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.
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Allows interest on deposits, which may be made at any time and withdrawn on five days’ notice with interest for the whole time they remain with the Company.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. OGLIVIE,
ALEXANDER MAITLAND,
JAMES J. HILL,
ROBERT W. GOELET,
JAMES SPEYER,
G. G. WILLIAMS,
AMASA J. PARKER,
H. VAN RENSSALEER 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.

CARROLL C. RAWLINGS, Trust Officer.

JOHN V. B. THAYER, Secretary.

EDWARD R. MERRITT, Asst. Sec'y.
FISK & ROBINSON
BANKERS

35 Cedar Street 28 State Street
NEW YORK 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, CHARLES FRANCIS PHILLIPS, W. J. HILANDS, J. O. RICE, H. R. ARDEN, RICARDO COLIN,
President. Vice-President. Vice-President. Treasurer. 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 Bellemitas Streets.

BRANCHES:

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

DIRECTORS:

WILLIAM HILL HUNT, RICHARD M. NELSON, FRANK B. ROBINSON,
W. J. HILANDS, CHARLES FRANCIS PHILLIPS. J. O. RICE,
W. J. HILANDS, JOHN H. MAUGHAM, FRANK B. ROBINSON,
J. W. HINKLEY, L. C. MITCHELL, W. L. SAYRE,
JOSEPH G. DRAKE, DR. JOHN R. MURPHY, W. L. SAYRE,
WILLIAM H. HUNT, DR. JOHN R. MURPHY, W. L. SAYRE,
G. F. CARBERRY, CHARLES FRANCIS PHILLIPS, J. O. RICE,
WILLIAM ASTOR CHASLER, RICHARD M. NELSON, FRANK B. ROBINSON,
H. G. G. TAYLOR, FRANK L. TORRES, RUSSELL WHITCOMB.


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 travel-ers 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 & SONS
BANKERS,

AND
DEALERS IN SOUTHERN INVESTMENTS
CORNER 10th AND MAIN STREETS,
RICHMOND, VA.

CABLE ADDRESS, WILLIAMSON, RICHMOND.


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, SAMUEL S. CONOVER
Vice-President, CHARLES F. MATTLAGE
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 and Undivided Profits now amount to $5,000,000 and Deposits over SIXTY MILLION DOLLARS

Travelers’ Letters of Credit available in all parts of the

Condition 15th September, 1902

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 and Undivided Profits now amount to $5,000,000 and Deposits over SIXTY MILLION DOLLARS

Travelers’ Letters of Credit available in all parts of the

Equitable NATIONAL BANK
OF THE CITY OF NEW YORK.

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

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

James M. Bell
Charles E. Lambert

John Carraway
William G. Milchelo

E. G. Gilmore

Carl Rudolph Schultz
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.


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**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>JULIUS S. WALSH</td>
<td>President</td>
</tr>
<tr>
<td>E. ARKINBRIDGE JONES</td>
<td>1st Vice-Pres. and Counsel</td>
</tr>
<tr>
<td>SAMUEL E. HOFFMAN</td>
<td>Second Vice-President</td>
</tr>
<tr>
<td>JAMES E. SCHROCK</td>
<td>Secretary</td>
</tr>
<tr>
<td>HUGH L. TAYLOR</td>
<td>Assistant Secretary</td>
</tr>
<tr>
<td>HENRY C. JERROTTON</td>
<td>Second Assistant Secretary</td>
</tr>
<tr>
<td>W. DAVIES PITTMAN</td>
<td>Bond Officer</td>
</tr>
</tbody>
</table>

**DIRECTORS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELMER B. ADAMS</td>
<td>U. S. District Judge</td>
</tr>
<tr>
<td>WILLIAMSON BACON</td>
<td>President Tyler Estate</td>
</tr>
<tr>
<td>JAMES E. SCHROCK</td>
<td>Secretary</td>
</tr>
<tr>
<td>HAROLD L. DRUMMOND</td>
<td>President Drummond, Realty and Investment Co.</td>
</tr>
<tr>
<td>AUGUST H. ENTSO</td>
<td>Retired</td>
</tr>
<tr>
<td>AUGUST GERMER</td>
<td>Pres. Title-Guaranty Trust Co.</td>
</tr>
<tr>
<td>H. GOEBARDT</td>
<td>Retired</td>
</tr>
<tr>
<td>S. E. HOFFMAN</td>
<td>Second Vice-President</td>
</tr>
<tr>
<td>CHAR. H. HUFFTO</td>
<td>President Third National Bank</td>
</tr>
<tr>
<td>J. B. ARKINBRIDGE JONES</td>
<td>1st Vice-Pres. and Counsel</td>
</tr>
<tr>
<td>WM. F. NOLEK</td>
<td>Pres. St. Louis Brewing Ass'n</td>
</tr>
<tr>
<td>WM. D. ORTHWEIN</td>
<td>Pres. Orthwein Grain Co.</td>
</tr>
<tr>
<td>H. CLAY PIERCE</td>
<td>President Waters-Pierce Oil Co.</td>
</tr>
<tr>
<td>JOSEPH RAMSEY, JR.</td>
<td>President Wallace R. E. Co.</td>
</tr>
<tr>
<td>MORGAN H. RICHETT</td>
<td>President L. M. Ramsey Mfg. Co.</td>
</tr>
<tr>
<td>J. G. VAN BLASSING</td>
<td>Vice-President National Bank of Commerce</td>
</tr>
<tr>
<td>JULIUS S. WALSH</td>
<td>President</td>
</tr>
<tr>
<td>EDWARD W. MILLER</td>
<td>Mayor of City of St. Louis</td>
</tr>
<tr>
<td>MURRAY CARLTON</td>
<td>Pres., Carleton Dry Goods Co.</td>
</tr>
</tbody>
</table>

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

**Mississippi Valley Trust Company**

N. W. Cor. Fourth and Pine Streets, St. Louis
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. Reibold, 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 the 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.

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

UNITED STATES DEPOSITORY.

- OFFICERS -
C. W. GRANDY, President,
W. A. GODWIN, Vice-President,
A. B. SCHWARZKOPF, 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.
RANDEL 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 collections.

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. Promptly reported. All accounts solicited.

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

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

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, W. G. Bush, 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:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount (in dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 5th, 1900</td>
<td>$1,456,827.56</td>
</tr>
<tr>
<td>December 13th, 1900</td>
<td>1,774,840.20</td>
</tr>
<tr>
<td>February 5th, 1901</td>
<td>1,093,890.52</td>
</tr>
<tr>
<td>April 24th, 1901</td>
<td>1,589,982.65</td>
</tr>
<tr>
<td>July 15th, 1901</td>
<td>1,762,359.81</td>
</tr>
<tr>
<td>September 5th, 1902</td>
<td></td>
</tr>
</tbody>
</table>

**Arthur W. Smith, Pres.  Tom O. Smith, Cashier.**

**Directors:**

- W. H. Manly, Sec. and Asst. Cashier.
- R. S. Munger, Director Continental Gin Co.

**The First National Bank**

**OF BIRMINGHAM, ALA.**

**CONDITION SEPTEMBER 15th, 1902.**

**Resources:**

- Loans and Discounts: $8,48,195.61
- Overdrafts: 419.44
- 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
- **Total:** $1,517,571.11

**Liabilities:**

- Capital Stock: 200,000.00
- Surplus and Profits: 325,000.00
- Circulation: 30,000.00
- **Total:** $2,172,571.11

**Deposits:**

- Individual: $3,379,603.15
- Bank: 1,093,519.10
- United States: 50,000.00
- **Total:** $4,434,122.25


**United States Depositary.**

**Special Attention Given to Collections.**

**Correspondence Invited.**

**The Alabama National Bank**

**OF BIRMINGHAM, ALA.**

**United States Depository.**

**Capital:** $200,000.00

**Surplus and Profits:** 40,000.00


**Special Attention Given to Collections.**

**Correspondence Invited.**

**The Chattanooga National Bank**

**AT CHATTANOOGA, TENN.**

**Condensed Statement (from Comptroller's Call) of the Condition of the Chattanooga National Bank at the Close of Business September 15, 1902.**

**Resources:**

- Loans and Discounts: $1,327,386.84
- Overdrafts: 5,063.38
- U. S. Bonds and Premiums: 106,737.50
- Other Stocks and Bonds: 14,100.00
- Furniture and Fixtures: 4,000.00
- Cash, Sight Exchange, Exchange for Clearing House and Due from U. S. Treasurer: 357,500.00
- **Total:** $1,812,985.09

**Liabilities:**

- Capital Stock Paid in: $200,000.00
- Surplus Fund and Undivided Profits: 40,000.00
- National Bank Notes Outstanding: 50,000.00
- Deposits: 1,522,948.44
- **Total:** $1,812,985.09

**Designated United States and State Depository.**

**Officers:**

- Chas. A. Lyerly, President.
- J. H. Woodward, Vice-President.
- W. W. Crawford, Cashier.

**Directors:**

- J. H. Lupton, Treasurer Chattanooga Medicine Co.
- George E. Lancaster, of Williams & Lancaster, Attorneys.

**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.

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and Discounts</td>
<td>$2,454,425.76</td>
</tr>
<tr>
<td>U. S. Bonds</td>
<td>300,000.00</td>
</tr>
<tr>
<td>Other Bonds and Stocks</td>
<td>350,418.80</td>
</tr>
<tr>
<td>Banking House and Other Real Estate</td>
<td>87,262.78</td>
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<tr>
<td>Due from Reserve Agents</td>
<td>$298,362.99</td>
</tr>
<tr>
<td>Due from other Banks</td>
<td>441,474.05</td>
</tr>
<tr>
<td>Cash</td>
<td>383,522.66</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Stock</td>
<td>$150,000.00</td>
</tr>
<tr>
<td>Surplus</td>
<td>200,000.00</td>
</tr>
<tr>
<td>Undivided Profits</td>
<td>427,778.77</td>
</tr>
<tr>
<td>Circulation</td>
<td>150,000.00</td>
</tr>
<tr>
<td>DEPOSITS</td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>$2,823,212.78</td>
</tr>
<tr>
<td>Banks</td>
<td>328,952.11</td>
</tr>
<tr>
<td>United States</td>
<td>145,523.38</td>
</tr>
<tr>
<td>Bills Payable</td>
<td>3,297,688.27</td>
</tr>
<tr>
<td></td>
<td>100,000.00</td>
</tr>
<tr>
<td></td>
<td>$4,325,467.04</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OFFICERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>JAMES SWANN, President</td>
<td>P. ROMARE, Vce-President</td>
</tr>
<tr>
<td>C. E. CURRIER, Cashier</td>
<td>H. R. BLOODWORTH, Asst. Cashier</td>
</tr>
</tbody>
</table>

CORRESPONDENCE SOLICITED.

PEOPLE'S BANK,
MOBILE, ALA.

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

<table>
<thead>
<tr>
<th>OFFICERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>J. W. WHITING, President</td>
<td>J. B. DAVIS, Vice-President</td>
</tr>
<tr>
<td>T. S. BIDGOOD, Cashier</td>
<td>J. W. LITTLE, Asst. Cashier</td>
</tr>
</tbody>
</table>

15
Mercantile Trust & Deposit Company of Baltimore

PAID-UP CAPITAL, $2,000,000.00
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.
A. H. S. POST, Third Vice-President.
W. W. SPENCE, Vice-President. C. R. SPENCE, Second Vice President.
JOHN McHENRY, Treasurer. JOSEPH R. WALKER, Secretary.
CHAS. E. McLANE, Asst. Secy. and Tres.

DIRECTORS.

W. W. SPENCE, LOUIS McLANE, E. AUSTIN JENKINS, CHARLES D. FISHER
WM. H. BLACKFORD, ALEXANDER FRANE, LAWVASON IRIGGS, 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. RANSAY, SAM. 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.

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.


Correspondence Invited.

PETER HELLWEGE & CO.
Brokers, cotton, stocks and bonds, NEW ORLEANS.

MEMBERS
New Orleans Board of Trade. Liverpool Cotton Brokers Assn.

PETER HELLWEGE.
PETER E. HELLWEGE.
RODOLPH WOESTE.

ESTABLISHED 1872.
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.
LOYD L. JACKSON, - - Second Vice-President.
J. BERNARD SCOTT, - Secretary and Treasurer.
CARROLL VAN NESS, Asst. Secretary and Asst. Treas.

Farmers and Merchants
National Bank,
SOUTH AND LOMBARD STREETS,
BALTIMORE.
Capital, - - - $650,000
Surplus and Profits, 450,000
OFFICERS:
CHAS. T. CRANE, CARTER G. OSBURN,
President. Cashier.
OTTO H. WILLIAMS, J. E. MARSHALL,
Vice-President. Asst. Cashier.

TRANSACT A GENERAL BANKING BUSINESS.
CORRESPONDENCE INVITED.

J. Wm. MIDDENDORF & Co.
BANKERS and BROKERS,
MEMBERS BALTIMORE STOCK EXCHANGE.
Continental Trust Bldg., - BALTIMORE, MD.


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.
C. A. PAINE, Cashier.
E. W. OGLEBAY, Vice-President.
L. J. CAMERON, Asst. Cashier.

The Euclid Avenue National Bank
CLEVELAND, OHIO.
CAPITAL, $500,000.00
SURPLUS and PROFITS, $275,000.00.

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

DIRECTORS:
H. E. ANDREWS.
E. V. HALE, Secy. and Treas. American Trust Co.
KAUFMAN HAYS, Cleveland Worsted Mills Co.
F. F. HICKOX, Hickox Building.
KAUFMAN HAYS, Cleveland Worsted Mills Co.
KAUFMAN HAYS, Cleveland Worsted Mills Co.

WILL BE PLEASED TO CORRESPOND WITH YOU.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans on Real Estate</td>
<td>$7,682,262.78</td>
</tr>
<tr>
<td>Loans on United States Bonds</td>
<td>331,539.48</td>
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<tr>
<td>Loans on Other Stocks and Bonds</td>
<td>3,330,822.38</td>
</tr>
<tr>
<td>United States Bonds, par</td>
<td>3,000,000.00</td>
</tr>
<tr>
<td>State Bonds, par</td>
<td>75,000.00</td>
</tr>
<tr>
<td>Other Bonds</td>
<td>21,858,810.75</td>
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<tr>
<td>Real Estate</td>
<td>964,513.16</td>
</tr>
<tr>
<td>Expenses</td>
<td>3,929,423.41</td>
</tr>
<tr>
<td>Due from Banks and Bankers</td>
<td>379,474.44</td>
</tr>
<tr>
<td>National Bank and United States Currency</td>
<td>298,528.00</td>
</tr>
<tr>
<td>All other Assets</td>
<td>1,907.80</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$45,361,767.66</strong></td>
</tr>
</tbody>
</table>

INDIVIDUAL DEPOSITS .................................... $41,297,656.37
UNDIVIDED PROFITS ..................................... 494,131.29
SURPLUS FUND ........................................... 2,330,000.00

LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Deposits</td>
<td>$41,297,656.37</td>
</tr>
<tr>
<td>Undivided Profits</td>
<td>494,131.29</td>
</tr>
<tr>
<td>Surplus Fund</td>
<td>2,330,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$45,361,767.66</strong></td>
</tr>
</tbody>
</table>

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

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, 65 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.

DIRECTORS.

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.


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
Bank, - - - - - - 9,592,766 17

25,584,149 18

$29,126,612 85

OFFICERS.

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

DIRECTORS.

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

ACCOUNTS OF BANKS AND BANKERS RESPECTFULLY INVITED.

Knickbocker Trust Co.

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

CHARLES T. BARNEY, President.
FREDK L. ELDRIDGE, First Vice-President.
JOSEPH T. BROWN, Second Vice-President.
WILLIAM B. RANDALL, Trust Officer.

FREDK GORE KING, Secretary and Treasurer.
JULIAN M. GERARD, Asst. Sec. and Asst. Treas.
B. L. ALLEN, Manager Harlem Branch.

BOARD OF DIRECTORS.

JOSEPH S. AUBRECHT
HARRY B. HOLLINS
JACOB HAYS
CHARLES T. BARNEY
A. FOSTER HIGGINS
ANDREW H. SANDS
JAMES H. BRESLIN
L. TOWNSEND BURDEN
HON. E. V. LOEW
HENRY F. DIMOCK
CHARLES F. WATSON
FREDERICK G. BOURNE
C. LAWRENCE PERKINS
CHARLES R. FLINT
AMZI L. BARBER
CHARLES T. COOK

JOHN MAGEE
HENRY A. MORGAN
HENRY C. BERLIN
CHARLES W. GOULD
FREDK L. ELDRIDGE
HENRY W. DE FOREST
ALFRED B. MACLAY
HARRY W. McVICKAR

20
THE CHEMICAL NATIONAL BANK
OF NEW YORK.

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

ASSETS

Loans and discounts, $20,301,403.63
United States bonds, $50,000.00
Other bonds and stocks, 3,501,904.10
Banking-house and real estate, 275,064.18
Due from banks, 2,262,089.16
Exchanges for clearing-house, etc., 2,889,729.50
Cash on hand, viz.:
Specie, $3,676,372.67
Legal tender notes, 2,247,491.00
5,923,863.67

$35,204,054.24

LIABILITIES

Capital Stock, $300,000.00
Surplus fund, 6,000,000.00
Undivided profits, 1,240,690.02
State bank notes outstanding, 10,860.00
Deposits, viz.:
Individuals, firms and corporations $19,977,419.44
Banks, Bankers and trusts companies 7,675,084.78
27,652,504.22

$35,204,054.24

OFFICERS:

GEO. G. WILLIAMS, President.
FRANCIS HALPIN, Cashier.

WM. H. PORTER, Vice-Prest.
JAS. L. PARSON, Asst. Cashier.

DIRECTORS:

GEORGE G. WILLIAMS,
FREDERICK W. STEVENS,
W. EMLEN ROOSEVELT,
AUGUSTUS D. JUISSIARD,
WILLIAM H. PORTER.

EDWIN LANGDON, President.
CHARLES S. YOUNG, Cashier.

WILLIAM M. WOODS, Vice-President.
H. J. FRANCIS, Ass't Cashier.

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

Borough of Brooklyn.

Capital.

Surplus and Undivided Profits over $1,000,000.00.

OFFICERS.

GEO. H. SOUTHARD, President.
WM. H. WALLACE, Vice-President.
CROWELL HADDEN, Jr., Secretary.

CLINTON W. LUDLUM, Assistant Secretary.

TRUSTEES.

Darwin R. James, Crowell Hadden, Frederick W. Ross.
Wm. H. Wallace, H. E. Pierrepont, Geo. M. Olcott.

OFFICERS.

GEO. H. SOUTHARD, President.
WM. H. WALLACE, Vice-President.
CROWELL HADDEN, Jr., Secretary.

CLINTON W. LUDLUM, Assistant Secretary.

EXECUTIVE COMMITTEE.


INTEREST ALLOWED ON DEPOSITS.

ACCOUNTS SOLICITED.

Long Island
Loan and Trust Co.

"Temple Bar"

City of New York.

City of New York.

$1,000,000,000.

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

— DEPARTMENTS —

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

— OFFICERS —

EDWARD MERRITT, President.
DAVID G. LEGGET, Second Vice-President.

WILLARD P. SCHENCK, Assistant Secretary.

TRUSTEES —

William M. Ingraham, Frank Lyman, Seth L. Kueeney, John F. Halsted.
Edward D. White, David G. Legget, Frank L. Babcock, Theodore F. Jackson.
Edward Merritt, Seymour L. Rustled, Jr., John Englis.

—— NATIONAL BANK OF NORTH AMERICA ——

IN NEW YORK

ORGANIZED 1851.

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

UNITED STATES, STATE AND CITY DEPOSITORY

— OFFICERS —

RICHARD L. EDWARDS, President.
HENRY CHAPIN, JR., Vice-President.

J. FREDERICK SWEASY, Asst. Cashier.

DIRECTORS —

Henry H. Cook, Charles W. Morse, Vice-President.
John H. Flagler,战

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. WILLETTS,
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, $3,000,000 Surplus, $1,200,000
Deposits, $21,000,000

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

DIRECTORS:
John A. Stewart,
Elbert A. Brinkerhoff,
Chas. Stewart Smith,
Gustav H. Schwab,
Donald Macek,
Robert M. Gallaway,
Charles D. Dickey,
George Sherman,
Edward Holbrook,
Orrie K. Eldredge,
Joseph W. Harriman,

Market and Fulton
NATIONAL BANK
OF NEW YORK

Capital and Surplus
$1,900,000

ALEX’R GILBERT, - President
ROBT BAYLES. - Vice-President
T. J. STEVENS, - Cashier
JOHN H. CARR, - Asst. 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.

MANAGER—CHRISTOPHER H. NOUGENT.

ARThUR JOHN FRASER.
JOHN GREEN.
ROBERT PETER LAURENCE, C.B.
HENRY OPPENHEIM.

ASSISTANTS TO MANAGER—E. C. STEVENSON, AND F. NEVILLE JACKSON.

SECRETARY—E. MARCH.

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

To Capital Account, 150,000 Shares of $50... $7,500,000.00
Amount paid, $25 per share... $3,750,000.00

Reserve Fund... 2,000,000.00
Provident Reserve Fund... 130,950.69

" Loans and Deposits, including provision for contingencies... 69,878,524.35
" Bills Re-discounted... 89,767,727.10
" Rebate on Bills Discounted... 609,410.42
Balance at Credit of Profit and Loss for Appropriation... 399,729.62

$96,648,817.83

By Cash at Bankers... $3,220,835.54
" Consols, Exchequer Bonds, Indian Government and other Securities... 13,354,905.08
" Loans on Sundry Securities at call and short dates... 6,737,781.75
" Bills Discounted... 73,749,986.50
" Sundry Debit Balances... 39,482.67
" Freehold and Leasehold Premises, Fittings and Furniture... 545,832.20

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

By Balance brought forward from 31st December, 1901... $158,041.92
" Gross Profits for the half-year, after making provision for bad and doubtful debts... $93,511.17

E. MARCH, Secretary.
WILLIAM DUNN, Directors.
A. J. FRASER.

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 as call, and have also verified the Cash Balances, and examined the Securities and Bills given as short and fixed dates, and all bills discounted in hand.

We have also verified the Cash Balances, and examined the Securities and Bills given as short and fixed dates, and all bills discounted in hand.

We have also verified the Cash Balances, and examined the Securities and Bills given as short and fixed dates, and all bills discounted in hand.

We have also verified the Cash Balances, and examined the Securities and Bills given as short and fixed dates, and all bills discounted in hand.

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.
E. F. SHANBACKER, 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.

BANKERS

The Bourse, 5th Street,
PHILADELPHIA.

85 CEDAR STREET,
NEW YORK.

BONDS AND GUARANTEED STOCKS.

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

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.

F. G. BIGELOW, President.
WM. BIGELOW, Vice-President.
FRANK J. KIPP, Cashier.
THOMAS E. CAMP, Asst. Cashier.

DIRECTORS.
E. MARINER.
H. C. PAYNE.
WM. BIGELOW.
F. G. BIGELOW.
GEO. P. MILLER.
F. VOGEL, Jr.
C. F. PFISTER.
FRED. T. GOLL.
J. H. VAN DYKE, Jr.
GRANGER FARWELL & COMP'Y

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 5e, due 1920
6% Gold Timber Certificates, due 1905-1912
East St. Louis Gaslight 5s, due 1922
Macon, Dublin & Savannah Ry. 6% Certificates, due 1904

WRITE FOR SPECIAL CIRCULAR CONTAINING INFORMATION IN DETAIL

Quotations furnished for Purchase, Sale or Exchange
Fiscal Agents for Railway, Light and Power Companies

NEW YORK, 71 Broadway 226 La Salle Street, CHICAGO
Lombard Building, INDIANAPOLIS
REPORT OF THE CONDITION AT CLOSE OF BUSINESS, SEPT. 15, 1902.

**RESOURCES.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and Discounts</td>
<td>$26,255,629.60</td>
</tr>
<tr>
<td>Other Stocks and Bonds</td>
<td>$916,883.43</td>
</tr>
<tr>
<td>U. S. Bonds to secure Circulation</td>
<td>$27,172,513.03</td>
</tr>
<tr>
<td>Overdrafts</td>
<td>50,000.00</td>
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<tr>
<td>Real Estate</td>
<td>32,992.05</td>
</tr>
<tr>
<td>Due from Banks and U. S. Treasurer</td>
<td>22,652.65</td>
</tr>
<tr>
<td>Cash</td>
<td>$9,108,314.55</td>
</tr>
<tr>
<td></td>
<td>6,484,394.67</td>
</tr>
</tbody>
</table>

**LIABILITIES.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Stock Paid in</td>
<td>$3,000,000.00</td>
</tr>
<tr>
<td>Surplus Fund</td>
<td>750,000.00</td>
</tr>
<tr>
<td>Undivided Profits</td>
<td>376,929.78</td>
</tr>
<tr>
<td>Circulation</td>
<td>50,000.00</td>
</tr>
<tr>
<td>Deposits</td>
<td>36,693,937.17</td>
</tr>
</tbody>
</table>

**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
BERTLODLOEWENTHAL
N. E. BARKER
A. J. EARLING
WILLIAM G. HIBBARD
GEORGE M. REYNOLDS
P. A. VALENTINE
FRED'K WEVERHAUEUSER

A GENERAL FOREIGN EXCHANGE BUSINESS TRANSACTED.

Travelers' Circular Letters of Credit Issued Available in all Parts of the World.

The American Audit Company

**CHICAGO**
Marquette Building

**NEW YORK**
(Home Office)
100 Broadway
33rd St. and 5th Ave.
(Waldorf-Astoria)

**LONDON**
4 King St., Cheapside

**ATLANTA**
Prudential Building

**SAN FRANCISCO**

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

CORRESPONDENCE RELATIVE TO BANK AND TRUST COMPANY EXAMINATIONS SOLICITED.

A. G. BECKER & CO.,
(INCORPORATED.)

COMMERCIAL PAPER,

SOUTHWEST CORNER LA SALLE AND MONROE STREETS,
CHICAGO, ILL.
Bond Guaranty
AND
Stock Redemption

A New Method of Security Meriting the Careful Consideration of Incorporators, Promoters and Investors.

The American Guaranty Co.
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.

All these advantages and many more will be fully explained and elaborated upon application to the

American Guaranty Company

CHICAGO OFFICE, 171 LA SALLE STREET.
OR,
JAMES R. TURNER, 25 BROAD STREET, NEW YORK.
WHITING'S LINEN LEDGER
HAS SUPERIOR WRITING AND ERASING QUALITY.

WHITING'S PAPER
HAS A FINE, EVEN SURFACE QUALITY FOR EASY WRITING.

A FULL LINE OF LEDGERS, BONDS, LINENS AND WRITING PAPERS.

MANUFACTURED BY
Whiting Paper Company,
NEW YORK CITY.

Philadelphia. MILLS, - - HOLYOKE, MASS.

ORGANIZED JANUARY 7, 1807.

THE Farmers' and Mechanics' National Bank
PHILADELPHIA

CAPITAL - - - - - - - - - $2,000,000
SURPLUS AND PROFITS - - - - - - 1,000,000

OFFICERS:
HENRY J. STROUP, ....... President.
HOWARD W. LEWIS ....... Cashier.

THE AUDIT COMPANY OF NEW YORK.

DIRECTORS:
AUGUST BELMONT
WILLIAM A. NASH
Pres't Corn Exchange Bank, N. Y.
JOSEPH S. AUERBACH
Davies, Stone & Auerbach, New York.
GEORGE G. HAVEN
Banker, New York.

JAMES STILLMAN
Pres't National City Bank, New York.
CHARLES R. FLINT
T. JEFFERSON COOLIDGE, Jr.
Chairman of the Board, Old Colony Trust Co., Boston, Mass.

GEOGE HAREV
Pres't Harper & Brothers, New York.
T. JEFFERSON COOLIDGE, Jr.
Chairman of the Board, Old Colony Trust Co., Boston, Mass.

GEORGE W. YOUNG
President U. S. Mortgage & Trust Co., New York.

THOMAS L. GREENE
Vice-President and General Manager.

EXAMINATIONS. APPRAISALS.
Investigations for Financing and Underwriting and for Reorganization Committees

15th and Market Streets.
30th Street.

AUDITS.
CENTRAL TRUST COMPANY
OF ILLINOIS, CHICAGO

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

DIRECTORS
P. A. VALENTINE, Vice-Prest. Armour & Co.
MAX PAM, Pam, Calhoun & Glennon, Attorneys
GRAEME STEWART, W. M. Hoyt Company
FRANK O. LOWDEN, Attorney
CHARLES DEERING, Deering Harvester Co.
THOMAS R. LYON, Lyon, Gary & Company
CHARLES T. BOYNTON, Pickands, Brown & Company
HARRY RUBENS, Rubens, Dupuy & Fischer, Attorneys
ALEXANDER H. REVELL, Prest. Alexander H. Revell & Company
CHARLES T. BOYNTON, Pickands, Brown & Company

CHARLES G. DAWES, President
W. IRVING OSBORNE, Vice-President
A. UHRLAUB, Vice-President
WILLIAM R. DAWES, Cashier
CHARLES T. WEGNER, Asst. Cashier
LAWRENCE O. MURRAY, Sec. and Trust Officer
MALCOLM McDOWELL, Asst. Secretary
MAX PAM, General Counsel

FIDELITY TRUST CO.
CAPITAL AND SURPLUS $1,500,000
KANSAS CITY, MISSOURI

TRANSACTS A GENERAL TRUST AND FINANCIAL BUSINESS

We own and offer, subject to sale, the following

INVESTMENT BONDS

We own and offer, subject to sale, the following

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INVESTMENT BONDS

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INVESTMENT BONDS

We own and offer, subject to sale, the following

INVESTMENT BONDS
United States Mortgage and Trust Company,

MAIN OFFICE
59 Cedar Street.

WEST END OFFICE
73rd St. and Broadway.

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

TRANSACTS A GENERAL BANKING BUSINESS.


TRANSACTS A GENERAL TRUST BUSINESS.

OFFICERS.

GEORGE W. YOUNG, President.
LUTHER KOUNTZE, Vice-President.
JAMES TIMPSON, Vice-President.
EBEN B. THOMAS, Vice-President.
ARTHUR TURNBULL, Vice-President.
CLARK WILLIAMS, Treasurer.

DIRECTORS.

WM. H. BALDWIN, JR.
FREDERICK O. BARTON.
C. LEDYARD BLAIR.
DUMONT CLARKE.
C. C. CUYLER.
CHARLES D. Dickey.

WILLIAM P. DIXON.
ROBERT A. GRANNISS.
G. G. HAVEN, JR.
CHAS. R. HENDERSON.
GUSTAV E. KISSEL.

LUTHER KOUNTZE.
WILLIAM B. LEEDS.
CHARLTON T. LEWIS.
R. A. McCurdy.
ROBERT OLYPHANT.

CHARLES M. PRATT.
MORTIMER L. SCHIFF.
JAMES TIMPSON.
EBEN B. THOMAS.
CORNELIUS VANDERBILT.
GEORGE W. YOUNG.

COMMERCIAL TRUST COMPANY
OF NEW JERSEY

COMMERCIAL TRUST COMPANY BUILDING,
15, 17, 19 and 21 Exchange Place, Jersey City, N. J.

Capital, Surplus and Profits, - - - - $2,700,000 00

SAFE DEPOSIT VAULTS OF BEST MODERN CONSTRUCTION
at most accessible point to New York. Boxes from $5 to $500 per annum.

Pays interest on regular check accounts and on certificates of deposit.
Pays interest on Savings Accounts.
Loans money on bond and mortgage and approved securities.
Acts as Trustee under corporate mortgages, and as Registrar and Transfer Agent for Corporations.
Acts as Administrator, Executor, Guardian and Trustee for individuals.
Special attention given and facilities offered to Corporations organizing under the laws of the State of New Jersey.

OFFICERS.

JOHN W. HARDENBERGH, President.
ROBERT S. ROSS, Vice-President.

GEORGE W. YOUNG, Vice-President.
OSCAR L. GUBELMAN, Secretary and Treasurer.

DIRECTORS.

Walter E. Ammon.
Charles T. Barney.
August Belmont.
C. Ledyard Blair.
Frederick G. Bourne.
William Brinkerhoff.
John D. Carscallen.
C. C. Cuyler.

Jacob J. Detwiller.
Oscar L. Gubelman.
John W. Hardenbergh.
Robert M. Jarvis.
William B. Jenkins.
Clarence H. Kelsey.
Gustav E. Kissel.

Henry Lembeck.
James A. MacDonald.
Robert H. McCurdy.
Allan L. McDermott.
James G. Morgan.
N. Thayer Robb.
Robert S. Ross.

Edwin A. Stevens.
Benjamin L. Stowe.
Eben B. Thomas.
Myles Tierney.
Augustus H. Vanderpoel.
John J. Voorhees.
George W. Young.
Augustus Zabriskie.
COLONIAL TRUST COMPANY,
222 BROADWAY, NEW YORK.

Capital, Surplus and Undivided Profits, - - $2,150,000.

LEGAL DEPOSITORY FOR COURT AND TRUST FUNDS.

Transacts a General Trust Business.

ACTS AS EXECUTOR, GUARDIAN AND ADMINISTRATOR

ALLOWS INTEREST ON DAILY BALANCES.

TAKES ENTIRE CHARGE OF REAL ESTATE.

ACTS AS TRUSTEE FOR RAILROAD AND OTHER MORTGAGES.

Transacts a General Banking Business.

OFFICERS.
RICHARD DELAFIELD, CORD MEYER, JAMES W. TAPPIN,
JAMES W. TAPPIN.

Vice-Presidents.

TRUSTEES.
ANSON R. FLOWER, RICHARD DELAFIELD, FRANK CURTISS,
CORD MEYER, HENRY N. WHITNEY, GEO. WARREN SMITH,
GEO. W. QUINTARD, LOWELL M. PALMER, DANIEL O'DAY,
VERNON H. BROWN, PERRY BELMONT, THEO. W. MYERS,
JOHN S. DICKERSON, W. SEWARD WEBB.

UNITED STATES BONDS,
Railroad, Municipal
AND OTHER
Investment Securities.

HARVEY FISK & SONS,
NEW YORK, 29 Nassau Street.
HARTFORD, CONN., represented by R. T. H. BARNES,
BOSTON, 10 Post Office Square.
Actna Life Building.
PHILADELPHIA, represented by CHICAGO, ILL., represented by
JAMES H. CHAPMAN, D. K. DRAKE,
421 Chestnut Street, 414 Continental Nat. Bank Bldg.

OUR LIST OF INVESTMENT SECURITIES SENT ON APPLICATION.

33
TRUST COMPANY OF THE REPUBLIC.

Capital, \$1,000,000. Surplus, \$500,000.

MAIN OFFICE, 346 BROADWAY.
WALDORF-ASTORIA BRANCH, 11 West 33rd Street.
DOWN TOWN BRANCH, 71 William Street.

DANIEL LeROY DRESSER, President.

—MAIN OFFICE—
ALEXANDER GREIG, Vice-President.
FREDERICK Y. ROBERTSON, Vice-President.
IRVING G. KNOX, Assistant Secretary.
E. K. SATTERLEE, Assistant Trust Officer.

—WALDORF-ASTORIA BRANCH—
GEORGE C. BOLDT, Vice-President.
THOMAS C. CLARKE, Secretary and Treasurer.

—DOWN TOWN BRANCH—
JAMES DUANE LIVINGSTON, Vice-President.
WOODWARD BABCOCK, Assistant Secretary.
THOMAS J. FRY, Trust Officer.

Transacts a General Trust and Banking Business.

DEPOSITORY FOR THE FUNDS OF THE STATE AND CITY OF NEW YORK.
Acts in Every Trust Capacity. Issues Letters of Credit available in all parts of the world.

—EXECUTIVE COMMITTEE—
CHARLES D. MARVIN, Chairman.
STUYVESANT FISH, CHARLES F. BROOKER, ALEXANDER GREIG, HERBERT L. SATTERLEE.
DANIEL LeROY DRESSER, Ex-Officio.

BANK OF MONTREAL.
(ESTABLISHED 1817.)

CAPITAL PAID IN, \$12,000,000 GOLD. SURPLUS, \$8,000,000 GOLD.
UNDIVIDED PROFITS, \$435,698.

HEAD OFFICE, MONTREAL.
Rt. Hon. Lord Strathcona and Mount Royal, G. C. M. G., President.
E. S. Clouston, General Manager.

New York Office, Nos. 59 and 61 Wall Street.

R. Y. HEBDEN.—AGENTS—J. M. GREATA.

Buy and sell Sterling and Continental Exchange and Cable Transfers; grant Commercial and Travellers' Credits, available in any part of the world; issue drafts on and make collections in Chicago and throughout the Dominion of Canada.

London Office, No. 22 Abchurch Lane.
ALEX'R LANG, Manager.
**THE BANK OF TORONTO,**

**HEAD OFFICE, TORONTO, CANADA.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-up Capital</td>
<td>$2,500,000.00</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>$2,600,000.00</td>
</tr>
<tr>
<td>Deposits</td>
<td>15,000,000.00</td>
</tr>
<tr>
<td>Total Assets</td>
<td>23,000,000.00</td>
</tr>
</tbody>
</table>

**Branches in Ontario**: Toronto, Barrie, Brockville, Cobourg, Collingwood, Copper Cliff, Creemore, Elmvale, Gananoque, London, London East, Millbrook, Peterboro, Petrolia, Port Hope, St. Catharines, Sarnia, Stayner, Sudbury, Thornbury, Wallaceburg.

**Agents and Correspondents in Quebec**: Montreal, Point St. Charles, Gaspé.

**Agents and Correspondents in British Columbia**: Rossland.


The Collection of Commercial Paper and Securities is given careful attention and promptly remitted for.

**INCORPORATED 1855.**

**DOMINION BANK,**

**HEAD OFFICE, TORONTO, CANADA.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Authorized</td>
<td>$3,000,000.00</td>
</tr>
<tr>
<td>Capital Paid Up</td>
<td>$2,900,000.00</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>$2,900,000.00</td>
</tr>
<tr>
<td>Undivided Profits</td>
<td>$200,000.00</td>
</tr>
</tbody>
</table>

**Brumans and Agencies throughout Canada and United States.** Agents in London, England, National Bank of Scotland. Drafts and Letters of Credit issued upon all parts of the world.

**A GENERAL BANKING BUSINESS CONDUCTED.**

**A. E. AMES & CO.,**

**BANKERS.**

**MENBERS OF THE**

**TORONTO STOCK EXCHANGE.**

**CANADIAN INVESTMENT SECURITIES.**

**Dealers in Government, Municipal and Corporation Bonds.**

Interest Allowed on Deposits Subject to Sight Draft.

**A GENERAL FINANCIAL BUSINESS TRANSACTED.**

**KNAUTH, NACHOD & KÜHNE,**

**11-13 WILLIAM STREET, NEW YORK.**

**BANKERS,**

**Members New York Stock Exchange.**

**Investment Securities.**

**British Government Bonds; German Government and Municipal Bonds.**

**Letters of Credit and International Travelers’ Checks Available Everywhere.**

**Foreign Exchange.**

**Correspondents Throughout the World.**
ORGANIZED JANUARY, 1902.

The National Suffolk Bank
BOSTON, MASS.

CAPITAL ....................... $1,500,000.00
SURPLUS AND PROFITS...... 436,956.62

C. MINOT WELD, President
WILLIAM C. WILLIAMS, Cashier
FRANCIS A. LOW, Assistant Cashier
FRANK H. WRIGHT, Assistant Cashier

DIRECTORS.

HARCOURT AMORY
S. REED ANTHONY
EZRA H. BAKER
HARRY H. BEMIS
HENRY B. CHAFIN
C. MINOT WELD
HENRY B. DAY
A. LAWRENCE EDMANDS
J. BROOKS FENNO
AUGUSTUS P. LORING
EDWARD LOVERING

ACCOUNTS OF BANKS, BANKERS, CORPORATIONS, FIRMS AND INDIVIDUALS RECEIVED ON THE MOST FAVORABLE TERMS.

E. H. ROLLINS & SONS
Denver Boston San Francisco

MUNICIPAL AND CORPORATION BONDS
American Loan and Trust Company
53 State Street, Exchange Building, Boston.

Capital, $1,000,000. Surplus Earnings, $1,300,000.

Transacts a General Banking Business. Allows Interest on Deposits. Receives money payable at fixed times at special rates. Legal Depository for Guardians, Executors, Assignees, and Courts of Law Acts as Trustee, Registrar, or Transfer Agent.

Board of Directors.

C. F. Adams, M. E. Lovelopp, Ames, Robert Ames,

Edwin F. Atkins, George W. Brown, Isaac R. Hume,

Samuel Calk, Gordon O'Donnell, Elmer P. Howe,

David P. Kimball, N. W. Jordan, Francis Peabody, Jr.

S. K. Peabody, Albert A. Pope, N. W. Howe,

Royal Robbins, Philip L. Saltonstall, Charles W. Whittier.

N. W. Jordan, C. H. Bowen, G. W. Auryn, "

E. A. Coffin, " Treasurer, Asst. Secretary.

Moore, Baker & Company
Bankers
66 State Street, Boston

Dealers in High Grade Bonds

Make a Specialty of Electric Railroad Securities

Established in 1805.

R. J. Kimball & Co., Bankers

And Dealers in Investment Securities.

Empire Building, 71 Broadway, New York.

We allow interest on deposits and transact a general banking business.

Stocks and Bonds.

We buy the better class of Stocks and Bonds, and advance money to carry the same when requested. More than thirty years' membership in

The New York Stock Exchange.

Robert J. Kimball, W. Eugene Kimball.
The National Commercial Bank
OF ALBANY, N. Y.
Capital $500,000. Surplus and Profits $1,075,000.
Deposits $11,600,000.

ROBERT C. PRUYN, President.
GRANGE SARD, Vice-President.
EDWARD J. HUSSEY, Cashier.
HUGH N. KIRKLAND, Asst. Cashier.

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

THE GERMAN ACCOUNTS
AMERICAN BANK
CAPITAL ... $200,000.00
UNDIVIDED PROFITS, $300,000.00

FREDERICK COOK ....................... President
E. H. SATTERLEE, Vice President
ALBRECHT VOGT ..................... Vice President
F. P. ALLEN ......................... Cashier
WM. B. FARNHAM ............. Asst. Cashier

Rochester, N. Y.
Unusual Facilities for Making Collections throughout New York State.

THE UNION TRUST COMPANY
OF ALBANY, N. Y.
CAPITAL $250,000. SURPLUS $250,000.

Transacts a General Trust and Banking Business.

INTEREST ALLOWED ON DEPOSITS.

FREDERICK B. ADAMS, Secretary.
THOROUGH, MODERN AND EFFICIENT.

HAROLD W. STEVENS, President.
FRANK P. FURLONG, Cashier.

HARTFORD NATIONAL BANK
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.
Capital $1,200,000. Surplus and Profits $725,000.
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.

HARTFORD, CONN.
American National Bank

PROVIDENCE, RHODE ISLAND.

Capital $1,000,000.

COLLECTIONS AND CORRESPONDENCE RECEIVE CAREFUL AND PROMPT ATTENTION.

Rhode Island Hospital Trust Co.

PROVIDENCE, R. I.

Transacts a General Banking and Trust Company Business.

MASON, LEWIS & CO.

BANKERS

CHICAGO
MONADNOCK BUILDING

PHILADELPHIA
505 CHESTNUT STREET

BOSTON
60 DEVONSHIRE STREET

Choice Issues of Street Railway and Gas Companies.

LIST ON APPLICATION
FIDELITY TRUST COMPANY,
NEWARK, N. J.

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 trans-
acts 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, Re-
ceiver, 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.

GUARANTEES TITLES of Real Estate throughout New Jersey.

ACTS AS TRUSTEE under mortgage, Registrar and Transfer Agent of Stocks and Bonds of Cor-
porations.

OFFICERS

UZAL H. McCARTER, President
JOHN F. DRYDEN, Vice-President
THOMAS N. McCARTER, 2d Vice-President and General Counsel

JEROME TAYLOR, Trust Officer
FREDERICK W. EGNER, Secretary and Treasurer
JAMES H. SHACKLETON, Assistant Secretary and Assistant Treasurer

DIRECTORS

JOHN F. DRYDEN
JAMES W. ALEXANDER
JAMES H. HYDE
LESLIE D. WARD
THOMAS N. McCARTER
EDGAR B. WARD
WILLIAM SCHEERER
SCHUYLER B. JACKSON
JEROME TAYLOR
UZAL H. McCARTER

CHARLES A. FEICK
WILLIAM N. COLER, JR.
WILLIAM H. STAABE
FORREST F. DRYDEN
HENRY S. REDMOND

BERNARD STRAUSS
JOHN C. EISELE
WILLIAM H. McINTYRE
ANTHONY R. KUSER

J. B. RUSSELL & CO.,
BANKERS,
THE ROCKERY, CHICAGO.

FISCAL AGENTS FOR
THE ILLINOIS TELEPHONE & TELEGRAPH CO.
AUTOMATIC ELECTRIC CO.

DEALERS IN
HIGH GRADE INVESTMENT SECURITIES.

OFFICES: NEW YORK, WILKESBARRE, SCRANTON.
THE HANOVER NATIONAL BANK
OF THE CITY OF NEW YORK
5, 7, 9 and 11 Nassau Street. Temporary address, 7 Wall Street.
P. O. Box 2500.

CAPITAL, $3,000,000. SURPLUS, $6,000,000.

OFFICERS:
JAS. T. WOODWARD, Pres't.
JAS. M. DONALD, Vice-Pres't.
WM. I. LIGHTHIEPE, Ass't Cashier.
HENRY R. CARSE, 2d Ass't Cashier.

DIRECTORS:
JAMES T. WOODWARD,
VERNON H. BROWN,
WILLIAM BARBOUR,
AUGUST J. CORDIER,
Siegourney W. FAY,
Hudson Hoagland,

Edward King,
Charles H. Marshall,
Cord Meyer,
Benjamin Perkins,
John S. Phipps,
William Rockefeller,

James Stillman,
Elijah P. Smith,
James Henry Smith,
Isidor Straus,
James M. Donald,
William Halls, Jr.

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.

OFFICERS.
FELIX CAMPBELL, President.
J. G. DETTMER, First Vice-President.
EDWARD JOHNSON, Secretary.

CHARLES A. BOODY, Assistant Secretary.

TRUSTEES.
Eugene G. Blackford
J. G. Detmer
Edward G. Blackford
Amory S. Cahnart
Bernard Gallagher
Robert J. Kimball
Clarence W. Seaman
James D. King
Wm. M. Cole
Wm. R. Dill
Jas. McManus
Howard M. Smith
Horace J. Morse
Wm. B. Davenport
Solomon W. Johnson
Charles M. Talmage
Cashier.

Felix Campbell
J. G. Detmer
James Jordan
George P. Tanderman
Herbert L. Pratt
Frederic A. Ward

MEMBERS PITTSBURGH STOCK EXCHANGE.

ROBINSON & ORR
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. Manages Real Estate and lends money on bond and mortgage. Acts as Agent for the transaction of any approved financial business.

EDWIN S. MARSTON, President.
THOMAS J. BARNETT, 2d Vice-President.
SAMUEL SLOAN, Jr., Secretary.
AUGUSTUS V. HEELY, Asst. Secy.
WILLIAM B. CARDOZO, Asst. Secy.
CORNELIUS R. AGNEW, Asst. Secy.

BOARD OF DIRECTORS:


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, - - - - - - - - - - $4,088,680.00
New York City Stocks, at market value, - - - - - - - - - - 6,078,659.00
Railroad and other Bonds and Stocks, at market value, - - - - - - - - - - 9,163,642.15
Real Estate, - - - - - - - - - - - - - - - - - - - - - - - - 1,016,983.77
Bonds and Mortgages, - - - - - - - - - - - - - - - - - - - - - - - - 1,113,500.00
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

42
The Chronicle.

The 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.

The State and City Supplement, issued semi-annually, is also furnished without extra charge to every subscriber of the Chronicle.

The Quotation Supplement, issued monthly, is likewise furnished without extra charge to every subscriber of the Chronicle.

The Street Railway Supplement, issued three times a year, is also furnished without extra charge to every annual subscriber of the Commercial and Financial Chronicle.

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.

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. The obvious result of such a changed condition has been to send the money of interior banks to the city banks, and it only awaited for its fulfilment the 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 commencement 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 the 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 Whirlwind 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, based on the possible extinction of the public debt, would certainly be sufficient.

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 in the glowing pictures painted by Southerners 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.
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.**

<table>
<thead>
<tr>
<th>Year</th>
<th>1885</th>
<th>1895</th>
<th>1901</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Louis</td>
<td>$2,570,600,216</td>
<td>$2,244,318,653</td>
<td>$750,330,435</td>
</tr>
<tr>
<td>New Orleans</td>
<td>605,551,124</td>
<td>487,948,184</td>
<td>387,787,789</td>
</tr>
<tr>
<td>Louisville</td>
<td>462,031,863</td>
<td>314,400,188</td>
<td>217,748,073</td>
</tr>
<tr>
<td>Galveston</td>
<td>186,717,970</td>
<td>135,777,067</td>
<td>47,008,768</td>
</tr>
<tr>
<td>Houston</td>
<td>238,019,064</td>
<td>127,417,275</td>
<td>38,920,474</td>
</tr>
<tr>
<td>Richmond</td>
<td>193,091,336</td>
<td>121,990,869</td>
<td>70,711,000</td>
</tr>
<tr>
<td>Savannah</td>
<td>182,496,330</td>
<td>124,105,242</td>
<td>44,584,247</td>
</tr>
<tr>
<td>Memphis</td>
<td>154,482,540</td>
<td>98,137,983</td>
<td>37,058,941</td>
</tr>
<tr>
<td>Atlanta</td>
<td>113,755,850</td>
<td>65,218,255</td>
<td>33,507,245</td>
</tr>
<tr>
<td>Nashville</td>
<td>76,300,990</td>
<td>48,747,724</td>
<td>25,675,244</td>
</tr>
<tr>
<td>Norfolk</td>
<td>75,953,057</td>
<td>50,704,284</td>
<td>26,547,587</td>
</tr>
<tr>
<td>Fort Worth</td>
<td>74,180,044</td>
<td>30,698,530</td>
<td>17,025,706</td>
</tr>
<tr>
<td>Augusta</td>
<td>68,311,136</td>
<td>31,307,478</td>
<td>15,956,724</td>
</tr>
<tr>
<td>Birmingham</td>
<td>48,029,008</td>
<td>20,914,293</td>
<td>13,986,564</td>
</tr>
<tr>
<td>Little Rock</td>
<td>34,808,284</td>
<td>17,025,706</td>
<td>9,928,500</td>
</tr>
<tr>
<td>Knoxville</td>
<td>32,496,362</td>
<td>8,371,048</td>
<td>5,471,000</td>
</tr>
<tr>
<td>Macon</td>
<td>32,496,362</td>
<td>8,371,048</td>
<td>5,471,000</td>
</tr>
<tr>
<td>Chattanooga</td>
<td>23,190,452</td>
<td>12,248,811</td>
<td>9,928,500</td>
</tr>
<tr>
<td>Nashville</td>
<td>16,757,773</td>
<td>12,248,811</td>
<td>9,928,500</td>
</tr>
</tbody>
</table>

* 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 what 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 the turning of 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 necessarily 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 Pope.**

<table>
<thead>
<tr>
<th>Year</th>
<th>1880</th>
<th>1890</th>
<th>1900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>1,225,212</td>
<td>1,200,277</td>
<td>817,068</td>
</tr>
<tr>
<td>Georgia</td>
<td>375,343</td>
<td>215,350</td>
<td>260,009</td>
</tr>
<tr>
<td>Kentucky</td>
<td>68,462</td>
<td>9,399</td>
<td>51,882</td>
</tr>
<tr>
<td>Maryland</td>
<td>369,188</td>
<td>241,172</td>
<td>86,282</td>
</tr>
<tr>
<td>Tennessee</td>
<td>357,130</td>
<td>754,249</td>
<td>294,187</td>
</tr>
<tr>
<td>Texas</td>
<td>2,273</td>
<td>9,789</td>
<td>1,250</td>
</tr>
<tr>
<td>Virginia</td>
<td>448,062</td>
<td>428,117</td>
<td>278,869</td>
</tr>
<tr>
<td>West Virginia</td>
<td>166,597</td>
<td>158,292</td>
<td>115,506</td>
</tr>
</tbody>
</table>

* 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; 1860 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.**

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Census figures.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>1880.</td>
</tr>
<tr>
<td>Alabama</td>
<td>48,191</td>
</tr>
<tr>
<td>Kentucky</td>
<td>74,737</td>
</tr>
<tr>
<td>Maryland</td>
<td>255,070</td>
</tr>
<tr>
<td>Tennessee</td>
<td>169</td>
</tr>
<tr>
<td>West Virginia</td>
<td>254,970</td>
</tr>
<tr>
<td>Totals</td>
<td>916,170</td>
</tr>
</tbody>
</table>

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 325, 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 6,408,074. 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 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, 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

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.

<table>
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<tr>
<th>SPINDLES IN SOUTHERN STATES.</th>
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<tr>
<td>Virginia</td>
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<td>Ind. Ter. and Oklahoma</td>
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| Total spindles | 6,408,974 | 1,624,335 | 561,360 | 344,586 | 303,551 |
| Southern consumption, bales | | | | | |
| American crop, bales | 1,024,482 | 548,478 | 182,849 | 91,369 | 116,941 |
| Per cent. of crop spun at South | 18.15 | 7.01 | 3.17 | 2.90 | 2.42 |

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
classes which voluntarily stop work and cease to fill suspended work at the mines the consumers of coal as permanent disturbances. During the period of general industries of the country and must of necessity have caused much anxiety and material losses and especially those developed in the anthracite coal strike, have left for employment which voluntarily stop work and cease to fill the ranks of bread winners. Deplorable as such 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 borrowed by our bank-holders, how large a proportion of this apparent credit balance may have 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 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 con-
ceded by the arbitrators the price of coal will un-
doubtedly advance accordingly and consumers will
pay the difference; but in the transportation rates of
railway companies strenuous opposition to any ad-

Trade conditions are satisfactory and the near
future is bright with promise in all directions, but it
is, nevertheless, evident that the elements of dis-
turbance 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 ex-
tending 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 Sav-
ings Bank Section to the departments of the Asso-
ciation'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 de-
voted 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 recog-
nized the advantages to accrue from identification
with this influential bankers' guild. The Associa-
tion on its part has been quick to see that the more
diversified and representative its constituency,
bringing within the fold all classes of financial insti-
tutions, the greater must become its authority and
importance. Hence when the savings banks
knocked for admittance the Association promptly
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 addi-
tion of 973. The aggregate membership now is
well above six thousand—6,354. The work of the
Association during the time since the previous Con-
vention 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 Com-
mittee on Uniform Laws are the bodies whose do-
ings 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) an-
nounced that while the Institute was formally or-
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
clers outside of the Institute which are co-operat-
ing 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 sum-
mer vacation, was 4,156. He thought it was proba-
bly larger at present.

The papers and addresses presented at the Con-
vention received the consideration which their im-
portance merited. A large number of these dealt
with the banking and financial questions which are
now uppermost in the public mind. We have dis-
cussed these in a separate article on a previous page,
and therefore there is no occasion for further com-
ment upon them here. We think it proper, how-
ever, 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 disinclina-
tion 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 exag-
gerated 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 humor-
ous 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 Gov-
ernor Heard, of Louisiana, who was prevented by
illness from being present. The Doctor laid un-
usual 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 bring-
ing 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 Penin-
sula of Florida has been built up, and speaking
geo logically 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 members 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 over-issue 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. 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.
INDEX TO ADVERTISEMENTS.

ALBANY, N. Y. 
 page
National Commercial Bank .......... 38
Union Trust Company ............ 38

ATLANTA, GA.
American Audit Company .......... 28
Atlanta National Bank .......... 15
Lowery National Bank .......... 15

AUGUSTA, GA.
Georgia Railroad Bank .......... 16

BALTIMORE, MD.
Farmers' and Merchants' National Bank .......... 17
Maryland Trust Company .......... 17
Mercantile Trust and Deposit Co. .... 16
Midendorp (J. W.) & Co .......... 17

BIRMINGHAM, ALA.
Alabama National Bank .......... 14
Birmingham Trust and Savings Bank .......... 14
First National Bank .......... 14

BOSTON, MASS.
American Audit Company .......... 28
American Loan and Trust Co ........ 37
Lee, Higginson & Co .......... 3
Mason, Lewis & Co .......... 39
Moore, Baker & Co .......... 37
National Savings Bank .......... 36
Otar, Wilson & Co .......... 6
Pool (H. W.) & Co .......... 37
Rollins (E. H.) & Sons .......... 36

BROOKLYN, N. Y.
Franklin Trust Co. .......... 22
Long Island Loan and Trust Co. .......... 22
People's Trust Co. .......... 41

CHATTANOOGA, TENN.
Chattanooga National Bank .......... 14

CHICAGO, ILL.
American Audit Company .......... 28
American Guaranty Co .......... 29
American Trust and Savings Bank .......... 29
Audit Company of Illinois .......... 136
Audit Company of New York .......... 30
Becker (A. G.) & Co .......... 28
Central Trust Company of Illinois .......... 31
Chicago Bank .......... Inside Back Cover
Continental National Bank .......... 28
Devitt, Trimble & Co .......... 134
Equitable Trust Co .......... 136
Farwell (Granger) & Co .......... 27
International Bank and Trust Co of America .......... 5
Mason, Lewis & Co .......... 39
McKane (W. H.) & Co .......... 35
Midlendorp (J. W.) .......... 134
Northern Trust Co. ..Inside Back Cover
Oeh, Wilson & Co .......... 6
Potter (T. B.) & Co .......... 31
Russell (J. B.) & Co .......... 40
Whiting Paper Co .......... 30

CINCINNATI, OHIO.
Third National Bank .......... 19

CLEVELAND, OHIO.
Central National Bank .......... 18
Euclid Avenue National Bank .......... 18
Society for Savings .......... 18

DENVER, COL. 
 pages
Rollins (E. H.) & Sons .......... 36

DEtroit, Mich.
State Savings Bank .......... 135
Union Trust Co. .......... 135

GRAND RAPIDS, MICH.
Michigan Trust Co .......... 135
Old National Bank .......... 135

HAFTORD, CONN.
Hartford National Bank .......... 38

HOLYOKE, MASS.
Whiting Paper Co .......... 30

INDIANAPOLIS, IND.
American National Bank .......... 136

JERSEY CITY, N. J.
Commercial Trust Co .......... 32

KANSAS CITY, MO.
Fiordility Trust Co .......... 31

LONDON, ENG.
American Audit Company .......... 28
Bank of Montreal .......... 34
Union Discount Co .......... 24

LOUISVILLE, K.Y.
American National Bank .......... 19
Columbia Finance and Trust Co .......... 19

MEXICO.
International Bank and Trust Co of America .......... 5

MILWAUKEE, WIS.
First National Bank .......... 26
Fuller (Olive C.) & Co .......... 27

MOBILE, ALA.
People's Bank .......... 15

MONTREAL, CANADA.
Bank of Montreal .......... 34

NAshville, TENN.
American National Bank .......... 13
First National Bank .......... 13
Fourth National Bank .......... 13
Nashville Trust Co .......... 13

NEwARK, N. J.
Fiordility Trust Co .......... 40

NEw ORLEANS, LA.
Hellweg (Furth) & Co .......... 16

NEw YORK CITY.
American Audit Company .......... 28
Audit Co. of New York .......... 30
Bank of Montreal .......... 34
Bank of New York Trust Co .......... 22
Brown Bros. & Co .......... 2
Central National Bank .......... 21
Chemical National Bank .......... 21
Colonial Trust Co .......... 33
Eastern Trust Co .......... 131
Equitable National Bank .......... 8
Farmers' Loan and Trust Co .......... 42
Fisk (Harvey) & Sons .......... 32
Fisk & Robinson .......... 5
Fourth National Bank .......... 114
Gallatin National Bank .......... 131
Hansner National Bank .......... 41
Hullibert, Hatch & Co .......... 131
International Bank and Trust Co of America .......... 5

IRVING National Bank .......... 8
Kean, Van Cortland & Co .......... 1
Kimball (R. J.) & Co .......... 37
Knauth, Nacho & Kuhns .......... 35
Knickerbocker Trust Co .......... 29
Latham, Alexander & Co .......... 7
Leather Manufacturers' National Bank .......... 23
Liberty National Bank .......... 3
Markit and Fulton National Bank .......... 23
Merchants' National Bank .......... 23
Morgan (J. P.) & Co. ..Outside Back Cover
National Bank of North America .......... 22
Trust Company of the Republic .......... 34
Union Trust Co .......... 4
United States Mortgage and Trust Co .......... 41

Vermilite & Co .......... 1
Western National Bank .......... 8
Writing Paper Co .......... 26
Wyslow, Lanier & Co .......... 130

NORFOLK, VA.
Citizens' Bank .......... 12
National Bank of Commerce .......... 12
Norfolk National Bank .......... 12

PHILADELPHIA, PA.
Audit Co. of New York .......... 30
Barnes (Chas. D.) & Co .......... 133
Central National Bank .......... 25
Farmers' and Mechanics' National Bank .......... 30
Fourth Street National Bank .......... 25
Girard National Bank .......... 131
Girard Trust Co. ..Inside Front Cover
Philadelphia National Bank .......... 29
Smith (Edward B.) & Co .......... 25
Writing Paper Co .......... 26

PITTSBURG, PA.
Carothers (James) & Co .......... 123
Diamond National Bank .......... 136
Hill (Gibb. B.) & Co .......... 132
Holmes (N.) & Sons .......... 133
Robinson Bros. .......... 133
Robinson & Orr .......... 41
Safe Deposit and Trust Co .......... 132
Union Trust Co .......... 132
Whitney & Steffenson .......... 182

PROVIDENCE, R. I.
American National Bank .......... 39
Rhode Island Hospital Trust Co .......... 39

Rochester, N. Y.
German-American Bank .......... 38

Richmond, VA.
Scott & Springfellow .......... 17
Williams (John L.) & Sons .......... 7

San Francisco, CAL.
American Audit Company .......... 28
Rollins (E. H.) & Sons .......... 36

St. Louis, MO.
American Exchange Bank .......... 18
Commonwealth Trust Co .......... 11
Mercantile Trust Co .......... 10
Mississippi Valley Trust Co .......... 9

Toronto, Canada.
Amex (A. E.) & Co .......... 35
Bank of Toronto .......... 35
Dominion Bank .......... 35
The Changes in Banking Conditions.

By HON. WILLIAM BARRET RIDGELEY, 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 1890 to one hundred and fourteen billions in 1902, an increase of sixty-five per cent. That is, they have more than doubled in amount.

By consolidating the reports made to the Comptroller 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 4,685 million dollars to 9,082 millions, or have almost doubled in amount.

The loans have increased from 4,587 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:

<table>
<thead>
<tr>
<th>Date</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 17, 1896</td>
<td>32.42</td>
</tr>
<tr>
<td>October 5, 1897</td>
<td>31.70</td>
</tr>
<tr>
<td>September 30, 1898</td>
<td>30.27</td>
</tr>
<tr>
<td>September 7, 1899</td>
<td>28.83</td>
</tr>
<tr>
<td>September 6, 1900</td>
<td>28.67</td>
</tr>
<tr>
<td>September 30, 1901</td>
<td>27.65</td>
</tr>
<tr>
<td>September 15, 1902</td>
<td>25.74</td>
</tr>
</tbody>
</table>

The percentage of legal reserve to deposits in the reserve cities required to hold 25 per cent, has fallen from 22.08 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...
tial to handle, but prices are higher, requiring much larger sums of money. Transactions which ordinarily could have been completed in a few hours now matter 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. It is as if the traffic were not under control of the machinery of exchange strained to the utmost to keep up with the rushing tide, the slightest disarrangement spreads at once and is very far reaching in its effects. We have not yet arrived at the stage where the traffic overloads 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 3,356 millions of dollars; the implements and machinery on the farms 267 millions, the live stock 758 millions, and the value of one year's farm products is over 28 billions of dollars. The total value of the farm products for the year 1900 reached the enormous sum of 4,739 millions of dollars, and for the year 1902 it will considerably exceed this.

From 1850 to 1900 the number of manufacturing establishments in the United States has increased by 187,090, the number of employees by 10½ millions. The total wages paid in 1900 was 2,399 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, 7,156 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 therefrom made these comparisons with the values of 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 backings. This is the right basis upon which our credit and business are made. The amount 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 no panic or disturbance at all. 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 other circumstances, have produced a 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 crop of copper 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 ruined, if not looted by their officers. The total capital of all the banks, available 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 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 that they have 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 instances the credits formerly given have been shortened in time. Instead of the terms of sale of many articles being as formerly sixty 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 the money went, of their best borrowing customers. The merchant 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 than they could in any other way. It is a very attractive idea to many banks, particularly 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 collateral 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 on call against collateral, have turned is the loaning of money on call against collateral, for it at one time, there might be much more difficulty about it.

There has been a tremendous speculation in stocks of all kinds, and values now are on a very high level. The schemes combined and manufactures have grown into 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 1890, 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—those that are 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 the value of agriculture 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 the value of manufactured articles produced per annum increased 1,950 millions, and the annual wages increased 322 millions. Here lies the true strength of our situation. It is in the productive resources of this great district, which are unequalled in any part of the world. There is no other country which equals it in natural advantages and none which has had the same opportunity for production; 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 soil, 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 its fulfillment.

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 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 914 millions of 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.

Nothing should be done to more nearly equalize Gov­ernment costs. Of course this crop of surplus 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 has been written on the subject. We should now 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 elasticity in the 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. The 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 has been written on the subject. We should now 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.

A small tax will provide a guarantee fund which will help the situation as seems before us to-day. Nothing could better illustrate the necessity for elasticity in the 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. The 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 has been written on the subject. We should now 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.
well their man. 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 3 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.**

<table>
<thead>
<tr>
<th></th>
<th>Loans from on hand.</th>
<th>Cash from other banks.</th>
<th>Individual depositions.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOUTHERN STATES.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1892</td>
<td>307</td>
<td>44</td>
<td>50</td>
</tr>
<tr>
<td>1897</td>
<td>274</td>
<td>40</td>
<td>53</td>
</tr>
<tr>
<td>1900</td>
<td>294</td>
<td>54</td>
<td>125</td>
</tr>
<tr>
<td><strong>MIDWESTERN STATES.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1892</td>
<td>980</td>
<td>145</td>
<td>197</td>
</tr>
<tr>
<td>1897</td>
<td>844</td>
<td>159</td>
<td>241</td>
</tr>
<tr>
<td>1902</td>
<td>1,743</td>
<td>475</td>
<td>339</td>
</tr>
<tr>
<td><strong>WESTERN STATES.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1892</td>
<td>182</td>
<td>24</td>
<td>44</td>
</tr>
<tr>
<td>1897</td>
<td>121</td>
<td>23</td>
<td>54</td>
</tr>
<tr>
<td>1902</td>
<td>263</td>
<td>33</td>
<td>105</td>
</tr>
<tr>
<td><strong>PACIFIC STATES.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1892</td>
<td>271</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>1897</td>
<td>215</td>
<td>29</td>
<td>34</td>
</tr>
<tr>
<td>1902</td>
<td>317</td>
<td>52</td>
<td>96</td>
</tr>
</tbody>
</table>

**TOTALS FOR FOUR DIVISIONS ABOVE.**

|                   |                    |                        |                        |
| 1892              | 1,749              | 240                    | 316                    | 550 | 1,552 |
| 1897              | 1,454              | 251                    | 382                    | 512 | 1,483 |
| 1902              | 2,527              | 370                    | 802                    | 602 | 5,191 |

Increase 1902 over 1892: 1,087 130 486 12 1,639

**TOTALS FOR THE UNITED STATES.**

|                   |                    |                        |                        |
| 1892              | 4,537              | 546                    | 694                    | 1,071 | 4,065 |
| 1897              | 4,216              | 628                    | 781                    | 1,012 | 5,094 |
| 1902              | 7,159              | 859                    | 1,552                  | 1,198 | 8,052 |

Increase 1902 over 1892: 2,832 253 868 127 4,417

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

<table>
<thead>
<tr>
<th></th>
<th>Land investments</th>
<th>Improvement in buildings and machinery</th>
<th>Live stock one year</th>
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</thead>
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<tr>
<td>SOUTHERN STATES.</td>
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<tr>
<td>1890</td>
<td>2,857</td>
<td>158</td>
<td>689</td>
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<tr>
<td>1897</td>
<td>2,335</td>
<td>85</td>
<td>521</td>
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<tr>
<td>Increase</td>
<td>522</td>
<td>78</td>
<td>168</td>
</tr>
</tbody>
</table>

**MIDWESTERN STATES.**

|                   | Land investments | Improvement in buildings and machinery | Live stock one year |
| 1890              | 2,027            | 102                                    | 715                 | 650  |
| 1895              | 1,905            | 55                                     | 385                 | 229  |
| Increase           | 742              | 47                                     | 328                 | 430  |

**PACIFIC STATES.**

|                   | Land investments | Improvement in buildings and machinery | Live stock one year |
| 1890              | 1,138            | 33                                     | 196                 | 274  |
| 1895              | 961              | 25                                     | 128                 | 132  |
| Increase           | 177              | 28                                     | 58                  | 142  |

**TOTALS FOR FOUR DIVISIONS ABOVE.**

|                   | Land investments | Improvement in buildings and machinery | Live stock one year |
| 1890              | 13,975           | 596                                    | 2,731               | 4,018 |
| 1899              | 15,518           | 596                                    | 1,970               | 2,007 |
| Increase           | 3,543            | 250                                    | 761                 | 2,000 |

**TOTALS FOR THE UNITED STATES.**

|                   | Land investments | Improvement in buildings and machinery | Live stock one year |
| 1890              | 16,674           | 761                                    | 3,078               | 4,739 |
| 1899              | 18,279           | 494                                    | 2,300               | 2,460 |
| Increase           | 5,605            | 267                                    | 769                 | 2,270 |
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 study through a dreary array of information.

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 needed not give the rise of the Scottish banks, that can be found in any encyclopaedia, 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 effect on the economy of the country which has never been equalled except after the Mississipi 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 1, 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 190 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 several five of the eighty-two banks at once took advantage, at the same time increasing their capital stock from eighty million pounds of capital stock worth a 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 sixpence."

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 fired by 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 investors hurried into it, and thereafter the rational 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 are identical. There is no such sentiment as 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 over $100,000,000, and with 10,822 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 moment is of immense value to the rural districts in supplying facilities for the transaction of business. Every spare moment.

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 1790, and now in general use by all the banks of Scotland, has without doubt done more to develop the resources of this country and promote its agricultural and commercial prosperity than any other cause whatever. When the witnesses from Scotland were before the committee 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 bonds or, 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.
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 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 lawmakers 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 a 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 other measures 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 individual loans and to substitute 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 with 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 the same time 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 the greatest industry and character supply the 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, whereas bil furth 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 currency, the need of which is so evident, 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 credit 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 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 in the latter were presented in a former 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 principles 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 have 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 itself; but as the bonds deposited in the Treasury as security for them are assets of the issuing bank, the distinctive feature of assets currency is the promise of the particular bank. If all the banks...
should join in the arrangement, there would be upward 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 I think it is quite possible that the banks 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 that amount 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 consequences of having the banks reserve 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 that would be $160,000,000, and of those redeemed and cancelled $70,000,000, leaving $140,000,000 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 $120,000,000 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 assault through the demand oligations of the Government, by completely relieving the Treasury at once of any burden amounting to more than seven hundred million dollars," the national amount, as is the phrase 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 funds. In the latter event—that is, if 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 latter 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 depositories, if they are really alarmed, as they were in 1866-6, 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 the bank panic of 1893, and 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 your 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 do not venture to make predictions. The plan might work well, or it might not.

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 one-tenth 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 the national banknotes outstanding, the process 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 man 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 services as the Board of Control may approve." A Clearing-house is defined by Mr. James C. Gannon 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 of 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 may never form 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 annual spasm in the money market. In connection with the suspension of specie payments. Its operations were those of a bank and a Clearing-house united. During the Black Friday crisis of 1869, it was ordered into the hands of a receiver by Judge Cardozo, at the suit of a bogus claimant, all clearings were forbidden, and the 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 pro- ducers and holders of the country's wealth. 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 charity, and it can never be anything else unless it attaches a discount commercial paper, which nobody has yet proposed, and which no 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 depreciation. The Treasury, on the other hand, 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 re­ porter 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-
BANKERS’ CONVENTION.

gorous 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 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 on the 30th of June, 1871, was $655,000,000. Under the rule supposed their deposits could not exceed that amount in any event, and they could not exceed $234,000,000 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 in amount of twice their paid 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 publishing 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, as the Cambridge 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 the country banks were compelled by the rule 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 $87,327. 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 its capital, when the bank could 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 banks, 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 statute-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, benefited the country by adding business 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 adopted the beliefs of those statute-books.

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 issues 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
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, everyone here who comes here representing a bank is a moral being. Secondly, you are here as a citizen, a lover of your country, a patriotic. 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 has received the notes in payment 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.

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 as a sample, 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.

Another thought—far, 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 there. (Laughter.) 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 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 requisite to underwrite 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 $955,000,000, and the balance of trade in our favor for the same years was $8,141,000,000, 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 there much ground for jubilation over the fact that there is in the Treasury to-day gold amounting to nearly $900,000,000, when we recall the fact that we do not have the slightest control over its movements and that a still larger amount proved
the business of the country. Of exchanges must now be proved in gold coin. Indeed, as catch can and go as you please. The financial system is the world's standard of value, and yet not a single country should be grounded upon and anchored to tentative monetary conditions, subject every two years to a hard 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 $3,000,000,000 and $400,000,000, making over $3,400,000,000 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 1886, when we had $900,000,000. But how much have we? We have added just $500,000,000; we have now $1,200,000,000, and yet the rest of the world 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 those of gravitation. It is the most intelligent, ambitious and productive people in the world, concerting their talent and toil, until more than $300,000,000 of products every year, which in the past five years—a most wonderful period in the history of the world where a true credit currency, with proper reservation by law, currently redeemed in kind, was 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 him 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?

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

Mr. Frame: I am not speaking of side issues now. Let us stick to the text. The bank is liable for $1,000 in each case; the man is liable for $1,000 in each case. 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 $646,000,000, but has only out $382,000,000. Scotland could issue $148,000,000, but has only out $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 $55,000,000 and the highest point reached was $332,000,000. Scotland could issue $148,000,000, but has only had $1,000,000. In New England the settlement days, as they have settlement days, as they do in England, France, Germany, and Italy. (Applause.)

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 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 I have displayed a splendid display of elasticity. (Producing another diagram.) 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 man in this House, assuming that these things are going to live, and 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 banking 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 1890, 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 of New York—Mr. 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 they could not drive us from the coveted fields of all the world. But our whole system is defective, and to Astoria, a man could travel and pass these notes at any point without discount. 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 cen-
ters."

Is there anybody in this audience now, after this
array of facts, that doubts the safety of this kind of a
Note? A Dugald Tucker.

Mr. Fowler: I am surprised. Let me adjust this one
matter of detail—and this is the first and only time dur-
ing 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 Comptrol-
er of the Currency, to whom I shall pay my respects
a little later on, and I asked for some detailed informa-
tion, 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 informa-
tion. 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 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 se-
cure 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
one-eighth of one per cent, per annum upon the outstand-
ing circulation from year to year would have paid all the notes not paid out of the assets.
And, instead of the tax of one-thousandths of one per
cent, guarantee fund would have been 635 times as
large every year than necessary to insure the payment
of the notes." 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 de-
posed to secure circulation had been lost the 5 per
cent, guarantee fund would have been 625 times as
much as the annual tax required to redeem the notes
of the failed bank. Again: "The tax to 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 635 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 coun-
try, 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 pur-

chase 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, re-
duced their circulation from $320,000,000 down to $122-
,000, or restricted them $200,000,000. Therefore, I
assert without fear of contradiction—successful contra-
diction I mean, for men in their enthusiasm commit a
great many things (Laughter)—but I have said with-
out any fear of successful contradiction and proof, that
there is no distinct relation to the business of this coun-
try, 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 cer-
tainly safe. I say that when you can use such an in-
strument 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 de-

levered 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 appre-

ciate 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 pur-
pose a great deal cheaper, he has got to pay twice
what he would have to pay if he had the horse 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 70,000,000 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 prop-
erty. 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 $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 that than anything I would say. I want to see in every market
of the world a representative of an American banking in-
stitution. I recognize the fact that we must look for
markets abroad. The prophetic mind of William Mc
Kinley saw this in his last and greatest speech, at Buf-
falo. 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
production and consumption. We are fighting the
curse to the American people. Can you see any differ­
cence that articles the American citizen be bought
as cheaply as possible. American production
and consumption does 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
those commodities? One hundred miles north of New
York, or the borrower in Kan­
(sas the same rate that his brother is getting in New
York, Boston or Chicago. In other words, if the banks
of those cities, 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 spe-
cies 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
something about branch banks.

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 effi-
cient, will serve its customers better and the organiza-
tion can be such as to secure, in most respects, better
management.”

“Owing to cooperation 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 be-
ginning 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 more made more clastic 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 bank-
ing system never was started at all. They started a
scheme for flouting 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 bank-
er.”

“Don’t you think you would still have the home bank
and the home banker, and that the feeling 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 later. 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 party of considerable avoidotups. 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 horseshoes 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, watching by a single eye, surpasses the product of 18 skilful 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 miniature was in all things prior to this glorious development of the Bank of France, say to me: 'In all crises small banks feed on commerce, but great banks feed on 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 one 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 purpose because our laws prevent with arbitrary prohibitions the co-ordination of our banking facilities to our business opportunities 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.
BANKING SECTION.

"Mr. President:"

The Comptroller of the Currency, in his instructive address on Friday 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 general business of this country to any one as it is in the various kinds of paper now in circulation. 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 foreign countries large 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

Remarks of Willis S. Paine, President of the Consolidated National Bank of New York.

"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.)"

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"The Pennsylvania Railroad has a capital of $302,200,000, 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 4,850 tons of coal to push its mighty engines of 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 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 discriminated 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, do co-ordinate the broken and fragmentary parts of our credit device as to insure the preservation of every solvable 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.)"
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 month of September last, and within five weeks he offered relief aggregating $95,500,000. 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 repeat 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 unstable 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 completely covered. The notations 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 $8,410,172, more than thirteen per cent.; their total currency has increased, 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 enactment of the laws to provide in the office of the Superintendent of Banks is now so well done that counterfeiting of its currency has almost ceased. It is reasonable to believe that the old custom whereby we had nearly as many bank or individual 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, over and above the rate of interest contract­ed 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 over it was located 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 plasticity 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 have 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
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 would fully concur with me in this. The moving of certain constituencies demands as free a circulation as the moving of men.

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 causes.

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.)

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Emergency Circulation.

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

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

"Trade it may help, society extend,
But tells 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 Lamos' 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.

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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 clearing 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 than 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 centers for which the race was always noted, there was no adequate monetary support. It was simply: "We are a nation," in his "Genesis of Judaism." "Devote themselves to one great pursuit, that single art, 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 there is something to be said in defense of it. The greatness of it is that it does not possess flexibility. Its only elasticity is afforded by the imports of foreign money, bills of exchange, and gold settlements of the trade balances, 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 business of the country is the near approach to a perfect ideal in business conditions.

The greatest objection to our currency is that it does not possess flexibility. Only its 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, but to have a reserve of 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 may be allowed 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 1857 it was necessary to resort to the issuing of Clearing House certificates, and that for a very good reason. The amount of Clearing House certificates issued by all the clearing houses of the country amounted to about $96,000,000. 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 fall 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 we now experience. A considerable reduction 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 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 Loring and Mr. Gilman'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. Gillman 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 for the circulations, if the same should be had if the present law should be amended 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 lien upon assets, there would be no necessity for change of the laws 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 fifteen 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 desirable 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 $69,000,000 of Clearing House certificates, under the provision that ten per cent, should be issued by banks having Government bonds on deposit, there being about $905,000,000 of Government bonds held as security for circulation, an amount aggregating about $39,000,000 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 think the emergency currency provided by this act would be ample for all needs 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 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 an abnormal depression 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 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. Among the underlying causes can be traced 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 once 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 where new inventions are 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 advance-
ment 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 num-
ber of unprofitable undertakings, manifesting itself in
some cases of expansion by an unusual amount of specula-
tion 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 sup-
ply, 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 dis-
counts—that is, an increase greater than that which is
required by the ordinary expansion of trade and indus-
ty; 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 reserves.

One of the most accurate indicators of healthful
financial conditions or the reverse, is the relation be-
tween 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 less-
ened 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 dis-
turbances 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 any-
thing, the greater skill and prudence expressed by bankers.

One general factor of the most important nature
which cannot be overlooked in the present situation is
the absence of 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 main-
tenance of the gold standard, and public sentiment has
unequivocally declared against sudden changes in eco-
nomic 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 de-
mands 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 de-
mand for currency 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 require-
ments 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 busi-
ness. The issuance of greenbacks in the time of war
was clearly intended as a temporary expedient. Presi-
dent 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 present custody of Government money pre-
sents 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 only to those who could
 dispose of them 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
prevailing each successive crisis, and especially at the
present time. The exceptional conditions of the present
are much more marked in our own country than else-
where. We have attained a commanding position un-
known 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 consump-
tion, by skill and aggressiveness in obtaining access to
new markets and by a recognition of community of in-
terests not known before. In several foreign countries,
if we may judge by the ordinary indications, the un-
equalled 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 pur-
chasing 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
far easier for the debtor to meet obligations. Such an
increase would naturally be attended by a very consider-
able 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 busi-
ness enterprises. An increased supply of metallic money
has usually been attended, not only by a wholesome in-
crease of wealth, but also by an unhealthy 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 me-
callie 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 tem-
porary 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 skill and pru-
dence in our business growth as will re-
duce to a minimum the deleterious effects of crises and
depressions.
In the long life of the great lawyer 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 of 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 in 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 the 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 or dying, it was evident a home of wealth and culture. At a little distance we see a mammoth building, with a great smoky chimney, and the gladsome voices of the happy workers. Not that was a home of wealth and culture. 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 elapsed before there is a great transformation in the appearance of that land. The old 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 majestie steamers. We look with admiration upon the beautiful green of the sloping lawn, with its 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 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 appear the signs of life 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 that once occupied by 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 elapsed before there is a great transformation in the appearance of that land. The old life seems breathed into the old place, and by degrees it is rebuilt, and becomes the original of my third picture.

The pictures then I have drawn are true to life. The original of my third picture.

The New South

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

In the long life of the great lawyer 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 in 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 the 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 or dying, it was evident a home of wealth and culture. At a little distance we see a mammoth building, with a great smoky chimney, and the gladsome voices of the happy workers. Not that was a home of wealth and culture. 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 elapsed before there is a great transformation in the appearance of that land. The old life seems breathed into the old place, and by degrees it is rebuilt, and becomes the original of my third picture.

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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 because the men and women 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 problems ever presented to any people—that of the reconstruction 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 of the facts. The following are a few of 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 French-German War. The South, after enduring a war four times as long as the Franco-Prussian War, had to lift up her head to meet 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 determination to rebuild the lost fortunes, and to re-establish the land of their birth and of their love. At the beginning of this new century, the entire output of the country in 1880 was only $22,000,000 invested capital, she is manufacturing more than $12,000,000,000 worth of products the increase in the South has been 220 per cent., in the value those of 1880 by more than $600,000,000. 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, New York is now waging a typical battle with the New South in her active commercial life, 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 million-dollar mines yielding our product, and with cheap labor, may we not safely claim to be in the greatest 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 valley 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 shalt 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 want to be recognized by the world as true not only 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 made 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, because men and women, 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 as plants, grown up in the 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 when the name of the gray. 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 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. All men are now enjoying the benefits of the emancipation, and the negro honors the white man for his bounty, and the white man honors the negro for his bounty. And as the negro honors the white man for his bounty, and the white man honors the negro for his bounty. And as the negro honors the white man for his bounty, and the white man honors the negro for his bounty.
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 Re-
public, 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 con-
ceived to be her rights, laid down her arms in submis-
sion 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 metropo-
lan 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 worthi-
lessness, 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 section-
alism 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 inspir-
ing men everywhere with a love of freedom and of
right.
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 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, Mr. Samuel Gilmore, of Trinity Church, who 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 greatest 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 cynicism 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 preoccipice and to the waiving off all the smallest daily avocations—with wonder. Upon retiring from this assemblage I feel sure the old toomastomacher 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 acceptable; 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 life and vigor to the whole body. (Applause.)

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...
Mr. President and Gentlemen of the Bankers’ Association:

It has become, suddenly and unexpectedly, my pleasant duty to inform you that your 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 with anticipation 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 geography 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 watching the rushing waters going through, it came over me that Northern life was a sort of Niagara gorge, 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 saw-mills, and the sawdust and shavings are 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 vegetables have made the North and Canada almost forget that there are changing seasons. From beneath them, the rich subsoils of our country abound in 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.”

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 South, has sound and 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 the matured state, for growth continues yearly at a good 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 Panhandle 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 Florida and Cuba, thus extending the areas of these two countries. 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.

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 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.

Our facilities for getting our lumber, minerals and soil products to market are marvelous, not to 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 coast line of 1250 miles and Louisiana has here a wealth that many an inland State would covet.

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 Louisiana is teeming with timber of all kinds. Over 60 per cent, of the entire forest wealth of the United States 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 influences 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 Louisianans have reason to be proud of their historic 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 hospitably by a people, whether tracing their history to Bien-into the American Union under Claiborne and his associates.

The descendants of the above mixed with English, Irish and Scotch immigration and the offspring of the Cavalier and Huguenot settlers from Virginia, Georgia, Tennessee and the Carolinas, together with 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 humanitarian, evidenced everywhere in the generous hospitalities of the South and a universal reverence, the knightly hand, the Christian knee, the clean firesides and the holy altars cherished in the heart and home of every Louisianan.

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 New Orleans Clearing House Association, who will also give us a welcoming address.

Address of Welcome by Mr. R. M. Walmsley, President of the Clearing House Association, who will also give us a welcoming address.

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 this community but of this country and 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 systems that are so admirable in the heavens and that we have every reason to believe, since eclipses of the sun and moon are calculated with absolute accuracy 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 no such thing as 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 see why he should go to a bank in New York 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 seen. The general character of business and the character of the people 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. McIre, Mr. Gilmore and Mr. Walmsley: In behalf of the American Bankers' Association I wish to say that we consider ourselves most fortunate to be in your hospitable city, and we accept 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 with the other children 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—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 who had a guest——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
examples of solidity, conservatism and straightforward adjustment of the cherished notion of those who have and ids partners. It is a Connecticut Yankee, who has reached far and wide in trade and equally impressive and conspicuous have been operating its power and sure support in the confidence and forcibly in the same direction.

Other conditions have gone on in the old way, every one for himself the country and the world can 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 in the forefront of men other than Knights of Labor 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 the embrace of the dominant combination 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 assembly 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 the 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 sufrage forever to be reckoned with as the great source of power and strength of England. The ordeal which Australia passed through it does in Great Britain. We have to deal with a more backward. It is questionable whether the lasting good thing tending strongly to loosen the money market.

The truth is plain that the individual responsibility on the banker can never be shifted upon any general system. The imperial need, now as in the past, is that the individual responsibility on the banker can never be shifted upon any general system. 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 be attempted by legislative interference between safety and peril for banks.

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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 Jacob'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 |
| November 1st, 1902 | Paid membership | 6,541 |
| The $800 interest from $20,000 Government four's of 1925 makes the total income | $87,800 |

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 now 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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues from members, 1901-02</td>
<td>$13,901.35</td>
</tr>
<tr>
<td>Interest from old members paid in advance for 1902-03</td>
<td>$2,655.00</td>
</tr>
<tr>
<td>3,919 bills for membership dues for the ensuing year (subject to the deduction of unpaid bills) deposited with Continental National Bank, Chicago, Ill</td>
<td>$41,816.00</td>
</tr>
</tbody>
</table>

$135,921.24

Disbursements:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributing Proceedings</td>
<td>$55,541</td>
</tr>
<tr>
<td>125,018 circular letters and pamphlets</td>
<td>$7,300.35</td>
</tr>
<tr>
<td>Stamped envelopes</td>
<td>$1,307.72</td>
</tr>
<tr>
<td>Printing, stationery, etc</td>
<td>$483.60</td>
</tr>
<tr>
<td>Salaries</td>
<td>$12,906.40</td>
</tr>
<tr>
<td>Sundry expenses</td>
<td>$417.00</td>
</tr>
<tr>
<td>Expenses account Executive Council meeting, New York, April 24th and 25th, 1901</td>
<td>$78.00</td>
</tr>
<tr>
<td>Executive Council meeting, New York, April 23rd and 24th, 1902</td>
<td>$2,453.49</td>
</tr>
<tr>
<td>Rent East Office</td>
<td>$1,300.00</td>
</tr>
<tr>
<td>Petty cash</td>
<td>$120.00</td>
</tr>
<tr>
<td>New York Telephone Company</td>
<td>$158.05</td>
</tr>
<tr>
<td>Bonding officers</td>
<td>$56.23</td>
</tr>
<tr>
<td>Traveling expenses of Secretary</td>
<td>$300.90</td>
</tr>
<tr>
<td>Drafts charged back (160) account dues for year 1901-02</td>
<td>$1,780.00</td>
</tr>
<tr>
<td>Balance August 31st, 1902</td>
<td>$63,718.52</td>
</tr>
</tbody>
</table>

SAVING PROTECTIVE ACCOUNT.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance September 1st, 1901</td>
<td>$3,462.31</td>
</tr>
<tr>
<td>Transferred to this account from General or Membership Account in accordance with resolutions passed by the Executive Council</td>
<td>$28,355.00</td>
</tr>
<tr>
<td>Disbursements to September 1st, 1902</td>
<td>$31,697.96</td>
</tr>
<tr>
<td>Due from General Fund to Protective Account as per resolution of Executive Council</td>
<td>$1,764.35</td>
</tr>
</tbody>
</table>

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. LATTIMER, 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 6,300. Your income has increased a little over $7,000 and is about $70,000 in 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 $57,000. 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 extraordinary uses for money. The association owns $20,000 of the long time United States 4 per cent. bonds, worth nearly $25,000, 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 by the committee. The Committee is more especially for the benefit of the smaller banks of the association, as with lighter equipments and in remote 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 this committee, and I hope the work will be carried on and made as practical as possible.

The work of the committee on uniform laws and of its chairman, Frank W. Tracy, has been unremittent 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 this year. I refer you for particulars to the report of Mr. A. B. Hepburn, chairman of this 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 published before this convention is done. 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 not a resultant resultant market be 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. That experience that of this congress under entire rigid enforcement might some day tie the business of the country up in a 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 that the country's business was a going 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 worse in a sense than that of 1857 is, 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 1857. 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 this 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 Bank 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 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 in any business, the association.

Mr. Hammond, 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:

SAYINGS BANK SECTION.

"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 preamble be postponed until Tuesday, and do, and 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: $33,462.31

Appropriated by the Executive Council 1901-1902: $30,000.00

Paid account expenses 1901-1902: $30,771.15

Balance as per Treasurer's report September 1, 1902: $31,697.96

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 cities in the United States. On January 11, 1902, he was arrested at Antonito, Colorado, and jailed pending trial. He assaulted the jailer and emptied the latter's pockets, 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.

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From September 15, 1901, to September 15, 1902, ten banks, members of the Association, have been robbed by burglars of $25,359.50, while, during the same period, seventy-three banks, not members, have been robbed to the extent of $28,550.25, as reported.

5. From May 1, 1895, to September 15, 1902, members of the Association have lost by the operations of burglars and thieves, $80,511.50.

6. From May 1, 1895, to September 15, 1902, banks not members of the Association have lost, as reported, $726,458.77 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 $28,550.25 includes a low average loss to each bank. Although these numerous bungling attacks show lack of expertise, 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 $120,458.77, 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 readily 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 to serve sentences of from five to ten years in our penitentiaries. In addition, 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 for his term of sentence 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 much trouble from 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 five years in our penitentiary, 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. $5,462.31
Appropriated by the Executive Council. 30,000.00

**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 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 ..................................................................... 1,764.85

$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, III.

**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 attempted for five years 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 now a law, but unfortunately in enacting 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 Saturday 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 following 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 criticizing 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 (357) 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 2,900 decisions, and taking a moderate estimate, the taxed cost of this litigation of matters of protracted duration, amounts to two billion 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 millennium arrives there will always be disputed facts which will give rise to legal contest. Lord Westbury is said to have said in his speech aspiring to the dignity of the judgeship 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 will be a 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 the 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 10, 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.)
New York.—October 1, 1897.
Massachusetts.—March 1, 1898. (Three days' grace allowed on 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 10, 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 182, this act was not reported in the statutes."

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 Dakota, New Hampshire.
Idaho, Minnesota, South Dakota, New Hampshire.
Ohio, Texas.
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 financing. It bequeaths each and every member of this Association to post himself upon the progress of this educational movement, which has accomplished 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 a few short spaces of time. The Bulletin, which is the official mouthpiece of the organization, and we believe that there will come back to this Association manifold rewards for its generosity in this direction.

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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 your serious consideration of 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 Pittsburgh, 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 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 of trust. If we believe that there will come back to this Association manifold rewards for its generosity in this direction.
BANKING SECTION

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 Committee 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 chapters 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 Milwaukee Convention at which we broke off in the Bulletin, the official mouthpiece of the organization, somewhat gratuitously 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 give 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 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 unequalled 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 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 enthusiasm 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. All of the 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 4,136. 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, 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 or twenty other cities, the institutionary 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 of 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, Bookkeeping, Government, Geography, and 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 receiving 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. At this time, we have the satisfaction of being able to report that the plans that were laid in the fall have already 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 has been several hundreds. It 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 urged 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, a 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 it 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 members of the American Institute 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 $5,000, 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 two special schools, 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, Commissioner 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 70 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 cooperation 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 Span­nish War Revenue Act. As you well know, the entire act was repealed and therefore the relief sought was ob­tained, and your committee is 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 conceded that the courts would be satisfied 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, New York.

Stephen Baker, President of the Bank of the Manhattan Com­pany, New York City.

Theodore Kitchen, President of the Central National Bank, Philadel­phia.

Tho. 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.

The motion was seconded and carried.

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Chas. Parsons, President of the State National Bank, St. Louis.
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 may seem wise. Respectfully submitted.

Chairman Committee on Taxation.

A. B. Heburn.

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. 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 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 as brief as possible. 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 business behind us. Ten thousand men and women 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 study, 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, the work of the cashier. A list of all 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 "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 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 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.

The following shows the amount of bonds carried by members of the Association and the amount of premiums paid:

<table>
<thead>
<tr>
<th>State</th>
<th>Amount of Bonds</th>
<th>Amount of Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Carolina</td>
<td>$4,71</td>
<td>$4,17</td>
</tr>
<tr>
<td>Nebraska</td>
<td>4.41</td>
<td>4.05</td>
</tr>
<tr>
<td>Colorado</td>
<td>4.32</td>
<td>3.67</td>
</tr>
<tr>
<td>California</td>
<td>4.39</td>
<td>3.20</td>
</tr>
<tr>
<td>Louisiana</td>
<td>4.26</td>
<td>3.45</td>
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</tbody>
</table>

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.

STATEMENT ON THE WORK OF THE REPORTING COMMITTEE.

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 the American Bankers' Association of Ohio, in 1900, we learn that the average rate per thousand paid on the American Bankers' copyrighted form of bond is $2.90.

The average rate per thousand paid by members on all forms of bonds is $2.90.

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 following States have the distinction of paying the highest rates per thousand:

<table>
<thead>
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<tr>
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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 $1.90 per thousand.

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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 commended and that is a verdict in favor of one of the reporting companies. 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 bonds 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:

“Briedly, 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, Better, 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 consideration 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. Employees 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 it difficult in the terms 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 in 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 most careful preparatory 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 and ratification of the Association 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 employees of members of the Association are accepted.

All fidelity losses can be paid, and, in addition there to, a pension equal to one-third the average salary he has served can be paid to each employee 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 $29,572 per annum. This company very seldom contests a loss claim. At the same time they have accumulated a fund of £180,000 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 employees at no greater expense than is now being paid by foreign houses in much the same way.

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 obtain 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,
P. 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 1889 on page 98, the year 1900 on page 93, and for the year 1901 on page 48.

EXHIBIT "A."

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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 and able 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-Crime of the Currency of the United States. (Applause.)


Mr. President and Gentlemen. I am one of the un­convinced members of this audience, who, reckless as it may seem to many very distinguished friends, I believe that a system of asset 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 asset 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 not heard for years arguments for and against granting bank­ ing. 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 unequivocal 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
Resolved, That we are unalterably opposed to that provision of the bill authorizing gold certificates, the issues of which have grown from $32,000,000 on March 14th, 1900, to more than $360,000,000 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 liberal, that it could not receive the condemnation meted to it under the law; and further

Resolved, That we would joyfully favor any sound solution of the question, that, agreeing to 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 be a slumber to 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 monopolies 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 them that are new, that may be an asset currency, that may be a barter currency, that may be a money of value, but 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 opinion, the select committee should do and I sincerely believe will be done, the only scientific currency in time to come, which must be a sound currency.

Now, it has been the purpose of the Council in declining to accept all that is here to keep this Convention from going on record while this question is so important, and I think the proper action is to re-read 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 the amendment 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 (47 rose). All opposed to the motion will now rise. (75 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, mayor 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.)


[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 during the war, at which time it was 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 be immune to the influences to which the currency of the several States is subject.

Resolved, That we would recommend that the American Bankers' Association appoint a currency commission to draft 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. In the first era, a period of only thirty years, we built every town in the State; we erected a great system of jurisprudence suited to the conditions and growth of the State. In the second era, from 1865 to 1890, what took place I shall not discuss. In the third period, from 1890 to 1902, we have left behind us our loved ones, but we have left them in the homes in peace and happiness, and their loved ones well.

ARKANSAS.

Mr. John G. Fletcher, of Little Rock: Mr. President, Ladies and Gentlemen. Arkansas is progressing all right. Talk about being 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 bushels of cotton annually, and all of that cotton is used for cotton lumber, and she is furnishing lumber to you gentlemen of the North and to you gentlemen of the West. And in respect to coal, Alabama is sending "coals to Newcastle," as it were. Talk about a man who knows his own district 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 can make, and all the lumber you can 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 adequately express the admiration 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 unable to say that I am the bearer of San Francisco, that peerless city which used to be considered the outpost of civilization, but which is now the halfway 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.)

CONNECTICUT.

Mr. A. J. Sloper, 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. M. Alexander, of Prytania Street Presbyterian Church.

PRAISE.

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 South, and from the West, and we have left behind us our loved ones, but we have left them in the homes 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 not forget to keep in the home 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 us and all the things to which we have been devoted, and the prosperity of this land, which has been so blessed of Thee.

We ask it all in the name of Jesus Christ, Thy Son, Amea.

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 engage him to say what he can. I have often said in 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 clay alligator.)

GEORGIA.

L. F. 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 Georgia has flourished, or rather has been the great benefactor 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 lumber; our annual production of 1,400,000 bales of cotton; our splendid climate; our fertile plains, entering valleys, and even kissing wells; our two fine seaboards; our network of rail-ways, 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 Michael Angeles of the world will come from Georgia, for where else on earth can such inspiration spring from as from the matchless pink of the Georgia peach, unless it be the peachable blush of Georgia's maiden cheeks. (Applause.)

The state of the country does not permit as to enter 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 uncaring hum of town 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 mayor, (Applause), whose own strides was a 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 peaceable city in Georgia.'

R. J. Lowry, of Albany, Georgia: Mr. President, we have the Nestor of the bankers of the South with us to-day—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 with me, as I have an actual 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 poorer classes conduct themselves with propriety. (Applause.)

I knew 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's interests more 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, although the proceedings do 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 vacation and give us an experience that we shall 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 be held in the State of Georgia, where 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 ad immense territory besides. The Great Slave Lake, the Great Bear Lake, the Mississippi; the Great Salt Lake, the Great Basin of the desert, and 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 decrees of commerce, the great city of New Orleans, should be the 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 establishments and in the industrial importance 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 direct. Fourth, and a new railway, the Chicago and Illinois finishing at a distance of 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 new 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 shall be made for improvements in 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 18th of July 1893 almost every California friend 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 and the necessity of as many blessings as have been showered upon the fair territory that exceed it in population, there is none that excel it in historic memories. The Crescent City, as these decrees of commerce, the great city of New Orleans, should be the 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.)
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 manufacturing industries are exceedingly prosperous; the yield being over forty-five million bushels, and our corn crop is estimated 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 "rainy days and harvest come," 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 usual during the last few months. Our banks are 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 small West has been a great success. It was expected it would, although a good many State Banks have availed themselves of the privilege of organizing under the National Banking Act. They are not one small institution that scarcely deserved the name of a bank. Our private banks are gradually disappearing, the National and State Banks taking their places.

The position 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 1883, 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 an increased 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 everyone 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 has been and continues to be a money-making State. 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 have voiced the sentiment of the people of Indiana 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 an occasional visit is a measure in every community, for its best development and upbuilding.

If there is any cloud on the financial horizon it is not ob-servable 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 long-winded speech about the market. I 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 has not spoken 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.) I do desire you to know that the sun still shines bright on our old Kentucky home, and I believe that the hogs 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 business. In the main the 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. That is why we are all Old-fashioned and lawless and disorderly in Kentucky. Now, I 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 other States. We would like to see the people of all the States come down here 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 them 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 in the interior, and the farmers are making the most of the almighty dollar. We 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 faithful and beautiful, and industrious. 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
Sovereign Lord, Charles II, when he visited the land in
1630, and 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 and in its future is well founded. (Applause.)

MASSACHUSETTS. (No response.)

MICHIGAN.

Mr. Livingston, of Detroit: Mr. President and Gentle­
men. I know of no State which possesses more importance
in the Union than Michigan. Our large agricultural inter­
est, our manufacturing facilities, our iron mines, all combine to make Michigan a wonderfully successful and important State.

Among our manufactures, briefly, I may say, are furni­
ture, stoves, beet sugar, agricultural implements—a list so long that it is not easy to enumerate. Everything in and about the State is in a highly prosperous condition. We hope the time will soon come when we will exceed the Mississippi, the second as a cotton producing State. Last year Mississippi
was $107,000,000. In 1894, 20,000,000 tons. In 1898, the 20,
500,000 tons was reached, and last year, 1901, the aggre­
gate total of 28,500,000 tons was reached. I am in receipt of a dispatch from Major Bixby stating that for the year 1902, it will be over 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 through but five days in the year. The tonnage of 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 idea of commerce, replied:

"Your little Thames wouldn’t make a gargle to the mouth of the 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 in­
creased 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.

(Mississippi.)

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 en­
thusiasm 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 by 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 Progression 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 modern
homes; our furnaces, 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, giv­
ing employment to the laborer and artisan by the thousand,
and making employment to the laborer and artisan by the
thousand, and every man who will not lie; men who can stand before a dema­
gogue 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. Missis­
sippi 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 repre­
sents accumulations of wealth in the way of new fields
founded, filling our vacant lands, developing our sources
employing our capital and energy, exploring, subduing and
settling the wilds, and by the thousand, and every man
who will not lie; men who can stand before a dema­
gogue and damn his treacherous flatterers without winking—
pure men, sun crowned, who live above the fog, in public
duty and private thinking. (Applause.)

In our hearts, with sweet content.

Under skies in beauty best,

Of our North Star State we're singing glad and free.

And it is well-founded,

On the breezes pure and strong.

Flowing from the hills and lakes and inland sea.

From old Europe's thrall released,

Free! from the hold of empires of the East,

And from Canada, our Lady of the Snows,

Came the stalwart pioneer,

First to break the question to relate the

Bear the stamp of Minnesota's brain and brawn,

Clearing forest, plain and stream with sturdiest blow.

With the nation's weal in doubt,

Counsel's hour and battle's rout

Bear the stamp of Minnesota's brain and brawn,

With the nation's weal in doubt,

Mr. President and Gentle­
men. Mr. President and Gentle­
men. Missis­
sippi is fast completing a one million dollar capital
building which will be about the same. Twenty years ago Mississippi had not
been engaged in building a railroad which they promise to
complete 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 conserva­
tively and intelligently take advantage of our opportunities,
with a land so rich in material resources are just coming into
view, with a climate stimulating to mental and physical
activity, with a population 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 match­
less 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, great
hearts, true faith and ready hands. Men whom the last 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 be bought or sold; men who can stand before a dema­
gogue and damn his treacherous flatterers without winking—
pure men, sun crowned, who live above the fog, in public
duty and private thinking. (Applause.)
the agricultural and rural districts, for whatever may be said about United States bonds or investment securities, we think it can be truthfully said that 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 in all directions. We have seven 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 have it as a vocation to make big exhibits larger than they were 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 from the United States and the cordial treatment of China in her recent troubles have brought the Chinese to a realization of the fact that the debt was contracted in. (Applause.) The May day never come when those who are guarding the interests 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 stable 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 considerably. The State is prosperous. 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 YORK.

No response.

NEW MEXICO.

No response.

OHIO.

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.)

OLYMPHOMA.

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.

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.)
is about 908 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, and the Columbia River valley, 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, whereas the former portion is mainly composed of gently rolling hills, and is the most densely populated part of the State. It is a most beautiful city, having a population of about 100,000. It 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—grapes, pears, apples, peaches, and apricots. Its dairy products, 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 mount, 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 less 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, 29,805; New Hampshire, 9,095; Vermont, 9,135; Massachusetts, 8,040; Connecticut, 3,845; Rhode Island, 1,987; New York, 47,370; Pennsylvania, 44,985; Maryland, 9,890; 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 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 is greater than that of the Mississippi.

It is 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 countless thousands, and its shipping point, The Dalles, on the Columbia River, is perhaps the greatest 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 1894, President Jefferson, who had concluded the Louisiana purchase, sent Captain Meriwether Lewis and Captain William Clark on an exploring expedition to the Pacific Coast. In 1865 we shall hold the Lewis and Clark Exposition and Oregon will celebrate the centennial of the great event. We shall 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 countless thousands, and its shipping point, The Dalles, on the Columbia River, is perhaps the greatest 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.

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. The Columbia River is navigable by ocean-going craft for 800 miles below the mouth of the Snake River, and it is also the 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.

Washington, by the Columbia River. The Columbia is one of the largest and most important 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, 29,805; New Hampshire, 9,095; Vermont, 9,135; Massachusetts, 8,040; Connecticut, 3,845; Rhode Island, 1,987; New York, 47,370; Pennsylvania, 44,985; Maryland, 9,890; 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 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 is greater than that of the Mississippi.

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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 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.

The latter portion of the State contains the vast wheat fields, whereas the former portion is mainly composed of gently rolling hills, and is the most densely populated part of the State.
TEXAS.

Mr. Kemper, 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 in a position of power with all the impetuosity and fire of youth. (Applause.) I feel particularly well fitted 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 distress 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 Covenant City by way of the wonderful oil fields of Beaumont; then to the flatsands 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. We will then take you to the piers of Galveston; if you have only one 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 the metropolis of the Gulf States those of the Mediterranean 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.)

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 the prosperity and we have prospered in this our own region, 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 diamond 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 safest safeguard of prosperity is a proper distribution 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 people of the country. (Applause.)

WASHINGTON.

Mr. James D. Hoge, Jr., of Seattle: It is with some diffidence which 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 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 some-
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 agglomeration of raw material and varied products, yet within her borders retains that sense of ability, 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 is equally well understood that the land divested of its timber is probably to all of you that the northern half of the State borders she contains the elements of utility, comfort and wealth. The agricultural resources has been presented. It is known to all that banking in Wisconsin was never well nigh forgotten that we are bankers, and will only invite 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 invitation 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 beg 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. Kaufman: Mr. President, I desire to offer the following resolution:

Resolved, That the thanks of this Association 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

APPPOINTMENT OF COMMITTEE TO CONSIDER THE QUESTION OF ELASTICITY OF CURRENCY.

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 different parts of the country, for the purpose of considering the entire subject and report to the next meeting of this Association.
Resolved: That the thanks of the convention be and 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-sixth 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 today, 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 trust, however, that what statemanship 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 the following names as members of the Executive Council:

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 Shelton 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 Lonconau Savings Bank, Lonconau, Md.

Arthur Reynolds, President Des Moines National Bank, Des Moines, lowa.

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—J. G. Reed, Vice-President First National Bank, Juneau.

Arizona—Frank M. Murphy, President Prescott National Bank, Prescott.

Arkansas—W. F. Foster, Vice-President of Bank of Hope, Hope.

California—J. M. Elliott, President First National Bank, Los Angeles.


Connecticut—Frank D. Hallett, Vice-President First National Bank, Winsted.

Delaware—H. H. Williams, President First National Bank, Middletown.

District of Columbia—Jno. J. Edison, President Washington Loan and Trust Company.


Georgia—Jno. T. Anderson, Cashier Marietta Trust and Banking Company, Marietta.

Idaho—W. C. Moore, President First National Bank, Boise.


Indiana—John Perrin, President American National Bank, Indianapolis.

Indiana Territory—E. D. Nims, President First National Bank, Terre Haute.

Iowa—T. J. Fletcher, Cashier First National Bank, Marshalltown.

Kansas—Scott Hopkins, President First National Bank, Horton.

Kentucky—Oscar Fenley, President First National Bank of Kentucky, Louisville.


Maine—J. E. Wengren, Cashier First National Bank, Portland.

Massachusetts—Wm. Engle, Cashier Merchants' National Bank, Baltimore.

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.

Missouri—Graham G. Locy, Vice-President Tootle-Lemon National Bank, St. Joseph.


Nebraska—Chas. F. McEwen, 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 Mexico—J. W. Carter, Cashier Silver City National Bank, Silver City.


North Dakota—R. S. Lewis, President Red River Valley National Bank, Fargo.

Ohio—A. S. Fraser, Cashier Xenia National Bank, Xenia.

Oklahoma Territory—S. W. Keiser, President Stillwater National Bank, Stillwater.


Rhode Island—Amos G. Nichols, President First National Bank, Providence.

South Carolina—W. H. Smith, President First National Bank, Florence.

South Dakota—Harry B. Dennis, Vice-President Sioux Falls Savings Bank, Sioux Falls.

Tennessee—W. A. Sudd, Secretary Chattanooga Savings Bank, Chattanooga.

Texas—M. S. Loyd, President First National Bank, Fort Worth.

Utah—L. S. Hills, President Deseret National Bank, Salt Lake.

Vermont—C. A. Abell, President National Bank, Fairhaven.

Virginia—John D. Horsey, 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. Cochrin, President First National Bank, Rawlins.

President: 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.

The President: 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.

Carrying the Motion: 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 than he was a few years ago. I think it is safe to say that your ideas 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 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. Fitzwilliam, 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.


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.

For Vice-Chairman: J. T. McMahon, of New York.


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Trust Company Section
American Bankers' Association,

Sixth Annual Meeting, Held in the City of New Orleans, November 11, 1902

INDEX TO TRUST COMPANY PROCEEDINGS.

More Protection for Municipal Bonds - Pages 115 to 117
Audit of Trust Company Accounts - Pages 117 to 119
Trust Companies on Pacific Coast - Pages 119 to 121
Detailed Proceedings - Pages 122 to 130
Address of Welcome - Page 122
Reply to Address of Welcome - Pages 122 to 124
Report of Secretary - Page 125
Report of Executive Committee - Pages 124 to 125

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 $1,000,000,000,000. During the past five years the average issue of these public obligations has been over $120,000,000,000. 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 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 time of plate engraving, according to his own uncertain method, or imagination, 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 $1,000,000,000,000. During the past five years the average issue of these public obligations has been over $120,000,000,000. From these figures can be seen the enormous investment in municipal bonds.

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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, 1886, explains itself:

"On January 19 it was announced that the Mercantile National Bank, at No. 191 Broadway, had been swindled out of $144,000,000 by Edwin O. Quigley, a well-known Bond Broker of New York. Mr. 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 $57,000,000 City of Cleveland Bonds, $88,000 Bonds of the City of Springfield, $25,000 Bonds of the City of Harrisburg and $8,000 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 National Bank, after deducting the usual interest, returned the Bond to the Kouley National Bank. Mr. Quigley received a check, which he presented to the Mercantile National Bank, which returned a check, which he presented to the American Exchange National Bank. The amount it 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.

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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 Daily Eagle reported: "It is known that F. R. Warley, of 180 Broadway, New York, who lithographed the bogus Bonds for Quigley, printed in all $400,000 worth. The forger made a statement to the effect that Warley had no knowledge whatever of his transactions anything but honest."

The entire number of Bonds printed by Mr. Warley for Quigley is as follows: 50 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 $490,000 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 ink 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 Benton City School and $10,000 Tipppecanoe 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 engraving 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 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 $55,000 from the Importers and Traders' National Bank, Seaboard National Bank and Ladenburg, Thalman & Company, who 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 Bonds 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 on 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 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 as to ascertain by investigation the genuineness 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 Bank 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 original plate of his blank was three centuries old 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 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 held 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 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 obtunding 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 trust 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, execu­tors or trustees of wills, committees of estates of lunatics, idiots 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 for the purpose of re­turning 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 no State there is a power to order an 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 handle the financial interests of a certain circle of wealthy men, or to look after the investments of a certain circle of women. We find alongside of it another Trust Company doing the same thing for another set of owners. We find one Trust Company doing the same thing for another set of 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 a pattern that might go through all the different divisions of a Trust Company, 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 change in 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 auditor 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 pertaining 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 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 21, 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 every description as may be committed to it by any Person, Executor, Administrator, Guardian, Trustee, [or] Creditor." 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, held 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 securities. It declares that such corporations shall be liable to the full extent of their Capital for failing to perform any Trust duties created upon them by 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 rates 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 bonds 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 of its financial condition. It requires 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 purely a Banking business, as they have not qualified for the purposes of a bank, but since the passage of the Act of 1891 has qualified for the purpose of 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.

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 this Act it has nearly doubled its business and has made the required deposit with the Treasurer of State and has been recognized by the Board of Bank Commissioners as a Trust Company. It has been 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 15th, 1886. Paid Up Capital... 250,000

Los Angeles Trust Company. Incorporated November 20th, 1893. Paid Up Capital... 300,000 Germania Trust Company of San Francisco. Incorporated April 18th, 1899. Paid Up Capital... 1,000,000

Reorganized May 31st, 1898. Paid Up Capital... 375,000

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

An examination of the last reports to the Board of Bank Commissioners shows that these Companies have a combined Paid Up Capital of $4,200,000 and Surplus and Profits amounting to $1,194,000. Their Deposits are $18,565,000, and their Trust Assets are stated at $15,660,000.

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 safety 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 impossible in their judgment to get any public understanding or confidence in 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 by a Western Company, and it is rare indeed that a Trustee-ship 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 whose 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 bon speculations. 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 all 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.

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I believe that my Company, 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 bested the habit of buying or selling speculative stocks and has...
TRUST COMPANY SECTION.

121

figured on making a turn whether his particular stock went down or up, and interest on his investment has usually been 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. As Executor or Trustee instead of an individual, and no doubt receive attention from our Companies when this will become more and more the case as sentimental prejudice is overcome and the scope of the Trust Companies 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, and the 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 429,200, the showing is remarkable. The average individual deposit in these Banks is $602.63, 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 5-4½ per cent. on Term Deposits. Interest rates, however, have been gradually reduced, until now we pay 3 per cent. on Ordinary and 3-6½ 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 a matter of fact, number of the Commercial Banks pay interest on certain of their deposits, but 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 owning Depositors $222,660,000. Department of California the Banking Institutions have a Paid Up Capital of $22,000,000; Surplus and Profits, $30,000,000; amount owing Depositors, $592,000,000. 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 against 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. The Capital of $750,000 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. Sherrlock, 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 to establish a Banking Law, but up to now these attempts have not been successful. 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. Sherrlock 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 Security 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 to point out the differences.

In the springing 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 other resources. She owns and operates in 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 that she is not merely a haven for the modern consumptive. California is rich in natural resources which are only awaiting capital and labor to develop, and our fertile fields are open for operation 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 the spread of her influence is increasing with the increase 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."

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.

Join 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 earliest 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 names one to take, when the legatee first named does not take. Our courts say it is against public policy to permit young men to own anything they may see lying around loose. We are free to appropriate 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, or property in trust is forbidden by the laws of Louisiana.

It will at once be seen that this prohibition against public policy to permit property to be bequeathed in trust, thus putting it out of the hands of trustees is against public policy for all men.

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 earliest 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 another to take, when the legatee first named does not take. There is also the permitted disposition by which the testator names one to take, when the legatee first named does not take. Our courts say it is against public policy to permit young men to own anything they may see lying around loose. We are free to appropriate 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, or property in trust is forbidden by the laws of Louisiana.

It will at once be seen that this prohibition against public policy to permit property to be bequeathed in trust, thus putting it out of the hands of those whom a caprice of the testator induces him to consider to be his proper representatives, and placing it in the hands of those who have no interest in it except the proper interest of the testator, has already approached completion that will be the equal of any in the world, a wide-awake, progressive and thoroughly American, though cosmopolitan, population, are not justified in the firm belief that within a few years we will have here one of the greatest cities in the world. New Orleans is 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, untried commercial advancement.

You have fought and overcome foes such as few communities have had to contend against. Your city is identified with some 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 Napoleon, both in enterprise and skill and industry have conquered the Mississippi, mightiest of all waters, and made it a faithful and useful servant, in stead 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 you with mourning and bring silence and desolation to your marts. You have met the changing conditions and adapted yourself 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 waters,—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 glowing 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 bereaved either 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 unshaken 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 pride. The figures give the best testimony of your strength and power. In 1850 the total foreign commerce of the United States was $20,000,000; in 1890, while their surplus of $8,000,000 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 four thousand national banks now in operation in the United States. The individual deposits of national banks increased twenty-five fold to $150,000,000 in 1902.

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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, bringing the total for 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 capitalists and presidents of industrial corporations. In New York City at the present time include one former Vice-President of the United States and two former Secretaries of the Treasury.

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 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 in-force 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 want 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.

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 and will soon fill 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 the institution.

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 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 this 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 the latter should be kept in mind when the 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 continued our system of consulting 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.

September 1st, 1901—New York, November 1st, 1902.

Balance.................................................. $3,659.64
Received from sale of books of Trust Company forms.......................... 1,811.80
$4,471.44

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.................................................. $2,744.99
September 1st, 1901, there were 359 members of the Trust Company Section. Two hundred and one 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.

J. B. 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, corporate 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 a matter of principle, it was considered 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 corporate, 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 intention to Trust Companies, to the officers of what people are generalizing, 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: They 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. 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 sort of definite charge. 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 percent, 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 professedly as a code of five may be appointed, with the request that they investigate and report at the next meeting of the Section.

The Chairman: I will ask Mr. Enright to read his resolution.

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, and in the matter of the methods of protection, 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 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.

The Chairman: Gentlemen, you have heard the resolution. Are there any further remarks upon it?

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? I think it is the right way to see what we are giving 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.

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, and the protection given by various engraving companies in the engraving of bonds, a committee of three than a committee of five. I think, with Mr. Enright, that 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 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 protect 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 might require a bond, and if 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 to the Executive Committee of the Section from which they came to investigate the information as they saw fit to the various members of the Section.

Mr. Wade: As the second 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 Con- 
}vention and then have the committee report.

Mr. Parker: I will withdraw my amendment, then.

The Chairman: Then the motion comes up on the or- 
}iginal amendment, except as to the amendment chang-
}ing 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 in- 
}quiry 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 un- 
}expected 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 in-
}stitution, showing the average rate of interest on loans 
}which the Company is receiving, etc.—covering the gen-
}eral 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 such an Auditor 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 account-
}ants. But I have found that the expense and inconven-
}ience 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 Compa-
}nies 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 three Committee of three members, and we 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 state-
m
tment 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 car-
}ried into the statement book was made up of the bal-
}ances of the various depositors; they take the certifi-
cates 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 sug-
}gestion as to how they shall proceed, and those sug-
}gestions are predicated upon the experience of the Com-
}mittees 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 ques-
}tions as to whether the books have been all written, 
}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 re-
}ports 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-com-
}mittee was appointed, charged with the duty of formu-
}lating 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 Com-
}panies in the United States employing an Auditor at all 
times—each Company seemingly having been a law unto 
}itself, each Company studying its own need—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 in-
}tricate machinery was so different in almost every in-
}stitution 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 Com-
}pany, 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. Kitt-
}redge 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 gentle-
}men 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. Dal-
}zell 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 then the 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 now 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 that 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.

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 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, of the Prudential Trust Company of Cleveland, Ohio, for the position of 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. Horace 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.

The Chairman: 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.

The Chairman: 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.

The Chairman: 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. This will give us the benefit of the Chairman's advice on the committee and 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.

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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: 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.

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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: 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.

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Mr. Hodenpyl: I nominate Mr. H. J. Wells, President of the Rhode Island Hospital Trust Company, of Providence.

The motion was seconded.

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The motion was seconded.

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The motion was seconded.

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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.
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.

This 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.

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, I do not want to vote for it. I do not want to vote that 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 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, 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 a customer a bond unless 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 be referred to the Executive Committee as to holding the meeting of the American Bankers' Association.

The Chairman: If there is no objection, the motion will be made 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 to loan money upon bonds. We are called to invest more 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 to 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.
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.
The Girard National Bank, Philadelphia

CAPITAL $1,500,000. • SURPLUS and PROFITS $1,850,000.
DEPOSITS $19,500,000

FRANCIS B. REEVES, President.  RICHARD L. AUSTIN, Vice-President.
THEO. E. WIEDERSHEIM, 2d Vice-Pres’t. JOSEPH WAYNE, Jr., Cashier.

ACCOUNTS OF BANKS, BANKERS, CORPORATIONS, FIRMS AND INDIVIDUALS RECEIVED. CORRESPONDENCE SOLICITED.

Hurlbutt, Hatch & Co.,
BANKERS,
Empire Building, 71 Broadway,
Members of the New York Stock Exchange.

Dealers in... HIGH-GRADE INVESTMENT SECURITIES
ACT AS FISCAL AGENTS FOR BANKS, CORPORATIONS, FIRMS AND INDIVIDUALS.
INTEREST ALLOWED ON DEPOSITS SUBJECT TO DRAFT ON SIGHT.
CABLE ADDRESS, "HULTCH, NEW YORK." TELEPHONE, No. 2770 CORTLANDT.

Eastern Trust Co.
115 Broadway, New York
Herald Square Branch No. 1332 Broadway.
Capital, $1,000,000 Surplus, $1,000,000

DEPOSITORY FOR CITY FUNDS, AND FOR MARGIN ACCOUNTS OF PRODUCE, COFFEE AND COTTON EXCHANGES.
INTEREST ALLOWED ON DEPOSITS.

OFFICERS:
CHARLES M. JESUP......................President
HENRY A. WARE.........................Vice-President
GEO. B. SEELEY.........................Secretary
J. WESLEY ALLISON....................Treasurer
W. R. CORWINE........................Trust Officer

DIRECTORS:

THE CALLATIN NATIONAL BANK
OF THE CITY OF NEW YORK

CAPITAL, $1,000,000
SURPLUS AND PROFITS, $2,000,000

OFFICERS
SAMUEL WOOLVERTON, President.
ALEXANDER H. STEVENS, Vice-President.
GEORGE E. LEWIS, Cashier.

DIRECTORS
ADRIAN ISELIN, JR. THOMAS DUFFY FREDERICK W. STEVENS, ALEXANDER H. STEVENS
HENRY I. BARBEY W. EMLEN ROOSEVELT CHAS. A. PEABODY, JR. SAMUEL WOOLVERTON

ORIGINAL CHARTER 1829

131
The Safe Deposit and Trust Co.
of Pittsburgh,
Wood Street and Fourth Avenue.

OLDEST TRUST COMPANY IN WESTERN PENNSYLVANIA.

Registration and Transfer of Stocks and Bonds.

— OFFICERS —
A. E. W. Painter, - President.
Thomans Wightman, - 1st Vice-President.
D. McK. Lloyd, - 2nd Vice-President.
WM. T. Howe, - Secretary and Treasurer.
ROBT. C. MOORE, - Assistant Treasurer.
G. L. Rodgers, - Assistant Secretary.
H. A. Miller, - Counsel.
NEWTON PETRIE, - Trust Officer.

— DIRECTORS —
A. E. W. Painter, W. L. McClintock,
Thomas Wightman, D. McK. Lloyd,
WM. R. Thompson, J. D. Lyon,
JAMES LAUGHLIN, JR., Geo. E. Painter,
W. K. Shiras.

Established 1871.

WHITNEY & STEPHENSON,

BANKERS

AND

BROKERS,

Ground Floor, Frick Bldg.,
Pittsburgh, Pa.

OLDEST PITTSBURGH MEMBERS
N. Y. STOCK EXCHANGE.
Established 1822.

N. HOLMES & SONS
BANKERS,
FOURTH AVE. AND WOOD ST.,
PITTSBURGH, PA.

Transact a General Banking Business.
Receive, on favorable terms, accounts of Banks, Bankers, Corporations, Firms and Individuals.
Dividends and Interest Collected and Remitted.
BUY AND SELL FOREIGN EXCHANGE.
MAKE CABLE TRANSFERS.
COMMERCIAL and TRAVELERS' CREDITS available in all parts of the world.
DEALERS IN FIRST CLASS
INVESTMENT SECURITIES
Correspondence invited.

--- ESTABLISHED 1863 ---

ROBINSON BROTHERS,
BANKERS and BROKERS,
Cor. Wood and Diamond Streets,
PITTSBURGH, PA.

Members New York and Pittsburgh Stock Exchanges.
PRIVATE WIRES TO ALL LEADING POINTS.

INVESTMENTS.

JAMES CAROTHERS, W. E. von BOHNHORST,
JAMES CAROTHERS & CO.,
STOCK AND BOND BROKERS.
MEMBERS PITTSBURGH STOCK EXCHANGE.
305 Fourth Avenue, PITTSBURGH.

Investment Securities Local to Pittsburgh a Specialty.

--- MEMBERS NEW YORK AND PHILADELPHIA STOCK EXCHANGES ---

CHAS. D. BARNEY & CO.,
BANKERS AND BROKERS,
Nos. 122 and 124 South Fourth St., - - Philadelphia.
BRANCH OFFICE, NORTH AMERICAN BUILDING.
NEW YORK OFFICE, 52 Broadway; CHAS. S. PHILLIPS, Resident Partner.

Dealers In Investment Securities. Stocks and Bonds Bought and Sold on Commission and Carried on favorable Terms.

133
Capital National Bank,
INDIANAPOLIS, IND.
Capital, $300,000
Surplus, $120,000
Und. Profits, $15,000

OFFICERS:
Medford B. Wilson, Prest.
Wm. F. Churchman, Cashier.
Orlando M. Packard, V. Prest.
Chas. L. Farrell, Asst. Cashier.

Accounts of Banks, Bankers, Firms, Corporations and Individuals respectfully solicited.
With a direct account in every county in Indiana, we are especially prepared to handle your checks and collections at very low rates.

American National Bank Record
No. 1 for Bank organized ab initio.
No. 2 for Conversion of State to National Bank:

Inter-State Corporation Record
Both books contain proper organization proceedings, including Subscription List, By-Laws, Minutes First Meetings Stock Holders and Directors, Blank Minutes, Stock Register, Transfers, Dividends, Stock Holders' Ledger.

STOCK CERTIFICATES
BONDS
U. S. LOCK SEAL
BANK REGISTERS
ACCOUNT BOOKS

J. W. MIDDLETON,
Publisher and Stationer,
167 Dearborn St., - Chicago.

Devitt, Tremble & Co.
BANKERS
BONDS (MUNICIPAL CORPORATION
CHOICE ISSUES
GAS AND ELECTRIC COMPANIES
FIRST NATIONAL BANK BUILDING
CHICAGO

W. B. McKeand & Co.
INVESTMENT SECURITIES
AND
COMMERCIAL PAPER
THE ROOKERY,
CHICAGO
## Detroit, Union Trust Company Michigan.

### Statement at close of business July 12th, 1901

#### RESOURCES.

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<td>Stocks, bonds, mortgages, etc.</td>
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<td>Furniture and fixtures</td>
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<td>Real Estate</td>
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**Total** $4,881,761.21

#### LIABILITIES.

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<tr>
<td>Accounts payable</td>
<td>30,265.10</td>
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</table>

**Total** $4,881,761.21

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## STATE SAVINGS BANK

**DETROIT, MICH.**

Capital, $1,000,000. Surplus and Profits, $700,000. Deposits, $13,000,000.

GEORGE H. RUSSEL, President.


**STATE SAVINGS BANK**

**DETROIT, MICH.**

**COMMERCIAL AND SAVINGS DEPARTMENTS. ACCOUNTS OF BANKS, BANKERS, FIRMS, CORPORATIONS, AND INDIVIDUALS RECEIVED. WELL ESTABLISHED COLLECTION FACILITIES. CORRESPONDENCE INVITED.**

---

## The Michigan Trust Company

**GRAND RAPIDS, MICH.**

Was organized for the express purpose of acting as

EXECUTOR, ADMINISTRATOR, GUARDIAN, TRUSTEE, ASSIGNEE, RECEIVER, AGENT, ETC.

Capital, $200,000.00 Additional Liability of Stockholders, $200,000.00 Surplus and Undivided Profits, $100,000.00 Deposited with State Treasurer, $100,000.00

**OFFICERS.**

LEWIS H. WITHEY, President.

GEORGE E. HARDY, Vice-President.

F. A. GORHAM, Asst. Secretary.

CLAUDE HAMILTON, 2d Asst. Secretary.

---

## The Old National Bank

**GRAND RAPIDS, MICH.**

**ESTABLISHED 1863**

Capital Stock, $800,000.00 Surplus, $160,000.00 Undivided Profits, $188,767.49 Deposits, $4,135,870.80

**OFFICERS.**

J. M. BARNETT, President.

WILLIAM BARNHART, Vice-President.

HARVEY J. HOLLISTER, Cashier.

CLAY H. HOLLISTER, Asst. Cashier.

HOYT G. POST, Auditor.

**DIRECTORS.**

James M. Barnet

William Barnhart

H. W. Goldman

E. A. Stimson

E. H. Willey

W. H. Shelby

Geo. C. Petree

H. J. Hollister

W. H. Stevens

Clay H. Hollister

This bank opened its beautiful new offices in December, 1900, since which time its deposits have increased one-half. It is constantly adding to its clientage the best banking and commercial accounts.

---

135
THE EQUITABLE TRUST COMPANY

152 Monroe St., CHICAGO

Capital paid up .................................. $500,000
Surplus .............................................. 250,000

Acts as Trustee for Corporations, Firms and Individuals and as Agent for the registration and transfer of bonds and stocks of Corporations and the payment of coupons, interest and dividends. Interest paid on deposits.

DIRECTORS
William Best  John M. Smyth
Andrew McNally  J. R. Walsh
Maurice Rosenfeld  L. A. Walton

OFFICERS
J. R. WALSH, President
L. A. WALTON, Vice-President
C. D. ORGAN, Sec'y and Treas.
C. HUNTOON, Asst Sec'y and Asst Treas.

THE DIAMOND NATIONAL BANK

PITTSBURGH, PA.

CAPITAL,  -  -  $500,000
SURPLUS and PROFITS, 1,250,000

We solicit the accounts of banks and bankers and give such business careful attention. Our Collection Department is well equipped and gives prompt service.

JOHN S. SCULLY, President
WM. M. HERSH, Vice-President
H. C WETTEN GEL, Cashier

CORRESPONDENCE INVITED.

American National Bank

Indianapolis,  -  -  Indiana

CAPITAL,  -  -  $1,000,000
SURPLUS,  -  -  200,000

EXCEPTIONAL FACILITIES IN INDIANA

JOHN PERRIN, President
H. A. SCHLOTZHAUER, Cashier
THEO. STEMPPFEL, Ass't Cashier
ANDREW SMITH, Ass't Cashier

THE AUDIT COMPANY OF ILLINOIS

NEW YORK LIFE BUILDING—CHICAGO

PUBLIC ACCOUNTANTS AND AUDITORS

Regular and Special Audits made for Corporations, Firms and Individuals. Financial and physical examinations by experienced Auditors and Engineers. Takes entire charge of accounts for Guardians, Trustees, Executors and Receivers. Keeps corporation and private records. Certificates of this Company will be found useful as a basis for credit purchase or sale. Correspondence solicited.

DIRECTORS.
G. A. RYTHER, Cashier Nat Live Stock Bank, Chicago
J. R. WALSH, President Chicago National Bank.
L. A. WALTON, Vice-Pres. The Equitable Trust Company, Chicago.

OFFICERS.
L. A. WALTON, President.
F. W. LITTLE, Vice-President.
C. D. ORGAN, Sec'y and Treas.
C. W. KNISELY, Manager.