks to file a protest and demand relief from same, whereupon the Commissioner would suspend collection pending the construction of the law by the courts. In the meantime a test suit was to be brought for the purpose of determining the proper construction of the section of the law under discussion.

This committee, representing the clearing house associations, conferred with your committee and represented that the question involved was one in which the entire banking community were directly interested and concerned—that it was eminently a proper question for the American Bankers' Association to assume the charge and control—that a test suit should be brought by some bank in accordance with the requirements of the Commissioner of Internal Revenue, under the conduct and at the expense of the American Bankers' Association. This position seemed to your committee eminently proper and just. Your committee and the committee representing the clearing house associations jointly conferred with the Chairman of your Executive Council, Mr. F. G. Bigelow, and the President of your Association, Mr. Myron T. Herrick. All concurred in the opinion that the proper construction of the statute in question should be obtained at the expense of the American Bankers' Association. We therefore determined upon such action, trusting that the same would be ratified at the ensuing Convention.

The Leather Manufacturers' National Bank of New York was selected as one whose very high character, standing and condition with respect to capital, surplus and undivided profits presented a fair test case. The officers of that institution very kindly consented that the suit be brought in their name for the purpose above stated. The law firm of Gifford, Stearns & Hobbs, because of their well-known character and ability and their familiarity with this line of practice, were selected to conduct the litigation, representing the banking interests. Under their advice and direction the Leather Manufacturers' National Bank made report, paid the tax upon undivided profits under protest, appealed to the Commissioner of Internal Revenue for a restitution, which was denied, and thereupon brought suit to recover the same. There being no question or controversy as to the facts, a stated case was made. Upon the argument the United States District Attorney asked that a *pro forma* judgment sustaining their construction of the statute be entered, assuring the court that whatever the decision might be an appeal would be taken. This the Judge seemed inclined to do, but finally took the papers and subsequently rendered an opinion adverse to the contention of the banks. That distinguished lawyer, the Hon. John W. Griggs, when Attorney-General of the United States, having rendered an opinion sustaining the contention of the banks, and the attorneys of the Clearing House Association of New York and of several of the leading banks in the city of New York and other cities having rendered similar opinions, your committee felt constrained to direct an appeal, being very hopeful, if not confident, that the Appellate Court will reverse the court below and sustain our contention as to the proper construction of the law. The case is, therefore, now pending in the United States Circuit Court.

Contrary to what we supposed was the understanding between the Commissioner of Internal Revenue and the committee representing the clearing house associations, the Commissioner felt constrained to enforce the collection of the tax, assuring, however, that it would

be easy to recover the same in case the ultimate decision of the court sustained our position.

The question is open for such instructions as the convention sees fit to give. Inasmuch as there may be no necessity for continuing the Committee on Taxation, it may be well to refer the matter to the Chairman of the Executive Council, with such instructions as to the Convention may seem wise.

Respectfully submitted,

A. B. HEPBURN,

Chairman Committee on Taxation.

Secretary Branch: Gentlemen, I beg to announce that the Nominating Committee are requested to meet at the registry room in the St. Charles Hotel at four o'clock this afternoon.

I would also announce that the Section of Trust Companies will meet in this hall at three o'clock this afternoon. A very important and interesting meeting is promised, and it is hoped that there may be a full attendance of all members of the Association who are interested in trust companies.

I have also the announcement to make that a Conference of Clearing Houses will be held at four o'clock in the Ladies' Writing Parlor at the St. Charles Hotel.

The President: If there is no further business to come before the Convention this morning, we will now take a recess until ten A.M. to-morrow.

SECOND DAY'S PROCEEDINGS.

Wednesday, November 12, 1902.

The President: The Convention will please come to order. The divine blessing will be invoked by the Right Reverend G. A. Rouxel, Auxiliary Bishop of Louisiana.

PRAYER.

O Almighty God, we humbly beseech Thee to bestow Thy blessing on the labors of this great assembly.

Men of prominence and distinction, leaders in the world of finance and commerce, are gathered here to deliberate on matters of vital moment to the welfare of a great nation. Infuse, therefore, we beseech Thee, Thy spirit of wisdom into their counsels, that their deliberations may be fruitful not merely to themselves and absent colleagues, but also to the great mass of the people, so largely dependent on the wise administration of the interests and trusts confided to them.

We pray Thee, O God, to spread Thy mantle of infinite charity over this convention, that harmony and good-will may prevail among its members.

In this our country, where industry and thrift are the roads to distinction, rather than high birth and caste, bankers and great merchants are the leaders among the people. Grant them, O Lord, that all these here assembled may merit Thy favor and countenance, and may go hence, after labors completed, wiser and better for their deliberations and more worthy than ever to care for the welfare of the toiling masses and to set a shining example of business honor and integrity.

In Thy mercy, O God, pardon our shortcomings, and grant us grace to tread the path of virtue and honesty—a blessing we crave through Christ, our Lord. Amen.

The President: Permit me to say, in opening the business this morning, that the reputation of New Orleans has gone abroad. There are something over 1,700 people registered at this Convention—the largest attendance ever known in the history of the Association. (Applause.)

We are all very anxious to get along as fast as possible. We have some entertainment ahead of us, which is always attractive, and I want to ask the speakers today to remember that there is always some one to follow, and to be as brief as possible, because there seems to be much at this particular time of interest to everybody to be discussed, more than usual, and everybody has something to say of unusual interest. Therefore, if each speaker will bear in mind that some one is to follow him whom we are all anxious to hear from, and accordingly trim his address with that in view, it will expedite business.

We have some unfinished business of yesterday, which we will now take up. Colonel Lowry, of Georgia, will please come to the platform.

Mr. Lowry, of Atlanta, Georgia: I am tall enough to be seen, and I believe I can speak loud enough to be heard, from the floor. Therefore, with your permission, Mr. President, I will remain where I am. I desire to present a supplementary report of the Committee on Education. The report presented yesterday was not entirely completed, and to make it complete I desire to present the following.

(This Supplementary Report of the Committee on Education will be found given above in the First Day's Proceedings.)

Mr. Lowry: I should like to have the Convention listen to Mr. Kittredge for a few moments.

The President: We will be very glad to listen to Mr. Kittredge, if there is no objection. There being no objection, Mr. Kittredge will kindly take the floor.

Mr. A. O. Kittredge, of New York: Mr. President, Ladies and Gentlemen. I will be very brief. When I sat before this assembly at Milwaukee a year ago, the most I could say about the Bank Clerks' Institute was to promise what it was going to be, and to indicate in some measure from the very small experience we had had up to that time, what it might be. We come here to-day with eighteen months of actual work accomplished. Twenty-seven chapters have been formed throughout the Union, with a membership of over 4,000 bank clerks, with a periodical called the *Bulletin*, having over 5,000 paid subscriptions, with a Correspondence School, covering elementary branches belonging to banking, and with over 700 earnest pupils. The work of the Institute is three-fold in character. It is along the line of chapters in the largest cities, and has correspondence study in the country districts, and cementing the two together and going outside of the two, the periodical called the *Bulletin*, of the American Institute of Bank Clerks. Referring to this periodical there have been many complimentary remarks passed upon it, and we have a very large collection of testimonials in our office. It is filled with fresh thoughts of bright young minds who are giving attention to banking principles. It is a novelty in literature. It is being subscribed to by the Presidents, Vice-President, Cashiers and members of Boards of Directors of banks all over the country, and they find in it something that they have not heretofore found in banking literature. The subjects discussed are along the line of the work of the young men. There is the Paying Teller's work, the Receiving Teller's work, the General Bookkeeper's work, the work of the clerk in charge of the Exchange Department, and so on to the end of the list. All of the young men who are being benefited at the present time by the Institute are learning to regard it as a part of the bounty of this organization. They are being directly and indirectly trained for membership in the American Bankers' Association. The work done for the clerk in the largest city, where there are a considerable number to be brought together, is supplemented in the outlying or country districts by the Correspondence School, the lines are parallel; they are interlocking at certain points. The *Bulletin* cements the two together.

I am reminded that my remarks must be brief, and all I have said, and more, too, is contained in this pamphlet, supplies of which are in the Lobby, where you can obtain them as you go out of the hall. What has been done to date is almost without parallel in educational movements. In 18 months we have accomplished a subscription list through the *Bulletin* of some 5,000, and a membership in chapters of over 4,000, students in the Correspondence Schools of upward of 700, as I have stated. (Applause.)

Mr. Lowry: I move that this report be referred to the Executive Council.

Mr. Brown: I second the motion.

The President: All in favor of the motion will signify by saying "Aye"—those opposed, "No."

Carried.

EXPRESS COMPANY COMMITTEE DISCHARGED.

The President: There being no reports from the Express Company Committee, it has been suggested that the committee be discharged. If there is no objection the committee will be discharged.

I will now ask Mr. Hamilton to present the Report of the Committee on Fidelity Insurance.

Mr. John L. Hamilton: Mr. President and Gentlemen. It is especially desired to bring this report to your attention for the reason that this committee has been working along on this line for the past four years, and in this report we make some radical recommendations that will have to be considered by all the bankers of this country in a short time. For that reason I desire to call your attention especially to this report. You will find copies of it in each seat in the hall.

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 former reports. It has been our aim to make our report as complete as possible, although we were greatly handicapped by the sickness and death of the former Secretary of the committee, Mr. A. E. Lewis, and thrown back at least five months in our work, yet we believe that the information and statistics are as near complete as it is possible to get them. We have not confined ourselves to members of the Association, but have sent inquiries to every bank in the united States.

Inquiries sent to members		5,357
Second request to members		1,234
Replies received	4,722	
Inquiries unanswered	635	
Inquiries sent to non-members		11,283
Replies received	4,143	
Inquiries unanswered	7,140	
Total inquiries sent		17,874
Letters of inquiry answered by committee		2,769

The committee, in sending the inquiries to the non-members, called their attention to the benefits of the Association and the valuable work of its different committees. With the answers to our inquiries we received many applications for membership, which we acknowledged and forwarded to the Secretary of the Association.

The number of replies received from inquiries to non-members was far beyond our expectation. These replies showed that the bankers are alive to the importance of this subject and deeply interested in the outcome of this work. We believe that the interest taken will lead many to become members of the Association in the near future.

RATES.

From the first report of the committee at Cleveland, Ohio, in 1900, we learn that the average rate per thousand then paid was $3.89.

The average rate per thousand now paid by banks not members of the Association is $3.15.

The average rate per thousand now paid on the American Bankers' copyrighted form of bond is $2.99.

The average rate per thousand paid by members on all forms of bonds is $2.90.

Rates paid per thousand for Association form of bond vary from $2.50 to $5.

Statistics of 1902, as compared with those of 1900, show that through the efforts of the Association to remedy existing evils the non-members who have replied have had an annual saving of $24,415.00, or 74 cents on each $1,000 of insurance.

We wish to call the attention of non-members to the fact that while they have, through no effort of theirs, been benefited by the work of this committee, yet there are many benefits of inestimable value that the members of the Association enjoy in which they have no part.

The following shows the amount of bonds carried by members of the Association and the amount of premiums paid:

The members are carrying	$133,705,570.00
Amount of premiums paid	388,779.33
The members are carrying on the American Bankers' Association form of band	22,466,500.00
Amount of premium paid	67,209.46
The amount of personal bond	249,500.00

Through the reduction in rates, as compared with the year 1900, the members of the Association are saving annually $132,368, a sum equal to double the average bonded loss paid per annum.

The large cities, New York, Chicago, Boston, Philadelphia, Cleveland, Providence, Baltimore, etc., as has been repeatedly reported, are paying higher rates, while smaller places have profited by the reports of the committee.

In making a comparison of the rates paid by the bankers of the different States it is interesting to note that seven States are paying an average rate of over $4 per thousand, thirty-three are paying an average rate of over $3 per thousand and eight are paying an average rate of over $2 per thousand, while Missouri, alone, pays an average rate of $1.99 per thousand.

The following States have the distinction of paying the highest rates per thousand:

South Carolina	$4,71	Washington	$4.17
Nebraska	4.41	Maryland	4.03
Colorado	4.32	Ohio	3.67
California	4.30	North Dakota	3.52
Louisiana	4.26	New York	3.45

We attach to this report "Exhibit A," showing, by States, the average rate paid per thousand for the American Bankers' Association form of bonds and by members and non-members on all other forms of bonds.

EMPLOYES.

The total number of employes of the 8,865 banks, members and non-members, reporting, is 47,205. Of this number 26,862 are not bonded, 19,992 give corporate bonds and 351 give personal bonds.

THE AMERICAN BANKERS' ASSOCIATION FORM OF BOND.

The Fidelity Insurance Committee, in 1899, had prepared and copyrighted a form of bond for the exclusive use of the members of the Association.

Our committee has been astonished and pleased to note the demand for this form of bond. It was first reported in 1900 and to-day, out of 17,248 employes bonded, 4,455, or 25 per cent. of the employes are now bonded under this form. This change, taking place in about two years, is marvelous, nor is this all the interest that is taken in it. We have over 2,000 unanswered letters from members and about 1,200 from banks not members asking for copies of this band, which would have been sent but we have been delayed in getting a new supply printed.

A majority of the bankers and the banking departments of the different States, as well as many of the bank examiners, realize the necessity, and favor the use, of a uniform bond. There are thirty-four companies writing bonds in the United States and each company has one or more special forms.

We are constantly receiving letters from bankers and their attorneys asking that we cite them cases of decisions that they may use in trials to enforce the collection of bonds. Owing to the fact that there are thirty-four companies writing fidelity bonds, each company having several special forms, it is impossible to furnish information that is of much value, as each case, or bond, usually requires a special construction of some court, and the lack of uniformity of the bonds leads to endless litigation and loss to our members.

Only one decision is common, and that is a verdict in favor of the bonding company. It is the exception when they have to pay a contested claim on their own form of bond. If all bankers used one form of bond we would soon have precedents established, and weak places or defects in the adopted form, if any, could be changed so as to give the desired protection. So far

there has not been a failure to pay one of the American Bankers' Association form of bond reported.

There have been many cases reported to us this year in which the bonding companies are refusing payment, and our reports show that fully 47 per cent. of the losses are being contested.

We recommend that the Fidelity Insurance Committee employ competent attorneys to prepare a digest of all cases in the higher courts pertaining to the collection of Fidelity Insurance, and that this information be furnished to any of the members of the Association upon application to the committee.

This committee wishes especially to call your attention to the advantages of the American Bankers' Association form of bond, and herewith quotes from the former report:

"Briefly, some of its advantages over other forms are:

"1. It was drawn for the Association, under the direction of this committee, by the eminent law firm, Butler, Notman, Joline & Mynderse, of New York.

"2. It is in the line of uniformity.

"3. Its basis is a premium payment, and not an application filed with the Surety Company.

"4. The rights and duties of both parties appear in the bond. It is the whole contract, so that statements, application blanks, etc., are not needed to make a considerable but invisible portion of its terms.

"5. It is a contract of *insurance* rather than of *suretyship*. Talk this point over with your attorney.

"6. Each man is bonded as an *employe*, permitting freedom of transfer without notice to the company, thus preventing any question as to his serving in a *dual* capacity, or in case of a default any question as to whether it occurred while he performed the particular duties for which he was bonded, such as bookkeeper, teller, etc.

"7. It is a continuous bond, so long as the premiums are paid. A loss may be recovered years after a default, if the bond is still in force.

"8. It insures not only the funds of the bank, but the funds of others in the hands of the bank for which it is responsible.

"9. The theory of the bond is that the entire staff should be covered under it, so that if a default occurs where one or two or more men might be the guilty party, it is not obligatory on the insured to say which one is guilty.

"10. It covers all men under it to a definite date, instead of having bonds expiring all through the year.

"11. *Employes* may be added to or taken from the bond at any date.

"12. It is absolutely free from any clause designed to befog a clean-cut contract.

"We regret to be obliged to report that in some cases companies are writing this policy only after persistent attempts to furnish their other forms, and some are insisting on the assured making warranties in the application blank as a basis of the contract. This makes a conflict in the term of the policy and is liable to involve the bank accepting such insurance in litigation and possible failure to recover, in case of loss. Our members cannot too carefully guard against any attempt to substitute an application blank containing warranties for a cash premium as a basis for the insurance."

CONCLUSION.

The committee, after carefully studying the conditions here and abroad, and having gathered a report as nearly complete as it is possible to get, believe it is useless to follow up the inquiries further unless it is the aim of the American Bankers' Association to put the information to some practical use.

In order to do this there are many legal questions to be considered. The committee employed the well-known firm of lawyers, Wetten & Morrison, of Chicago, Ill., who have submitted to us one of the must carefully prepared briefs that it has been our privilege to examine. They have considered every possible contingency that may arise, and have cited us more than 250 authorities to sustain their opinions.

The conclusions are that there are two ways for the American Bankers' Association to bond their employes within themselves if they care to do so. The first and least cumbersome in its organization, is by the amendment of our constitution so as to provide for the appointment of a Board of Trustees to establish a protection fund, and, if desired, a pension fund in connection with it. By the appointment of such a board the mutual liability of each bank is avoided, yet the Association controls the trust funds.

Another and less practical plan would require the organization of a Fidelity Insurance Company, independent of the American Bankers' Association, in which the members would be asked to become subscribers for the stock, and, as this would be optional, there is not much likelihood of such a plan becoming a success.

The organization of a Board of Trustees to create a protective fund and a pension fund under the control of the Association can easily be done so long as none but employes of members of the Association are accepted.

All fidelity losses can be paid, and, in addition thereto, a pension equal to one-third the average salary he has received can be paid to each employe who has served twenty years, and, at the same time, after the department has been established, pay all expenses.

This is not an untried experiment, but has been tried by the Bank of England and seven other English and Scotch banking house for forty years. They all recommend the adoption of such a plan for the American bankers.

The banking houses of England not maintaining a special fidelity fund within themselves, have organized the Bankers' Guarantee and Trust Fund, controlled by a Board of Trustees and their Secretary, the Hon. John A. Allen. This organization has been successful from the start. They have met all losses promptly, and upon a payment of $2.70 per $1,000 for five years, *and no further payments*, they have been able to pay all losses, averaging $29,372 per annum. This company very seldom contests a loss claim. At the same time they have accumulated a fund of £189,600 or $825,248.00. The interest from this fund is almost sufficient to pay all losses. This Board of Trustees have 15,897 policies outstanding at the present time, almost as many as the members of the American Bankers' Association, which is 17,248.

The Bankers' Guarantee and Trust Fund does not have the pension or widows' fund, but these funds are the features of plans in practical use by the Bank of England and seven other large banks that maintain an organization of their own, independent of other banking houses.

The bankers of America could bond and pension their own employes at no greater expense than is now being paid for bonds, many of which are worthless.

This committee have all the plans, rules, regulations and rates of the different banks of England governing such funds, and should this Association establish a feature of this kind we have the information at hand so that it could easily be put into practical operation. We believe that we have all the information that is possible to be obtained and recommend that the information be put to a practical use.

We wish to thank the members of this Association for their promptness and courtesy in answering our inquiries. While some were inclined to think that we seemed "pertinent," yet, when they understood it was for the Association, they willingly gave us the desired information.

We wish to thank the banks not members of the Association who replied so promptly to our inquiries, also the members of the Executive Council and the members of the other standing committees, as well as

the officers of the Association, who have so kindly helped us in this work.

Respectfully submitted,

JOHN L. HAMILTON,
F. H. FRIES,
GEORGE P. POTEE,
Committee on Fidelity Insurance.

The three previous reports of the Fidelity Insurance Committee may be found in the proceedings for the year 1899 on page 98, the year 1900 on page 93, and for the year 1901 on page 48.

EXHIBIT "A."

State.	Rates per $1,000 paid for Association bond.	Rates paid by members for all form of bond.	Rates paid by banks not members.
Alabama	$3.01	$3.84	$3.56
Arizona	3.00	3.81	...
Arkansas	3.00	2.54	3.66
California	3.21	4.30	3.18
Colorado	4.09	4.32	5.00
Connecticut	3.19	3.26	3.47
Delaware	...	3.59	3.55
District of Columbia	3.50	4.09	...
Florida	3.00	3.08	5.00
Georgia	3.08	3.16	3.07
Idaho	3.20	3.50	2.50
Illinois	3.72	3.31	4.08
Indiana	3.25	3.43	3.38
Indian Territory	2.93	3.45	3.70
Iowa	3.29	3.37	3.71
Kansas	3.59	2.87	3.44
Kentucky	4.00	3.18	3.94
Louisiana	3.00	4.26	4.01
Maine	3.33	3.70	3.83
Maryland	3.60	4.03	3.15
Massachusetts	3.09	3.62	3.34
Michigan	3.10	3.28	3.66
Minnesota	2.86	2.95	3.52
Mississippi	3.00	3.37	3.62
Missouri	2.64	1.99	2.88
Montana	2.50	2.95	3.16
Nebraska	2.91	4.41	3.93
Nevada	...	...	...
New Hampshire	3.50	3.47	3.19
New Jersey	2.90	3.18	3.11
New Mexico	3.16	3.11	4.00
New York	3.59	3.45	3.38
North Carolina	3.18	3.24	3.89
North Dakota	3.25	3.52	4.32
Ohio	2.99	3.29	3.95
Oklahoma Territory	3.00	3.38	4.03
Oregon	...	3.67	3.00
Pennsylvania	3.24	3.54	2.44
Rhode Island	3.50	3.92	3.85
South Carolina	3.25	4.71	4.01
South Dakota	3.50	3.14	5.06
Tennessee	2.83	3.50	2.99
Texas	3.00	3.29	3.40
Utah	2.50	3.17	...
Vermont	2.83	2.92	2.87
Virginia	3.00	2.88	3.24
Washington	2.75	4.17	2.97
West Virginia	3.10	3.13	2.91
Wisconsin	2.94	3.56	3.88
Wyoming	...	2.50	3.50
Honolulu	...	4.00	...
Dominion of Canada	...	4.00	...
Average rates paid in cities.		1900.	1902.
Boston		$3.56	$3.51
Providence		4.50	3.63
New York		3.63	4.25
Nashville		3.75	3.44
Chicago		3.16	4.06
Buffalo		3.06	3.76
Philadelphia		3.50	3.50
Toledo		3.00	3.35
Cleveland		3.50	3.30

The President: If there is no objection, the report will be received and placed on file and the Committee continued.

The Chair will suggest that inasmuch as the Call of States will take considerable time, and we have four or five very distinguished speakers here, if there is no objection the order will be reversed, and we will call for the addresses first. (Applause.) There seems to be no objection. I have the pleasure of introducing to you as the first speaker Hon. Charles N. Fowler, Member of Congress from New Jersey, who will speak to us on the subject of asset currency. (Applause.)

Asset Currency and Branch Banking.

[Mr. Fowler's address in full will be found on pages 67 to 73 of this SUPPLEMENT.]

The President: Gentlemen, I now present to you Hon. Charles G. Dawes, ex-Comptroller of the Currency of the United States. (Applause.)

Assets Currency and Branch Banks—Remarks of Hon. Charles G. Dawes.

Mr. President and Gentlemen. I am one of the unconvinced members of this audience, who, reckless as it may seem to my very distinguished friend Mr. Fowler, believe that a system of assets currency such as is provided for by the present plan, subject only to a nominal tax, cannot at this time be safely introduced as a permanent part of our circulation without injuring the confidence and the stability of our immediate exchange, upon which all the prosperity of the country rests. (Applause.) But first I want to say that those of us who at this time are opposed to assets currency as provided for in these plans, and upon which banking is based, do not maintain that our present system has no defects. We realize that we have an unelastic currency and we have realized the necessity of introducing some element of elasticity into our currency. We have known and have heard for years arguments for and against grant banking. But not at political economists, as bankers and business men we insist that these plans be subjected to the reason of us as business men, and that we can be convinced that this currency is safe, and we are not introducing at this time, when we have built up confidence at considerable cost, any element of uncertainty in the value of the medium of exchange in the terms of which all our business is made.

[Mr. Dawes' general remarks will be found in full on pages 62 to 63 of this SUPPLEMENT.]

The President: I desire to present as the next speaker Mr. Horace White, Editor of the New York "Evening Post." (Applause.)

Assets Currency and Branch Banking.

[The remarks of Mr. Horace White will be found in full on pages 63 to 67 of this SUPPLEMENT.]

The President: The Convention will now take a recess until 4 p.m.

AFTERNOON SESSION.

The President: The Convention will be in order.

RESOLUTION IN FAVOR OF MORE ELASTIC CURRENCY REFERRED.

Mr. J. J. Sullivan, of Cleveland, Ohio: Mr. President, I desire to offer the following resolution and ask that it be referred to the Executive Council for consideration and report:

Whereas, Experience has demonstrated the inadequacy of our present currency system, and believing that the best interests of the country demand a system flexible as well as stable, therefore be it

Resolved, That this Association record its unqualified approval of the enactment of a law imparting a greater degree of elasticity to our currency system, making it responsive to the demands of the business interests of the country; and be it further

Resolved, That we favor the appointment by the President of this Association of a committee of seven members, selected with reference to their ability and high character as bankers and their experience in monetary affairs, representing different parts of the country, for the purpose of carefully considering the entire subject, and report to the next meeting of this Association.

I do not think there will be any legislation at the coming session of Congress, but when legislation does take place this Association ought to be instrumental in bringing about a proper solution of our present trouble. Now, that something is necessary to be done in order that the business interests of the country may be better served than they now can be, I believe you will all agree.

R. J. Lowry, of Atlanta, Ga.: I move that the resolution offered by Mr. Sullivan be referred as he requests

to the Executive Council, with the request that it be immediately reported upon.

Motion was seconded from various parts of the hall.

The President: Of course, this requires a two-thirds vote. All in favor of the motion just made, that this resolution be referred to the Executive Council for immediate report, will signify by saying "Aye"—opposed, "No."

Carried.

Mr. F. G. Bigelow: Mr. Walker Hill, whom you all know, has asked me to present the following, simply for the purpose of getting the informal expression of the Association upon it:

ENDORSING WORLD'S FAIR AT ST. LOUIS.

Whereas, There is to be held in the city of St. Louis, Mo., in 1904, an exposition of the arts and science of the world, known as the Louisiana Purchase Exposition; and

Whereas, The said exposition has the approval of the United States Government to the extent of an appropriation by Congress of $6,500,000 for the nation's participation therein; and

Whereas, The city of St. Louis is expending in the enterprise more than $10,000,000, and the total appropriation by the various States of the American Union and by foreign governments now amounts to over $20,000,000; be it

Resolved, That the American Bankers' Association in convention assembled regards the Louisiana Purchase Exposition as an enterprise of national and international importance, which will be the highest possible expression of our advanced civilization and the grandest and greatest exposition in the history of the world's progress; and be it further

Resolved, That we cordially and heartily indorse said exposition and pledge ourselves to give it our earnest support. (Applause.)

The President: If there is no objection and unanimous consent being granted, this preamble and resolution just read will be referred to the Executive Council. There being no objection, it is so referred.

Mr. A. J. Frame, of Waukesha, Wis.: Mr. President, I desire to call up the resolution which was postponed yesterday until to-day.

The President: Will the gentleman from Wisconsin kindly read the resolution to which he refers?

Mr. Frame: This is the resolution, and I read it for the purpose of putting it upon the records of the Association and having the approval of the Association, because a bill is now pending before Congress that we want this resolution to meet. I will read this resolution, then move its adoption:

RESOLUTION AGAINST BRANCH BANKING REFERRED TO EXECUTIVE COUNCIL.

Whereas, In the past forty years the United States has forged ahead by leaps and bounds in material prosperity, until to-day it has distanced all competitors, and we believe the most potent factor in producing this result, next to the intelligent energy of our people, is the aid given by the banks; and

Whereas, While this great advance has been in progress, the banking systems of this country—under the fostering care of local ownership, coupled with continual progress in conservatism and sounder banking laws—have more than kept pace with the general progress in other lines, until to-day her banking power, according to the Comptroller's Report of 1901, exceeds 44 per cent. of the world's banking power; and

Whereas, The battle of the standards, culminating in the adoption of gold, under the Act of March 14th, 1900, removed the blighting effects of distrust, which always paralyzes enterprise, and substituted confidence, which is the bulwark of all progress, and also under natural economic laws filled our channels of circulation with 50 per cent. more gold than is now held by any nation; and

Whereas, Because of the vast increase of wealth in the United States, rates of interest on loans are to-day about one-half those charged thirty years ago, and if rates vary somewhat, this barometric cautionary signal prevents undue expansion and clarifies conservatism; therefore be it

Resolved, That the American Bankers' Association is opposed to the passage by Congress of the so-called Fowler Bill, which undoubtedly would revolutionize the present system of banking, thus forcing the 500,000 stockholders to sell their vested rights or stand monopolistic competition, and substitute therefor a brood of 200 or 300 great central banks, with 10,000 or 15,000 branches in large cities, as well as small, and as such branches would have no capital and only figurehead management, individualism in management would cease, local taxes be evaded, no home distribution of profits, local progress retarded—in short, the great central banks would skim the cream from the whole country to enrich the exchequers of the great central banks: further

Resolved, That we are unalterably opposed to that provision in the bill which substitutes a doubtful measure in place of the law authorizing gold certificates, the issues of which have grown from $32,000,000 on March 14th, 1900, to more than $300,000,000 at this date, because no form of money ever issued was more convenient or unquestioned in quality.

Resolved, That as the quality of our money is undoubted and the quantity ample for all legitimate requirements—but not for wild speculation purposes—we are opposed to an asset currency that will further inflate credit, drive our gold abroad under the Gresham Law, and help us into a panic when we are out of one; and further

Resolved, That we would joyfully favor any sound solution of the vexed problem of giving us an emergency circulation, if issued through conservative channels and subject to a heavy tax to retire it immediately after its work is done to prevent inflation, but we are opposed to doubtful, experimental remedies that might prove worse than the disease.

Resolved, That we approve of legislation to prevent the locking up of funds in the United States Treasury in excess of, say, $50,000,000, for current requirements, thus removing one main cause of periodical stringencies.

Resolved, That we approve of any reasonable amendments to improve our present banking and currency systems, but we are radically opposed to revolution and monopoly as detrimental to private and public welfare.

Mr. Bigelow: There are some things in these resolutions that we can all approve. There are some things in these resolutions that are the special pleading of men who, by honest conviction, are strongly opposed after all to men of very great ability as to some things that must be wrought out in this question. There stood before you to-day a man who, perhaps, has no peer in the discussion of financial questions, Horace White, editor of the New York *Evening Post*, and he has told you what, in my humble opinion, I sincerely believe will be the only scientific currency in time to come, which must be asset currency. Now, it has been the purpose of the Council in declining to accept all that is in here to keep this Convention from going on record while this question is so important, and I think the proper action is to re-refer this resolution to the Executive Council. While this question is so much before the American people, and while there are so many things that are not yet settled, I think it would be unbecoming to take any positive action, whatever shall be the solution of the question.

Mr. A. J. Frame: I disagree with Mr. Bigelow upon this subject. I disagree about having any action on this occasion. Nearly every State in the United States has already passed resolutions against the adoption of that bill, and I believe it is the duty of this Association to put itself on record as against it. I have letters in my pocket from quite a number of very prominent men all over the West, who could not be here to-day, condemning the bill in the strongest possible terms. I am not against an improvement of the Banking Law, but I am against the amendment or the overturning of our whole banking system, as provided for in the Fowler Bill; it is revolutionary and not evolutionary.

The President: The Chair will state that either one of these new actions may be taken: It may be voted upon now, or referred back to the Executive Council.

Mr. John T. Dismukes, of St. Augustine, Florida: There was a motion that it be referred to the Executive Council.

Mr. I. E. Knisely, of Toledo, Ohio: I made an amendment to the motion, to refer the resolution back to the Executive Council.

Mr. Dismukes: And I second that.

The President: The question is upon the amendment of Mr. Knisely, that the resolution be referred back to the Council. Are you ready for the question? All in favor of that motion will signify by saying "Aye"—those opposed, "No."

In the opinion of the Chair, the ayes have it.

Mr. Frame: I call for a division of the House.

The President: A division is called for. All in favor of the motion will rise and remain standing until counted. (83 rose.) All opposed to the motion will now rise. (47 rose.)

The motion is carried by a vote of 83 to 47. A vote

will now be taken upon the motion as amended. All in favor of the reference back to the Executive Council will say "Aye"—those opposed, "No."

Carried.

It is referred back to Executive Council.

The next business before the Convention is the discussion of "Emergency Currency," and the first speaker to address the Convention will be Hon. Cornelius A. Pugsley, member of Congress from the State of New York. (Applause.)

Emergency Circulation.

[Mr. Pugsley's address will be found in full on pages 75 to 77 of this SUPPLEMENT.]

The President: Mr. Gilman is not here, and his paper, which is next on the program, will not be presented. In its stead we will listen to an address by Hon. Willis S. Paine, President of the Consolidated National Bank, of New York City. (Applause.)

Assets Currency—Remarks of Hon. Willis S. Paine.

[Mr. Paine's address will be found in full on pages 73 to 75 of this SUPPLEMENT.]

CURRENCY COMMISSION RESOLUTION REFERRED TO EXECUTIVE COUNCIL.

F. G. Bigelow: I ask unanimous consent that the following resolution, sent in by the Illinois State Bankers' Association, be referred to the Executive Council:

Whereas, Feeling there is a great stringency in the money market, particularly at the crop moving time, at which time is felt the inelasticity of our currency system, these conditions are unsettling the values and are disastrous to the commercial interests of our country;

Resolved, That we favor the creation of an elastic currency under national supervision, so safe-guarded and protected as to furnish unquestioned security to the note-holder, and that our Representatives and Senators in Congress be urged to favor amendments to our National Banking Act that will provide safe and elastic currency properly secured.

Resolved, That we would recommend that the American Bankers' Association appoint a currency commission to draft and formulate a bill to be presented to Congress, and that we urge upon delegates to the American Bankers' Association to use their best efforts to secure the passage of this resolution.

On motion the resolution was referred to the Executive Council.

Call of States.

The President: We will now have the Call of States. The Secretary will call the roll alphabetically, and, as each State is called, the gentleman who is to respond will please come to the platform.

ALABAMA.

F. S. Moody, of Tuscaloosa, Ala.: Every man who is eighty-three years old is older than the State of Alabama. In Alabama we date everything from the Civil War. There is an era of Before the War, an era of During the War, and an era of Since the War. In the first era, a period of only forty years, the people of Alabama converted Indian trails into public highways; they spanned the rivers with substantian bridges; they cut the primeval forests; they started the building of railroads; they erected schools and colleges, and the State University, and a thousand churches; they established a great system of jurisprudence suited to the conditions and growth of the State. In the second era, from 1860 to 1865, what took place I shall not discuss. I think it is generally conceded that during that period the men of Alabama were neither inactive nor unenterprising. The third period found the people of Alabama as prostrate as are now the Boers in South Africa. Then it was that the people exemplified what a great race can do in trial and adversity.

ALASKA. (No response.)

ARIZONA. (No response.)

ARKANSAS.

Mr. John G. Fletcher, of Little Rock: Mr. President, Ladies and Gentlemen. Arkansas is progressing all right. Talk about Alabama! Why, she is old enough to be grandfather to Arkansas. Arkansas has 140 banks; every county town in the State has one or more, and they each have a reasonable amount of money to carry on business with. Arkansas is raising one million bales of cotton annually. Her lumber interests exceed that of her cotton crop, and she is furnishing lumber to you gentlemen of the North and to you gentlement of the West. And in respect to coal, Alabama is sending "coals to Newcastle," as it were. Talk about a famine in the coal districts up North! We have got the finest anthracite coal in the world. I had some delivered to me the other day at less than $4 a ton. We can furnish all you people up North with all the coal you want, and with all the cotton you want to make yourselves clothes to wear. I am a native of Arkansas and I am proud to know it. When you come to St. Louis to the great exposition that is to be held there, I want you all to come to Arkansas and see it.

CALIFORNIA.

J. M. Elliott, of Los Angeles: Mr. President and Gentlemen. It will be impossible for me to speak adequately of the great State of California in the time allotted these speakers. I can only say that we in California bring you greeting. We want you to come to us next year and see California for yourselves. Although I bear with me an invitation from Los Angeles, I am authorized to say that we will waive it in favor of San Francisco, that peerless city which used to be considered the outpost of civilization, but which is now the half-way stopping point on the journey to Hawaii. (Applause.) Come to us, and learn what California hospitality is, and you will have the best Convention the Association ever enjoyed. (Applause.)

COLORADO. (No response.)

CONNECTICUT.

Mr. A. J. Sloper, of New Britain: The bankers of Connecticut, let me remark first, are doing exceedingly well. Last week the president of one of our local banks was elected Governor of the State, and the president of another of our banks was elected Comptroller of the State. Somebody said that the bankers' and lawyers' ticket wouldn't get elected, but the working people of Connecticut know a good thing when they see it, and so they elected our ticket by a majority of over 15,000, and Connecticut has been considered one of the doubtful States. (Applause.)

The President: Owing to the lateness of the hour, the Convention will now stand adjourned until to-morrow morning at half-past 9 o'clock. The members will please be prompt in attendance, as we have a great deal of business to do in order to get away on time for the afternoon excursion.

THIRD DAY'S PROCEEDINGS.

Thursday, November 13, 1902.

The President: The Convention will be in order, and our proceedings will be opened with prayer by the Rev. W. McF. Alexander, of Prytania Street Presbyterian Church.

PRAYER.

We bless Thee, O God, for Thy goodness and mercy. We thank Thee that Thou hast remembered us since we have gathered together in this city, and that Thou hast kept evil from us, and that Thy loving kindness has been renewed to us night and morning.

We pray Thee, on this the last day of this meeting, that Thou wilt be present to guide and direct those in charge. Grant, our Father, that Thy loving kindness may never fail to any one of us.

We have come here from the North, from the East, from the West, and from the South; we have left our homes and we have left behind us our loved ones, but we have left them in the hollows of Thine hand, and we pray Thee this morning in behalf of every one of our loved ones whom we have left behind us. May the Lord God keep them as His own; prevent any evil from coming near them, and may it be that these men as they return shall be kept in the hollow of Thine hand and return safely to their homes in peace and find their loved ones well.

Hear us, as we ask Thee again to be with this convention to-day. Keep and direct all things to the peace and prosperity of this land, which has been so blessed of Thee.

We ask it all in the name of Jesus Christ, Thy Son, Amen.

The President: Gentlemen, we will now resume the order which was suspended at the hour of adjournment last evening, and the Secretary will continue the call of States.

DELAWARE. (No response.)

DISTRICT OF COLUMBIA. (No response.)

FLORIDA.

Mr. John T. Dismukes, of St. Augustine: Mr. President and Gentlemen, in responding on behalf of Florida I am somewhat at a loss to do so in a proper manner for the reason that I had not at all prepared myself. This task

had been allotted by our State Association to another gentleman, Mr. Burnett, of Jacksonville, who, although he is a Republican, is recognized as our silver-tongued orator in our State conventions. (Laughter and applause.) He was assigned to this duty, but as he is not present, why I will endeavor to do the best I can. Recognizing that while speech is silver, I further believe that silence is golden; and, having once been alluded to by an ex-President of this Association as a Florida alligator, I now voluntarily become for this occasion another of Florida's valued products—a clam. (Laughter.)

GEORGIA.

L. P. Hillyer, of Macon: Mr. President and Gentlemen. I am proud of my united country when I hear such glorious reports from its respective States, and prouder still am I that no State reported, or yet to be heard from, can boast of as many blessings as have been showered upon the fair State of Georgia. To tell you of Georgia's wonderful progress in manufactures and the liberal arts would consume more time than is allotted to me. I could speak of our gold mines, our coal mines; our turpentine and labor; our annual production of 1,400,000 bales of cotton; our splendid climate; our fertile plains, entrancing valleys, and even kissing wells; our two fine seaboards; our network of railways, and our chivalric men and beautiful women. The Michael Angelos of the future are to come from Georgia, for is not the snow white marble of Georgia equal to the finest stone ever cut from the mines of Carrara? The future Murillos and Raphaels are to come from Georgia, for where else on earth can such inspiration spring as from the matchless pink of the Georgia peach, unless it be the peachable blush of Georgia's maiden cheeks. (Applause.) The strenuous rough-rider Presidents of the future are to come from Georgia, for was not the mother of the versatile Roosevelt, the Admiral Crichton of his times, a Georgia girl? You men of the frozen North and of the wild and woolly West, come down and visit our cities. See Augusta and Columbus, where the unceasing hum of loom and spindle make night fellow laborer with the day. Savannah, the largest naval port and the third largest cotton port in the world. Atlanta, the gate city, the home of our genial and illustrious Lowry (Applause), whose marvelous strides and wonderful growth puzzle and mystify the commercial world. Come to Macon, my adopted home, the best city of them all, the city of which Henry Ward Beecher said, "It is the most beautiful city I ever saw."

R. J. Lowry, of Atlanta, Georgia: Mr. President, we have the Nestor of the bankers of the South with us today—Mr. John A. Davis, of Albany, Georgia. He is about the only man from Georgia who isn't a colonel. I hope you will ask him to say something. I ask unanimous consent that he be invited to address the Convention.

The President: Gentlemen, you have heard Colonel Lowry's request—that unanimous consent be granted to hear Mr. Davis. I suppose there is no question but what unanimous consent is granted. (Applause.) Therefore, I invite Mr. Davis to take the platform.

Mr. John A. Davis, of Albany, Ga.: Mr. President, with your permission I will remain where I am, as I have no speech to make. I am not insensible to the honor conferred on me by my colleague, Mr. Lowry. I suppose his object was to present me to the Convention as an object lesson—to prove that conditions are so exceptional in Georgia that even the banking business conduces to longevity. (Applause.) I know that there are many younger and abler men here who could have made this response in our delegation, but allow me to say that no heart responds for Georgia and her best interests more responsively than mine, and that no lips are more willing to speak her praises. (Applause.) My native State, and the native State of my ancestors, I love every foot of 58,000 square miles, her mountains and valleys, her lakes and rivers, and her forests and flowers.

This is my first attendance at a convention of the American Bankers' Association, and I am very glad indeed that I came here. I am glad to have the privilege of this occasion. These interesting proceedings to me show the conditions of every part of this country, with all of its commercial and financial organization. These conventions play an important part in giving us a proper appreciation of our high vocation and give us an experience that we can utilize when we go back to perform the important duties of our business at home. It is appropriate, it seems to me, that this Convention should have convened at this time. It is in the nature of a celebration of the Louisiana Purchase, by which the United States acquired from France not only this beautiful city of New Orleans, but an immense territory besides.

New Orleans was the largest and most splendid city in the South; and while there may be some now within the territory that exceed it in population, there is none that excel it in historic memories. The Crescent City, as these decorations all here indicate, has shed over the entire South its benign influence, and it is our wish that prosperity may dwell within its walls and that peace and plenty shall fill its homes. Applause.)

IDAHO. (No response.)

ILLINOIS.

Mr. E. J. Parker, of Quincy: Mr. President, Ladies and Gentlemen. I will only speak of the past and of the promise of the future of our State. First, as to the bank deposits and the increase of bank clerks. The deposits have increased more than double in the past few years. In one bank in Chicago the deposits have reached almost $100,000,000. In one State bank the deposits have reached nearly $70,000,000. The same growth has been made in many of the smaller cities in Illinois. The second point is the growth of manufacturing in Illinois. In the past ten years there has been a growth of over 100 per cent. in the number of manufacturing and industrial institutions of the State. Hence, you will see the trend of manufacturing toward the Mississippi Valley. Third, the increase in lake, river and railroad transportation facilities. Chicago sends to Europe through the lakes and Canadian canals consignments directly. She is receiving in bond imports directly to Chicago, 1,000 miles from the sea coast. With the completion of the drainage canal a vast water power will be furnished for manufacturing. I will now state a point of interest to our friends in Louisiana. It is said that the Government should not expend any more money for the improvement of the Mississippi River north of St. Louis. Whether it shall do so or no, the time will shortly come when a Government appropriation will be made for improvement of the Illinois River, and through the drainage canal, the Illinois River and the Mississippi River will come consignments to Mexico and South America. You are all interested in that proposition in Louisiana. Under the present able management of the Illinois Central Railroad Company she is increasing her capital stock and increasing her facilities in every way to quicken, cheapen and increase her traffic to the gulf ports. You are all interested in that proposition. So it is with other railroads in the State.

I will not occupy any more of your time about Illinois. I would like to speak a moment on the resolution offered by Mr. Sullivan, as to the protection of these vast bank credits. On the leaflet gotten out by our California friends who are here I notice this phrase: "The value of travel is not in the accumulation of facts, but in the perception of their significance." Going into the United States Sub-Treasury has been an increase, in less than eight years, of over $170,000,000. Think of that vast sum and the necessity for reform there. In less than ten years the increase of the exports from the United States has been 63 per cent. Deposits in savings banks 67 per cent.; in national banks 99 per cent.; deposits in trust companies 161 per cent. In clearing house operations the increase has been 160 per cent. Money in circulation, 40 per cent.! It is obvious, therefore, that the increase of money in circulation has borne but a small ratio to the increase in general trade. Illinois came to this Convention with a resolution asking for the appointment of a commission of this Association to take up some reform questions. That resolution has been substantially incorporated into the resolution offered yesterday by Mr. Sullivan and referred to the Executive Council. The Executive Council will report upon that doubtless this morning.

Now, gentlemen, I want to submit one point to the Executive Council. With our membership, with money in our treasury, with now the prestige of the American Bankers' Association, has the time not come for us to take a step forward? What did we go through in 1893? Don't fall back again on clearing house certificates alone, putting out, as we did, all sorts of substitutions in our currency. If that resolution shall be adopted we will have, first, the best economist in the United States; second, the best constitutional lawyer; third, practical bankers and merchants enlisted, so that we can go to Washington and it will not

be alleged against us that it is solely a bank issue, but that it is a measure in the interests of our customers more than it is in the interests of the banks of the country. (Applause.)

INDIANA.

Mr. Henry Eitel, of Indianapolis: Mr. President and Gentlemen: Indiana is happy to report a continuance of prosperity; she has been blessed with bountiful harvests; our wheat crop has been excellent, the yield being over forty-five million bushels, and our corn crop promises to be one of the largest on record, being estimated at one hundred and seventy million bushels. It has required a large amount of ready cash to move these crops, but our bankers do not forget their calendar; they know when "seed time and harvest comes," and prepare for it. Money has not been unusually tight, and loanable funds have been ample for all requirements, although interest rates have been slightly higher than formerly. Deposits have been increasing uniformly throughout the State, and many of our country banks are compelled to loan money away from home in order to keep their funds employed.

We have about four hundred and fifty banks and trust companies in the State, there being a slight increase during the year. We have one hundred and fifteen State banks in place of ninety-five seven years ago, showing that the permission to organize National Banks on small capital in the smaller cities has not wiped out these State institutions, as it was expected it would, although a good many State Banks have availed themselves of the privilege of organizing under the National Banking Act.

We have had no failures, except one small institution that scarcely deserved the name of a bank. Our private banks are gradually disapearing, the National and State Banks taking their places.

The banking business of Indianapolis has had a healthy and phenomenal growth; the deposits are at least three times as large as five years ago. Three years ago Indianapolis was made a Reserve City and deposits have grown very rapidly since. There have also been five trust companies organized in Indianapolis since 1893, and these have more deposits now than all the banks at that time.

We bankers like to talk of increased deposits and many of us display these increases in black type; but, after all, are not our deposits our debts? We would not like to have the man on the other side of the counter boast of his debts; if he did he would probably soon hear from us with an invitation to pay up, and perhaps we, too, should be a little more modest, for the time may come and undoubtedly will, when these deposits, under a financial crisis, will melt like the fog before the morning sun.

Our natural gas is rapidly giving out, but we are having an increased flow of oil, and our coal mining industry has received a great impetus.

Our farmers are paying their debts and are becoming lenders instead of borrowers. Farming land has increased in value at least ten dollars an acre in the past two or three years.

Indiana lies midway between the East and the West, and takes a tribute of car-mileage on all the freight and travel in either direction.

Our labor is well employed at good wages and there is work and plenty of it for every one who wishes employment.

Our manufacturers are busy, most of them behind with their orders. It may not be generally known, but Indiana is no longer only an agricultural State; it has become a great center of manufacturing. We have the largest buggy works, the largest wagon works, the largest plow works, the largest axe factory, the largest engine works and the largest tin plate works in the world. We are second only to Pennsylvania in the manufacture of glass, and perhaps surpass her in our output of plate and window glass. Our manufactured goods are of a great variety and sold in all parts of the country and many of them exported to foreign lands.

Indiana, the home of Hugh A. Hanna and the late ex-President Harrison, stands for sound money and sound banking, and while its recent State Convention did not take any action on asset currency and branch banking, a number of speakers in no uncertain tones voiced the sentiment of the Association that Indiana was opposed to a circulation based on bank assets or any measure that would substitute the manager or salaried clerk for the present local banker, who in his personal relation is now a force in every community for its best development and upbuilding.

If there is any cloud on the financial horizon it is not observable within the border land of the State of Indiana. (Applause.)

INDIAN TERRITORY. (No response.)

IOWA.

Mr. Fred. Heinz, of Davenport: Mr. President and Gentlemen. As my time is limited, because I know you are all in a hurry to get away on the steamboat excursion this afternoon, I will not detain you with any seltzer water style of oratory, but will simply say that Iowa is all right and up to date. (Laughter and applause.)

KENTUCKY.

Mr. E. C. Bohne, of Louisville: I notice that the Kentucky delegation is not very much in evidence this morning. I congratulate the Convention that it is so, because I do not propose to entertain you with any long-winded speech about fair women and fast horses and the excellent whisky of Kentucky. (Applause.) But I desire to state that the sun still shines bright on our old Kentucky home, and the barns are loaded with the blessings of an abundant harvest, and our commercial interests are well developed and flourishing. The wheels of industry throughout our State are spinning in many places, both day and night, and our mills are all busy, and our marts of trade are full of activity.

As to the banking interests of the State, let me assure you that we are losing no sleep over the Fowler bill; that we are not troubled about asset currency, and that we trust in the good Lord for an emergency currency. We think it wise to establish a lot of little independent banks in every town in the State, and they are doing an enormous amount of good, and giving the almighty dollar a better chance to jump around quickly in settling the affairs of men. (Applause.) The only thing we have to complain of is the unjust and unfair reputation which the press of this country try to fasten upon us. They say that we are bloodthirsty and lawless and disorderly in Kentucky. Now, we maintain that we are about as generous as anybody, and that with the exception of a very small part of the State the citizens of Kentucky are as law-abiding as those of any other State. We would like to see the people of all the States come down there and make us a visit. We know that they would like us better after it. We would like particularly to see the members of this Association come to Kentucky and make us a visit, in order to convince themselves that investments made there are investments well made. If you will come you will be welcome to the very best we have got, and you will find that the latch-string hangs on the outside. (Applause.)

LOUISIANA.

Mr. G. W. Bolton, of Alexandria: Gentlemen, as you are holding your convention in the State of Louisiana, I do not think it is necessary for me to say anything. I hope you are all well satisfied with the treatment you have received here. I hope you have had, or will yet have before you go away, an ocular demonstration of the fact that this is a land of flowers and sunshine, and a land of brave men and beautiful women. (Applause.)

Our banking interests are in a fairly satisfactory condition. The most of our banks are organized under our State laws, and there is no trouble with them. They are getting along fairly well. Our banks believe in associating together. I believe the most of them are members of this Association already. Out of one hundred and two banks in the State, one hundred and one are members of the Louisiana State Bankers' Association. (Applause.)

Gentlemen, come and see us again; we will know you better, and we will treat you as well as we have endeavored to treat you on this occasion, at least. (Applause.)

MAINE. (No response.)

MARYLAND.

Mr. James Clark, of Baltimore: Mr. President and Gentlemen of the Association. We are prospering in Maryland. The bankers have had a very good year, indeed, although they have felt the effects of the collection of too much tariff by our Government. Our manufactures are flourishing; our miners are contented, and they have made no complaint in any way, and the masses of our people find ready employment at good wages. It has always been a part of our creed to believe that our land was a favored spot, situated as we are midway between the North and the South, with a genial climate, and products of all kinds the best in the world. Our women are fair and beautiful, as is known the world over. With all of these advantages within our borders, and with railroads connecting us with all parts of the country, built

by our energy and industry and bringing us daily into closer relation with that fair land so beautifully described by our Southern friend the other day; with our Western friends now engaged in building a railroad which they promise to keep free from monopoly, extending from the Ohio to the Mississippi, with whose people we are anxious to become better acquainted and closer related, we feel that our faith in our State is well founded. (Applause.)

MASSACHUSETTS. (No response.)

MICHIGAN.

Mr. Livingston, of Detroit: Mr. President and Gentlemen. I know of no State which possesses more importance in the Union than Michigan. Our large agricultural interests, our milling, our manufactures, all combine to make Michigan a wonderfully successful and important State.

Among our manufactures, briefly I may say, are furniture, stoves, beet sugar, agricultural implements—a list so long that it is out of the question to attempt to relate them here. Within the last three years we have manufactured beet sugar to such an extent that we have become second only to Louisiana. In the last three or four years some $10,000,000 has been invested in cement. Perhaps the quickest and the best way to illustrate how our State has gone forward by leaps and bounds is to mention a few facts relating to the tonnage on the lakes. In the Soo Canal in 1861 only 88,000 tons passed through. In 1881 this had increased to 1,500,000 tons; in 1894 to 10,000,000 tons. In 1898, the 20,000,000 mark was reached, and last year, 1901, the aggregate total of 28,500,000 tons was reached. I am in receipt of a dispatch from Major Bixby stating that for the year 1902, up to November 1st, it will be about 31,000,000 tons. Last year our tonnage was over three times the amount going through the Suez, being about nine millions of tons. You must bear in mind that the Suez Canal runs and is open three hundred and sixty-five days in the year, while our canal is only open a little over two hundred days in a year, the balance of the time it is being blocked with ice.

Is it any wonder that last year an American in London, when he was shown the Thames and was asked if he didn't think it was an immense tideway of commerce, replied: "Your little Thames wouldn't make a gargle to the mouth of our Mississippi!"

Our banking interests in Michigan are all in a prosperous condition. We have two hundred and twenty-five State banks and eighty-four National banks. Under our present State law, which has been in operation about thirteen years,, the State banks have increased one hundred and forty, the National banks in equal proportion. Our deposits have increased in something over six years about $107,000,000. Everything in and about the State is in a highly prosperous condition. We hope the time will soon come when we will be able to again welcome this Convention back to our gates. (Applause.)

MINNESOTA.

Mr. A. A. Crane, of Minneapolis: Mr. President and Gentlemen. As I have listened to these gentlemen responding to all the various States, I have been reminded of the enthusiasm and patriotism of a fellow-citizen at a banquet some years ago on the Fourth of July, when some one responded to the toast, "Our Country." One of the guests arose and said: "Here's to our country, bounded on the north by the Great Lakes, on the east by the Atlantic, on the south by the Gulf, and on the west by the Pacific." Another gentleman arose and said: "Gentlemen, I desire to propose this toast: Here's to our country, bounded on the north by the North Pole, on the south by the South Pole, on the east by the rising sun, and on the west by the setting sun." Another gentleman then got up and said: "You are both wrong. I will propose the toast: Here's to our country, bounded on the north by Aurora Borealis, on the south by the Precession of Equinoxes, on the east by Primordial Chaos, and on the west by the Day of Judgment." (Laughter.)

So, gentlemen, if I were to respond properly to the call for Minnesota, I should only use superlatives. Her star is one of the brightest in the glorious galaxy of States. I shall not weary with statistics to show our prosperity and greatness. Our mills and creameries furnish the butter for the world; our forests the lumber to build the modest home, the luxurious palace, the temples of trade, and the hives of industry the country over. Our mines supply the raw material for the furnaces and factories of the East, giving employment to the laborer and artisan by the thousand, and our banks are moving our crops without trouble. Thus we add our full share to the wonderful development and prosperity of our great country. Why, gentlemen, the glorious Mississippi, at whose mouth sits this beautiful and hospitable city and whose broad bosom bears the commerce of the world, has its source in the State of Minnesota. (Applause.)

In our hearts, with sweet content,
Under skies in beauty bent,
Of our North Star State we're singing glad and free.
And our music swells along
On the breezes pure and strong,
Flowing from the hills and lakes and inland sea.

From old Europe's thrall released,
From our sisters of the East,
And from Canada, our Lady of the Snows,
Came the stalwart pioneer
Bearing health and hope and cheer,
Clearing forest, plain and stream with sturdy blows.

With the nation's weal in doubt,
Counsel's hour and battle's rout
Bear the stamp of Minnesota's brain and brawn.
And while nations shall endure,
With the hearts of freemen pure
Press we on for truth and freedom's brightest dawn.

Hail, all hail to Minnesota!
Star of patriots proud and free!
With thy wealth of wheat and pine,
Cities great and iron mines,
Limpid lakes and rivers running to the sea.

Prosperity and expansion are the keynotes of the time and we are just beginning to reap the reward of our industry. For more than a century we are a whole people employing our capital and energy, exploring, subduing and founding, filling our vacant lands, developing our sources of national wealth and establishing industries that make a people independent. This work of development has been prosecuted so intently that almost before we have completed the full measure of our achievement we have become the most formidable industrial power in the world. I wish I were able to portray in eloquent words the prospect which opens before us in these coming years. If we but conservatively and intelligently take advantage of our opportunities. With a land whose material resources are just coming into view, with a climate stimulating to mental and physical activity, with a poplation strong, vigorous, inventive and full of enterprise, what may we not attempt and expect to achieve in the way of material advancement?

May we do our part in maintaining our nation's matchless future, and with united and unwavering effort seek to advance such principles of manual and commercial practice as shall be unquestioned by justice, equity or fidelity. God give us men. A time like this demands strong minds, great hearts, true faith and ready hands. Men whom the lust of office does not kill; men whom the spoils of office does not buy; men who possess opinions and a will; men who have honor; men who will not lie; men who can stand before a demagogue and damn his treacherous flatterers without winking—pure men, sun crowned, who live above the fog, in public duty and private thinking. (Applause.)

MISSISSIPPI.

Mr. Millsaps: Mr. President and Gentlemen. Mississippi is enjoying her share of the prevalent prosperity. According to the calculation of our State Auditor the total value of assessed property in the State for the year 1902 has increased 10 per cent. over that of 1901. This does not show the actual values, but only the assessment values. This does not mean expansion or advanced prices, but represents accumulations of wealth in the way of new fields opened for cultivation and manufactures, and money on deposit in the banks.

Mississippi is fast completing a one million dollar capital without issuing one dollar of bonds or increasing taxation, but is paying cash for it out of the treasury of the State. Until recently Mississippi has been known as an agricultural State with only one industry, cotton raising, and it stands second as a cotton producing State. Last year Mississippi raised 1,500,000 bales of cotton, and this year the crop will be about the same. Twenty years ago Mississippi had not over a dozen banks in the State, with a few thousand dollars capital. To-day we have one hundred and forty-seven banks, representing ten million dollars in capital. We have fewer national banks in proportion than any other State. This arises from the fact that the national bank laws are not favorable to the rural districts, and we in Mississippi would recommend to the committee who are to report amendments to our national banking law that they be changed so as to be more flexible for the accommodation of

the agricultural and rural districts, for whatever may be said about United States bonds or investment securities, we find in Mississippi that real estate is the best security we have, and so far as quick assets are concerned real estate is as quick as any other of a security nature. Mississippi no longer confines itself to agriculture. We are branching out into manufacturing, and in all departments. In every town in the State we have manufactures. We have seven cotton mills erected within the last year. We have a great lumber interest now. In the countries where hard wood was once thought to be a curse on account of its heavy clearing expense, it has now become a great source of wealth. The same way in the pine districts; they now, on account of those broad districts of yellow pine, have become the most prosperous counties in the State. So that our sea coast counties have shown a taxable product of over a million dollars each.

We have only a little speculation in Mississippi. We have no stock exchanges. We have no bears, except those that hide in the swamps, where it takes a rough rider with a pack of hounds to run them down. (Laughter.) But our progress is steady and I believe it will be maintained. We have but few bankruptcies, and I don't know of any better field for investment than Mississippi.

MISSOURI.

Mr. Breckinridge Jones, of St. Louis: Mr. President, Ladies and Gentlemen. The resources, banking and other material interests of the State of Missouri are so prosperous that there is little occasion to refer to them now. The one thing of all others in Missouri at this time that is of interest not only to those of this Convention, but to the people throughout the land, is the great Universal International Exposition that is to be held in St. Louis in 1904 in commemoration of the Louisiana purchase. In the few minutes allotted to me I can no more than refer to some of the distinguishing points of that great Exposition, and I wish to do that in answer to the suggestion that has been made that it is to be a sectional exposition. I want to say most decidedly and emphatically that it is not to be a sectional exposition, but it will be truly and distinctively international, with larger international exhibits, larger foreign attendance than any exposition ever held in America. The money in hand is larger than has ever been provided for any previous exposition in this or any other country. The citizens of St. Louis have contributed $5,000,000; the city has contributed as a municipality $5,000,000; the Federal Government has contributed $5,000,000, and in addition it has appropriated something over $1,300,000 for the Government exhibit; the State of Missouri has contributed $1,000,000. This contribution was carried by the vote of the people, when 90 per cent. of the voting population voted in favor of it. Thus, with $16,000,000 in hand to start with, with the Exposition fathered by the Federal Government, with invitations accepted by various nations of the world, the Exposition will be launched upon a basis unapproached by any previous Exposition in the history of the world. It was thought that Chicago had been so grand, as to the area covered, that no effort would ever be made to reach the same standard, but I can assure you that the lands inclosed in the grounds at St. Louis will be almost double the acreage of Chicago. Not only this, but the floor space in the exhibit palaces will be double what they had at Chicago. In the fifteen grand exhibit palaces at St. Louis each one of them will be larger than any one of the eight exhibit palaces at Chicago, with the single exception of the Manufactures and Liberal Arts Building, and either one of them will have more floor space than all of the exhibit buildings of the Pan-American Exposition at Buffalo. Let me direct your attention to the fact that this Exposition will be distinctively international in its character. Already twenty-six of the nations of the world have signified their intention to make exhibits. France alone has eight acres set apart for its exhibit. Germany, England, Russia, are all going to make big exhibits larger than they made in 1893 at Chicago, because now the United States is recognized as a power among nations. But more than all this, more distinctive in its attractions will be the fact that for the first time at St. Louis the storehouses of China will be opened to afford an exhibit to the people of the world. The manifestation of interest in the Orient on the part of the United States and the cordial treatment of China in her recent troubles have brought the Chinese to a realization of the fact that this will be an opportunity for them to make friends with this country, and those in control in China have entered into it with the greatest zest. The same is true of Japan. So that when the time comes for this Exposition I think it can be truly said that it will be great, distinctively international in character, in the sense that the exhibits will be larger and more numerous than any other preceding exposition in the history of the world. (Applause.)

MONTANA.

Mr. George L. Ramsey, of Helena: Mr. President and Gentlemen. I daresay that many of you associate the name Montana with the mining industry alone, and that you think it synonymous only with big chunks of quartz, and so on. But such is not the case, because we have many other rich and varied resources. It might interest you to know that Montana is now the greatest wool producing State in the Union. In addition to that, we take every year from the copper ranges many millions of dollars. It is a fact that Montana sends its tamarack finished lumber to the State of Washington. It is also a fact that its apples are made into pies in the State of Michigan. Montana's barley is sought after by the breweries of St. Louis and Chicago, and it is even shipped to Germany, where it is made into beer by the nation which first taught us the art of brewing.

While it is the habit of Westerners to talk in superlative adjectives, yet I hope you will indulge me while I say to you that Montana has the greatest per capita production of any State in the Union. The reason is that it is a State large in area and sparse in population. Although it is six times as large as the State of Louisiana, yet our whole population is 50,000 less than the city of New Orleans alone. You can appreciate from this that it invites capital and labor. However, things are progressing now, and if the same ratio of increase in population goes on for the next ten years we will have half a million people. The State of Minnesota fifty years ago had but 6,000 people, while to-day it has over 2,000,000 people.

I suggest, gentlemen, that if this Convention meets next year on the Pacific Coast, you take the time to stop off at Helena and look through the State of Montana as much as you can. (Applause.)

NEBRASKA.

Mr. C. F. McGrew, of Omaha: Unfortunately for Nebraska, but fortunately for you, our orator is not in attendance at this Convention. Nebraska is one of the northern children of the grand old Commonwealth whose hospitality we are to-day enjoying. Nebraska's health was never better. She was born less than fifty years ago; stands to-day one of the greatest agricultural States in the Union. We have been told by one of the speakers that the alluvial soil of this State is composed of the washings down of the Missisippi River of twenty-nine States. I would like to say that if that soil was analyzed I believe you would find that the richest portion of it came from the State of Nebraska. (Laughter and Applause.) Nebraska is the best understood State by a few and the greatest misunderstood State by many of any in the Union. Those who have never visited the State do not realize the great climate difference that exists between the eastern line and the western line of the State, with a rise of over 2,000 feet. We have the richest and the greatest solid body of agricultural producing land in the world under cultivation. Had the old proprietors of the Louisiana Territory ever seen the fertile fields of the rich valleys of Nebraska, the best and most profitable real estate deal the United States ever engaged in would never have been consummated. We produce to-day 350,000,000 bushels of corn per year, 100,000,000 bushels of wheat. At one market within the State are sold each day three-quarters of a million dollars' worth of live stock, to be manufactured into the meat products of this country and elsewhere.

I would not want to give you our condition as to banking for fear that those gentlemen who are advocating grand banking might come out to our State. (Laughter.) They did not come there in 1896. That was the time when they ought to have engaged in this grand banking that they are now talking about. (Applause.) To-day the field is well occupied, and we are endeavoring in our own humble capacity to take care of it. We also have to contend with those who advocated the use and the payment of our debts in other than that of a sound honest currency. But we have wiped them out. (Applause.) We believe that every obligation, whether incurred by a banker or a corporation, should be paid in sound and honest currency, the same that the debt was contracted in. (Applause.) May the day never come when those who are guardians of the wealth of this country, from the laborer to the capitalist and to the

corporation, when they will say that the obligations which they have incurred shall ever be paid in anything except a currency which shall be staple the world round. (Applause.)

NEW JERSEY.

Mr. S. H. Blackwell: Mr. President and Gentlemen. I will say for the State of New Jersey that we wish to report continued prosperity. The State is free of debt. We raise in our State everything, from peanuts to million dollar corporations. For the details I refer you to the encyclopedia. (Laughter and Applause.)

NEW MEXICO. (No response.)

NEW YORK. (No response.)

NORTH CAROLINA.

Mr. John F. Bruton, of Winston: Mr. President and Gentlemen. The gentleman who was to have responded for North Carolina was kept from this Convention on account of sickness. Hence North Carolina must suffer. There is this peculiarity, however, about a North Carolinian. They are a very modest people. When the name of their State is called they answer promptly, whether at home or abroad, and they are represented in every State and Territory of this great country. They are ever ready to join in song or prayer or chance. Carolina, Carolina, Heaven's blessing attend her!

I have no statistics, gentlemen. We are told that in the last analysis there are thre grades or classes of liars: The unconventional, common every-day liar; the mean, ugly liar, and the statistician. (Laughter.) However this may be, I am sorry I am not a statistician, because I do not believe our State would suffer in comparison. North Carolina is as good as any State. Some of us modestly think she is better than some. Conditions in North Carolina are flattering. There is one class who are content, having seen the glory of the work of her State's sons. There is another class with long faces worrying for fear trade won't be so good next year. Then there is another class, with eyes bright and with faces turned toward the rising sun. They are as young men crowned with liberty and strong men to run the race of the world. Conditions in North Carolina inspire the utterance of Mr. Brown, who spoke so eloquently on the sunny South the other day, and I ask that the best part of his speech may be treated as an appendix to my remarks this morning. (Laughter and Applause.)

This is my first attendance upon a Convention of this Association, gentlemen, and I can say that it has been both pleasant and profitable to me. I think I can speak for my class when I say that I trust, gentlemen, upon your return to your homes you will find your good wives and children well, and that your institutions have not suffered in consequence of your absence. (Applause.)

NORTH DAKOTA. (No response.)

OHIO.

Mr. I. E. Knisely, of Toledo: Mr. President, Ladies and Gentlemen. Ohio is always ready to come to the front. Whatever may be said by speakers on the Call of the States, however enthusiastic they may be, or however modest, there is one place that is in the hearts of our countrymen and that is Ohio. It needs no orator to claim the position of Ohio among the States. Her people live everywhere. They have gone forth with the energy and enterprise natural to the people of her State, helping to build up the whole country. You have heard what has been said of Michigan, of Indiana and of Kentucky. They are the satellites of Ohio, and if all that has been said of them is true, what must be the luster of our State, surrounded by States such as Michigan, Indiana, Kentucky and Pennsylvania. More than that, upon the north a lake whose now and in time to come is worth more to Ohio than if fertile fields and inexhaustible mines were hers where the lake now lies.

We do not desire to present any statistics. They might be discouraging to those that shall follow me, and they might be like a gin fizz, a kind of a drink that I see they have down here, that would make the people dizzy. (Laughter.) Our banks are prosperous. We have over eight hundred of them. You may judge what the business is when I tell you that it takes all these banks to do it. In combined banking capital and surplus Ohio ranks fourth in the order of the States. We are prosperous in all other lines of business. We used to pray for prosperity. We have overdone that. Prosperity has come to us, and we are about ready to beseech Providence to let well enough alone. (Laughter.) Ohio is fortunately located. It is the gateway of all the merchandise of New England and the Eastern States that is carried West. I thought when Louisiana was spoken of the other day that there was not much left. They are entertaining us right loyally down here. But there is just one thing that I could have added to the programme and that is I wish they could have put their mosquitoes in winter quarters a little earlier. (Laughter and Applause.) I notice, too, that there is in this city at the present time a Convention of women—the Daughters of the Confederacy. God bless their noble work and their charity. (Applause.) In that convention there is a division called the Ohio Division. Not only that, but when I came down here I came by the Queen & Crescent. We have the Queen City in Ohio, and down here in Louisiana they have the Crescent City. (Applause.) We have brought down to this Convention more delegates than any other State in the Union. (Applause.) I trust that when our women met the hospitable women of the South and their hands clasped it was with the pledge that the union of the North and of the South should be one and inseparable forever. (Applause.)

OKLAHOMA.

Mr. J. W. McNeal, of Guthrie. Mr. President, Ladies and Gentlemen. I want you to understand that I represent the baby of the United States and that it is the hottest baby in the bunch. (Laughter and Applause.) Oklahoma is but little understood apparently from the inquiries made by the delegates of this Convention. The word is of Indian derivation, and, according to Indian traditions, may mean the home of the Redman, or the Beautiful Land or the Land of Home. Any one of the definitions would apply with the Indian theory of the meaning of the word.

In 1890 a small part of the Indian Territory, about the size of the State of Rhode Island and the State of Delaware, was opened to settlement under the name of Oklahoma. Each year thereafter additional lands have been ceded and added, until now the Oklahoma part of the Indian Territory comprises 39,000 square miles, a area equal to that of Ohio and Indiana. We still have 31,000 more square miles to add, when we will be a State of 70,000 square miles!

In 1890 we had a population of 80,000 people. Since that several reservations have been opened to settlement, and it is safe to say that now there are over 1,000,000 people living in Oklahoma.

Some of you have but little idea of the size of our State. Why, let me tell you that we can set down the State of Maine as the center; we can add to it Massachusetts, Connecticut, New Hampshire and Vermont; then take Rhode Island, New Jersey and Delaware, and then you will have just about the size of Oklahoma—bigger than all the New England States!

When it comes to banking, we have in private and National banks together four hundred and thirty-nine in number! I heard Captain Fletcher brag that Arkansas had one hundred and forty-seven banks. Now, we are not in the habit of bragging out in Oklahoma (laughter), yet facts speak for themselves. We have a deposit that will average $40 per capita. In the school population we have 350,000 school children. We have more school children than the combined population of Wyoming, Nevada and Idaho. We have more population than the combined population of Idaho, Montana, Nevada, Utah, Delaware and Wyoming. Still, we are not much known, and the gentleman who prepared some of this data about these other States for me didn't seem to know that Oklahoma was on the map. (Laughter.)

I have heard some of the delegates here brag about their beautiful women, and all that sort of thing. Well, gentlemen, we haven't reached that stage yet, but we do brag on our beautiful babies. (Laughter and applause.)

I have only one word to say in conclusion, and that is that the people here from New England and from other Eastern States, and from the Southern States have little idea of the magnitude of this young Territory of ours—in fact, they have so little idea of the magnitude of it that it is absolutely embarrassing to me to stand up here and explain that Oklahoma is in the center of the Louisiana Purchase; and while our friend has had a good deal to say about the State of Ohio, I want to say that the first year of my life I never was outside of that State, but I feel like this: I will never go back on Ohio, and never go back to Ohio, either. (Laughter and prolonged applause.)

OREGON.

Mr. Benjamin I. Cohen, of Portland: The banking situation in the State of Oregon is eminently satisfactory and the reasons therefor are not far to seek. The State of Oregon

is about 368 miles from east to west, and about 280 miles from north to south, its area, 94,560 square miles, being more than double that of Louisiana. It is divided into three great geographical and climatic divisions, viz.: Western Oregon, which includes the Willamette Valley; Southern Oregon, containing the valleys of the Umpqua and the Rogue rivers, and Eastern Oregon, sometimes called the Inland Empire. The latter portion of the State contains the vast wheat fields, whose soil, resembling that of Sicily, is of inexhaustible fertility. Its climate is continental—the summers are hot, and the winters cold, though neither heat nor cold are excessive. On its extended ranges graze sheep, cattle and horses in countless thousands, and its shipping point, The Dalles, on the Columbia River, is perhaps the greatest primary wool market in the world. Our canned salmon is famous the world over.

Southern Oregon has a mild climate without excessive heat; its rainfall is sufficient, but not superabundant, and its productions include the finest grains and grasses of the temperate zone. Both Southern and Eastern Oregon contain vast deposits of gold. Our mines have already produced millions of dollars of the precious metal, and their development is as yet in its infancy.

The great Willamette Valley, which comprises the principal part of Western Oregon, is a world of itself. Its area is about the same as that of the Kingdom of Belgium, and it is well adapted to support a dense population. Every foot of this lovely valley will produce crops. Its wheat is of the best that grows. It yields hops in abundance and of the finest quality; all the fruits of the temperate zone—rye, oats, barley, teazels, prunes, plums, pears and apples. Its dairying and stock interests are large and rapidly increasing. It is watered by the Willamette River, and it is bounded on the west by the Coast Range mountains and on the east by the majestic Cascades, with their superb monarch, Mount Hood, towering to the clouds and clothed in perpetual snow.

The climate is mild and rainy. We have cool nights all summer long and in winter there is an occasional snow storm, but men can work out doors every day in the year with no greater discomfort than that of wet garments. It is a healthful climate, conducive to longevity and a serene old age.

To the north we are separated from our sister State, Washington, by the Columbia River. The Columbia is one of the greatest rivers in the world. It drains an area of 245,000 square miles, which is about equal to that of the following States combined: Maine, 29,895; New Hampshire, 9,005; Vermont, 9,135; Massachusetts, 8,040; Connecticut, 4,845; Rhode Island, 1,963; New York, 47,620; Pennsylvania, 44,985; Maryland, 9,860; Virginia 4,012, and Louisiana 45,420; a total of 249,988 square miles. The normal flow of the Columbia River is greater than that of the Mississippi. It is true that at extreme high water the Mississippi has the greater volume, but for nine-tenths of the year the Columbia can discount the Mississippi River and still have water enough to supply its banks.

The chief city of Oregon is Portland, which lies in the northern end of the Willamette Valley at its junction with the valley of the Columbia, and therefore controls much of the trade of Washington as well as that of the State of Oregon. It is a most beautiful city, having a population of about 105,000. It has been said that Portland is the third wealthiest city in the world per capita. It lies on the Willamette River, about 12 miles from its junction with the Columbia. Enormous steamers and sailing ships from all over the world seek our wharves. Our banks and trust companies supply capital to run our factories and to carry on our export trade and domestic commerce. We manufacture lumber on a vast scale. Our flour milling industry is one of the largest, and Portland capital dominates the flour trade of the northwest, owning, besides its home mills, others at Oregon City, Salem, Tacoma and Spokane. Portland is the greatest railroad center on the Pacific Coast. Three trans-continental lines run into our city over their own tracks and two others send in their trains under trackage contracts. Our canned salmon, hops, wool and much lumber are thus sent east by rail. Our wheat we ship by said rail and steamer in vast quantities to the United Kingdom, South Africa, Australia and other countries. We are shipping the largest lumber cargoes that have ever been sent from any port in the United States, to Vladivostock for the use of the Russian Government in building the Trans-Siberian Railroad, and to China, Japan, the Philippines and other parts of the Orient; to South Africa, and to South America.

Our import trade is also large, comprising all such articles as can be brought from Europe by steam or sail, as well as teas, silks, rice, matting, fruits and other products of the Orient.

The only water-level pass through the mountains from Mexico to British Columbia is the gorge of the Columbia River, and this has made Portland the great commercial and financial center of the Northwest. We own or control mills, factories, buildings, commercial houses or banks in all parts of our own State, and in Tacoma, Seattle and Spokane, in Washington.

In 1804, President Jefferson, who had concluded the Louisiana purchase, sent Captain Merriweather Lewis and Captain William Clark on an exploring expedition to the Pacific Coast. In 1905 we shall hold the Lewis and Clark Exposition and Oriental Fair to celebrate the centennial of their arrival on the Columbia River. We want each and all of you to visit us on that occasion. You will find that we are a hospitable people. Nature has been very kind to us. We can show you lovely valleys and towering mountains, majestic snow peaks and lofty waterfalls; the noblest of rivers and boundless forests. Over all our moist climate casts fleecy veils of softest mist, that flecked with sunshine clothe the mountain sides in tender tints of blues and grays, that are at once the delight and despair of the artist. Come, then, and let us welcome you to our home—

> "To where Mount Hood in glory bold,
> Stands flashing back the morning light
> And keeps the sunset gold."

(Applause.)

PENNSYLVANIA. (No response.)

RHODE ISLAND. (No response.)

SOUTH CAROLINA.

Mr. W. J. Roddey: Mr. President. A certain South Carolinian, I think more noted for his readiness than for his accuracy, but with considerable military ambition, was on one occasion being examined by a military officer with a view to his promotion. The officer, with great sternness, asked him this question: "Suppose you saw the enemy approaching in a hexagonal position, what would be your line of action?" "Fight like hell, sir!" was the prompt response. (Laughter.)

A gentleman from South Carolina who was scheduled for this speech is not here, and I have been asked to take his place. His weight is 250 pounds, while I only tip the scales at 200 pounds. (Laughter.) The consequence is that I am not affected with hypnotic tendencies, but with more or less of the paralysis spoken of by Mr. Fowler yesterday. At the entrance of one of our Southern cities as you go out on the railroad station you will see on the little restaurants that are along the streets, signs reading "Open all night; we never close." A little Chinese restaurant bears this sign, "Me waitee too." (Laughter.) Most of the people here have heard of South Carolina. We took a prominent part in the unpleasantness of 1861—most too prominent. We also regaled the nation with a little Senatorial fisticuffs recently. (Laughter.). In a general way, I feel that I could not eulogize South Carolina better than to say that we are sandwiched in between North Carolina and Georgia. Allow me to say that both of these States brag on themselves fine, and a little of reflected glory can come to South Carolina—one of the original thirteen States. We are prosperous in South Carolina. Probably you have not heard anything of that kind from this platform to-day. (Laughter.) Always the political rival of Massachusetts, we are running neck and neck with her for commercial supremacy in the line of cotton manufacturing, and South Carolina to-day is the second manufacturing State in the line of cotton products in the United States. When it is taken into consideration that while in point of age we are not a baby, yet from a commercial standpoint we are very young. Possibly no State in the Union suffered as we suffered. Certainly no State in the Union has risen as we have risen. The temper of our people is more or less volcanic. The temperature is at the boiling point, and we are making a long, fast race with head up and tail over the dashboard. We have no apologies to make. We have got a way of borrowing everything the New York bankers will let us have, but this year we paid everything back, and I don't know why, but there are only three of us that came to this Convention, and I wouldn't have you think the other fellows haven't paid off their debts. Our bank deposits are larger than ever before, and we are getting along finely. There is no kick coming from South Carolina, I can assure you. (Applause.)

SOUTH DAKOTA. (No response.)

TENNESSEE. (No response.)

TEXAS.

Mr. Kempner, of Galveston: Mr. President and Gentlemen. I was called upon at very short notice to respond for Texas. As a loyal Texan, when the name of Texas is called I am only too proud to respond. I believe it is eminently fitting that a young man should respond, because Texas is going forward with all the impetuosity and fire of youth.. (Applause.) I feel particularly for the opportunity as a Galvestonian to take advantage of this occasion to thank the American Bankers' Association for having two years ago in our hour of disaster sent us promptly material aid. (Applause.)

I am, I believe, neither a liar nor a statistician, and I will not attempt to regale you with what Texas has or cannot do. But in the name of Texas I invite you to visit us. We will take you in from the Crescent City by way of the wonderful oil fields of Beaumont; then to the flatlands of Eastern Texas; then we will take you over to the city of Dallas, from which there is shipped and sold more farming implements than from any city in the Union; then we will take you to Fort Worth, where Chicago capital is now constructing two enormous packing plants whose daily capacity is such that they will consume each day $300,000 worth of products; then we will take you to San Antonio, one of the richest cities in historic association in the State; we will take you then to Houston, the railroad center of the State, and one of the most magnificent business marts in the world.

And while I have given you only a fleeting idea, I would not have you omit my own city of Galveston. Magnificent in her prosperity, undaunted in her adversity, she stands today, thanks to the generous contributions of the charitable people, the foremost port of the Trans-Mississippi country, and destined on the completion of the oceanic canal to rival as the metropolis of the Gulf States those of the Meditteranean Sea. (Applause.)

Gentlemen, I thank you and I hope this Association will come and hold its convention with us in the near future. (Applause.)

UTAH. (No response.)

VERMONT. (No response.)

VIRGINIA.

Mr. Rufus A. Ayers, of Big Stone Gap: Mr. President and Gentlemen of the American Bankers' Association. In the struggle for commercial supremacy which is now going forward so strenuously, the American people are probably the busiest people on earth, and I will say for Virginia that she is a bee-hive of industry from the ocean on her east to the mountains at her west. We are satisfied with what we have accomplished within the past five years. We have shared liberally in the prosperity which has come to our entire land, and we can say that our industries have prospered also. We start from tidewater, a big ship-building plant, to be used, to Richmond, to Petersburg, where there are iron furnaces, immense factories of coke ovens, shipping the black diamonds of commerce throughout the land. Norfolk is a great port, from which the coal is shipped to almost every country on earth.

I say that we, the bankers of Virginia, are very well satisfied. We believe that the prosperity of this great country, the progress in our substantial wealth, is unprecedented. There is no parallel for it; there is nothing with which we can compare it in the achievements of any nation, ancient or modern. We feel, however, that in all probability we have arrived at the flood of this commercial activity—this commercial prosperity—and while we are not pessimists, but on the contrary are optimists, we believe that the surest safeguard is caution and prudence, and the preservation of confidence which no asset currency or clearing house certificates will compensate for. (Applause.) We believe that we should have asset currency speedily issued when it is required, and we also believe that it should be speedily retired as soon as the need for it ends, and we further believe that ordinarily we have plenty of money for all the needs of the people. (Applause.)

WASHINGTON.

Mr. James D. Hoge, Jr., of Seattle: It is with some diffidence that I rise to respond to the State of Washington. It is unfortunate for us at this time that we are so far down on the roll call; not that we feel that all of the good things have been said, for, gentlemen, we modestly affirm that we could not begin to do justice to our great State within the space of time allotted to us.

When I was told, upon reaching here, that I would likely be called upon to say something about my State, I was somewhat in the position of the man who was attending his wife's funeral, and who, when told that he would be expected to occupy a carriage with his mother-in-law, said: "Well, of course, I reckon I can do it, but it is not the easiest thing in the world for me to do."

In responding for our State, I presume you would be interested in knowing the State of our health first. We are a healthy lot; in fact, few, if any of us, go far West for our health. But, seriously, Washington affords a climate that could not help but please the most fastidious, even though one stops to consider that we are situated in, say, latitude 47 and longtitude 120, and in the most extreme Northwestern section of the United States. The State of Washington is divided in the center by a chain of mountains known as the Cascade Range, with the eastern part mostly high, dry and cleared, resourceful with various minerals, rich fruit and farming lands, and ranges for stock raising, while to the westward, as far as the great Pacific, there abound thousand upon thousands of acres of rich timber lands, portions of which having been cleared are found valuable for almost any purpose.

In the western part of the State there is more rain than in the eastern, though the average rainfall for the past ten years has not exceeded thirty-six inches.

The temperature is seldom beyond 85 degrees and has fallen to 10 degrees above zero only three times within the last ten years. On the coast we get what is known as the "Japan Current," which corresponds to the "Gulf Stream" on the Atlantic Coast, which seems to permeate the country for miles to the interior, and which, it is claimed, serves to temper the climate with us to a great extent.

Resources: Now, gentlemen, it is a pleasure for a citizen of our State to boast of its great resources—why, we can raise almost anything.

We are a busy people out in the State of Washington—busy meeting the demands of the great markets for our products. For instance, take our timber this year. We will cut and market more than 869,500,000 feet, to be sold not only in the rough and manufactured lumber, but in shingles, which have a ready market throughout the entire country, and with the demand steadily increasing as the years go by. Eastern lumbermen, realizing that it is a question of but a short time until the timber of the Middle West will have been exhausted, are now in our section, securing valuable forest preserves.

Our mineral resources are, one may say, in their infancy; although gold, silver, copper, lead and coal have been found in abundance and mined in a small way, but as yet await capital for their full development. We have, however, actually mined and sold 2,500,000 tons of coal during the past year within the very borders of our State. Iron ore, too, has recently been discovered in large quantities, and a large steel plant on Puget Sound is now nearing completion.

The farming section of Eastern Washington cannot be excelled, go where you will. The soil, climate, and all facilities are inviting to the farmer. To say nothing of the hay, oats, grain and fruits, Washington will produce this year more than 28,000,000 bushels of wheat, fully 25 per cent. of which is manufactured into flour right in our State and exported to the Orient, the trade of which lies at our very door.

The past year our fishermen have caught, and there were canned, over $3,500,000 worth of salmon alone.

But it is not of the present that I wish to especially call your attention, gentlemen; it is rather to the great future of our section of the country. When you go back home, take down your map and note, if you will, the relative position of the State of Washington. Geographically we are certainly the "gateway to Alaska," the land of gold, and whose wonderful resources are as yet in their infancy. Observe that the port of Puget Sound is fully fifteen thousand miles nearer the principal Oriental ports than any other port along the Pacific Coast.

Our people are prosperous, there being more than fifty millions of dollars on deposit in the banks of our State today.

Our needs are but few and our demands modest. We want to se a liberal shipping bill to encourage our merchant marine, thus stimulating the building of new vessels that will ply the mighty ocean and restore the American flag to the place she so richly deserves on the high seas.

We are a young State, full of pride and ambition, and I assure you, gentlemen, I speak enthusiastically for the Banking Fraternity of Washington when I say that you will at all times be welcome within our borders. (Applause.)

WISCONSIN.

Mr. George L. Fields, of Ripon: Wisconsin is far down the line in alphabetical precedence, but I have the honor to report advances hand in hand with our sister States in the onward march of material, mental and moral achievement. Resting her head far north in the deep waters of Lake Superior, supported on the south by the great State of Illinois, hemmed in on the west by the magnificent cornfields of Iowa and the wheat of Minnesota, her eastern side dotted with ports that welcome and feed upon our inland seas, a vast aggregate of raw material and varied products, yet within her borders she contains the elements of utility, comfort and luxury which her people with widely directed industry are converting for the benefit and enrichment of the commonwealth.

The State of Wisconsin is in a prosperous condition. The agricultural population is content with abundant crops and satisfactory income. Lumbering was never so thoroughly and profitably conducted, largely in the hard wood which in early years received but little attention. Furnaces are glowing. The music of the forge is heard all the day long. manufacturers of a great variety of machinery and useful goods are operating their plants to their utmost and finding ready markets. Enormous mills are converting in vast volume the former useless timber into a great variety of papers that are in demand by nearly every nation. The production of cheese continues pre-eminent in quantity and quality. The manufacture of butter is a very important business, of the highest grade and is speedily sold in the best markets. Beer in immensity, none better, is equally sought for by the appreciative public, and bed springs in amazing number. (Applause.)

Nevertheless, I do wish to ask your brief attention to a feature of future prominent prosperity. Within a recent space of time a remarkable and unlooked for development of our agricultural resources has been presented. It is known probably to all of you that the northern half of the State has been the field of gigantic lumbering operations and equally well understood that the land divested of its timber has been regarded as practically valueless for tillage. But lo! a revelation. The practical farmer has made a discovery, and these lightly valued lands are becoming a veritable garden. Already thousands of acres, the stubble fields of mighty forests, are becoming converted into farming lands bearing the choicest crops and the finest grains and furnishing abundant graze for beef and milk producing cattle. Hamlets, villages, towns, centers of trade and convenience, are springing up in these hitherto remote and almost inaccessible regions known only to the woodman's axe and the sportsman's guide. So that the former overshadowing interest is now being superseded by the hand of toil that ceases not, and as years and years go on will bring forth home, comfort and independence for the trusty tillers of this virgin soil.

Turning from the material to the mental view, a noble university, many colleges, numerous institutions in varied departments of learning, and unexcelled public and private schools, are guiding our youthful citizens to lives of thoughtful usefulness.

An unexampled increase in the architecture and equipment of our church edifices and religious institutions is apparent to the most superficial observer, and thus are we gently led in the paths of peace and integrity.

But I beg your forbearance. In the midst of this cordial and generous reception by our brothers of the South, I had well nigh forgotten that we are bankers, and will only impose upon you to say that banking in Wisconsin was never more prosperous or on a sounder foundation, in which State, National and private banks equally participate. Gentlemen, I thank you. (Applause.)

WYOMING. (No response.)

HAWAII. (No response.)

The President: This concludes the call of the States, and I now introduce to the Convention Hon. Theodore E. Burton, Member of Congress from Cleveland, Ohio. (Applause.)

Financial Crises.

[Mr. Burton's address in full will be found on pages 77 to 78 of this SUPPLEMENT.]

APPOINTMENT OF COMMITTEE TO CONSIDER THE QUESTION OF ELASTICITY OF CURRENCY.

The President: The Chairman of the Executive Council wishes to make a report on behalf of the Council.

Mr. F. G. Bigelow: Mr. President and Gentlemen. The Executive Council directs me to report recommending the adoption of the following resolution, which was presented to the Convention yesterday and referred to us:

Resolved, That this Association records its unqualified approval of the enactment of a law imparting a greater degree of elasticity to our currency system, making it responsive to the demands of business interests; also

Resolved, That we favor the appointment by the President of this Association of a committee of seven citizens of the United States, selected with reference to their ability and high character and their experience in monetary affairs, representing diffrent parts of the country, for the purpose of considering the entire subject and report to the next meeting of this Association.

Mr. Joseph G. Brown, of Raleigh, N. C.: I move the adoption of that resolution.

The President: Gentlemen, you have heard the motion that this resolution be adopted. It has the favorable report of the Executive Council. Is the motion seconded?

The motion was seconded from various parts of the hall.

The President: All in favor of the adoption of this resolution will signify by saying Aye—those opposed, No.

Adopted.

VOTE OF THANKS TO MR. BURTON.

Mr. Legendre, of Brown Brothers, New York City: I move that a vote of thanks be tendered to Mr. Burton for his most able and wise address.

Mr. W. E. Borden, of Goldsboro, N. C.: I second that motion.

The President: All in favor of the motion will signify by saying Aye—those opposed No.

Carried.

PETITIONS SEEKING NEXT CONVENTION.

P. C. Kauffman, of Tacoma, Wash.: Mr. President, I desire to present to the Convention an invitation from the bankers and citizens of Washington inviting this Association to hold its next annual convention in our State.

The President: The Chair would ask the gentleman to hand in his invitation to the Chairman of the Executive Council. Our time is too limited to have the invitations given in full now, but they will all receive due attention from the Executive Council.

Mr. James K. Wilson, of San Francisco, Cal.: Mr. President. I know the time is very limited, as you are all anxious to get away on the excursion which the bankers of this city have provided, and I will not take the time to make the speech that I had prepared for this occasion, but will ask leave to have it printed in your proceedings, and I will only say that I present to you, sir, herewith this invitation from the bankers of San Francisco.

Mr. Wilson then handed to the President of the Association a solid gold plate, 4 x 5 inches, upon which was engraved an invitation to hold the next Convention of the American Bankers' Association in the City of San Francisco.

The President: Mr. Wilson, on behalf of the Association, I thank you for this magnificent invitation, and I can assure you, sir, that after this especially San Francisco has a hold on our affections (applause) and your invitation, like that from the State of Oregon, will be referred to the Executive Council.

I might add that invitations have also been received from Seattle, Savannah, New York and Houston. All these invitations will be referred to the Executive Council.

THANKS TO NEW ORLEANS.

Mr. P. C. Kauffman: Mr. President, I desire to offer the following resolution:

Resolved, That the thanks of this convention be and they are hereby tendered to the bankers of New Orleans, to the citizens of New Orleans, and to all others who have aided in entertaining the members of this Association on their visit to the Crescent City, for the hospitable and charming manner in which they have been received; also

Resolved, That the thanks of the convention be and they are hereby tendered to the press of New Orleans for their splendid reports of the meetings of this association, and to all others who have in any way lent their assistance in making this, the twenty-eighth annual meeting of the American Bankers' Association, the pronounced success that it is. (Applause.)

The resolution was seconded and unanimously adopted.

TELEGRAM FROM GOVERNOR HEARD.

Secretary Branch: I desire to read the following telegram from the Governor of this State addressed to the President of the Association:

The state of my health prevents my attending your convention in person. I should be pleased to have you express my regrets to your body. You will have opportunities to enjoy our splendid climate, to learn of its healthfulness, and something of our resources. I trust your visit here may prove both pleasant and profitable.

(Signed) W. W. HEARD, Governor.

TELEGRAM FROM SECRETARY SHAW.

The following telegram, dated to-day, has been received by our Secretary from Mr. Shaw, Secretary of the Treasury:

Please convey my greetings and best wishes to your Association, and my regret at not being able to be present at your convention. I certainly hope that what statesmanship failed to accomplish may be consummated through commerce, and that portion of our common country most favored by nature may become at last an equal sharer in the nation's prosperity.

(Signed) L. M. SHAW.

The President: We will now have the report of the Committee on Nominations.

Report of Committee on Nominations.

The Nominating Committee, composed of the delegates from the different States, desires to submit

FOR PRESIDENT:

Caldwell Hardy, President of the Norfolk National Bank, of Norfolk, Va.

FOR FIRST VICE-PRESIDENT:

Frank G. Bigelow, President of the First National Bank, Milwaukee, Wis.

FOR THE EXECUTIVE COUNCIL:

John Skelton Williams, President Richmond Trust and Safe Deposit Company, Richmond, Va.

W. T. Fenton, Vice-President of the National Bank of the Republic, Chicago, Ill.

D. Sloan, President of the Lonaconing Savings Bank, Lonaconing, Md.

Arthur Reynolds, President Des Moines National Bank, Des Moines, Ia.

James T. Hayden, President of the Whitney National Bank of New Orleans, La.

FOR VICE-PRESIDENTS:

Alabama—Louis B. Farley, Vice-President and Cashier Farley National Bank, Montgomery.

Alaska—I. G. Heid, Vice-President First National Bank, Juneau.

Arizona—Frank M. Murphy, President Prescott National Bank, Prescott.

Arkansas—W. Y. Foster, Vice-President Bank of Hope, Hope.

California—J. M. Elliott, President First National Bank, Los Angeles.

Colorado—J. C. Mitchell, Cashier Denver National Bank, Denver.

Connecticut—Frank D. Hallett, Cashier First National Bank, Winsted.

Delaware—R. H. Williams, President First National Bank, Milford.

District of Columbia—Jno. J. Edson, President Washington Loan and Trust Company.

Florida—B. H. Barnett, Vice-President National Bank of Jacksonville.

Georgia—Jas. T. Anderson, Cashier Marietta Trust and Banking Company, Marietta.

Idaho—W. C. Moore, President First National Bank, Boise.

Illinois—Andrew Russel, Dunlap, Russel & Co., Jacksonville.

Indiana—John Perrin, President American National Bank, Indianapolis.

Indian Territory—E. D. Nims, President First National Bank, Roff.

Iowa—T. J. Fletcher, Cashier First National Bank, Marshalltown.

Kansas—Scott Hopkins, President First National Bank, Horton.

Kentucky—Oscar Fenley, President National Bank of Kentucky, Louisville.

Louisiana—J. W. Castles, President Hibernia Bank and Trust Company, New Orleans.

Maine—J. E. Wengren, Cashier First National Bank, Portland.

Maryland—Wm. Ingle, Cashier Merchants' National Bank, Baltimore.

Massachusetts—E. A. Presbrey, Vice-President National Bank of Redemption, Boston.

Michigan—Lucius Lilley, President Lilley State Bank, Tecumseh.

Minnesota—Geo. Pease, Cashier Citizens' National Bank, Faribault.

Mississippi—J. J. White, President McComb City Bank, McComb City.

Missouri—Graham G. Lacy, Vice-President Tootle-Lemon National Bank, St. Joseph.

Montana—Geo. L. Ramsey, Cashier Union Bank and Trust Company, Helena.

Nebraska—Chas. F. McGrew, Vice-President Omaha National Bank, Omaha.

Nevada—G. W. Mapes, Washoe County Bank, Reno.

New Hampshire—Wm. F. Thayer, President First National Bank, Concord.

New Jersey—Wm. K. Hurff, Treasurer Security Trust Company, Camden.

New Mexico—J. W. Carter, Cashier Silver City National Bank, Silver City.

New York—B. W. Wellington, of Q. W. Wellington & Co.'s Bank, Corning.

North Carolina—W. E. Borden, Cashier Bank of Wayne, Goldsboro.

North Dakota—R. S. Lewis, President Red River Valley National Bank, Fargo.

Ohio—A. S. Frazer, Cashier Xenia National Bank, Xenia.

Oklahoma Territory—S. W. Keiser, President Stillwater National Bank, Stillwater.

Oregon—Benj. I. Cohen, President Portland Trust Company of Oregon, Portland.

Pennsylvania—C. M. W. Keck, Cashier Allentown National Bank, Allentown.

Rhode Island—Amos G. Nichols, President First National Bank, Hopkinton, Hope Valley.

South Carolina—W. A. Law, President Central National Bank, Spartanburg.

South Dakota—Harry R. Dennis, Vice-President Sioux Falls Savings Bank, Sioux Falls.

Tennessee—W. A. Sadd, Secretary Chattanooga Savings Bank, Chattanooga.

Texas—M. B. Loyd, President First National Bank, Fort Worth.

Utah—L. S. Hills, President Deseret National Bank, Salt Lake.

Vermont—R. C. Abell, President National Bank, Fairhaven.

Virginia—John D. Horsley, President First National Bank, Lynchburg.

Washington—James D. Hoge, Jr., President First National Bank, Seattle.

West Virginia—I. Q. Dickenson, President Kanawha Valley Bank, Charleston.

Wisconsin—H. D. Smith, President First National Bank, Appleton.

Wyoming—T. A. Cosgriff, President First National Bank, Rawlins.

Hawaii—C. Brown, President First National Bank, Honolulu.

J. D. POWERS, Chairman.

President National Trust Company, Louisville, Ky.

The Nominating Committee, composed of the delegates representing the State Associations, desire to offer the following names as members of the Executive Council:

A. H. Wiggin, Vice-President National Park Bank, New York City.

Chas. L. Farrell, Assistant Cashier of the Capital National Bank, Indianapolis, Ind.

A. V. Lane, Cashier National Exchange Bank, Dallas, Texas.

Luther Drake, Cashier Merchants' National Bank, Omaha, Neb.

A. A. Crane, Cashier National Bank of Commerce, Minneapolis, Minn.

A Delegate: I move that the rules be suspended, and that the Secretary of the Association be directed to cast the ballot of the Association for the election of all the gentlemen named in the Report of the Nominating Committee.

A Delegate: I second that motion.

The President: Gentlemen, you have heard the motion. All in favor of the motion will signify by saying Aye—opposed No.

Carried.

The President: Mr. Secretary, you will please cast the ballot of the Association for the election of the ticket as named by the Committee on Nominations.

Secretary Branch: Mr. President, I have to report that I have cast the ballot for the election of the nominees as directed. (Applause.)

The President: I declare the entire ticket presented by the Committee on Nominations unanimously elected. (Applause.)

PRESENTATION OF NEW OFFICERS.

The President: Mr. Hardy, it becomes my pleasant duty to now introduce you to the members of the American Bankers' Association as their President-elect.

Members of the Association, I present to you President Hardy. (Applause.)

President Hardy: I attended my first Convention of this Association at Baltimore in 1894. Since then we have met at Atlanta, St. Louis, Detroit, Denver, Cleveland, Richmond, Milwaukee, and now at New Orleans, gathering, I think, in each Convention new friends, new members and a wider sphere of influence for our Association. During that time I have had the honor of serving twice on the Executive Council—last year as your Vice-President, and this year you have bestowed upon me the highest honor in the Association, for which I thank you from the bottom of my heart. (Applause.)

There was a time in this Association when, in its conservatism, as I remember, it even hesitated about openly declaring for the gold standard, and we have even hesitated to discuss among ourselves for a time the vital question which is now interesting bankers—that of the currency. But whatever differences of opinion may exist among us on this subject, there is not a gentleman facing me who will not admit that out of this discussion his ideas have crystallized and that he is in a better frame of mind to-day to vote upon this question, and I think we must all agree that our minds have crystallized on these two points: First, The abolition of our Sub-Treasury system; second, the creation of an emergency circulation which will liquidate any surplus inflation that may exist at the present time. (Applause.)

There is one matter which has come before this Convention to which I want particularly to call your attention and that is the matter of the Fidelity bonding business, on which your committee have been so strenuously at work. I recommend every one of you to read their report, which was presented to the Convention yesterday, and I ask you to give your attention carefully to the further literature that will be sent out by that committee.

And now, members of the Association, I will not say good-by, but *au revoir*, until we meet somewhere—on the Pacific Coast, very likely—(Applause)—next year.

REMARKS OF RETIRING PRESIDENT HERRICK.

Ex-President Herrick: Just one word before I hand the gavel to my successor, and it is with reference to the past 28 years' history of this Association. It has seemed to me that one of the largest assets that this Association has is that the sentiment throughout the country is reflected now on great financial questions from this Association. We were asked yesterday by Congressman Fowler to lay aside our selfish interests for a moment and to consider these questions. I want to say that this Association was founded upon the idea of subordinating our selfish interests, and we have sought to take the position merely of private citizens seeking the public good done. (Applause.)

Gentlemen, I thank you most sincerely for your kindness to me in the past year, and I commend your good offices for the President-elect, to whom I now take great pleasure in handing this gavel. (Applause.)

Mr. George H. Russel, of Detroit, Mich.: Gentlemen of the Association, I beg your indulgence for one moment while I address Mr. Herrick, our ex-President, personally.

PRESENTATION OF PUNCH BOWL TO MR. HERRICK.

(At this point Mr. Russel uncovered and displayed a gorgeous silver punch bowl.)

I am sure Mr. Herrick was conscious this was coming, and—I don't want to give him away—but I think he consented to the appropriation of the funds that paid for it. (Laughter.) However, I am most happy in being made the medium of presenting this testimonial from the members of this Association to our dear friend, Myron T. Herrick, upon his retirement from the office of President of this Association.

With it we express our thanks for his excellent administration; the affairs of the office were never administered better. (Applause.) With it we express our appreciation of and regard for Mr. Herrick personally, and with this testimonial we tender to him our best wishes for the future. (Applause.) If the testimonial of our golden thoughts were put in precious metal it would seriously affect our standing; but, as it is, we simply put it in substantial form, and with goes our pleasant memories, our happy thoughts, our kindest regards and our best wishes.

Mr. Herrick, this bowl may look empty, but it is not. Fill it with the juice of California and the fluid of Kentucky, and I can assure you the more you drink from it the more you will appreciate that it is indeed full. (Applause.)

Mr. Herrick: I am afraid that if I were to follow Mr. Russel's advice literally this bowl would not be the only article that was full. (Laughter.) I thank the members of the Association from the bottom of my heart for this token of their respect and esteem. I shall always treasure it most highly, and when I look into it I shall see simply a reflection of your friendly faces which have looked up to me for the past three days as I have presided over the deliberations of this Convention. Again I thank you, one and all. (Applause.)

President Hardy: I have the pleasure of presenting to the Convention Mr. Bigelow, the Vice-President-elect. (Applause.)

Vice-President Bigelow: I am deeply sensible of the honor you have conferred upon me, and now, as I pass into the quietude of the office of the Vice-Presidency, I feel that I shall enjoy comparative ease for the coming year. (Applause.)

President Hardy: Gentlemen, I believe there is no further business to be brought before the Convention, and I therefore declare the 28th annual meeting of the Association adjourned without date.

EXECUTIVE COUNCIL.

The Executive Council met immediately upon adjournment of the Convention, on Thursday afternoon, November 13, 1902.

F. M. Swinney, of Kansas, was elected Chairman.

George F. Orde, of Chicago, was elected Treasurer.

James R. Branch, of New York, was elected Secretary, and Mr. Fitzwilson, also of New York, Assistant Secretary.

The salary of the Secretary for the ensuing year was fixed at $9,000, and the salary of the Assistant Secretary at $4,000.

Joseph G. Brown, of Raleigh, N. C., was elected a member of the Executive Council to fill the vacancy caused by the election of Mr. Bigelow to the Vice-Presidency of the Association.

President Hardy, of the Association, A. C. Anderson and A. L. Manning were added to the Committee on Fidelity Insurance.

The sum of $3,000 was appropriated for the use of this committee during the year.

The sum of $20,000 was appropriated to the use of the Protective Committee.

On motion, adjourned.

SAVINGS BANK SECTION.

The Savings Bank Section of the American Bankers' Association, the new department authorized by the Convention, was organized Tuesday, November 11, at a meeting held at the St. Charles Hotel. There was a large attendance of Savings Bank people. William Hanhart, of the Emigrant Industrial Savings Bank, was chosen temporary Chairman, and G. Ad. Blaffer, of the Germania Savings Bank and Trust Company, New Orleans, temporary Secretary.

The following constitution and by-laws were adopted by a unanimous vote:

Section 1. The administration of the affairs of this section shall be vested in a Chairman and Vice-Chairman of the section, and an Executive Committee of nine members, who shall serve until their successors are chosen or appointed.

Sec. 2. The Chairman and the Vice-Chairman shall also be members *ex-officio* of the Executive Committee.

Sec. 3. No chairman nor vice-chairman nor retiring member of the Executive Committee shall be eligible for re-election for a period of one year after the expiration of his term of office.

Sec. 4. The Executive Committee shall select its own chairman from among its members, and shall also select a secretary of the section, who may or may not be a member of the section.

Sec. 5. The Executive Committee shall, as soon as may be after their organization, divide themselves by ballot into three classes of equal number, designated as the first, second and third class, of which the first class shall remain in office one year, the second class two years and the third class three years, and at each annual election members of the Executive Committee shall be elected for a term of three years to fill the vacancies created by the retiring class.

Sec. 6. The Executive Committee shall have power to fill vacancies until the next annual meeting, and may adopt all necessary rules for the business of the section.

On motion permanent organization was entered into. Messrs. Latimer, of New York; Shafer, of Pennsylvania, and Captain Lynn H. Dinkins, of New Orleans, were appointed a Nominating Committee. After a short recess the committee reported the following nominations:

For Chairman: Myron T. Herrick, of Cleveland, Ohio.

For Vice-Chairman: J. T. McMahon, of New York.

For Executive Committeemen: George B. Latimer, of New York; Lynn H. Dinkins, of Gretna, La.; H. C. Shafer, of Pennsylvania; A. C. Tuttle, of Connecticut; C. W. Laycock, of Pennsylvania; E. J. Parker, of Illinois; G. Ad. Blaffer, of New Orleans; C. M. Preston, of Genesee, and W. S. Paine, of New York.

After the officers, as recommended, had been unanimously elected an adjournment was taken, it being announced that the Executive Committee would meet immediately.

The Executive Committee gathered in the ladies' reading-room and organized by appointing as permanent Chairman Mr. Latimer, with Mr. Blaffer as Secretary.

The division of the committee in classes to serve for one, two and three years respectively was then taken up. Choices were arrived at by lot.

Messrs. Tuttle, Laycock and Parker were drawn for the one-year term; Messrs. Blaffer, Paine and Dinkins for the two-year term, and Messrs. Latimer, Shafer and Preston for the three-year term.

There was some discussion on matters pertaining to the betterment of the laws relative to savings banks.

A resolution introduced by Willis S. Paine found favor. It was to the effect that the tendency evident in this country to tax the deposits of savings institutions is to be deprecated, and that the organization pledges itself to use all proper means to discourage this tendency.

THE FOURTH NATIONAL BANK OF THE CITY OF NEW YORK OFFERS TO DEPOSITORS EVERY FACILITY WHICH THEIR BALANCES, BUSINESS AND RESPONSIBILITY WARRANT.

TRUST COMPANY SECTION

AMERICAN BANKERS' ASSOCIATION,

Sixth Annual Meeting, Held in the City of New Orleans, November 11, 1902

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The More Adequate Protection of Municipal Bonds Through the Certification by Trust Companies.

By CLARK WILLIAMS, Treasurer United States Mortgage & Trust Company, New York City.

The term "Municipal Bond" has come into general use as indicating the evidence of public obligation other than that of the Federal Government. In this class of securities are included not only the issues of municipalities but of Counties, School Districts and even States, and it is my purpose to consider them in my treatment of the subject of this paper from this wider viewpoint. The best authorities give the outstanding indebtedness of this character in the United States, after deducting sinking fund accumulations, at, approximately, $2,000,000,000. This amount exceeds the national debt by more than $1,000,000,000. During the past five years the average issue of these public obligations has been over $120,000,000. From these figures can be seen the enormous investment in municipal bonds.

The high public credit in this country has established for these bonds an exceedingly low interest rate, and the laws in all the States have discriminated in their favor as a proper investment for Savings Banks and Trust Funds. The recent action of the Secretary of the Treasury in accepting municipal bonds as a basis for the issue of currency by National Banks, is striking evidence of their conservative and stable qualities as investments. One would suppose that the issue of securities of this high character, providing to so large an extent investments for the Trust Funds of the country would be surrounded by every safeguard for the protection of the issuing community and the security of the investor. Is this the case?

Public officials are usually unfamiliar with the methods well established in the issue of other securities and often are even without experience in the issue of municipal bonds beause of the frequent change in office tenure, yet this County Supervisor or that City Clerk must superintend according to his own uncertain methods, or under the direction of the purchaser, the preparation and negotiation of these Bonds, which find their way into the vaults of Savings Banks. The investor receives securities which are printed or cheaply lithographed, on blanks obtained from any stationer or printer. If their preparation is so elaborate as to require the use of plates, after they have served their purpose these are considered of small value, are carelessly held by the printer and are apt to fall into improper hands. The result has been that in no class of security have errors in issue been so common, or duplication and fraud been so widely carried on, as in municipal bonds. Beside the abundant opportunity for error in the preparation and execution of Bonds, the prevailing method, or lack of method, of issue, is almost an invitation to the unscrupulous to duplicate parts of, or entire issues. The conditions surrounding the issue of municipal Bonds, as I have stated them, may seem to some to involve no unusual danger and I regret that I am unable in this short time to more clearly prove my case by reference to many overissues through carelessness or fraud that have come to my notice. I may mention a few, however, of special interest.

Several years ago one Quigley was considered to be a reputable Bond dealer in New York City. The following item from the *Bankers' Magazine* of February, '95, explains itself:

"On January 19 it was announced that the Mercantile National Bank, at No. 191 Broadway, had been swindled out of $144,000 by Edwin O. Quigley, a well-known Bond Broker of New York, of the firm of Quigley & Tuttle, of No. 6 Wall Street. Quigley was arrested, confessed his guilt and was afterwards sentenced to fifteen and one-half years imprisonment."

Mr. Wm. P. St. John, President of the Mercantile National Bank, made the following statement in regard to Quigley's stealings: "Our total advances to Quigley were $144,000 on Bonds of the par value of $160,000. Quigley has kept an active account with us for some time. All these Bonds we now believe to be forgeries. We discovered yesterday that one of these Bonds was a forgery, and to-day Quigley admitted to us that all of them were fraudulent. The Bonds comprised $57,000 City of Cleveland Bonds, $68,000 Bonds of the City of Springfield, $35,000 Bonds of the City of Harrisburg and $6,000 Bonds of the City of Zanesville. The loss on our advances of $144,000 against these Bonds will be reduced by some successful levies under attachments already laid in this city and elsewhere."

The discovery of fraud was made when the Mercantile National Bank presented a coupon for a $1,000 Bond of the City of Cleveland for payment at the American Exchange National Bank, which is the New York fiscal agent of Cleveland. The Coupon Clerk at the American

Exchange Bank noticed that the coupon had a strange appearance, and he asked for time before paying it. The Bank telegraphed to Cleveland and received answer that the coupon was forged.

Other Banks out of New York are known to have been victims of Quigley's frauds, but it is not known how many Bonds he forged. The Brooklyn *Eagle* subsequently reported: "It is known that F. R. Warley, of 180 Broadway, New York, who lithographed the bogus Bonds for Quigley, printed in all $460,000 worth. The forger made a statement to the effect that Warley had no knowledge whatever that his transactions were anything but honest."

The entire number of Bonds printed by Mr. Warley for Quigley is as follows: 80 Bonds of the City of Harrisburg, Pa., $1,000 each; 85 Bonds City of Cleveland, O., $1,000 each; 70 Bonds of Springfield, O., $1,000 each; 125 Bonds City of Zanesville, O., $1,000 each; 100 Bonds City of Davenport, Ia., $1,000 each. This made a total of $460,000 of Bonds."

Quigley's method of operation was as follows: On the purchase of an issue of Municipal Bonds at public offering or private sale he would give his service in the preparation of the documents, without cost to the municipality, arguing that his familiarity with the requirements of the investing public would save inconvenience and produce better results—an attractive proposition to most public officials.

A lithographer acting innocently or with only the size of his order in view was then commissioned to produce two sets of Bonds identical in all respects. One set would be properly executed by the officials and sold to the public; the other would be duly signed and sealed by Mr. Quigley and deposited as collateral with the Banks.

While Mr. Quigley was thus successfully doubling his capital in New York, Mr. Z. T. Lewis was industriously plying the same trade in Ohio, with the following results, as cited in the *Financial Record*, of July 17, 1895:

"Much anxiety is felt concerning the affairs of Z. T. Lewis, missing Broker, of Dayton, O., who was recently awarded $300,000 McKeesport, Pa., Bonds. Forged Bonds have turned up to the amount of $56,000, and it is believed that the amount will reach over $100,000; $20,000 fraudulent Bonds of Highland County, $25,000 Kenton City School and $10,000 Tippecanoe City School Bonds have come to light. The Bank of which Mr. Lewis was President has also been closed."

Twenty years ago the State of Virginia ordered engraved a large issue of Bonds, which, owing to a change of administration, the State officials refused to pay for. Because of the indifference of the State officials, these blank Bonds were sold by the Express Company to pay charges and were widely scattered. They have been turning up in small blocks ever since, variously signed with and without seals.

Only recently the New York *Advertiser* reported that:

"Mr. Julius Schroeter, the Newark Gas Mantle Manufacturer, who was charged with obtaining $88,000 from the Importers' and Traders' National Bank, Seaboard National Bank and Ladenburg, Thalman & Company, on forged Virginia Consols of 1882, appeared for examination before Magistrate Crane in the Centre Street Police Court.

"The case has caused more or less comment among Bankers, and it is said that it may form the subject of some action by the American Bankers' Association. It brings up anew the question of how Banks could be best protected from fraud."

It was my duty several years ago to examine the loans of an Institution carrying a large amount of Municipal Bonds as collateral. One-third of the securities were printed in the same colored ink on the same blanks. There was absolutely no evidence that these Bonds were what they purported to be. None of the officers of the Institution were familiar with the signature of the Mayor of this town, or the County Clerk of that county. The loans were practically secured only by the obligation of the borrower.

The extent to which this business of obtaining loans on forged Municipal Bonds is carried it is impossible to state, because so long as the borrower pays his interest promptly and takes up his loans at maturity, their fraudulent character remains undiscovered.

For Banks loaning on such supposed securities to ascertain by investigation the genuiness of every block of Bonds offered as collateral would entail an enormous amount of research consuming frequently weeks of time and practically prohibiting loans on this class of collateral.

I have frequently requested samples of work from lithographers who have solicited our business, to confirm my opinion of their average carelessness, and I have often been given Bonds with Coupons attached, bearing the lithographic *fac-simile* signature without the slightest attempt at cancellation.

In advocating the more adequate protection of municipal securities to a firm of Chicago Bond dealers some years ago, I took occasion to display a lithographed blank, bearing the likeness of a woman as one of the vignettes, stating that these blanks could be obtained by the carload from any stationer or lithographer. My listener looked at it in amazement, informing me that the portrait on this blank was the likeness of his wife and expressed great surprise that the original plates, which had been prepared for his exclusive use, had found their way into the profane hands of New York lithographers.

At times the loss of credit to municipalities as the result of irregularities or fraudulent issues of their securities has been serious, and a just prejudice exists in the mind of many an investor that militates against the broad market which these securities deserve. The danger to investors in municipals is only second to that of bankers loaning on the Bonds. The principal and interest of such Bonds are very frequently payable at the office of the dealer purchasing them, and he has only to furnish his customers fictitious Bonds payable at his office and then to pay the Coupons as they are presented, thus providing himself with a cheap working capital which is capable of being indefinitely increased to the limit of the confidence of his clients.

The schemes for obtaining money by the means of the irregular issue or forgery of Municipal Bonds could at the hands of a brainy scoundrel be varied indefinitely. Nor is the unprincipled dealer the only danger to be provided against; municipal officials and their clerks are prone to commit errors as other human beings, and instances are not wanting where Bonds prepared or executed in a manner not satisfactory to the purchasers have been laid aside, other Bonds executed and afterwards the original Bonds sold.

Enough has been said to show the points of danger and the necessity for adequate remedy. This remedy must lie in a method of issue which will properly protect the interest of all concerned, and at the same time so serve their convenience as to render the plan attractive. As far as it is possible, such a plan must be an absolute protection to communities issuing the obligation against the payment of fraudulent Bonds and Coupons; to public officials who are responsible for the proper issue of these securities, and who may lack the requisite experience; to dealers who under present conditions are practically the guarantors of the Bonds they sell—a needless and heavy responsibility; to bankers offered a high-class collateral for loans but having no facilities for determining its genuineness or legality, to investors willing to accept low rates of interest, if obtaining absolute security and yet are not protected against entire loss through fraud.

Such a plan must begin with the very inception of the issue and end only with the delivery of the completed instruments to the proper city officials, or the purchaser, and every step between must be protected with effective

safeguards under the supervision of a responsible corporation. The safeguards surrounding the issue of securities listed on the principal exchanges where duplication and overissues is practically unknown, at once suggest themselves. Their protection primarily lies in engraving by responsible bank note companies from steel plates, together with the evidence of genuineness of a responsible Trust Company, whether it be in the signature under the Trustee's Certificate on Bonds, or in the signature indicating the registration, or the proper transfer of stock.

Municipal Bonds should be carefully engraved by a responsible bank note company producing the best workmanship and giving absolute security during the different stages of preparation, as well as exercising a careful guardianship over the engravings afterward to prevent either plates or impressions falling into improper hands. A certificate signed by a responsible Trust Company should appear on each Bond, evidencing the genuineness of execution and as a guarantee against overissue through carelessness or fraud.

Because of the peculiar conditions under which Municipal Bonds are issued, the question of legality is of so great importance to the investor that such investigations should be made by counsel especially qualified by experience to pass upon the intricate questions involved in their validity of issue. A certificate of legality should appear on each Bond or a reference to the fact that such legal examination has been made and that the legal papers relating to the issue are filed with the Trust Company which would be responsible for the genuineness of the certificate, in this way avoiding the constantly recurring expense and delay of examination of the legality of the security by counsel for each new purchaser. The Trust Company, however, certifying the Bond as to its genuineness should be particular to assume no responsibility as to its validity. A convenient place of registration should be provided in the chief financial centers of the country to save purchasers the inconvenience and expense of forwarding securities to the place of issue in order to obtain registration in their names. The payment of interest should be arranged for at the office of responsible and experienced Trust Companies at the financial centers, affording conveniences to investors and a safeguard against the acceptance of fraudulent Coupons.

It has been abundantly proven by experience that Municipal Bonds advertised as being issued under the safeguards outlined are more acceptable to the investor and command a higher price at public sale.

The evidences of Federal obligations are surrounded with safeguards in issue analogous to those we have outlined. Corporations have long attained the same result in the issue of their securities through the instrumentality of the Trust Companies.

Municipal officials are beginning to realize the virtue of this protection in the issue of their bonds, and it may not be false prophecy to suggest that the time will come when the great industrial corporations of the country will look to the Trust Companies to perform their accredited function in the supervision of the issue of their temporary obligations and in their certification to the financial conditions under which their Notes are issued.

The Investigation and Audit of the Accounts of Trust Companies.

By A. O. Kittredge, C.P.A.

Modern conditions demand regular and systematic investigation and report or audit in all divisions of business. The Trust Company, which, in the short time that it has been before the public, has been exempt from various rules, should be no exception in this regard.

Trust Companies and banks are in the same general class, and in a sense the same business rules would apply to the two. Banks are systematically examined or audited under provisions of the law, and while Trust Companies are occasionally examined by representatives of the banking departments of the different States under which they are organized, at the same time regular and complete audits are with them the exception rather than the rule.

Banks, upon the basis of natural selection and long experience, have reached a basis that might be described as uniformity in accounting. That is—the features of their accounting systems are so much alike that the examination of one bank is a fair preliminary study for the examination of various other banks. On the other hand, Trust Companies are yet so new that in various directions their account keeping is crude. Their methods, if not experimental, are yet in a condition not thoroughly worked out or reduced to definite form.

If any excuse were necessary for obtruding upon the attention of this assembly at this time some remarks about the investigation and audit of Trust Companies, the same is contained in the preceding remarks.

In every modern business venture or organization for business purposes a very considerable part of the undertaking rests upon the basis of credit and upon the intelligence or care with which its managers conduct the business. Accordingly, in the prospectus of various Trust Companies we find paraded at the head of the list from twenty to twenty-five men who are the directors or trustees of the organization and whose high standing in the community it is supposed gives credit to the company with which they are connected.

The public does not stop to think that at best a very small number of men stand for the actual transactions and policy of a company doing business. Such, however, is the case, and the trustees, high minded men as they very generally are, require the services of an expert examiner from time to time in order that they may know that those put in immediate charge of the affairs of the company are not mismanaging their trust. On the other hand, the stockholders and the public at large have rights likewise in this regard.

A Trust Company may be described as a corporation authorized by law to undertake every kind of trustee work, and in addition to it, to do a general banking and financial business. A Trust Company has a wider business scope than a bank. While it can furnish its customers with every facility which the bank can supply it can render them a great many services which the safest and best equipped bank in the country cannot place at their disposal.

A bank cannot offer its customers the facilities which a Trust Company offers, because from the special character of its business and its close relation with trade, it has always been hedged around by law with restrictions deemed necessary in case of purely commercial undertakings.

Trust Companies exemplify enlarged banking powers adapted to the ever growing requirements of modern business. They do not compete with nor usurp the places of banks, but in themselves use the banks, while with their transactions they go over and beyond anything for which banks were created.

The functions of a Trust Company are numerous and

far reaching, comprising various matters from the management of estates to ordinary trusteeships, and from a banking department on the one hand to an underwriting syndicate on the other. They include, in addition to ordinary banking, the following among others: Trustee under mortgages to secure bond issues, trustee for married women with respect to their separate property, guardian, receiver, or trustee of the estates of minors, executor or trustee under wills, committee of estates of lunatics, idoits and persons of unsound mind, administrator, trustee, guardian, executor, receiver and assignee of insolvent estates, manager of estates of every kind during the temporary or permanent absence of the owners, or for persons advanced in years, or for persons wishing to place the care and management of their property in the hands of a capable agent, collection of rents, interest, dividends, &c.; registrar and transfer agent of the capital stock and bonds of corporations, general agent for nonresidents and invalids, general agent for foreign municipalities, corporations, &c., for the transaction of approved financial business; the general execution of legal trusts and many others, both general and special.

Trust Companies exist under and by virtue of State laws. The laws in the several States do not agree and some of them are more favorable to Trust Companies than others. All of them demand reports from the Trust Companies annually and in some cases more frequently. In most of the States there is provision for occasional examination of Trust Companies by representatives of the State Banking Department.

The official bank examinations by National bank examiners throughout the country are frequently characterized as being insufficient and in many cases unsatisfactory. The pay allotted to bank examiners is notoriously small, and the time in which the examination of a bank is ordinarily made is altogether too short. There is no basis of comparison between the examination of a bank as commonly conducted and that of a Trust Company as circumstances demand. There is an entirely different class of talent required in the examination of a Trust Company.

As with banks so with Trust Companies we find different organizations doing a different class of business, and yet the range of differences with banks is very much less than the range of differences with Trust Companies. We find one Trust Company specially organized to take care of the financial interests of a certain clique of wealthy men, or to look after the investments of a certain circle of men. We find alongside of it another Trust Company doing the same thing for another set of men. While in the one case railroads and street car lines may be the principal features, in the other it is industrial operations, including perhaps real estate matters.

However we approach the subject we find no two Trust Companies, speaking within limits, doing exactly the same kind of business. There is an individuality about each, and therefore we come back to the previous conclusion that the examination of a Trust Company must proceed upon original lines; that it cannot be based upon work done for other Trust Companies, or, rather, that it cannot be done after a general pattern supposed to fit other Trust Companies.

It would seem to be the opinion of some of those who are giving but brief consideration to the subject, that it is possible to devise a plan or scheme of Trust Company investigation and examination that should be at once very simple in its elements and at the same time very comprehensive in its results. I have been urged to present on this occasion a blank that might be used by examiners of Trust Companies. As already stated, a single blank is inadequate. It does not begin to reach the case, and if we are to take any individual Trust Company and in the light of complete knowledge of its affairs prepare a blank or set of blanks by which its periodical examination should be conducted, we would find that this blank or set of blanks would not apply to any one of the numerous Trust Companies working side by side with that to which the first set of blanks was devoted.

The examiner of a Trust Company must become familiar with the different undertakings of the several departments of the company. He will approach each as a new proposition. He will bring to bear in his work all the experience that has accrued in the investigation of various industrial and mercantile operations, and he will proceed with his undertaking cautiously and ever with an eye looking out for the unexpected.

First will be the division of the Trust Company into its several departments. These are more or less numerous, according to circumstances. Each of them is more or less developed, likewise according to circumstances.

He first takes up, for example, the department devoted to individual trusts and the management of estates, including such matters as executorships and trusteeships under wills. In this division he must follow out each individual trust and examine it on the merits of the case and not from the standpoint of any fixed rule.

Next, for example, he takes up the question of administration, and in this department considers the company from the standpoint of administrator, trustee, guardian, receiver, or assignee, as the case may be. Here again each individual undertaking must be examined from beginning to end, in order to put into the report that which he is expected to present.

Again, he takes up the question of trusteeship under mortgages issued by corporations or municipalities. Here there is the inquiry along specific lines to be assured that the company is not making mistakes and is not abusing the confidence reposed in it. And so we might go through all the different divisions of a Trust Company's business, including membership in underwriting syndicates, guardianship, managers of estates in the absence of owners, agencyship for the collection of interest, rents, etc.; general financial agents, registrarship, etc.

Since a Trust Company's functions are so various and so numerous, an examination into its affairs for the purpose of certifying as to its condition is other than a simple matter. No rule expressed in few words can be laid down for the purpose. No single blank or form will meet the exigencies of the case, but the examiner must patiently check up each of the several departments of the Trust Company, and in each department follow out each of the several undertakings laboriously and patiently, until a definite conclusion is reached.

The examiner who approaches a Trust Company for the purpose of audit and investigation should know something of the origin and rise of these corporations in order to be in position to judge of their operations. What is there about Trust Companies that enables them to enter a field to all appearances fully occupied and in a period of less than a quarter of a century to succeed to the prominence which they at present hold?

This has been answered by one writer on the basis of the theory of natural selection. According to this writer a gradual change in our financial conditions and the increase in our national wealth has led to corresponding changes in the structure of our monetary institutions and resulted in the formation of establishments suited to our changed environment, in the form, on the one hand, of Trust Companies with large capital and surplus to conserve, and on the other hand, of banks solidified and amplified by amalgamation in order to be better able to handle the growing volume of our enormous trade. It was inevitable that the great stream of our bankable wealth, which has enormously increased of late years, should sooner or later become divided in this way, in order to separate that portion which was actively engaged in trade from our invested capital; and the extraordinary development of the Trust Companies already formed and the new life infused into banking show how beneficial to both the change has been under the new classification and division.

The whole design of banking is to further and facili-

tate trading operations, in which, as a rule, two-thirds of its resources are directly employed in the form of discounts, and so unavailable for any other purpose. Trust Companies, on the other hand, instead of using their capital in the way of discounts of personal obligations, keep it in hand for other uses. Trust Companies are not concerned with trade risks. Accordingly, they are not shackled by restrictions imposed to guard against trade risks. The Trust Company of to-day, combining, as it does, every function of financial business, stands with respect to the financial world as the department store stands in the commercial world.

One or two general directions may be given in closing: What the examining auditor must do in order to prepare a complete report of the affairs of the Trust Company can be determined by measuring the affairs of the Trust Company by a balance sheet and profit and loss statement. It is customary with Trust Companies, as well as with banks, to put forth from time to time a statement of their affairs. This statement approximates a balance sheet, but is not complete. On the other hand a complete balance sheet or the outline of a complete balance sheet will give the standard by which the affairs of a Trust Company may be judged.

Let us consider just what these broad statements mean. The affairs of every Trust Company, as well as of every other business institution, are susceptible of statements in balance sheet form. What are the assets and what are the liabilities? Preliminary to any balance sheet statement must be a profit and loss statement. What are the expenses? What are the revenues? The profit and loss statement closed into the balance sheet statement makes the latter complete.

At the outset, then, let the executor lay down broadly the accounts that to him seem necessary to constitute a balance sheet of the business. A balance sheet can contain nothing but assets and liabilities. What are the names of the accounts necessary to correctly represent the assets of the company? What are the names of the accounts necessary to correctly show the liabilities of the company?

In this analysis he must not be content with generalities, but instead must enter into details. The resulting statement will be very much more extensive than that in the form given to the public, and yet its footings will be identical with the footings of the published statement, provided of course that the latter is correct.

It will not be sufficient to put down in this balance sheet, for example, as many bonds of such and such an issue and then close that division of the account by saying, "Other Stock Investments." Instead, the other stock investments must be laboriously and completely listed.

It will not do to put down Bonds and Mortgages, but instead Bonds and Mortgages must be extended in detail. It will not do to put down Other Outstanding Accounts. Instead, these accounts should be completely and correctly listed. It will not do to put down Cash on Hand. Instead, there should be shown so much cash in the vault, so much in this bank and so much in another bank, as the case may be. Again, on the liability side it will not do to put down Amount Due Depositors, without the preparation of a complete list of depositors showing in detail what makes up the total. And so we might go on through the entire list.

There are always matters pending in Trust Company affairs which among the assets should be covered by some such account as Items in Suspense. Insurance paid in advance, and various expenses which have been anticipated and which are to be pro rated out as the months pass by, should come under this head. Items in Suspense is a very proper entry in every balance sheet, and yet there are comparatively few balance sheets which show the same.

On the other hand there are various accrued expenses which are not yet paid which should go on the liability side of the balance sheet under the head of Reserves. Taxes have accrued upon a certain piece of property, and yet are not due for three months to come. The accrued taxes to date should be placed under this head. Interest has accrued on money borrowed, but is not payable for some time to come. In charging into expense the expenses which occur, Reserve for Interest should be credited. In turn, when it comes to the payment of interest the Reserve Account is debited. Again referring to Suspense, the reverse interest charge is to be managed the same way.

The thought underlying this suggestion is that the auditor who sets out to establish a correct balance sheet of a Trust Company thereby has pointed out to him the direction in which his investigations should extend, whereby he becomes cognizant of all the facts of the company and whereby he gets into a position to certify to the correctness of the statement he may prepare.

The Development of Trust Companies on the Pacific Coast.

By J. Dalzell Brown, Vice-President and Manager, California Safe Deposit and Trust Company, San Francisco.

I hope I may be pardoned for referring particularly to my company in this paper, but as the California Safe Deposit and Trust Company was the pioneer Trust Company on the Coast, as well as the first one organized west of the Missouri River, it may be that a brief sketch of its history will aid in illustrating "The Development of Trust Companies on the Pacific Coast."

The California Safe Deposit and Trust Company was incorporated April 24, 1882, and its Articles of Incorporation, besides empowering it to engage in the business of Safe Deposit and Banking, also empowered it "To accept and execute Trusts of evey description as may be committed to it by any Person, Executor, Administrator, Guardian, Trustee, Receiver or by any Corporation or by any Court, and in legal manner to attend to the management and settling of Estates, Guardianships, Assignments and Receiverships." At the time of its organization my Company took over the good will of a corporation which for eight years previously had been engaged in a Safe Deposit business, and confined itself to that business until early in 1883, when it opened an office for the purpose of engaging also in a Trust and Banking business. It was found, however, that although the Articles of Incorporation gave the company power to act in a Trust capacity, there was no law on the Statute Books of the State affecting such a corporation, and for several years little was accomplished in our Trust Department, the business of the Company being confined to Banking and Safe Deposit.

At a Session of the Legislature of California, he'd in 1889, an Act was passed which gave powers to certain corporations to act as Executor, Administrator and in other Trust capacities, but that Act was deficient in many respects, and in 1891 the Attorneys of my Company prepared a bill which was presented to the Legislature and afterwards became a law. This Act, which became operative April 6th, 1891, is very broad in its nature and permits corporations properly qualified to act in various Trust capacities, and, with one immaterial amendment, is the present law under which the Trust Companies of California are doing business. The salient features of this Act are that a Corporation to do a Trust business must have a Paid Up Capital of not less than $250,000, and, before accepting any deposit of trust funds

must deposit with the Treasurer of State for the benefit of its creditors $100,000, in certain approved sceurities. It declares that such corporations shall be liable to the full extent of their Capital for failing to perform any Trust duties encumbent upon them. It authorizes any Executor, Administrator, Guardian or other Trust officer, upon an order of Court having jurisdiction, to deposit with such corporations money or other personal property, and upon making such a deposit he is to be discharged from further responsibility. In such cases the money and securities deposited may be paid out or delivered only upon the order of Court. It requires the payment of interest upon all money deposited at such rate as may be agreed upon, and it limits the amount of money which any such corporation shall have on deposit to ten times the amount of its Paid Up Capital and Surplus, and its outstanding loans shall not at any time exceed such an amount. Such a corporation is required to increase its deposit with the State Treasurer to the sum of $500,000 when the value of the personal property and cash held by it by virtue of this Act exceeds $2,000,000. The law further requires that each corporation shall file with the Board of Bank Commissioners semi-annually a statement showing its financial condition, also a list and brief description of all trusts held by it. This statement must be verified by the affidavit of two of the Directors and one of the Managing Officers, who are required to state that they have examined the assets and books of the corporation for the purpose of making such statement. No corporation is permitted under our laws to engage in a Trust business until it has made the required deposit with the Treasurer of State and has received from the Board of Bank Commissioners the Certificate of Authority authorizing it to accept Trusts and receive deposits of trust funds, and it is at all times under the supervision of that Board.

At the time of the passage of this Act my Company was still the only Company in California engaged in a Banking, Trust and Safe Deposit business. Another Company, the California Title Insurance and Trust Company was incorporated in 1886, but its business was confined to insuring real estate titles. It is still so engaged, but since the passage of the Act of 1891 has qualified as a Trust Company. It has never transacted a Banking business.

Since 1891 several other Companies have entered the field, and, after qualifying by making the required deposit with the State Treasurer, have received the authority of the Board of Bank Commissioners to transact a Trust business. There are a number of corporations in California styled "Trust" Companies, that are engaged in purely a Banking business, as they have not qualified as Trust Companies under our laws. Many other Companies have been formed in this State with the attractive title of "Trust" Company, but they are such in name only and are usually designed to deceive the public.

There are but seven authorized Trust Companies in California, as follows:

California Safe Deposit and Trust Company, San Francisco
Incorporated April 24th, 1882. Paid Up Capital..$1,000,000
California Title Insurance and Trust Company, San Francisco.
Incorporated February 19th, 1886. Paid Up Capital. 250,000
Union Trust Company of San Francisco.
Incorporated February 6th, 1893. Paid Up Capital. 1,140,000
Title Insurance and Trust Company of Los Angeles.
Incorporated December 20th, 1893. Paid Up Capital. 500,000
Germania Trust Company of San Francisco.
Reorganized May 31st, 1898. Paid Up Capital.... 376,000
Mercantile Trust Company of San Francisco.
Incorporated April 18th, 1899. Paid Up Capital... 1,000,000
Los Angeles Trust Company, Los Angeles.
Incorporated July 15th, 1902. Subscribed Capital. 1,000,000
(Which has just commenced business.)

An examination of the last reports to the Board of Bank Commissioners shows that these Companies have a combined Paid Up Capital of $4,266,000 and Surplus and Profits amounting to $1.194,000. Their Deposits are $18,664,000, and their Trust Assets are stated at $15,-640,000.

As my Company was first in the field it was obliged to advertise extensively the features of its Trust Department, but several years passed before much business resulted, for the Company stood alone in the community and was in a sense unique, and it was difficult to impress upon the public that the Trust feature was not some kind of security as relating to the renting of safe deposit boxes. In fact I recall where a client wrote us asking for "Twenty Dollars Worth of Trust."

The people of San Francisco had been slow to take up the new idea of a corporation managing the estates of deceased persons or others, and I might say it was almost a boon to our Company when competitors entered the field and by so doing advertised more generally the nature of the business in which we were engaged. Since the advent of these competing Companies our business in all departments has increased to a marked extent.

In former years it was not thought that an issue of bonds could be floated in this market unless the Corporation issuing the bonds selected an Eastern Trustee. Now, however, that all of the local Companies have a recognized standing in the community, one of them is usually selected as Trustee in an issue of bonds by a Western Company, and it is rare indeed that a Trusteeship goes to the East. When my Company was without competitors we insisted on a fee of one dollar per $1,000 for accepting a trust and certifying bonds under it, but I regret to state that conditions have changed in that regard, for competition is very keen with us. Indeed, I have information that an issue of bonds was taken recently by one of our Companies for fifteen cents per $1,000, but this I must say was an exceptionally low charge.

At one time practically all escrow agreements were deposited with our Commercial Banks, but now that class of business is being largely handled by the Trust Companies. As in the case of mortgage trusts, there is no uniform scale of charges for escrow matters existing between the Companies.

The registration of stocks has never had a vogue in San Francisco, as the people generally do not understand the safeguards consequent on registration and the Stock Exchanges have never objected to dealing in securities which are not registered. The result is that except in the case of one or two corporations stocks pass from hand to hand without registration, and this condition of things will doubtless continue until some corporation floods the market with overissued stocks. It may then be that brokers, as a protection to their clients, will decline to handle any stock which lacks registration.

During the past three years upwards of 3,000 Oil Companies have been formed in this State, and although an infinite number of them are of the "Wild Cat" species, there are many *bona fide* concerns. A large number of these have their transfer offices in interior towns, although their stocks are largely held in San Francisco. I saw the possibility of my Company taking on a big line of business if the transfer agency of these Companies could be secured, and I interested the Oil Exchange so that a resolution was adopted by that body recommending the appointment of my Company as Transfer Agent. Armed with a certified copy of this resolution, one of our men interviewed the representatives of the leading Oil Companies, but nothing was accomplished, as the Executive Officers saw the possibility of their monthly stipend being jeopardized in the event of such an arrangement being made, and besides there was on the part of the Directors the dread born of ignorance of our proposition that in some way the control of their Companies would be taken out of their hands.

I believe that perhaps with one exception none of our local dividend paying Companies employ a Trust Company to disburse dividends, nor has it been the custom to appoint the Trust Company as Transfer Agent of their stocks.

Although we have to-day in San Francisco a large number of bond buyers, an investment bond has never attracted the old time Californian. He has been in the habit of buying or selling speculative stocks and has

figured on making a turn whether his particular stock went down or up, and interest on his investment has been usually a secondary consideration. He has expected to make a gain or loss over night, and he has had no use for a twenty-year investment. This is doubtless the reason why none of our local Trust Companies have fallen in line with Eastern methods and added a Bond Department to their business. This is a feature that will no doubt receive attention from our Companies when Eastern ideas prevail in this community more than at present.

The records of our Probate Courts disclose the fact that all of our Companies are receiving a fair share of Trust business, and that they are to a much greater extent than in the past displacing the individual in Trust capacities. The people of San Francisco are gradually awakening to the advantages of selecting a corporation as Executor or Trustee instead of an individual, and this will become more and more the case as sentimental prejudice is overcome and the scope of the Trust Company is better understood.

The four local Trust Companies doing a Banking business make a very creditable showing in that Department, although Banking conditions in San Francisco are somewhat peculiar, as Savings Banks have always had such a strong hold on the public. There is one Savings Bank in San Francisco with deposits of over $52,000,000, and our three largest Savings Banks have deposits aggregating $114,000,000. In San Francisco there are nine Savings Banks with Capital and Surplus aggregating $10,000,000 and with combined deposits of $138,000,000. It is stated that there are 202,381 depositors having accounts in these Banks, and as the last census gave San Francisco a population of 342,000, the showing is remarkable. The average individual deposit in these Banks is $632.93, which I believe is greater than the average in any other city in the Union.

In December, 1890, my Directors deemed it advisable to add a Savings Department to our business, it being found that we could not compete with Commercial Banks as our By-Laws prohibited us from granting commercial credits. The Savings Department as a feature of the Company's business has been found to be profitable and attractive. This feature has been adopted by other California Trust Companies, and I believe also with good results. When our Savings Department was added the interest rates paid by the local Savings Banks were exceedingly high, being in some cases 4½ per cent. on Ordinary Deposits and 5 4-10 per cent. on Term Deposits. Interest rates, however, have been gradually reduced, until now we pay 3 per cent. on Ordinary and 3 6-10 per cent. on Term Deposits. Several years ago my Company adopted the practice of Eastern Banks of allowing interest on daily balances, subject to check.

We pay interest on Time Certificates of Deposit ranging from 2½ per cent. on a 30 days' deposit to 3½ per cent. on a six months' deposit, our rule being to require one day's notice for each $1,000 before withdrawal, and we advertise all of our interest rates. It is known that all of the local Trust Companies, as well as a number of the Commercial Banks pay interest on certain of their deposits, but as they do not advertise the fact their rates cannot be given.

There are in San Francisco 33 Corporations engaged in Banking with a combined Paid Up Capital of $25,000,000, Surplus and Profits $26,000,000 and owing Depositors $222,000,000.

For the State of California the Banking Institutions have a Paid Up Capital of $52,000,000; Surplus and Profits, $39,000,000; amount owing Depositors, $368,000,000. The deposits have increased over $55,000,000, as compared with the totals of a year ago.

So much for California.

There is no law in Oregon permitting corporations to act as Executor, Guardian or Administrator, although there is a general law under which Trust Companies incorporate. As the Companies doing a Trust business in that State are not required to publish any reports or statements as to their condition, it is somewhat difficult to obtain accurate data in regard to them, and for the information I have received I am indebted to Mr. A. L. Mills, Second Vice-President of the Security Savings Bank and Trust Company, Portland.

There are three companies doing a Trust and Banking business in Oregon with a combined Capital of $755,000 and Deposits of about $3,000,000. These Companies are The Title Guarantee and Trust Company, the Portland Trust Company of Oregon and the Security Savings and Trust Company, all of Portland.

As to the condition of Trust Companies in Washington, Mr. E. Shorrock, President of the Northwest Trust and Safe Deposit Company, Seattle, has written me in reply to a letter of inquiry as follows:

"There is no special Act governing either Banks or Trust Companies in this State (Washington). Virtually the only special provision as to Banks is that contained in the law respecting corporations generally to the effect that there must be a minimum capitalization of $25,000, with no less than 60 per cent. paid in, and that shareholders in companies doing a Banking business are liable to double the extent of their shareholdings. There have been several attempts on the part of the Bankers of the State to formulate a measure for introduction into the Legislature governing Banks and Trust Companies, but so far without success. It is probable, however, that another attempt will be made for the session of the Legislature which will be held in the early part of next year."

As in the case of Oregon, the Washington Trust Companies are not required to file statements, but Mr. Shorrock states that the capitalization of the five Companies engaged in Trust business in his State is about $725,000, with Surplus and Undivided Profits of about $40,000 and Deposits of about $4,000,000. These Companies are the Spokane and Eastern Trust Company, Spokane; the Fidelity Trust Company, Tacoma; the Northwest Trust and Safe Deposit Company, Seattle; the American Savings Bank and Trust Company, Seattle, and the Peoples' Savings Bank, Seattle.

It seems almost necessary in concluding my paper to offer an apology to the representative of the large Eastern Trust Company for the showing made by the Companies on the Pacific Coast, and I would ask him not to compare the Babes of the West with the Giants of the East, for, speaking of California, such Companies have existed for only about eleven years, or say since the passage of the Act of 1891, and the average age of the seven companies now doing business is a trifle under seven years. The prospects for the future, however, are very encouraging, when the Companies, so to speak, put on long trousers.

Since the "Spring of '49" California has made the world richer by $1,500,000,000 in gold extracted from her mines, and she is still a gold producing State. She is rich also in copper and iron ores and in manganese. We have coal and fuel oil, and in certain sections natural gas. The finest timber in the world is still uncut in our forests. Our wheat is helping to feed millions of Europeans, and our flour is being exported in shiploads to China and the Far East. We are sending "Coals to Newcastle" by shipping our wines to European wine making countries, and many a bottle of our wine is sold in the Eastern States, and doubtless also nearer home, under a French label and pronounced "excellent" by the connoisseur. The products of our orchards and vineyards are known not only in the East, but throughout the civilized world, and was it not California that built the "Oregon?" California, I am glad to say, is becoming renowned for something more than its climate, which, as every good Californian says, is the best on earth, and this State is not merely a haven for the Eastern consumptive. California is rich in natural resources which are only awaiting capital and labor to develop, and our fertile valleys are open for colonization and will some day be supporting a teeming population.

San Francisco, the New York of the West and the Gateway to the Orient, has awakened to her natural advantages and grand opportunities and possibilities, and is fast taking her place as one of the foremost Cities of the world, and I confidently express the belief that as she increases in population and in wealth, so will our Trust Companies grow in influence, usefulness and strength until they make a showing that will faithfully reflect the progress and development of our well loved City by the Golden Gate.

Detailed Report of Proceedings.

Sixth Annual Meeting TRUST COMPANY SECTION, held at New Orleans, Nov. 11.

PROCEEDINGS IN FULL.

The sixth annual meeting of the Trust Company Section was held in connection with the meeting of the American Bankers' Association at New Orleans, La., on Tuesday, November 11, 1902.

John Skelton Williams, President of the Richmond Trust & Safe Deposit Company, of Richmond, Va., presided as Chairman of the Section.

The Chairman: Gentlemen, I call the sixth annual meeting of the Trust Company Section to order. Our proceedings will be opened by a prayer from the Rev. Mr. Alexander.

We will now listen to an address of welcome by Mr. Ingwersen.

Address of Welcome by Mr. J. H. Ingwersen.

Mr. Chairman and Members of the Trust Company Section of the American Bankers' Association:

It gives me great pleasure to extend to you, gentlemen, the representatives of the Trust Companies of the United States, the cordial welcome of the people of this city and State.

It may be a matter of interest to those coming from other States to learn that here in Louisiana our laws descend from the Roman Civil Law, instead of from the Common Law of England, which is the foundation of the law of all the other States of the Union. The Civil Law is now established, with modifications, in France, Italy, Spain, Germany, Russia and the State of Louisiana.

From the ealiest time the trust estates of the Common Law, almost without exception, have been prohibited in Louisiana. Our Code excepts from this prohibition the disposition by which the testator names another to take, when the legatee first named does not take. There is also the permitted disposition by which the testator may give the use and income of property to one for life, and the title to another, and in 1882 our Legislature modified the stringency of the prohibition against trusts by permitting donations to trustees for educational, charitable or literary purposes. With these exceptions testamentary disposition of property in trust is forbidden by the laws of Louisiana.

Our courts say it is against public policy to permit property to be bequeathed in trust, thus putting it out of commerce—that the creation of the Common Law Trust estates tends to accumulate property in the hands of those whom a caprice of the testator induces him to favor, and supersedes the laws of inheritance established by public policy for all men.

It will at once be seen that this prohibition against trust estates very materially modifies the scope of the trust company work in Louisiana, but notwithstanding this limitation three trust companies, with aggregate capital and surplus of over five million dollars, were recently organized and are now in successful operation. In addition thereto several of the Savings Banks of the city qualified under the law; so that now New Orleans is as well equipped for the handling of business generally entrusted to a trust company as any city of equal size in this country. In fact, the city of New Orleans now has the two largest banks and Trust Companies in the South. It is therefore quite appropriate that your section of the American Bankers' Association should meet in our city this particular year.

Our people are in a sense unfamiliar with corporate trustees, but the various companies engaged in that business are using their best efforts to demonstrate the advantages resulting from the appointment of a well conducted Trust Company in a fiduciary capacity.

In behalf of the Trust Companies of this city I extend to you an especial welcome to our city. We are glad to have you with us, not only because it is a pleasure for us to entertain you, but for the additional reason that we hope to learn something from you that may aid us in so shaping the policies of the institutions we represent as to add new luster to the good reputation enjoyed by the Trust Companies of the United States. We extend to you the freedom of our city. Her hospitality is at your disposal. You will find here a class of people warm-hearted, progressive and broad-minded, ever ready to extend the right hand of fellowship to the stranger within her gates. The South is on the eve of a great industrial development, and New Orleans, her metropolis and financial and business center, is fully alive to her opportunities. New enterprises are knocking at her doors and meet with a substantial recognition, manufacturing establishments being exempt from taxation until the year 1910.

The building of a canal, either at Panama or Nicaragua, is practically assured and is bound to be of inestimable value to the commercial interests of New Orleans. With a canal connecting the Atlantic and Pacific, the mighty Mississippi affording water communication with the great agricultural and manufacturing States of the Middle West, the finest harbor for seagoing vessels on the face of the globe, a network of railroads connecting us with all sections of the Union, a perfect climate, permitting of work in and out of doors twelve months in the year, a sewage system rapidly approaching completion that will be the equal of any in the world, a wide-awake, progressive and thoroughly American, though cosmopolitan population, are we not justified in the firm belief that within a few years we will have here one of the greatest cities in the greatest Republic the world has ever seen?

In conclusion, permit me to assure you that our welcome is sincere, that this quaint old city is yours for the time being and that you are free to appropriate to your own use anything you may see lying around loose. All that we ask in return is that you leave our delightful climate, the perfect blue of our skies, and the open-handed hospitality of our people.

Reply to Address of Welcome by Mr. John Skelton Williams.

We feel honored, sir, by such a welcome, so gracefully expressed in behalf of the community with a history of nearly two centuries of civilization, growth and achievement.

No city in the country has known more vicissitudes and changes than yours; none has figured more grandly in our political, our martial and our commercial annals. You represent here, as perhaps nowhere else on earth, the old times and the new impulses and purposes.

Born French, New Orleans has grown to majesty and power—English and American assimilating and governed by the best qualities and characteristics of two great races. Your story is vivid, crowded with incidents and pictures; with tragedy and comedy, with heroism and patriotism, through all of which runs the record of steady, ceaseless, untiring commercial advancement.

You have fought and overcome foes such as few communities have had to contend against. Your city is identified with battles among men which have made it known the world over, and with battles with the forces of nature, the winning of which has won for you prosperity.

The American people have twice humbled and overthrown the power, mightiest of all the world except our own; and in the world's history Yorktown and New

Orleans live together as marking the culmination of two vast victories, the ends of two great wars.

Near the field where the American riflemen beat back Pakenham, American enterprise and skill and industry have conquered the Mississippi, mightiest of all waters, and made it a faithful and useful servant, instead of a destroying force. That huge flood has been governed and guided and subjected to the will of man. You have met and faced and overcome the more insidious pestilence and emancipated yourself from the ravages which used to fill your streets with mourning and bring silence and desolation to your marts. You have met the changing conditions and adapted yourselves to them, and never in all your history have you been confronted with an emergency too complex or too terrifying for your energy and strength and courage to deal with.

Your city has been the territory, and her people the citizens of three nations. She has known enormous expansion; from the hamlet clinging precariously along the curved river bank, to the boom time when she was the center of the whole Southwest, and the wealth of all the great Mississippi Valley floated down to her on the broad river—the days of song and story and legend, when rivermen and planters and a motley collection of men of all climes and nations jostled each other on the banquettes, the days when the old city felt young because of the new vigor and growth that had come to her, and was the home of wild gaiety and beauty and brilliancy, of energy and reckless courage, and abounding wealth; the virility and dash of a frontier town, beautified and governed by civilization, too old and firmly established to allow its dignity to be shaken or its high standards impaired by any rush of strange citizenship or new things.

When prosperity was suddenly halted; when you were a besieged city with your best and bravest left stark and bloody on Virginia battlefields, and your fairest and dearest went mourning about your grass-grown and silent streets, your people met the situation with unconquered spirit. So they continued to do when the humiliation of conquest came upon them, and through the bitter later days of reconstruction, when, at the cost of their own blood and lives, and with their own strong hands, they asserted their right to conduct their own affairs and to govern their own State and city in their own interests.

After all this, how stands the record? You are a commercial city, and your commerce is your glory and the figures give the best testimony of your strength and courage and ability to deal with difficulties and to overcome obstacles. You need no better evidence of what you are, what you have done, than the story told in the official records.

The Government reports show that the last fifteen years have seen the foreign commerce of this city practically double itself, both as to exports and imports, and it is indicative of the wonderful growth of this section that in the value of exports New Orleans stands next to New York, and ahead of Philadelphia, Baltimore, Boston and San Francisco.

In the matter of a favorable trade balance, that is to say, excess of exports over imports, New Orleans outranks every other port in the United States, including New York, and it is an interesting fact to note that the exports from New Orleans for the past year exceeded in value the total exports of all the ports of the great Empire of China, with her four hundred million people, for whose trade the nations of the world are now so eagerly scrambling.

Your steady growth as a manufacturing city has been remarkable. In art and letters you are conspicuous. Nearly one hundred flourishing schools and colleges provide for the intellectual development of your people, while nearly twice as many churches minister to their religious wants.

All of your institutions, whether of charity or learning, of business or of festivity, bespeak the wisdom, energy, excellence and grace of your manhood.

You have done much in the past and are destined to do more. I have the honor to represent here one of the means developed by modern necessities and devised by modern thought and experience, which will aid your growth and enlarge your achievements—The Trust Company—The very name *Trust* has been made odious to the American people, yet it is the Trust Company that has made the impossible possible. It has gathered the capital of many investors, and with aggregated and concentrated power it has done what no individual enterprise or fortune could do. They have collected and held money in vast masses and made it effective for tremendous achievements.

The Trust Company as an institution has, in a comparatively short period, from a small beginning, advanced swiftly until it has become to-day the most powerful engine of modern finance.

The total resources of Trust Companies in the United States in 1880 was stated at only $126,000,000. The reports of the Treasury Department at the present time show that the resources of the Trust Companies of the United States have now reached the enormous sum of two billion dollars, which is more than the entire stocks of money, including gold and silver and paper money, of the great German Empire and the Empire of Russia combined.

From 1880 to 1902 the capital stock of these Trust Companies, according to the records of the Comptroller of the Currency, has grown from $18,000,000 to $180,000,000, while their surplus of $6,000,000 in 1880 has increased twenty-five fold to $150,000,000 in 1902.

The records also show that the number of Trust Companies has increased from thirty in 1880 to more than four hundred to-day. There are more than 4,300 national banks now in operation in the United States. The individual deposits of these banks in 1902 were $3,098,000,000; the individual deposits of Trust Companies at the same time were 1525 million dollars—one-half as great as the deposits of national banks—notwithstanding the fact that there are ten times as many national banks as there are Trust Companies. The average individual deposits of national banks was $720,000; the average amount of individual deposits of Trust Companies was $3,650,000, or five times as great as the average deposits of national banks.

The individual deposits of our Trust Companies to-day are seventeen times as great as they were in 1880, and it is interesting to note that the increase in the capital stock and the increase in the surplus from 1895 to 1902 amounts to more than the entire capital stock and surplus of all Trust Companies in the United States as late as 1890; while the increase in individual deposits in the past seven years of one thousand million dollars is just three times as much as their total individual deposits amounted to in 1890.

In the year 1880 the individual deposits of national banks, State banks and Trust Companies aggregated 1,183 million dollars, of which 74 per cent. were held by national banks, 18 per cent. by State banks and 8 per cent. by Trust Companies. In the year 1902 the individual deposits of these three classes of banking institutions had grown to 6,322 million dollars; the proportion held by national banks had declined from 74 per cent. to 49 per cent.; the proportion held by State banks had increased from 18 per cent. to 26 per cent., while the proportion held by Trust Companies had increased from only 8 per cent. in 1880 to more than 24 per cent. of the total in 1902. In other words, while the records show that the individual deposits of Trust Companies have increased 1,600 per cent. since 1880 the increase in individual deposits of the national banks has been only 271 per cent., and the increase in individual deposits of State banks 713 per cent.

It is a gratification to the Trust Company Section to

know that nearly all of the Trust Companies of the United States are now enrolled as members of the American Bankers' Association. Your members are scattered through forty-three States and Territories, and we also have one valued member in the Sandwich Islands.

There was a net gain during the year of 85 new members, and as there are now but few Trust Companies not members of the Association, our increase in numbers in the future will come principally from new Trust Companies yet to be formed.

The Trust Company in this country is now attracting to its service men of the most distinguished attainments, leaders in thought and action, recognized captains of industry. Presiding officers of Trust Companies in New York City at the present time include one former Vice-President of the United States and two former Secretaries of the Treasury.

I recognize, as every thinking man must, that there is a limit beyond which the combination of capital should not go—a point at which the power of concentrated capital should be halted. To the accomplishment of wise and proper economies, to the development of efficiency in service, and the promotion of the public convenience and comfort, combinations and aggregations of capital are right, and should be encouraged. When they bend their energies to the stifling of competition and undertake to become monopolies they should be met and checked, and must be, if our institutions are to be maintained and we are to remain a free people.

As one identified with Trust Company and banking interests and with railroad interests and as Chairman of the Trust Company Section of the American Bankers' Association, I say to you that the power of money ought to be restrained and the power of corporations properly controlled. I believe that the common sense of the American people can be relied on to discern the danger point and so draw the line there and announce the edict, "So far shalt thou come and no further, and here shall thy proud waves be stayed."

We are interested alike as taxpayers, as citizens, as workers. Those of us who undertake to despoil our fellows to-day may ourselves be the subjects of injustice and the helpless victims of some new and mighty combination to-morrow. At this moment it is charged that the commerce and prosperity of the entire South are threatened with the blight and the oppression of vast railway associations, which are attempting the placing of the control of the entire system of railway transportation in the keeping of one man or set of men, and at the mercy of one interest, which may be guided by this impulse or that—which may demand that our business shall be developed or depressed. While it is pleasant to feel that there are still lines of transportation beyond the reach of any monopoly, yet it is well for us to know that even this vast power can be dealt with, and the people may be trusted to deal with it. As you here and your neighbors above made levees and limits for the mighty Mississippi and directed it into usefulness and restrained its ravages, so this power of capital can be checked and governed and guided by the strength of the people. Monopoly, oppressive, or threatening to be so, invites its own overthrow. No man, no trust, no accumulation of capital or combination of interests, however stupendous, can stand against the wrath or justly grounded suspicion of the American people, or against the organized resentment or resistance of any State of this great Union.

The business of the corporation, or the Trust Company, or the bank, of every combination of capital and brains and enterprise, is to give the public good value for fair returns. The moment any of us go beyond that and attempt to extort from the public unjust tribute or extravagant dividends or profit on unfairly inflated issues of securities, or to exercise unjust discrimination, we cease to become business men and become highwaymen, in fact, if not in law. When we cease to become the servants and partners and associates of the people, from whom we draw our living in return for our investments of money and expenditure of thought and energy and undertake to be the masters of the people, and despots, demanding blackmail from them, we forfeit our claims to respect and sympathy and invite vengeance. We incite ignorance to seek redress by violence, and intellect to devise methods for our destruction.

It is our duty to recognize our responsibilities and obligations to the great public, on which all of us depend for our living, to respect its rights, to offer it always fair value for what it pays us, to encourage and accept honest competition as the best stimulant of our strength and offering the most accurate measure of our manhood.

Your Trust Companies here have enabled you to do things you could not have done without them. As your people, all through your long history as a community, have proved their ability to deal with every emergency of war and every problem of peace, they can be relied on in common with their fellow citizens of the United States to deal with the aggressions of accumulated capital at the proper time, and in the proper and conservative way. I mean by "conservative," preserving and maintaining, and destroying no rights and no value.

Again I thank you in behalf of all the members of this Association for the welcome which I know comes from hospitable hearts and expresses the feeling of a generous people of a well established and tried city.

I am glad to have had the opportunity to say here what I know is in the minds of my colleagues and associates.

The real business men and builders of the country—those who represent actual values and substantial investments and real money, want to be creators and not despots; helpers and associates, and not tyrants or plunderers; legitimate competitors for business and not monopolists or masters.

The Chairman: The next business before the committee is the Report of the Chairman of the Executive Committee, Mr. Breckinridge Jones.

Report of Executive Committee.

To the Trust Company Section of the American Bankers' Association:

As Chairman of your Executive Committee, I am pleased to meet so many representatives of our Trust Companies at this, our sixth annual meeting as a section of the Bankers' Association.

The growth of the Section for the past year has been very satisfactory, as you will see from the figures given in the Secretary's report. We now have 422 members, showing an increase of about 25 per cent. in the past year. You will also observe from the Secretary's report that the expenses of the Section are running well within the appropriations made by the parent Association. There has been a good demand for the printed Trust Company forms, which are of recognized value not only to junior institutions, but also to the older and well established companies.

It is gratifying to your officers to note that the Section is filling the want in the Trust Company field for which it was designed. The benefits derived from meeting together in general convention and getting better acquainted with one another are manifold. It gives us an opportunity to discuss the practical workings of Trust Companies and to lay plans for the greater development of our institutions.

In this connection, the value of Trust Companies and their methods of business, as co-ordinate branches of finance with the banks, was illustrated somewhat in the recent money stringency. During the past few years there has been a great multiplication of securities of every kind, and the dealing in these by the public has led to a vast increase in the collateral loans of the various institutions, and also in the deposits of these institutions, and as the banks are required, either by law or the nature of their business, to keep a reserve

of about 15 per cent. in the country and 25 per cent. in the cities, this increase in deposits has tied up a very large amount of money. In the five years from October 6th, 1896, to September 30th, 1901, the deposits of national banks increased from 1,798 millions to 3,661 millions, and in the same five years the reserve against these deposits increased from 543 millions to 1,012 millions, and of these reserves the lawful money held increased from 343 millions to 539 millions, or practically 200 millions of dollars. It is believed that the net deposits of national banks now amount to, approximately, 4,000 millions, and the 27 per cent. reserve held would amount to 1,080 millions, and that the actual money reserve is about 575 millions. It is true that there has been an increase in the amount of money in circulation of four or five dollars per capita in the United States, yet this increase in the circulating medium has not been sufficient to meet the increased reserves required by the banks on account of their increased deposits. These reserves became so large that when there was a demand for actual money to move the enormous crops of this year there was a pronounced stringency. It can be readily seen that if the Trust Companies, with their very large deposits, were also carrying in their own vaults a reserve of cash similar to that carried by the banks the stringency would have been so keen as to have probably produced a panic. It is well that this matter should be kept in mind when efforts are made by the various State legislatures to enact statutes requiring Trust Companies to keep any definite reserve in their own vaults.

Your Executive Committee has endeavored to faithfully discharge the duties imposed upon it, and the meetings held during the year have been well attended. We have concerned ourselves in discussing your program and designing plans for the growth of the Section, not only in numbers, but in practical benefit to the members. Your officers have faithfully and conscientiously performed their respective duties.

Details of the progress of the Section during the year, numerically and financially, will be shown by the reports of its officers, and, therefore, I will not take up your time by going into these matters.

BRECKINRIDGE JONES,
Chairman, Executive Committee.

The Chairman: The next business is the report of the Secretary.

Report of the Secretary, Mr. James Branch.

NEW YORK, November 1st, 1902.

September 1st, 1901—		
Balance		$3,859.64
Received from sale of books of Trust Company forms		1,811.80
		$4,671.44
Expenses, meeting of the Executive Committee, New York	$237.00	
Trust Company forms	140.00	
Buttons for New Orleans convention	40.00	
Honorarium to Secretary	1,200.00	
Salary, Secretary	200.00	
Other disbursements	89.45	
		1,906.45
Balance		$2,764.99

September 1st, 1901, there were 339 members in the Trust Company Section. Twelve of these have withdrawn since that date, but as 95 have been added to our rolls, the net gain is 83, making a total membership of 422, an increase of 25 per cent.

Respectfully submitted,
JAS. R. BRANCH, Secretary.

The Chairman: The next business on the programme will be an address by Mr. Clark Williams, of New York City, entitled "More Adequate Protection of Municipal Bonds Through the Certification of Trust Companies."

More Adequate Protection of Municipal Bonds Through the Certification by Trust Companies.

[Mr. Williams' address in full will be found on pages 115 to 117 of this SUPPLEMENT.]

The Chairman: The next in order is an address by Mr. A. O. Kittredge, of New York City, entitled "The Investigation and Audit of the Accounts of a Trust Company."

The Investigation and Audit of the Accounts of Trust Companies.

[Mr. Kittredge's address in full will be found on pages 117 to 119 of this SUPPLEMENT.]

SCHEDULE OF PRICES FOR THE CERTIFICATION OF BONDS.

Mr. F. J. Wade, of St. Louis: Mr. Chairman, I would like to say a few words on the paper that has just been read. In order that we may reap some benefit—at least, some of us who are novices in this business—from attending this meeting, I think a plan should be formulated and a schedule of prices made for the certification of bonds. After listening to this paper it has occurred to me that if this Section would prepare a schedule—which would be general, of course, in its character—as to what would be charged for the certification of a bond issue, whether it be private or public, corporative or municipal, that it would be well to call to the attention of those issuing bonds facts which would be of benefit and value. I know from my own experience, which has been rather limited, that I have frequently been asked what I would charge for the certification of an issue of $100,000 of bonds, and in another instance an issue of $500,000 of bonds. Inquiry has been made of me by others, and I am free to say that, as far as I was concerned, it was a matter of bargain and trade and guess work; that I knew of no rule that could be followed. It does seem to me, from the experience and ability represented at this Section to-day, that this Section through a proper committee could prepare such a schedule for general use.

Mr. Enright, of St. Joseph: I came here to speak on this very subject, and to ask some questions. We wrote to Mr. Wade a letter, asking him what he would charge on an issue of $100,000 of bonds. We had a case the other day where we were asked to certify on $4,000,000. The people were a large corporation, and they did not seem to know. There was no general rule; they did not know whether to charge $200 or $2,000. So, following Mr. Wade's words, I wish to move that a committee of five be appointed by the Chair to prepare a schedule of charges for certifying registered and coupon bonds, municipal and corporative, and whether the bonds are of denominations of different amounts.

The motion was seconded.

Mr. Frank Jones, of Chicago, Ill.: This is the first time I have had the pleasure of attending a bankers' convention, and therefore I feel some hesitancy in taking the floor; but, being interested in the Trust Company side of our bank, naturally I am interested in this question. The motion just made I am afraid might not have the desired effect which you gentlemen are seeking. If the Trust Companies would be bound by whatever resolutions might be adopted here, it might be well to pass it. I find that there has been by tacit consent, or otherwise, a schedule of prices for certifying an issue of bonds—that this bond is of that issue, etc.—but I also find that in the strenuous life which every one is now leading in business and otherwise, that that schedule of prices, which custom had almost made a law with Trust Companies, is being cut in various cities of the Union. Therefore, I doubt the wisdom or the expediency of such a resolution. As I said before, if the Trust Companies would be bound by it, well and good. If, for instance, it is merely an intimation to Trust Companies, to the officers, of what people are generally charging, why, possibly that is all right; but as to being effective on the various Trust Companies of the country, I have serious doubts.

The Chairman: Is it Mr. Enright's idea that the members of the Association should be governed by the scale of charges proposed by the committee, or whether it is simply a suggestion as to what is considered a fair and reasonable basis?

Mr. Enright: That is it—for guidance and information. General Jones states that there is a tacit schedule being cut. I have been unable to find any such schedule.

Mr. Frank Jones: I will give you the schedule. There is $1.00 for a $1,000 bond, and 75 cents for a $500 bond, and 50 cents for less, and no charge of less than $50.00 on an issue.

The Chairman: It is also governed by the size, I believe.

Mr. Frank Jones: Of course. If it runs up in the millions we make more charge. But that is the basis of the charge.

The Chairman: I think experience shows that the scale of charges ranges from 25 cents up.

Mr. Eitel, of the Union Trust Company, of Indianapolis: I find a great variety of changes. The charges usually made are the charges that Mr. Jones has given. Some of them are in a special way. Of course, there is still another question and that is the charge for attorney's fees. The matter of certifying bonds involves considerable responsibility, and in most cases the companies make the fee large enough to justify paying their attorney a fee. In other cases the fee for the attorney's examination is separate. I think it would be a great thing for the Trust Companies if we could arrive at some definite system of charges; but I think, after you get into it, you will find the difficulty of making charges that will suit for various cities of the country. At the same time there is still another charge and that is the collection of interest on the coupons. Some of the Trust Companies charge one-fourth of one per cent. and others collect the coupons as part of the original charge for certifying the bonds.

Mr. Scudder, of New York City: I very much doubt the expediency of having such a resolution as this on our record. I think it would be poor policy to go before the public with any schedule, even if it is understood among ourselves that it is simply a suggestion or a basis for action. I think we should be very careful, especially in these days of agitation against corporations, to take no action that might give the impression that we were fixing a schedule of prices for rates.

Mr. Babcock, of the Colonial Trust Company, New York City: If we pass a resolution of this sort, why not have a committee on all the business of Trust Companies? Why not say here that we will charge so much interest on our deposits? This is a matter for the individual Trust Companies to deal with, I think.

Mr. Wade: It is not my idea—and, of course, I am thoroughly conversant with the facts—that this resolution makes anything compulsory upon us. But it is my idea that where it seems that competition is active it is perfectly within the province of an organization such as this to make a suggestion to themselves as to what they thought should be wise as to certain prescribed conditions. For instance, the theoretical schedule that the gentleman from Chicago referred to ranges from 25 cents up. It is manifest that it would be unjust to charge a man, with an issue of $8,000,000 of bonds, as much as you would charge a man with an issue of $100,000 in bonds. It is in the light of information. It is based upon the theory that the Trust Company Section was organized for a purpose, that purpose being for the dissemination of information and for the exchange of ideas that might be beneficial to our respective corporations. Now the fear of antagonizing the great, grand and glorious public is magnificent, but there is nothing in it. In fact, if the committee, which I have every confidence in, would prepare a report of what they thought was an equitable and a just charge for the certification of bonds, it would point out to every banker, to every Trust Company official, to every investor, the great danger that you and I and every other man have of taking a certificate of stock or a corporate bond, without the certification of some responsible institution. I can get along without it in my company, as all of us can, but if we are going to come here year after year and hear papers read and be afraid to take action that is based on sound business principles, why, then my understanding of the purposes of our gathering is altogether wrong.

The Chairman: I will ask Mr. Enright to read his resolution again.

Mr. Enright: This is the resolution:

And in the matter of certifying bonds of Trust Companies, and the protection given by various engraving companies in the engraving of bonds, a committee of five be appointed, with the request that they investigate and report at the next meeting of the Section.

The Chairman: Gentlemen, you have heard the resolution. Are there any further remarks upon it?

Mr. Breckinridge Jones: I would move to amend that resolution by making the number of the Committee three instead of five. This work will all have to be done by correspondence, and it can be much easier done by a committee of three than a committee of five. I think, with Mr. Enright, that if it is provided that a committee is to report, they can get reports from the various engraving companies as to the methods of protection, so that members of the Section will be in a position to have the information which will enable them to see which company they ought to patronize. So, if it is left in the shape suggested, that in the matter of certifying bonds by Trust Companies, and the protection given by the various leading engraving companies in the engraving of bonds, a committee of three be appointed, with the request that they investigate and report at the next meeting of the Section. I am sure all of us would like to know just what protection the engraving companies give us. Within the last six weeks, in an issue of several millions of bonds, when they were received by our company, and about to be counted, and were in fact counted, it was found that a $100 bond, numbered, say, from 1,000 to 1,100, happened not to be in the package where it was expected to be found. Whether it had been stolen in transit, or left out by the engraving company by accident, there was no way of determining. The result was that that issue had to be destroyed and a new issue printed in a different color ink. Now, I would very much like to know exactly the method of that engraving company. Undoubtedly, they had some sort of a system. Certain companies are required to give a bond to protecte against accidents of this sort. What those protections are I do not know, but it would be valuable to us if we could know. We could ask the various leading engraving companies, and when we had their answers it would possibly enable us to determine which company we ought to patronize. If it is policy for the New York Stock Exchange to require a bond, why it might possibly result in the future that this Trust Company Section, representing nearly five hundred Trust Companies, that they would patronize them if they gave a bond of the New York Stock Exchange, and that a bond might be given to this Section, or to some Trustee of this Section, for the benefit of the members of the Section. If just the open question were referred to a committee, as stated here, I think it would be productive of some good.

The Chairman: Is the amendment seconded?

Mr. Wade: I will accept it.

Mr. Enright: I will accept the amendment.

Mr. Parker, of Quincy, Ill.: Judging from the importance of the matter, the reference of this motion to a committee will put the matter off for some time. I think it might be material to ascertain those facts and have them reported in say ninety days, rather than to wait a year hence.

The Chairman: The report might be made by the committee to the Executive Committee of this Section, and then the Executive Committee could promulgate the information as they saw fit to the various members of the Section.

Mr. Wade: As the seconder of the original motion, I cannot accept that amendment. I think if we have gone along for twenty years without it, we can wait until

next year. We had better let it go until next year's Convention and then have the committe report.

Mr. Parker: I will withdraw my amendment, then.

The Chairman: Then the motion comes up on the original amendment, except as to the amendment changing the number of the committee from five to three, which has been accepted. All in favor of the adoption of the amendment will manifest it by saying "Aye"—opposed "No."

Adopted.

AUDITORS OF TRUST COMPANIES.

The Chairman: Is there any Trust Company here who has an Auditor upon its force? The question has been raised as to the desirability of having an Auditor among the officers of Trust Companies. Investigation has been made by a special committee appointed for such purpose, and it has not found any Trust Companies who have such an officer. That is why I make this inquiry now.

Mr. Edmonds, of Chicago: I desire to state that the Northern Trust Company has an officer on its staff, an Auditor, whose business it is to constantly check and audit all books of account, and to suggest modifications and improvements in the system for doing the business of the Company, both in its banking, savings, and Trust departments; this includes the checking of the accounts of the Trust Department—in fact, every branch of the Trust Company's business. We have run under this system for over a year, and we do not think we could possibly get along without it.

The Chairman: Is this examination made periodically or constantly?

Mr. Edmonds: It is being made constantly. In the first place, every account in the books is checked by the Auditor within twenty-four hours, and the securities of the bank are being frequently examined by him at unexpected times, at his convenience and dictation.

Mr. Hammert, of the Michigan Trust Company, of Grand Rapids: Our Company has had for two years such a system in vogue. In addition, there is embraced within the duties of the Auditor the statistics of the institution, showing the average rate of interest on loans which the Company is receiving, etc.—covering the general statistics of the Company.

Mr. Willock, of Pittsburg: I consider that the Fidelity Title & Trust Company has such an officer on the staff, and his duties are practically the same as described by the gentleman from Chicago. We have had this officer for about fifteen months now, and his services are very valuable to us.

Mr. Kelsey: Where do they find this Auditor? Do they educate him from their own staff, or do they hire him from outside?

Mr. Edmonds: The Auditor in our case was promoted from the ranks. He developed exceedingly well in that field, and so he was put forward in this position when we created the position of Auditor. I desire to say that my encounter with him, in the first instance, was a very humiliating one for me, because he found a number of things that I had overlooked.

Mr. Williams: The United States Mortgage & Trust Company has a Comptroller who performs the functions spoken of by the previous gentlemen.

Mr. Wade: In our Company we are examined by the State Bank Examiner, and then by our own Auditing Committee, and then by a committee of expert accountants. But I have found that the expense and inconvenience is such as to justify the establishment of an Auditor in our bank.

Mr. Breckinridge Jones: The system that has been in vogue with us in the Mississippi Valley Trust Company in St. Louis has been this. In the first place our By-Laws require that semi-annually all the books, papers and accounts of the Company shall be checked over by a Committee of three stockholders, and who are not Directors. So that on the first of January, and on the first of July, we have had a Committee of three stockholders, not Directors, who do this work, and who go through it very thoroughly. They take the statement of the Company as of the last day of December, and they check that over; they take the deposit account, and they go through and see that the statement as carried into the statement book was made up of the balances of the various depositors; they take the certificates of deposit and check through from the stubs of the book and see that every outstanding certificate is accounted for. Then that list is checked over by them, so that there can be no chance of any mistake being made. We have found this plan very useful, and it has been a matter of education for our stockholders, and has proven a very valuable means of advertising. We have encouraged it and have set out in our own office a form that is handed to the new Committee as a suggestion as to how they shall proceed, and those suggestions are predicated upon the experience of the Committees through the last ten years. I think, however, that there should be an Auditor, and one that would check those matters up every day, as in the nature of the case there are many things that are not up to date. To meet some of them we try to have a daily report, signed by the head of each department and filed with the officers of the company. That report calls for questions as to whether the books have been all written, and whether the transactions are all up to date, and whether any clerks are absent, and what not; and, in order for the head of the department to make those reports he must have everything in shape. I think it would be a great advantage, in addition to all this, if there was an Auditor of the Company. I think it would be well if we could get a paper from the Auditor of some of these companies and have it read to us at our next meeting. I think the suggestions which he might be able to make to us would be very valuable.

Mr. A. G. Hodenpyl, of Grand Rapids: I would like to explain to the members the plans of the Committee with reference to this question of audit. At a meeting of the Executive Committee last February a sub-committee was appointed, charged with the duty of formulating and having printed a plan for the continuous audit of Trust Companies. The sub-committee was astounded to find that there were only three Trust Companies in the United States employing an Auditor at all times—each Company seemingly having been a law unto itself, each one having studied its own method—all of which worked very well. It was a most difficult thing to make a periodical examination of Trust Companies. It could not be very satisfactorily done. But the intricate machinery was so different in almost every institution that it was very difficult to devise any plans. I think the only way is to do it from day to day. If that Committee is very anxious to lay out a plan—not a plan to be followed letter by letter by every Trust Company, because that would be manifestly impossible—but a general plan which could be printed and circulated to each member of the Section, which would give a working idea which they could elaborate for their own particular and individual use, I would ask Mr. Kittredge if he would let his Auditor help this Committee in its work?

Mr. Kittredge: Certainly.

Mr. Hodenpyl: During the next year this committee intends to go ahead and formulate this plan and have it ready for the next meeting, and if any of you gentlemen can help the committee in its work I should be glad if you would do so.

The Chairman: Gentlemen, the next thing on the programme is an address on "The Development of Trust Companies on the Pacific Coast," by Mr. J. Dalzell Brown.

The Development of Trust Companies on the Pacific Coast.

[Mr. Brown's paper in full will be found on pages 119 to 121 of this issue of the SUPPLEMENT.]

ELECTIONS OF OFFICERS.

The Chairman: The next business in order is the election of three members of the Executive Committee to serve for three years.

Mr. Breckinridge Jones: Mr. Chairman, I believe the regular order is that we first elect a Chairman, and a Vice-Chairman, and then the three members of the Executive Committee.

The Chairman: Yes; I think you are correct. The Chair was in error about it. Gentlemen, first in order will be the nomination of a Chairman of the Section.

Mr. Breckinridge Jones: I nominate John E. Borne, President of the Colonial Trust Company, of New York City, for Chairman. He is a gentleman very effective in his work; he is now our Vice-President, and I have the pleasure to nominate him for Chairman of the Section for the ensuing year. He is not present at this meeting, unfortunately, as he has been unavoidably detained.

The nomination was seconded by several members of the Section.

The Chairman: Are there any further nominations? If not, I declare the nominations for Chairman closed.

Mr. Hodenpyl: I move that the Secretary be instructed to cast one ballot for the election of Mr. Borne as Chairman of the Section.

The motion was seconded and carried, and the Secretary cast the ballot of the Section for the election, as directed.

The Chairman: I declare Mr. John E. Borne, of New York, unanimously elected Chairman of the Section for the ensuing year.

(Applause.)

The Chairman: Nominations for Vice-Chairman are next in order.

Mr. Middendorf, of Baltimore: I nominate Mr. Breckinridge Jones for Vice-Chairman.

Mr. Wade: I second the nomination, and in doing so I would say that Mr. Jones is practically the father of this Section, and I have no doubt that if he is elected to this position that our meeting next year, if possible, will be an improvement on this.

The Chairman: How shall Mr. Jones be elected?

Mr. Enright: I move that the Secretary cast the ballot of the Section for the election of Mr. Jones.

The motion was seconded and carried, and the Secretary cast the ballot of the Section, as directed.

The Chairman: I declare Mr. Breckinridge Jones, of St. Louis, regularly elected Vice-President of the Section.

(Applause.)

Mr. Hodenpyl: As a member of the Section I ask the Chairman to surrender the Chair to Mr. Jones, while I make a few remarks, which may be perhaps somewhat personal to the Chairman.

Mr. Breckinridge Jones then took the Chair.

Mr. Jones: Nominations for members of the Executive Committee for three years are now in order, I believe.

Mr. Hodenpyl: Yes, sir, and I wish to nominate for the first vacancy Mr. John Skelton Williams, now retiring Chairman of the Section. Mr. Williams has given a great deal of thought to the work of this Section and has given great ability to it, and we want to have him on the Executive Committee, where we may have the continued benefit of his judgment and good work. (Applause.) I make that motion, sir.

The motion was seconded by various members.

Mr. J. Skelton Williams: Gentleman, I thank you very much for the compliment you have paid me in nominating me, but I think it would be very good practice to bring in new blood every year. It has been a pleasure for me to do what little I could for the Section during the last year, but I think you ought to have new blood injected into the committee work.

Mr. Hodenpyl: There will be ample opportunity for putting new blood in it later on. I press my motion, Mr. Chairman.

Mr. Enright: And I believe, with Mr. Williams, that we ought to have three entirely new members, and that it should be the custom that the Chairman of the Section each year as he retires be added to the Executive Committee. This will give us the benefit of the Chairman's advice on the committee every year.

Chairman Jones: The Chair would state to Mr. Enright that the By-Laws of the Association and the law of the parent Association, under which we operate, limit the number, and therefore the suggestion he makes is impossible to be carried out, by adding the retiring Chairman, until those laws to which I have referred have been amended.

Mr. Enright: Then I withdraw my suggestion.

Chairman Jones: This morning the parent Association adopted the policy of providing that all ex-Presidents of the Association should be members *ex-officio* of the Executive Council for life, but our laws have not been so amended yet.

Now, gentlemen, all in favor of the motion made by Mr. Hodenpyl that Mr. Williams be elected a member of the Executive Committee will signify by saying "Aye"—those opposed, "No."

Carried unanimously.

Mr. Hodenpyl: I move that the Secretary be requested to cast the ballot of the Section for the election of Mr. Williams.

The motion was seconded and carried, and the Secretary cast the ballot as directed.

Chairman Jones: I declare Mr. Williams elected.

Mr. Wade: I nominate Mr. A. J. Enright, of St. Joseph, Mo., on that committee. I can assure you all that if he is elected he will give all the time necessary to the discharge of the duties of the position.

The motion was seconded.

Mr. Mather: I nominate Mr. S. F. Haserot, President of the Prudential Trust Company of Cleveland, Ohio, for the other position.

The motion was seconded.

The Chairman: This fills the vacancy of the three outgoing members.

On motion, the Secretary cast the vote of the Section for the election of Mr. Haserot.

The Chairman: The three gentlemen just elected will serve for the coming three years.

Mr. Hodenpyl: At the request of Mr. Borne I wish to present his resignation as a Member of the Executive Committee. His time would not expire for one year, but inasmuch as he has now been elected Chairman of the Section, he resigns as a member of the Committee.

The Chairman: If there is no objection, his resignation will be accepted and we will proceed to elect some one to take his place for one year.

Mr. Hodenpyl: I nominate Mr. H. J. Wells, President of the Rhode Island Hospital Trust Company, of Providence.

The motion was seconded.

Mr. Enright: I wish to put in the nomination of Mr. E. H. Reninger, of Allentown, Pa.

The motion was seconded.

The Chairman: Are there any other nominations?

Mr. Williams: I nominate Mr. Clark Williams, of New York City.

The Chairman: Are there any other nominations? If not, I declare the nominations closed. I will appoint Mr. Fries and Mr. Freling as tellers, and we will now proceed with the election.

Mr. Mather, of Cleveland: I simply want to state, without any animadversion upon the members who have been nominated, that it seems as if it would be very appropriate that the gentleman who has been nominated as a representative from New England would be the most appropriate candidate, because we already have three men from New York City. While there is no

one who admires Mr. Williams more than I, yet it seems to me that Rhode Island should have the man.

Mr. Williams: I quite agree with what Mr. Mather has said, and I desire to withdraw my name.

Mr. Wade: I would like to say, in behalf of Mr. Reninger, that he has been a very effective member of the Section, and he comes from the home of Trust Companies—Pennsylvania.

The Chairman: Gentlemen, we will proceed to the election.

The election resulted in the following vote:

Wells, 21.

Reninger, 9.

The Chairman: Gentlemen, the ballot stands 21 for Mr. Wells and 9 for Mr. Reninger. I therefore declare Mr. Wells elected.

CHANGE IN DAY OF MEETING OF TRUST COMPANY SECTION.

There is before the meeting a recommendation of the Executive Committee as to holding the meeting of the Section next year on the day preceding the Tuesday upon which the American Bankers' Association begins its annual meeting. What shall we do with that suggestion?

Mr. Hazard, of Cleveland, Ohio: I move that the recommendation be adopted.

Mr. Wade: I second the motion.

Mr. Frank Jones: May I ask whether the Association always meets on a Tuesday?

The Chairman: Yes sir.

Mr. Mather: At the suggestion of Mr. Hodenpyl, I would like to change the motion to read on the Monday preceding the first day of the meeting of the American Bankers' Association.

The Chairman: If there is no objection, the motion may be made to read that way. All in favor of the motion will signify by saying "Aye"—those opposed, "No."

Carried.

Mr. Wade: There is the Committee of Three to be appointed, I believe.

The Chairman: That appointment will be made by Mr. Williams—not by me.

CERTIFICATION OF BONDS.

Mr. Mather: I would like very much to refer to Mr. Williams' very able address on the subject of the Certification of Municipal Bonds. We are all at times called upon to buy bonds. We are called upon always to loan money upon bonds. We are called to invest more or less of our Trust funds in bonds. It has been my experience that in the question of certification there has not been sufficient care taken, and on that account I wish to say that Mr. Williams' address deserves perhaps a little more serious thought, and possibly some method of bringing about the very desirable things that he mentions can be devised. There are two reasons primarily why I bring this up at this time; one is this: It is the business of Trust Companies to get business for themselves. Naturally we are all interested in that phase. It is likewise the business of the Trust Companies to protect the people with whom they do business. Under the present conditions governing the issue of bonds, especially by municipal corporations, the public is not protected. I am of the opinion that some method could be devised whereby a committee representing this Section of the American Bankers' Association could organize a plan for inducing municipal corporations to enlist the services of a competent Trust Company in certifying their bonds. I believe it would have the effect of bringing business to us that we ought to have, and I think it would also have the effect of creating a more stable condition of municipal bonds. Reference that Mr. Williams made to the question in Cleveland, the fact that those bonds were forged, could not have been avoided under the laws that existed at that time. There are no municipalities or counties where laws provide for absolute registration, but I am confident that if the public insisted upon having registration the time would come when we should have it. For that reason I would like to present the following resolution:

Resolved, That a committee of three, of which Mr. Williams shall be a member, upon the certification of bonds of municipal corporations by Trust Companies, be appointed by this Section, to report to the Executive Committee the result of its investigations as to the proper method to secure the certification of municipal bonds by Trust Companies.

The resolution was seconded.

The Chairman: The Chair would suggest that we have already appointed a committee on the general subject of the matter of the certification of bonds for Trust Companies, and whether or not the question just raised is not fully covered by the appointment of the committee you have provided for.

Mr. Mather: My understanding of the discussion of the preceding motion was to the effect that it was a question more of price. So far as this motion is concerned, and the resolution, it was the intention to present it in order to place it before our people as a matter of security. If that can be taken up and will be taken up by the Committee, I am perfectly willing to withdraw this resolution now.

The Chairman: The Chair will rule that this matter has been covered by the other committee, and states that the motion or resolution now offered will be referred to that committee, with a memorandum from the Chair.

Mr. Frank Jones: It is quite possible that on the eve of our adjournment we may involve ourselves in matters that may be more troublesome than we now anticipate. If I caught the meaning of the discussion with reference to municipal bonds aright, it looks to the guaranteeing of municipal bonds by the certification of a Trust Company. At present, as the representative of a Trust Company, I am not prepared to take upon myself that responsibility. I am sure I would not do it for $1.00 a bond, and even to leave it to a committee to report upon it might be a little dangerous until this Section can have a full discussion, so that any committee appointed may know fully what is in the minds of the members of the Section in the discussion before them. I have a great deal of trouble with friends of mine coming to me and asking me about bonds. Are these bonds good? Like all Trust Companies, we do not take every Trusteeship that is offered us, but if it is upon the face of it a good fair business proposition we accept the Trusteeship. I never have yet been in a position where I could recommend to a customer a bond unless I would say to him I have bought some of these bonds, or John Smith, or some one else that I know has bought some of them. Now, if I understand the purport of this, I do not want to vote that any committee even shall submit to this Section a plan for making Trust Companies responsible as to the solidity or the genuineness, etc., of bonds, in the certification of the Trust officer. Therefore I suggest that it is probably too late in the session for us to take up what seems to me now a serious proposition.

The Chairman: Then the Chair will withdraw the ruling suggested, leaving the question to come up on its merits. Therefore the question before this meeting will be on the motion as to whether a committee shall be appointed to formulate a plan whereby securities of Municipal Corporations shall be certified by a Trust Company.

Mr. Wade: I gather from what has been said that the point aimed at is to prevent the fraudulent issue of Municipal bonds. Now, I suggest that in the State of Kansas, that has been covered by requiring all Municipal bonds to be registered with the State Officer, and by him, and with his seal attached, there is an absolute guarantee as to the genuineness of the issue. Inasmuch as most of the States will be in session this coming winter I would suggest that a very little effort on the part of representatives of Trust Companies would

secure the enactment of that same sort of a law in every State in the Union.

The Chairman: Gentlemen, what is your pleasure as to the appointment of this Committee?

Mr. Reninger: I believe, under the laws of the State of Texas, Municipal bonds and also registered bonds are registered by the State Auditor. Some cities do not issue coupon bonds at all; they issue certificates. I think that in States where there is no law to protect the issue of bonds or to assure the legality of the issue of bonds, this registry by the Trust Company would be a safeguard and assurance of the proper issue of city securities.

Mr. Freling, of Missouri: In Missouri State bonds are registered by our Auditor; but our statutes provide that he assume no personal responsibility.

Mr. Williams: May I inquire what is meant by the word "certify" in this resolution?

Mr. Mather: That we might know when an issue of that kind is authorized it has been submitted to a Trust Company for certification.

Mr. Frank Jones: How can the Committee be provided for, except by a general law?

Mr. Williams: It seems to me that the duties which it is proposed to give to this new Committee are comprised in those confided to the Committee already authorized.

Mr. Wade: All this can be cured in a minute if we will put Mr. Williams on that Committee.

The Chairman: It was the opinion of the Chair that this matter was properly covered by the other Committee.

Mr. Mather: I am not anxious to prolong this discussion, and I am perfectly willing to withdraw the resolution and move that the matter be referred to the committee already appointed; my idea being not to present it as a separate proposition, but merely so that the ground will be entirely covered. Therefore, with the consent of my second, I will withdraw the motion, and move that the matter of the certification be referred to the committee previously authorized.

This motion was seconded.

The Chairman: Gentlemen, you have heard the motion. All in favor of the motion will signify by saying "Aye"—those opposed, "No."

Carried.

ADJOURNMENT.

The Chairman: Gentlemen, I believe there is no further business to come before this Section. I think we have had a very interesting discussion and a very enjoyable meeting, and I trust and believe that next year we will have even a more profitable meeting.

As there is nothing further to come before the meeting I declare it adjourned *sine die.*

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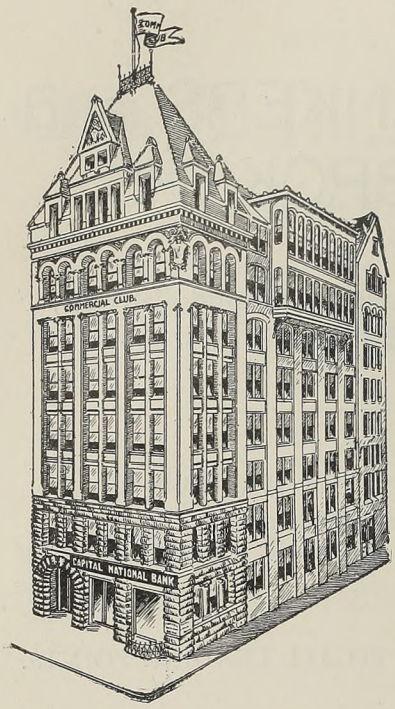

Capital, $300,000

Surplus, $120,000

Und. Profits, $15,000

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RESOURCES.

Collateral loans	$2,351,749.36
Stocks, bonds, mortgages, etc	2,129,655 86
Furniture and fixtures	5,550.00
Real Estate	24,482.00
Cash on hand and in banks	308,268.63
Trust account advances	49,766.19
Accounts receivable	12,289 17
Total	*$4,881,761.21*

LIABILITIES.

Capital stock	$500,000.00
Surplus	125,000.00
Undivided profits	69,609.88
Debentures	3,579,307.68
Trust funds	419,812.75
Certificates of deposit	177,641.80
Accounts payable	10,389.10
Total	*$4,881,761.21*

Statement at close of business July 12th, 1902

RESOURCES.

Collateral loans	$2,710,069.67
Stocks, bonds, mortgages, etc	3,082,274.28
Furniture and fixtures	5,270.00
Real Estate	45,633.62
Cash on hand and in banks	422,677.45
Trust account advances.	132,377.82
Accounts receivable	3,899 00
Total	*$6,402,201.84*

LIABILITIES.

Capital stock	$500,000 00
Surplus	225,000.00
Undivided profits	64,089.34
Debentures	1,578,548.34
Trust funds	1,696,831.81
Certificates of Deposit	2,323,766.61
Accounts payable	13,965.74
Total	*$6,402,201.84*

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Deposited with State Treasurer	100,000.00

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Surplus, - - - -	160,000.00
Undivided Profits, - -	188,767.49
Deposits - - - -	4,135,870.80

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