THE CONVENTION'S ACTION ON THE BANKING BILL.

The resolutions in regard to the Banking and Currency Bill now pending in Congress, adopted by the Bankers' Convention at Boston on October 8, may be said to have been introduced and approved at the psychological moment. The bill had passed the House in September. It had passed, in a very different form from that which it bore when it was introduced last June. Many of the crudities in the original draft had been removed or modified by the House Banking and Currency Committee. Some admirable provisions, in regard to redemption of the proposed new circulating notes, had been incorporated. More than this, the amendments proposed by the extreme radicals and inflationists, inside and outside the House Committee, had been rejected by overwhelming majorities, first by the Committee itself and then by the Democratic caucus, which gave the measure its final shape for the vote in the House of Representatives.

But when all this was done, the bill remained in admittedly defective shape. We do not believe we exaggerate in saying that it was not unqualifiedly approved, as it stood after the vote of the House of Representatives, by any competent critic or practical business man, even among those most loyal to the Administration and most anxious to see a Banking Bill, with the general purposes of the pending measure, placed on the statute books. That the bill should be defective in important points was nothing unusual in legislation. A House Bill, after its passage by that body, is ordinarily open to many criticisms, and is usually reviewed with great care before its acceptance by the other House of Congress. This is so, for the same reason as that the House rules are framed to expedite discussion and the vote in that body. In our political traditions, the House is expected to bring up for practical consideration those questions on which the public at large desires legislative action. It formulates bills in line with such policies; it discusses and amends them, with a view to perfecting them as far as may be possible in the limited time allowed for deliberation.

But its important duty is to get the proposed legislation before the public, in such concrete form as will admit of the searching practical criticism which an important public measure needs. This criticism is traditionally attracted to such a measure, during the period between its passage by the House and its consideration in open Senate, and practical discussion then becomes possible, because the bill has now received the finishing touches of one branch of the national legislature. The reason why, in our parliamentary practice, the Senate machinery moves slowly and the Senate debate is subject to no closure rule, is the recognition of precisely this fact that the time for sober critical and discriminatory deliberation has arrived. In the case of the Banking Bill, the danger at one time seemed to be that this highly essential weighing of arguments for and against the specific provisions of the bill would not be assured—either be-
cause expert criticism had not made itself heard with sufficient authority, or because of the Senate's acquiescence in a policy of forcing the Banking Bill through, in the few weeks remaining of the present extra session, and without regard to the numerous controverted points which are not yet settled, but on whose proper settlement the success of the pending effort at Banking and Currency Reform will undoubtedly depend.

The action of the Bankers' Convention has at all events guaranteed that the full and practical consideration of the bill will not go by default. The practically unanimous affirmative vote of the 2,400 delegates at Boston proves that the criticisms contained in the resolutions do not embody exclusively the views of any one group of banks or bankers. The free and open debate which preceded the Convention's vote—in the course of which, opponents of the resolutions had free scope to submit their opinion in the matter—proves that the vote was not a result of restricted opportunity for delegates to express their individual conclusions. The incident as a whole disproves the allegation which has become somewhat familiar during recent months, to the effect that the large body of "country bankers" were entirely content with the bill as it stood, and that only the city institutions opposed it.

It is well to remember that neither the joint report of the Chicago conference of the American Bankers' Association's currency commission with the delegates of State Bankers' Associations and Clearing House Associations, nor the resolutions of the Boston Convention itself, were sweeping and uncompromising hostile to all the work of the House Committee on currency reform. This is proved, not only by the clause in the resolutions commending President Wilson, Secretary McAdoo and Congress, "for their efforts to give this country an elastic as well as a safe currency," but by the form of the report of the Chicago conference, which was ratified by the Bankers' Convention. In that report, as adopted on August 23, there was expressly incorporated, with necessarily implied approval, the greater part of the text of the Banking Bill as then before Congress. In a few particulars—notably the ratio of reserve to be held by individual banks—the Chicago recommendations were accepted by the House Committee.

The objections which remain, and which are embodied in the Boston resolutions, affect essential provisions of the bill; but they do not insist on a radical change in its general principles, or even of its detailed machinery. Perhaps the greater number of them may be said to be of a character where no question of principle is involved in the difference between the House Bill and the Bankers' Convention recommendations.

But four points of high importance are raised by the criticism of the bill in the resolutions, and these are now certain to receive the consideration and discussion to which they are entitled. One of these is the question of representation of practical bankers on the Federal Reserve Board which supervises, and which under certain circumstances can arbitrarily control, the operation of the entire banking system. The second is the request that membership of existing national banks in the new system, and their subscription to the capital stock of the Federal reserve banks, be made permissive, not mandatory. The third is embodied in the objection to the bill's provision that the Federal Board may, "in time of emergency, require Federal reserve banks to rediscount the discounted prime paper of other Federal reserve banks. The fourth point is raised in the resolution that the note issues should be prescribed in the law, not, as its language now stands, as "obligations of the United States," on which banks receiving the notes shall "pay such rate of interest * * * as may be established by the Federal Reserve Board," but as "obligations of the Federal reserve banks of issue," taxable at a rising rate when the gold reserve held against them falls below 40 per cent.

These are the questions of principle which, since the action of the Bankers' Convention, are definitely before the Senate and the country for their thoughtful consideration. The Convention's argument regarding all of them is easy to comprehend. At least a minority of delegates elected by the Federal reserve banks, the Convention held, should be permitted on a national board which has so sweeping authority over the use of the capital subscribed by individual banks. It held that to compel a national bank, whose existing charter established no such relations, to invest a portion of its capital in stock of the reserve bank, is beyond the legitimate powers of Government; the Aldrich plan, for instance, merely offered such stock to the subscription of the banks, and made the inducements such as to attract subscription. It maintained that the power to require rediscount of one reserve bank's paper by another reserve bank was a dangerous power for any national board to exercise in its unrestricted discretion. Finally, as regards the note issue, the Convention believed that, quite aside from the question whether or not the machinery of the law would be deranged by the language describing such notes as issues and obligations of the national government, the effect of such declarations necessarily would be to instil false and mischievous economic notions, and to play directly into the hands of the inflationists.

We have surveyed very briefly a few of the essential questions of principle involved in the Boston resolutions. Such a review might be extended very much further—for instance, to the highly important question whether the proposed system of twelve Federal reserve banks in twelve separate districts of the United States, with the relative weakness and dependence on the others which some of those banks might easily incur, ought not to be altered so that the number will not exceed four or five. This, and other equally practical questions, require the most careful study by the legislators before the experiment is tried. The reassuring fact, in regard to all these problems, is that the action of the Bankers' Convention—its manner, no less than its matter—would seem to have ensured such consideration.
THE RESURRECTION OF AGRICULTURE.

Recognizing to the full the unsatisfactory fact that the basis of all true prosperity must rest on the firm foundation of the land, the American Bankers' Association at Boston last week devoted the greater part of a day to the discussion of agriculture and its problems.

It is a mere platitude to say that for many years this country was able to live on its agricultural exports because the rich virgin soils of our Western States practically insured profitable crops with the minimum expenditure of both capital and labor. In those days the land was tilled by hard working men who owned the acres they worked and who therefore had at least the incentive of the proprietor if, too often, not the knowledge to maintain the land in full fertility.

Of recent years the high prices obtained for farm products have worked an amazing change in conditions. Not only have crops fallen off in volume relatively to population, so that our leading agricultural exports, except cotton, are much reduced, but a very large proportion of our farm lands are now tilled not by the owners, but by tenant farmers whose chief incentive must be to get as much out of the land with as little cost as possible. Such a condition, unregulated, inevitably will lead to the increasing impoverishment of our farms, with a consequent actual, and not merely relative, decrease in production.

Probably agriculture is the only industry in America in which any large proportion of the proprietors have retired and left the management of their holdings to absolute outsiders, for it is one of the peculiarities of this country that almost all our successful men of affairs have continued in harness long after the financial returns of their business have ceased to have a paramount interest for them.

Why, then, has this not been the case in agriculture? Perhaps the reason is best contained by inference in the remarks of Dr. George E. Vinent, president of the University of Minnesota, when he told the Bankers' Convention that it was the aim of the country to establish a democracy of culture in Minnesota, a democracy that will recognize culture on the farm and in the workshop, a democracy that will teach the farmers' boys and girls to appreciate that the occupation of farming is held in high esteem.

Is it not a grave question, he asked, if we do not have too many lawyers, too many middlemen, too many engaged in the professions?

He was dealing with the steps his State has taken to offset the dangerous trend of tenant farming and slipshod husbandry. His remarks indicated that in Minnesota at least one of the most active causes of agricultural decay has been noted and the only possible steps taken to eradicate it.

From time immemorial society has combined to look askance at the man who deals with his hands, and when manual labor has been coupled with the isolation and restricted life of the agriculturalist the general attitude toward those engaged in it has been piti, not unmingled with contempt. A successful farmer has never received that meed of popular admiration which is freely given to the successful banker, merchant or manufacturer and consequently in too many instances his first idea is to get away from the farm into the larger world of the cities.

Unfortunately for the country, financial success has come all too easily of recent years to almost anyone who owned a farm. The rapid growth of population has provided a ready market at ever increasing prices and has removed the incentive for thorough-paced efficiency such as has been demanded more and more in other lines of endeavor.

In the old world the restricted area available for cultivation, protective laws designed to insure an ample food supply in time of war and other causes not operative in this country have contributed to make farming a scientific business in a way so far not even dreamed of by the rank and file here. It is not at all uncommon for an American farmer to run his business without a book, save his check book, to make butter out of his cream and throw his skim milk away, to leave his orchards a prey to noxious insects and his fields to noxious weeds.

In too many instances he knows little or nothing of his soil and has developed no plan whatever for preserving its fertility. Often he has not studied his seed even to the extent of knowing weed seed from clover, let alone the appearance of that seed which may be relied upon to produce abundant crops.

This point was brought out in partial detail by S. M. Jordan, the County Agent of Pettis County, Missouri, in his address before the Bankers' Convention. His task is the difficult one of teaching the farmer how to farm without antagonizing him.

He told one story to illustrate his point. On a visit to a farm whose owner wished to grow alfalfa, he found the fields dotted with clover dodder.

The farmer, he said, "did not know what dodder is and his hired man had never heard of it."

This experience led to an investigation of the seed sold by local dealers and Mr. Jordan found that much of it was mixed with noxious weeds. Then he found further and was astounded to learn that one farmer in three knew the pests by their seeds even when they were growing in profusion on their own land!

The next step was naturally to remove this ignorance and recourse was had to the schools where the teachers started a course of instruction which has already had most beneficial results. "The children," he said, "will ask for a little clover seed, perhaps, and take it to school and in a few days a little twelve-year-old girl will bring the sample back and show papa the seed of sour-dock, bracted plantain, and buck-horn in his clover, and I believe that before two years more have passed every pupil who is twelve years of age or more in the rural schools of Pettis County will be able to recognize by their seeds every one of the serious weed pests that are found in these field seeds."

Mr. Jordan and his colleagues were also able to teach another valuable lesson to their local farmers. The land of Pettis County is nearly all well drained and the farmers could not conceive of well drained land being sour. Chemical tests proved them wrong, however, and a few of them have been induced to lime their soil, with excellent results. Their success will doubtless lead others to follow their example. "But what a commentary it is on American farmers that this lesson should need to
BANKERS' CONVENTION.

be learned in the twentieth century! Why, the European farmer has known that much for perhaps a hundred years!

In over twenty years our average yield of wheat per acre has increased only from 13.2 bushels to 14.1. In the same period, Germany has raised her output from 245.5 bushels to 301, and Austria from 162.2 to 168, while the United Kingdom has remained stationary at something over thirty-one bushels to the acre.

Our corn crop for the ten years ended 1909 was actually one and one-half bushels per acre less than for the ten years ended 1879, and our yields of oats and barley have not only not increased in anything like the same ratio as those of other countries, but are in some instances as much as a full third below European averages.

It is perfectly true that in Europe the farms of most countries are tilled in large measure by tenant farmers and not by their owners, but it is true also that the leases contain provisions which insure careful husbandry and that the incapable farmer finds it exceedingly difficult to get his lease renewed. Furthermore, many of the large landed proprietors conduct model farms on which expensive experiments are conducted for the benefit of the tenants. Thus they have the advantage of free instruction and benevolent supervision, and this aids to efficiency which are unhappily either non-existent or restricted in their scope in this country.

While he did not refer to any other country, Mr. James J. Hill must have had these facts in mind when he told the assembled bankers:

"Sound economic policy and business sense advise a gradual increase in the number of those engaged in farming; educate them in better and good; insist upon the care and improvement of the soil; increase production per acre; and, in particular, promote the raising of live stock, by which money can be made, industry diversified, our food product enlarged and the soil raised to a higher degree of fertility."

In these words, as he so often does, Mr. Hill struck a keynote to our agricultural decadence. The haste to get rich, which demanded the forests and at one time seemed likely to shut our manufactures from the markets of the world by reason of indifferent quality, is more largely responsible for the poor yield of our farms than has been realized until lately. The increase in the value of farm products has been out of all proportion to the increased cost of the things the farmer buys.

The rapid increase had two results. It led the farmer to place every available acre under the plough and sow the same crop year after year on land from which the fertility was annually being removed and to divorce himself from the care and responsibility of live stock, by which means alone he could hope to keep his farm in prime condition. It is an absolute fact that one may travel for a day in certain of the Western States without seeing a cow, much less a beef animal, and very many farmers are known to buy their meat, butter, milk and eggs from the nearest village. In 1900 there were 45,500,213 cattle, other than milch cows, on American farms and ranges. On January 1 of this year there were only 36,030,000, but their value was some $43,000,000 greater.

Last year the United Kingdom, Germany and France combined had ten cattle to every thirteen in this country and this on an area of less than one-fifth the area of the United States.

To care for these animals, to properly utilize the manure they produced and to carefully till the fields a vast army of agriculturalists was continually employed. In Germany as far back as 1882 there was one man at work on every 10.7 acres, whereas in 1900 we expected each man to care for forty.

The facts are there. To their credit be it said they have long been realized by the American bankers. What are we going to do about it? A start has already been made in many States by the sort of work Mr. Jordan is engaged in at the corn clubs in which farmers' sons are encouraged to cultivate tiny patches by modern methods and so "show the old man," by lectures before farmers' institutes, by experimental stations, by bulletins of information, by the multifarious work of the agricultural colleges and the departments of agriculture.

But this start is much the same that was made in England many years ago and the results achieved there still leave much to be accomplished. The drift from the land, if not the drift to slipshod methods, still continues across the sea. How are we to meet the same problem coupled with the other here?

Perhaps the answer is to be found in Dr. Vincent's remarks quoted above. If the American people as a whole can ever be brought to see the innate dignity in farming on the farm the problem will be solved. Unfortunately, our lax methods have tended to produce exactly the opposite impression. It has come to be believed that farming is the one industry in which a man can trust to blind luck to see him through. It is an impression fostered by many farmers themselves. A story was told at last year's Bankers' Convention of a preacher who obeyed his congregation and prayed for rain, but he coupled his petition with a severe reprimand, "Thou knowest, oh, Lord, that what we want is not more rain, but more sense and more manure."

Farming will never become an honorable profession until it is attended with the same study of science and business methods which is instinctively given to other occupations. The schools will not accomplish something in this direction, but the schools by themselves can never solve the whole problem. The great body of farmers will only learn to respect themselves, to respect their calling and thus win the respect of their fellow men through the whole hearted, intelligent, sympathetic support of others. The banker particularly is in a position to bring this about.

A merchant whose methods are slovenly is looked at askance by his banker and others. The intelligent farmer must be encouraged. His efforts towards the improvement of his farm must be supported by credit and advice in just the same measure and in exactly the same way as the wide awake merchant and manufacturer is encouraged and supported by the intelligent banker. An unproductive loan, whether made on land or a factory, is never a source of lasting benefit either to the bank or the borrower. If farming, largely through the attitude of the banks, can be put on the same footing as other industries, the problem will be in a fair way to solution. When farming is a business so far as the world is concerned, it will become a business for all who are engaged in it, but never before. When it achieves that status the stigma attached to the name of the farmer will have been removed and that democracy of culture which comes through efficiency to which Dr. Vincent referred will have become an accomplished fact. Then and then only can we expect to see our farms and our farm products take their rightful place in the agricultural world. We shall then have created a vast army of scientifically trained men, the equal in culture and business training of any class of men in the country; who will be clothed with the dignity and self-respect of the old-timers; who, properly armed with all the weapons modern science has forged, will fight their use.
Agriculture in the United States.

BY JAMES J. HILL

The banker buys and sells credit. Credit is based on wealth and character. Will a man be able to pay, and will he be willing to pay at the maturity of his obligation, are the two questions on whose answer depends the grant or the refusal of credit. It follows that the banker is more closely concerned than the man in almost any other occupation with the processes and prospects of wealth production.

When communication between countries was slow, difficult and beset with chances of loss, credit concerned itself more with comparison of distant sources required financing, and represented wealth in a tangible form readily convertible into credits. In the Merchant of Venice, credit hangs the issues of life and death on the safe arrival of a merchant ship. The great sea routes of the world sustained the banking institutions that rose and flourished at its principal ports.

In the modern era manufacturing became the main source of fortune; and on its raw material, its finished products and its immense plants a greatly expanded credit system was established. Governments have not yet freed themselves from the delusion that this is the cornerstone of wealth production and the main prop of financial institutions. But those who carefully investigate the question as a whole know better. One true law is now pretty well established in the minds of thinking men—that agriculture, as the ultimate source of all wealth except the relatively smaller portion drawn from the sea, the forest and the mine, should be the special care of these interested in maintaining a credit system at once ample and sound. Within recent years this has been recognized formally by various State Bankers' Associations and by the American Bankers' Association.

A sharp and continuous campaign should be waged along this line, because the course of national development, as directed by national economic policies, follows a curve that moves toward future disaster. No country ever yet put all its eggs into one basket by fostering permanently one form of industry at the expense of others, and escaped the penalty. Whither we are moving appears in the statistics of our foreign trade, jubilantly announced by many who cannot read in the imposing figures their real sinister meaning.

The total exports of the United States in the last fiscal year were $2,460,000,000, having almost doubled in the last ten years. If this increase is well distributed, it becomes matter for congratulation. What is the fact? According to the official report of the Department of Commerce, manufacturers' materials increased from $400,000,000 to $731,000,000; manufactured articles from $485,000,000 to $1,157,000,000; foodstuffs, which were about $510,000,000 in 1903, were $550,000,000 in 1913. But, says a bulletin of the Department, commenting on this showing, "this equality in values indicates a reduction in quantity, in view of the advance in prices meanwhile." Fresh beef exports fell from 255,000,000 to 7,000,000 pounds; and all meat products outside of cattle from $170,000,000 to about $150,000,000. Translated into pounds, the deficit would be much greater.

Now it is not difficult to interpret the lessons of these figures. The number of mouths to be fed increases progressively. We occupy our workers more and more in supplying with manufactured goods, under artificial stimuluses, the markets of the outside world; markets from which we may at any time be partially excluded by foreign legislation over which we have no control, by competition, or changes in the wage rate, by internal national disturbances. We have to feed all the workers in these industries. Hence our exports of food products decline. In a few years we may be buying food abroad. The cost of living rises day by day. The very industrial features over which we boast are bound to make it higher. After all that has been spoken and written about conservation, one should not need to point out the economic short-sightedness of exhausting our natural supply of valuable resources whose total is limited by nature and cannot be replaced. That means future scarcity and industrial decline. Of our great export total for 1913, almost exactly one-fourth consisted of manufactures of iron and steel, mineral oil, coal, and copper and its manufactures. All of these...
BANKERS' CONVENTION.

owe under the above description. It is the rapid ex-
haustion of resources, to place a fixed and false eco-
nomic idea, that no ingenuity can ever restore.

One of the manufactures of iron and steel alone
last year amounted to nearly $300,000,000. For cheap
iron ore we depend upon the Lake Superior district,
because of high grade, ease of extraction and nearness
to transportation. It cannot long stand such a
drain. At the rate of 50,000,000 tons a year, it will be
necessary in thirty years from now to yield the expen-
sive mining processes and to utilize inferior ores. Pig
iron will be made from ore containing from 25 to 40 per
cent. Instead of 55 to 60 per cent., of iron. This will
raise the cost of steel furnishers to $3 to $4 per ton. Since
the deposits of iron ore in the United States are known
and their capacity is limited, our cost of production will pre-
vent us from competing with other countries in the
world's markets where we now dump our treasures.
At the same time it will admit the foreign prod-
uct into our own markets over any tariff that the people
could or would stand. We lose at both ends. We may
become more by buying not only bread but manufactures
of iron and steel abroad. What, then, will support a
tog-heavy industry, and a prosperity founded on condi-
tions obviously temporary? With what can we pay our
debts at that future settling time? Would it not be bet-
ter for the government to quit boosting these interests and harrassing
over the rise in exports, while we work to change our
industrial system on the basis which the distribution of
natural wealth and the demands of civilization impose
eventually on all countries and on all people?

Sound economic policy and business sense advise us
to increase the number of those engaged in farming;
educate them in better methods; insist upon the care
and improvement of the soil; increase production per
acre; in particular, accelerate the raising of live
stock by which money can be made, industry diversified,
our food product enlarged and the soil raised to a higher
degree of fertility. In so far as the banker can assist
this change by granting agricultural credits wherever
it is wise to do so, and especially by konditioning loans
upon the use of right farming methods, he will strengthen
and safeguard his own interests at the same time that he
helps to build up the country and to give to its
industrial fabric a firm and consistent future.

In our foreign trade which, though secondary, is of
much importance to the country, the general public still
mostly overlooks or undervalues what has risen to be
a power. We, therefore, exult in the fact that in the value
of domestic products we exceeded the United States
almost neck and neck with Great Britain. We exult in the
showing of a balance of trade exceeding $650,000,000. But we
do not analyze. Our eyes look eastward or southward,
and we are eager for new ventures in those directions.
We squabble and higgle and refuse to understand the
trade advantages already ours and that we might well
now enjoy if we had looked toward the north instead
during the last ten or a few years.
The rise of our trade with Canada to a commanding
place is a striking phenomenon. The total of that trade
for the last fiscal year was nearly $330,000,000. In 1903
it was a little over $175,000,000. In the ten years the
increase was over 200 per cent. For the single year
1913, as compared with 1912, it increased 22.3 per cent.
Our total exports to Canada last year, amounting to
$145,200,000, were $83,000,000 more than those to Ger-
many; and $7,100,000 more than those to France. They were
$171,000,000 greater than our exports to all the other coun-
tries of the Western Hemisphere combined, and
within $131,000,000 of equaling those to England. At
this rate it is a question of only a few years when Can-
adas will surpass our best customer. We have but one
better to-day.
Distribute the balance of trade for 1913 in which we
succeed. It amounts, for the whole world, to $632,-
000,000. Of that total Canada contributed $294,688,000,
or 45 per cent. Almost one-half of the net receipts of
the United States from its commerce with other nations
comes from this one country. We spare no expense or
depense to drum up trade with the countries to the
south of us. We have spent a great many millions of
dollars on the Panama Canal. The main argument in
Its favor was the increased facilities that it would fur-
nish for trade with the west coast of South America.
San Francisco is preparing an international exposition
to celebrate the opening of this great waterway between
the oceans. The mother country of Canada declines to
participate; and, under her courteous assumption that
we 'might consider it a part of your ambitions no
doubt that the deciding reason was what many good
lawyers, as well as common sense, declare to be a viola-
tion of treaty by permitting canal tols on our own ship-
ing and so discriminating especially against the ship-
ning trade of Canada. The keynote of the approaching
opening of the canal is the importance of our trade with
the countries of the south to which it offers us a shorter
and quicker route. Well, see what that amounts to,
Our balance of trade last year with all North and South
America, including Cuba and the West Indies, of this
hemisphere from Greenland to Cape Horn put together,
was $183,660,000. If we leave Canada out, our trade
with all the remainder shows a balance against us of
$110,000,000, mainly to pay for coffee. It is a difficul-
to decide what is the most valuable trade we presently
in the Western World. It is not difficult to discover who,
If we consider only the amount and rapidity of growth
in commercial relations is our most desirable customer
in-day.

To maintain that trade, to free it from every neces-
sary burden, to cultivate the most cordial relations with
the people who furnish it, these things are a proper care
for all business men. Between the bankers of the United
States and those of Canada there now exists an under-
standing fostered by the conduct of a business whose
principles are universal, and whose practical crosses
political lines without having to produce a passport or
pay a duty. I am sure that you need no urging to do
whatver may be within your power to unite closely the
business interests of these countries which
nature herself presents as to the two great factors, co-
operating, each in its own way and its own independent
sphere, for the development of this continent and the
progress of the world.

I know that agriculture to a nation is a less
prettv well learned. If our commercial relations with
Canada have lately come to be looked upon under a
parochial point of view, it would seem that we still lag
behind in all that relates to a national system of cur-
rency and banking. In far as that depends on the
law-
making power. Our monetary system is the wonder
of intelligent men abroad and the despair of intelligent
men at home. A definite propose to change it has been be-
fore congress and the country for months past. No
other subject can be so germane to this time and this
meeting. It has had the benefit of study and criticism.
This Association should not hesitate to express its opin-
on and to offer its advice. This will be given in spirit
of entire helpfulness and good will. The subject of
banking in its relation to a national monetary system
remains, as it has always been, the most difficult with
which the law-making power has to deal. Even those
who make finance their daily business are at times at
a loss to make the best application to practical affairs
of its abstract general principles. Such criticisms as
may be offered upon the plan presented for banking and
monetary changes and such suggestions as may be made
for its possible improvement, will be inspired solely by
the spirit that has moved me. I am sure this Association
and the individual members of it throughout the
spirit of desire to co-operate helpfully in a labor large enough
for the banker, the business man and the public patriot as
distinguished from the mere politician. In the presence of
so many who are rightly regarded as experts, I shall do no more than set out a few respects in which it seems to me that the proposed measure invites and is susceptible to modification and improvement.

One serious defect is that the bill will not and cannot do what it its face it proposes to do. It professes to aim at a comprehensive reform of currency and banking by establishing a logical and permanent system. We have never had that; this is what some one wanted was founded. We will not have it if this bill should become law. It does not simplify the currency. It does nothing with the greenbacks; it leaves the silver certificates where they are; it proposes to retire the outstanding national bank notes only in the course of time. Our currency will be just as confused and unscientific as before. Another failure in frankness at least is the repudiation of the central bank idea in name and the method of doing it in fact. The proposed national and local reserve associations are merely variations on the principle of a central national bank with local branches. Concealing that identity, they would naturally be considerably less effective than if they could come into the open. I am not contending that the central bank principle is either desirable or undesirable. I do not think that its rejection in form and adoption in substance is as little promising as the proposal to simplify our currency system by adding a new element to its already heterogeneous mass. There are profounder and more working weaknesses even more serious. First among these is the projected political control of the currency and banking of the country. The establishment of a federal reserve board, vesting control of our banking, credit, and note issues in men chosen without reference to political considerations, and at least partly subservient to party demands, is a proposition that sets reason and all our experience at defiance. The fundamental objection to this score cannot be more tersely or forcibly expressed than in the words of Mr. F. A. Vanderlip, of the National City Bank: "If such a board as is proposed were formed by appointing the seven leading bankers of the United States—whomever they may be—and these men became dissociated from the daily conduct of actual affairs and sat at Washington, directing at arms' length the operation of the several reserve banks, they would very rapidly lose the power to direct wisely." But they are not to be bankers. Such participation as the bankers, as a body, may have will be in an advisory capacity, and without power to affect decisions reached. What, then, is to be expected? Speaking of the old United States Bank and the Bank War, Professor William G. Sumner, one of the ablest students of finance in this country since Alexander Hamilton, has said: "When, in any arena, a power is present which might be of decisive importance as an ally of one party or the other, it is inevitable that its alliance will be contended for by them. Its efforts to remain neutral will be vain and will expose it to greater danger from both than any alliance with either ... The Bank War may be held to demonstrate that a National Bank in this country is impossible, because it would be sure to become an object of conflict between political parties." It is, in effect, a National Bank of issue that is now proposed. The truth concerning it remits exactly what it was eighty years ago.

The results of the plan so far as we can discuss fairly a measure whose final authentic shape cannot be predicted confidently, contain other minor features just as doubtful or objectionable. The managers of a nation's finances are to be paid $10,000 a year, when bankers in charge of similar financial interests relatively small command $50,000 or more. The position is not made attractive by life tenure, like that of a justice of the Supreme Court. What sort of ability can be purchased, for a term limited to eight years, for a salary, at a rate not over one-fifth of $10,000 per annum as jess onerous services would command in private life? necessarily the political possibilities must become the chief inducement to serve. Naturally, this board being a political instead of a financial body by the law of its constitution, its seat is placed in Washington. There will be gathered the gold reserve required by the new measure, in addition to the immense stocks of coin and bullion held against the others in lieu of paper currency which are left outstanding.

The objection to the mental atmosphere of the capital is matched by the physical objection of placing the most important collection of gold in the world, the world's safety, with any reserve of foreign currency or gold, and gold, at the mercy of a foreign nation, since in the temporary absence of paper notes, where guns have a range of ten miles, can do; but we do know that cities near the seaboards will be at their mercy. The more presence of such a treasure within striking distance of the hosts to hostilities will at least create a widespread feeling of distrust and apprehension liable to culminate in panic. A glance over the world today does not tend to reassure anybody who wishes to believe in an increasing pacific disposition among men or nations.

So far as one can see, most results of real value to be accomplished by the bill under consideration might equally well be obtained under existing law providing for the issue of emergency circulation. But on its least excusable defects is its exclusion from the approved list of paper notes for discounted notes or investments of these which are actually most desirable and safest of all. Government bonds, State bonds, bonds of cities and counties are, in different capacities, recognized as the most eligible inquests or tithe to hostilities. A first-class railroad bond is not. The discrimination, like the proposed system of banking control, is purely political. There can scarcely be a man at Washington ignorant of that fact.

Suppose that American banks, in some time of financial crisis, as they are in the United States, which are the foundation of reserve note issues, or with municipal or State bonds, the latter being an authorized investment. The foreign banker knows nothing of our private business interests. He knows little more of our local conditions. He does not have to. He has the money, and he makes the terms.

On the other hand, he knows a first-class American railway bond as well as he does the securities of his own city. The name is familiar to him, the record established. A bond of a road that has regular public interest and dividends uninterruptedly for twenty or thirty years looks good to him. If it has a satisfactory surplus and a good margin of receipts over operating expenses, it looks all the better. Where the interest charge is only a small percentage of net earnings, the bond is well known, the facts familiar, and the security gift-edged. Such a bond can be exchanged for cash or credit in any market.

In foreign convertible, which is the all-important qualification in time of financial stress, first-class railroad bonds are unequalled. Their cash value shrinks less, in time of depression, than that of any other security. This is not a mere opinion, it is proved and supported by the judgment of the men in charge of those institutions that regard their investments as a sacred trust. The great fire, and other insurance companies, which are liable to be called on unexpectedly at any time for large sums by experience hold good railroad bonds as a preferred investment. The savings banks of the several States have, as a rule, encouraged and almost directed to prefer real estate mortgages in making investments. They have learned by experience that when public and national respect is paired and there is a sudden and continuous demand for
cash, they cannot realize on these, but can depend on first-class standard railroad bonds to bring them the ready money with the last shrinkage.

Not without reason does the credit of the best railroad bonds stand high. The resources behind them are not estimates, but values publicly known and vouched for by authority. The revenues are, within narrow limits fixed by varying conditions of the seasons, perfectly sure. Even confiscatory legislation would be halted by public opinion before it could touch the percentage of the property value represented by the bonds. Hence the confidence of investors in this form of security. United States bonds are a favorite standard for safety. Yet our Government has seen the time when it had to suspend specie payments because it could not meet its obligations. Through all that period, including the Civil War and the financial fluctuations that accompanied and followed it, many of the old and stable railways of the country discharged every obligation in full and paid a good profit to the investor constantly. No wonder their bonds are a synonym for high credit.

To exclude from any plan of credit extension this security, while admitting others confessedly inferior, is a discrimination of which Congress cannot afford to be guilty. When we are establishing a permanent credit and investment basis, to shut out railroad bonds, representing an interest which, next to the land on which we live, is the largest in volume in the country, a security proved to be the most reliable, would be to throw away a property which, as far as possible, we seek to preserve.

Some other details of the bill are open to and have received fair and kindly criticism. There is but one comprehensive objection and one danger of practical failure which have been too little emphasized. The objection is that the bill in its present form is too socialistic to suit the temper of the body of our people. Observe that it is not merely supervision and regulation, even so minute as are exercised in the case of the railroads, that is proposed. The banking business, so organically related to the solvency of every institution and the prosperity of every man, is to be taken over almost in its entirety. National banks must join the new association or be dissolved. They must contribute the entire capital with which the reserve banks are operated. These reserve banks are as completely under governmental and political control as is the Interior Department. The Central Reserve Board is an autocracy. It is responsible to nobody but the President, who can make and remake it at will. It can suspend banks and bank officers, compel one bank to rediscorn the paper of another, suspend all reserve requirements at pleasure, and issue and retire, without any check from the outside, credit notes which are declared upon their face to be obligations of the United States Government. Even the profits of the banks so rigidly controlled are not to rise above 5 per cent. The plan differs essentially but little from the direct assumption by the Government of complete ownership and control of the banking business.

Out of these onerous conditions and the choice which they may impose springs the danger to the plan and to the whole country. There appears an assumption that the banks must accept any terms; that they will pay any sum rather than surrender a charter which entitles them to be called "National." In truth, this is very far from the case. The bankers of the country have met the situation with great prudence, have shown every willingness to co-operate, have expressed their objections to the scheme as framed with great temper and moderation. They are, as a body, as sincerely desirous as any men in the country to maintain public credit and to serve the public good; and have shown themselves ready to make concessions and to bear their full share of the necessary burdens of currency reform. But no persuasion or compulsion can urge them beyond a reasonable limit. They cannot be obliged to accept any new system. They have always the option of surrendering their charters and operating under State laws.

The popular idea that this would involve a costly sacrifice is mistaken. Indeed, a change is now going forward that shows the natural drift of banking business. State banks everywhere are growing more rapidly than ever before and competing successfully with the national banks for business. The deposits of State banks and trust companies in New York are reported to be $300,000,000 greater than those of national banks. The banks of Minnesota have increased their deposits $15,000,000 in the last year. State banks are growing faster than national banks in Boston and Chicago. It is clear that the advantage of the title "National" is about balanced by the restrictions that accompany it. Tighten these limitations, increase those burdens, and there is great danger or practical certainty that many or even most of the national banks would fail it due to their stockholders and depositors to refuse to enter the new association, surrendering their charters instead, and electing to operate under State laws. If this should happen because conditions are made too onerous for acceptance, not only must a plan based on the assumption of their co-operation fail to the ground, but such a situation could scarcely fail to bring with it distrust, disturbance and more than a probability of a monetary crisis and great business depression.

To avoid these possible perils, to frame a system not for to-day, but for all the future, founded on justice and financial experience, cooperation between the bankers, the executive and the legislative authority is indispensable. I am sure that you are ready to do your part. The prospect before you is one of wide opportunities for success. The country needs the best service that you have to offer.
Education for National Efficiency.

BY GEORGE E. VINCENT, President of the University of Minnesota.

"When one talks to an American of his national purposes," says Mr. H. G. Wells, "he seems a little at a loss. If one speaks of the national destiny, he responds with alacrity." This brilliant-Englishman is right. We have too long deluded ourselves with the idea that we are the children of fortune; we have intoxicated ourselves with rhapsodic rhetoric; we are now facing the cold realities. Public lands have been occupied, natural resources have been appropriated by individuals, corporations, and government. Population is increasing. Exports of food-stuffs are declining. There was something ominous in the recent arrival of that Argentine beef. The truth is being pressed home that the days of traditional agriculture, of easy-going industry, and a wide-margin commerce are numbered. The new tariff is putting many of our industries on their backs. If we are to maintain even our present standard of living we must change our methods.

There is a fashion in phrases. Every period provides its own catchwords and shibboleths. For Emerson, America is a "golden opportunity in capital letters." The country was a vast arena for individual struggle and achievement. It would be a disaster to drop this stimulating idea from the national lexicon, but just now it is "efficiency" that is being put in italics, if not in capital letters. The call for efficiency is a summons to awake from complacent dreams of national destiny, and to organize work and teaching under the guidance of a national purpose. We must learn to practice economy, to obey the dictates of science, to value expert knowledge and specialized skill. We must exalt moral and spiritual forces. We must train and inspire our children to take their places in a well-organized and legal national life.

In the earlier years we were isolated, self-contained and protected from rivalry with other nations. Now, we must compete in a world-wide struggle. We must strive for markets, for power, for prestige. We must reckon with peoples who under serious natural disadvantages have attained forms of efficiency that may well give us pause. We have no need to fear, but we may no longer rely upon destiny. We must have purpose and policy. This competition not only forces us to organize our activities, but it tells us what we need to teach our youth. A conscious adjustment to new conditions and a reorganization of education go hand in hand. So it comes about that we are seeking a more scientific exploitation of our natural resources, a more economical organization of our commerce, a better understanding among our citizens, and higher social and political ideals. At the same time we are attempting to adapt our education to these needs of the national life.

National efficiency demands the distribution of ability into many professions and callings rather than concentration upon a few. We probably have too many lawyers, insurance agents, real estate dealers, brokers, shopkeepers—possibly even too many bankers; too few expert general farmers, fruit-growers, dairy men, gardeners, and highly skilled artisans in many industries. Efforts to magnify these industrial pursuits have been so far largely futile. City men's sentimental praise of rural life does not send people to the farm. Unctuous talk about "the dignity of labor" does not cause men to flock into shops and factories. The influences which draw men into callings are social esteem, economic reward, a technique which challenges mental ability, a sense of mastery, and a corporate pride in one's vocation.

Our problem, then, is to widen our ideals of worthy and dignified work, to exalt many kinds of service. This is a slow process. The standards of society change gradually. This has been true, for example, of agriculture. It is trite to say that this industry is fundamental. We know, too, that our agricultural methods and results have until recently been almost a national disgrace. We are trying now to make farming scientific and effective. As one means to this end we seek to increase the attractiveness of rural life. Agricultural education itself has drawn attention to the country-side. We are making a conscious effort to change in the minds of Americans the ideas and feelings they have about farming as a career. It is quite as important to do this for towns people as for farm folk. For city men ideas and standards tend to dominate the country-side.

By way of illustration, let us review briefly what Minnesota is doing to increase the efficiency of farming itself, to change the popular estimate of rural life and to adapt the educational system to these two aims. Every element of Minnesota activity may be found somewhere in the United States. Nowhere, however, have these elements been so completely combined and co-ordinated. The State government and the State institutions, the Federal government, voluntary associations, corporations, private institutions, and individuals are working together to make farming successful and country life worth while.

There is, first of all, a system of distributing information and affording supervision. The agricultural experiment stations of the University are the chief centers around which this is organized. Printed bulletins are well, but if they are to be useful the demand for them must come from the farmers. Institutions play a part in the earlier stages of the campaign, but these pioneer revivistic agencies must gradually merge into more permanent and practical efforts. The next step, therefore, is the establishing of a personal relation between the experienced expert and the farmer on his farm.

The Minnesota plan involves the following features: The division of the State into seven districts, each with its own experiment station; the appointment of district agents (twenty already in service) in charge of these divisions; the employment in each county of a resident agricultural agent (twenty-five are at work) appointed by the Dean of the Department of Agriculture in the University, and supported jointly by local subscriptions, a county appropriation, a State subsidy, and a Federal grant; the co-operation with these agents of 150 teachers of agriculture in State-subsidized High Schools; the active support and co-operation of farmers' clubs, development associations, commercial clubs, bankers' committees, good-roads associations, stock breeding organizations; daily conferences between county agents and individual farmers concerning crop rotation, pure seed, drainage, live-stock, diseases of plants and animals, farm accounting, marketing, credits, etc.; assistance by the county agents and station experts to co-operative creameries, selling associations, and other community enterprises; the multiplication of demonstration farms (twenty-five now in operation) owned and operated by regular farmers who, without any subsidy, agree to follow the instructions of the experiment stations and to make daily reports.

Next come the agencies for interesting the public in
rural affairs. The chief of these are: Certain extension activities of the University, the farmers' institutes, farmers' clubs, commercial clubs united in a State Federation, the State Federation of Women's Clubs, Good Roads Associations, Improvement societies. These organizations hold public meetings and conventions at which a wide variety of rural topics are discussed. The farm papers play an important part in supplying their readers with information and reports. The cooperative enterprises and similar undertakings exert a marked influence. The railway companies by their demonstration farms, their distribution of literature, and especially by co-operating in the sending out of demonstration trains, are doing much good. The State and county fairs are more and more coming to be educational in character and influence.

To this gathering it is a pleasure to mention the work of the bankers of the State, who have shown a gratifying interest in the farm problem and in the readjustment of the educational system. A central committee is in relation with district committees under which sub-committees on special activities are organized. The county agent, plats, subsidies for vocational subjects in the schools, improvement associations, cattie importing projects, etc., have had the hearty and effective support of these committees. A good many bankers are buying dairy-herds and by demonstrations are giving aid to the cause. It is confidently believed that the bankers will improve the conditions of farm credit by relying more and more upon the reports of the county agents as to the efficiency of individual farmers and their economic right to loans on favorable terms. Whatever the outcome of the demand for a new system of farm credits, it is important that nothing should stand in the way of stimulating efficiency by putting a premium on sound methods and good management.

The adjustment of the educational system to the new situation deserves more detailed description than the time permits. Out of the State treasury this year Minnesota will pay $5,150,000 for the maintenance of common schools, high schools, normal schools, and the University. Of this $200,000 is for special subsidies to high schools, which teach agriculture, domestic science, and manual training. These State subsidies involve more than an equal contribution from local boards. Of the 210 high schools, 150 provide the vocational subjects and maintain special teachers. Agriculture is not taught merely as a book and laboratory subject, but in connection with demonstration plots and farms in the vicinity. The school is a center for agricultural extension, and by means of association with surrounding districts becomes an integral part of a system which includes village or town and the country. The teacher of agriculture is the expert advisor of the farmers in his territory. In winter the school holds a one-month "short course" for farm people. The agricultural extension division supplies speakers and lecturers, sends out literature, organizes industrial contests among school pupils, supplies monthly bulletins on agricultural subjects to rural school teachers. The University Department of Agriculture offers four-year courses for the training of teachers of agriculture, and of domestic science. Summer schools for rural teachers are provided. The University also conducts three schools of agricultural technology to train boys and girls for country life. Eighty per cent. of the graduates are now on the farms, or in closely-allied pursuits. The College of Agriculture trains young men and women for expert, managerial, and teaching service. Consolidated rural schools are being increasingly used not only for agricultural education, but as centers of rural neighborhood life.

Certain features of this Minnesota educational plan may be emphasized. It is democratic. Children are not prematurely assigned to special vocational or trade schools. Arisitocracy may for a time bearre more efficiency by making its masses obedient servants. But democracy cannot accept what Lincoln called the "muddling through" theory. It must seek ability wherever it may be born. No stigma is attached to agriculture or domestic science by segregating the pupils who pursue these subjects. Indeed, they are not vocational so much as they are educational. Experience shows that the introduction of them stimulates all the work of the school. The plan recognizes the fact that all children are to be citizens as well as specialized workers. Up to a certain point the education should be common to all with a measure of specialization in accordance with aptitude, but within the social unity of the same school.

So much for the programme and policies of a State which is finding itself. No one center or authority is dominant. All activities are organized into co-operation by the spirit. The situation is typical American. State institutions, voluntary associations, corporations, individuals, are working together without any sense of governmental paternalism or weakening of personal initiative and responsibility. The movement makes for an understanding and good will. Farmers and bankers, school teachers and storekeepers, professors and politicians; club women and farmers' wives are drawn into comradeship. Perhaps, however, we ought to say that the millennium has not dawned in Minnesota. Human nature has undergone no sudden change. There is apathy to be counteracted, prejudice to be overcome. Suspicion concerning disinherited citizens like bankers, for example, has not been entirely dispelled. But a real beginning has been made. The air is full of hope and determination. One is not to be blamed for feeling that it is a good thing to live in a region that is awakening to a purpose and is organizing its efforts.

It is to be feared that this long description has obscured the principle to be illustrated—namely, that national efficiency demands a great diversity of specialized pursuits and an education which must stand the test of national need and welfare. Naturally an agricultural State turns its attention to farming. Predominantly industrial and commercial sections must seek to make their many vocations respected and attractive, and to adapt their education to these pursuits. Here, too, premature decision as to children's future work is to be avoided. The general common education must not too soon give way to trade training. At the same time this preliminary preparation must have some bearing upon future vocations, and, above all, not discriminate against manual employments as in the past.

This then is the national task—to work out a system of education which shall aim at making the United States an effective competitor in the world's arena. Efficiency must be secured, however, through and not at the sacrifice of our fundamental institutions. It must be a progressive efficiency, in that it gives scope to individuality and experiment. It must be an expert efficiency, which recognizes the authority of tested scientific truth and verified experience. It must be a social efficiency, arising not from coercion of the many, but from their loyalty to a common ideal and purpose. It must be a moral efficiency, inspired not by mere hope of material gain, but by a genuine desire to make our country a potent influence for social justice and for world welfare.
Some time ago, Mr. Joseph Chapman invited me to de-

liver an address before this Convention. A few days 

later I received notice from Mr. Chapman, saying, "I 
do not want you to deliver an address, but I want you 
to make a speech." So I prepared an "address" for the 
newspapers and a "speech" for the audience.

The County Agent is the subject that I have been as-
signed. I presume for the reason that I am "it." I am 
on a two years' "leave of absence" giving the plan 
trial. Sometimes we are given a different name, but 
the meaning is all the same. He is usually employed 
jointly by the county, by the State and by the United 
States Department of Agriculture. In Missouri the 

county pays one-half the salary, the State one-fourth 
and the United States one-fourth. The man who as-
sumes this position must have a good store of both prac-
tical and theoretical knowledge not only of farm matter-
s, but of many others as well. He must be able to 
tell what he knows in the farmers' language. He must 
know when and how and where to keep his month sum-
tary, and he will have to be entirely sympathetic with 
the situation and be a man who sees efficient service as the greatest 

success. In his work he is commonly aided by a Farmers' 

Organization, with an Advisory Board or Council in 

addition to being aided by the College of Agriculture 

and Experiment Station and the United States Depart-

ment of Agriculture. The County Agent is commonly 

known as the manager of the Farm Bureau, as it is 
called, and the Secretary of the Farm Bureau is fre-

quently the Secretary of a Commercial Club or a County 

Superintendent of Schools, or some person who can give 
his attention largely to the work. General plans are pro-

vided by the United States Department and the State 

officers of Agriculture, but it must be left largely to the 

County Agent himself and to the Advisory Council of 
the Bureau as to the best means and methods of carry-

ing out the plans that are designed.

In Pettis County, Missouri, where first the plan was 

put in operation in the State, the fact was realized that 
because it was new we would encounter a great many 
difficulties and objections. It became evident from the 

very beginning that the move had to be made popular 
or it must fail. To bring about this result an organiza-
tion was planned, consisting of two leading farmers from 
each of the seventeen townships and six additional of-

ficers, making in all a body of forty men for planning 
and carrying out the work designed. The manager of 
the Bureau prepared a bulletin setting forth all our 
plans of organization, how the plan began and much of 
its progress, and the same was published by the State 
Board of Agriculture at Columbia, Mo. Following this, 
a report was made of the first year's work, giving in 
detail largely what was accomplished. This bulletin and 
report will be mailed to any person who may be inter-
ested and it is free for the asking. In the length of time 
that we have for discussion only a few of the more im-
portant items can be mentioned.

The Bureau of Agriculture becomes a sort of clearing 

house for the dissemination of those methods and plans 

that will best accomplish the results for each particular 
territory. The County Agent must get to know the agri-
cultural situation of his county, and he will often find 
that many things are apparently contrary to what he 
will find in other parts of the country, as methods suited 
to one locality will not be suited to another. It often 
happens that the plans in a community may be morally 
bettered, even those in force may be good, satisfactory 
results, and in such an event, when new plans are sug-
gested, it has to be done very diplomatically. The 
County Agent will succeed largely in proportion to the 
things that he can see to do that will render a service 
to somebody, even though that service be ever so small.

Among the first things that was called for in Pettis 
County was some information regarding the growing of 
alfalfa. Many men had assured me that they thought 
the soil of Pettis County was not adapted to that plant 
and it could not be successfully grown. In making a 
trip to look at a piece of land on which a man wanted 
to grow alfalfa, he told me he wanted me to see his new 
clover that he thought to be a very fine crop. In taking 
a look at it, clover-dodder could be found growing on 
practically every square rod. This man did not know 
what dodder was, and his hired man had told him 
about it. In my articles for the Sunday morning newspa-

pers, the Sunday following this visit, I told about dodder, 
as to its being a very serious pest and of how difficult it 
was to get rid of it, but in the article in the newspaper 
I gave very little information, and invited those who 

might be interested to call at the office and see the plant 
and I would be glad to explain, and I think that before 
noon the next Monday at least fifty men had either 
stopped me on the street or had been to the office to 
make inquiry. I found also on examining the clover 
seed that had been sown that it came from local seed 

houses. This led to an investigation of the seed situa-
tion in Pettis County. I must say that it was very 

indeed. I gave our dealers the information that I would 
do everything I could to assist them in selling the best 
seeds that were on the market and would use just as 

much effort to prevent their selling impure seeds. I did 
this in order that there be no misunderstanding, and in 
my seed-testing work when I found samples of bad seed, 
I invariably let it be known as to where it came from, 
so that any prospective buyer might govern himself ac-

counting, I believe that our seed men in Pettis are 

men of integrity and who desire to do the fair and hon-
est thing, but that they themselves were not posted on 
the quality and purity of seeds and, so far as I am 
aware, had made little effort to determine the locality 
where the seed that they were offering for sale had been 
produced. During the first season a few embarrassing 
situations developed, yet, so far as I know, no hard feel-
ings resulted; but when the new year's work began and 
the supply of alfalfa and clover seeds were being se-
cured, samples were invariably submitted to the Bureau 
before they were bought. By this method the dealers 
can be protected just the same as the farmers who may 

buy, and if our dealers do not buy impure seeds our 

trouble along this line will be over. An effort was made 
at the last Legislature to secure a pure seed law, but we 

failed in this; but so far as Pettis County is concerned, 
I really believe that, the way matters have turned out, 
we are in far better position than any seed house under 
the sun could possibly make us. I found a number of 
very noxious weeds growing in many parts of the county, 

yet not one farmer in three knew these pests by their 

seeds. Little attention had ever been given to anything 
of the kind and they, of course, were not familiar with 

them. This has led to the introduction of seed testing 
in the rural schools of the county, and many of the 
teachers have made a great "hit" in this work alone. 

The children will ask for a little clover seed perhaps 
taken to school, and in a few days a little twelve-

year-old girl will bring the sample back and show papa 
the seed of sour dock, bracted plantain, and buck-horn 
in his clover, and I believe that before two years more
BANKERS' CONVENTION.

passed every pupil who is twelve years of age or more in the rural schools of Pettis County will be able to recog-
nize by their seeds every one of the serious weed pests
that are found in these field seeds. Referring again to
the alfalfa seeds, I found four or five more who were
having splendid results with alfalfa, and on investiga-
tion I found that they were doing the things that are
necessary to do, and I found also many who had told
me of failures, and a few questions invariably brought
out the cause. Pettis Country farmers, as a rule, had not
suspected that there was a culprit in one of these prac-
tically all well drained. They had believed that well-drained
soil should not be acid, but it is found that the drained
soil is the soil that is most commonly acid. I began
making tests on various farms that have come in the
present time I have made, perhaps, 500 tests, and I find the soil
all more or less acid; in fact, too much so to make
alfalfa-growing as successful as it should be. As a re-
result, persons who were contemplating sowing alfalfa
have lined their land, and of about forty fields that have
been sown since the Bureau of Agriculture was estab-
lished in Sedalia; only two have been lost. One was
destroyed by army worms, and the cause of the trouble
with the other was perhaps due to liming the soil with
air-slaked lime too close to the time of sowing. Those
who gave the most careful attention and followed the
instructions are more than gratified with the results,
because the first crop that was cut made an average of from
three to four tons to two tons per acre. It should be only a little time until Pettis County should
be growing thousands of acres of this great plant, be-
cause the only trouble that has been experienced is as
indicated above, together with sometimes sowing South-
ern-grown seed that will not endure one winter. We
are making it our business to see that the dealer gets
seeds from a section of country that produces seed best
adapted to our conditions.

In 1912 Pettis County had one of the greatest apple
crops in its history. Early in the fall the prices began
coming in and wondering if they were going to have to
feed their fruit to the hogs. I told them we would see
what we could do, and I managed to get some inter-
views in some trade journals and these were copied very
well and went to two or three weeks later. We had five pros-
tpective buyers from twelve different States. In Pettis
County, of course, we felt like the whole world was
loaded with apples, yet it developed that many sec-
tions of the country had no fruit at all. When buying
time came a great many buyers came as fast as the ground,
and the first ones packed up all the good stuff at a fair
price. Those who came later would start through the
country, but maybe would scout a little and then take the first
trails out. They said that there was lots of fruit, but
nothing the market wanted, except what had already
been sold. It developed that men who had sprayed
their orchards and had given them the right care had
much marketable fruit and they realized a good price,
and those who had big apple crops and whose trees had
been given no attention had the privilege of feeding the
fruit to hogs or making it into cider. The lesson was
a wholesome one, though desperately severe, and I be-
lieve it has been the means of a great many men
taking measures to take the proper care of their
orchards in the future.

Perhaps the most important event that has taken place
in Pettis County is the establishment, by the United
States Department of Agriculture, in an endeavor to
clean up hog cholera from the country, as is being done at Sedalia.
Some time ago $75,000 were appropriated to
carry out this work, and it was decided to select three
States in the corn belt and take one county in each in
which to make the demonstrations. Indiana and Iowa
had been selected and Missouri was finally decided up
as the third State. The next move was to select the
county. One of the very first conditions that they wanted
In a county was to have assurance that the farmers would
co-operate with the men who were sent to do the
work. When they came to Pettis County they found the
very conditions that they were seeking, which was pri-
marily that we have one of the best working farmers' agri-
culture associations not only in Missouri, but as good as can
be found in any State. The membership of our Bureau
approximates 700 paid-up members. It was evi-
dent that every one of these members would give the
fullest possible co-operation. This benefit would not
have been afforded but for the establishment of the Bureau
by the County Agent, and had it not been for this
Bureau, Pettis County would not have secured this gift
of $25,000.

On the 20th day of last July the office was established
and ready for work in charge of some of the ablest hog-
cholera specialists in the United States. Among the first
moves made was to visit every township and secure as
many signatures for co-operation as possible. In a hur-
rried campaign of only a few days more than one thou-
sand signatures were received from men who by their
act agreed to co-operate in every possible way to suc-
cessfully accomplish the object sought. A staff of vet-
erinarians first made a survey of the county and found
more or less hog cholera in every township. A very com-
plete survey of the loss for the past two years in this
county alone approximated $750,000.

There are a vast number of other things that are
called for from day to day in the way of visiting farms,
planning crop rotations, selecting breeding animals, se-
curing markets for seed grains and crops, building silos
diagnosing sick soils, identifying insect pests, settling
disputes between landlord and tenant, securing places for
farm hands, and help for farmers, looking after the Boys'
County Corn Contest work of the county, schools in co-
speration with the County Superintendent, and aiding teachers in introducing agriculture and do-
matic science into the schools, assisting in the planning
of a system of waterworks or lights or other conven-
iences in the farm home, and preparing and giving lec-
tures on all sorts of occasions.

One of the very important pieces of work that we have
carried on is what we call "Out on the Farm Meetings."
Some good farms are selected where the farmer is making
a success, especially of some of his work, and in the fore-
noon the farm is looked over and methods talked about
until the noon hour, then a dinner is spread on the lawn
or in a grove, and as soon as the dinner is cleared away
the lectures and talks begin. These meetings were
in the beginning, but at some of them the attendance has
reached from 150 to 600. Where the farmers meet on
common ground, talk over their successes and their fail-
ures, and at these meetings many town people are in-
vited and are more or less pleased to be in attendance
and come in contact with the people of the farm, and as
a fact they learn to like them. At these meetings we
learn a little bit, and that is very good; we have a day's
outing, and that is Important; but the most valuable
result that is obtained is that we get acquainted with
one another. If you do not like your neighbors, the
chances are that it is because you do not know him.
If you will get well acquainted with him you will find
that he is a pretty decent sort of a fellow after all; al-
most as good as you are. This is one of the methods
that we have adopted in Pettis County, and the people
In town, believing that they should return the courtesy
extended them, arranged on our first anniversary an all-
county noon-day banquet and invited each member of
the Bureau, together with his wife or sweetheart, or
somebody else's wife or sweetheart, to be present, and,
even though the weather was disagreeable, 564 were
seated at one time around the banquet board. The
dinner were composed of foods from town and country, and
a more splendid or representative gathering could not be
found. We are endeavoring to lose all traces of the
boundary lines between the town and the country, be-

cause for all these years the town and the country have not understood one another, and when the time comes that we know each other better we will find that the people in the country and the people in the town are one and the same and pretty decent folk after all.

It is complimentary to the bankers of the nation that they have been in close touch with this movement ever since the beginning; in fact, in many places they are the men who have been in the lead and paying the most money toward the support of the County Agent and his work. I believe that the banker stands in the most important position of any of our citizens, for the simple reason that no class of men stand quite so high in the estimation of the best people as do the bankers of the nation. No up-to-date farmer but what is in close touch with at least one banking institution, and that banking institution knows more of that farmer's business than anybody else except the farmer himself. This advantage has related only too closely to financial matters. It would be tremendously important if the bankers would know enough about the actual work on the farm to enter into hearty sympathy with the situation and to talk entertainingly and intelligently on every proposition of the farm. It has always looked to me like the best sort of a business proposition for the banker to have the fullest understanding of all the farm conditions, because throughout all the land the farmer's credit to a very large degree measures the credit of his bank. It is evident also that the banker fully appreciates the value of the well-to-do farmer and his importance, because he is anxious to get him on his Board of Directors, and it suits a banker very often to give his bank some name associated with the farmer.

It is a fundamental principle that people borrow money to the greatest extent when times are prosperous. Under such conditions also the bank gets its very best security. When times are adverse people borrow just as little as they can get along with, and the security is often unsatisfactory when interest rates must be high.

These things being true, it would become profitable for the banker to so arrange matters that the farmer can secure longer time on his loans, at a lower rate of interest, with an easier method of payment.

Only a few years ago farmers secured the virgin soil at a low price, but to-day they are buying a depleted soil at a high price. It takes practically from four to six times as much to equip a farm for successful operation at the present time as it did forty years ago. There is not one farm in fifty that has sufficient working capital to make it as profitable as it should be and conserve the fertility of the soil at the same time. If the bankers, by bringing about the conditions referred to, could make the farmer more prosperous and his land more productive, the business of the town would prosper in the same ratio, and while the rates on land might be lower, more money would be used in that way as well as a very much greater amount in commercial loans. Certainly this very condition instituted would have one of the greatest possible tendencies to increase all conditions on the farm, because it would result in ownership. The condition in this country at the present time is that mortgage indebtedness on the farms is on the increase; under the plans by which these loans are arranged the payments never will be met by the returns from the land. Production per capita is on the decrease, land tenancy is on the increase. In Denmark 80 farmers out of every 100 own the land they till, but in this country only 90 out of every 100 are owners of their farms, and in this country our land was almost given to us only a few years ago. These are conditions that can be remedied through the training and the educating of the people, and it can be accomplished to a very great degree indeed by the bankers of the nation assisting and cooperating with the County Agent.

Books, bulletins, newspapers, etc., have their mission, but none of them can take the place of the County Agent and meet his problems face to face and solve them.

GENTLEMEN: Soon after the present administration came into power, it was semi-officially announced that the subject of currency legislation would be given especial attention and the Government was understood to be prepared to accomplish a general change and remodeling of our credit and currency system.

This general subject was for some time past under consideration by the National Monetary Commission, and elaborate data, together with a proposed legislation, by them reported to Congress; hearings were had before the currency committees of the last Congress, and the parties having the subject matter in charge in the present Congress decided that with the enactment of a bill without public hearing, and so announced. The measure was taken up as a party measure, that is to say, the members of the minority party were not included in the deliberations of the committees in the preparation of the bill, until the measure was finally agreed upon, not only by the majority members of the Banking and Currency Committee, but also by the caucus of the majority party in the Lower House of Congress.

Pending this determination on the part of the Lower House, the Committee on Banking and Currency of the Senate prepared a questionnaire to members of that body, covering the various phases of the tentative legislation, and which were sent to bankers generally for reply. This was the first opportunity presented for the bankers as a body to place their views upon the question before Congress and before the public.

Accordingly, the American Bankers Association was therefore called to meet June 38 at Atlantic City. The members of the Senate from the ten states of the Senate Committee of the Lower House and Representatives, and also to the President. The questions and replies, in a printed document, were also sent to the various members of the American Bankers Association and to members of Congress. We believe that our replies to the questions of the Senate Committee submit a proper foundation for currency legislation, and represent the views and convictions not only of the bankers, but of the commercial and business interests as well. Said document was also made an appendage to this report.

The following meeting of your commission at Atlantic City, an all-day conference was held in New York with Senator Owen, Chairman of the Committee of Finance of the Senate of the United States, on the 24th of July, and the proceedings of the same were taken to Washington and informally submitted to the respective chairman of the Banking and Currency Committee of the two houses, Secretary McAdoo, and also to the President, by Messrs. Reynolds, Wade, Wetlery, and Perkins. A summary of the proposed amendments was published in the Journal of the American Bankers Association for July, 1913, under the caption, "Work of the Currency Commission of the American Bankers Association." That summary is hereto annexed and made a part of this report. When a comprehensive bill had been agreed upon and submitted to the members of the Senate and House of Representatives for approval, a bill making radical changes in existing law, and which, in our judgment, entailed consequences prejudicial to the public interest, to which the sponsors of the bill themselves did not foresee, we deemed it our duty to place in the hands of the bankers, in some formal and effective manner, a statement of the amendments to the bill pending in Congress. Two days and the greater part of one night were spent in earnest and conscientious work upon this subject, which resulted in a preamble and resolutions, which were unanimously adopted by the conference. It also resulted in the approval of certain provisions of the bill, together with proposed specific amendments to other provisions, which would, in the opinion of those present, make the measure practicable and workable, and conservative of the commercial and general interests of the whole nation.

In order to be explicit and present their views clearly and intelligently, the conference took as a basis the amended bill as it was reported by the Banking and Currency Committee of the House to the caucus of the Democratic members of the House for adoption. Such provisions as were not expressly adopted were left unaltered; such provisions as, in the judgment of the conference, should be omitted, were ruled out, and new matter was inserted in red type. The pending bill was then amended in a way to be easily and perfectly understood. The amended text of that form, was printed and copies sent to all the banks in the United States, asking co-operation in inducing Congress to adopt the proposed changes. Said document is hereto annexed and made a part of this report.

A committee was appointed and instructed to proceed to Washington and lay before the proper authorities having charge of the pending legislation the changes suggested in the bill and the reasons for them. The following seven members of the committee, there being assigned to each one of a more favorable measure in which important changes were suggested. In this manner the changes suggested in the bill by the Conference to the Senate, were fully explained to the Senate Committee, and the report made an appendix to this report. The Senate Committee was subject to a thorough cross-examination by the members of the Senate Committee, the hearing extending over five consecutive days. The official records of the proceedings of the Senate Committee on Banking and Currency, as published for September 3, 4, 5, 6, 7, 8, contain a summary of the hearings of the bankers' Committee, and a copy of them is hereto annexed and made a part of this report.

The proposed legislation uniformly submitted to Congress. The bill in its present form imposes unwiseful hardships upon the banks, and equally unwise hardships upon the general public. The interests of the bankers and commercial public are coincident; no injury can be inflicted upon the one without the other also suffering. When business is active and prosperous, the banker shares in the benefit; when it is languishing, he feels the ill effects. The chief function of the banker is to loan his capital and other resources to his customers so that they may increase the activity and extent of their business. Any withdrawal of the bank's capital from these legitimate channels of trade not only entails a loss to the banker, but also to the business public.

The banks are required to subscribe to the Federal reserve banks an equal amount to 20 per cent, of their capital, one-half of which shall be paid at once, the other half being subject to call. This is to be taken over and placed under the management of a corporation in which the banks have not only a minority representation, but are in a position of limited liability. In return for the capital thus appropriated the banks receive a certificate, which cannot be sold, assigned or hypothecated, over which none of the usual rights of property can be exercised. The banks are obliged to make this subscription, or be dissolved. Credit unions have never been regarded in the nature of a contract, and it is doubtful if, under our constitutional system, Congress can take away the charter of a bank in this summary manner, not because the term of the charter has expired, but because the bank management might have favored a certain investment such as the pending measure provides.

There is no analogy in American history of a bank, which engaged in a speculation to the capital of the Federal reserve bank can recover the same, except by liquidation, either voluntary or enforced. A bank is
given a maximum return of 5 per cent. upon capital sub-
scribed—if earned. If the Government can appropriate one-
 tenth of a bank's capital in the manner provided by this bill, they may appropriate one tenth of the next year, and until the capi-
tal is transferred to the Government. If they can fix the compensation at 5 per cent. this year, they may make it so in the next year, or in three per cent., 1 per cent., or nothing—a very simple and easy process whereby
the entire capital of the banks may be transferred to the Gov-
ernment.

There are a great many different kinds of socialists; but, however, the various theories differ, they all agree upon the
fundamental proposition that the Government, that is, the
community as a whole, should own all the real estate, all manuf-
ufacturing enterprises, all banks, all transportation properties,—
in short, all money-making utilities. This proposition of the
Government to take the banks is in the manner provided, pro-
carried to the extreme, would easily accomplish, so far as the
National banks are concerned, this contention on the part of
the socialists. For those who do not believe in socialism it is
very hard to accept and rally this proposed action on the part
of the Government.

There are other provisions of the bill equally important and
far reaching in their effect.

We have recounted the conditions which confront us as to
that provision of the pending measure, in order to impress upon
the banks the fact that we have reached a point where we
must act in our own interests and for our own protection.
Individually we must reach our conclusions in the premises,
and if we are not satisfied with the provisions of the bill we
ought to force our respective representatives in Congress to the
fact, and clearly point out and impress upon them the changes
which we think necessary to be made in the bill. It has been
proclaimed in Congress and in the public prints that many features of the pending measure are exactly like or similar to provisions of the bill reported by the National Mone-
tary Commission, and that the bankers in convention ap-
proved. The question is asked, "Why, if the bankers approved
such provisions in the so-called Attorney bill does this put
them in the same if they close, or they might decline the opportunity,
in accordance with the dictates of their business judgment.

(a) Under the terms of the bill of 23d of July, 1913, the Nation-
al Monetary Commission, the bankers controlled the management of the
Central Reserve Association. It follows that an investment in the
stock of the Association was an investment under their own
control and management. On the contrary, investment in the
stock of the Federal Reserve Banks of the Glass-Owen bill is
compulsory. The individual banks have a minority representa-
tion in the management of these Federal Reserve Banks and
have no voice whatever in the selection of the Federal Reserve
Board, which dominates the Federal Reserve Banks, and the
proposals which are now only for the benefit of which one
that of the seven members must have banking experience.

The fact that the bankers controlled the Central Reserve
Association was a guarantee against incompetent management, and it
was equally a guarantee against incompetent management—
two important respects wherein the pending measure is lacking.

Respectfully submitted,
A. E. EDWIN, Chairman of Board, Chase National Bank, New
York City, Chairman.

Jas. B. FORGAN, Pres., First Nat. Bank, Chicago, Ill., Vice-
Chairman.

FREES J. WALK, President Mercantile Trust Co., St. Louis, Mo.
JOSPEH T. TALMERT, Vice-President, National City Bank, New
York City.

GEORGE M. REYNOLDS, Pres., Continental & Com. National Bank,
Chicago, Ill.

JOHN FERRIN, of Ferrie, Drake & Riley, Inc., Los Angeles, Cal.
LEWIS DRAKE, President, Mercantile National Bank, Omaha,
Nebraska.

SOL. WEKLER, Vice-President, Whitley-Central Nat. Bank, New Or-
leans, La.

RUSSELL GLEEN, President People's National Bank, Pitts-
burg, Pa.

E. W. F. WILSON, President First National Bank, Kansas City,
Mo.

JOSPEH A. MCDOWN, Vice-President Third National Bank, At-
lanta, Ga.

J. P. SARTORI, President Security Trust and Savings Bank, Los
Angeles, Ca.

LAVI E. RIM, President Philadelphia National Bank, Philadel-
phia, Pa.

L. E. HOWE, Vice-President Princeton Bank, Princeton, N. J.
FRANCIS D. BARNHOUR, New York, Secretary.

Currency Commission.

BANKING SECTION.

Annual Report of the General Secretary.

NEW YORK, October 4, 1913.

The American Bankers Association.

GENTLEMEN: I respectfully submit my report as General Sec-
retary of the American Bankers Association for the fiscal year
ending August 31, 1912.

Concerning the general affairs of the Association during
the past year I refer those interested in detailed information to the
formal reports of the officers submitted by the President, the
Secretary, the Treasurer, the Committee on Insurance, and
the Committee on Legislation. It is my purpose only to
summarize the work in the briefest

EXECUTIVE COUNCIL.

The spring meeting of the Council, held at Briarcliff
Manor, New York, May 5, 6 and 7, 1913, was largely
attended. Business of importance was transacted by the com-
mittees at their sessions on May 5, and by the Council, which
concluded the remaining two days, and the meeting was emi-
ently successful in every respect.

The value of the JOURNAL-BULLETIN as a medium for the
monthly transmission of information of particular timeliness and
interest to our members and to the members of the Ameri-
can Institute of Banking has never before been so conspicuously
demonstrated as during the past year. The important meetings of
our Currency Commission in connection with pending banking
and currency legislation at Washington, and later prompt publica-
tion of its reports, and by this means the banking
fraternity of the country was directly reached and kept
intelligently informed of the current legislative activities in Con-
gress with the outcome of which they are so vitally concerned.
The circulation of the JOURNAL-BULLETIN is now about thirty
thousand copies per month, and the members of the Currency
Commission are earnestly requested to refer to the issue of the past
month (September), containing one hundred and twenty-four
pages, for a proper evaluation of the variety and extent of the
subject-matter embraced in this feature of organization work.

CURRENCY COMMISSION.

The activity of the Currency Commission of the Association
during the past few months have been indubitably impressed upon
the financial and commercial history of the times. The banking
and currency measures introduced at the special session of
Congress, embodying provisions of startling significance to the
business interests of the country at large, aroused the Cur-
rency Commission to energetic consideration of the questions
involved. A forcible presentation to the Executive and
Legislative authorities at Washington of the momentous issues
at stake. In addition to a meeting held at Atlantic City, N. J.,
on June 19, at which every member of the Commis-
sion (with the exception of two who were unavoidably absent) was
in attendance, the meeting was also held at the Waldorf-Astoria
Hotel, in New York City, June 22 and 23, and the results of
these meetings were confidentially submitted to special committees representing
the Commission who visited Washington and obtained detailed views of the
commission to the President, Secretary of the Treasury, and the Chairman of the Senate and House Com-
mittees of Banking and Currency. Later on, on the 22d and
23d of August, the Commission met, in Chicago, the repre-
sentative of the American Bankers Association and various
Associations from every part of the Union, and the findings
and recommendations of that Conference were not only pre-
seated to the Executive Committee on Banking and Currency in
full session by a special committee appointed by the Conference
for that purpose, but were spread broadcast throughout the country, printed pamphlets containing the action taken at Chi-
cago being mailed to every banking institution in the United
States, both members and non-members of this Association.

The detailed work of the Commission will be set forth in its
Report to the Convention at Boston, and the General Secretary
can do no more than invite the attention of the Association to
that most interesting and illuminating chronicle of its doings
during the period ended.

STANDING PROTECTIVE COMMITTEE.

The members of the Standing Protective Committee have
given the utmost care to the duties assigned to them, and the
work of The W. J. Burns National Detective Agency, the Pro-
ective Department, and L. W. Gunson, its manager, under
their supervision, has vindicated to the fullest the unqualified
faith which we have shown in our members of this branch of
Association benefits.

The formal report covering its record of the year should re-
ceive more than usual consideration. Our present Standing
Protective Committee has served as Secretary and condition-
ally for four years, and are entitled to the fullest apprecia-
tion of the Association.

COMMITTEE.

The Administrative Committee has faithfully guarded the in-
terests entrusted to it, and has unflaggingly co-operated with
the General Secretary in the prosecution of the executive work
of the Association.

The standing and special committees have been equally active
in protecting the work allotted to them respectively. Their
reports speak for themselves.

STATE ASSOCIATIONS.

A year ago, in making my last annual report, I adverted to the
fact that at that time there were forty-six State Bankers' Asso-
ciations, and that there were only three States without or-
ganizations—Delaware, New Hampshire, and Rhode Island. Sin-
ce then these banks of New Hampshire have ratified their As-
soiation, which had lain dormant for twenty years, and on
that date the banks of Delaware took steps to re-establish the
Association of that State. This will leave but a single State—Rhode
Island—without an organization of this kind, and it is believed that it will be a matter of only a short
time before that State will awake to the importance and neces-
sity of perfecting an Association, thus completing the system of
State organizations throughout the Union, representing forty-
six States and the District of Columbia.

The General Secretary has followed his policy of attending,
as far as practicable, the annual conventions of the State Asso-
ciations, keeping in touch with their work and aspirations in a
common cause and maintaining and advancing the spirit of fel-
lowship which happily exists between the local organizations
and their national prototype.

LOCAL DEPARTMENT.

The General Council of the Association has been markedly
successful in the exercise of opinions, attending State Conven-
tions, assisting committees, and in the discharge of the
many other duties of his office. The promotions which have
come from all quarters have been sincere and well deserved and osten-
tify to the importance of his work and the fidelity with which
It has been performed.

LIBRARY.

The Library of the Association, established less than a decade
ago has, in the practical benefits conferred by its cir-
culation feature alone, surpassed our expectations. During the
year, as shown by the report, 2,400 pieces of material were
loaned to bankers in thirty-seven States, and every day questions
were answered by telephone, by letter, and otherwise. And al-
ong with this went the task of building up the permanent
library of the Department, involving painstaking research, coupled
with an enthusiastic pride and loyalty on the part of the
Librarian in charge.

ROUTINE WORK.

The volume of letters, circulars, documents, and other printed
matter coming from the General Office will say little by reference
the following statement. This is exclusive of the matter
issued by the various committees.

During the fiscal year just ended there has been sent out from the
General Offices more than 44,000 letters, circulars-letters, docu-
ments, Proceedings, JOURNAL-BULLETINS, etc. The follow-
ing statement shows the volume of mail and express matter in
detail:

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership - gen.</th>
<th>Delaware</th>
<th>Maryland</th>
<th>Missouri</th>
<th>Net Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1897</td>
<td>2,428</td>
<td>704</td>
<td>366</td>
<td>21</td>
<td>275</td>
</tr>
<tr>
<td>1898</td>
<td>2,514</td>
<td>742</td>
<td>386</td>
<td>15</td>
<td>277</td>
</tr>
<tr>
<td>1899</td>
<td>2,500</td>
<td>737</td>
<td>378</td>
<td>21</td>
<td>279</td>
</tr>
<tr>
<td>1900</td>
<td>2,500</td>
<td>729</td>
<td>370</td>
<td>23</td>
<td>282</td>
</tr>
<tr>
<td>1901</td>
<td>2,500</td>
<td>720</td>
<td>362</td>
<td>24</td>
<td>284</td>
</tr>
</tbody>
</table>

MEMBERSHIP.

At the close of the last fiscal year, August 31, 1912, the
membership of the Association numbered 13,335. At the close
of the current fiscal year, August 31, 1913, it numbered 14,100,
net gain of 777. The following tables will show these facts
in detail, and also the excellent financial condition of the
Association at the present time, all bills being paid to the end
of the fiscal year, August 31st, and a handsome balance in The
Treasury, as shown by the Treasurer's Statement.

MEMBERSHIP.

<table>
<thead>
<tr>
<th>Year</th>
<th>Paid Membership</th>
<th>Net Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>13,335</td>
<td>777</td>
</tr>
<tr>
<td>1913</td>
<td>14,100</td>
<td>777</td>
</tr>
</tbody>
</table>

MEMBERSHIP BY YEARS.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Gain</th>
<th>Net Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1897</td>
<td>2,428</td>
<td>704</td>
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<td>452</td>
</tr>
<tr>
<td>1912</td>
<td>2,314</td>
<td>451</td>
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<tr>
<td>1913</td>
<td>2,314</td>
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<tr>
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</table>
BANKING SECTION.

MEMBERSHIP OF STATES AND TERRITORIES HAVING LESS THAN 1,000,000 INhabitants, as of August 30, 1913.

<table>
<thead>
<tr>
<th>State</th>
<th>Territory</th>
<th>Population</th>
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<tr>
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<tr>
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<td>Florida</td>
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<td>Hawaii</td>
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<td>Idaho</td>
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<tr>
<td>Porto Rico</td>
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<td>3</td>
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<tr>
<td>Philippine Islands</td>
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</tr>
</tbody>
</table>

- Total: 5,083
- Total: 3,738
- Total: 1,270
- Total: 1,053

In Memoriam.

The Association, during the past year, met with a severe loss in the death of its President, Charles H. Huttig, and the Administration Committee has arranged that a fitting tribute be paid to his memory on the opening day of the Convention at Boston.

In the city of Philadelphia, on September 18, 1912, there passed to the Great Beyond the Father of the American Bankers' Association, Rev. Mr. James T. Howenstein. Doubts no other achievement of his seventy-one years of active life will so well serve to perpetuate his memory as his calling together what became the first national convention of the Association in this country. Mr. Howenstein received his inspiration in 1875 from a Woman's Suffrage meeting, which was held in St. Louis at that time. However, he was impressed with the fact that women could get together to discuss their tribulations and devise means for the betterment of affairs, why not this same agency to bankers well? With this in mind, he called a meeting of bankers to be held in May, 1876, at Germantown's Hotel in New York City. Seventy-five bankers attended this conference, and the first conven- tion was arranged for the July following, and was attended by 333 bankers, Mr. Howenstein acted as one of the Secretaries during the period of temporary organization. Every member of this Association will feel that to him we owe a debt scarcely to be discharged by any form of expression of our gratitude.

William B. Green died at his home at Avon, near Lurin, Ohio, in the early part of August, 1912. He was sixty years of age. He had been Secretary of the American Bankers Association 1887-92, and before accepting the position of Secretary he was Chief of Division, Office of the Comptroller of the Currency, U.S. and for several years previous thereto, he was engaged in farming.

Appreciation.

The General Secretary again takes the heartfelt pleasure in recording the salutations and communications received by him from the various officers, committees, and sections and others connected with the Association in its various lines of activity. The death of President Charles H. Huttig deprived the Association of the services and advice of a most trusted and valued friend, whose name will be etched in the pages of its history, as long as the records last. Mr. Arthur Reynolds, and the Chairman of the Executive Council, Mr. Thomas J. Davis, during the later months of the year de- voted the entire work of the Administrative Committee, and to them I desire to pay the tribute of my esteem for the kind and prompt support given to me in the administration of the general affairs of the Association. And to Treasurer Farrell, Assistant Secretary Sillifawson, to everyone, without enumerating each by name, unheeded within the wide range of Association work, I wish to express similar assurances of regard.

Boston.

The coming Convention of the Association, the thirty-ninth in its history, will be the second held in Boston, the previous one having been held there in the year 1886. At that Convention, in 1886, Hon. Lyman J. Gage, President of the Association, pre- sided. The meetings were held in Horticultural Hall, and the great and much beloved Apostle of the Gospel, Rev. Charles Judson Judge, opened the Convention with prayer. The attendance was reported as one hundred and fifty. At that time the membership was 1,469 banks, and the income for the previous year $11,317.50. The time of the Convention was largely given up to the discussions of the American and currency legislation, the gold standard and the value of silver as a currency, the sever- al-ring resolutions on these questions were passed by the Convention.

Without repeating it this year, I refer to the address of Mr. C. Murray, of Louisville, who is with us still, and a regular attendant at our conventions, and who was one of the original seventeen bankers at the first meeting, succeeded Mr. Gage as President. At the first Convention, which assembled at Saratoga Springs, in 1875, a Boston banker, Mr. Charles H. Hall, then Cashier of the Boston National Bank, was chosen Presi- dent, and a truly formidable array of financiers from that city and from other parts of the Country in whose capital the Convention was participated in its deliberations and contributed largely in devising the plans upon which has been reared the imposing organization in which we all take pride, now in the full blossom of its power and greatness. To the obligations we owe to the Boston bankers who assumed the first thought and effort in the establishment of the Association, we must now add our gratitude to the Boston people of to-day for the resident and generous manner in which they have continued participation in the Convention and the Association, as a whole, the most enjoyable and profitable meeting in its long career. To the Clearing House Association of Boston and its Associated Banks—those who, individually, as committeesmen and in other capacities, have unremittingly labored for months in our be- half—we express our sincerest appreciation and thanks.

Respectfully submitted,

FRED E. FARNSWORTH,
General Secretary.


To the Members of the Executive Council:

September 3, 1913.

To THE MEMBERS OF THE EXECUTIVE COUNCIL:

Mr. President: I have the honor to submit the twenty-second and last Report as your Treasurer, I wish to express my sincere thanks to the members of the American Bankers' Association, individually and collectively, for the honor conferred upon me; and I trust that, likewise, the officers of the Association, their precious and efficient services, and their hearty and ably co-operated with your Treasurer in connection with the duties of this office, have been a real pleasure to be associated with such competent men.

It is assumed that each and every member of the Association in its several capacities, and particularly in its financial statement, showing the appropriations and expenditures of the various sections and Committees.
BANKERS' CONVENTION.

I, therefore, desire very briefly to bring to your attention a few of the most important items, and to let you know that if each member of the Association would give the Report careful perusal, you will have contributed something toward the improvement of your organization.

Cash Balance, on hand September 1, 1912... $221,645.00 Total expenses, for the year... 3,480.41

Total Expenses, for the year... 3,480.41 (3,632.11)

In August, 1912, your Treasurer received from the General Secretary thirty thousand, six hundred and eighty-one (30,881) drafts on account of the current membership dues, amounting to $3,480.41, which have been forwarded for collection. These drafts are dated September 1, 1913, which is in accordance with our constitution, and at this writing all but a very small percentage have been collected.

The surplus funds of the Association are invested in stocks and bonds, which are deposited with the Bankers' Trust Company of New York City, under control of the Executive Committee.

The Trust Company collects the interest on these securities and remits to your Treasurer for the credit of the Association.

The accounts are as follows:

$12,000 Chicago, Burlington & Quincy, Joint 4% of 1891. $3,775.40

$50,000 Arkansas, Techxa & St. Fe 4 per cent. Bonds of 1905. $2,000

$50,000 Chicago, Burlington & Quincy Illinois Division. $2,000

$30,000 New York City Registered Corporation Stock. 14 per cent. due 1914.

You will observe from the report hereon submitted that the financial condition of the Association at the present time is much more satisfactory than it has been in past years. You are aware that it has been the policy of the Association to carry over unpaid bills each year; in accordance with the desire of the Finance Committee, the General Secretary was requested to secure all August bills against the Association. This has been done, and after September 1, 1912, the Association paid amounts which belonged to the fiscal year of 1911 and 1912, aggregating $17,088.10. Cleaning up this amount and paying our regular expenses, with all August bills against the Association paid the fiscal year ending August 31, 1913, leaving us with all bills paid and a good cash balance on hand.

The Association's policy is a great and growing organization, accomplishing much good for all. This has been brought about by the hearty co-operation and active support of its members, and I beseech for the benefit of others greater success.

Respectfully submitted,

J. PATTEN FARRIS,
Treasurer.

Report of Executive Council, T. J. Davis, Chairman.

To the American Bankers' Association:

GENTLEMEN: The principal proceedings of the meetings of the Executive Council, since the last General Convention, have appeared in the succeeding issues of the Journal, and therefore much of the report submitted herewith is matter with which you are already familiar. However, I consider it obligatory for the Chairman to make a formal report, I apprehend, for the reason that the completed proceedings may appear in connected form for consideration by the members of the Convention.

Immediately after the adjournment of the General Convention at Detroit, the Executive Council met and completed its organization by the election of officers as follows:

Chairman (J. E. JILLS) General Secretary (W. F. KEATON) Treasurer (J. PATTEN FARRIS) Assistant Secretary (W. G. FITZSIMMONS) General Council (T. J. DAVIS)

Seventy members of the Council remained over from the Convention, which gave evidence of unusual interest in the business affairs of the Association.

The Finance Committee submitted its report recommending appropriation of $2,900 towards the expenses of the Convention. The report of the Committee was readily adopted.

Mr. J. E. Jills, of Richmond, Va., presented a petition signed by one hundred Nation Bankers for the purpose of changing the Executive Council to establish a National Bank Section, and a resolution was duly offered by him that the Constitution be amended by regular procedure to provide for a National Bank Section in the Association. The resolution was referred to the Committee on Organization of the Constitution, which committee had been appointed by the General Convention at the session immediately preceding.

A resolution was offered by Mr. J. E. Lynch, of San Francisco, providing for a Committee on Programme for the next Convention of the Association, and the following committee was appointed to the Council:

James K. Lynch, Vice-President First National Bank, San Francisco, Cal.
R. C. Stephenson, Vice-President St. Joseph Savings Bank, South Bend, Ind.

Ralph W. Atter, President Hartford Trust Company, Hartford, Conn.

Dorothy W. Mutt, Vice-President First National Bank, Boston, Mass.
John K. Otter, Vice-President Fourth National Bank, Atlanta, Ga.

W. D. Farnworth, President First National Bank, Fargo, N. D.

Mr. R. E. James, Chairman of the Insurance Committee, presented his resignation from that committee, with the explanation that he desires devoting his time in connection with his work as Chairman of the Constitutional Revision Council would preclude his giving the requisite time to the work of the Insurance Committee. The resignation was accepted, and Mr. James appointed the following committee, there being one other vacancy on said committee by virtue of Mr. Sherman's term expiring as member of the Council:

Insurance Committee

Oliver J. Sands, President American National Bank, Richmond, Va.

H. P. Berkwith, Vice-President Northern Trust Company, Fargo, N. D.

D. E. Dunlop, President Citizens' National Bank, Waukegan, Texas.

The Council, under the provisions of the Constitution relating to States having less than one hundred members, formed the following groups of States:

New Hampshire and Vermont.

New Jersey and Pennsylvania.

Arizona and New Mexico.

Mr. Frank Knox, of Utah, having been nominated for the position of President of the Council from Nevada, Utah, and Wyoming, was duly elected.

A vacancy on the Council having occurred in Iowa, through the resignation of Mr. Hamilton Reynolds to the Vice-Presidency of the Association, the members of the American Bankers' Association of that State nominated Mr. H. D. McKee to be Mr. Reynolds' successor, and Mr. McKee was duly elected by the Council.

The Administrative Committee was empowered to make preliminary arrangements for the General Convention of the Association in Boston, and to secure accommodations for the officials.

Mr. George Woodruff, of Joliet, Ill., was added to the Committee on the Constitution and Finance and a committee of four was appointed.

The Council, by vote, expressed a preference for Hot Springs, Va., for a place of meeting, provided satisfactory arrangements and terms could be made with the hotels. In January succeeding this date, at a meeting of the Administrative Committee, the Secretary of the Association reported that Atlantic City and Briarcliff had offered much the same terms as Hot Springs, with some conditions from Briar Cliff particularly advantageous to the comfort of the guests, consisting, among other things, of practically the exclusive use of the hotel for the members of the Council. The Secretary was directed to take a referendum vote of the members of the Convention, and this vote was taken in the May number of the Quarterly Journal, so that it is only necessary to refer to them by caption.

Report of the Administrative Committee, relative to proceedings of that body, held January 7, 1913, in the office of the late Chas. H. Huttig, of St. Louis.

Report of the General Secretary, Fred E. Passner, Chairman.

Report of the Treasurer, J. Fletcher Farris, Chairman.

Report of the General Counsel, Thomas E. Pen, President.

Report of the Standing Protecive Committee, L. W. Gemmell, Chairman.

Report of the Trust Company Section, Ralph W. Culver, Chairman.


Report of the American Institution of Banking, F. A. Crandall, Chairman.

Report of the State Secretaries, W. C. MacFiehan, President.

Report of the Committee on Bills of Lading, Clay H. Bullhead, Chairman.

Report of the Committee on Cipher Code, James M. Donald, Chairman.

All of which, by resolution, were received and filed.

The Chairman of the Committee on Constitutional Revision read to the Council a draft of the changes and amendments to the Constitution, with much discussion of the same. The drafts were duly ordered to be struck off and mailed to the members of the Executive Council. At the concluding meeting of the Convention, the Chairman adopted the following resolution:

Resolved, That pursuant to the provisions of the Constitution and the request of the Committee on Revision of the Constitution, the General Council is hereby directed to arrange for a report and a new program for the amendments proposed by the Committee appointed by the last annual convention for that purpose, and that all necessary
required to be complied with, that the proposed amendments be placed in proper form on the program of the next annual convention.

The other committees reported as follows:


Deep interest was manifested by the members in attendance upon the Erie Cliff meeting, and the discussion throughout gave evidence of a sincere desire on the part of the participants to develop what is best for the interests of the American Bankers' Association and the banking fraternity at large.

Respectfully submitted,

T. J. Davis,
Chairman.


Pursuant to authority given in Section three of Article IV of the Constitution, the Law Committee has during the past year urged through State Bankers' organizations, the enactment of approved drafts of State legislation upon the following subjects: 1. Uniform Negotiable Instruments Act. 2. Uniform Warehouse Receipts Act. 3. Uniform Bills of Lading Act. 4. False Statements to Obtain Credit. 5. Derogatory Statements Affecting Banks. 6. Checks or Drafts without Funds. 7. Burglary with Explosives. 8. Liability for Payment of Forged or Raised Checks. 9. Payment of Deposits in Two Names. 10. Payment of Deposits in Trust. 11. Competency of Notories of Banks and Other Corporations. Early in December a series of pamphlets containing drafts of proposed laws on these subjects, with annotations of previous enactments and reasons for their enactments, were prepared by and issued from the Office of the General Counsel, in behalf of the Law Committee, to Secretaries and Legislative Committees of State Bankers' Associations in 41 States whose legislatures convened in regular session during 1913, and they have been supplemented by printed literature, general correspondence and in certain cases personal attendance of counsel before committees of State legislatures in aid of these proposed laws.

Your Committee is gratified to report the following enactments during the present year:

The NEGOTIABLE INSTRUMENTS ACT passed in:


The UNIFORM WAREHOUSE RECEIPTS ACT passed in:


The UNIFORM BILLS OF LADING ACT passed in:

New Jersey.

The Act to punish FALSE STATEMENTS for CRedit passed in:


The ACT to punish DEROGATORY STATEMENTS AFFECTING BANKS passed in:


The Act to punish the giving of CHECKS OR DRaFTs WITHOUT FUNDS passed in:

Arkansas (changed from As- Oklahoma (different from As- South Dakota. Missouri (changed from As- Illinois. New Mexico. South Dakota.

The Act punishing BURGLARY WITH EXPLOsives passed in:

Vermont.

The Act fixing the liability of banks for payment of FORGED OR RAISED CHECKS passed in:

Vermont.

BANKING SECTION.

The Act authorizing DEPOSITs IN TWO Names passed in:

Kansas. Utah.

The Act providing COMPETENCY OF BANK NOTARIES passed in:

New York.

Washington.

Appended to this report is a summary (Appendix I) prepared by the Law Committee, showing the laws passed in the different States during 1913 relating to banks upon subjects other than those recommended by this Association.

By Section one of Article IV it is made the duty of the Law Committee as occasion may arise to "recommend to the Executive Council general amendments of draft of proposed statutes for their approval and upon such dual approval to urge the enactment of such approved drafts through State organizations as to State legislation and through the Federal Legislative Committee as to national legislation." In pursuance of this duty your Committee would recommend that the Association approve a draft of an act to make uniform the law of transfer of shares of stock in corporations, technically known as the Uniform Stock Transfer Act. This Act, after careful consideration, was introduced in August, 1909, by the Commissioners of Uniform State Laws and recommended to the legislatures of the various States for passage. It has been enacted todate in Louisiana, Maryland, Massachusetts, Ohio, Pennsylvania, Rhode Island, and Michigan. The Act gives full negotiability to certificates of stock, and will make the laws governing stock transfers uniform in the various States. A copy of the Act is appended to this report (Appendix II). Your Committee, therefore, respectfully suggests that this measure be made to approve this measure as desirable for enactment.

Annual Report of General Counsel Thomas B. Paton.

Your General Counsel is pleased to report as follows:

In view of the fact that forty-one State legislatures were to hold sessions during 1913, it was felt that the Act, in the form in which it was recommended, would be more effective if several special pamphlets containing drafts of laws upon subjects recommended by the legislative measures recommended by this Association, your Counsel was instructed in December, 1912, to send them to each of the Law Committees, and also of the Bills of Lading Committees as to the subject of the Uniform Bills of Lading, prepared special pamphlets containing drafts of laws upon subjects recommended by your Counsel, designed for use by the Legislative Committees of Bankers' Associations in the respective States. These were printed and have been circulated during the pendency of such legislation by special correspondence, printed pamphlets and literature and your Counsel has been in the effort. As shown by the Report of the Law Committee, an aggregate of thirty-six laws on subjects of legislation recommended by this Association have been placed on the statute books of twenty States during the present year.

Noteworthy InstruMENTS Acts.

At the beginning of the present year forty States and jurisdictions had heretofore passed the Negotiable Instruments Act which, in less than two hundred sections, outlines the main rules of the law relating to bills of exchange, promissory notes, checks, and bills of lading, prepared special pamphlets containing drafts of laws upon several subjects recommended by your Counsel, designed for use by the Legislative Committees of Bankers' Associations in the respective States. These were printed and have been circulated during the pendency of such legislation by special correspondence, printed pamphlets and literature and your Counsel has been in close touch with the action of the states in this general legislation. As shown by the Report of the Law Committee, an aggregate of thirty-six laws on subjects of legislation recommended by this Association have been placed on the statute books of twenty States during the present year.

Bills for Lading.

The enormous values which are annually advanced by banks on the security of Orders for Lading call for constant and prompt action in the promotion of laws, national and state, to the end that the holder for value may be adequately protected. The securing in 1868 of the recommendation by the Interstate Commerce Commission of a satisfactory Uniform Order Bill with the words "Order for" printed therein; in 1869 the enacting of four States of the special bill of Lading statute drafted by General Counsel and the passage in 1910-11 of the Uniform Order Bill in ten States indicated the great measure of successful progress heretofore made by the Committee on Bills of Lading. A proposed uniform Act was placed before the National Bank Commission and although national legislation on the subject has not yet resulted, the passage by the House of Representatives of the Sixty-first Congress of the Stevens bill and by the Senate of the Senate of the Sixty-third Congress of the Stevens bill is, it is to be hoped, a forewarning of the passage by both Houses of the Sixty- third Congress of remedial legislation on bills of lading. During the
In all of the promotion of the State bills of lading legislation during the present year, your Council has been actuated by the desire to promote the general welfare and to benefit the Uniform Bills of Lading Act. This has been widely distributed among bankers' and shippers' organizations of different States, and has been written to legislators in States where the bill was pending, in response to inquiries or in answer to suggestions from railroad men, shippers and others, so that the necessity or desirability of making any change in the Uniform Bill of Lading which was recommended by the Commission in 1908. Your Council attended this hearing as representing the Committee of Bills of Lading of this Association. This bill of lading is subject to change in the conditions on the bill of lading of primary importance, and the process of amending or changing the bill of lading interests — a proposition in behalf of certain railroadabsolute necessity to insert in the face of the bill a provision giving the assignee the status of a creditor — and uniformity and capability. There is by use of some of the railroad's in Southern Classification Territory a bill of lading, designated as the Railroad Uniform Order Bill of Lading, which contains the following clause: "The insertion of this provision in the Uniform bill is urged upon the Commission by the representatives of certain railroad, road interests in Southern territory, and it was approved by your Council on the ground that the regulation to the effect that the bill of lading shall be subject to the law and be produced by the carrier, that the provision would have in effect the belief of your General Council that the Commission will not change the bill in the manner proposed, as to do so would deprive it of its present large utility as an instrument upon which the shipper obtains credit.

WORKHOURSE RECEIPTS

Much work has been done this year in cooperation with the American Warehousemen's Association towards procuring the enactment of the Warehouse Receipts Act, and all States have passed the act this year making twenty-nine in all. The great advantage in the commercial and financial interests of the country to be derived from the passage of this act in all the States, is the giving to the warehouse receipts a definite and uniform legal status and value which will enable the owner of stored goods represented by the receipt to make readily needed loans and advances upon the security thereof, to this him over a period when such goods are not readily salable. In passing it of especial benefit to the mass of small credit, who, possessing no warehouse receipts previously prepared, and being the belief of your General Council that the Commission will not change the bill in the manner proposed, as to do so would deprive it of its present large utility as an instrument upon which the shipper obtains credit.

OTHER ASSOCIATION MEASURES

Thus will not be taken to state in detail the efforts in behalf of other legislation recommended by this Association for the purpose of furthering the making of false statements to obtain credit, has been rather the proposition and information to the members of the American Association of Credit Men, and this is also true with reference to the credit to the prejudice of checks or drafts without funds. A very important correspondence has been carried on in behalf of the Association, and the report of the Law Commission, presented at the last meeting of the Office of General Council, eight years ago, in addition to the Report of the Law Commission, has been referred to the General Council Acts, a number of special laws have been drafted, and there has been persistent and organized effort to have the matter passed the Office of the Law Commission in behalf of the beneficial and protective measure under eleven subjects approved and recommended by this Association. All told, a total of two hundred and twenty statements relating to these subjects have been enacted in the different States and jurisdictions down to the present time, and with the exception of cer-

ALABAMA

Alphonso

1. Checks or drafts without

2. Uniform Negotiable Instrument

3. Power of payment of drafts

4. Power of payment of drafts

5. Power of payment of drafts

6. Power of payment of drafts

7. Power of payment of drafts

8. Power of payment of drafts

9. Uniform Warehouse Receipt

10. Uniform Bills of Lading

ARKANSAS

1. Uniform Negotiable Instrument

2. Checks or drafts without

3. Liability for payment of drafts

4. Power of payment of drafts

5. Power of payment of drafts

6. Power of payment of drafts

7. Power of payment of drafts

8. Power of payment of drafts

9. Uniform Warehouse Receipt

10. Uniform Bills of Lading

CALIFORNIA

1. Checks or drafts without

2. Liability for payment of drafts

3. Power of payment of drafts

4. Power of payment of drafts

5. Power of payment of drafts

6. Power of payment of drafts

7. Uniform Warehouse Receipt

8. Uniform Bills of Lading

COLORADO

1. Burglary with explosives

2. Uniform Negotiable Instrument

3. Power of payment of drafts

4. Uniform Warehouse Receipt

5. Uniform Bills of Lading

6. Uniform Warehouse Receipt

CONNECTICUT

1. False statements to obtain credit

2. Burglary with explosives

3. Payment of deposits in two

4. Payment of deposits in two

5. Power of payment of drafts

6. Liability of signatures

5. Commodity of notaries

6. Uniform Bills of Lading

DELAWARE

1. Burglary with explosives

2. Uniform Negotiable Instrument

3. False statements to obtain credit

4. Power of payment of drafts

5. Power of payment of drafts

6. Liability of signatures

7. Uniform Warehouse Receipt

8. Uniform Bills of Lading
BANKING SECTION.


FLORENCE.

Already Enacted.
1. Checks or drafts without funds.

ALABAMA.

Already Enacted.
1. Checks or drafts without funds.

ILLINOIS.

Already Enacted.
1. False statements to obtain credit.

INDIA.

Already Enacted.
1. Checks or drafts without funds.
3. False statements to obtain credit.

IOWA.

Already Enacted.
1. Burglary with explosives.
2. Liability for payment of forged or raised checks.
3. Payment of deposits in two names.

KANSAS.

Already Enacted.
1. Burglary with explosives.
2. Liability for payment of forged or raised checks.
3. Payment of deposits in two names.

KENTUCKY.

Already Enacted.
1. Burglary with explosives.

LOUISIANA.

Already Enacted.
1. Checks or drafts without funds.
2. Burglary with explosives.
3. Payment of deposits in trust.
4. Competency of notaries of banks and other corporations.

MAINE.

Already Enacted.
1. Derogatory statements affecting banks.
2. Burglary with explosives.

MICHIGAN.

Already Enacted.
1. False statements to obtain credit.
2. Derogatory statements affecting banks.
3. Checks or drafts without funds.
4. Burglary with explosives.
5. Competency of notaries of banks.

MINNESOTA.

Already Enacted.
1. Derogatory statements affecting banks.
2. Checks or drafts without funds.
4. Liability for payment of forged or raised checks.
5. Payment of deposits in two names.
6. Payment of deposits in trust.
7. Competency of notaries of banks.

MISSOURI.

Already Enacted.
1. False statements to obtain credit.
2. Derogatory statements affecting banks.
3. Checks or drafts without funds.
4. Liability for payment of forged or raised checks.
5. Payment of deposits in two names.
6. Payment of deposits in trust.
7. Competency of notaries of banks and other corporations.

RHODE ISLAND.

Already Enacted.
1. False statements to obtain credit.
2. Derogatory statements affecting banks.
3. Checks or drafts without funds.
4. Burglary with explosives.
5. Liability for payment of forged or raised checks.
6. Payment of deposits in two names.
7. Competency of notaries of banks.

SOUTH CAROLINA.

Already Enacted.
1. False statements to obtain credit.
2. Derogatory statements affecting banks.
3. Checks or drafts without funds.
4. Burglary with explosives.
5. Liability for payment of forged or raised checks.
6. Payment of deposits in two names.
7. Competency of notaries of banks.

TENNESSEE.

Already Enacted.
1. False statements to obtain credit.
2. Derogatory statements affecting banks.
3. Checks or drafts without funds.
4. Burglary with explosives.
5. Liability for payment of forged or raised checks.
6. Payment of deposits in two names.
7. Competency of notaries of banks.

TEXAS.

Already Enacted.
1. False statements to obtain credit.
2. Derogatory statements affecting banks.
3. Checks or drafts without funds.
4. Burglary with explosives.
5. Liability for payment of forged or raised checks.
6. Payment of deposits in two names.
7. Competency of notaries of banks.

Utah.

Already Enacted.
1. False statements to obtain credit.
2. Derogatory statements affecting banks.
3. Checks or drafts without funds.
4. Burglary with explosives.
5. Liability for payment of forged or raised checks.
6. Payment of deposits in two names.
7. Competency of notaries of banks.

WASHINGTON.

Already Enacted.
1. False statements to obtain credit.
2. Derogatory statements affecting banks.
3. Checks or drafts without funds.
4. Burglary with explosives.
5. Liability for payment of forged or raised checks.
6. Payment of deposits in two names.
7. Competency of notaries of banks.
BANKERS' CONVENTION.

ALREADY ENACTED.

1. False statements to obtain credit.
2. Derogatory statements affecting banks.
5. Check or drafts without funds (chased from association draft).

MISSOURI.

To Be Enacted.

1. Burglary or explosives.
2. Liability for payment of forged or raised checks.
3. Payment of deposits in two names.
4. Competency of notaries of banks.

MONTANA.

To Be Enacted.

1. Derogatory statements affecting banks.
2. Checks or drafts without funds.

NEBRASKA.

To Be Enacted.

1. False statements to obtain credit.
2. Burglary with explosives.

NEW HAMPSHIRE.

To Be Enacted.

1. False statements to obtain credit.
2. Derogatory statements affecting banks.
3. Checks or drafts without funds.
4. Liability for payment of forged or raised checks.
5. Payment of deposits in two names.
6. Competency of notaries of banks.

NEW JERSEY.

To Be Enacted.

1. False statements to obtain credit.
2. Derogatory statements affecting banks.
4. Liability for payment of forged or raised checks.
5. Payment of deposits in two names.
6. Competency of notaries of banks.

NEW MEXICO.

To Be Enacted.

1. False statements to obtain credit.

NEW YORK.

To Be Enacted.

1. False statements to obtain credit.
2. Derogatory statements affecting banks.
4. Liability for payment of forged or raised checks.
5. Payment of deposits in two names.

134

NEVADA.

To Be Enacted.

1. False statements to obtain credit.
2. Checks or drafts without funds.
4. Liability for payment of forged or raised checks.
5. Payment of deposits in two names.

OHIO.

To Be Enacted.

2. Checks or drafts without funds (chased from association draft).

OKLAHOMA.

To Be Enacted.

1. False statements to obtain credit.
2. Derogatory statements affecting banks.
4. Liability for payment of forged or raised checks.
5. Payment of deposits in two names.

OREGON.

To Be Enacted.

1. False statements to obtain credit.
2. Checks or drafts without funds.

PENNSYLVANIA.

To Be Enacted.

1. Derogatory statements affecting banks.

RHODE ISLAND.

To Be Enacted.


SOUTH CAROLINA.

To Be Enacted.

1. False statements to obtain credit.
2. Derogatory statements affecting banks.
4. Liability for payment of forged or raised checks.
5. Payment of deposits in two names.

STATE OF NEW YORK.

To Be Enacted.

1. False statements to obtain credit.
2. Burglary with explosives.
Since financial time of the ing of "general Court of possibility, but of the application done, to Circuit to Danziger States District to your States Criminal Code. Your the section of the Association, to the instructions of the Committee. New forms of license and agreement of licenses have been prepared for the writing of this book and also for the Association's copyrighted standard form of bank burglary policy, and there has been full cooperation with the Association in the use of their work. In connection with various phases of burglary and fidelity insurance, Council has been held upon by members many times during the year for information and advice relative to the interpretation of the various forms of insurance contracts, the advantages and disadvantages provided by different forms and the rights and duties of the insured in case of contested claims for loss; and has upon request of certain members prepared an exhaustive opinion which has never been published, dealing with the question of the power of banks to become members of a mutual insurance company.

The Anamosa Case.

During the past year a large number of members have been concerned with a certain amount of correspondence that has resulted from growing out of a decision by the United States District Court for the District of North Dakota in United States v. First National Bank of Anamosa, 409 U.S. 258, to the effect that a bank which selects a slight draft for the purchase of intoxicating liquors alienated from another a character certificate attached to a license to enable the consignee to obtain delivery of the liquor, violates Section 239 of the Federal Alcohol Administration Act. So long as this certificate remained unrevoked, your Council advised members that it was unsafe for banks to make loans with such certificates as evidence of lien and that with the Department of Justice, was informed that they would not undertake the responsibility for the event the decision was sustained. On June 15 of the present year the United States Circuit Court of Appeals for the Eighth Circuit reversed the decision of the District Court. Council has advised others that in the meantime, it has seemed to your Council, and has been advised, that the collecting of such drafts may be undertaken with fair security. Before the decision of the District Court in the Anamosa case, the Attorney-General of the United States had made a statement that the transaction was not a violation of the statutes and the United States Circuit Court for the Eastern District of Oklahoma had also decided in December of 1912, 188 Fed. 190. As the decision of the United States Circuit Court of Appeals reversing the decision in the Anamosa case is subject to appeal, it will be decided by the United States Supreme Court of the United States and that court is of opinion that the decision should be reversed in it to it for it to be taken in the United States Supreme Court. Your Council has no knowledge that such an application has been made—does not seem that the extensive local interest of collecting these drafts should probably be held up upon such a possibility. But that collecting banks would be justified and freely advised in assuming the law is as stated by the United States Circuit Court of Appeals on this question.

General Service.

This report will not be extended further by detailed statement. In a report submitted by the Office of General Counsel to your Council is open to, and his services have been constantly availed of, by officers of the Association, officers of Sections and members of committees by way of consultation and advice, and in the rendition of numerous special services, and that it is also freely resorted to by the general membership, both in respect of personal interview and in calling for written opinions upon questions of law arising in their business. In fact, this latter branch of the work has grown to great proportion, three hundred and ninety written opinions having been delivered during the year, of which one hundred and eighty have been published in the Journal of the Association. The work involves a large amount of time and research, but it is unnecessary to add any more detailed reference to it, as the members of the Association are familiar with its nature and extent, and its value to them is indicated by numerous letters of appreciation.

Report of Standing Protective Committee.

New York, Sept. 1, 1912.
To the Executive Council and Members of the American Bank-

ers Association:

The Standing Protective Committee submits herewith its an-
ual report for the period covered from September 1, 1912, up to and including August 31, 1913.

Financial Statement.

The financial statement is published in the pamphlet containing financial statements.

Since, however, there is pleasure in reporting that when they were appointed in September, 1909, and the Pro-
tecting Committee was established, and its manager. Mr. L. W. Gammon, appointed, there was a deficit of $15,999. Since that time they have been able to clear up this deficit and have paid all bills up to date, and still have a credit bal-
hance. The Protective Features have cost less each year since the present committee was appointed. The Department estab-
lished, although a great many more cases have been investigat-
ed, and has been brought into many of these cases, or by investigation other than crimes committed by officers and em-
ployees of members. More money has been spent for actual investigation of cases than was formerly expended, a great amount of money has been saved in the retainer fee for de-
fendants employed for the Department, which we have been able to spend on cases reported. The work of the Management, of the Protect-
ing Department, has resulted in the saving for the past four years.

MEMBERS.

For the period covered September 1, 1912, up to and includ-
ing August 31, 1913, the committee begs to report as to its operations against criminals, as follows:

Total cases not disposed of, arrested prior to Sept. 1, 1912.

Total arrests since Sept. 1, 1912.

Convicted.

Released, escaped, killed and died.

Awaiting trial.

For the time being the beginning of the fiscal year, September 1, 1912, up to and including August 31, 1913, there have been thirty-nine burglars, attempted burglars, attempted hold-ups and thefts reported on members, and one hundred similar crimes on non-
members, as follows:

<table>
<thead>
<tr>
<th>Mem.</th>
<th>Members</th>
<th>Num.</th>
<th>Members</th>
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<tr>
<td>Alabama</td>
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<td>Arkansas</td>
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<td>California</td>
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<td>Colorado</td>
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<td>Georgia</td>
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<td>11</td>
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<td>Idaho</td>
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<td>Mississippi</td>
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Of the thirty-nine attacks on members thirteen were success-
ful burglars, sixteen unsuccessful burglars, four hold-ups and six street thefts. In some of these attempted burglaries entrance was not even gained to the bank, as most of them were by amateurs or prowlers.

Of the ninety-nine attacks on non-members, sixty were suc-
cessful burglars, twenty-nine unsuccessful burglars and ten hold-ups. Most of these attacks on non-members were by pro-
fessionals, amateur attacks as a rule not being reported to this office.

The total number of the above table that this class of oper-
ers have been most active in the States of Illinois, Iowa, Oklahoma and Texas, there being five attacks on members in Oklahoma, and none in the other States mentioned while there have been fifty-two attacks on non-members in those States.

The loss from these attacks for the year was $90,625.75, while the loss sustained by non-members amounted to $160,500.00.

Our members, as a rule, report all attacks on them, also the exact loss sustained; while on the other hand non-members rarely report attacks on them or the loss sustained, with the result that we do not obtain a record of some of these attacks or losses sustained.

The following figures are given for your information of re-
ported and attempted burglaries on banks since the inaugura-
tion of the Protective Features, such as are known:

| Non-Members | Loss | $2,007,655.32 |
| Members | Loss | 251,515.17 |

The difference is $1,456,140.15.

Relative to forgers and bogus check operators, but very few of our members have been defrauded during the past fiscal year by professional and practically two-thirds of the cases re-
ported were the operations of amateurs.

MEMBERSHIP.

On September 1, 1909, when the Protective Department was established, the records of the General Secretary's Office showed a membership of 14,100. As of September 1, 1913, the re-
cords showed a membership of 14,100, a net gain of 5,418. The gain in membership as reported by the General Secretary's Office, clearly demonstrates that the benefits derived from the Protective Features of the Association.

CORRESPONDENCE.

During the past fiscal year ending August 31, 1913, the Protective Department has received 10,605 reports and other
Debisschop, J.

This article discusses the work of the Senate Protective Committee during the period of legislation in the Senate and House of Congress. The committee is responsible for the enactment and enforcement of the Interstate Commerce Act, which was designed to prevent unjust discrimination in rates charged by railroads and to protect the public interest in commerce.

The committee's work is highlighted through the example of the case involving the interstate commerce between the States of Louisiana and Missouri. The committee's efforts to pass legislation that would ensure fair and just treatment of commerce are underscored.

The article emphasizes the importance of the Senate Protective Committee's role in shaping legislation and safeguarding the interests of commerce and the public. The committee's diligence and commitment to ensuring fair and just treatment of commerce are recognized throughout the text.

In summary, the article provides a comprehensive overview of the Senate Protective Committee's work during the period of legislation, highlighting its efforts to safeguard the public interest in commerce and prevent unjust discrimination in rates charged by railroads.
Counsel. One chief object of the investigation was to ascertain whether the provisions of the so-called Revised Standard Order Bill of Lading, used by the Southern carriers, could be harmonized with the uniform bill; another to consider suggestions made by the shippers as to changes desired in the constitution on the back of the bill. There were a number of changes suggested by both sections and in both these changes the bankers were not primarily concerned but it was also urged by the Southern carriers that a clause on the face of the Revised Standard Lading making the bill assignable, but limiting its negotiability to the extent solely of carrying into effect the surrender clause, be incorporated in the uniform bill. This was promptly rejected, for it was contended that negotiability should be regulated by the law and not by contract. The chairman stated that such a clause could be written in any number of the attributes of negotiability which the Order bill now contains under existing law, and thus destroy its negotiability as an instrument of commerce, which was very unlikely that the Committee will make any such change.

Report of the Committee on Revision of the Constitution.

To the President and Members of the American Bankers' Association, in Convention assembled:

GENTLEMEN: The undersigned, a committee appointed by resolution of the General convention of the American Bankers Association at its last annual meeting at Detroit, for the purpose of making a general revision of the Constitution of the Association, begs leave to present herewith a proposed revision of the Constitution by amendments, made in manner set forth in a draft of amendments to the Constitution and By-Laws, all of which have heretofore been discussed and the provisions of the Constitution, and notice given as therein required, and which has been submitted.

The Committee has given careful attention to the features of the existing organic law and have endeavored to study thoroughly the constitution and organization of the Association in all its phases, in order to correct, in so far as possible, those features of the present Constitution and By-Laws, which, either by reason of the uncertainty of the phrases of the expressions or the official methods, seem to work adversely to the best interests of the Association.

It should be remembered that the present Constitution is a growth covering the entire period of the existence of the organization and has a year passed that did not bring with it numerous efforts at amendment, many of which, instead of simplifying, increased the confusion. The original draft was hurriedly prepared, and with little knowledge of the requirements it would be called upon to meet, and all subsequent amendments became necessary attempts to correct some particular evil either of construction, failure to provide or of developed weakness, and were attached to the original draft, wherever it was thought necessary. The natural consequence was that the document became more and more vague and uncertain, and because of lack of provision, and apparently antagonist features, became almost to all intents and purposes an impotent one. The design of this Committee has been to endeavor to preserve the good of the present law, to improve by conservative additions or changes in importance the Constitution so as to make it as nearly as possible a logical instrument, readily intelligible, and one which in all respects could be easily found in its logical place.

In the revision submitted, in the Declaration of Article I remain unchanged, but thereafter the entire instrument will be subject to changes. Many clauses and sections of the present instrument are retained virtually in their entirety, but in order to have them appear in their logical order in the instrument are placed in new position.

In the revision proposed the committee endeavor to cover the following subjects:

First—Membership and all the incidents thereto.
Second—The General Convention as the supreme authority of the Association, its organization, qualifications of its delegates, and election of its officers.
Third—The officers of the Association, their terms, powers, and duties.
Fourth—The Executive Council, its organization, qualifications, and elections of its members, its authority, and duties; its officers, their duties, and the organization, membership, and duties of its committee.
Fifth—General Convention committees and their creation, terms of office, powers, and duties.
Sixth—Sections and their authorization and a provision by By-Laws for the extension of the terms of office.
Seventh—The method of amendment of the Constitution, practically remaining as herefore.

Eighth—Such By-Laws as are necessary to carry into effect the provisions of the Constitution as amended.

Ninth—An expression of the plan of the proposed revision. The committee desires to indicate to the convention the prominent features of change in the proposed revision as compared with the present Instrument.

First—Membership. Membership qualifications remain practically the same as herefore with the exception that members outside of the jurisdiction of the United States are made associate members with all privileges except that of protection and voting. But to such Banks now holding partial membership are made full members, thereby giving definite status to over three hundred institutions now classed as members.

Second—The General Convention. Supreme authority is vested in the General Convention. Provision is made for annual sessions and special sessions of the General Convention. Provision is made for the election of the President and Vice-President of the Association and State Vice-President. This election shall be made by the President and State Vice-Presidents and the State Vice-Presidents are elected by members of this Association in the different States; and those so nominated as such Associations as herebefore.

Fourth—The Executive Council. (a) The members of the Executive Council shall be elected by members of this Association in the different States and not as herebefore merely nominated by those organizations. The Council is composed of members elected by the members of the Association in the various States, Groups, and the District of Columbia, and of the President of the Association, Vice-President of the Association, ex-presidents of the same, as chairman pro tem.

(c) The revision proposes two classes of Council Committees, Permanent Council Committees and Special Council Committees. It further proposes the organization of Permanent Council Committees as follows:

The Committee on Law.
The Committee on Federal Legislation.
The Committee on Membership.
The Administrative Committee.
The Finance Committee.
The Protective Committee.

It provides further that all permanent Council Committees shall be elected by the Executive Council from their own membership, in classes in each committee of one, two, and three year terms. The Committee at its first meeting after the adoption of the Constitution Committee Committees, by such elections for such terms, and yearly thereafter to elect to each of such committees one-third of its membership for a three-year term. Such committees to elect their own chairman. The General Council Committees to either be elected or appointed as the Council of the Protective Committee. The authority is given to the Council in the matter of the supervision of expenditures, extending to the control of all officers and of all subordinates as to expenditures, or salaries of officers, and expenditures, and extends to the control of the finances of the Sections.

(d) The Finance Committee is changed in its composition in this respect. The revision provides that it shall consist of three members of the Council of the one-year class, three members of the two-year class, and three members of the three-year class, together with the Vice-President and Treasurer of the Association, the Vice-President to be Chairman of the Finance Committee. The revision upon appropriations and expenditures remain approximately the same, but possibly more stringent. The result of the revision may require the adoption by the Council of standing rules for the direction and control of the Finance Committee.

(a) The Protective Committee is appointed by the President of the Association as Chairman of the Executive Council from the three classes of the Council, and as now their names remain unknown.

Fifth—(a) General Convention Committees are of three kinds, Standing Committees, Session Committees, and Special Committees. The Standing Committees are appointed one year by the Convention or by the President as may be ordered in classes of one, two, and three year terms. The Session Committees are appointed by the Council and are to function for a term of three years, and other vacancies from the expiration of term filled by Committees for a term of three years, and other vacancies from the class in which they are to function. It also provides that no member of the Association shall be a member of more than one standing committee at the same time. It also provides that no member whose term has expired shall be eligible for reappointment to such committee except by the unanimous vote of the Convention. Session and Special Committees, whether appointed for the preceding three years or not, or in the intervals between Conventions, shall be appointed by the President unless otherwise ordered, and the first class shall expire with the Conven
vision and the second class shall expire at the succeeding Convention, unless especially continued by the act of the General Convention.

(b) In order that the organization of committees and the continuance or discharge may not be overlooked, and in order that there shall be made provision for the special order of business entitled Committees and Committee Membership shall be placed on the programme at the annual session of the General Convention, under which order all committee shall be listed, and being taken up in their order, shall be discharged, continued, or vacancies filled, or changes made as to the Convention may seem proper.

(c) The Currency Commission is treated as a special creation of the Association and is listed with provision for the continuance of its membership, and it is especially provided that it shall not be subject to the rules enacted for the control and management of the General Convention Council, the purpose of this being to recreate the present commission as to the general Convention, to provide for the election portion which has been heretofore selected from the membership of the Executive Council may be selected from the general membership, and further, to cure the indefinable and uncertain which has been at some time has accompanied the appointments to membership of this Commission. It would be a grave error at this juncture to change that order of proceedings, which is provided that any member may become a member of any one of the established Sections. It is also especially provided that the imaginary limit set by the Executive Council, that the Executive Council as herebefore may make reasonable financial provision for the needs of the Sections, and shall also control the disbursement of any funds so provided.

Seventh—The revision makes provision for the introduction of By-Laws as now proposed provides for the election of members of the Executive Council.

In States having less than one hundred members, a Group system is provided and Groups constructed for the purpose of the election of members of the Executive Council.

The new Sixth By-Law provides for the election of State Vice- Presidents and members of the Nominating Committee.
The proposed Sixth By-Law confirms Sections now existing and may be established by the General Convention Council, of a National Bank Section and a State Bank Section, and provides that they may be established by the Executive Council.

In the proposed amendment and elsewhere in the Constitution, some important and others of no great moment, which still, however, need attention to avoid conflicts in emergency. A few may be cited to illustrate:

There is no adequate provision for the organization of the Association, as the provisions are limited to the establishment of the office of President, and there is nowhere a statement of the duties of the President. There is no provision fixing the place of holding for the office of President, or assuming his official duties. The same things are true in all respects as to the office of Secretary. In consequence of which there is no provision for his becoming President in the event of the death, resignation, or disability of the President. All these things have been implied by language, and the revision provides that the Association the ordinary and usual powers and duties have been imparted to those officers, but if at any time a conflict arose, the provisions of this revision would be found to apply creditably without change. All other officers actively engaged in the administration of the affairs of the Association are of a kind in which may be used with duties specified, covering the ordinary and usual duties of officers of the General Convention. This condition, while unusual and even extraordinary, perhaps has much of merit and it was not deemed wise to make any change in this respect.

In the present form of its duties the committee have given careful consideration to the widest views that may be entertained by any portion of the membership. The committee is thoroughly impressed with the impossibility that an annual meeting of membership should be a deliberative body. The great numbers assembled in the last Convention as to any subject that may be presented, the lack of time to properly elucidate any subject under discussion, the inclination to hurriedly dispose of business, the continuing distractions of entertaining and sight-seeing, and the prejudices, ambitions, and disappointments incident to the conduct of a great body, all unite to minimize the value of such an assembly for deliberative work; and again, under the most favorable circumstances there are never assembled in Convention more than one-third of the membership, and consequently any legislation is the legislation of a small minority of the general body.

The committee begs to say that it has been mindful of the volume of discontent that has been voiced in speech, and reiterated in writing, and in many instances with great reason, and further presents a clear-examination of the proposed amendments will demonstrate that a consistent and dignified effort has been made to state many real truths and uncover some that were imagined, and that the revision provides for the entire order of the new methods will banish all cause for complaint and relieve this Association from some discreditable results of the past.

No reforms can be made or adopted without temporariness at least causing a spirit of antagonism—individual interests and oppositions in the larger bodies generally lead to the establishment of limited antagonism, so at this late hour we observe an attempt at an organized opposition to one of the leading features of reform in the proper way. A full understanding will make manifest that the committee has yielded much, indeed has departed far from their original plan of absolute reform, but devoting to the advancement of the interest of the entire body of the Association, and therefore, who are among the many present who believe that the draft injures the usefulness of their Section. This Committee believes that a very short and fair examination of all the circumstances will demonstrate that the render of representation is eminently fair to those who seek it, and perhaps unfair to the general body of the Association. With the hope that the draft may be adopted in its entirety and thus have an effect of demonstrating its efficiency, and if proved and adopted by a large body, it submits for your action the above amendments for the revision of the Constitution.


Report of Committee on Fidelity Bonds and Burglary In- surance, by Oliver J. Sands, Chairman.

To the American Bankers' Association, Boston, Mass.:

GENTLEMEN: Your Committee on Fidelity Bonds and Burglary Insurance, appointed early this year, held its first meeting in May, at which meeting the necessity of the assistance of an efficient surety and insurance man was needed. The committee was fortunate in securing the services of an expert in this line of work, and whose name is well known. It is hoped by this committee is largely due to the services rendered by him.

On account of a small amount of money at the disposal of the committee, and the limited time in which to work before this Convention, it was recognized that it would be impossible to cover the entire field of activity. Therefore, the committee decided that the best results would be obtained by concentrating its efforts on the efficiency of the fidelity and burglary insurance business, and by an attempt to cover superficially all matters pertaining to burglary insurance and surety bonds as relating to members of this Association.

A burglary policy had been adopted and copyrighted in December, 1911, by the committee, and approved by the previous insurance committees, and its adoption was of recent date. While your committee feels that its policy could not be covered at this time, and not by an attempt to cover superficially all matters pertaining to burglary insurance and surety bonds relating to members of this Association.

This policy provides:

The copyrighted form of fidelity bond adopted by the Association is fourteen years old and decidedly antiquated. Your committee has obtained reports from the several state insurance departments, showing that the old copyrighted form of bond is widely used by the members of the Association. Contrary claims have grown out of faulty conditions in this bond.
A survey of the details of as many contested cases under this form of bond and other forms provided by the surety companies as possible has been made. The time has, however, indicated almost without exception failure or dangerous conditions in the several states on this form of bond. After reviewing the various forms of bonds offered by the surety companies, together with the Association's committee, I am sure that the continued use of the conditions contained therein upon contested cases, your committee has adopted the general plan of reviving the idea and action of assisting the committee with the advice of the Association's General Counsel. It is recommended that your committee continue to act in each of the conditions of this bond, to the end that it may not be only adopted by the state in question, but also its adoption by the state in general.

The first change to be made in this bond is to provide a specific clause for the benefit of the Association. The purpose of this clause is to make sure the claims of the Association are secured and the rights of the insured are protected. It is recommended that this clause be included in the bond's formal language.

Your committee finds a large percentage of the contested cases under this form of bond are due to incomplete and inaccurate description of the applying banks as to the status of its employees and officers, and the completeness of its securities. The record of one recent collection has grown out of this one condition, and in one case at least, the failure of the bank to pay exact the amount due this Association for the bond. It is recommended that all parties to the bond be required to state the status of the officers and employees, and the securities of the bank.

There are other advantages in this bond which might be disclaimed. In one of the questions that have been furnished us, we are asked: "To what extent is the bond a very clear, safe contract compiled with the laws of the states, and do the surety companies, banks, and the parties to the bond generally agree in its provisions?" Your committee recommends that a short description of this bond be prepared, pointing out the advantages that are contained in the easement and easement to all parties to the bond, and for every bank that has been a member of this Association.

Yours very respectfully,

Report of the Library and Reference Department

It is the function of the Library and Reference Department to secure, examine, and distribute on loan books wanted by members of the Association.

As previously stated, the Library and Reference Department finds a form of bond that is acceptable to the Association is one that will be profitable to the surety companies in a systematic and practical fashion. The Association of Surety Companies for the maintenance of rules does not anticipate that the bond shall be a substitute for the laws of the United States and the States of this Union.

The bond shall be a contract, to be made by the surety companies and the Association, and it is recommended that the surety companies in a systematic and practical manner.

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THIRTY-NINTH ANNUAL CONVENTION, HELD AT BOSTON, OCT. 7, TO OCT. 9, 1913.

We feel it an honor, indeed, to have Boston so graciously extended the cordial hand of welcome, and shall long remember this occasion as one of those that united all more closely to the principles of American citizenship.

CHAIRMAN REYNOLDS: I take pleasure in now introducing to the convention the Mayor of Boston, John F. Fitzgerald, who will welcome us on behalf of the municipality.

Address of Welcome, by John F. Fitzgerald, Mayor of the City of Boston.

Mr. Chairman and Gentleman of the Convention:

I join very heartily with the representatives of the Boston banking interests in welcoming you to this splendid city of ours and to express the hope that your deliberations here will be most successful, not only to the interests that you represent, but as widely beneficial to the hundred millions of people of the United States who are looking with interest in everything that will be done by this body at this particular historic time in the banking life of the city.

Mr. Beal said to me last night that he should be on hand here at half past nine this morning, and though I left here at half past two this morning and there were some hundreds of bankers here at that hour in the embrace of the walls and the two step and the one step, I came here this morning with the expectancy that you would all be present and would be unable to stand up against the hospitality of our city the first day or two; but Mr. Beal said: Oh, we'll just have to let the boys sleep it out a little longer; so, Dr. Gordon and I hold on to this speech of mine until we got rather a respectable audience, because while it would have been perfectly proper for the bankers to have listened to the speech of the Mayor it would have been quite improper to have asked Dr. Gordon to deliver his invocation before empty benches.

I am glad that you have survived the second night of Bos¬ton's hospitality, and that you are able to be here at the open¬ing of the convention, and I say that I think that the next few days and the next few nights will be just as strenuous, and I trust that when you go back to your busy lives of in¬dustry in the West and in the South and in the North you will think that we are here rather a busy burg. The ball last night, I am told, was the biggest and the best and the busiest ball—that is, the biggest. I am told that the bankers and I saw in this morning's paper that the Boston ball game was won by Harry and Bender and Baker—three B's, and I trust this conversation of mine will be largely run by members of the Beal family [laughter and applause]; Beal the father, and Beal the son, and I don't know what I shall get out of this. But I am sure that gentlemen are very much interested in the economic thoughts and the banking ability of Bill Byrnes [laughter].

So I made this last day for the President's [laughter] in a better and better Boston. [Applause.]

The President of the United States has been rather mean in some ways as regards to the weather here. We don't con¬trol the elements. We did suppose that you gentlemen would pray hard enough before you left your homes so that we might have the benefit of good weather when you got here, and then we did think that there were sufficient number of Democrats in banking lines to have some influence with the gods so that we would be sure to get good weather. However, that seems now rather doubtful. I called up the President yesterday morn¬ing and told him about conventions here, and he said: "Mr. Mayor, I am very sorry that this has occurred, and I will do the best I can to show my appreciation of the banking fraternity of the country, and of the Boston bankers particularly." So he proceeded to send in the name of another man whose last name begins with B. I have the honor of an important office, he sent in Edmund Billings to be Collector of the Port of Bos¬ton. Next year, if you honor this city with your presence, Mr. Billings is determined we shall do all the job to see that these Northeast storms and fogs, which have come from somewhere— and let me tell you that it is the first time in twenty-five years that we have not had perfect weather at this season in Bos¬ton—Mr. Beal knows that, because he spent many sleepless nights going through the weatherpress reports. And there is another B, Brockenbrough. Brockenbrough is the seat of a county fair. Some of you know that they have good fairs out in the West. The Crockett fair in the West a few days ago, and at Spring¬field, Ill., I saw it advertised, that they were going to have a big fair there, and they say they have done everything that could be in attendance. Now, at Brockenbrough they have a good fair, and the records show that we have pretty generally had perfect weather for the fair season in October.

So, in addition to the immense amount of money that you
have brought with you to Boston on this occasion, you have brought the very things that we didn't expect and we are now going to try and dispel it, and I think that you will see that there will be sunshine in the town. If there isn't I will call up the President directly and perform in another nomination that like of Billings. [Applause.]

In welcoming the American Bankers' Association to Boston I find an official duty of particular pleasure. As a mere place for this Convention the selection of Boston was most appropriate. Distinctly, long enjoyed distinction as a banking center of first importance, and has been the place for in the development of the great natural wealth and resources of our country. The citizens of Boston are a people of the generous and courageous placing of capital of, lavengive traits fostered and aided, of bold adventure in new fields of investment. Boston might, with justice, claim to have been the nursery of American industries when these present day giants were yet in their infancy.

Yet bold and venturesome as have been her essays into far fields of commerce and industry, there was always present those same qualities which distinguish the Yankee. The men whose foresight and courage made Boston capital so potent a factor in the building of the West and the development of the gold-mining regions, were the same men whose qualities were in evidence during the serious business depression of 1907 and 1908. During that critical period the soundness of Boston's banking system, and the financial strength of her bankers, were unambiguously demonstrated. At a time when hardly anywhere in the country had banking facilities, if any, to meet at all times the demands against its banking institutions, not one Boston bank called for assistance. Nor was there any complaint not a single instance of any dissatisfaction of Boston's banking institutions was even remotely touched by the shadow of suspicion.

Should I speak, then, to this city of ours, I extend my greetings to you, not as the citizens of other communities, but as the citizens of our own state, I refer to you the hospitality of a Boston, which, in everything that has been said, is the most manifest. I feel proud to be a Bostonian.

Speaking from this standpoint, as Mayor of this city, I hope that you may see Boston as you would a friend, however the distances may be, the difference of points of view, or the differences of political opinion. I see you to the history of Boston through its association with the history of American commerce; with the history of the great railroad systems of the country; with the development of the copper mines and industries of the Northwest; with the history of the telephone and with the beginning and growth of our great forest industries.

Nor is the story of the achievements of Boston's bankers and financial leaders a story of the past alone. Those same qualities which have distinguished her banks in the past are to-day demonstrated. In no sector of Boston's banking institutions was even remotely touched by the shadow of suspicion.

If you will take a moment to consider the history of this great city of ours, you will find that one of the most important factors in its development has been the presence of the American Bankers' Association, and the history of its association with the history of this great city is closely connected with the history of the growth of the banking institutions of Boston. The first annual meeting of the American Bankers' Association was held in 1888 in Boston. Since that time, as it has been pointed out by Mr. H. B. Hurlimann, the growth of this Association has been closely connected with the business history of the city of Boston.

The annual meeting of the American Bankers' Association was held in Boston in 1888, and since that time it has been held in Boston every year. The history of the American Bankers' Association is closely connected with the history of the growth of the banking institutions of Boston. The first annual meeting of the American Bankers' Association was held in 1888 in Boston. Since that time, as it has been pointed out by Mr. H. B. Hurlimann, the growth of this Association has been closely connected with the business history of the city of Boston.

The American Bankers' Association has been particularly favored, even beyond the expectations of those most closely identified with its affairs. Its growth has been particularly rapid in recent years. September 1, 1912, our membership was 15, 850, and on September 1, 1913, we had enrolled 14,100 members, making a net gain for the year of 1,943. In view of our large membership here, and the possibility of further increases, we are able to say that the American Bankers' Association has been the subject of much attention in the last few years.

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The American Bankers' Association has been marked at almost all times by the country in their desire to promote the various lines of work in which the Association has been engaged. Such persistent and loyal cooperation by the membership is not excelled in any organization, and it carries a wide influence on the prosperity of our Association. Being familiar with the splendid work done by our committees, I feel the thanks of the Association are due them.

GENERAL COUNCIL.

The work of the General Council has been nothing less than essential to its constitutional purpose of "improving and maintaining a recognized standard of education by means of official examinations covering the theory and practice of banking, and such other subjects as may be required about two years of class or correspondence work. Institution graduates are becoming recognized as possessors of individual times and how many of the quality of persistence and thoroughness that come only from systematic training.

CURRENCY.

The work of the General Council has been marked the same as in previous years, and is a department that is brought into constant use by the members, in such an extent, in fact, that it is almost indispensable. To furnish the information desired upon a wide range of financial topics, and particularly as to legal questions.

The Department of Currencies is an advisory capacity to all of the Committee and Sections of the Association, and has in the past devoted its time and collaborators examining covering the theory and practice of banking, and such other subjects as may be required about two years of class or correspondence work. Institution graduates are becoming recognized as possessors of individual times and how many of the quality of persistence and thoroughness that come only from systematic training.

JOURNAL-BULLETIN.

I do not believe there is any feature of the Association more appreciated than our publication. Thirty thousand copies are issued monthly, which demonstrates its great usefulness in disseminating proper information among our members.

CURRENCY CODE.

There is no feature of this Association that has evaded greater scrutiny than the Code of Currencies. This is the only publication that the former supply of coins was practically exhausted, and it was deemed wise to appoint a new Cepher Cepher Committee. This new Code has held two sessions during the past year, and have completed their work and have authorized the General Committee to publish and distribute the new Code, which will be done at a very early date.

DIVISION OF THE CONSTITUTION.

The Constitution under which the Association has been working was first written in 1975 and has never since been fully revised, though it has been amended many times. In the wisdom of the Committee on Revision of the Constitution, it has been decided by the Board of Directors that the Constitution should be brought up to date by the Committee on Revision of the Constitution, which will come in the regular way. The Constitution of any new Code will contain the same or any of the fact that it is disinterested and incomplete; there are vital omissions, it is necessary for a careful reader to regard this as very important, and feel that every member should be present and assist in the work. The copy of the proposed revision furnished me demonstrates that a large amount of time and effort has been spent in the study and without attempting to reject its recommendations, I feel the committee and its chairman are to be congratulated and I hope the thanks of the Association are due them.

THE COMMITTEES OF THE ASSOCIATION.

It is recognized that in large organizations such as the Association in today it is impossible to delegate to smaller bodies than our annual con¬

vocation many of the important undertakings of the Association. It has been recognized that the Commissions and the Executive Council have accomplished much in promoting the welfare of the Association, and it is hoped that these Committees will continue to act for their benefit and to secure the cooperation and support.

The committee in this great Association has been marked at almost all times by the country in their desire to promote the various lines of work in which the Association has been engaged. Such persistent and loyal cooperation by the membership is not excelled in any organization, and it carries a wide influence on the prosperity of our Association. Being familiar with the splendid work done by our committees, I feel the thanks of the Association are due them.

AGRICULTURAL AND FINANCIAL INVESTMENT AND EDUCATION.

When it was proposed in New Orleans in 1911 that this Association of bankers should be sponsored to promote improved methods in agriculture and all in financial and educational development of the farmer, it was another indication of the manifold duties of the members to assist their fellowmen, and demonstrated to the public, probably more forcibly than any work undertaken before, the aetiology and purpose of the Association stands for the highest ideals in American civilization, and as the result of its activities, we can carry on a work for the benefit of the nation and the world.

Some of us who have not given the closest study to the subject did not realize the great importance of this committee could not be as it is, in any opinion, today, one of the most important works ever undertaken by the Association. In the last analysis, the question of the success of any future efforts is the question of the majority of our members have devoted their time to the most essential question of developing educational features, both in schools and in the farms, to enable the farmer to lead a broader and happier life in the business in which they are engaged to the highest state of efficiency, thereby making them more successful farmer and better citizens, and a more con¬

fident and prosperous people.

In this work the Committee has been most successful, and while they will undoubtedly present a full and complete report of their work, it is not proper to say that this standing committee on agricultural development and education are in existence in thirty-one of our States Bankers' Associations. These committees are not only studying the subject, but are actively cooperating with the agricultural colleges and school authorities in their various States to bring about better educational facilities in the rural districts and better knowledge of agriculture.

As an example of the effective and timely results accomplished by the various State bankers' committees, I have only to refer to the facts that the University of Wisconsin in the teaching of agriculture in the rural schools of that State is made compulsory.

In Minnesota the school system of the State has been revolutionized and agriculture is taught in 125 high schools and 50 consolidated rural schools. The number of the college is to a number of educational successes, including the movement for better marketing facilities, and the establishment of educational credits.

The members of your committee participated in the Third Annual Convention of the American Bankers' Association on August 25, 1913, a successful meeting was held.

The question of European land credits was very carefully considered by three members of your committee, Hon. Myron T. Herrick, Ambas¬
dor to France; Edwin T. Chamberlain, of Texas, and George Wood¬

cutt, of Illinois, and much valuable information on this subject was turned over to the Bankers' Committee. Ambassador Herrick was instrumental in first calling President Taft's attention to this sub¬
ject, with the result that while President, Mr. Taft sent a message to Congress calling their attention to it, and a commission was ap¬
pointed by Congress which spent considerable time in Europe last summer studying the question at first hand.

In his bill introduced in both houses by Senator Benston, Chairman of the American Committee, providing for the organization of rural agricultural schools, the bill has been modified by them to make it more practical, and working out usefully here. This question has not as yet been fully developed.

Taken in all of its phases, I regard the agricultural movement pro¬

posed by the many of your colleagues on this subject as one of the most important undertakings of this decade. It has been demonstrated that no work heretofore undertaken by the Association has so easily or more effectually prepared the way for the future.

CURRENT COMMISSION.

No deputized body of this Association has taken a more prominent part or exerted a wider influence than the Commission on the credit of the government. They were, in the fall of 1911, given the charge of the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Commission on the credit of the government. They declared that the Credit Commission will not undertake to reverse any of the principles which the Committee has heretofore endorsed, and that, as far as possible, the proposals now under consideration will be as consistent with those principles as may be.
valuable times without compensation, for which the Association is deeply indebted.

THE IMPORTANCE OF PERSONAL FINANCIAL LEGISLATION.

It will not be necessary for me to go into the details of the financial legislation adopted in this country during the last several years, which will be fully covered by the report of your Currency Commission. I desire, however, to call your attention to a general way to some of the features of the measures as they appear to me.

The admittance to the country of the present National Banking Act to personal banking is a principle of much labor on the part of this Association, through its various committees, to secure its adoption. A Committee in the law on joint lines of sound principles of finance as exemplified by the experience of the world. It would seem that there ought not to be so great difficulty in applying principles which other commercial nations have found elementary and necessary to permanent success to our present banking system and in adapting them to our geographical and commercial con-

To-day we are facing a proposed legislation which I can hardly regard as an innovation, as an invasion of the rights of personal banking. Indeed, bankers have welcomed such supervision to the fullest extent. But to go further and take administrative control and deny us any facilities for our existence and to make banking both unnecessary and unjust.

It is evident that the present world has ever found it necessary to assume such broad powers as are contemplated under the new bill. It will readily be seen that all persons once trained in the banking business and conversant with the necessities of his own business have been able to liquidate its obligations, could act with better information and clearer judgment, and to prevent more thoroughly than ever the growth of large and bad business and secure both unnecessary and unjust.

So the whole world has ever found it necessary to assume such broad powers as are contemplated under the new bill. It will readily be seen that all persons once trained in the banking business and conversant with the necessities of his own business have been able to liquidate its obligations, could act with better information and clearer judgment, and to prevent more thoroughly than ever the growth of large and bad business and secure both unnecessary and unjust.

One who is not a political question. It must be settled upon the higher plane of statesmanship and not subject to the strife and passions of politics.

Those in control of the proposed legislation have believed that the present system was inadequate to the need of the country, whereby large sums are finally lodged in central reserve cities, has led to the promotion of speculation, to the exclusion of proper credit accommodations, to legitimate business enterprises. They claim it is their purpose to "free" the credit of the country to such proper use.

I do not believe that banking credit in this country are restricted, or that banking is in any serious degree dealth to who have been extremely timorous to the credit of national business and personal, and to a more liberal use anywhere else in the world. It is, the aim of the various financial disturbances in the past has been the over-extension of credit to the people. Any evils exist in the present system of reserve cities, and the proper management of reserves in large cities, it does not seem just or fair to destroy the good feature of the present system and seek to find a remedy.

It is a profound principle of this system of redistributing reserves will work a large and unnecessary contraction of credit and a concomitant depression in the country. It is a principle which would be especially true with the so-called country bank in the agricultural dis-

The independence of the country banks are not and cannot from the nature of their business be of the character required for reimbursement by the Regional Bank. Under the present system the reserve city correspondent keeps in as close personal touch with the requirements of the country bank as with the individual customer and accepts the paper of the country bank literally for reimbursement. It would seem, therefore, that in redistribution of reserves the present reserve is that should not be entirely ignored. To do so is merely devaluing the country bank of borrowing accommodations, eliminates that personal touch of the need most urgent. The farmers with their borrowing needs, and restricts proper credit unnecessarily in all present reserve cities.

There is no reason why the Government credit should be involved in the circulation who are its own personal touch with the requirements of the country bank as with the individual customer and accepts the paper of the country bank literally for reimbursement. It would seem, therefore, that in redistribution of reserves the present reserve is that should not be entirely ignored. To do so is merely devaluing the country bank of borrowing accommodations, eliminates that personal touch of the need most urgent. The farmers with their borrowing needs, and restricts proper credit unnecessarily in all present reserve cities.

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None of the principal nations of the world that have in various ways adopted some division of the management of the small credits instru-

ments to circulate as substitutes for money have allied the Govern-
ment with the credit of the small credit. Such guarantee is unnecessary and might become embarrassing in the event of large municipal Government credit becoming necessary.

The present system is in danger of the reserve cities which are reserved as credit instruments solely, in the same manner as a bank would give the credit of the bank to a similar situation as a personal accident against which checks could be drawn. In the latter case the checks would perform the same functions as the reserve cities.

The government the real value of the reserve cities. The proposal bill provides for subjecting 20 per cent. of the assets of national banks to the payment of interest, with the highest amount of this amount should be limited to 10 per cent., and that membership should be limited to one per cent. It is suggested and I believe that 1,500 large banking institutions should be organized and subject to at least 1 per cent. interest, which would help to keep a system that is under objectionable control. This great country was born in a spirit of liberty and freedom from oppression, and that great principle

has come down through the centuries with added strength in every generation. Our Institutions are not run under the lash of the gov-

ernment because they are founded upon principles of lib-

ery and equity and justice to all the people. That is the case in every country. If the present system of the country's prosperity, must be in order to succeed. The proposed bill upon the conditions at least as favorable as those of the present.

It must not be forgotten that more than 75 per cent. in number of the banking institutions of the country are now doing business under the State charters. They have prospered and are largely satisfied with the government.

If, therefore, any measure is to meet with the success which should attend the best of present banking system of the country, it must be based on sound principles and justice and fairness to all branches.

The banks all who the prosperity of the people for their assurance and seek only a measure which will establish a system upon a sound basis.

The bill before Congress recognizes some of the principles for bankers have long contended, particularly the use of com-

mercial paper as a medium of finance, which it is considered the surest way of providing credit. This is a principle also included in the proposed bill would be to provide for the control of the present system of national banking, which is the same order the Government has rested.

I thought, then, that the final results obtained will be as will permit banks and the credit of the system to be at the control of the present system of national banking, which is the same order the Government has rested.

The future of the Association.

I look with confidence on the future of the Association. With a large increase in membership each year your financial affairs, as indicated by our sound financial position; with one of the most efficient boards of directors in the country at all times to give their time and labor for the upbuilding of the Associa-

tion; with the spirit of business and national worthiness so clearly evident, to our future of the Association is now sufficiently man-

I believe, therefore, that the most important work of the Association is to provide a program for our annual meetings which will encourage at-

formance and the development of the Association. With every good wish for the future of this Association, I thank you.

Memorial to Charles Henry Huttig.

CHAIRMAN REYNOLDS: The hour has arrived for the memorial to our late President Charles Henry Huttig.

I thought you would be interested in having a correct biographical sketch of his life.

1864. February 14 born at Muscoda, Iowa; son of Fred and Sophia Buel Huttig.

1870. Filialized common school course at Muscoda and entered private banking house of Moses, Cook, Musser and Company.

1882. Employed by Huttig Bros. Manufacturing Company, the establish-

ement owned by his father.

1885. Removed to the City of St. Louis and founded the Huttig Bank and Trust Company.

1895. Elected a director of the Third National Bank of St. Louis.

1896. Elected a School Commissioner to the city of St. Louis by the largest vote ever given a candidate for the office of President of the city.

1901. April 13 married to Miss Amasa Musser at Muscoda, Iowa.

1917. Elected to the Board of the Third National Bank of St. Louis, and in May of the same year elected to the Presidency of that bank.

1904. Served as a director, Executive Committee and Vice-President of the Local Directors' Bank at Detroit.


1916. Elected President of the St. Louis Clearing House Association, and during the same year was elected Chairman of the Executive Committee of the American Bankers' Association at Los Angeles, California.

1917. Elected Vice-President of the American Bankers' Association at the Convention at New York.

1912. Elected President of the American Bankers' Association at Convention at Detroit.

1915. Died July 12 at his mountain home in the Adirondacks.

Mr. F. G. WATTS, of St. Louis, Mo.; Mr. Charles, Ladies and Gentlemen: For the first time in the
The life of Charles H. Tuttle was full of outward honors and inward worth, the very types of character that make one known as the largest in that he possessed.

In his lifetime he was known as one of the ablest and most trusted citizens of the United States. He was a man of action and his influence was felt in every sphere of life.

The life of Charles H. Tuttle was the embodiment of the American character. His strength and integrity were a shining example to all.

It was said of him that he was a man of action and his influence was felt in every sphere of life. He was respected for his wisdom and integrity, and his name was synonymous with success and honor.

He was a man of action and his influence was felt in every sphere of life. His character and integrity were a shining example to all who knew him. His name was synonymous with success and honor.

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and interested attention at meetings, where his counsel was often sought by leaders in both National and State Associations.

Henry Truitt had been a member of the Executive Council of the American Bankers’ Association, he was elected Chairman of the Association in 1910, and re-elected President in 1911, and President in 1912.

In 1887, the Association had never honored a man better equipped or more willing and anxious to advance its best interests. His sudden and untimely death caused a sudden and untimely departure of those who had long looked to him for leadership and confidence. His generous and cordial approach, his sagacity, and his industry, were always a source of inspiration to his humanly-minded associates.

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J. Charles Reynolds, a former President of the Association and the President of the First National Bank, of Chicago, referred to Mr. Truitt as a gentleman and warmest personal friend of Mr. Truitt, was a member of this committee. Mr. Truitt was unapproachable and could not be approached at times of his illness as well as during the vigor of his health. To those who had known him during his hours, his words were a benediction.

 testimony of his life and character is as follows in the language of the poet:

‘A man with a temper so placid, would declare,
A meekness no provoking prodded, and
A patience, never less or cruel, or
An irreproachability, no money could buy, nor interest could

And now let us resolve to perpetuate the memory of our departed executive by spreading upon the record of this Convention the testimonies delivered by him, and hasten our officers to transmit copies of same, in proper form, to the family of our deceased President. Let us approach the pages with respect of the memory so hallowed. Let us all arise and adopt these resolutions, and with bowed heads in silence and in reverence, a long and last farewell to our departed President.

Chairman Reynolds: Gentlemen, the hour is late, and with your permission we will let the reports of the officers go over until the afternoon session. There being no objection, it is so ordered. Therefore we will take up the next order on the program, which is the report of the Currency Commission, which will be presented by Mr. A. B. Hepburn, of New York, its Chairman.


The report of the Currency Commission appears on page 126 of this publication.

A. B. Hepburn, of New York, Gentlemen, we submit this report of our work for the last year, the work of which all have been furnised you in print, and ask your approval of it.

Mr. E. J. V. Kellogg, of Norwalk, Conn: I ask the following resolution, and upon its being read by the Secretary I will ask the Chair to recognize me for a few minutes:

Resolved, That the report of the Currency Commission be received and placed on the record.

Resolved, That we approve the work of the Currency Commission, and that we signify and endorse the action of the American Congress on the same subject; the conclusions reached and the recommendations they made.

Respectfully, That we urge upon Congress the wisdom and necessity of incorporating into the proposed law, the recommendations by the Chicago conference, all of which have been elaborately presented to the Committee on Banking and Currency of the United States Senate, in which body the proposed law is now pending.

Any law policy, Glareus, to super-hepatitis, and reality, in full measure, the hopes of those who are seeking currency reform, must commend the Supervisors, and the co-operation of the banks of the country, both State and National.

When Mayor Flingard was speaking of the difficulties of banking legislation in Congress it reminded me of an incident which may be of interest to you. Mr. Patrick Balch Walker, of Massachusetts, was Chairman of the Banking and Currency Committee, and Mr. Hepburn was Speaker. A dinner was given at the Shamrock Hotel, in Washington, by Mr. Walker, at which Mr. Hepburn was present. After the dinner Mr. Walker recognized him as a friend and invited him to the House to bring forward a banking and currency bill. Mr. Hepburn replied, that with that inanimate dribble which characterizes every day, the Chairman of the Banking and Currency Committee will give the names of six respectable houses to enliven their3' bill and make the banking and currency bill I will give it the right of way in the House of Representatives.
As a member of the Chicago Conference, I think it is not out of line to say that I should very briefly touch upon the meaning of the resolution. The fundamental features of the changes in the House Bill recommended by the Chicago Conference are as follows:

First: Representation on the Federal Reserve Board and Limitation of its powers.

Second: Optional contributions to the capital of the Federal Reserve Banks, instead of forced subscriptions under penalty of death—Liquidity.

Third: Making the new currency notes to be the obligation of the United States Government, and to bear interest and final redemption in gold instead of "gold or lawful money."

Fourth: And, incidentally to the first two: The right of the owner of the property to have some voice in the placing of a part of its reserve funds, with approved reserve agents as now, instead of all being imposed by law, and from the earnings of which the Government is to abstract a part.

These propositions are the backdrop upon which, in my judgment, any financial system to be successful must be built up in this country.

The others, however important they may be, are, rather details of management. This actual experience will modify or change. As the bill now stands, coming from the House of Representatives, it provides for aleged trust. If a combination and monopoly as a substitute for the individual combination of 25,000 independent banks organized under by existing banking laws of the States and nation, and to which billions of dollars of the people's money have been invested in good faith. In its practical results the tremendous power possessed by present organized banking is, under the plan, to be given to the Government in the future the control of the individual credit of all of our people, and is to be accomplished over $15,000,000 when the law was published:

"Thus it will be noted the Government will have absolute control of the system." and the Congress now knows that if the people of the United States are to be saved from the control of a monopoly, they must be educated to see that they can be saved only by the Government, and that the Government can save them only by the action of the people.

The President of the United States truly said: "The power to control and guide the credit of the country is the power to say to whom shall and who shall not build up the industries of the country, in which direction they shall be built, and in which direction they shall not be built."

This language is taken from the newspapers of last Saturday morning.

Now, to put such power into the hands of any body of men is not consistent with the genius of this Republic. Supervision and regulation of corporations are proper functions of the State and nation. The soundness of a bank need not be, and is not, the characteristics of the Government monarchies of Europe, but they are in accord with our free institutions.

The Chicago Conference was that any limitation placed upon the domestic power of the Federal board, the man who provided the funds to make the system possible, should be in a position to put a proper representation in its management. Day before yesterday I went out to Concede Bridge, and examined the report on the banks. I was written: "Here the embattled farmers stood and fire the shot heard around the world." That shot simply typed the declaration that taxation without representation is tyranny and is not legal.

Upon the hill is drawn, not only takes the capital from the company originally invested by its owners, but it shares in the profits from its diverted use and controls and directs the use of it to which it shall be put, and the owners have no voice in the ultimate decision.

If such a forced contribution of the savings of our people, invested in the business of banking, can be useful, how long before every other form of corporate investment will be subjected to like disposal? Of the property—so to speak—of the people? Is it not vastly more important the declaration made of March 14, 1900, by which the nation put itself in line with the other progressive nations of the world, adopting gold as its standard of value. As the bill was originally drawn, redemption in gold was preserved, but reserves were to be in lawful money. As amended and reported in gold in its present form there were not provisions. As amended and published on August 11, both gold redemption and gold reserves were to be continued with the option resting with the Government to redeem in gold or silver or greenbacks.

Both in gold, reissue with its own integrity and honor. If this bill means gold redemption the bill should say so. [Applause.] If it means to give the option of denominations of any proposed national bank is its obligations, it should plainly say that. It says in effect now that it reserves to itself the right to pay either: simply declaring its good intentions, but making itself the judge of the conditions under which parity will be maintained.

With gold redemption the Government should be put upon the banks, for the experience of all the world has shown beyond dispute that irredeemable Government obligations are worthless. Our own experience has also taught us this, and this nation should take no backward step now.

Coming as I do from a State which does not have a reserve city in it, and representing a State of country banks: speaking, as you might say, with the overwhelming majority of the stockholders of National and State banks and trust companies in our State, I ask this great Association of 14,000 financial institutions scattered all over this land to say Amen to the prayers of the Chicago Conference and its own Currency Commission in its desire to make and reform and improve the currency and banking system in this nation. [Applause.] I know that the time is ripe, and that you want to get to your luncheon; but there is a very vital and important question affecting far more the country banks than it does the banks of the reserve cities, and I would like to trespass upon your time just a moment in order to refer to it. I have reference to the disposition of the American 2-cent. Bond. Prior to the period of the Gold Standard Act March 14, 1900, circulating notes of National Banks were secured by three, four and five cent. bonds. Depending upon the market price of these bonds bearing interest at two per cent., the present use of the right rate bonds was figured on a 2/4 per cent. basis, the difference between the circulating notes and the bonds exchanged for two per cent., dollar for dollar, at par. The net profit to the Treasurer and banks tranche, over $90,000,000 of high rate bonds were thus exchanged for two. The advantages to the banks were, first, a premium on the bonds; second, the necessity of having the funds invested by the Government, and the bonds exchanged for two years or more, two per cent. bonds being made payable at the pleasure of the Government after the expiration of thirty years. As the demand fell in these bonds, the necessary circulation from the Treasury increased from one-fourth to one-half of one per cent. annually. Thirdly, an increase of circulation from 90 per cent. to the par of the new bonds. The Government's loss was estimated on this basis to be about $50,000,000. The whole transaction was as near a contract as can be made between the Government and the banks, as near a legal contract as can be made between the sovereign and a citizen; while the citizen cannot enforce it, the sovereign cannot honorably evade it, except by violating itself to the charge of robbery. [Applause.] When the pending currency bill was introduced, to add the amount of everybody, the circulation privilege was cut squarely off and the 2 cent. bonds left standing on their feet at the top of the tobbogan slide with the dead certainty that they would reach their liquidation value upon an investment basis only. What would be thus is shown by the fact that the number of the circulating notes have been reduced and their present liquidation value is about $72. The expected happened in this case, and the 2 cent. bonds quickly began to drop in value, and were worth.
BANKERS' CONVENTION.

dent William Livingston, of Detroit, Mich., to take the Chair, and Mr. Livingston assumed the temporary Chairmanship.

Mr. Thomas C. McRae, of Prescott, Ark.

Mr. Chairman, I should like to be heard for a few moments in opposition to this resolution.

Mr. L. B. Clay, of Cleveland, Ohio.

Mr. Chairman, I know it would be impossible for me to say anything in addition to what has been so aptly stated by the gentleman from Connecticut, but I would simply arise to second the adoption of the resolution; that is all.

The CHAIRMAN (Interposing): The gentleman from Arkansas has been recognized, and he has the floor.

Mr. McELVANY: I simply arose to second the adoption of the resolution.

The CHAIRMAN: The gentleman from Arkansas has the floor.

Mr. McELVANY: It is with very great difficulty, sir, that I presume to speak to you upon this occasion. I know that the time is now late, and I am unwilling to detain you, except for a moment. I am aware, however, as a member of this Convention, to subscribe to all of the recommendations of this Commission or to indorse in toto the resolution by my friend from Connecticut. I think it is unfortunate that this great Commission, that has done so nobly, should insert into its report, at such juncture, reflections upon those who are of the best and the sourest currency that we can possibly have. I want to see the reversionary duty on demand in gold.

You have that provided for in this bill. This talk of speculative speculation because the bill pending in Congress provides for the redemption in gold of lawful money is nonsense. It is not lawful money redeemable in gold? If you get that with which you wish it to be gold, why stand there here as a body of bankers and charge the Administration with this bill?

The present Administration was elected upon a platform where it stood against the central delegates that you wanted. The people said that you could not have it, and that they should be allowed to select this board. You want to issue the money; you said that in the present Administration, or any subsequent Administration, may put a politician in control. But it is all right if you select him.

Now, my friends, let us be honest with ourselves. We are as good, but we are not any better than anybody else. Our business is as great as the business of anybody else, but it is entitled to no more consideration than is the business of other people. The fundamental principle which underlies the policy of the Commission is that the Government has its security, and the Government shall have the money, back its security and superintend the control of it.

[Cries of No! No! No!]

The legitimate banking business being left to receive deposits, make discounts and look after the exchanges that are left in the hands of the banks. Now, the banker who recognize the fact that we are not going to get that from the American Congress, the right to issue money; the better it will be for us.

Gentlemen, you must deal with these people as you must reckon with the people. Now, I am not going to take up any time in discussing the details of the bill—[cries of Good and applause].

The CHAIRMAN: The Convention will be in order.

Mr. McRAE: You complain that you were not invited to consider the bill before the legislative committees of Congress. Gentlemen, this bill has been under consideration for more than a month. Committees after committees have drawn gentlemen from every section of the country before them, and they have been courteously listened to. In return for that is the demur- ration that these men elected to Congress by the people are Socialists and are likely to become representatives of that class. I speak very warmly because I want the bankers of this country to succeed, and I suggest that the best thing you can do is to get in those conservative, and with the Administration, and not undertake to control the issue of the money of the country.

[Cries of "Time is up."]

Gentlemen, I do not expect to defeat this resolution, but, as I am the beginning, I am unwilling to sit here as a member of this Convention and let the report forth, because the resolutions are unanimously adopted by this Convention of the Ameri-
can Bankers' Association, because they are the sentiment of the great majority of the country bankers.

The speaker was here interrupted with the cry of "You are not the central bankers of the country. They do not represent the sentiment of the country. I bankers, I say, and they do not represent the great body of the people, and if you will be more considerate in the use of your arguments, and consider the measures that do not conflict with their promises to the people, you will be likely to get the consideration than you will by such resolu-
tion as is heretofore proposed.

[cries of Question! Question! Question!]

Gentlemen, I have already said; I simply wanted to put myself on record as I feel about this matter.

Mr. S. W. BURDICK, of Chicago, Ill.: I hope this Convention will accord the gentleman an opportunity to fully express his views.

Mr. McRAE: I have almost concluded all that I wish to say. I know something of public gatherings like this. I know some thing of the necessity of dealing with In Congress, and I know, as was suggested by the able gentleman who read this report—be he worthy Congress had a distrust of bankers, and I can tell him that it is because you have a distrust of Congress—and I would, if I could, create a feeling of trust between the bankers and the legislators of this country; but above all things I love my country and I love Congress, and I want to see the bankers of America as patriotic as any other class of the people in this country, and I do not believe that down in the bottom of your hearts, when you come to reflect upon it, you can seriously insist that it is either right, politically or otherwise, that the bankers of this country should issue and control the currency and credit of this country.

My friend, Mr. Hill, speaks of the enormous power in the credit of the country; I grant it, but shall we control it, or shall the representatives of the people control it? What is the issue?

[A Voice: We should control it.]

Yes, "we," of course. If every man who had to be put upon trial was to be Judge of his own cause, we would say, "I don't believe it." [Laughter.] The question is whether you should control it or whether the United States, through its representatives in Con.

gress, should control it. That was the question. It was submitted by the people at the last election, and by the most overwhelming vic-
tory which ever came to a President—

[cries of Oh, No.]

President Wilson stands to-day the equal of any President we have ever had in the White House, that President who will trust the President who will make the appointments to this Board. Has any President in the United States in the past trusted any man they were disposed to in him? Who appoints the Interstate Commerce Commissioners? The railroads? No. The railroads represent a great aggregation of wealth. Yet they would not trust any man they were disposed to in to the name even of one of the Interstate Commerce Commissioners. Who appoints the Commissioner of Navigation? It has been my pleasure to serve under four Presidents—

[cries of Ah, Ah.]

But the President: The bill provides that not more than two of the three shall belong to the same political party. So, my friends, the question— and let us not fool ourselves— is that you are to make these appointments and yet you dis-
trust Congress and Congress distrusts you. Congress has the power.

Now, we are up to the proposition of getting a currency based upon what we think. The bill says that this bill is supposed to make amendable, it will pass. You cannot in an hour or in two years, there is not a thing that can be done about it. Now, I am not going to take up any time in discussing the details of the bill—[cries of Good and applause].

The CHAIRMAN: The Chair will venture to suggest, as there are many gentlemen who may wish to be heard upon this important matter, that the time of each speaker be limited to three minutes.

[Cries of "Question! Question! Question!" and "Let us vote."

Mr. Pettus J. Ware, of St. Louis, Mo.: Gentlemen, I am the only gentleman who went before the court to be naturalized, and he was asked the usual ques-
I have the mission of the Committee. So the man who has last spoken evidently has not read the report of the Commission, and he has not read the resolution of the Chicago and Columbus Committee. We have asked, now, Senator, do you wish to control the issue of the bills that are to be issued by the Government. We have asked, as partners of the few gentlemen who have studied this subject from every angle, who have approached it with as open minds as any man is capable of doing in any occasion, we have asked, now, the Government putting its obligation upon bank notes, because we know from history and from practice that it is unwise econonically to do that. [Applause.] We advised against the absolute control of $100,000,000 capitalization banks and a bank with a deposit of more than a thousand million dollars which we are forced to put into the orders of that body, that we have representation. We never have asked for control. The greatest number we have ever asked for was to be permitted to put four practical bankers on a board consisting of eleven members. The Democratic party, which the gentleman now is member of, of course we also happen to be a member, in the House of Representatives, has laid no such statement as he stated it had. We have not advocated that platform, nor have we opposed it. In the discussion of that platform says that we charged the powers that be with not being invited to appear before them in their convention assembled in the constitutional convention. I told the gentlemen that we have not invited, and I tell him further that, while we asked an invitation to appear before the Banking and Currency Committee of the House of Representatives, the request was politely but positively refused. Then we were not asked by the Senate to appear before them until we made the report; and when we received such invitation we spent five days with them, with their committee, going over every item of this work in detail and the best that we had the subject after seven years of study upon it.

I want to say to you, gentlemen, that those of you who believe the Democratic Committee and Currency Commission having done what they should stand up here as men and be counted, and those of you who believe that we have worked not as bankers, but as citizens of this country, should also stand up and give us your approval. [Applause.]

[Many delegates in the hall rose at this point and cried: Vote! Vote! Vote!]

Mr. A. J. FRANK, of Waukesha, Wis.:

Mr. Chairman, I desire to say a few words on the subject. [Interposing:] As this is a very important question, and as there are several members who would doubtless like to hear, and would supply upon it a more fulfillable possible argument on the subject and all the information that we can put upon it, the Chair would suggest whether it would not be better to put the subject before a vote is taken. It is very apparent that a majority of the Convention is overwhelmingly in favor of the present measure, but if the gentleman who desires to be heard, I think it would be better for us to give them an opportunity now so as to avoid any possible friction hereafter.

[Cries of: Yes, Yes.]

Mr. FRANK: You may have the floor.

Mr. A. J. FRANK, of Waukesha, Wisconsin:

I will agree to talk but a very few moments, because I just wish to make a few comments upon one feature of this bill. You can send a horse to water, but you cannot make him drink. I wish to second the resolutions and the report of this Commission, excepting one feature of it, and that is the point that I have just made. It should be modified. I am in favor of a measure of release for us in the troubled periods, but as I come from the country and I have made a canvass on the operation of the country banks whether they would join this Association or not, I made a canvass of 450 banks in the State of Wisconsin, and asked them whether they would join the Association if the bill passed by the House, and 320 of them answered; two of them said that they would join, also said yes, but that the country banks would not give the bill the necessary support, I am told no, that they would not join. If that is not an answer to the question of the gentleman who preceded me as to whether the country banks are in favor of the proposition or not, do not know where you can get a practical illustration of it.

Now, the only point that I wish to make is that I wish to second the resolutions. In the proposition of the Committee at Chicago, it requires for reserves four per cent, of the deposits of the bank of the country for the Federal Reserve Bank. The bill itself required only $50,000,000, and I said no, that they would not join. If that is not an answer to the question of the gentleman who preceded me as to whether the country banks are in favor of the proposition or not, do not know where you can get a practical illustration of it.

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I am with you, except only that I think that your demands are excessive. It takes $500,000,000 to $600,000,000 of the National Banks, and that is excessive. I believe in the underlyings principles of the bill. We all desire a reasonable exploitation of the cash—}

The CHAIRMAN (Interposing): I see some gentlemen are leaving, and they are bringing the wings of the House together. Running across the street, in which the luncheon is to be served, will not be open for us to go in to luncheon until recess is taken this afternoon. So I believe that no more gentlemen will leave the hall, and that you will all remain here until the close of this discussion.

Mr. Franklin O'Neil: "Reason must reign or a continued warfare for the repeal of the bill will bring a second Andrew Jackson to destroy them." What we want is for it to be worked. I believe you should do what seems fair and not oppress it. From my canvass of the 450 banks of Wisconsin, I am confident that if the Country National Banks contribute ten per cent, of the capital and one per cent, of the deposit, approximating $100,000,000, it is all that should be required. The street more will seriously injure if it does not wrench the system, and the State banks will not join.

I submitted a tentative plan also to the Committee, but I will not take up your time to detail that. I will simply say that this nation is the greatest and most prosperous country on the face of the earth. I heard William Jennings Bryan [laughter], after he had traveled around the world, make the statement that labor and capital were more prosperous in the United States of America than anywhere on God's footstool; and, gentlemen, our labor is better paid, better housed, and better fed than it is in any other country in the world, and we ought to live under the stars and stripes.

If that is the case, so far as the National banking system is concerned, it has been vilified. It is the best in the world, and to-day I think that you ought to stand, with any amendments which you can agree to, and see if you can hear better us as a Congress.

Will the gentleman kindly state what institution he represents? Mr. O'NEIL: The Federal Trust Company, sir. When my friend Hill was talking about Reed he reminded me of another saying of Reed's: "Have you ever noticed how the Sidewalk Committee across the street can find fault with the laying of every brick on the structure, though unable to lay a single brick themselves?" For twenty years we have been trying to amend the National Bank Act, and in all that time, during the eight years that the distinguished gentleman from Connecticut was on the floor of the Senate and Currency Committee in the House of Representatives, you could not get anything out of the committee. [Laughter.] This is the first time in the financial history of everybody for twenty years, in our country, that we have gotten out of the committee at least a constructive piece of legislation.

Now, if I know anything about any question this country of this matter, and I have always insisted that the most important thing in currency legislation was to give some elasticity to it. You have not had that; you have not even rigidity to it, for whenever trouble comes it shrinks. Is there a man here who does not admit, at least, that this bill gives elasticity to the currency? I sat here and I looked around and wondered what kind of a country I was in. A representative convention of the people of the United States and not a single reference to the great President at the head of our Government. Now, I have here a resolution—

[Cries of Novel: Mr. Hill!] Mr. Hill, I want to read this, it is very short, and I even want Mr. Hill to vote for it, because if you want currency legislation there is a very short and simple way.

Resolved, That we applaud the action of the President, the Secretary of the Treasury, and Congress, in their efforts to give this country as a safe and secure currency and give us their hearty support towards the enactment of proper legislation to that end.

[Here the speaker was again interrupted with cries of "Let us vote."]

Gentlemen, I have got my protest in, and if you want me to shut up, I will shut up.

The CHAIRMAN: Give the speaker a chance to conclude.

Mr. O'NEIL: The gentleman from Wisconsin said that we have the moon as a safe and secure currency, and how then? Why? What objection to the moon? Every objection made to it by some people is that the Government is back of it. But if you have a banker as well as you; if you have an agent in the banking business, and I know its trials and its tribulations; but, gentlemen, you know, especially you from the country, that the people of this Government through the Government behind it; they want the currency to stand as
BANKERS' CONVENTION

150

good as it is, where it will be accepted in London and in Berlin and in Paris.

Yes, O'Neil!—not at all, the gentleman behind me to the contrary notwithstanding.

Mr. George M. Reynolds, of Chicago, Ill.: Will you go into the question of the resolution adopted?

Mr. O'Neil: Yes, sir; my bank will. I want this bill amended.

Don't think that I do not. But I do not think the way to get this question of the people who are trying to amend it in Congress and who are just as patriotic as yourself.

More than that, gentlemen, I challenge contradiction when I say that the average member of Congress has read more on the question of finance than any man in this convention.

[Here the speaker was interrupted with laughter and cries of Oh, oh!]

Oh, I know that sounds funny to you; but he has read it in order to know, and he asks the advice- [Here the speaker was again interrupted with cries of Time is up.]

Well, gentlemen, I am done. I move the adoption of my resolution.

Mr. McKea: I second it.

Mr. H. H. Fishburn, of Los Angeles, Cal.: Mr. Chairman, I make the point of order that there is already one resolution before the house.

Chairman: The Chair rules that the point of order is well taken. Gentlemen, the question is on the adoption of the resolution proposed by the gentleman from Connecticut, Mr. Hill. I have the honor of the adoption of that resolution will say Ay.

Mr. O'Neil: I offered my resolution as an amendment to that of Mr. Hill.

Chairman: All in favor of hearing the gentleman from Wisconsin will say Aye; opposed, No. The motion is carried and the gentleman from Wisconsin has the floor.

Mr. Hollingsworth: I represent an agricultural community, and I have the honor of belonging to the Chicago Convention. I have the further honor of being a member of the Conference Committee, and I want to tell you, gentlemen, and especially you country bankers here, that I recognize today, as I did in that Conference—and I assure to take just a few moments to try to get the motion of the last gentleman who was facing a condition and not a theory. When the gentleman from St. Louis spoke about his reception at the hands of the members of his house in Chicago, he referred to you and the fact that the bankers of this country are in with the representatives of the people. Can you not see it? A political business has been conducted, and you have had great body of men you are hurried off your feet when you must within a few hours be the preparation of securing the amendments to this bill. I say to your country bankers: We must soon go to Washington. We must present our views and our requests for amendments to this bill, and if you go there with this prejudice, it will hurt you. It will be disconcerting to the representatives of the people. I want to tell you here, after some experience in Washington last week with the committee and with the Secretary of the Treasury, that you will not receive any better hearing than you received before. You country bankers—and I stand for the resolution adopted by that meeting—want to secure amendments to this bill and I beg of you not to go to Washington in a spirit of hostility, but to go there in a conciliatory spirit. From top to bottom the leaders of this Convention have come again with another and a decided stand against our representatives in Congress, and I say to you country bankers: Be careful how you vote. Let us stand with the Administration; let us try to get these amendments that we want—

[Chorus of "We will never get them."

Yes, we will get many of them. I tell you the spirit of democracy is the salt of the land, but the bankers are out of touch of the people, and let us try to get in touch with it.

Mr. R. H. Temman, of Ithaca, N. Y.; Mr. Chairman—

Chairman: Will the gentleman state, for the benefit of the understanding of his name?

Mr. Temman: I am the President of the New York State Bankers' Association. I am probably unknown to many people in this room, but for I am a simple country bank in a small town in the State of New York; but I rise to suggest to this august body that we take a recess for luncheon. My reasons for that are these: That the people of the United States are looking to this organization to take a conservative, but forceful position on this question, which is the most important piece of legislation that ever has come before the people in this generation, and a very few of us hope that our position will be much stronger if we give to everybody an opportunity, who desires to do so, to express an opinion on the motion before us, if we give them a chance to be heard; and I believe that if we adjourn for an hour for luncheon and then come back here after we have eaten and, if in view of the question at the present time, which I believe to be present the other side of the subject, we will stand in a much better condition before the country. Truth ought to stand on its merits, and any debate on so important a question as this should be free and open to the members of the Convention, and we should not make this resolution off even if a large majority will vote to sustain this report.

[At this point Mr. E. O. Watts, a former President of the Association, took the Floor.]

Chairman: This body has been liberal and patient, notwithstanding the discussion of this subject, or at least as much as any one

Chair: The Resolution [Cries of "Recess, Recess!" mingled with calls that the Convention, continue until the question is disposed of.]

Mr. George Reynolds, of Chicago, Ill.:

Mr. Chairman, I move that we take a recess for luncheon, because I want every man, woman and child in this house that desires to take an opinion upon this subject to have an opportunity to do so.

[The motion to adjourn for luncheon was seconded by various delegates.]

Chairman: The parliamentary proceeding is that we suspend the reading of the vote and take a recess for one hour, or for such time as the Convention may see fit.

Mr. J. J. Schuyler, of Cleveland, Ohio: Mr. Chairman, I move that we suspend the taking of the vote on this resolution and that a recess without be taken, may until half past two o'clock.

The motion was seconded.

Chairman: All in favor of the motion made by the gentleman from Ohio will signify the same by saying Aye; those who are opposed will say No. The motion seems to be carried; it is carried, and the Convention stands adjourned until half past two o'clock.

Recess.

AFTERNOON SESSION.

Chairman Reynolds: The Convention will be in order.

Mr. C. A. Hinch, of Cincinnati, Ohio:

Mr. Chairman, in view of the fact that we have not the important machinery here necessary for taking the vote by States upon this important resolution, I move that the action taken this morning be reconsidered and that a recess be granted.

[The motion was seconded by various delegates.]

Chairman: All in favor of reconsidering the action that was taken this morning to vote upon this resolution by the call of States will signify it by saying Aye; opposed, No.

The motion is carried, and that action is reconsidered. What is the pleasure of the Convention now?

VOTE AT MORNING SESSION EXPIRED.

Mr. John C., of New Orleans, La.:

In order to get our proceedings back into parliamentary form, Mr. Chairman, I would like to offer a motion to the effect that we expunge from the record that it was taken before luncheon and proceed with the debate on the question.

[The motion was seconded.]

Chairman Reynolds: Mr. Citizen, you have heard the motion made by the gentleman from Louisiana, that we expunge from the record so much of the vote as was taken at the morning session, and proceed with the debate on the original question.

All in favor of that motion will say Aye; opposed, No. The motion is carried, and it is so ordered.

FURTHER DISCUSSION OF BANCING AND CURRENCY BILL.

Mr. John L. Hamilton, of Hoopeston, Ill.:

Can we have the resolution read again, Mr. Chairman? Chairman Reynolds: I will ask the General Secretary to kindly read it.

General Secretary Farnsworth (Reading):

"Resolved, That we approve the report of the Currency Commission be received and that we ratify and endorse an amendment of the Chicago resolu-
BANKING SECTION.

once; the conclusions they reached, and the recommendations they made.

Resolved, That we urge upon Congress the wisdom and necessity of incorporating into the proposed law the amendments recommended by the Committee, and that the Senate and House of Representatives be respectively instructed to incorporate the Committee's amendments into the proposed law.

"Any law passed by Congress in order to be effective and to real¬

ize a change in the present conditions of banking requires, after the Senate and House of Representatives have passed upon it, the approval and enactment of the Congress of the State of New York."

Mr. O'NEIL: How about the amendment that was offered to that?

Chairman Reynolds: Gentlemen, the question is upon the adoption of that resolution, and Mr. Hepburn, the Chairman of the Currency Commission, is accorded the floor.

Mr. A. B. Hepburn, of New York: One gentleman in the Convention this morning, Mr. O'Neil, and I, believe, the Chairman of the Currency Commission, has the floor. Mr. O'Neil, I ask that the terms of the resolutions which we have adopted, which include the matters of the Senate and House of Representatives, be incorporated into the proposed law. I ask for the endorsement of the Committee, and I would like to be informed of the amending proposals of the Senate and House of Representatives, and the co-operation of the banks of the country, both State and National.

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BANKERS' CONVENTION.

how they are secured, or whether they are secured at all [JONES]: I am of the opinion that each of your member banks we undertake to negotiate with the maker then it says "personal security," although so long as there is no difference in the classes of security they have decided to take directly from the maker, and call it a real estate bond mortgage. Mr. JONES: While I am on this matter, I wish to say that I consider the only amendment in the National Banking Act along the line of mortgage paper is where it says, "May loan on personal security." I would say, "May loan on approved security." Then in Section 5317 erase the word "previous," and I think you have all that we want. Mr. ZOOGA L. HAMILTON: Inasmuch as the country bankers have already appointed a committee and they have to have a conference in Washington, I will withdraw the resolution that I offered, with the consent of my second, and leave the matter to them for adjustment. [Applause]

Mr. MITCHELL: Who is the gentleman who seconds Mr. Reynolds' amendment agree to that?

Mr. N. F. BANFIELD: Yes, sir.

Chairman: Mr. Hepburn: Since we are upon the original resolution read by Colonel Farnsworth, which was introduced by Mr. HILL upon the report of the Currency Commission, with the amendment made to it.

Mr. A. J. FRAME: To carry out the resolution that I made this morning, so as to make it operative and imperative, I am now about to make that agreement. That bank debt of reserve cities shall not be compelled to deposit to exceed two per cent. of the entire deposits of the Federal Reserve Bank.

The Chairman: Is there any second to Mr. Frame's motion? The Chair hears none.

Mr. H. R. TREMERE: of St. Paul, Minn.: I would like to ask for the construction of Section 15 of this bill, with respect to open market operations. I would like to hear from the Chairman of the Committee if that gives the Federal Reserve Bank the right to go into the open market and purchase commercial paper in competition with member banks?

Chairman Reynolds: I will ask Mr. Hepburn to reply to that inquiry.

Mr. H. R. TREMERE, of New York: I did not understand the gentleman's question.

Chairman Reynolds: Mr. Mitchell, Mr. Hepburn states that he does not understand your question.

Mr. MITCHELL: My question was, referring to Section 15, with respect to open market operations, whether that section permits the reserve bank to go into the open market and buy commercial paper in competition with member banks?

Mr. REYNOLDS: That question is one that has been frequently raised, and in regard to it there is a difference of opinion. Some competent judges hold that they could not and other men evident to the positive opinion that they would be permitted to go into the open market and buy such paper as has been approved by the Federal Reserve Board.

The purpose of the act, as I understand it, was not to allow them to go into the open market and buy commercial paper; that is the act with member banks, and not to enter into competition with the banks in the general business of lending money and of discounting. That is my construction of the act; that is my opinion, which I am ready to hold to the contrary, I think a strict construction of the law would not permit them to go into the market and buy paper from commercial note brokers, for instance.

Mr. MITCHELL: I had an opportunity of asking the question of Mr. Glass, the Chairman of the Committee on Banking and Currency of the House, as to what that meant, and I was informed by him that it meant that the Reserve Bank had the privilege of going into the market and buying commercial paper in competition with member banks. I do not believe that many of us here under that privilege; I do not believe that we are of the opinion that that is intended in the bill, and I suggest that an amendment be made to a certain section in this bill which will restrict the operation of the Reserve Bank to discount and to rediscount commercial paper, only to admit member banks, and not to allow them to go into the open market and buy commercial paper in competition with member banks in the purchase of commercial paper.

Mr. F. J. WARD: May I be permitted to give my explanation about that detail, that I think there is a little difficulty about the subject. I will assume that a Reserve Bank has a right to purchase foreign and domestic bills if it sees fit to do so under the rules and regulations prescribed by the Federal Reserve Board. Simply, in the case of options which they allowed, we assume that they have that right. Now, let us see who is the Federal Reserve Bank that will buy those. The Federal Reserve Bank of New York or St. Louis is absolutely controlled by a majority of the banks in that particular locality, because they elect seven of the nine members. The idea behind that provision is to enable the Federal Reserve Banks of the country to protect the gold reserve of the nation. That is its real purpose, and I understand that you or any member bank might be a director in our respective localities which would go into competition with our individual banks. That is my understanding of that provision.

Mr. MITCHELL: Mr. Wade's understanding of the situation. I think, beyond that, understanding that probably 90 per cent. of the bankers of this country who have read the bill, but I make the assertion that that is not the intention of this provision--is that the purpose of maintaining the gold reserve, but is for the purpose of giving the Reserve Banks the opportunity of competing with the Member Banks. You cannot protect the gold reserve in the domestic exchange relations.

[Questions of Resolution: Question! Question!]

Chairman Reynolds: Are you ready to vote upon the resolutions?

Mr. MCRAE: I ask for a separate vote on the resolutions which endorses unqualifiedly a part of the scheme.

Chairman Reynolds: It has already been made a part of the other.

Mr. MCRAE: No. I mean the resolution which endorses the Chicago conference. I ask that the question be decided upon that. The question is divided.

Chairman Reynolds: The gentleman, from Arkansas asks that the last resolution, which was attached to the original resolution, be voted upon separately.

Mr. MCRAE: No, that is not it. I mean the resolution which endorsed the Chicago conference.

General Secretary FARNWORTH: The gentleman from Arkansas asks that these resolutions be acted upon separately, as they are divided, and they can be acted upon in that way, if it is in the desire of the convention.

Chairman Reynolds: I will ask the gentleman to vote upon that question. Whether it is desired to have the resolutions divided, and the question put upon each of them separately.

Mr. MCRAE: I think it is matter of right that they be voted upon in that way upon the request of one of my delegates to the convention.

Mr. HEPBURN: The first resolution is that the report of the Currency Commission be received and placed on file.

Mr. W. E. CHERK, of Cleveland, Ohio: I rise to a matter of order. There has been no motion made and carried yet that these resolutions be considered seriatim.

Chairman Reynolds: That is so, but still the Chairman thinks that the gentleman from Arkansas is within his rights in asking that the question be divided.

Mr. CUPAY: May I have the floor on the first resolution.

Mr. F. C. DAFKINIST, of Brunswick, S. Dak.: I move that we take up these resolutions separately.

Chairman Reynolds: The motion is seconded.

Chairman Reynolds: It is moved and seconded that we vote upon these resolutions separately. All in favor of the motion will say aye; opposed, no. The motion is carried and therefore the Secretary will read the first resolution.

Mr. O'NEIL: I move that we vote upon the last resolution first.

Chairman Reynolds: No, we will take them up to their regular order. The Secretary will read the first resolution.

General Secretary FARNWORTH (reading): "Resolved, That the report of the Currency Commission be received and placed on file."

Chairman Reynolds: All in favor of the adoption of that resolution will say aye; opposed, no. The ayes seem to have it. The ayes have it and the resolution is adopted.

General Secretary FARNWORTH (reading): "Resolved, That we approve the work of the Currency Commission, and that we ratify and endorse the action of the Chicago Conference and the conclusions they reached and the recommendations they made."

Chairman Reynolds: All in favor of the adoption of that resolution will say aye; opposed, no. There were two votes in the negative.

The ayes have it and the resolution is adopted.

General Secretary FARNWORTH (reading): "Resolved, That we urge upon Congress the wisdom and necessity of incorporating into the proposed law the amendment recommended by the Currency Committee, of which has been elaborately presented to the Committee on Banking and Currency of the United States Senate, in which body the proposed law is now pending."

Chairman Reynolds: All in favor of the adoption of that resolution will signify by saying aye; those opposed, no.
BANKING SECTION.

by the Chicago conference, all of which had been elaborately pre-
pared to the Committee on Banking and Currency of the United
Senate, in which both the proposal law is now pending.

Now, this coming text reads as follows:

According to the law passed by Congress in order to be effective and to
realize in full measure the hopes of those who are seeking banking
reform, it must contain the approval and enact the
co-operation of the banks of the country, both State and
National."

Mr. JAMES H. THURSTON, of Marathon, N. Y.:

I move that that be incorporated in the resolution and
passed.

The motion was seconded.

Mr. D. H. TILTON, of New York:

I would like to suggest the use of the word "should" rather than
"must," in the language there.

CHAIRMAN REYNOLDS: All in favor of including this com-
ment shall, on the floor of this hall at half-past four o'clock.

A DELIGHT: Mr. Secretary, have you a roll-call for the
Nominating Committee?

GENERAL SECRETARY FARNWORTH: I have been requested by
members of the Nominating Committee to make this announce-
ment.

"The General Nominating Committee of the Convention
which nominates the President and Vice-President and the
Executive Committee and the Vice-President of the various States is called to meet at 4:30 o'clock this after-
noon.

"Proceeding that meeting there is a call for a meeting of
Vice-Presidents of States having one hundred members or more.
States and those that have more than one hundred members or more
have been asked to meet in the room immediately over the press
room on the west side of the stage at 2 o'clock.

"I would like also to say that the Vice-Presidents of the States and
Territories meet at a quarter-past four o'clock.

"The General Nominating Committee selected by the various
States will meet on the second floor of this hall at half-past four o'clock."

CALL FOR MEETING OF NOMINATING COMMITTEE.

GENERAL SECRETARY FARNWORTH: The roll-call of the
Nominating Committee shall always be handed by the Assistant Secre-
tary and they will be found in the room.

CHAIRMAN: Gentlemen, the next order of business will be
the reading of officers. I may say that these are the annual
reports, and they have all been printed in pamphlet form, and it
seems unnecessary that they be read from the platform.

Reports of Officers Received.

Mr. J. W. BAYLIS, of Kansas:

I move that the report of the officers be re-
cieved, without reading, and made a part of the records of this
Convention.

The motion was seconded.

CHAIRMAN: All in favor of that motion shall, on the floor of the Convention, be
the order of the nominations. I may say that these are the annual
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reports, and they have all been printed in pamphlet form, and it
seems unnecessary that they be read from the platform.
The motion was seconded.

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

The first order of business is the Report of the Committee on Constitutional Revision.

REPORT OF THE COMMITTEE ON CONSTITUTIONAL REVISION.

Mr. Joe Wexler, of New Orleans, La., presented the report, in the name of the Chairman of the Committee of the Association.

Mr. Wexler: I am sorry that Mr. James is unable to be here in the condition of his illness. I want to say that he is due to the greater part of the credit for the work of drafting this Constitution.

The report was presented to the Executive Council at its meeting on Monday afternoon, and the Committee was directed to present it to the Convention. A discussion was had on several clauses at that meeting, and a complaint was made by the Trust Company Section and the Savings Bank Section that their representation was reduced to one each under this Constitution as it was prepared, and that that was inadequate to properly represent the important interests of those Sections.

Quite a heated debate took place, and it appeared at one time as if it might reach an acrimonious stage, either there or here on the floor of this Convention; and at that juncture one of the ex-presidents of the Association suggested the interest of harmony a compromise to the effect that the Section having a membership exceeding 1,000 be permitted to have the name of the Chairman of the Executive Committee of such Section added to its representation in the Executive Council of the Association.

And further, that the word "shall" whenever it appears, stating that the Executive Council shall be empowered to make financial provision for the Sections, be changed to "may."

At the conclusion of the Council on Monday, there were present three members of that Committee, and each of them signed their willingness to acquiesce in these changes in order that this point of the Constitution might be unanimously accepted. We, of course, in acquiescing spoke for ourselves as individuals and not for the Association as a whole, the other members of the Committee not being present. We felt that these changes would not be material. They could mean at most the addition of three members, and 1,000 years membership of the House Section will for many years reach a membership of 1,000.

The matter is now before the Convention for such action as you may see fit to take. If you wish to amend the Constitution in the extent of the changes which I have referred to, it will require a two-thirds vote, just as it will require a two-thirds vote to carry the new draft in its entirety or as amended.

Mr. John Price, of Los Angeles, Cal.: I would suggest to the Acting Chairman of the committee that it would be well to have a motion made that the revision be considered as read as part of his report.

Mr. E. M. Grose, of Atlanta, Ga.: I will make such a motion, viz., that the revision be considered as having been read in full and made a part of the report of the Committee.

[Seconded.]

The CHAIRMAN: As many as favor that motion will say aye; opposed, no. It is unanimously carried.

The Chair will now read the members of the committee first on the floor of the Convention.

Mr. E. W. Bailey, of Atchison, Kan.:

As a member of the Committee on the Revision of the Constitution, I take this opportunity of saying that the By-Laws as they have been printed in the General Bulletin of the American Bankers' Association without the amendments that have been suggested or that have been referred to by Mr. Wexler just now.

I want to say to you gentlemen that the committee has given this matter a great deal of thought and study. We met in Chicago, and spent several days in going over the matter of this entire revision, and I want to say to you that Mr. Wexler said, that Mr. James did most of the work, and to him more than all the rest of us is due the splendidly constructed Constitution that is now before you.

In the years that have passed, those of us who have been attending the conventions of the American Bankers' Association have been conscious of the fact that we have outgrown our Constitution; it had got to be a way—without any reduction on anybody—a kind of a good fellowship. As the Association had, because there were a lot of members that were on a half a dozen committees, it was run along in that smooth kind of way.

It began to seem to many that the original plan of the American Bankers' Association should maintain its potentiality, and that it should be a real and active, if it should be a representative Association, and that every man who held a position on the Council should have a constituency back of him at least, as the great constitution that we have in the Union. Now, we think that the American Bankers' Association should maintain its potentiality and its true power that it should be a representative Association, and that every man who held a position on the Council should have a constituency back of him at least, as the great constitution that we have in the Union. Now, this Constitution provides that you will be elected by the folks at home and responsible to them. You are to represent a representative body of people, for we believe that the future welfare of the American Bankers' Association depends upon the fact that it must be a representative body.

The first draft of the Constitution provided that there should be no members of the Executive Council who were not elected at home. After that was tried and accorded and gradually stood, there was such a protest from the Sections that we finally agreed that there should be one member of the Council ex-officio from the different Sections.

Now, I am here asking, not only for myself but in the name of the Chairman of the Committee, who unfortunately cannot be here on account of his illness, that this Convention adopt this well matured, well considered, consistent instrument.

Mr. John T. Dorsch, of Jacksonville, Fla.: I second the motion.

Mr. Oliver C. Fuller, of Milwaukee, Wis.: Mr. Chairman, if this is the proper time, I desire to move that the revision of the Constitution as submitted by the Committee be amended in the manner that was suggested by Mr. Wexler.

I think that the explanation made by Mr. Wexler is sufficient with going through the revision and pointing out the details of it; but I will do so if the Chair feels that it is best to do it in that way.

Mr. Joe Wexler: I want to say that the amendments referred to by Mr. Fuller were not made at my suggestion. I am a member of the Committee, and when I appear here as one of the authors of that draft I came here with the full conviction that the draft as drawn was an ideal instrument. When the matter came up for discussion in the Council meeting on Monday afternoon, and it was deemed as if there might be a very heated argument over it on some of the points, a compromise was suggested by an ex-President of the Association, after much deliberation. We agreed that if that were adopted, I agreed to them, in the interest of harmony and good fellow-

Mr. Fuller: The objection that Mr. Wexler makes to my remark that they were at his suggestion is well taken. I am aware that Mr. Wexler did not suggest these amendments. The amendments were suggested by a former President of the Association, and they were acquiesced in not only by the three members of the Committee on Revision, but were present in the Council meeting at the time, by the Council itself.

Mr. Bailey: I think it would be better form to offer the amendments separately, and have the gentlemen designate the sections of the Constitution that are to be amended.

Mr. Fuller: I was on the point of asking the Chair for advice on the point, whether the Convention desires that I shall read the amendments as proposed.

The CHAIRMAN: The Chair would rule that Governor Bailey's suggestion is well taken, but, on the other hand, if by unanimous consent the gentlemen offer the report his own, he can get the matter before the House in that way.

Mr. Fuller: Then I move that the report be amended as follows: That Article 5, Section 2, be amended by the addition of the following clause: "Any Section having more than 1,000 members may elect an additional official as a member of the Executive Council ex-officio."

Also that Article 10, Section 2, be amended by changing the word "shall" to the word only, in the section and substituting therefor the word "may" Also that in Article 6, in the last line, the word "shall" following the word "sections" be changed to the word "may." And following the word "employees" shall also be changed to "man."

F. B. Price, of North Carolina: I second that motion.

The CHAIRMAN: Gentlemen, the amendments proposed are now before you.

Mr. L. T. Peck, of Honolulu, Hawaii: If it be in order, Mr. Chairman, I would like to inquire what is the status of Hawaii? Hawaii is not a Dependency of the United States: It is not a part of the mainland, but it is a fully organized Territory of the United States just as much as is Alaska, or as Oklahoma was before it was admitted into the Union. Now, under Section 1 it is provided (reading Section to referred to) in Section 2, on the right to vote to limited to those members who are elected by the States and by the District of Columbia. It might also be placed in there—in other more conversely of itself—the Hawaiian Islands is a Territory of the United States. The right to vote may be limited to those members who are elected by the States and by the District of Columbia. It might also be placed in there—in other words, that the word "shall" following the word "employees" shall also be changed to "may."

F. B. Price, of North Carolina: I second that motion.

The CHAIRMAN: Gentlemen, the amendments proposed are now before you.
Association, and they have the same privileges for the election in their State organizations that the members of the National banks have. Our State organizations have the same committee of three representatives from these banks to-day in their Executive Council—two out of four. They go on the basis that you want to try and do your duty with your men, and I think every power has been exercised over United States. If they have better men in the Trust Company Section than they have in the National Savings Section, the same three representatives in their State organizations. It is not necessary to fill up the Executive Council from these separate Sections. I believe they will fill up their representatives on the State organizations themselves.

Mr. J. H. McCauley, of Newark, N. J.:
Thence what the President has stated is entirely true, that we have the same rights as National banks have, but practically that does not work out. The fact is that the State Associations throughout the country are more largely controlled by National bankers than they are Trust Company men, and the further fact is, if the past history of the Council is any criterion for the future, that National bankers are elected by the State Associations, and particularly in the recent elections Trust Company men have not been elected.

Theoretically, this constitution as proposed by the committee is beautiful, and in most respects it is admirable; but you must remember that bankers have troubles of their own at the present time, and we have to try and appear before the country in a united frame of mind. It is not to do an anterior Section composed of 1,500 members. The Trust Company Section has 1,503 members to-day, and all it is asking for is that they shall have their advantages in the Executive Council as a member of the Executive Council of the Bankers' Association. They did ask more, but in the same spirit. I am quite satisfied, but, as far as I can understand, it has not been expressed, and they now come before you and ask you not to disappoint them in this regard. Mr. Bailey has stated that this matter had been finally settled, it was reported to our member that the matter had been adjusted.

Mr. Trum, of the Trust Co., of N. Y.:
I want to say to those who are so unfortunate as not to have shared my acquaintance that I think this is a very good thing, for the better part of my business life so far as the insidious and additive influences of Savings banks and Trust Companies are concerned, I am a comparatively virtuous [Laughter].

For fifteen years without a break I have attended the meetings of this Bank Association. Five years ago by some happy chance I attended the meetings of the Savings Bank Section. A little later I found an interest in the membership of the Trust Company Section, and, Mr. Chairman and gentlemen, I have been most agreeably surprised at the splendid character of the progress which have been presented at those meetings in those Sections. Why, yesterday, in the little Opera House over here there was a meeting of the Savings Bank Section that was attended by 200, and there were nearly as many people there as are in this hall now. So it has been in all the Sections, and those Sections have been the basis of bringing a large part of the attendance at these conventions. I have been most agreeably surprised to find that the Trust Company Section and its activities in the State Sections, and it has brought in nearly 1,400 members into the Association.

The Savings Bank Section by the display of the same spirit, and 200 tonight, in 2,400 members. I understand that in the point of the reserve and the responsibility and the dollars these Sections represent more than all the rest of the American Bankers' Association membership combined. Certainly in character they cannot be surpassed, these men to whom are entrusted the savings of the widows and orphans, who administer the trusts of their fellow men.

Now, then, to the claymation and constitution of these Sections, this is that when his self-appointed Committee— for I remember that our honored President was deprived of the right to name the members of that Committee in the Convention a year ago—first, they found that this Committee had absolutely but themselves without a single representative, and it was only tardily and grudgingly granted, to that body on Monday at the meeting of the Council. Why, gentlemen, think of these two Sections, with a total membership of 5,000 members, hardly given the right to have two or more representatives in the Executive Council out of ninety! They found more than this, that they had been deprived of their dignity—or the indulgence had been thrust upon them—of being placed in that immortal document, as it has been called [laughter], and which is a good one, by the way. The Sections find themselves as if cut off from the stone without a care being taken in it.

The Constitutions can only be amended by a twelfth vote, and only then after notice has been given by the proposed amendment for a year; while the by-laws can be amended at any time without any notice being first given. So that is the way these Sections find themselves placed.

And further, Mr. Chairman, and I beg you to believe that this is not an idle oratory that I am making. These two great Sections find that they have not even the authority to hire a stenographer, and they cannot even catch up with the spirit of progress in writing up these Sections into the Association from twenty to forty thousand dollars a year, and they have been so emasculated in power, and have lost the little influence they have in their own groups. I submit, sir, that it is an indignity to put upon the members of the Council that they will elect a new charter, if it is made a condition that he word shall," in the sentence where it is said they shall be supervise, shall be changed to "may," which is a much more generous word and the Sections shall have two representatives instead of one. Some gentleman down here on the floor raised the point that the members of the Trust Company Sections and the Savings Banks Sections needed no representation except as they got it at large. I submit that the average Savings Bank man does a local business. The National Bank man, on the other hand, has commercial accounts all over the State, and his acquaintance when I learned and was to the convention of his State Association he has a long arm and he gets the nomination. A single gentleman will come in with one of this. My good friend, Governor Bailey, who, by the way, has gotten off on the wrong foot on this matter, while loyal to the country, and that loyalty on his part is certainly admirable—made a most unfortunate simile when he referred to a "tempest in a teapot." There is too much or too little in that of the incident that occurred down here in Boston harbor, where there was instituted a real tempest in the teapot, because of one of that tempest. But I am told that they were being deprived of representation and finally brought to the King of England grief. Gentlemen of the Council, I most emphatically state that you do not deprive these Sections of the representation to which they are rightly entitled. I wish my friend, Governor Bailey, and the members of the Trust Company, who is a neighbor of mine, would withdraw his opposition and let this thing go through unanimously by every vote in this Convention.

Mr. Gordon Jones: I have been a member of this Association for twenty-five years, and I think that I am as loyal to this Association as any man ever raised my voice from the floor during its deliberations. Mr. Garney has made a statement that I think it is hard to refute so far as 800 members concerned. I am a member of this committee, Mr. Garney, said that this committee was virtually self-appointed. I have no interest in a trust company as a stockholder in a trust company as a depositor, nor have I any interest in a savings bank in either capacity. I was not present at the Detroit convention for the reason I was so far away and I had never raised my voice since my name had been mentioned and that I was elected as one of the committee on the revision of the constitution. I am of the charge of the Executive Council and any cut-dried program. I am a country banker; I have interests in a country bank. I say that the drafting of this constitution provides that no man my self-appointed Committee. The Executive Council and has brought in nearly 1,400 members into the Association. The Savings Bank Section by the display of the same movement and direction in 2,400 members. The Sections are considering that when the Self-appointed Committee— I remember that our honored President was deprived of the right to name the members of the Committee in the Convention a year ago—first, they found that this Committee had absolutely but themselves without a single representative, and it was only tardily and grudgingly granted, to that body on Monday at the meeting of the Council. Why, gentlemen, think of these two Sections, with a total membership of 5,000 members, hardly given the right to have two or more representatives in the Executive Council out of ninety! They found more than this, that they had been deprived of their dignity—or the indulgence had been thrust upon them—of being placed in that immortal document, as it has been called [laughter], and which is a good one, by the way. The Sections find themselves as if cut off from the stone without a care being taken in it.

The Constitutions can only be amended by a twelfth vote, and only then after notice has been given by the proposed amendment for a year; while the by-laws can be amended at any time without any notice being first given. So that is the way these Sections find themselves placed.
they are small institutions. The large National Banks and the large Companies are always elected upon the Council. I am speaking of Savings Banks now out of New England. In the Five West the Savings Banks, as I understand, are not strongly interested, with a view to direct election; they have no correspondents from out of the territory. While their business is confined to vote for them when it comes to electing a member of the Executive Council of this Association. Therefore, this gives the Sections an opportunity, in the form of a resolution, to ask for a member from their own Boards to come into the Council and sit for one year only upon the Council—It gives them the distinguished honor which their correspondent President would address.

Mr. Gunner: I desire permission to restate the statement that was made about this being a self-appointed committee. I do not mean it in the sense in which the gentleman evidently takes it, and my remark has a more ominous sound than I intended. I do not agree on the principle of the matter. I couldn’t have picked out a better one myself. I desire per-
mission to have that part of my remarks withdrawn.

The Chairman: By unanimous consent that part of the gen-
tleman’s remarks may be expunged from the record.

Mr. Walter G. Ewen, of Chicago, Ill.:—

Representing a Trust Company, and being also a member of the Executive Council, remembering the spirit that prevailed at Denver when this committee was handpicked to speak, which has been referred to here, I want to side with Governor Bailey, for a moment at least, because of the belief in my mind that the gentleman who made that appointment was author-
ized to do so by the convention, for he was asked by the com-
vention to chair the committee.

Now, I have listened to this debate that took place in the Council, and I heard a former President of this Association—a gentleman who actually is entitled to sit in the Council for three years after his term as President expired, and furnish wisdom for the Council—say that he had not read the revised constitution carefully and in detail, and that I read it, and I had also read a letter from the chairman of the committee. Mr. James, written from his sick bed, stating that he had been operated on, but that he hoped that retaining health would permit him to be present at this convention. I distinctly understand that the majority of the gentlemen represent-
ing the Trust Company Section asked for greater representa-
tion on the Council, and I think I said then that it would prob-
ably be before last February before it would happen that he wanted to register my protest as a Trust Company man against giving the Sections any larger representation on the Council. Then after gentlemen had indulged in pleasantries, I think the convention was acting within its rights, accepted the very plausible lawyer-like suggestion of compromise which was made, by means of which the Trust Com-
pany Section and any other Section that had a thousand or more members might increase its representation on the Council.

If there was any question about anybody’s right to com-
ply with that provision it would be found only after very careful study of their membership, and only after a study of their mem-
bership that they must have the flattering membership of the Savings Bank, back and forth wherever profit shows, before they could qualify under that section, but with the dove of peace hovering over the assemblage I consented to it. I don’t like to be here on that point, but to the fact that the report of that committee is the property of that convention, and it is not proper for the Executive Council to issue that report at any time, before the Committee on Revision of the Constitution.

The Chairman: The Chair would call the gentleman’s at-
tention to the fact that the state of this amendment, par-
liamentarily, is not that it was introduced by the Executive Council, but was introduced by a delegate on the floor of this Convention.

Mr. Ewen: Thank you, Mr. Chairman. I am always glad to be led right, but I don’t want to have blinders put on me even while I get in the habit of running too far. [Laughter.]

I still feel that if Mr. James were here and in his matchless way he were to present this matter there could be no argument against it. I still feel that the provision which was sought by the Savings Bank Section or the other Sections, and as a Trust Company man I went on record in the Council, and I want to go on record here and now, as believing that whatever we delegates to a Convention should in every particular sus-
tain the Committee on Revision of the Constitution.

The Chairman: I regret that it is necessary for me to make a personal statement after the work we have to work through. I just listened. I was the ex-President of the Association who was present at the meeting of the Council and stated that I had not read a complete draft of this proposed amendment, but for my rea-
son for not having read it at that time was that I left my of-
cial duties was sent out in the membership of the Convention, and I was on an extended touring motor in England and was unable to see to the draft until I reached here. Now, since the meeting of the Council on Monday afternoon I have read it. The work of the Committee needs no com-
ment from me. But if it did need recommendation, I would be among the first to say the Committee has done

156

BANKERS’ CONVENTION.

excellent work; and, in my opinion, a slight concession towards conciliation will carry this whole Association to be satisfied with what it has already accomplished. [Applause.]

[Cries of Question: Question! Question!]

Mr. F. W. Hyde, of Jamestown, N. Y.: Mr. Chairman, I desire to offer a substitute amendment.

Gentlemen, these Sections feel that they have done splendid work for this Association. The Trust Company Section was organized in 1877, and represents only a few millions of reserve. To-day it has a membership of nearly 1,400, and represents one-third of the resources of this entire Association. The Savings Bank Section is a very large membership. The proposed revision of the constitution places the supervision of these Sections under the Execu-
tive Council, which body has more to look after now than it can well attend to; and I ask you, gentlemen, to give fair consid-
eration to the request that has been made on behalf of these important and progressive Sections by granting the amend-
ments that have been suggested by Mr. Fuller. [Cries of Question! Question! Question!]

NEW CONSTITUTION ADOPTED.

The Chairman: Gentlemen, the question is upon the adop-
tion of the amendment offered to the committee’s report. As many as favor it let it be known by saying aye; opposed, no.

The ayes seem to have it. Mr. J. W. Bailey, of Kansas [interposing] Mr. Chairman. I call for the division.

The Chairman: A division is called for. Those favoring the adoption of the amendment will raise. Those opposed to the adoption of the amendment will now vote. The amendment is carried and the Chair again moves the adoption of the amendment. [Applause.]

Mr. W. O. Wexler, of Cleveland, Ohio:—I move you now the adoption of the report as amended.

The Chairman: The Chair understands that motion to be out of order, for it has been moved that Mr. Wexler would propose the adoption of the report, and that motion was amended by Mr. Fuller, and the report now stands before the Convention as amended.

Mr. R. Wexler, of Louisiana:—Before I take the floor I would like to add a few words—"except members of the Protective Com-
mittee."

[The motion made by Mr. Wexler was seconded.]

The Chairman: All in favor of that will say aye; opposed, no. It is carried.

The question now is upon the adoption of the report as amended.

Mr. Abraham Lewis, Jr., of Honolulu, Hawaii:—With regard to the point that was raised by Mr. Peak some time ago, I wish to call attention to Article II, Section 1. on that stand, it is very doubtful whether the territory of the Hawaiian Islands will or may be included. We could only become an associate member of this body.

Therefore, I offer an amendment, to be known as Section 7 of Article II, to read as follows:

That the word "State" as in this Constitution contained hereafter be held to include the territory of Hawaii.

Mr. Peak: I second that.

The Chairman: Is there any discussion of this proposition? If not, it is now in order, and this amendment will be aye; opposed, no. It is carried and unanimously adopted. [Applause.]

[At this point First Vice-President Reynolds resumed the Chair.]

Mr. R. Wexler: In order to avoid any confusion in pass-
ing from one organic system to another, which is facilitated by the adoption of the new constitution, it is necessary to adopt the following resolution:

That all acts made under existing rules by members of nonnationalizing committees and other agents of the work of the Assos-
iation shall for the purposes of this convention be and remain in effect until the people for which they were created shall have as been duly executed, not extending, however, beyond the period of this convention. This resolution of the Council elected under the hitherto existing regulations shall become and be members of the Executive Council for the period for which they were elected, in all respects as fully as though they had been elected under the provisions of the new constitution and by-laws; and in all other respects these constitutions and by-laws shall be effective immediately upon their adoption. [Applause.]

[This point was seconded by various delegates and carried unanimously.]

Mr. F. W. Hyde, of Jamestown, N. Y.: Mr. Chairman, I desire to offer an amendment to the non-adoption of this amendment.

Resolved, That the Committee on the Revision of the Constitution and by-laws be discharged.

Resolution: The Committee on Revision recognizes the impracticable work which has been brought to a successful conclusion by the Committee on Revision, and believes with the most grateful acknowledgment to the
A PLEA FOR HARMONY.

Editor The Financial Chronicle.

New York City.

November 15, 1913.

Dear Sir,

I regard the proceedings of the Federal Reserve Board as a matter of the greatest importance both to the public interest and to the prosperity of the country. The Board has been charged with the duty of exercising control over the banking system of the United States, and it is natural that the public should look to it for guidance and direction.

I am particularly interested in the subject of currency. The Federal Reserve banking system has been established to maintain the stability of the currency and to prevent speculation and speculation in currency. It is therefore of the utmost importance that the Board should be guided by sound principles and should take into consideration all the factors that affect the stability of the currency.

I have no hesitation in saying that I am convinced of the necessity for a currency reform. I believe that the present system of fractional currency is inadequate to meet the needs of the country and that a new system of currency is required.

I am aware that there are many who oppose the establishment of a new currency system, but I believe that the public interest requires such a reform. The Federal Reserve banking system has been established to serve the public interest, and it is my belief that it is the duty of the Board to take all possible measures to ensure the stability of the currency.

I am enclosing herewith a copy of a resolution that I have drafted, which I hope you will consider favorable to the public interest.

Yours for the best,

S. D. Scudder

Vice-President

The New York Stock Exchange.

E X Y.

In my opinion, there is a very real difference between the Federal Reserve Board and the Federal Reserve banks. The Board is a body of men appointed by the President and confirmed by the Senate, and it has the power to exercise control over the Federal Reserve banks. The Federal Reserve banks, on the other hand, are private corporations, and their actions are subject to the control of the Federal Reserve Board.

I believe that the Board should be allowed to exercise its authority, provided that it acts in a manner that is consistent with the public interest. I am convinced that the Board is capable of exercising its authority in a manner that is consistent with the public interest, and I believe that it should be allowed to exercise its authority in this matter.

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I am enclosing herewith a copy of a resolution that I have drafted, which I hope you will consider favorable to the public interest.

Yours for the best,

S. D. Scudder

Vice-President

The New York Stock Exchange.
short—and then we will listen to the addresses as outlined on the program.

Report of the Committee on Agricultural and Financial Development and Education.

Your committee is pleased to present the results obtained during the past year. The bankers of this country have taken a much more intelligent and effective interest in agricultural development than they have in the past. Many of them have realized that the total amount of the country's business is not dependent on the success of a few railway companies, but that the success of the whole nation is dependent on the success of every branch of the country's business, and that the best way to secure the prosperity of the nation is to secure the prosperity of every branch of the country's business. The results obtained have been the most remarkable ever secured by any class of business men.

For years, the Honorable James J. Hill was the apostle crying in the wilderness. Twenty years ago and ever he called the attention of the American people to the retail business in our Minnesota farms, and their predictions have been more than verified. But as far as we can ascertain, he was the only banker man's ear. It was enough to take an interest in this most important question.

The Bankers' Committee on this subject was appointed in Minnesota in June of 1909. The North Dakota bankers appointed a committee in August of 1910; and the interest has grown so that now we are having committees on Agricultural Development and Education from thirty-four State Banker's Associations, representing the States of Alabama, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Michigan, Minnesota, Missouri, Mississippi, Montana, Nebraska, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Virginia, Washington, West Virginia, Wisconsin, and Wyoming. They are doing now or less effective work this year. Most interesting reports were made at the Conference last year of the work being done by several of the committees, and we expect, if time permits, to hear from a number of those committees on the subjects of county demonstrations, the growth of this movement in their respective States. The most noticeable feature of the work has been the formation of the efforts of these committees along three definite lines, namely—good business, good agriculture, and county demonstration. The States most active in the matter of consolidation have been the most active in the question of good roads, as good roads are essential to the cheap and ready transportation of the produce of the children of the State.

The Illinois committee appears to have been the most successful in its work. In December last year the Committee invited in the banks to the state to do this work, for they were instrumental in drafting the Good Roads Bill passed this year. Loans made in Illinois in were largely responsible for the passage of the bill by the Legislature.

The Illinois committee did remarkable work in securing the passage of the Good Roads Bill, whereby agriculture will be introduced into all the rural schools of Illinois. Texas, Michigan, Missouri, North Dakota, South Dakota, and Colorado have also made their most effective work in securing appropriations for the employment of county agents, or demonstrators in their various States. Texas has been the most successful in this demonstration work than any other State in the Union, largely because the Bankers’ Committee has been in that work for the past ten years.

Those three subjects of good roads, education and county agents have a most prominent part on the program of the Bankers' Conventions held during the last year, and the interest taken by the bankers in the work done by them has been so earnest, good results, but it is paying the way, by the creation of healthy public sentiment, which has been increased and extended along the lines of these three subjects.

The time of the members of Congress has been so taken up with the Tariff Bill, the Currency question, and other legislation, that the Bankers' Convention, preparing money for county demonstration in the various States, has had to be greatly curtailed. Mr. Minor, a member of the House from New York, will secure the members of Congress to be present at the December session of Congress, and it deserves the intelligent and hearty support of every banker and every citizen of this nation. It will tend to crystallize into action the sentiment already created in many States, and make possible the introduction of these men, who win, if given the proper support, will revolutionize the agricultural industry of this country.

The Bankers will have the pleasure of hearing to-day one of the best-known men in this the country, man, Mr. A. M. Jordan of Pettis County, Missouri. He is a fair example of the type of men who have selected for what we consider to be a work of the utmost necessity. He is to be congratulated and it is a matter of heart that is possible, intellectually, but that he must be provided with the proper talent. His name is our own, the Honorable George E. Vincent, President of the University of Missouri, is probably better fitted to speak on this subject than any other man, and from his position, for he has been for several years in help of revolutionizing the school system of the State which we have left behind us, and we must do our utmost to help him, the next Experiments from our bodies come from the fertile soil. You would be interested to the greatest extent no doubt in learning about some of the things that the Missouri Bankers Association is doing in the country work.

The address on the County Agent in full will be found on page 123 of this publication.

The Chairman: If the bankers interfere with the speech on the speaker or avoid it so that he is not heard, I suggest that you take the banners down, fold them up and put them on the seats in front of you.
BANKING SECTION.

159

Ladies and Gentlemen: The next gentleman who will speak to you this morning is not only from a long distance to address you, but he is missing the annual meeting of the Board of Directors of the American Bankers Association, which is being held today in order to be here and deliver this address. I have the pleasure at this time in presenting to this audience one of the most prominent citizens, the Honorable James J. Hill. [Great applause.]

JAMES J. HILL, of St. Paul, Minn.: Mr. Chairman and Ladies and Gentlemen: Before I commence my remarks I want to thank the gentleman—the County Agent from Missouri who called attention to the information the farmers.

If the farm work is to be improved through education, that education must be carried to the man and show him what he can do, on his own lands with his own hands. If we wait until the rising generation is educated—and we do not know how we are going to do that—and in the meantime the fertility of the land is being carried to the market and sowed with every bushel of grain that is raised and sold from the farm, and when we think of the great importance, not only to the country but to the whole world, of the successful cultivation and the successful preservation of the fertility of the land, we must stand amazed. A single crop from the agricultural field of the United States amounts to about $10,000,000,000. That gives more money—more actual money—than all the gold mines of the world put to twenty-five years. It is worth our while to pay close attention to, and I am glad that the County Agent in Pettis County, Missouri, has been on the stand that he has. We, the several kinds of farmers or farm work. Some men farm with their hands and some men farm with their lands, but there is another class who farm with their mouths. [Laughter.] I will not digress any more, that I promise you, but I want to say the several lands gentlemen of St. Louis who come here to show us. [Laughter and applause.]

Agriculture in the United States, by James J. Hill.

[We print the full text of Mr. Hill's address on page 117.]

During the reading of his address Mr. Hill departed from his manuscript and commenced, preceding the sentence beginning, ‘our foreign trade, which though secondary is of much importance to the country,’ etc., etc., the following:

Mr. Hill, upon this subject, says the rates on farm loans, and our statements and many others are giving the matter attention. Gentleman, there is only one clue to the prosperity, that they seem to overlook. The careful man who is investing his money wants to avoid speculative security. He wants to know that his loan will be paid with its natural rate of interest, and when the farmer will make his income and his payments more regular and accurate, depend upon it the rate of interest will be low enough. [Applause.]

CHAIRMAN CHAPMAN: I am sure that I am speaking the sentiment of the members of this convention when I express the pleasure of the significant address which he has given us this morning. [Applause.]

Now, ladies and gentlemen, will introduce to you another member of the West, a man who in the West needs no introduction to any audience, and I take it that he is known to all of you here in the City. I present to you Governor E. G. Vincent, of the University of Minnesota. [Applause.]

Education for National Efficiency, by George E. Vincent.

[The full text of this address appears on page 121 of this publication.]

Mr. FRANK W. HYDE, of Jamestown, N. Y.: I present to you our deep appreciation of the significant address which he has given us this morning. [Applause.]

Now, ladies and gentlemen, I will introduce to you another gentleman of the West, a man who in the West needs no introduction to any audience, and I take it that he is known to all of you here in the City. I present to you Governor E. G. Vincent, of the University of Minnesota. [Applause.]

CHAIRMAN CHAPMAN: Let us adopt the suggestion, gentlemen.

[The Convention then rose to its feet and seated the speaker with a waving of handkerchiefs.]

Mr. Vincent, we call upon you for a couple of very short speeches, and first I will call upon Mr. Harris, of Illinois, to say a few words to you upon the County, Missouri, Bank Association. Come, Mr. Harris, you have succeeded me as President of that Association at the conference held in Kansas City.

State Bankers' Association Committees on Agricultural Development, by B. F. Harris.

Members of the American Bankers' Association:

This is the more, and I wish to add to the farmer in his endeavor to build up a permanent agriculture in this country, an oil story to us and to many of you—but the oil story is the leading story, after all.

It is the work of reclaiming the lands we have made poor—of making them productive. It is a thing upon which we are all dependent—of building up the life of the farm upon its social as well as its productive forces.

It is the work of effects of which may not be appreciable to-morrow or next year or even in your State or in our nation—but the results in the years and generations that are to come will be the most constant and dependable of any of the many for which we are working.

While it is a work of recovery of the soil—the earth—it is not easy; it is not simply the matter of more hundreds or dollars for which those men or committees are working, but it is the thing which we can do, and we can do it for the good of our common country and to the good of our common humanity. [Great applause.]

It is a work of education, and therefore is good business. In this way it is making more good citizens—though some, lacking inspiration and patriotism, may call it selfishness.

It is a work of good citizenship—of helping to bring out the best there is in the farm and the man, the banker is bringing out the best there is in the bank and in the man. The more able and helpful we will be and the larger the business we carry on will be.

The business of farming is no more the farmer's exclusive business than is banking the exclusive business of the banker. Both are merely treating of the assets of the nation; the one with the handling of all the people—the soil's fertility to his banking; the other its handling of their money and credit.

The banker has been legally established as a trustee and the farmer equated to be, and to do proper work properly and develop and live equally on both.

The banker and the farmer of the past were the subjects of attack and cheap jest, by the demagogue and humorist and some there be who yet attempt the serious political appeal for the one and against the other.

Latterly every phase of American life has seen a new light, lives with an increased purpose, and finally feel the significant signs of the times has been the call and the response to the call for service and citizenship.

The banker, worthy his calling, has been prompt to respond to and realize the opportunities and be the one to show all that this world is not altogether a material world—for its best rewards are not material rewards.

While the farmer's material side the banker is most concerned with the well being of the farmer, the banker, thousands of others, are the State and National organization to give the impetus, to make the first and only organized effort on the part of the class of business men, to help in the way it belongs to all—the reconstruction of American agriculture.

This movement starting to a fine basis, spread to State Bankers' Associations, and the American Bankers' Association, in this county, the organization and education, the greatest service that one body of men can render another, or to civilization.

The committee on agriculture of the various State Associations as organized in a general convention, have, in their annual, demi-monthly sessions, composed notes, listened to splendid addresses, heard splendid ideas and enthusiasm for their work.

The progress and growth can easily be seen of prominent, high-minded, unselfish citizens, coming from every section of the nation, largely by their own efforts, again and again, unostentatiously holding a Convention whose tasks belongs to all—the reconstruction of American agriculture.

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FOURTH—EDUCATION.

While I have pleaded education fourth, yet, of all the things men-
mented, I cannot deny the greatest of these is education. The
name of this city's Public Library tells the inscription,—"The
Constitution requires the education of the people as the safeguard of
order and liberty.

As "order and liberty" grow out of service and efficiency, we
would find that every educational system put the country in
a state of efficiency.

The great constructive work we all urge is based upon education fitted
in the needs of citizenship and equality, as well because we want to
build up rural life, we must place the country girl and boy on the
same footing in the city, and bring all our schools to the highest point of
facility. It seems in effect that a larger portion of all must be given, to
the largest number of children who are in schools for the shortest period,
trained in the city, with more facilities for the elementary ed-
ucation of the many. The least thing is the greatest evil.

In America the children of the country, have far-reaching
good results, and the greatest of education, as it has been
published and employed for

several years.

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BANKING SECTION

161

tion? If not, all in favor of the adoption of the resolution
will say aye; opposed, no. It is unanimously adopted.

I call upon Mr. P. D. Coburn, Secretary of the Kansas
State Board of Agriculture, to address us.

Mr. P. D. Coburn, Secretary Kansas State Board of Agriculture.

Mr. Chairman and Gentlemen: Kansas has been the subject of many forays during the past summer, and of a kind that creates confidence, builds up business, and helps anybody. Why she should be singled out as the hor-ible one among numerous territories of the West, has been expe-
rienced similar unusual conditions is strange, except it is from
force of habit formed in the days when Kansas was the strug-
gling, undeveloped frontier, in process of settlement, the victim
of bloody forays and border ruffians on the east, and on the west of
coyotes and more mance. Conditions that would have been proven false by the State's decades of marvelous
progress and prosperity, but evidently many who pretend to speak
in a show of authority have not kept pace with her advancement.

Kansas asks only for justice, the square deal, and does not fear the truth, this year or any other. There is no disposition on the part of anyone that I know of to deny that for several weeks during the past summer the weather was unusually warm and dry, in fact distressingly so: indeed it was one of the most
protracted dry periods the State has ever known. All
regions subject to vagaries of the weather, in the pre-
tense that Kansas, however generally and generously favored
by Providence, is an exception.

The increase in precipitation and altitudinal temperatures that ceased a month ago played havoc with much corn and pastureage and greatly increased the mois water supply. As a matter of fact, one end of the country, the other, and back, and the impressions outsiders seem to have acquired is that, Kansas has been almost suffering from the time they received.

They do not realize that with the wide range of productions on her 80,000 square miles, no season is uniformly unfavorable for all the crops of Kansas which flourish the best. The
head that Kansas is not dependent on any one or two products, or that the failure of all her crops in a single year might spell
innovation, is not known by any means common. It is rich enough to lose out on one or two crops in any year and scarcely feel the

Suggestive of the present general situation in Kansas, one of our writers gives to statistics says: "Not a farmer in the State has raised more than sixty bushels per acre, and farm after farm after yielded only twenty-eight to thirty-five bushels per acre. Many families are unable to go to town at all except in winter, and hundreds have nothing to eat except chicken and beefsteak and pie and cake. It is doubtful if more than one-fourth of the children have their young people in college
this winter." Millions, such as in other States, are annually
given over to the malattitude of their insanious saloons, dog-
grogs, and sporting houses; it is the gateway observed by
Kansans in schools, churches, young men's and young wom-
men's Christian associations, hospitals and good road building.

This is not the time and especially the pressure of the present
to pause and ruminate on a few facts relating to Kansas the pres-
cent year. For example, if Uncle Sam's figures are correct, she
harvested in 1892 9,500,000 bushels of wheat. The bushel is the best they ever ground; eighty-six and a half million bushels, worth $15,600,000, was Kansas City prices. From
her more than seven million acres of alfalfa was harvested, an extra
first cutting, a fair second, and in many instances a third cutting of the richest hay known, worth $12 to $16 a ton
in the nearest markets, and her alfalfa seed crop at $6 to $10
per bushel will greatly swell the returns from this wonderful
product, in which Kansas so preeminently excels all competi-
tors. The oats are in the stack or bale and represent millions of
good value.

Kansas' winter wheat crop this year, according to the Govern-
ment's figures already referred to, is about 50 per cent. greater than that of any other State. However, she was a greater area
of the sorghums than is grown elsewhere; these never-failing grain
and forage crops, which practically mark time in dry
weather, would show a great gain when rains come almost as
though there had been no interruption, and afford a vast volume of food for livestock. Moreover, much of the corn that has
not made grain has been converted into silage, and is an unimportant
item. The truth is, Kansas could have failed to raise so much
as one-fourth of this year, and still the average
age of productions in the decade ending with the present year
than that of any other State, with half a dozen exceptions.

One thing to worry about Kansas is that she recognizes herselfs themselves, and just as a little reassurance to solicitous friends it may be noted that according to the Bank Commissions in the National banks of Kansas show
as $273,000,000, a rather good-sized nest-egg stored away against the
happening that may so much as it just possibly be, though the
average Kansas has scarcely a sleeping apinqueness. The State's per capita wealth of $1,700 is $300 in excess of the average
of the United States, though the State is far below
the normal in corn yield, Kansas is still headquarters for
General Prosperity. If any are feeling sorry for her I beg them
to cheer up, to throw bower home. Kansas will do well to watch Kansas come up smiling for the next round.

The heart is not easily taken out of a State that has an average of $400 per head of livestock value, besides the $273,000,000 invested in the farms for every family; that has property with an assessed
valuation surpassed only by that of New York, Pennsylvania
and Massachusetts; that in twelve years has harvested wheat
worth $825,000,000, and grown corn having a value of $1,052,-
000,000; that has had $1,000,000,000 in railroad stock; that has not
without insane, fifty-four without any feeble-minded, ninety-
six without any inebriates, thirty-eight without any poorhouses,
fifty-three without any penitentiaries, fifty, six-tenths of a
convict in the State's prison, and dozens in which no jury has
been called to try a criminal case in ten years.

There is no lifetime and no State to which seasons of deplor-
pointment do not come. If, as others, this is true of Kan-

other State. I overlooked the rapid development
I wish to make the conditions that exist in any
country as compared with those existing in Europe, I wish
every man here to read it. For in respect of our agricultural
development we are woefully behind the times. We have 240
counties in Texas, and in every one of them there is a banker
who is the chairman of his County Agricultural.

We have a law in Texas which permits the appropriation by each county of at least $1,000 for the employment of a demon-
stration expert, and 92 of our counties have made arrange-
tions for this work.

Now, I want to leave this thought with you: If you can
assist in bringing about this work in your various States, in your particular localities, you will be performing a great serv-
for your community and to the advancement of agriculture.

CHAIRMAN CHAPMAN: The next speaker will be the Chairman of the Texas Bankers' Association, Mr. Joe Hirtz.

Mr. Joe Hirtz, of Corpus Christi, Texas: Mr. Chairman, Members of the Convention: I regard that
time will not permit me to tell you of the good work that we
are doing along this line in Texas. I have only the oppor-
tunity to say now that I regard it as one of the most impor-
tant lines of development that the State could do, and I want
encouragement to.

If time permitted I would like to tell you all about what we are doing, but it would require the eloquence of a Vincent to hold a large audience at this time of the day.

Ah! That was a splendid speech of Mr. Vincent's. I would
have liked to have made some reference to it. I did if I could.

I have been much impressed with the speech of that grand
old man from St. Paul. Mr. James J. Hill gave a remarkable
address before the Minneapolis Conference last year when he brought out that the orderly way the conditions are
in any country as compared with those existing in Europe, I wish
every man here to read it. For in respect of our agricultural
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for your community and to the advancement of agriculture.

QUESTION SESSION.

CHAIRMAN REYNOLDS: Gentlemen of the Convention, we are
now after the hour set for our afternoon meeting, and I take
the liberty of calling you to order. We will have first the report
of the Bills of Lading Committee.

The Secretary: Clay H. Hollister, Chairman.

CHAIRMAN REYNOLDS: Mr. Hollister does not seem to be in
the room. We have left here the report of the Federal Law-
ological Committee, and in that regard I beg to say that the
Chairman of the Committee, Mr. Swinney, requested me
to make an early report for his Committee, and state that
their work has been largely in connection with the work of the Currency Commission, they have done considerable outside work
in connection with various legislation at Washington, upon
which there need be no special report at this time. We
will now pass to the other business in order, being the invita-
tions for the next Convention.

Hold on, just a moment, gentlemen. I am passing round
my duties. I have the pleasure of presenting to the Committee, Mr. Oliver J.
Sands, Chairman.

Report of Committee on Fidelity Bonds and Burglary
Insurance.

Mr. O. J. Sands, of Virginia: Gentlemen, your Committee
on Fidelity Bonds and Burglary Insurance, appointed early this
year, held its first meeting December 1st, 1892. In the work
[The report was then read. It is given on page 139.]
BANKERS' CONVENTION.

Mr. J. A. McCord: Mr. President, I listened with a great deal of interest. I think it is one of the best things for the Association—Banks' Association, and for each State Association, and therefore I offer a resolution, as follows:

Resolved, That the report of the Insurance Committee be approved and filed, and that the Committee be continued as a Standing Committee, provided it is referred to in Article V of the Constitution, so that simple provision be made to cover the expenses of the Committee in the event the work of the Committee may be carried on.

BRAFORD RHODES, of New York: I second the motion.

Chairman REYNOLDS: Gentlemen, you have heard the motion, which has been properly seconded.

Mr. Bradford, of Louisiana: I would like to say a word on this. This committee was appointed by the Executive Council; and I think the proper course to pursue would be to let the matter come before the Convention, the report of the Convention to the Executive Council, which will meet this afternoon. I do not think it is advisable to have any more Association committees than is absolutely necessary, but I believe that the Association recommended to the Executive Council the continuance of this committee.

Mr. Bradford Rhodes: I second that motion.

Chairman REYNOLDS: Moved and seconded—are there any remarks?

Mr. McCord: Mr. Chairman, this committee ought to be continued, and as soon as you get it in order you will be able to lay the matter before the Convention and the committee on this subject, and that has been done by the previous committee. It loses the thread of the work of the committee; that committee ought to be continued.

Chairman REYNOLDS: We will call upon the vote upon the question of the amendment.

[The Secretary counts the vote]

THE SECRETARY: Aye 110; no 35.

Chairman REYNOLDS: Gentlemen, the amendment is carried. We will now act upon the original motion as amended. Referring this matter to the Council.

The Chairman: Motion carried.


We will now hear the report of the Law Committee by Mr. H. H. Dodge.

[The report of the Law Committee is given on page 138.]

Mr. Ourt: Gentlemen, in the absence of Mr. Pierre Jay, chairman of the Committee on the report, which covers the activities of the year and during the year. As that report will be printed, I will not read it unless called upon to do so, but I will refer to one of its articles which calls for action on the part of this Convention.

By Section 16 of Article 5 of the new Constitution, it is made the duty of the Law Committee, as occasion may arise, to recommend to the Executive Council and the general Association drafts of proposed statutes for their consideration. And upon such draft agree to urge the enactment of such approved drafts through the State organization and the State Legislature, and force through the State legislation and the Federal Constitution, and force through the Federal Legislative Committee of national legislation, in pursuance of this duty, your committee would recommend that the Association adopt the draft of the Act to make uniform the law or transfer of shares of stock incorporated in the State of Georgia, a draft that has been sent in to the Executive Council in the Stock Transfer Act. This Act, after careful consideration, was endorsed in August, 1899, by the Commissioners of Uniform State Laws and recommended to the Legislatures of the various States for passage. It has been enacted and it is in force to-day in Louisiana, in the State of Maryland; it has been enacted in Massachusetts, in Ohio, in Rhode Island, in Pennsylvania and in Michigan. The Act gives full negotiability to certificates of stock, and will make the law governing stock transfers uniform in the various States. A copy of the Act is annexed to this report of the committee submitting the proposed measure to the Executive Council—and it having on October 5th at its meeting unanimously approved the same, submits it to this Council for your approval. Mr. Chairman, in connection with the report I may say, we would hope the Convention approve this Uniform Negotiability Act.

Mr. Doe: Mr. Chairman, I move:

Chairman REYNOLDS: You heard the motion which was seconded. Are there any remarks?

If not, all those in favor will signify by saying aye.

Contra? None. Carried.

The next order of business is the fixing of the place for holding the next convention.

RICHMOND CHOSEN FOR NEXT CONVENTION.

[General Secretary Farmworth then read communications from Atlanta, Richmond, Atlantic City, and Salt Lake City, relating to the 1914 Convention.]

The remainder of the invitations are from various cities, but they have not been joined in by the banks of the cities, and it has been the policy of the Association not to receive invitations unless they come from the associated banks of the cities.

[The General Secretary then read a list of additional cities that had been invited to the 1914 Convention.]

I can read these communications in full if the Convention desires.

Mr. John K. Opley, of Atlanta, Ga.: It is very seldom that I have ever claimed the privileges of the floor, and I only do so now because of the great importance of the invitation of the 1914 Convention. While there are a number of other cities that have invited the Convention, and they are all very charming places where we might visit, the Atlantic City would suit me very well. I take care of, yet I am reminded of the story of the woman who was fortunate enough to lose her husband. The last rites were performed at the cemetery and the minister was riding home with the widow in a carriage, and he endeavored to console her. And then the widow said, "Sister, this is no time and place to say what is really in my heart, but before you make any other engagement I want to have the opportunity to present my claim." Very much to his surprise, she then said, "I was to tell you, but now we began to cry, and he hastened to assure her that he hoped he had not offended her. Therupon she brightened up and said, "no that he had not offended her, and that she liked him a great deal better than she did the undertaker, but that the undertaker used to come to her at the grave." [Laughter.]

Atlanta is known, first, for her hospitality, and, second, for her enterprise. Now, we were first in the field and extended our invitation to the Georgia Bankers' Association, and now we come to renew and confirm that invitation.

I asked the General Secretary to state the specifications that would be necessary to care for the Convention in the event that you decided to come to Atlanta, and the Colonel very kindly compiled, and our hotel men have pledged 2,500 rooms. Afterward I learned that Farmworth was invited to be present to look over the ground for himself, and he came, and he possessing the business in the banks and to the banking. I believe he felt sure that we could properly care for the Convention.

In closing, I will say that I hope, without any disparagement to other places that might have invited you, that the Association will honor Atlanta with the 1914 Convention.

Mr. John T. Drennec, of Jacksonville, Fla.: I rise to second the resolution of the other banks, and in doing so I confess to more or less selfish consideration. Some years ago, when I was the President of the Florida Bankers' Association, we had a joint meeting with the Georgia Bankers' Association at Atlanta.

At that time it was not my good fortune to be a rider on the water wagon, but I have some very pleasant recollections of Atlanta, and I want to get back to see it in its purity. I remember that Colonel Lowery, who owned a trolley bus, took me out for a ride. I have laid down the resolution, I say, of that occasion [laughter], and after riding around with him I was taken to the hospital, where I remained for some days. When I got home I had the pleasure of writing to Colonel Lowery along these lines:

"DEAR COLONEL: I attended the Convention, I think, I had not a good time. I can think of but one place, and that is there is no city in the country that can surpass you in hospitality; and as for your hospitals, they take the cake." [Laughter and applause.]

Mr. Parker, of New Jersey: In behalf of the New Jersey Bankers' Association, I wish to express my appreciation that Atlanta City has been chosen as the site of the Convention. It is unnecessary for me to recount the attractions of the first waterng place in all America. It is conceded that its hotel accommodations are sufficient for many conventions of the size of this one all at the same time.

I would not disparage the hospitality of Atlanta, for it was my privilege to attend the Convention that was held there in 1864, but the bankers of New Jersey believe that Atlanta City is the place where you should hold your Convention next year, and on behalf of the Association I will do everything in our power to make it a success.

Mr. McCord, of Mississippi: As Atlanta is an important suburb of New Orleans, and by reflection has many of the same charms, I am very anxious to see the Convention go to Atlanta next year.

We are always glad to have as many bankers come to the South as possible. We want you bankers to see the industrial development that is going on all through the South, and Atlanta is a splendid place to see it from.

Mr. Ed. Bowles, San Francisco, Cal.: My friend Mr. Ottley asks me to say a word in behalf of Atlanta. I think it is necessary to say anything I could say would improve your acquaintance with his city, and when I tell you to him I was not aware that Salt Lake City was also seeking an invitation. Atlantic City is so near a place in the San Francisco that I could not say anything against it, but I will say that if you do not decide to go to Salt Lake City I believe Atlanta will be acceptable to the Pacific Coast people.

Mr. J. A. McCord: Atlanta is the center of the Southeast section of our country and is doing to do as one of the financial citadels of the South. We want you gentlemen who have never been there
Henry's home? I think it is the logical place to hold the next Convention after the meeting here in this city. So let us once again cry, On to Richmond!

CHAIRMAN REYNOLDS: Gentlemen, are you ready to vote on the motion?

Mr. EDENS: I move that Richmond be selected.

(The motion was seconded.)

DUNBAR: I move as an amendment that we choose Atlanta.

(The amendment was seconded.)

CHAIRMAN REYNOLDS: The question is first on the amendment, that Atlanta be selected. All in favor of the selection of Atlanta will please vote aye; opposed, no. The question is now on the original motion, that Richmond be selected. All in favor of that motion will say aye; opposed, no. The motion is carried, and the next convention will be held in the City of Richmond. [Applause.]

GENERAL SECRETARY: As a matter of clearing the desk, I want to report in invitations from San Francisco and from Seattle for the 1915 convention.

STATUS OF HAWAII UNDER NEW CONSTITUTION.

CHAIRMAN REYNOLDS: The next order on our program is unfinished business.

Mr. ASHEM LEWIS, of Hawaii:

Mr. Chairman, and Gentlemen, you remember, yesterday afternoon the Territory of Hawaii desired to have its status determined under the new constitution. A motion was made at that time which partially cleared the situation. I had only yesterday received a copy of the revised Constitution and there was one point in it which I had not noticed. Now, with Mr. Devonald in discussion with Mr. Van Houten and the General Secretary and with Mr. Wexler of the committee that revised the Constitution, I am prepared to offer this amendement:

That Article IV of the By-Laws of this Association be amended by adding thereto after Group No. 4: "Group No. 5 shall be the Territories of Hawaii and Alaska."

This amendment does not in any way interfere with any State or with any other group. It simply asks for the defining of the status of Hawaii, and we are asking this amendment under the machinery of the Constitution, which states that the Convention which was assembled may pass the necessary By-Laws defining the groups.

Mr. JOSEPH WEXLER, of Pennsylvania:

Can amendments to the Constitution be taken up in this manner?

CHAIRMAN REYNOLDS: This is an amendment to the By-Laws, and it can be taken up.

MR. WEXLER: In seconding the motion, I would explain that the new Constitution provides for it, and it is entirely in order to constitute a new and additional group. I would suggest, however, that the Philippine Islands be added, for the reason that although they have not thus far sent a representative here, they may do so at any time.

Mr. Lewis: I will be very glad to have the Philippine Islands included in the Convention.

Mr. J. T. DUNBAR, of Florida: I would inquire if the introduction of these territories would entitle them to membership on the Executive Council?

CHAIRMAN REYNOLDS: Yes, sir; to rotating membership on the Executive Council.

MR. DUNBAR: If they do not aggregate 100 members, how can we follow the mandate of the Constitution and have a membership on the Executive Council for less than 100 banks? They may come into membership in the Association, but not in the Executive Council.

I would move, as a substitute, that this matter lie over until the spring meeting of the Executive Council.

MR. EDENS: I move that the matter be referred to the next meeting of the Executive Council, to determine whether or not the banks in these territories that have been mentioned can qualify under the constitution and come in.

(The motion made by Mr. Edens was seconded.)

MR. WEXLER: I would say that the Constitution would not permit of Hawaii being taken in with less than 100 members, but I believe they would have the right to join with some State or States which have less than the requisite number. I do not think they should be excluded from having a voice in the election of members of the Executive Council simply because of the number of their banks.

This appears to be a point that we have overlooked in framing this revised Constitution, and I think probably Mr. Edens' motion of rejecting this to the Executive Council is a good suggestion.

Mr. H. W. DONOHUE, of New York: I desire to suggest that there is an amendment so provided for the Territories and Dependencies of the United States in this Constitution. The language of the Constitution is: territories which may be sought to have some provision for Territories and Dependencies.

Mr. C. A. HIRSCH: Why could not these banks in Hawaii be given a representation? Make a special order for them. It would be ridiculous to suggest that they join with Arizona or Ohio or any other State. They have nothing in common.
BANKERS' CONVENTION

which reported this language at the meeting in Atlantic City four years ago—and it is the same language that has been copied verbatim into the new Constitution—the understanding at that time was that a prerequisite for recognition on the Council any State or group of States must have at least 100 members.

It would be an infraction of the fundamental principles of our Constitution to make any special arrangement for the great of Hawaii, or any of the other similar Dependencies or Territories, with any of the States.

Mr. Wall, of Illinois:

It seems to me that this question is of more moment than appears on the surface. There is a fundamental principle involved, a public principle, and I believe that the development of the country will be able to thrive and carry on in the short time that is left to day. When you take into consideration the distance that these sections are removed, and the further fact that at the Council meetings the expenses of delegates are paid, I think there should be an adherence to the rule with reference to the required number. I believe that everybody here wants to try and work out some solution of the problem that will be fair.

I move that this question be referred to the Executive Council, with authority to act, between now and the next annual Convention, in which the Convention can confirm such action and continue whatever recommendations the Council may make; and if, perchance, the Council should recommend that through the grouping of those sections they are entitled to one, two, three or four, whatever number they shall be given on the Council, that during this year at least and until the next Convention those delegates be allowed to sit in the Council.

(The motion was seconded by various delegates.)

CHAIRMAN REYNOLDS: Gentlemen, you have heard the motion. Is there any discussion of it? If not, in all of the motion will be carried; opposed, no. The motion is carried and the matter is referred to the Executive Council.

RESOLUTION IN FAVOR OF IMPROVEMENT OF MISSISSIPPI RIVER.

Mr. Weikle: A communication was read in the meeting of the Executive Council on Monday from the Mississippi Levee Association, which I have not been able to read it, but it requested this Association to adopt resolutions in favor of the improvement of the Mississippi River and the prevention of floods.

A committee was appointed by the Executive Council with myself as Chairman, to draw up a proper resolution on the subject, and that resolution will now present, as follows:

WHEREAS, The great Mississippi River and its tributaries constitute the principal drainage outlet for the vast territory lying between the Alleghany and the Rocky Mountains; and

WHEREAS, The enormous deforestation and opening up to agriculture of this wide and fertile area, together with other natural causes, especially in certain years, have tended to render therein unbearable injury to property, suffering and loss of life; and

WHEREAS, These great rivers were intended to serve as interior means of cheap transportation of agricultural and industrial products and

WHEREAS, In order to accomplish this great and beneficent purpose and to prevent the disastrous and wasteful destruction of property and loss of life occasioned by overflow and inundation of a difficult and tremendous engineering work requiring the expenditure of vast sums of money for its reformation;

WHEREAS, The task in is its magnitude for beyond the capacity of any State, or group of States, and is in its very nature inter-State in character; and

WHEREAS, The report of the Board of Engineers of the United States of America; on the subject of the improvement of the Mississippi River; indicated and recommended the need and necessity for securing the improvement of the said river; and

WHEREAS, That a copy of these resolutions be transmitted to the President of the United States, to the Secretary of War, to the Chairman of the Committee of Rivers and Harbors of both Houses of Congress, and to such other appropriate committees as may be deemed useful and desirable.

I move the adoption of these resolutions.

(The motion was seconded by every delegate.)

CHAIRMAN REYNOLDS: All in favor of the motion will say aye; opposed, no. The motion is carried.

RESOLUTION REGARDING FIVE PER CENT. REBATE CLAUSE FAVORING AMERICAN SHIPS REPEALED.

Mr. Ross: The resolution that I wish to offer is as follows:

WHEREAS, That it is not possible to insure the successful operation of a new banking law, it is essential that a clear understanding of the commercial conditions contributing to such success should prevail; and

WHEREAS, That the world-wide expansion of international commerce is due to the efforts of the United States and the facilities created by its maritime industries and its ever-increasing commercial transactions; and

WHEREAS, That the operation of the new Tariff Bill, the industries of this country will have to be adjusted to a freer seloicimr, as well as the American buying habits; and

WHEREAS, This Convention has already adopted the report of the Chicago Convention, wherein by Section 28 provision is made for the establishment of foreign branches of national banks;

WHEREAS, That the whole structure of foreign trade, the adequate export of manufactured and agricultural produce, the revival of American shipbuilding, and the indispensable refinements of bank operations be encouraged and

CHAIRMAN REYNOLDS: Gentlemen, you have heard the motion. Is there any discussion of it? If not, in all of the motion will be carried; opposed, no. The motion is carried and the motion is so referred.

The urgent adoption of this resolution is requested because the United States at this moment being made by foreign nations against this very great attempt on the part of Congress to help the expansion of American foreign commerce; not content that America should build a Panama Canal for the convenience of their foreign commerce (we have almost none of our own); not content that by the new tariff their goods are admitted into our country, but continually increasing quantities, our foreign commerce; the very interest and it is not unreasonable that we should resist the existing laws and refrain from any economically possible method and oppose any other except to our own.

Mr. Weikle: I move that this resolution be referred to the Executive Council so that they may investigate the resolution for the action referred to on the part of the Secretary of the Treasury.

I move the motion for the adoption of the resolution is referred to the Executive Council.

Mr. Demuske: I second the motion.

CHAIRMAN REYNOLDS: All in favor of the motion will say aye; opposed, no. The motion is carried and the resolution is so referred.

AGRICULTURAL COMMISSION TO BE NAMED BY EXECUTIVE COUNCIL.

Mr. Grover M. Reynolds, of Illinois: This afternoon I introduced a resolution providing for the appointment of an Agricultural Commission, and its appointment by the President to appoint that Commission. I did this at the request of some members who were interested in the work, but I find since having the bill it is too late to move it to the next Convention and that the Committee should have been constituted through the Executive Council itself. Having made that motion and having started the negotiations looking to the appointment of this Committee, I wish to offer now a resolution in substitution for that one to the effect that we recommend to the Executive Council that an Agricultural Commission be named of the following gentlemen be formed:


Mr. Joseph Chapman, of Minnesota: second the motion.

CHAIRMAN REYNOLDS: Gentlemen, you have heard the motion. Are there any remarks?

Mr. Demuske, of Michigan; of Florida: I would suggest that Mr. Joseph Chapman be made an honorary member of that Commission.

CHAIRMAN REYNOLDS: I think Mr. Chapman would be regarded as an honorary member of the Commission, whether he is so named or not.

All who are in favor of the motion that has been made, looking to the appointment of the Committee named, will say aye; opposed, no.

The motion is carried.

The next order of business is to receive the report of the Committee on Nominations.

Mr. Will J. Field, of Jersey City, N. J.: Mr. Chairman
and gentlemen: On behalf of the Nominating Committee I beg leave to submit the following report:

REPORT OF THE NOMINATING COMMITTEE.

FOR PRESIDENT:

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

FOR FIRST VICE-PRESIDENT:


FOR SECRETARY:

Reynolds, Vice-presidents

II.

D.

Colorado—Frank H. McRae, President First National Bank, Denver.

D. Blalock, President Fulton National Bank, Cleveland, Ga.

Kentucky—Charles M. Clark, President National Bank of Chicago.


Louisiana—Chas. Janvier, President First National Bank of New Orleans.

Carolina—J. C. Surtin, Secretary Mutual Trust & Deposit Company, New York City.


Kansas—L. A. Morgan, Cashier German National Bank, Beloit, Kansas.

Kentucky—Charles E. Boyd, President State National Bank, Frankfort.

Louisiana—Charles Janvier, President Canal-Redeiss Bank & Trust Co., New Orleans.


Minnesota—W. A. McEwen, President Metropolitan National Bank, Minneapolis.

Nebraska—J. L. Enslow, Vice-President Lincoln National Bank, Lincoln.

New Jersey—A. M. French, President Union National Bank, Montpelier.

New York—John A. Kiefer, President Union Stock Yards Bank, Chicago.

North Carolina—J. C. Brawzell, President Planters Bank, Rocky Mount.

North Dakota—E. F. Bascom, President First National Bank of Fargo.

Oklahoma—S. M. Almon, President State Bank of Pocahontas.

Pennsylvania—Charles H. Dickerson, President First National Bank, Millin.

South Carolina—W. A. Biddle, President Merchants National Bank, Hamburg.

Washington—W. L. Butter, President Spokane & Eastern Trust Company, Spokane.

West Virginia—Wylie W. Beard, President Commercial Bank of Wheeling, Wheeling.

Wisconsin—A. D. Moehlmann, Cashier Citizens' Bank,Clinton.

FOR SECRETARIES OF THE DEPARTMENTS OF BANKING AND TRUST:

For the Department of Banking:

Idaho—John W. Sproul, President First National Bank, Boise.

Illinois—V. A. Bower, President First National Bank, Chicago.

Indiana—E. W. Geene, President Second National Bank, Indianapolis.

Maryland—W. R. Cooper, Cashier National Bank, Baltimore.

Michigan—George F. Farnum, President Union People's State Bank, Detroit.

Minnesota—J. B. Ganoskina, Cashier Atlantic City Bank, Atlantic City.

Missouri—W. J. Johnson, President First National Bank, Lewistown.

Nebraska—C. E. Burkhalter, President National Bank, Norfolk.

New Jersey—W. M. Van Deusen, President Newark National Bank, Newark.

New York—Samuel A. Fugazy, President Westchester County National Bank, Peekskill.


Ohio—C. L. Hunsdon, President First National Bank, Zanesville.

Oregon—Alfred E. Tilton, President First National Bank, Portland.

South Carolina—T. L. Talbidge, President First National Bank, Charleston.

Wisconsin—A. J. Patrick, President Commercial Bank, Des Moines.

Kansas—W. J. Perry, President Northwestern National Bank, Kansas City.

Vermont—A. W. Wilbanks, President Atlantic National Bank, Enfield.

Virginia—E. H. Bauer, President Merchants National Bank, Hampton.

Washington—W. L. E. Butler, President Spokane & Eastern Trust Company, Spokane.

West Virginia—Wylie W. Beard, President Commercial Bank of Wheeling, Wheeling.

Wisconsin—A. D. Moehlmann, Cashier Citizens' Bank, Clinton.

FOR VICE-PRESIDENTS OF THE DIFFERENT STATES AND TERRITORIES IN THE EASTERN STATES AND ITS DEPENDENCIES:

For the Eastern States:

Alabama—E. T. Jones, President First National Bank, Tuscaloosa.

Arkansas—Charles H. Blocker, Treasurer State Savings & Trust Company, Little Rock.

Connecticut—Morin H. Griffin, Cashier City National Bank, New Haven.

Georgia—Rogers W. Stovall, President Citizens' National Bank, Macon.

Illinois—Ellen B. Lamont, Vice-President Fort Dearborn National Bank, Chicago.

Indiana—E. W. Geene, President Second National Bank, Indianapolis.

Maryland—W. R. Cooper, Cashier National Bank, Baltimore.

Michigan—George F. Farnum, President Union People's State Bank, Detroit.

Minnesota—J. B. Ganoskina, Cashier Atlantic City Bank, Atlantic City.

Missouri—W. J. Johnson, President First National Bank, Lewistown.

Nebraska—C. E. Burkhalter, President National Bank, Norfolk.

New Jersey—W. M. Van Deusen, President Newark National Bank, Newark.

New York—Samuel A. Fugazy, President Westchester County National Bank, Peekskill.


Ohio—C. L. Hunsdon, President First National Bank, Zanesville.

Oregon—Alfred E. Tilton, President First National Bank, Portland.

South Carolina—T. L. Talbidge, President First National Bank, Charleston.

Wisconsin—A. J. Patrick, President Commercial Bank, Des Moines.

Wyoming—E. E. Jones, Cashier First National Bank, Thermopolis.

FOR MEMBERS OF THE EXECUTIVE COUNCIL AS NOMINATED AT CONVENTIONS OF STATE ASSOCIATIONS AND CERTIFIED TO THIS ASSOCIATION BY THE SECRETARIES THEREOF:

Alabama—McLane Tilton, President, First National Bank, Pella City, Ia.

Arkansas—Charles H. Blocker, Treasurer State Savings & Trust Company, Little Rock.

California—Stanford Jones, Vice-President First National Bank, Los Angeles.


Connecticut—Martin H. Griffin, Cashier City National Bank, Danbury.

Georgia—Rogers W. Stovall, President Citizens' National Bank, Macon.

Illinois—Ellen B. Lamont, Vice-President Fort Dearborn National Bank, Chicago.

Indiana—E. W. Geene, President Second National Bank, Indianapolis.

Maryland—W. R. Cooper, Cashier National Bank, Baltimore.

Michigan—George F. Farnum, President Union People's State Bank, Detroit.

Minnesota—J. B. Ganoskina, Cashier Atlantic City Bank, Atlantic City.

Missouri—W. J. Johnson, President First National Bank, Lewistown.

Nebraska—C. E. Burkhalter, President National Bank, Norfolk.

New Jersey—W. M. Van Deusen, President Newark National Bank, Newark.

New York—Samuel A. Fugazy, President Westchester County National Bank, Peekskill.


Ohio—C. L. Hunsdon, President First National Bank, Zanesville.

Oregon—Alfred E. Tilton, President First National Bank, Portland.

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Arkansas—Charles H. Blocker, Treasurer State Savings & Trust Company, Little Rock.

California—Stanford Jones, Vice-President First National Bank, Los Angeles.
THE CHAIRMAN: All in favor of the motion will say aye; opposed, no. It is carried. The Secretary will cast the ballot as directed.

Gentleman FARNWORTH: Mr. Chairman, the General Secretary states that he has cast the ballot as directed. [Applause.]

THE CHAIRMAN: I declare the officers named duly and regularly elected. Next in order is the installation of Officers.

It affords me the greatest possible pleasure, gentlemen of the Convention, to present your new President. It has been my pleasure for several years to have worked with him in various capacities, and I feel sure that you have made no mistake in the high honor you have conferred upon him. [Applause.]

At this point a large vases containing American Beauty roses was placed upon the platform.

PRESIDENT REYNOLDS: Members of the Convention, Ladies and Gentlemen, through my office, I am no part in the business world more honorable than the Presidency of this great Association. I feel a deep sense of gratitude for this expression of your confidence and good-will and for the high honor you have conferred not only upon me, but upon the State of Iowa which I represent.

The American Bankers' Association has established itself in the favorable opinion not only of the bankers of the United States, but it enjoys the full confidence of the business public, and is to-day a potent factor in many of the undertakings outside of the business we represent. It should be a matter of pride and gratification to every banker that this Association has achieved such a strong position, and it makes for the maintenance of those sound principles both of banking and of commerce which the Association has so unflinchingly and persistently advocated. The success and growth of the Association is due to the unswerving loyalty of its former officers, and it is a matter of the utmost of your good work and loyal co-operation. In assuming the duties which your selection imposes on me, I know that I can rely implicitly upon that co-operation and assistance which is so distinguishing a feature of this Association and which I hope you will permit me to utilize to the fullest extent. The accomplishments of greatest success in any large organization can only come through full and free interchange of ideas upon all subjects of individual opinion concerning the policy of this Association aid in crystallizing ideas and arriving at a popular result. Herefore the wisest course of action has been reached by following the consensus of opinion of the members of this Association. I shall, therefore, be very glad to receive suggestions at all times, and I shall feel free to call upon any of you for assistance.

The selection for the re-election of the honor I have conferred upon me, I pledge you my best efforts in working out your purposes for the good of this Association and our common country. [Applause.]

[The Vice-President-elect was called forth.]

PRESIDENT REYNOLDS: Gentlemen of the Convention, I take pleasure in introducing Mr. William A. Law, First Vice-President of the American Bankers' Association.

First Vice-President WILLIAM A. LAW: I take this election not as a personal tribute to myself, but as a tribute to the great Commonwealth of Pennsylvania in which I live and to the old city of Philadelphia where I can make my home. Any lengthy remarks on my part at this time would be out of place, but I would like to say that in my judgment the life of a banker is a necessary life of service—service to stockholders, service to customers, and service even to employees, and personal service to the community; and any connection with this Association broadens that field of service to the extent of the co-operative activities in which this Association has been engaged. It shall be my purpose to the utmost of my ability to justify the confidence which you have shown in me by electing me as your First Vice-President. [Applause.]

THANKS TO BOSTON.

Mr. F. W. WATTS: Mr. President and Members of the Association, I, on the part of human experience that where association is common within the human breast its realization is a disappointment. It has not been so here, and in the matter of this to this, the capital of New England, with the Thirty-ninth Annual Convention, the long anticipation has been more than met by the realization, in which every citizen of Boston has contributed. [Applause.] I know not how you may feel when you go to your several homes, but for me, when I return home I can bring with expression the Boston poet who said, "Still over these scenes my memory wakes." Gentlemen, I view in this a sight the privilege of offering of this brief resolution:

WHEREAS, The Thirty-sixth Annual Convention has been entertained by the city of Boston in an incomparably pleasant manner; therefore be it resolved, that this Association express its thanks to all contributing to its serene appreciation of their country.

[The resolution was seconded by delegates all over the hall.]

PRESIDENT REYNOLDS: All in favor of this resolution will signify the same by saying aye; opposed, no. It is carried. [Applause.]

TRIBUTE TO MR. LIVINGSTONE.

Mr. GEORGE M. REYNOLDS: At the request of many friends and on their behalf I desire to present to Mr. William Livingstone, of Detroit, Mich., this album containing photographs of the officers of the American Bankers' Association for the past year and many members of the Executive Council, as well as photographs of friends of Mr. Livingstone in the Association.

As I sat here turning over the leaves of this album and . . .

[An object picture was heard a voice behind me say, "What are you going to present to any man a book of things of that sort for?" and I decided not to make any further investigation of the book, but simply to present it with the following:

Mr. Livingstone, that you can make your own interpretation of the character of those whose photographs you will find herein.

[Presenting a large album.]

Mr. WILLIAM LIVINGSTONE: Mr. Reynolds and Gentlemen: I assure you that I shall always appreciate this gift and look many times upon the faces that I shall see depicted in it. [Applause.]

PRESIDENT REYNOLDS: We have several memorial notices which the General Secretary will read.

Governor GRAY: It seems to be quite fitting that these notices shall be read after I have made some announcement and the General Secretary shall call at headquarters for them to-day, and those who have not deposited certificates for proper certification should give the matter prompt attention.

Now these memorial notices are as follows:

[The General Secretary then read memorials to M. W. Waite, of Cincinnati, Ohio; James P. Hollowell, of Philadelphia, Pa.; and William B. Greene, of Ohio.]

PRESIDENT REYNOLDS: Gentlemen, we have now closed all of the business, and I declare the Convention adjourned sine die.

EXECUTIVE COUNCIL.

The Executive Council met at the close of the Convention Thursday evening, and again on Friday morning, and re-elected Dr. C. T. Wheeler as General Secretary, Professor G. F. Fawcett as Assistant Secretary, and J. W. Hoopes, of Minneapolis, Minn., as Treasurer. The following committees of the Association were also elected:

Currency Committee—A. B. Hepburn, James B. Fergus, Myron W. Herring, Preston J. Williams, T. Talbert, and W. L. Wheeler; Robert Wardrop, E. F. Swinney, J. F. Bartol, E. L. Howe, and Fred F. Farnsworth as Assistant Secretary, and J. W. Hoopes, of Minneapolis, Minn., as Treasurer. The following committees of the Association were also elected:


Insurance Committee—G. J. Sande, Richmond, Va.; H. F. Rockwell, Fargo, N. D.; H. G. Parker, New Brunswick, N. J.

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Action of Country Bankers.

To get an expression of the independent opinion of the small banks throughout the country on the pending Banking and Currency Bill, a meeting of the delegates from such banks, in attendance at the Convention of the American Bankers' Association, was held on Monday, October 6, two days in advance of the general Convention. The idea originated with the small banks themselves, and the meeting showed an almost absolute unanimity of sentiment against the pending legislation. Representation at the meeting was limited to banks having $25,000 to $250,000 capital.

We furnish below a report of the proceedings of this meeting:

Mr. Jones: Gentlemen of the Convention, it is my pleasure to call the meeting to order. I nominate for Chairman at this Convention a gentleman from the Far West, a man from the agricultural plains of Kansas, Gov. Bailey, of national reputation. All in favor of Gov. Bailey say aye. It is a unanimous vote.

Gov. Bailey: (Gov. Bailey took the chair.)

Chairman: Gentlemen, gentlemen of the Convention, I appreciate very much this compliment that is paid me in asking me to preside over this informal body of country bankers. The suggestion was made to me last night that it would be a good thing while we were here attending the American Bankers' Association Convention to call the country bankers together and get their expression on the currency bill that is now pending in Congress.

It has been the common expression of those for the bill in its present form that the little bankers are against it, but the little bankers are all right, and silence seems to give consent to that. We live so far apart that it is almost impossible for us to sustain a common objection or our endorsement to the great public measure, the pending currency legislation; but the time seemed opportune, and I was glad to join in making this call and I am very glad to preside at this meeting.

It is your meeting, gentlemen, and we want to know if the country bankers are for the Currency Bill as passed in the lower House of Congress. If you are, this is the place for you to say so, and if you are opposed to it this is the place for you to say so. My judgment, the voice of the men who are sitting before me now will be very potent in shaping that legislation, more so than the voice that comes from Wall Street or the great commercial centers.

I have been in public life some years, and I know this: that when I got word from the "great men"—the fellows that I was ready to act. Then my judgment is that the men who framed this bill thought that they would make friends with the country bankers, and they are scattered from Maine to California.

Gentlemen, this meeting is yours. What is your further pleasure?

A Delegate: Mr. Chairman, before we start, I want those who rise to speak to the question before us to state their name and location. The country bankers want to know where every man present comes from—

The Chairman: I will see that that is done.

A Delegate: This suggestion is made by Mr. Suddard, of Richmond, Virginia.

The Chairman: I would suggest that the nomination of a secretary is now in order.

Mr. Gordon Jones, of Denver, Colorado, was placed in nomination for secretary; the motion was duly seconded and carried, and Mr. Jones was unanimously elected Secretary of the meeting.

The Chairman: Now, gentlemen, so far as I know, there is no cut-and-dried program in this thing. What we want to do is to get an expression of the country bankers in regard to the pending currency legislation, and the Chair will be glad to recognize any one so far as he can.

Secretary Jones: Mr. Chairman, before we get into the discussion, I have been requested to announce that the Water Carnival, to give the notice which you will see posted up, has been postponed until Friday evening. We of the West call it fireworks. They will not take place this evening.

We have a limited number of the bill that passed the House, and which is now up to the Senate Committee. The Secretary of the Board of Trade Bankers' Association wired me some days ago that he would have a full supply here for every member at this Convention, but we were very much disappointed to receive this morning a wire from Washington saying that they had not started them until to-day. We have a limited number here to-day, which are available for the discussion, and if any one needs any of this let him come to the Chair and we will hand it to him.

The Chairman: Gentlemen, what is your further pleasure?

Mr. Thomas C. McRae, President of Bankers, Prescott, Arizona:

Mr. Chairman, as a basis for this discussion, as no one else seems to be disposed to suggest anything, I offer the following brief resolution:

"Resolved, That this conference insole the fundamental principles of the bill, H. R. 2857, which provides for the establishment of a national currency," a national average issue of an elastic currency, and to afford means of recomposing the commercial paper of all member banks."

The Chairman: Gentlemen, what will you do with the resolution?

Mr. A. A. Morrissey, President Wisconsin Bankers' Association, Cashier Citizens' Bank, Clinton, Wis.: I second the resolution.

The Chairman: Gentlemen, you have heard the motion. The motion is to consider the resolution.

Mr. Lindbergh, of Kansas: If I am not out of order, I think that the proper thing to do is to have a Committee on Resolutions to refer those things to. And if the gentleman will permit me I will make a motion that the Chairman appoint a Committee on Resolutions, consisting of—

The Chairman: Have you any objection?

Mr. McKean: I have no objection. I think we ought to reach whatever decision we come to here in an orderly way, and this resolution might very well go to a committee and be reported back to us, so that everybody will have an opportunity to hear.

The Chairman: Gentlemen, you have heard the motion that the committee of five on resolutions be appointed by the Chair to whom shall be referred all resolutions that are presented, who shall report back as early as possible to this body. Are you ready for the question?—Is it in favor or against?—by saying "aye," "yea."— I seconded, "no." The ayes seem to have it.

A Delegate: I call for a rising vote.

The Chairman: The ayes have it and a committee will be appointed.

Mr. Harrison, of Oklahoma: Mr. Chairman, I wish to say, regarding that motion which has just passed, that it seems to me that you will kill the Senate this meeting if you appoint a committee and have them retire now. If you are going to make this meeting effective, you must get a general discussion of this resolution, and then if you want to appoint a committee and have them retire and frame resolutions in accord with the sentiment of this meeting, that is all right.

The Chairman: I would suggest that the appointing of this committee need not stop the discussion; that could go on.

Mr. Hannison: Mr. Chairman, I am further of the opinion that the appointment of a Committee on Resolutions could better be done after this discussion has taken place.

A Delegate: I second the motion.

Mr. Harrison: The Committee would know who the men are who take part in the discussion; and therefore I call for a rising vote on the proposition.

A Delegate: I second the motion.

The Chairman: Gentlemen, we are too late for a rising vote on the proposition after it has been settled.

A Delegate: I appeal from the decision of the Chair.

Mr. Dunlap, of New York: Gentlemen, I move that we reconsider.

A Delegate: I second the motion.

The Chairman: That is in order. The motion now is to reconsider the motion that we appoint a Committee on Resolutions. Are there any remarks?

Mr. Harrison: Mr. Chairman, there is one thing I do not like to do, and that is to precipitate any parliamentary discussion. What we want to do is to get down to discussion. So far as I am personally concerned, it is perfectly satisfactory to me to have you go ahead and name this committee, because I know that you will name a good one; but I do not want to have this thing a cut and dried affair. Let us have a free and full discussion here.

The Chairman: I would suggest to the gentleman that the only way in which you can have an orderly procedure is to have ordinary parliamentary practice in the way of carrying it on.

The question now is to reconsider the motion. All in favor of that manifest it by saying "aye." Contrary, "no." The ayes seem to have it. The ayes have it and the motion is reconsidered.

What is the further pleasure of the meeting?

Mr. Woon, of West Virginia: I think that the motion be laid on the table.

A Delegate: I second the motion.

The Chairman: The motion is to lay the motion to appoint a committee on the table—the motion to appoint a Committee on Resolutions is reconsidered; that was endorsed; that brings the motion before the house. Does anyone second the motion of Mr. Wood?

A Delegate: I second the motion to lay it on the table.
THE CHAIRMAN: It is moved and seconded that the motion to appoint a Committee on Resolutions at this time be laid on the table.

[Carrried.]

THE CHAIRMAN: What is the further pleasure of the convention?

MRS. CAMPBELL, of Indiana: Mr. Chairman, I understand that the business in pursuance of the resolutions that are still before the house, I do not think that he withdrew his motion.

MR. McFAIR: Oh, no, I just consented to its amendment, if it was a motion to bring up the question.

MR. ROGERS, of Arkansas: I have a resolution which I would like to move for the discussion of this meeting.

THE CHAIRMAN: Mr. McRae's resolution is first.

MR. McFAIR: Shall I read it again?

THE CHAIRMAN: Yes, sir.

MR. McRae: Resolved, That this conference endorse the fundamental principles of the bill H. R. 757, which provides for the establishment of Federal reserve banks to furnish an elastic currency and to afford means of rediscounting the commercial paper of all member banks.

The motion is to adopt this resolution. I do not care at this time to take any closed time to discuss it. I assume that most of the members of this conference are familiar with the general principles of the bill now pending before the Senate Committee of the present Congress, and which bill has passed the House. This resolution does not commit this conference, if it is adopted, to the details of the plan, the number of reserves, or any question of detail—but to the general principles which are involved in it. That is, that the Government shall provide the money or the notes provided for by that bill, and shall control the houses.

Now, gentlemen, we have reached a time in the consideration of this question that is of the utmost importance. We have to consider the whole country, and particularly to the country banks. There is a large chain of people in the country who believe in an administration elected upon a platform committed to the fundamental principles of this bill; and these principles are not antagonistic to the principles of the Monetary Commission bill, except that it is provided for a central bank, and this bill provides for reserve banks and decentralizes the proposition. If we mean what we say, for emergency currency that has been imperfectly and fairly distributed to all of the banks, big and little, in this paragraph I want to say so. I believe that this bill is in the interest of the small banks, the large banks, the small merchants, the big merchants, and all the people of this country. These reserve banks will be perfectly safe. If this Convention, or the country banks will make known their wishes upon this matter, they will have consideration. But let us not fritter away any of our time here discussing questions of detail. If you believe in the fundamental principles of this bill now so, and let the word go to the men who make these laws.

I have had some experience in making laws. I know that there is a great difference in the part that is that I believe, I know that there is some distracts on the part of bank- ers of the law-makers of our country; unjust, I believe. But we are willing to understand. You must bear in mind that these men are as honest as you. If you bankers are to insist, as some of them will insist, to appoint the men to supervise your own business, you are not going to accomplish much to help you. If you want a currency issued by the Government, and provided for in a manner satisfactory to with Congress, and ask them to permit you to name those who are to control these banks, you are asking what no other business in this country has ever asked or ever had conceded to it.

I do not wish to take any more time in discussing the details of the bill, and I hope that this resolution will be adopted.

MRS. ROGERS, of Arkansas: Mr. Chairman, I desire to offer a substitute motion. I think that this is the time when the country banks should be heard.

I believe that we are here together and that we should show Congress just exactly what we approve of that bill. [A voice, "Correct."] Or if we do not approve any section of that bill, it is our duty to us to say that we do not approve of it. [A voice, "That is so."]

When you go to Washington and say that you approve the great fundamental principles of the bill you do not do a thing. You just say, "Pass anything." Any section of that bill which affects the banks of this country is fundamental.

I believe that these banks purchased their Government bonds that would be sold satisfactorily, and pay 100 cents on the dollar, and we always want it to be worth a hundred cents.

As I see little fellows in the country, in the farming communities—we do not want segregation of foreign banks which would take out of our own community of the highest credit and the best kind of men which we should use to develop our country and to look after the other people who are doing business in the very country that owns these funds, and not to invest them in foreign securities.

We believe, also, that it is economically wrong and unjust to ask the country banks of this country to clear at par, to receive checks, and all country checks drawn on them. A bank should only be asked to pay its checks over its own customers. This proposition of clearing country checks is a proposition that has been tried in this country. They have not always been collected and never cleared. You, gentlemen, know that there is always a difference between clearing and collecting. Now the items are sent to be collected and they are paid by a draft or check and then the country clear and serve city; otherwise the bankers would be required to keep in these institutions. If these banks are to act as clearing houses, a sufficient sum on hand at all times to protect the country banks, depending, in my own state, upon distance, say from St. Louis, as it is not so far, two or three days in many cases, to get a letter to them, and also two or three days to get that latter letters. It would mean that the little country bank would be required to have money that is at present in the Fed. so that it would be equal to at least six days of its clearings, and it would work out for that instead of 16 per cent, as is required by a central reserve city, these would have to have money set aside up to 60 per cent of their deposits. That would be impossible. They would have to develop the system or quit the business.

Another thing. These gentlemen are all interested in, and they are talking, the difference between 5 per cent, dividends and 6 per cent, dividends. If you go through they can cut the word "dividends" out of the bill. [Applause.] There will never be any dividend. The labor expense, the stationery expense, they have no opportunity to get out the earnings of the other departments of the bank.

A banking and currency bill is now pending in the Congress. Its speedy passage into law is desirable. Any new financial system adequate to the exigencies of the nation shall be sponsored by the Federal Reserve System, if the Serve City, and State, can support with Justice to itself as bodies corporate and with Justice to their local banks.

Country banks, as distinguished from banks in the fiscal centers, represent something like one-sixth of the country's value for all the real currency is in country banks, the Federal Reserve System would be represented in their numbers. Legislation hostile to the welfare of these country banks is of secondary necessity. It also hostility to the American citizens, whether farmers, wage-earners or business men. A satisfactory solution has been reached by the Declaratory Legislation upon this subject has already been too long delayed. The efforts of the American Bankers Assn. at Washington to put forward a resolution the whole Convention of the American Bankers' Association, held a meeting on this six day of October, 1913, and the following resolution was pronounced and adopted unanimously:

1. That Government Bonds have been purchased by country banks at a price that would be unjustly exacted for clearance and depositary privileges that attach to them. These bonds are now selling winning the per country.

2. That the price of the bill should be amended so far as it refers to matters pertaining to exchange. (Sec. 17, page 25, by amending the last word on line 15, the first five words on line 6 of the balance of the section after the 14th line, leaving the last paragraph of Sec. 17 to read as follows: "It shall be unlawful for the Federal Reserve bank to receive for deposit, at par, and without charge for exchange or collections, checks and drafts and checks and drafts drawn on any other Federal Reserve, or checks and drafts drawn by any depositor in any other Federal Reserve bank, or checks in the manner specified in said reserve bank last mentioned. Exchange deposits represent a total not exceeding one and one-half times the deposits of the average country bank by not less than twenty-five per cent, and may be collected in all the small bills of exchange which are the business of the men of America, but will be enjoyed solely by the banks of New York and nowhere in the United States.

The result of this section will be to take liability from banks that can make their reserves payable to their customers to give this money to the people. These reserves are already earning satisfactory profits. In addition to the above, this Bill provides for a new period of holding country bank items. It provides that they shall be cleared and not cleared. If they accomplished this it would require that the small country banks keep in

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Hon. Mr. Rogers offers the resolution which he has read as a substitute for the resolution which was offered by the gentleman who first proposed. I move that it be substituted. Does any one second the motion? 

Mr. Johnson, of Oklahoma: Mr. Chairman, I do not believe that the adoption of the motion, I believe, the brought about of equal importance would represent the real sentiment of the bankers in this Convention. I do believe that the majority of the gentlemen in this audience feel very willing, to accept the provisions of this bill in the main. We have not been consulted about the provisions in this bill, and I believe that the best we can do is to come in and accept the bill, as patriotic citize...
BANKERS' CONVENTION.

threw up their hands from political control, which they call 
اتها in a time when they are certain it is too big to 
over to a lot of bankers, who are now trying to redeem from the 
wrackage of that State a loss of over two-thirds of its capital, 
heretofore, which was unnecessary, and which was caused by the 
fact that it was not run by bankers who knew their business.

— at a part of the capital of your business, and I will earn you more than the two per cent. which you are now getting.

Now, gentlemen, I say that any man who makes that state-
ment is either not familiar with the banking business, or else 
is a slip of the tongue on his part. It certainly is not banking 
to advocate that kind of business.

The bankers of Oklahoma are not for this bill. I speak advis-
edly. [Applauds.] We had a meeting of the Executive Commit-
tee of our Association in Oklahoma City before I left, for the 
purpose of letting me know how the men of Oklahoma felt. I 
advertised in our official organ for any banker who was in favor 
of this bill to write right in to me and let me know about it, and 
I have not received a single letter. Only one man has told me that he was for the bill; I expect that there are some 
of our other bankers will feel just as the banks all over this country feel—that that is a dangerous thing. And 
when this gentleman presents a resolution here to which 
says the banks in Oklahoma cannot get aid in the matter of 
the Federal Reserve System, that the banks will receive 
paper in the Federal reserve banks under this system, I 
say to you that there isn’t one of the banks in Oklahoma 
that can go to the Federal reserve banks under this bill, 
of our State, or of our district, and get relief in time of panic. 

We know that the thing that can happen now is for the 
bill to pass. [Great applause.]

Mr. Harris, of Illinois: Mr. Chairman, this is a very large 
question, and I have only the right to express it. We are not all going 
and an opportunity to discuss the bill, and I am not going to 
discuss it, but I do not think it would be necessary to discuss it, 
but we do not necessarily have to vote in the affirmative on that resolution. If we vote in the 
the House, and the word to go with the country, 

I simply suggest that a member giving Congress some indi-
vidual expression of how the country banks feel. 

Mr. McColl: Do you not think that that would be unfor-
tunately, or we think we have, and pass.

The CHAIRMAN: I want to say that that is too much for 

The CHAIRMAN: The question before the House is the vote 
on the substitute resolution offered by Mr. Rogers in place of 
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The Relation of the Government to the Trust Company.

By Hon. Samuel W. McCall, of Massachusetts.

Mr. President, Ladies and Gentlemen: As I am in no danger of talking over your heads, I will take the platform. It will be necessary for me to do this, to give myself this advantage in altitude, in order to talk to you on the level, to use the expression of the Chairman of one of your committees. I suppose my chief qualification for addressing gentlemen who are associated with the management of Trust Companies like this—upon the subject of your business—is the fact that I know practically very little about it. While ignorance of the law excuses no man, yet ignorance of his subject is a qualification of a modern speaker. You do not always want instruction, but sometimes you desire to use it, and gentlemen who know all about this business, who have learned it from the hard knocks of adversity, take a morbid satisfaction in listening to a man talk who does not know anything about it.

I have not had very much to do with Trust Companies. I think I have had a balance of a sum that by courtesy was called a balance, which I suppose for convenience was kept in red ink. It has so happened that I was never fitted to manage, or have anything to do with the management of a Trust Company, so long as it was a going concern. But when nothing further could happen to it, when it became insolvent, then I have on two occasions been appointed a receiver for a trust company. And it happened on both occasions—I don’t know whether I say it more in pride or in sorrow—it happened on both occasions that the depositors were paid in full and the Trust Company was returned to its stockholders. You may infer from this my life has been, to a certain extent, one of neglected opportunity.

Now, a Trust Company strikes me as a myriad-minded sort of creature that can do almost anything. I never yet have discovered something that a Trust Company could not do. So far as regulation is concerned, Trust Companies in most of the things which they do, receive their regulation from the character of the transactions that they carry on. For instance, when it acts as executor, or as guardian, or as trustee, they have the regulation that the law imposes upon those functions, whether they are carried on by corporations or individuals. I suppose that your relation to the law—the regulation that you had in mind when this subject was assigned to me—is the regulation of the general and ordinary business of banking with which you are connected. The business of banking, as I understand it, is older than banks. This has been a borrowing and lending world since the very beginning of civilization. Credit and loans to merchants are as old as trade itself. And we find some of the oldest forms of promissory notes with which we are familiar are even more deadly in form than the modern form of promissory note, to hold over the head of the signer, because they were engraved upon bricks, and from that time until now we have had a constant struggle, sometimes of no effect, for a long time of no particular effect—to bring banking within the range and supervision of law. The ordinary going rates of interest in the old times appear to have been panic rates—usury, and rates which would make a man of to-day gasp when he came to regard them. They acted upon the principle—upon which railroads some years ago were said to fix rates—that is, all the traffic would bear—and 50 per cent, and 100 per cent, was a very common rate to be met with. This did not put bankers in very good repute. In fact, it was considered something of a disgrace to have a banker in the family; and it was said against one of the most celebrated of Roman Emperors, Augustus—it was alleged against him that one of his uncles, or some relative, was a banker. The other trades were shut up and the Jews were barred out from entering into almost all other trades, but banking was open, and they entered into banking, and in that calling they proceeded to achieve the ownership of the world. The church appears have made the first effective regulation of usury, and they did it in a somewhat drastic fashion, because interest was prohibited altogether. But that has been a very difficult subject for the law to deal with. I suppose that has been due to the fact that money is like other commodities generally: when there is a good deal of the commodity and a very little demand for it, then it is to be had cheap. But, on the other hand, when there is very little of it and a large demand, it is dear. And this is a fact in fixing the rate upon money. But the law has not yet, by any means, got rid of usury. I had my attention called the other day to a Loan Association, through a report of that Loan Association which it made under the law, from which it appeared that that association’s income consisted of seven or eight thousand dollars of interest and some seventy or eighty thousand
dollars in fees; so that while the charge was not made as interest and cannot be considered as interest, it is much the same in effect. And, of course, just as in the 10
matter of taking fees, so, under the present system, would it be a great advantage if the National Government to undertake to regulate Trust Companies. I do not mean that it is undesirable to have uniformity of laws in the different States relating to Trust Companies, so long as the conditions in the different States are similar. But I think that we should have na-
tional banks, with national charters, with the powers
conferred under those charters subject to regulation by the National Government, and that we should have in Washington a reserve power, that might apply to in-
corporate banking institutions, having reference to its own legal conditions, which fulfill the functions of banks. Why, a bank in Mississippi might have very different re-
quirements from a bank in Massachusetts; its business might be conducted, perhaps, with reference to some par-
ticular crop, and you can easily understand how, when
you have national banks operating throughout the whole
country for national purposes, it might be well to have
State banks operated purely for local purposes.

Now I have not the utmost confidence in national regu-
lation. At the best, it is necessary; but it is a necessary
evil, to my mind, in a good many cases.

We have seen a multitude of legislative matters com-
ing up at Washington in the course of a big country, cover-
ing a hundred million people, that men act there from a
distance from their constituents. They are not under
the eyes of the people for whom they legislate as they
would be in their own State. We have a government set
up on a distant stage, and when you have a government
so situated some clever contriver of the people, who
can use the red lights and green lights, will produce illu-
sions upon the minds of you people, at a distance, that
are very different from those who are upon the front seats or
who are upon the roof or the stage in the Congress. We
have seen in so many pressings at Washington that they
do not get the attention that they would have.
Now, it is the case with 35,000 bills, for instance, introduced in a single
Congress. And then our legislation there, especially that of a penal sort, is framed by lawyers, by men who have actually been District Attorneys in their own States, and they draw up a law as they would draw up an indict-
ment for the purpose of being sure to catch the man that
they are after, and without thinking that the statute is
really imposed upon the liberties of the whole people.

Now if they are drawing up an indictment against you
for breaking and entering, why they will say in one
place that you got into the window, and then that you
came up through the cellar, and then that you came down
through the roof, and they allege it in every conceivable
way so that they will be sure to catch you. And it is
that way in drawing the statute. Now you take the
Sherman Act, for instance: the men who framed that
law had a certain evil in mind which possessed them,
and they used very broad language, very magnanimous lan-
guage, but somewhat vague language, and it has an applica-
tion to-day that they never dreamed of. It is aimed
so broadly against combinations that a man to-day hesi-
mates even about entering into matrimony unless he con-
sults a lawyer. And when he consults a lawyer, the law-
yer is not able to tell him what the law means.

Now let me give you a little illustration of my experi-
fence in Washington. One day, in the confusion of the
House, I overheard the clerk putting before the House a
conference report which was the last stage in the enact-
ment of that particular piece of legislation. It was to
the effect that members of Congress should be prohibited
from giving information which they might have received by virtue of their office, if that information should have
any effect upon the value of stock or bonds, or upon the
value of merchandise. Well, that struck me as a very
funny thing. I didn't know anything about this legisla-
tion, and I spoke to the Chairman of the Judiciary Com-
mittee, who had it in charge, and I asked him to hold up
exercise of some of its powers, conferred apparently for
no other reason, than to regulate Trust Companies. From my
point of view I think it would be a great advantage if the
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172 BANKERS' CONVENTION.
TRUST COMPANY SECTION.

173

the report a while until I could look into it. And he did. Now I found this state of facts: that there was some
body down South in an agricultural town who was ac-
cused of giving away to some cotton brokers information concerning the cotton crop that the Government had col-
lected, and that this information had been used for the
purposes of speculation. Now this man had been tried, and
it was found that there was no law to apply to it.

Possibly there might have been a law narrowly drawn
just to apply to that kind of a case, although I am not so
sure about that. But somebody deemed that there
should have been a law, and the committee had gone to
work and it had framed a general statute that any officer
of the United States who should have any information
by virtue of his office which might affect the value of
stocks or bonds or of merchandise, who should divulge
that information should be liable for from one to five
years in the State prison. A bill to that effect was unani-
mosly adopted by the Judiciary Committee of the
House, passed the House without debate unanimously,
went over to the Senate and was unanimously adopted by
the Judiciary Committee of the Senate, was adopted by
the Senate unanimously, with the exception that some-
body discovered that technically a member of Congress
was not an officer of the United States Government and
that the law would not apply to him, and so they adopted
an amendment, making it also apply to a member of
Congress. It was discovered that that amendment was
not germane, that the conference—the two conference
committees appointed by the House and Senate on this
amendment did not have jurisdiction over it, so a spe-
cial rule was unanimously adopted by the House and
Senate, giving those committees the jurisdiction, and the
conferences had made the final report that the bill should
be passed. I thought of it just the moment I read the
bill, and it struck me that it was a dangerous thing to
put a load upon our Government; that publicity was of
the very essence of our Government; that a member of
Congress should have no secret from his constituents;
that they had a right to know everything he knew, and
that a member of the Cabinet or any officer of the Gov-
ernment should not be required to give information at
the peril of going to jail. So when the matter came up
I stated what I thought the bill meant, how I thought it
was against real representative popular government. The
House had not heard anything about it before, and they
pricked up their ears—the press did—and they finally
laid the whole thing on the table, which killed the whole
bill. The bill was killed by a vote of practically 2 to 1.
That shows how legislation gets through. There is lots
of it that would not escape if it received discussion.
But we have so many thousands of bills that out of
necessity a given bill, unless a very important bill like
the Tariff bill, is confined to a committee of three or
four men, and in that way passed. Take the report of
your committee to-day about the difficulties that Trust
Companies are going to get into regarding the income
tax. That is up, Taxation at the source. Now it is easy
to see how that comes about. There are some gentle-
men on that committee—probably they are from a dis-
tRICT that does not have any income, and are not subject
to the bill any way—and those gentlemen have read up
on the English income tax system and they have found
out in England that they tax at the source, but they
didn't find out that in England they have an accurate re-
port of everybody who is to receive his dividends, and
that he gets them by check, and it is a very simple and
easy matter for the corporation to take out the tax. But
how can taxation at the source apply to the tens and
hundreds of millions of dollars paid out every year upon
coupon bonds? Why, it is simply because they did not
wish to create embarrassment or difficulty, but they did
not understand it.

Now we will go back. I believe that we are going to
get better regulations of our State banks and our Trust
Companies from State law than we are from national
law. And, therefore, I think the Government should
leave that field to the States. The State banks have had
relations to the National Government and relations that
were cordial, and the credit of the banks. When the
Civil War broke out there was no national bank in the
country. The Government could not get money; it had
no credit, or, if it had, it was at least upon a 12 per
cent. basis, or even a higher rate than that. It needed
a large loan. Gold payments were right upon the point of
being taken away. The State banks of the country
joined together and loaned the Government at a rate of
about half what the Government rate had been in its
previous transactions; loaned the Government more than
the total bonded capital of the banks making loans and
paid the Government in gold. Now I claim that was a
highly patriotic act that the State banks did then. There
was a mistake made, however, by the Secretary of the
Treasury, for the cost particularly might have been very
greatly less than it was. Instead of doing what modern
banking will do and leaving this gold in the vaults of
the banks so they could have it as against their notes, the
Secretary of the Treasury was so much of a sound money
man that he took that gold from the banks, and instead
of paying by check, took it and put it over the country
and paid the contractors in actual gold, and this gold
was dissipated and the banks were unable to redeem
their notes in gold, and we had to make an issue of
greenbacks, which so greatly I believe, augmented the
cost of the war.

So I will simply sum up by saying that national regu-
lations are important wherever institutions are operating
throughout the country; but that wherever institutions
have an operation within the limits of a State, that it is
a mistake to have a common code jurisdiction at Wash-
ington. You cannot imagine Europe, which is no larger
than we are in extent, being governed by a common code
of municipal law from the Holyrodes to Sicily. You can-
not have a general code of law and have good govern-
ment. The best possible governments that have existed
have operated in small countries. We are a great coun-
try; we have certainly great common interests which
must of necessity be transacted at Washington, but in
order to preserve freedom in this country we do not want
to yield any more power to that overloaded Government
at Washington than is necessary, but we want to keep it
where it can be exercised under the eyes of the people,
and only in that way are you going to have real popular
self-government.
Additional Legislative Regulation of Corporate Reorganizations.

BY ROBERT WALKER, of the New York Bar.

The title of this paper is broader than its actual contents. Instead of examining series all the legislative possibilities suggested by the theme, we shall approximate the same result by selecting a seasoned group of British statutes and considering the appropriateness thereof for enactment in our country.

These statutes are often called the "Reconstruction Acts," and regulate the winding up and reorganization of corporations in the United Kingdom of Great Britain and Ireland. They are not independent enactments, but are sections occurring in that large and, for the most part, coherent body of law known from 1862 until 1908 as the Companies Acts and since then as the Companies (Consolidation) Act, 1908. Thus they have had the benefit of developing step by step with the general corporate legislation of England. They have also enjoyed interpretation by the courts and careful revision and reenactment by successive Parliaments. Unfortunately, their present developed and polished state does not make them any the more suitable for conditions in America. While we derived our common law from Great Britain, the course of our business law, and emphatically the growth of our statutory law relating to corporations, have been independent of England. The business procedure may be very much the same in both countries; but the statutes and decisions of the United Kingdom disclose widely different juristic conditions. To work in British corporation law, one has actually to acquire a new vocabulary.

Let me summarize briefly and imperfectly, the existing British statutes for the regulation of liquidation and reorganization. Observe both words. In Great Britain it would seem that companies are often wound up either without reorganization or without regard for plans of reconstruction. There are three general methods of winding up: (A) by the court; (B) voluntary; and (C) subject to the supervision of the court (Halshury, Laws of England, 5, 500). Going into these somewhat more in detail:

(A) BY THE COURT.

Petition may be submitted by the company itself, or by any creditor present, prospective or contingent, or by any "contributory," or, in some cases, by an official receiver. (A contributory is any person liable to assessment in the event of winding up; for our purposes, "contributory" means "stockholder." See Companies (Consolidation) Act, 1908, secs. 123, 124, 125, 203 (f), 203. The malicious misuse of such petitions is discouraged by the fact that damages are recoverable for presenting them without reasonable cause, even though no special damage can be proved (Quartz Hill Gold Mining Co. vs. Eyre, 11 Q. B. D., 674). Of the divers grounds for winding up, the following are illustrative:

1. That the company has passed a special resolution to be wound up; and
2. that it is in default for a statutory report or meeting;
3. that the number of its members has become reduced below the statutory number (two in the case of private companies and seven in the case of other companies); and
4. that it is unable to pay its debts; and
5. that the court is of opinion that it is just and equitable that it be wound up. (See Halshury, op. cit., v. 395; Comp. Act 1908, sec. 123; Assurance Companies Act 1908, sec. 23.)

Hearing on the petition is then elaborately advertised, and the hearing is had in open court. The court may dismiss or grant the petition, or may make any other order that it deems fair and appropriate. Costs are fixed among the parties concerned (corporation, creditors, stockholders) in the court's discretion. In fixing the substantive rights of the classes of creditors and others, the court need not be bound by the will of the majority. The court's conclusions (subject to the right of appeal in some cases) are binding upon all parties concerned. To sum up, the court's power is practically complete.

(B) VOLUNTARY WINDING UP.

Upon special resolution or by reason of liabilities, a company may be wound up voluntarily (Comp. Act 1908, sec. 152). Such intimation must be advertised and the authorities must be notified. The company appoints a liquidator, who assembles a meeting of creditors. At such meeting, the creditors determine whether to apply to the court either for a second liquidator or for substitute liquidator or for a committee of inspection (Comp. Act 1908, sec. 185). At any stage in a voluntary winding up, the liquidator may apply to the proper court to determine any question arising, in which case the court has all the powers that it has when companies are wound up by the court (Comp. Act 1908, sec. 153). Thus even a so-called "voluntary winding up" does not necessarily continue such. On the contrary, explicit provision is made for comprehensive interposition by the court, which may adopt as much of the voluntary proceedings as it deems just (Comp. Act 1908, secs. 197, 198). It is in connection with this "voluntary" procedure that provision is made in the Act for the transfer of the assets to a new or another company and for the acceptance of securities, etc., from any such other company—in other words, for reorganization (Comp. Act 1908, sec. 192). A stockholder who has properly evidenced his dissent from the plan may under certain circumstances require his interest to be purchased by the liquidator at a price to be determined by agreement or by a statutory arbitration.

(C) WINDING UP UNDER THE SUPERVISION OF THE COURT.

This third method is really only a variant of voluntary winding up. In the words of the statute, "when a company has by special or extraordinary resolution resolved to wind up voluntarily, the court may make an order that the voluntary winding up shall continue but subject to such supervision of the court, and with such liberty for creditors, contribu¬tories, or others to apply to the court, and generally on such terms and conditions as the court thinks just" (Comp. Act 1908, sec. 199).

The procedure is very much the same as in the first sort of winding up, above outlined. Compromise arrangements among creditors or between the company and its stockholders, if approved by three-fourths in value of those present or represented at a creditors meeting duly called, become binding on all creditors or classes of creditors and all stockholders or classes of stockholders as soon as sanctioned by the court (Comp. Act 1908, sec. 120).
The court may sanction any sort of reorganization plan, always, however, proceeding (so we are told) on the postulate that the plan is such as a business man would approve and as is fair and reasonable as regards the different classes of persons interested. Some plans have been approved and forced upon creditors that are rather shocking to American ideas. First mortgage bondholders have been postponed to newly created charges (Re Western of Canada Oil, Lands & Works Co., 1374), W. N. 146. Debenture-holders and creditors have received shares in satisfaction of their debts (Re Empire Mining Co., 44 Ch. Div. 402). Fixed-interest obligations have been turned in for income debentures (Re Alabama, New Orleans, Texas & Pacific Junction Ral. Co., 1850), 1 Ch. 215. The times of those are not so much of a surprise as is the fact that these terms were compulsory and without alternative.

It would be most interesting to examine the reported cases and to learn just how each business situation was treated, but I do not dwell on the subject, because I wish to call attention to the consideration of the practicability of such laws for the States.

A reorganization is, with us, a matter of free bargain, or nearly so. It is not that we are wholly lacking in judicial supervision. We already have numerous acts governing purchasers at judicial sale, corporate objects, nature of securities, valuation, monopolies and many other matters that figure directly or indirectly in plans for rehabilitation of failing enterprises. But, steering a proper course among all those, the practical situation, familiar to all of us, is as colloquially described by a recent writer:

"In due time, a scheme of reorganization is proposed. In this the stockholders are supposed to have had much to do with its making. They are the owners of the property, and in theory, at least, are expected to bear practically all the burden of providing whatever new capital is considered necessary to put the corporation on its feet. It does not always work that way, however. The stockholders have found many times in practice that they can, if they will, get off much easier. They may say to the bondholders, who are the creditors: 'We are willing to furnish so much more capital, and no more. If that is not satisfactory, you may take the property.' And the bondholders are nearly always unwilling to take physical possession through foreclosure, because that would shift the burden of finding the new capital entirely to the shareholders. We therefore choose cleverly, and perhaps, to let the court say in effect to the corporation: 'So, through your committees they agree to make some contribution as well as to accept a reduction of their claims, and the reorganization plan is forthwith declared effective.'—(World's Work, Aug., 1913, p. 387).

Many of us, perhaps most of us, are convinced that a condition of free barter is preferable, whether simply because it is free and untrammeled, or because our courts are not trained in business matters, or because we think we have enough legislation for our humble needs. But let us assume that the British method of reorganizing under the authority of the court is theoretically desirable, and then speculate on how far we could avail ourselves of these methods. The most prominent feature of the British procedure is that the plan, when so sanctioned by the court, becomes binding upon all parties interested, regardless of the nature of their old security or of their dissent to the plan.

We are confronted at the threshold with the problem: how make such a statute effective? England has but one Parliament, but we have forty-eight plus Congress. The efforts of the Commissioners of Uniform State Laws Indicate how slowly general enactments, even of the most drastic and dispassionate sort, become law. The Uniform Bills of Lading Act has been adopted in nine States, the Uniform Sales Act In nine States, and the most success-

ful enactment has been the Uniform Negotiable Instruments Law which, after nearly twenty years, has been adopted by the Legislatures of forty States. That a statute governing corporate reorganizations should be uniform in all the States is imperatively desirable but the general passage of such an act would be sure to move very slowly. Local peculiarities and politics are here involved, making it almost idle to hope for uniformity. Texas would look with suspicion on a bill satisfactory to New York.

Those, however, who agree with the greatest Assistant Secretary of the Navy our country ever had that the State's rights idea is "absolutely and exploded," will at once suggest Congressional legislation. Yet this, too, is without avail. It may involve the Court, the bankruptcy cases, Congress may not interfere in their relations with their security-holders. Until, therefore, we have some form of Federal reorganization or registration, we shall have no point of departure for Federal regulation of reorganizations. Even did such legislation exist, it manifestly could apply only to such corporations as are properly amenable to Federal control — a very limited class, from which are excluded the host of corporations engaged in insurance, banking (other than National banks), mining, manufacturing, trading and, in short, practically all the corporations excepting the carriers of freight and of intelligence. Thus the problem can be solved only fractionally, if at all, by act of Congress.

Still graver difficulties arise from our Constitution. The several States are prohibited from impairing the obligation of contracts. A tantamount restraint is placed on Congress by the prohibition against depriving persons or corporations of property without due process of law (Shaking Fund Cases, 90 U. S., 718, 719 quoted by Harlan, J., dissent., in Canaan Southern Ry., 156 U. S., 540). Hence, any statute that took the course of compelling upon a dissentient minority a plan of reorganization or an emission of new securities would be subject to judicial review. In this our country we do not look for inconvenience legislation that would deprive a bondholder from suing on the contract contained in his bond.

Recorded instances of such legislation are few. The Commonwealth of Pennsylvania in 1852 passed a law sanctioning the issue by the Union Canal Company of income bonds to the holders of fixed-interest bonds and providing that bondholders not signifying their dissent within three months should be deemed to have assented. This legislation was sustained on the theory that it did not impair the contractual obligations of the old bonds but was more nearly analogous to a statute of limitations, and really preserved the rights of old bondholders but required them to set about enforcing such rights with-out delay. The court was careful to say that "no statute of a State, passed after the bonds were issued, subjecting the minority to the provisions of the agreement without their consent, would be valid" (Gilfillan vs. Union Canal Co., 100 U. S., 401). The British statutes, being unhampered by constitutional restraints, proceed upon precisely the opposite theory, and the British courts may lawfully offer to a minority bondholder "Hobson's choice.

Another American experiment was an act of Kentucky, passed in 1896, permitting the courts to review and amend plans for the reorganization of bridges and rail corporations. There is no recorded case of resort to this statute. If the court under this law could exercise a discretion, the minority, no lawyer would think of using this statute, because he would know that the exercise of such a power would be unconstitutional. If, on the other hand, the court's function is merely to approve what the majority have already agreed upon, resort to
the court is superfluous. And if, third, the court is to amend and alter what the majority has already agreed to, certainly there is still less incentive to submit the plan to the court.

It will be recalled that in the case of the Chicago Railways Company, the Federal Court at Chicago entered an order which in effect directed receivers to lease the railroad properties of several companies to one reorganized company, and to permit the lessee to make its new mortgage a first lien upon the entire property. In spite of the objections of prior mortgages, it will also be recalled that the Circuit Court of Appeals set this order aside. The court through Mr. Justice Brewer pointed out that no State legislature could indulge in any such procedure and that the court likewise had no power materially to affect prior liens (Merchants' Loan & Trust Company vs. Chicago Rys. Co., 135 Fed., 923, 925).

One of the reasons urged for adopting the British reorganization system is that it would give small security-holders a simple recourse to the courts in the event that they consider themselves unjustly dealt with by a proposed reorganization plan. This argument would not be mentioned but for fear of having it said that it had been slighted. Resort to the courts is of no important value if the court cannot grant relief. Hence I have gone to the root of matters and considered the powers of the court. We are all of us perfectly ready to concede that if submission of plans to the court will act as a deterrent to unjust programs, it would be of some benefit. But there is no use of passing legislation which would merely afford a place of lamentations, without empowering the court to remedy the evils lamented.

The upset of the matter is that, unless the court can be given power to foreclose and debar the minority, nothing is to be gained from such statutes beyond a medium of publicity. The paramount feature of the British acts cannot be had in the United States. We can have courts or commissions approve or disclaim a plan as a plan, but not force a single security-holder, assenting or dissenting, to accept the plan thus canonical. Thus there is unnecessary confusion in the minds of those who urge the adoption of statutes like the British Reconstruction Acts. Save possibly (and of this I am very skeptical) as part of a modified bankruptcy statute, the thing appears to be impossible.

We are, nevertheless, experiencing some steps intended to carry us in that direction. The Missouri Act of March 17, 193, placing reorganizations of carriers among the vigilis of the Public Service Commission, is very like an amendment last year adopted in New York. Both seek to limit the amount of new securities by the commission-made valuation. Neither pretends to constrain the non-assenting minority. Both throw new difficulties in the way of financing; neither tends to help the reorganization to move forward swiftly and without impediment. They illustrate the tendency toward more statutes, but leave unsupplied the demand for better legislation.

It is, I am sorry to say, the fashion in some quarters to sniff contemptuously when it is said that our methods give every man his day in court. But the recent case of Northern Pacific vs. Boyd (225 U. S., 443) is, with many another case, a striking illustration and vindication of the value of one's day in court. As the bench divided five to four, we need not unanimously accept the majority's conclusion. But here was a case where, fifteen years after a reorganization, a labor-and-material creditor was granted recourse against the reorganized property. The lapse of time in prosecuting his claim, the fact of foreclosure and the heavy assessment submitted to by the stockholders, were all persuasive against the claimant. But the Supreme Court afforded relief and laid the foundation for the doctrine, to state it loosely, that in reorganizations the shareholders may not participate in the advantages of the reorganized enterprise, unless the creditors of all classes are afforded equitable opportunity and terms under the plan. The ruling, indeed, reminds us strongly of the English method of assessing certain stockholders upon reconstruction, for settlement with creditors often involves contribution by stockholders unless they are willing to abandon their interest in the corporation; and the Boyd decision bids fair to bring us further along the road toward the really vital features of the British acts than any statute has done.

By this all too hasty survey it is at least indicated, I trust, that the vigorous, efficient British statutes apparently cannot be enacted here without amending our Constitution; that anything short of the British plan adds nothing beyond publicity of dubious value, and in many cases adds to the perplexities and harassments attending the efforts of conscientious bankers endeavoring to rehabilitate discounted properties; and that our existing practices give every creditor and stockholder his day in court and preserve the right of free barter—propositions as soundly American and democratic as the British legislation is arbitrary and monarchical.
Committee Reports
Trust Company Section

Report of Executive Committee, by Ralph W. Cutler, Chairman.

Mr President and Members of the Trust Company Section:

On behalf of the Executive Committee it is a pleasure to be able to acknowledge continued growth of the Section during the past year. On September 1, 1913, the membership was 1,265—an increase of 112 over the number a year ago. So far as now known, almost without exception, every Trust Company of importance in the United States.

The period under review extended since the last Convention in Detroit has been one of great activity in Trust Company affairs, and during the year an unusual number of matters have come up in those matters which have not the earnest consideration of your Committee.

The legislature's of forty-one States convened in regular session during the past winter. This made a special amount of work for the Committee on Protective Laws, which has been very active in taking action in the laws in which Trust Companies are interested, both in a positive and negative way.

The Chairman of the Committee will make a report to the Committee, and we shall learn from it how much they have been able to accomplish. This is one of the most important committees of the Trust Company Section, and the Chairman can show to the faithful, persistent and efficient services of the members who compose the Committee.

At the Spring Meeting of the Executive Committee of the Section held at Briarcliff, New York, on May 5, among the matters brought forward for attention was the "Model Trust Company Law." This has been under consideration for several meetings, and at the request of the Committee a skeleton of this law has been prepared by the General Counsel, and after revision by the Special Committee appointed for the purpose it will be submitted for your consideration at this Convention.

The importance of uniformity in the laws of the different States, in so far as local conditions will permit, is so apparent that we trust some action will be taken by the Section during its endorsement by the Section.

The Third Annual Banquet of the Trust Companies of the United States was held at the Waldorf-Astoria, New York, on May 8. More than six hundred and fifty Trust Company officials, bankers and representatives of the banking fraternity from nearly all the States were present, and in the opinion of those who attended and in the accounts of the daily and financial press the event was a great success.

This success, judging from the attendance and from the accounts of the daily and financial press, cannot be regarded as one of the possible banking dinners given during the winter in New York City. The success of these affairs is due to the influence of the natural and personal character of these gatherings of Trust Company representatives, with their community of interest, enthusiasm in the public mind and the importance of the functions which Trust Companies are organized to fulfill.

In reference to the Income Tax, your Committee, at a conference at headquarters New York, appointed a sub-committee to draft a circular-letter calling to the attention of the membership of the Trust Company Section the need for self-supporting, and their finances do not in any way enter into the accounts of the Trust Company Section.

In reference to the Income Tax, your Committee, at a conference in headquarters New York, appointed a sub-committee to draft a circular-letter calling to the attention of the membership of the Trust Company Section the need for legislative action to enable the Trust Companies to adequately carry on their business.

This matter was referred to the Finance Committee of the Senate, the Executive Committee of the Senate, the Senate, and the House of Representatives, and the House of Representatives has been referred thereto and is in process of the Senate, and the House of Representatives has been referred thereto and is in process of enactment as a law. It has been passed by both Houses of Congress and has been sent to the President for his signature.

The bill represents what has been advocated in newspaper articles, and the President has signed the bill, and it has been passed by both Houses of Congress and has been sent to the President for his signature.

The success of the "Educational Publicity Campaign" was
an apparent that it seemed to your Executive Committee a "second impulse" at that time would be counseled by the Trust Company man who had successfully used the nineteen organizing interests in their last convention. In accordance with this idea a new series of fourteen articles was prepared, and these have been very extensively used in all parts of the country. These articles have been presented, have been received, and are now in course of publication.

The Association convenes extra sessions immediately. Consequently there is a change in the number of articles which will be available for use by the Association; the number of articles will be increased to about one hundred. In some cases, the entire series of fourteen articles has been published; and the campaign, in the judgment of your Committee, can be considered to have been of substantial benefit to Trust Companies.

No official meetings of the Association have been held at headquarters in New York since the Board Meeting at Briarcliff, to consider the proposed changes in the Constitutional provisions which will be presented by the Committee on Constitutional Revision to the Convention of the Association in the fall. On October 8. At the last meeting, on September 19, a circular letter was drafted which sets forth explicitly the opinion of the Executive Committee, and a copy has been sent to every member of the Trust Company Section.

The proposed revision was printed in full in the September Journal-Bulletin, and is also in your hands. Consequently it is not necessary for the Chairman to explain how in detail what is stated in that letter except to quote briefly from it. In reference to the reduced representation on the Executive Council, Under the present Constitution, the President, the Vice-President and the General Secretary of your Committee are ex-officio members of the Executive Council.

Proposed Revision. Article V, Section 1. The Executive Council shall be composed of members elected by the States, groups of States, and the District of Columbia, and of the President of the Association, the President of the Committee of Presidents of the Association for a period of three years immediately preceding their terms of office as President, and the Presidents of the Sections, or their successors in office, as members.

We feel most strongly that our active, progressive Section, having 1,500 members, should in all justice have a direct representation of three executive officers of its own, as at present, and that such representation, with full powers of management, be not too large to properly bring before the Executive Council matters of concern, and meet the particular requirements of the Trust Company Section.

Resolutions to report the disbursement of funds allotted by the Executive Council:

Proposed Revision. Article X, Section 2. Sections shall be under the supervision of the Executive Council, and subject to the directions of the General Convention.

All By-Laws or Standing Regulations of any Section shall be, before becoming operative, approved by the Executive Council. The Sections shall make written report annually to the Executive Council and to the General Convention. The Executive Council may make rules and regulations for the control of any Section so approved.

By-Laws. Sixth Section. 8. Salaries and compensations of Secretaries and employees of Sections may be fixed by the General Convention and by the Executive Council, and such officers and employees shall be subject to the supervision of the General Secretary and of the Executive Council.

Under the present Constitution the Section is subject to the supervision of the Executive Council, but the management of the branch office and the direction of the officers and employees is vested in your Executive Committee. The new Constitution would seriously lessen such control over the policies of the Section, and over the small appropriation granted by the Executive Council from the large amount of dues paid to the Association by the members of the Trust Company Section, and might injure its initiative and occasions of importance.

Your Committee is firmly of the opinion that the suggested changes would tend to destroy the strength and vitality at present to be recognized in the work of the Section, and impair the cooperation which now exists between our Section and the parent Association; and we come before you to-day with great confidence that this Convention will take action toward defeating a revision of the Constitution which contains such radical and objectionable features, and doing justice to the interests that we believe to be the best interests of the Trust Company Section, and consequently of the American Bankers Association.

RALPH W. DANIELS, Chairman.


During 1913 the General Assemblies of forty-two States have been in regular session. The Governors of several States have convened extra sessions and bills proposing financial legislation have been introduced in number of any similar period since the Protective Committee was established. During the entire year the national Congress has been at work along similar lines.

The Association has a Currency Commission and a Federal Legislative Committee to look after the interests of Trust Com-
TRUST COMPANY SECTION.

Report of the Secretary, P. S. Babcock.

To the Members, Trust Company Section, American Bankers' Association.

GENTLEMEN: I beg to submit herewith my report for the year ending August 31, 1913. The Financial Statement, as furnished from the General Secretary's office for the fiscal year ending August 31, 1913, is as follows:

CREDIT:

By appropriation of Executive Council, September 13, 1912. $6,300.00

sale of Trust Company Law. 7.90

sale of Trust Company Proceedings. 43.10

Account postage and stationery. 34.00

Rate of State Banking Statute. 30

$9,588.00

DISBURSEMENTS:

Salaries. $2,652.50

Contribution expenses. 131.92

Rent. 656.46

Executive Committee Meeting. 921.40

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Proceedings 1912. 1,007.02

Levering Cup for retiring President Price. 125.00

Administration. 125.64

Traveling expense. 43.10

Legislative Committee. 43.40

Telephone and telegraph. 5.50

Gold bond retiring President. 3.90


$7,398.56

Credit Balance. $907.44

The credit balance of $907.44 has been transferred back to the general funds of the Association. Certain bills amounting to about $300 were received too late to be included in the disbursements of the year, but the statement shows that we have kept within our appropriation by nearly $700.

The book of "Forums for Trust Companies" is still in demand. It has been necessary to have bound, in the past year, a hundred copies, and the credit balance to date is $1,125.00. There are still five hundred copies printed, but not bound, and I suggest that I be authorized to have a hundred or two hundred of these copies bound and that the price, which has been regularly $15, be now reduced to $10 and that an active campaign be undertaken to sell these new volumes. This would leave the section a fund for other purposes, such as publication of books and otherwise as might be decided upon during the year.

Membership in the section now numbers, as of September 1, 1913, 3,163 companies, a net gain for the fiscal year of 112 companies.

Respectfully submitted,

P. S. BABCOCK, Secretary.

Report of Committee on Legislation.

To the Members of the Trust Company Section:
The Committee on Legislation was first created by this Section in November, 1911, at its annual meeting in New Orleans, Louisiana, by the unanimous passage of the following resolution:

"Resolved, That the Executive Committee shall annually, at its first meeting, appoint a Committee of Five as a Committee on Legislation of the Trust Company Section. The President, the First Vice-President, and the Chairman of the Executive Committee shall be ex-officio members of such committee; the other two members may, or may not, be members of the Executive Committee. Such committee shall serve until the apportionment of their successors."

The work of this Committee this past year was almost entirely in conjunction with that of the Executive Committee of the Section, which met frequently during the year.

The inclusion of an income tax in the Underwood Tariff Bill, under the provisions of which most onerous duties and responsibilities were imposed upon Trust Companies in connection with the collection of the Tax at the source, resulted in the appointment of a special committee by the Executive Committee of the Section at Baton Rouge Manse on May 9th, to secure the correction of these administrative details, if possible.

This special committee, consisting of Messrs. A. J. Jackson, John H. Mason and Isaac H. Orr, considered the whole situation in a most comprehensive manner, and brought before each member of the Section the need for immediate action in securing a revision of this section of the law. The thanks of this Section should be accorded this Committee for its prompt and energetic work in this connection.

Acting under a resolution passed at our last annual meeting in Detroit, the Committee on Legislation have had prepared by the General Counsel of the Association, Mr. Thomas H. Paine, a draft of a Model Trust Company Law. This draft, which is to be considered as suggestive, merely, has been discussed at various conferences of this Committee, and by resolution of the Executive Committee has been placed upon the program of this meeting for your consideration and discussion. It has been published in full in the current number of Trust Companies Magazine, and copies have been printed for distribution at this meeting.

Respectfully submitted,

F. H. Goff,
W. W. CUYLER,
O. C. FELDER,
F. H. FEIN,
W. C. PUTNAM, Chairman,

Committee on Legislation, Trust Co. Section,
American Bankers' Association.
MORNING SESSION.

Tuesday, Oct. 7, 1913.

The Trust Company Section of the American Bankers' Association convened in Paul Revere Hall, Mechanics Building, Boston, Mass., on Tuesday morning, October 7, 1913, at 10 o'clock, the President, Walter C. Poison, of New York, in the chair.

The Proceedings is detail follow:

TEN PRAYER: The eighteenth annual meeting of the Trust Company Section of the American Bankers' Association will now proceed.

Our proceedings will be opened with prayer by the Rev. Walter E. Smith.

TEN PRAISE: The President: Gentlemen, you have heard the report of

and by-laws of the American Bankers' Association. This Committee on representative revision has completed its work, and the final draft of the revision is set forth in full in the September JOURNAL-BULLETIN. It is a most comprehensive revision, and great credit is due the Executive Committee as a whole, and especially to its able chairman, Mr. James, for the conscientious work done in its committee.

The officers and Executive Committee of the Trust Company Section have given a great deal of consideration to this revised constitution and by-laws in connection with the Constitution and its relation to the main Association. As these changes were in some respects radical, the President of the Executive Committee was held at the Association's headquarters in New York, with Mr. James, the Chairman of the Revision Committee. The members of the Executive Committee who were present endorse to consider the Revision Committee Chairman that the provisions of the present constitution as to the representation of the Sections on the Executive Council had proved most satisfactory to the past, and that the excellent work of the several Sections had been accomplished under these Sections. In this effort they were unsuccessful, and the officers and members of the Executive Committee are unanimous in their recommendations that the provisions of the Trust Company Section should oppose the adoption of that provision of the revised constitution which reduces the representation on the several Sections of the Executive Council from three members to one member, and the provision that the Executive Council shall control the disbursement of the funds provided by them for the use of the several Sections, and also the proposed by-law which provides that the secretaries or employees of the several Sections shall be directly subject to the provision of the General Secretary and the Executive Council.

A letter has been sent to each member of the Trust Company Section, signed by the three executive officers of the Section, setting forth, in detail, the situation in connection with this revision as affecting the Trust Company Section, and it is confidently believed that the wisdom and justice of our course will appeal to the Convention as a whole, when our reasons for opposing these changes are clear to the assembled delegates when the subject of revising the constitution is before them for action at the general Convention on Wednesday next.

One of the most important undertakings of this Section during the past year has been the launching of a publicity campaign of education in the daily press on behalf of Trust Companies in their particular field. This campaign consists of a series of widely circulated, easy to understand, explanatory the special functions of the Trust Company, written by a reputable and published in about one hundred newspapers in different cities of the United States. No other experience under taken by this Section has brought forth more favorable comment than this campaign, which has been almost entirely under the direction of the Chairman of the Executive Committee. This subject is upon our program for discussion to-day.

The excellent work of the Committee on Protective Laws has continued this past year with its familiar tireless energy, as the formal report of the Committee will show. I desire particularly to mention the great work that is being accomplished on behalf of Trust Companies as a class by the monthly magazine, Trust Companies. Although not an official Journal, strictly speaking, it has never failed to uphold in every way the highest ideals of our profession, and is devoted to our cause of raising the standard of perfection wherever possible.

Although there are more than two thousand Trust Companies in the American banking field, there are only three States which enjoy State Trust Companies Associations, viz., New York, Pennsylvania and Wisconsin. It is greatly to be hoped that other States will follow suit by enacting similar legislation that is being enacted by other States in the light of the continual legislative body, requiring constant watchfulness on the part of all classes of banking institutions.

Since the foregoing was prepared there has been a change for the better in the draft of the proposed revised constitution regarding our representation on the Executive Council in the new revised draft of the Constitution, and the chairman of the Executive Committee has set forth in detail in his report which we will now have.

Report of Executive Committee.

(Report of the Executive Committee is given on page 177 of this publication.)
REPORT OF COMMITTEE ON LEGISLATION.

[We print this report on page 176.]

the President: Gentlemen, what is your pleasure regarding this report?

Mr. John B. Clemens, of Camden, N. J.:

I move its adoption.

(The report was adopted.)

The President: We will now listen to the report of the Committee on Protective Laws, which will be presented by Mr. Lynn H. Finkbiner, the Chairman of the Committee.

REPORT OF COMMITTEE ON PROTECTIVE LAWS.

[See page 178 for report of Committee on Protective Laws.]

The President: What is the pleasure of the Section as to the report of the Committee on Protective Laws?

(The report was adopted.)

The President: We will now listen to the report of Mr. Philip R. Babcock, the Secretary of the Section.

REPORT OF THE SECRETARY.

[The report of the Secretary will be found on page 178.]

The President: Gentlemen, if there is no objection of the report of the Secretary the record will be required and placed on file. The Chair hearing no objection, it is so ordered.

We are very fortunate in having with us to-day a man who is known to us all, at least by reputation, the Hon. Samuel W. McCull, of Massachusetts. Mr. McCull will address us upon a subject of peculiar interest at this time, "The Relation of the Government to the Trust Company."


[Mr. McCull's address in full appears on page 171 of this publication.]

The President: Gentlemen, I think Mr. McCull has made it very plain to us all that our State governments are far better able to govern our affairs than if we are regulated under any National act, something which I think many of us think is surely on the way. It certainly has clarified my mind on the subject.

We have also with us to-day a gentleman, a member of the New York Bar, who has been connected with large railroads and banking institutions for years, who is going to address us in connection with a particularly Trust Company subject—Ad

Additional Legislative Regulation of Corporate Reorganizations, and I introduce to you Mr. Roberts Walker, of New York City.

"Additional Legislative Regulation of Corporate Reorganizations," by Roberts Walker.

[Mr. Walker's address in full may be found on page 174.]

Mr. Oliver C. Fuller, of Milwaukee, Wis.:

I think we are very much indebted to Mr. McCull and Walker for their very interesting addresses, and I move that the appreciation of the members of the Section be expressed by a Kopvting vote.

(The motion was seconded.)

The President: Gentlemen, you have heard the motion that has been made. All in favor of the motion will please rise. The motion is carried.

APPOINTMENT OF NOMINATING COMMITTEE

Mr. A. A. Jackson, of Philadelphia, Pa.:

Mr. President, I think at this time in our meetings it is usually arranged to have a committee appointed for the purpose of nominating five members of the Executive Committee, and therefore I would offer this resolution:

Resolved, That a nominating committee of five be appointed by the President, which committee shall receive names in writing from the delegates present, from which names the Nominating Committee shall select in 1910, and which names shall be reported back to the Convention for 1911.

The President: Gentlemen, you have heard the resolution. Is it seconded?

(The resolution was adopted.)

The President: Gentlemen, it would seem to the Chair desirable that we consider the names. I assume that you all have in mind a number of gentlemen whom you think of, and I will suggest that the Secretary pass around the hat and the names will be given to the Committee on Nomi-
Companies, what more can any of them do for us? Who are these companies that we are buying at the counter of every banking institution. The things which we alone offer for sale are the service of a corporate executive, an administrator, a trust officer, a personal trust (living trusts, we call them in Ohio) and the various forms of trust company, such as the trust business in general, and various corporations, such as the certification of bonds, transferring and registering of stocks and bonds, receiver, etc. These things are not bought for every demand. Do they possess merit? The answer lies in the efficiency, the conscientious attention which the administration of trusts can command when committed to a well equipped Trust Company. The most satisfactory method is that one which is based on the sound procedure that has been derived consist of entrusting the management of affairs to individu¬uals who have the confidence and cooperation of the clients and the support of the Board, always with the advice and counsel of the Board, and as a result of the public and the confidence of the public. A Trust Company can be purchased by our customers, can there be any doubt as to the merits of the good we are offering for sale? It seems a waste of time to discuss a question in the presence of the public which is responsible for the type of trust company service how available are there. Asked that our goods have merit, which shall we use in our windows to attract the attention of the public? Clearly this is not a difficult problem. There is little to be gained by advertising itself as a large and successful firm. Corporate trust departments. The appointment as Trust Agent to the banks is not of the same class as the appointment as Trust Agent to the banks. The business is what you have been advertising your public. We are not dealing in luxuries; we are selling what we call a necessity, and we are selling it at a price which deflects competition.

Assuming, for the purposes of argument, that these premises are correct, and that our goods are meritorious and are worthy of being advertised extensively, I proceed to the next ques¬tion. How many can we bring to the attention of the right people in the right way? Two methods have been suggested. One, a publicity campaign by means of inspired news articles and editorials in newspapers and other publications. The other placing our goods before the public through paid advertising in periodicals of national circulation. I would give you my unsolicited to the first method if I could make myself believe that it would work. A noble purpose is to have a noble-minded ambition to preserve the property of the widow and orphan and the money of the rich and the poor. It is to run this country and to join enthusiastically in our crusade and all the onerous things with which we are beset. In my articles in furtherance of the just cause. But how can we make them new? I see that in that I am one of the social scale it can't be done. A lot of friendly naval advertisements are accomplished with this line during the past year, and the Chairman of the Executive Committee of the Board of the National Association has secured a high degree of cooperation from the newspapers of his own city. If such a campaign could be conducted by a man like Mr. Cut¬ler in every large city in the land, it would doubtless succeed. But others find that it is practically impossible to continuously produce or produce educational articles and get the newspa¬per men to admit that they have news value. We tried it in Cleveland, and by dint of promises, threats and applica¬tions, secured a publication of a number of articles. The make¬up man, we find, seems to delude in running the articles, also the social news articles and the social news articles. Mr. C. A. Hoax, Vice-President Cleveland Trust Company, Cleveland Trust Company. Mr. President and Members of the Trust Company Section: A successful advertising campaign is based upon two essential elements: one is the public opinion the public must be brought to the attention of the people in the same way. It is admissible to attempt to advance our interests by obtaining free use of the columns of the press; that it is not ad¬visable to attempt to increase the public's opinion by aggressive methods, because the benefits would not be forthcoming, but the people in the same way. We are not asking our friends to advertise the Company, as distinct from those sold over the counter

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at the bare suggestion that the tone of editorial comment in any American publication might ever be influenced ever so slightly by the size of an advertising contract. If we were not too busy to hope that the editors would see our ads and be convinced by our logic. Thus a modicum of free publicity might follow.

In Cleveland, our leading newspaper, the Plain Dealer, is conducting a campaign to get more advertising for the local Trust Companies, and is doing this by threats or entreaties, but by trying to prove the value of giving publicity to our functions. The following Machiavellian advertisement appeared conspicuously in the Plain Dealer a few weeks ago:

**TRUST COMPANIES AND WILLS.**

A will is a private law which civilisation permits you and me to make concerning the disposition of our property after death. We may use that legislative power cautiously, prudently and wisely. If we fail to use it, however, we can commit a public offense, but the offending caused by us will fall to the lot of those we love.—David Hosmer, of the New York is.

Money One handles is willing to draw wills free of charge in consideration of the business they will ultimately get from the residuary. Only a few of the Trust Companies advertise their capacity for service in this respect through the newspapers.

The Trust Companies owe it to themselves, to their present clients and to prospective clients to make the public, through legen¬
tary newspaper advertising, the vast importance of using the private legislative power in the way it was intended. Only thus can we get the bulk of the business which is evidently wanted.

We know what we are talking about when we say any sound Cleve¬

The Trust Companies can vastly increase their business with a judicious, graceful, and logical kind of advertising in the Plain Dealer about the making of wills.

The Plain Dealer,
Financial Advertising Department.

An argument in favor of a paid advertising campaign would be made without a doubt. This suggestion is to have such a campaign might be handled. A fund approximating a hundred thousand dollars should be provided to cover the cost of advertising for the year. It should be used to pay for conspicuous advertisements from time to time in such publications as The Saturday Evening Post, Harper’s, The Century, The Century’s Digest, REPORTS, The Commercial and Industrial American Review, World’s Work and Review of Reviews.

The Trust Companies who contribute should be given advertising participation in the placing of the advertisements, so that simultaneous with their appearance local newspa¬
ter advertising could be used as a supplement to the general campaign. In the case of 8,100 of 1% of capi¬
tal and surplus from all Trust Companies qualified to accept trusts would provide the funds. Any high-class advertising agency should handle the campaign satisfactorily, under the supervision of a committee representing the Section. The cam¬
paign would not be haphazard or expensive and surely it should be effective. We have something worth saying—why not cry aloud through the land?

Mr. OHNER: Gentlemen, we have listened to two very interesting addresses upon this subject, a subject which we have had up for discussion at several of our recent meetings, and I hope there will be more discussion of it to-day.

Mr. WALTER C. YOUNG: I would like to say that these pa¬
pers are both very valuable, and I think those gentlemen may both be right in practically continuing the work that has been done this year by your Executive Committee. The Executive Com¬
mittee has plunged the field. The objective publicity cam¬
paign, which we planned, has been carried forward to a rea¬
sonably successful conclusion. Articles have already appeared in more than 100 newspapers, and I think it is now up to the Trust Company Section after the field has been plunged by us to take this matter and carry it forward, if they desire to do so, upon the lines indicated by these two papers.

The PRESIDENT: It is quite true, as Mr. Culter says, that the Executive Committee of the Trust Company Section has demonstrated that it is possible for us to secure the co-opera¬
tion of the newspapers in the articles which are not in any sense advertising, but which have been of great bene¬
fit to the Trust Company business.

Are there of further remarks upon this subject?

Mr. H. F. HUGO, of Cleveland, Ohio:

I move that this matter be referred to the Executive Com¬
mittee and the question taken under consideration, and that the Committee report to the next convention with their recom¬
mandations.

The motion was seconded.

The PRESIDENT: Gentlemen, you have heard the motion made by Mr. Goff. Is it on the table ready for the question?

Mr. JOHN H. Hijklrain, of Indianapolis, Ind.:

What subject is that? I could not hear back where I am sitting.

The PRESIDENT: The subject presented in these two ad¬
resses. All in favor of the motion ayes—Goff without eye: opposed. The motion is carried, and it is so ordered.

**NOMINATING COMMITTEE NAMED.**

Before we take up the next subject, the Chair will announce the Committee of Five which this meeting directed should be appointed to consider nominations for the members of the Ex¬
cutive Committee. The Chair will appoint the following gen¬

Oliver G. Fuller, President of the Wisconsin Trust Company, Min¬
neapolis, Min.

Willard King, President of the Columbus Kelch & Becker Trust Company, New York City.

Frederick J. Keny, Vice-Pres. of the Merchants Trust & Deposit Company, of Baltimore, Md.

It is nominated that the Committee of Five be:

The following gentlemen, in the opinion of the Executive Committee, are likely to make the fullest use of the Trust Company funds, and are therefore nominated as the Committee of Five for the purpose of considering and recommending to the Board of Directors the names of the five directors respectively who are to be appointed to fill the vacancies which will arise by the expiration of the present terms of office of the Directors upon the Board of Directors at the next annual meeting.

The Committee of Five, consisting of the five members who are to serve as Directors, is nominated.

Mr. JOHN H. Hijklrain, President of the Union Trust Company, In¬

**GENTLEMEN, we will now take a recess for luncheon, and re¬
assemble at half past one o’clock.**

(Afternoon Session, April 1838.)

Mr. President: The meeting will now come to order. The first subject upon the program for this afternoons consideration is

ANNUITIES AND PENSION FUNDS FOR EMPLOYEES. Mr. FRANCIS KENY, of New York:

A large number of banking and industrial institutions through¬
out the world have, during recent years, been adopting a plan aimed to protect their employees during periods of temporary disability, after the age of desirable retirement, and their fami¬
ly after death. The different systems now in actual operation include the following:

First: Employers participation in profits. (Aimed to enable the employers to save sufficient money to protect themselves in case of loss of position. Example—Eastman Kodak Company.)


Third: Pension fund made up from payments by both em¬

Fourth: Combined pension and profit sharing plan made up entirely by the employer. Example—Union Savings and Trust Company, Cincinnati.

Fifth: Insurance issued by life insurance companies, for which payment may be made in one of three ways:

A: Entirely by the employer.

B: Partly by the employer and partly by the employee.

C: Entirely by the employee.

Examples of the first form of payment—Northern Trust Com¬
pany of Chicago, Merchants Trust Company of St. Louis.

Other forms combining some of the above are also in opera¬

The interests of every employer of labor demand that the em¬
ployees shall be contented and loyal, that they be interested in the development of the business in which they are engaged, and that they be as free as possible from any fear of the financial effect upon themselves and their families should they be dis¬
abled or should they die. Anxiety over such contingencies often leads to inefficiency through mental deterioration, because of worry, oftentimes to actual theft, and always to a favorable consideration of every new opportunity of employment which may present itself. A pension fund system is aimed to give the employee a sense of security in the knowledge that after he has served a sufficient number of years, ordinarily ten or fifteen, he will have a fund in case of disability for a period of time, usually the number of years that he has been with the company employing him, and that when old age comes upon him he has a steady income for a series of years, or for life. Further, that his family will receive a pension (for a reduced amount) for a period of time based upon the length of service of the individual, the widowhood of his wife and the age of his children, the latter receiving a pension under the usual condition, if he should become sixty or eighteen years of age. This is most satisfactory form, but does not cover every con¬
tingency, as the employer is not able to pay whatever the amount. If the employer has paid into the pension fund, provided he contributes toward it, unless he has served ten or fifteen years, or whatever length of time the system may require.

The younger men in the employ of an institution are the ones

http://fraser.stlouisfed.org/
would naturally be affected in such cases, and it is therefore
not unreasonable, unless they have other plans dependent upon
them. This risk can be covered by a form of blanket in-
surance, the premium on which is based upon the salary of
the clerk, and at his death the receipt of his salary in a lump
sum, or two or three times his salary, should such
unexpected event occur. A combination of insurance and
life insurance would cover every contingency, but in actual practice
the pension fund seems sufficient.

A pension scheme has opposite effects upon different
individuals. In some cases they increase efficiency and interest
in the company at all times, and in others they result in fric-
tion in years in the production of a small, that often leads
to greater dissatisfaction than if the plan were not in existence.
In one institution where this scheme was tried, the number
of the employees were seriously inconvenienced after the passage of 1897,
as they had figured on their share of the profits and had prac-
tically spent it. Under a profit share plan it is, of course,
possible for a company to over-episode the interests of its employees
by investing the fund for them and paying them the income
only. This is a kind of paternalism that tends to stop the de-
velopment of the individual, and has proved very unsatisfactory
when tried. It would seem that a pension fund requiring pay-
ments by both employee and employer, annuities being based
on length of service, is the most practical and satisfactory.
Under such a plan, at the end of the term of employment, the
employee may have a sum of money, less the amount of any
premiums, more, provided the profit warrant and the fund requires it.
In order to get at such a fund and place it upon a proper work-
ing basis, it is necessary, if employees are to get the benefit of past years of service, to the company to establish the fund
with the employer, on the hand, of such amount a sum
is usually taken which replaces the payments that would have
been made by the employees from the date of their employment,
had they continued to work and pay into the pension fund, and at the end of each year the company pays into the fund
such sum as will replace the payments made by the employ-
ees. More than that, in order to make sure that the employees
have the fund effective, it is necessary to figure the interest, as payments would have undoubtedly been made to the employees had the fund been operative that
would have increased it. In order to have the fund effective, it is necessary to figure back in this manner, for otherwise
those employees who might be nearing the age limit
could not be retired on any favorable terms, for the purpose of
the fund would be destroyed for many years to come. It is
not claimed that any such method of figuring in the establish-
ment of the fund is entirely scientific, but actual practice has
shown that it is near enough correct in principle so that,
together with the variable payments that may be made into the
fund by the employer based on his profits and the need of the
fund as it develops, it can be kept solvent. When the employee
is asked to contribute to the fund, it does not place a real
charge on him, but results in the accumulation of an asset
that must not be taken from him, or to his heirs, if they sell or
another. Under the ordinary pension fund system such points
are covered in one of the following ways:

1st: By a retirement or discharge, in cash for the actual amount
paid in, sometimes with and sometimes without interest.

2nd: In the widow's or minor children's life, with or without interest, in
case of death before completion of ten or fifteen years.

3rd: In the form of a pension in case of disability after
age, fifteen years' service and before, say, the age of sixty.

4th: To the heirs in case of death after the completion of
age, fifteen years' service in the form of a pension to the widow
and minor children for, say, the same number of years that the
employee has been with the company.

5th: In the form of a pension from the age of retirement
at age, sixty or sixty-five for as many years as the clerk has
been in the service of the company, or if such service has cov-
ered a period of, say, twenty-five years, for life.

Sixth: To the widow and minor children in the form of a
pension in case of death of an employee after he has retired
upon a pension and for the number of years that the employee
was connected with the company before his retirement, less the
number of years that he has been a pensioner.

These payments figure out under the usual plan, which fixes the
pension paid at one or two per cent of the amount of salary received, multiplied by the number of years of service and the total percentage not to exceed in some cases fifty
or seventy-five per cent, so that it is only in the case of
resignation or dismissal of a clerk or of his death before he
served the maximum number of years, that he or his family will
not receive a larger sum than would be represented by the payments,
together with compound interest at the legal rate.

The pension payments under the form of the amounts con-
tributed to the fund by the employer.

It is necessary to practice a such a pension fund represents the
interest of a principal that the average employment is not
likely to hope to save. The amount increasing as it does with the length of
service takes away the sense of added years, and such a plan
is not feasible long in any company before the employees begin to look back and with satisfaction upon their years of serv-
vice. They naturally become more anxious to do their work well and to get the return which is mutually valuable to themselves and their employers, and that leads to the internal co-operation between them and greater satisfaction to all con-
cerned.

The President: I am sure that Mr. Kent's paper is one of very great value to us. Now, if any gentleman desires to ask any question of Mr. Kent, I think he will be very glad to answer them. If not, we will proceed.

REMARKS OF ARTHUR REYNOLDS

We have the honor, gentlemen, of having with us the Presi-
dent of the American Bankers' Association, Mr. Arthur Rey-
olds, and I think we would be glad to have a few remarks from
him. (Applause.)

Mr. REYNOLDS, of Des Moines, Iowa, Vice-President
and Acting President of the American Bankers' Association:
Mr. President and gentlemen of the Trust Company Section:
I did not expect to be called upon to make any talk here this afternoon and had no thought of doing so in any extended way.
I assure you that it is a very great pleasure to me to be called upon, and I am very glad to do so.
I assure you that in all of the sections there are men of exceptional ability who are operating, as officers of the salaried employees' pension system, and that there are men who have proved their capacity with the work of this particular section, and I congratulate you for it.
The Board of Governors, and the members of the Board of Governors, have shown not only in their increase in membership, but also in the great amount of the work that you are doing. I know a great many of you are here, and I congratulate the Company
Section, as are the all the sections in the Association, is rec-
nounced as it grows, and in the Federation in the growth of the American
Bankers' Association.
I assure you, gentlemen, that the officers and the Adminis-
trative Committee of the American Bankers' Association, who have
men who have any charge at all over the work of the Asso-
ciation, will do anything in their power to aid you in your work. I am very much pleased that they offer to do so. I thank you for your reception. (Applause.)

The President: I assure you, Mr. Reynolds, that we have always had the strongest support from you in everything that we have brought before the Administrative Committee of the American Bankers' Association.

Gentlemen, if there is no further discussion upon the last
topic, we will proceed to the next subject upon the program, which is the "Model Trust Company Law."
ferred back to the Executive Committee for such action as they may give it, and to report back to the Convention.

The President: Gentlemen, you have heard the motion. Are you ready for the question? If so, all in favor of the motion will now signify your vote by saying "aye." And if opposed, you will signify your opposition by saying "no." This motion seems to be carried, and it is referred back.

We are now ready for any general discussion, which is the best part of our program.

Mr. McCarter: May I say one more word? As this model of a banking law is the result of the very best efforts of W. J. Coxe, I think, after the adjournment of this Convention, people may wish to study the proposed bill very thoroughly, and may wish to comment upon it at length in the Secretary of the Section. I want to refer to it. I think they should be invited to do that.

The President: That is a very good suggestion, and I hope that members will follow it.

W. J. Coxe, of New Jersey:
I think I am in charge of Trust Company matters, that the American Bankers' Association only interfere or try to get laws passed in States where there is no State organization of bankers. If there is a State organization of bankers in any State, then I think the American Bankers' Association should leave the handling of legislative matters in such States to the State organization.

Mr. C. H. Oxz, of St. Louis, Mo.: I have served on the Committee of the American Bankers' Association, I would say that it is the fixed policy of the Association and of its Connell to not in any way influence or try to control State legislation except when the State organization of bankers, and any suggestions that emanate from the American Bankers' Association for them to take action upon.

I might say that this proposed model Trust Company law was got up on the general demand of the people. Now, there are certain fundamental principles upon which it was thought the Trust Companies might agree as good things. For example, taken as a whole, the whole question of the investment of trust funds. That is a question which is not over one-third of the States of the Union that have laws governing the investment of trust funds. Then the main is to the trust funds in the trust companies. It is the law of the land, generally speaking, which all of us as laymen recognize, that we must not use trust funds with our own funds, and, if he does, his own funds are likely to suffer.

There are many fundamental principles which I think every intelligent Trust Company man understands, and yet the office gets inquiries in reference to them. Now, I think we had better not rash as a model Trust Company law, but let us call it "a suggestion of principles governing the administration of trusts," or something of that sort.

I agree primarily to eradicate the idea that might exist in the minds of some people, that any one connected with a Trust Company has a law or a practice on behalf of any particular State. That is not so. It was simply with the idea of endeavoring to ascertain if any help could be given in the form of an ex-officio legislative statute rather than a general one. The use of the word "trust" in the corporate title of various concerns. That goes merely to the form. The essence is the protective manner in which the business is conducted. As a result of all this the Commission to which I have referred has had passed in forty-eight States laws that they have recommended. Notwithstanding the laws in the Negotiable Instruments Law, the Warehouse Act, the Bill of Lading Act.

Now, will it be just the thing for this Section, mindful of the responsibilities that come to us in the handling of long term trusts, to sit by without suggestion when the State that come from Ohio, has been, at least with legislation of a protective nature relating to the administration of trust business. Mr. McCarter thinks that he has got all the legislation in New Jersey which may be set up in some other States, but it is not so in Ohio. There is no law in Ohio as to the utilization of trust funds with other assets, and there is no adequate control exercised in Ohio over the investment of trust funds.

Mr. Orr conceived correctly, as I think, if you please him, the purpose of the Executive Committee and of the Legislative Committee in this matter. It is not to go to the several States that a uniform act be adopted, but simply to call the attention of the State organizations and to the authorities of the States that will set them thinking right, on the duties and responsibilities of edu-

clary trustees and the way the business should be safeguarded. I quite agree with Mr. McCarter that it is not desirable to pass this bill as it stands. However, it is important that this section must be well considered, but I do hope that the American Bankers' and Executive Committee and the Interim between now and the next meeting will give the matter serious thought—not along the lines of drafting a bill for the purpose of taking its adoptation in all States, but in the purpose of determining the fundamental principles as Mr. Orr has styled them, that should control the administration of trust affairs.

The President: Mr. McCarter's motion has been approved by your very able subject and closed for the present.

I will say that I will in the Executive Council yesterday a resolu-

tion was passed which was aimed to produce uniformity of ac-

tion on the responsibility of the legislative committees of the various bodies of the American Bankers' Association so that they should work more in harmony and to the purpose. Now, (with that in view, my understanding is that the Chairman of each of the Sections becomes in the future under the new constitution, and will do what he can and, I hope, to close the Legislative Committee of the American Bankers' Association.

Mr. W. S. Brynko, of Little Rock, Ark.: I understand the practical policy of the Legislative Committee, I understand, to work through the State Banking Associations.

The President: The Chairman of the Executive Committee and your President, were a member of the Committee on the Resolution on the Constitution, and that committee will present their report this afternoon in the convention at the time with the report on the revised constitution is submitted, a re-

port containing the changes which were referred to this morn-

ing. That report is due to-morrow. Indeed, they, I think, are gone farther than the revised constitution as it stands, and are going to provide that any of our officers who may be ex-of lying members of the Legislative Committee or any ex-officio par-
ticular committee to which they may be elected, until the end of their term in office in the Section.

Mr. McCarter: Gentlemen, I do not believe that the mem-

bership of this Section have any idea of the amount of work and the trouble that the executive office of this Section have rendered to the Section at large in this most deti-

cate work connected with the revision of the constitution of the American Bankers' Association and the revision of the rules of seeing the skilful manner in which they have performed their duties and have handled the matter, and I want to say—and I hope the Executive Committee will put the suggestion on the motion—that the Section expresses its appreciation to our executive officers for what they have done.

The motion was seconded.

The Secretary: Gentlemen, you have heard the motion made by Mr. McCarter, and, as I am requested to put the question, I will ask all who are in favor of it to say "aye," and those op-

posed no. The motion seems to be carried; it is carried.

The President: The matter has been brought on behalf of the members, as well as on my own behalf, I thank you.

The next order of business is the Roll Call of States, to be answered by the Vice-Presidents of the Section in brief written reports.

ROLL CALL OF STATES

ARKANSAS

Mr. W. L. Emmington, of Little Rock:

AMERICAN BANKERS' ASSOCIATION throughout our State are sound. Bankers and business men are looking forward to a season of good business. The increase in banking facilities continues at a good rate, and we are glad to be able to report that we have at last succeeded in securing the passage of a good banking law, which becomes effective January 1, 1914. A good man, who has had a number of years' experience as a banker, has been chosen to head the department of banking in this State, and that he has had no banking law, the future have been remarkably few, but the operation of a new law will, we hope, minimize the danger.

In 1908 there were twenty-five trust companies in Arkansas with a combined book of $4,118,000, and combined deposits of $5,500,000. On May 1 of this year the number had increased to fifty-eight, with a total capital invested of $8,180,000, and having total deposits of $13,000,000. The volume of banking business now transacted by trust companies in our State is not very large, the increase during the past year in the total deposits and the increase of wealth throughout the State will cause the public more and more to make use of the various facilities of the trust companies.

ARIZONA

Mr. N. E. Pfeifer, President of the Southern Arizona Bank & Trust Company of Tucson:

I believe that in your past year's report you have been a very profitable one for the trust companies in this State. I have understood that your business has increased during the past year, and that of every other trust com-

THE following year. We have had copious rains in our State, and accordingly the stock man says that there never was a time when the mining industries of the State have been operated more successfully than during the past year.

The banks are doing a great business, and the copper and the silver and the mules have been well watered and enabled both the large corporations and the small operators to benefit one another in the same way we are with a very handsome profit.

Our valleys are being filled up by incoming settlers, and many por-
IOWA.

Mr. JAMES F. TROY, President Farmers' Loan & Trust Co. of Sioux City:

It gives me pleasure to state our last legislative session amended our Trust Company laws to include the granting of insurance by Trust Companies, the creation of a general Trust Company business, and the indications that many new Trust Companies are being organized. As a result of these provisions, in the past year, there have been 250 new companies organized, and the number of companies has increased.

It is necessary to compare with the Savings and State Banks that the function of a Trust Company is this. It is, however, provided that State and Savings Banks shall segregate their trust department and trust funds. The great State of Iowa has again harvested nearly its normal crop, which makes a very valuable farm and commercial interests are prospering, as usual, with the promise of a very successful year.

KENTUCKY.

Mr. JOHN BEECHER, Vice-President Louisville Trust Company:

As President from the State of Kentucky, I would respectfully report that the year has been a happy time for our Legislative, and as no change of laws affecting Trust Companies. Croops in Europe are being above average in the State, and the condition is very prosperous. The great State of Kentucky has always been a leader in the agricultural and commercial interests, and we are very well satisfied with the results.

ILLINOIS.

Mr. LUCAS TAYLOR, President Chicago Savings Bank and Trust Com-
pany:

Mr. President and Gentlemen: Most of the Trust Companies are members of the Association, excepting a few that are associated with other institutions that are listed.

We have had an exceedingly active publicity campaign in Illinois, and think that the results are satisfactory.

Several of the companies that are members of this section have either voluntarily or are studying the pension system of which Mr. Kent spoke to us to-day.

INDIANA.

Mr. JOHN H. HOLLAND, President of the Union Trust Company of Indianapolis:

General business has been good in Indiana for the past year. The large crop of corn, especially of the great year of 1913, has given rise to general prosperity. The general conditions in most sections of the State. In consequence trade has been active in all classes of merchandise. There have been in manufacture, and many of the manufacturing companies report large sales. This has been disturbed to some extent by three unfavorable seasons.

First: The unprecedented flood in April caused immense damage to certain towns and districts, destroying property to the extent of millions.

Second: The extreme drought that prevailed in a number of counties in the northern part of the State, which was quite un-expected as that of the flood preceding it. This caused a partial or entire failure of the wheat crop.

Second: The most serious drought that prevailed in a number of counties in the northern part of the State, which was quite un-expected as that of the flood preceding it. This caused a partial or entire failure of the wheat crop.

Third: The non-stop drought has prevailed for all the year, and the condition of the wheat stock is around the floor of the market. There has been a feeling of anxiety and uneasiness, which has been a real attempt to build up reserves. This in the main, however, has not interfered seriously with the wholesale trade. In the spring, the crops have been good, and the general public for the restoration of mills and bridges, and much upon the railroads, which were heavy expenses.

The legislative session was opened in the usual manner, and it was mentioned that the educational legislation was the subject of much discussion. The educational legislation is in the hands of the Governor, who is now deliberating upon the measures that are necessary.

LAWRENCE.

Mr. W. M. POOL, President Farmers' and Merchants' Bank of New Orleans:

Louisiana has no Trust Companies which do an exclusively trust business, but they all operate under a State charter which permits them to do a general banking business in addition to the trust business. Under this classification the power is given to them to act in all trust enterprises.

However, there are many field of Trust Company work in other States—namely, the administration of estates over a long period of years—is prohibited under the laws of our State, because
no will in such attempts to tie us on counts for a longer time than five years, and, as a result, practically all estates which come into the hands of Trust Companies will be sold in three years.

New Orleans, do quite as much for the Southern State, for these are big enclaves, curators for intercepts, trustees under mortgages, receivers, guardians, etc., besides conducting an active mortgage investment and bond business, which has developed very rapidly in the last two years.

The Trust Company business is a comparatively new development in banking in the Southern States, but our people are very quickly getting educated in the full value of such services, and the business of the Trust Com-

pany business has also grown very suddenly and rather extensively which the adoption of the present law of limiting the rate of interest not exceeding six per cent, from taxation for years from the date of the organization of such companies, they have provided they have not less than $250,000 capital.

As a result of this act, at least one new Trust Company was or-

lized in the city of New Orleans, which is doing exclusively a mortgage and investment business, and it is expected that other similar laws will be enacted which, of course, means a good deal to our State, because the question of agricultural credit is closely interwoven with the prosperity of Louisiana.

MARYLAND.

During the past year Trust Companies in Maryland made excellent progress. The total amount of capital of all Trust Companies in the State was over $4,000,000, and while the amount of business done was not as extensive as the capital invested, and they were forced to depend mainly upon their banking business, the increasing number of Trust Companies was an indication of the growth of Trust Companies in Baltimore regarding liquidation of several of our Trust Com-

panies, but up to this time nothing definite has been done, and from information at hand this liquidation is not imminent.

Our banking bill, which went into effect three years ago, has been working out in a manner satisfactory to all classes. Practically no change of any importance has been made in the bill since its pas-

sage, except a few amendments at the last meeting of the State Legislature. These changes did not interfere with the general working of the bill, but had a tendency to make the act a better protection of depositors.

Trust Companies in Baltimore have never been direct members of the Clearing House, and the Clearing House rules and regulations have not been amended since Trust Companies have become so active in banking business, and as they stand they protect the privilege of becoming direct or full members in no way affects Trust Companies. About four years ago the Trust Companies of Baltimore were given the privilege of becoming associates or non-members of the Clearing House. This privilege did not give the members of the Clearing House but allowed them to select a bank through which to clear their items, and practically all the Trust Companies have availed themselves of this privilege. Since that time, however, several new Trust Companies have been organized, and the privilege has never been extended to them, though these new Trust Companies were anxious to become non-members the same as the older companies, and the Clearing House refused to extend them this privilege.

Some months ago a committee from the Baltimore Clearing House waited upon the Trust Companies with the view of securing them on what terms it would be agreeable to them to enter the Baltimore Clearing House, stating that they were willing to change some of the rules as were allowed to stand. The Trust Companies did not care to put themselves in the position of applying for membership, but sug-

gested that the Clearing House change their rules and regulations al-

lowing Trust Companies to become members and state upon what con-

ditions they would be allowed to enter (as the present rules and regulations of the Clearing House do not give Trust Companies the privilege of becoming full members). It was agreed that if this was done the Trust Companies would seriously consider the proposition to enter as full members of the Clearing House. Several meetings were reconvened, and the matter was at length discussed, but no agreement was reached.

One of the chief causes which kept the Trust Companies from entering the Clearing House was the rule in force which gives the rule in regard to exchange. As the rule now stands, all members of the Baltimore Clearing House, and was to change their rules and regulations so that local accounts opened after the year 1897. On all accounts opened prior to that date, it would have been proposed that they be treated as such accounts, whether or not they shall charge exchange. As the majority of the Trust Companies in Baltimore are members of the Clearing House.

On the Clearing House, should they become full members of the Clearing House under the present rule, would have to charge exchange on every local transaction, which would give the older members, who make up the major-

ity of the present members of the Clearing House, a great advantage over the Trust Companies, and the Trust Companies not complying in so many terms. No doubt this full agreement will be reached whereby all new Trust Companies of Baltimore will be considered full members of the Clearing House upon terms agreeable to both parties. The members of the Clearing House, and the Trust Companies, under the status of the Trust Companies, which are not members and which clear through member banks, are almost equal to the resources of the sixteen banks which are members of the Clearing House.

A comparison of the growth of Trust Companies in Maryland for the year 1912 with 1911 might be interesting. Comparing statements issued to the Bank Commissioner by the twenty-five Trust Companies at his call August 9, 1912, with statements issued by the same companies at his call August 9, 1911, we have the following results:

STATEMENT AT THE CLOSE OF BUSINESS MARCH 4, 1912.

RESOURCES.

<table>
<thead>
<tr>
<th>Loans and Discounts</th>
<th>$32,560,107.20</th>
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</thead>
<tbody>
<tr>
<td>Overdrafts</td>
<td>$9,272,000.00</td>
</tr>
<tr>
<td>Stocks, Bonds, Securities, etc.</td>
<td>$9,335,472.00</td>
</tr>
<tr>
<td>Household Furniture and Fixtures</td>
<td>$9,000,000.00</td>
</tr>
<tr>
<td>Other Real Estate Owned</td>
<td>$2,500,000.00</td>
</tr>
<tr>
<td>Mortgages and Judgments of Record</td>
<td>$1,080,000.00</td>
</tr>
<tr>
<td>Cash Due from Trust Co.'s and Reserve Accounts</td>
<td>$14,600,194.21</td>
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</tbody>
</table>

STATEMENT AT THE CLOSE OF BUSINESS AUGUST 9, 1912.

RESOURCES.

<table>
<thead>
<tr>
<th>Loans and Discounts</th>
<th>$37,047,107.20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overdrafts</td>
<td>$13,500,000.00</td>
</tr>
<tr>
<td>Stocks, Bonds, Securities, etc.</td>
<td>$13,500,000.00</td>
</tr>
<tr>
<td>Household Furniture and Fixtures</td>
<td>$13,500,000.00</td>
</tr>
<tr>
<td>Other Real Estate Owned</td>
<td>$3,500,000.00</td>
</tr>
<tr>
<td>Mortgages and Judgments of Record</td>
<td>$3,500,000.00</td>
</tr>
<tr>
<td>Cash Due from Trust Co.'s and Reserve Accounts</td>
<td>$16,500,000.00</td>
</tr>
</tbody>
</table>

The comparison shows an increase in total resources of $7,290,000, and this increase was made at a time when business condi-

This comes the same sort of treatment to all classes. Practically no change of any importance has been made in the bill since its pas-

sage, except a few amendments at the last meeting of the State Legislature. These changes did not interfere with the general working of the bill, but had a tendency to make the act a better protection of depositors.

Trust Companies in Baltimore have never been direct members of the Clearing House, as the Clearing House rules and regulations have not been amended since Trust Companies have become so active in banking business, and as they stand they protect the privilege of becoming direct or full members in no way affects Trust Companies. About four years ago the Trust Companies of Baltimore were given the privilege of becoming associates or non-members of the Clearing House. This privilege did not give the members of the Clearing House but allowed them to select a bank through which to clear their items, and practically all the Trust Companies have availed themselves of this privilege. Since that time, however, several new Trust Companies have been organized, and the privilege has never been extended to them, though these new Trust Companies were anxious to become non-members the same as the older companies, and the Clearing House refused to extend them this privilege.

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The coming year should be a very prosperous one for Trust Com-

panies in Baltimore, as well as throughout the State.

M. G. RAE.

NEW JERSEY.

Mr. J. EBERLY CARL, Vice-President, Plainfield Trust Co.:

"The Trust Companies have increased within the past year. Nine new Trust Companies have been authorized to do business.

One national bank—The Farmers' National of Mount Healthy—was converted into the Farmers' Trust Company.

One failure is reported—the Jervisville Trust Company at Newarks— the result of overextension by its treasurer.

Liquidations—none.

Permits in Chapter 149, Laws of 1912, two Trust Companies have been relieved of its privileges to establish branches, the New Jersey Title Guaranty and Trust Company of New Jersey, Newark, establishing three branch offices in Jersey City and one in the town of Union.

Three important bills affecting Trust Companies were passed by the Legislature during the past session ending September 1, 1912. They are:

Chapter 171—Authorization of Bank of New York to take possession of the assets of any unused or embarrassed Trust Company and liquidate to the fullest extent the claims of the Trust Company.

Making it a misdemeanor for any officer, director, employer or agent of any Trust Company to make any pretense or promise to any person as a consideration or fee for leasing Trust Company funds.

These three accounts have a great bearing on the conditions and resources of our State Trust Companies have more than doubled during the past decade, and now exceed a quarter of a billion dollars.

Mr. WILLIAM B. CARROLL, Vice-President Farmers' Loan & Trust Company of New York:

It seems to me that the same principles that have always underlined the operation and administration of Trust Companies in the Empire State during the past year have resulted in promoting the growth of a number of Trust Companies in such institutions, designed originally to meet the necessities which so many years ago prompted the birth of the Trust Company idea in this State.

The comparison shows an increase in total resources of $7,290,000, and this increase was made at a time when business condi-

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BANKERS' CONVENTION

Some legislation of importance and interest has been enacted during the last four years. I wish to call your attention hereon that the bill providing for the creation of a commission to revise the banking laws of Pennsylvania was passed in May, 1898, and is now known as Chapter 705. Its purposes are described in Section 1, which in part reads as follows:

The Superintendent of Banks is hereby authorized to appoint a commission of five to nine persons having a technical knowledge of the banking law and banking methods, to prepare and submit to the Legislature a complete revision of the banking laws of this State, after due regard to banking conditions and based upon the experience of the banking department from the time of its organization up to the present time. Such commission shall be composed of five to nine persons, not being actively engaged in the business of institutions. Such commission will serve without pay.

Two members of this commission have been accepted by men who are, without exception, well qualified by their knowledge and experi-
ence to serve the State in a year efficient manner and who are now considering the problems involved. I see no reason to believe that this commission will direct its attention primarily to codify existing laws, rather than the drafting of new statutes.

The enactment of an amendment to Section 23, Chapter 452, which went into effect May 5, 1898, is a step in the right direction in providing for its important parts as follows:

Banks, papers and affairs to be examined. It shall be the duty of the board of directors of every bank and Trust Company, in the months of April and October in each year, to examine, or cause to be examined, at least three of its books, papers and affairs, fully into the books, papers and affairs of the bank or Trust Com-
pany of which they have been made for such purpose, into the books and accounts thereof, and particularly into the books or accounts made directly or indirectly by any officer or directors thereof, or by the benefit of such officers or directors, or for the benefit of other corporations of which such officers or directors are also officers or directors, or in which they have a beneficial interest as shareholders, credit-
ing or withdrawing such benefit or otherwise affecting the value and security thereof, and of the collateral securities thereon, to be given in connection therewith, and into such other matters as the Su-
perintendent of Banks may, by written notice or otherwise, give in writing to the board of directors of such bank or Trust Company, he shall be made to the board of directors of such bank or Trust Company, to be placed on file in said bank or Trust Company in their name, although not mediante to any extent a business transaction.

A general examination of the conditions of business was also before the Legislature, but was not enacted. It has been practically no change in the status of Trust Com-
panies in North Carolina, and it is confident that the thorough growth and strengthening of the sentiment favoring the em-
ployment of every individual as executive, trustees, directors, and officers, and not of the business corporate, a new corporation, a new proposition.

The President of the Trust Company, Section 158, I have been presented and distributed. They have been favor-
ably received, and I would recommend a conformance, if possible, of articles of a similar character.

NORTH CAROLINA.

Mr. Joseph G. Brown, of Raleigh:

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Pennsylvania.

Mrs. George R. Sturdivant, of Philadelphia:

On behalf of the Trust Companies of Pennsylvania, I beg to report that their condition, as shown by the following figures, displays con-
tinued growth and stability during the year ending May 1, the date of their last reports, the deposits amounted to $166,000,000— an in-
crease of $24,000,000; resources, $744,000,000, an increase of $77,000,000; trust funds, $1,045,000,000—an increase of $70,000,000.

It is gratifying to note that, while there has been no increase in the number of institutions, there have been no failures during the period. An important legislation was enacted by the Legislature affecting Trust Companies.

Rhode Island.

Mr. J. F. Foster, Governor of the State of Rhode Island:

In the Report of the Trust Companies, Section 112, this Section II becomes my province to outline briefly the condition of Trust Com-
panies in Rhode Island as compared with a year ago.

The increase in bank resources, in general in the State is a con-
stant indication and reminder of the large wealth repre-
seated within Rhode Island and of the vast extent and activity of the varied manufacturing interests.

The total resources of all banks in the State for the year end-
ing June 30, 1913, aggregated $720,000,000. Of this amount $500,000,000 is represented in national banks, while $220,000,000 is found in the Trust Companies, State banks and savings banks.

In the Trust Companies alone resources were shown of about $325,000,000. While there has been some decrease in the market value of the securities held by the various financial institutions during the past year, yet, on the basis of an increased ratio of reserves, the careful attention which has been given to all banks, the banks of the State on the whole, are in a much healthier financial condition than ever before.

The deposits of all banks, as shown in the Trust Companies, show a decrease of about $2,000,000 as compared with the previous year. Their par-
amount—savings accounts—on the other hand, show an increase, or increase in the number of deposits in trust companies in the State alone has increased 4,801 during the year.

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amount—savings accounts—on the other hand, show an increase, or increase in the number of deposits in trust companies in the State alone has increased 4,801 during the year.
The TRUST Companies operate under State banking laws, and most of them are members of the Trust Company Association. However, feeling that the banks are somewhat out of sympathy with their ideas and purposes, they have entered into a group of "Incorporated Associated Trust Companies," and held annual meetings for mutual benefit and encouragement.

The President: Next in order is the Report of the Nominating Committee.

REPORT OF NOMINATING COMMITTEE.

Mr. CLAYTON, of Milwaukee, Wis.: Mr. President and Gentlemen: Your Committee beg to report that the following gentlemen have been selected after careful consideration of all the suggestions handed in by members, due regard to location and eligibility. Many names were of members located in sections abroad, so you are now, officers and members of committees. Eliminating these, the gentleman nominated by this Committee received the largest number of suggestions handed in by the members.

Mr. Philip Stockton, President of The Old Colony Trust Company, Boston, Mass.
Mr. Thomas C. Cook, Vice-President of the Fidelity Trust Company, Kansas City, Mo.
Mr. H. A. Ginge, Vice-President of the Continental Trust Company, Baltimore, Md.
Mr. Frank R. Blair, President of the Union Trust Company, Detroit, Mich.
Mr. A. L. Jackson, Vice-President of the Girard Trust Company, of Philadelphia, Pa.

The President: Gentlemen, you have heard the report of the Committee. How is your pleasure in respect to it?

Mr. LUCIUS TRENCH, of Chicago, Ill.: I move that the Secretary of the Section cast one ballot for the election of Mr. Stockton as President.

(The motion was seconded.)

The President: The motion is carried, and the Secretary will cast the ballot.

The Secretary: Mr. President, I have cast the ballot as directed.

The President: I declare these gentlemen elected members of the Executive Committee for the term ending in 1916, and congratulate the officers of the ensuing year a gentleman with whom I have served and whom I have learned to love and appreciate. He is eminently fitted for this position so long as his attaints, but by his personal

Mr. I. H. Oux, of St. Louis, Mo.: I crave the privilege, Mr. President, of seconding the nomination of Mr. Stockton.

The President: Are there any other nominations? If not, I declare the nominations closed.

The President-elect was elected to the platform.

Mr. Goff, this is one of the pleasant duties that he has. During his short life of one year he sometimes rises with the sunshine and goes out with the shadows, but now in this last moment of his official life he is the child of sunshine, so speak, for to mention Mr. Pullion is like speaking of the ringing of a perfect silver bell.

During this year, Mr. Pullion, I have learned not only to respect you, but to love you; and now, on behalf of the Trust Company, I step on the stage of impending to you this cup of silver, and I assure you that with it goes the affection and the esteem of every member of the Section. (Presenting a silver cup.)

Mr. Pullion: This beautiful token of your kindly feelings, Mr. Cutler, is one that a gentleman of your long life was fitted to be an important factor in developing the agricultural possibilities of the State.

A State is united with the purpose of protecting the investing public against themselves, as well as against dealers in "blue sky," and should operate to the benefit of the trust companies.

Directly affecting Trust Companies is a law recently passed giving to the Department of justice the power of taking or obtaining any paper, including the attorney general, to the same person who shall act as the attorney for the executive or administrator, whenever the executor or administrator is a firm or corporation.

Mr. Cutler: Mr. President, I desire to nominate for Vice-President the gentleman whose
BANKERS' CONVENTION.

Mr. J. A. HEMPHILL, President of the Guaranty Trust Company, of New York: I was going to rise and make a motion to the effect that this section resolve that it is the sense of this meeting that the Secretary of the Treasury be requested to take immediate action towards the preparation and promulgation of the regulations with respect to the collection of the sources of the income tax, particularly as affecting coupons.

In explanation of that I desire to say that, after our failure to secure any important modification of the income tax feature of the tariff bill—we had it, I think, pretty nearly settled—but we just failed because of not being able to catch one member of the Conference Committee—and then we felt that it was necessary to immediately have the regulations drawn in a way to make the collection of the income tax as little burdensome as possible. It is going to be burdensome at best. We thought that if the statements that would be filed with the collection agency for non-taxable persons—and the non-taxable individual is the person with whom we are going to have the most difficulty because they will not understand why they should be taxed and the time of our employees will be taken up in explaining to them how they are to make out their forms. A large income earner does not care whether he makes payment through a bank or through a Trust Company, or makes it direct. So we endeavor to make that effect that by dedicating our representatives to Washington, but the Secretary of the Treasury, in great good faith would be no evil, and we are sure that the matter would have to be handled in the way of briefs, and that persons who have been placed in charge of the preparation of the regulations admit that they are very ignorant of all the matters affecting the collection of the tax. They do not even know really what the secret of collecting the tax is. Some of our suggestions, however, have been placed before the committee, having that matter in charge, and he is in a receptive frame of mind.

I might say, also, that he sees no reason for haste, and he is going to visit the conference department of the internal revenue department so that by the 15th of this month he may have that conference. Well, if they have that conference and they delay the regulations, you will see the position that we will be put in on the 1st of the month, the law goes into effect.

That is the reason why I would like to urge the adoption of the resolution that I have suggested. I have been informed—through the circular phone this afternoon—that such action on the part of this section of the American Bankers' Association will probably have great influence with the Secretary of the Treasury; in bringing to his attention the fact that the banking world, and especially as it comes from Boston and not from New York (Laughter)—is in favor of such action.

Mr. JAMES F. TOY, President of the Farmers' Loan & Trust Company, of Sioux City, Iowa: I second that motion, if it is a motion that Mr. Hemphill has made.

President GOV'T: Mr. Hemphill, will you kindly restate your motion?

Mr. HEMPHILL: My motion is that the Secretary of the Treasury be requested to have prepared and to promulgate as at earlier date as possible a series of rules and regulations for the Revenue Department to govern with it respect to the collection of the income tax at its source, and particularly with reference to withholding the tax on coupons presented for payment.

President GOV'T: Gentlemen, you have heard the motion. All in favor of this will say aye. Opposed, no. The motion is carried.

Mr. CHAPIN: I would like to ask Mr. Hemphill a question. I have been postponing the study of this law until it was finally promulgated. But I was wondering whether Mr. Hemphill has made a study of it to such an extent that he could tell us his idea of the way the tax ought to be collected.

Mr. HEMPHILL: The recommendations both of the committees appointed by the Trust Company Section and also of the Committee representing the New York Trust Companies is to the effect that, as a result of the purpose of the bill would be accomplished if we were to give information of the sources rather than of the collection of the tax. The regulations that we are suggesting contemplate this method of collection of that. For instance, we are suggesting that when a coupon is presented for collection that there should accompany a statement from the person whether they are non-taxable, to the effect that they are non-taxable. They give the certificate that their income is less than $2,000, and for that reason they are not liable for the tax. Now, if that is adopted by the Treasury Department, the Trust Companies then will be able to pay all those coupons in full. That is the conclusion we have that practically 90 per cent of all of the mortgages that have been created by corporations during the last 25 years have a covenant that they are not to have any interest that they will be compelled to deduct. Now, we will be compelled to deduct this interest. So they will not be compelled to deduct it. They are not compelled to pay any Interest, however, that is assessed against a non-taxable person.

One of the facts was that the corporations would probably have to pay over to the Collector of Internal Revenue the full 1 per cent, on the full amount of the funded debt that contained such a covenant, but under this feature the railroads will be saved money, many thousands of dollars, and, as they are among our best and most valuable clients, I think we should cooperate with them to enable them to save that amount of money.

The accounting charges, of course, that will be imposed upon the Trust Companies by this bill, unless we do get some such modification as that, will be simply enormous.

Mr. Fullen: After November 1, it will be necessary for the Trust Companies to know the owner of every coupon that they pay.

Mr. HEMPHILL: Yes; when a coupon is presented it will have to be accompanied by a statement that the person presenting it is so and so. In the Guaranty Trust Company we will have to identify to that signature and state whether he is exempt or not. Mr. H. A. MOORE: Will that be a sworn statement?

Mr. HEMPHILL: No.

Mr. CHAPIN: How can they tell what that man's income is? Mr. HEMPHILL: Well, that is the most questions, of course. I suppose a salaried person would know exactly what his income was. Our lawyer in the conference raised that point, that if we are responsible for the collectibility of any of those statements that it would be putting upon us a responsibility that we should not be asked to assume.

Mr. CHAPIN: In these two questions, are there any further questions? If not, the Chair will entertain a motion to adjourn. On motion, adjourned sine die.
The Relation Between Fixed and Fluid Credit.

By Edmund D. Fisher, Deputy Comptroller of the City of New York

Credit is the great problem of the day, made vital by the discussions relating to banking reform and stimulated by the "Glass-Owen" bill now pending before Congress. Credit is now recognized as an important factor in price movements and develops many questions which must be seriously considered by the savings banks of the country, because of the effect of these movements upon the market value of high-grade investments.

The difference in character between fixed and fluid credit makes it very necessary for good bankers to thoroughly understand the relations between the two forms and the ultimate effect of their use as instruments of banking upon all business enterprise.

Credit is the means by which the owner of available capital transfers it for the use of another, with confidence in the ultimate return of the amount advanced. The basis of credit may be actual value of a permanent nature, or actual value of a fluid or consumable kind. If money is loaned it may command either type of value. The great aggregation of fixed capital is expressed, or its ownership defined, by certain instruments, such as bonds of corporations, mortgages on real estate, while fluid capital is expressed by notes, bills of exchange and deposits.

Fixed forms of wealth constantly fluctuate in value, and the fluctuations of the stock market are, in general, the automatic means of developing, over a period of time, an approximate relation of value between the shares and the credit forms and the actual capital which they represent. Fluid capital is transferred by means of actual money, checks drawn on deposit accounts and the credit instruments of commerce. The credit instruments are generally available for bank loans. Unlike fixed forms of credit, such fluid credit instruments do not alter in value, as they are drawn with a short maturity and the full amount is contracted to be paid when due. It will thus be seen that there is a great difference in the nature of fixed and fluid credit. The former has an uncertain value dependent upon the volume of supply, the varying demand and the presumed quality of the actual capital which supports it. The latter, on the contrary, represents goods sold or to be sold, with prices fixed, either through a closed transaction or seasonal basis, and is supported by the manufacturers' and endorsers' responsibility.

Credit is the chief element in modern exchange through the credit currency of banking. It is developed through the deposit of the proceeds of loans made upon fixed and fluid credits. It is the medium through which commodities are virtually enabled to exchange themselves in the terms of actual money. Fluid credit bears a proper price relation to actual business and creates a stable medium of exchange without the elements of inflation. Recent banking practice, however, has developed large volumes of deposit currency based upon fixed forms of credit, and the use of this currency has disturbed price relations. As there is ability, under ordinary banking conditions, to exchange deposit credit for actual money, it is evident that in using the check drawn on these deposits, as well as money, we have a composite medium of exchange. Through the loan, deposit and check process of modern banking, the proceeds of loans on shares of corporate business and on dwelling houses and other evidences of fixed value are added to the volume of basic currency. This naturally tends to "bull" the market—either the stock market, the bond market or the commodity market, as the case may be. A large calling of loans, with the accompanying liquidation of securities and commodities, of course, brings about the reverse result.

The vast growth of the iron-commercial forms of banking enterprise during the last fifteen years, manufacturing deposit-currency mainly through loans on the collateral security of new corporate enterprises, probably has been, the chief element in price inflation. Business, in the aggregate, develops its own inequalities—varying profits, varying losses, under-production and over-production; so that, in connection with an unscientific credit relation, readjustments are inevitably necessary. Under the strain of a readjustment period and its forced liquidation, fluid credit stands the test and the bank usually collects one hundred cents on the dollar. Fixed credit, on the other hand, represented by securities is notoriously unstable and investments have to be sacrificed to meet the obligations of fluid credit.
rope," gives this clear explanation of the basis of support of fluid credit:

"As a majority of discounts represents goods in process of production, or on the way to consumption, liquidation with them primarily expresses itself by a falling off in new production, while the consumer, on the other hand, cannot stop consuming and must, therefore, continue to pay. The brunt of (payment) is thrown by the whole nation and adjustment follows (in European practice) without violent convulsion."

I might add that the savings banks in the United States, in the last analysis, have to stand behind the payment of fluid credit. They are, consequently, vitally interested in the stability which comes from sound banking. In banking, on the part of others, often has its immediate or ultimate effect on both the deposits and the investments of savings banks. It is thus evident that the lack of scientific relations between fixed and fluid credit in banking practice brings recurring periods of extreme inflation or deflation, with disastrous effects upon all forms of business enterprise.

The actual exchange of fixed credit, or fixed capital, such as bonds or real estate, is very properly effected through the medium of fluid credit. The man who buys a bank-note has the free capital to do it. The seller redeems the amount, and its use as fluid capital is not destroyed. The ownership of the fixed capital has merely been transferred. The control of the fluid capital has also been transferred.

A large number of such transactions, as during a period of real estate speculation, particularly with a diversion of some of the fluid capital to real estate loans and construction work, tends to divert fluid capital to fixed forms. This is also true during periods of stock speculation, coincident with increasing loans on an advancing market. There are many such banking transactions, innocent enough in the individual case, but harrowing in the aggregate. Such uses of fluid credit not only disturb the business and investment markets through the inflation of value and the increase of prices, but the actual labor of men, through the directing power of the dollar, is frequently diverted from productive to non-productive enterprises. One of the great panics of the last century grew out of the use of too much liquid capital in railroad building.

There is, of course, a normal amount of surplus capital which, each year, properly finds its way into fixed forms of investment. This business is largely directed by the investment banker, and should not be confused with the operations of a commercial bank.

Savings banks, in a broad sense, are doing a mutual investment business. The investments, securities and mortgages are offset by what, in the aggregate, are virtually time deposits, which are not actually used as currency to promote increase in prices. When trouble comes to the savings bank it is usually a redox from the sins of other types of banking enterprises.

The problem of creating sound bank-note currency is a credit problem with which our legislators are now struggling. A sound currency may be merely a form of bank credit interchangeable with book credits. Our currency difficulties have grown out of the attempt to support, with what should have been a liquid asset base, a fixed form of credit base, such as government bonds, which are utterly unresponsive to trade requirements. Then, we have had the greenbacks, a fixed credit based upon governmen debt. There has been no attempt made by Congress to develop a fluid currency until recently, under the new measure for banking reform. Even this plan is encumbered by the dictum that the notes shall be "deemed to be obligations of the United States." Of course, the reading of a flat nature is that in our experience with government issues has been notoriously bad. Once depreciation, there is too apt to be repudiation, or partial repudiation. Our own history tells us of notes that were ultimately worth "not a continental."

The September number of "Harper's" gives an interesting bit of experience with present day government currency. William Hurst Lawrence, in an article entitled "Cartagena the Ancient," says:

"... When I paid eighty dollars to ride seventeen miles from Salida to Barranquilla I was not guilty of such recklessness as might at first appear; also that when the agent at the latter place charged me forty dollars for riding back the same way and in the same car, he merely suffered a astonishing lapse of memory, forgetting for the moment that he had intimated the extra.

"The fact is that the Colombian dollar, or peso, has depreciated until it is worth exactly one cent in United States currency, and there being no room left for the centavo of old it has vanished utterly from the reckoning of man. There are no silver coins whatever, and after a little bargaining one is apt to accumulate a astonishing number of yellowish bills in twenties, fifties and hundreds. Then there steals insidiously over one the peculiar exaltation of the wealthy, and it causes not a single pang to pay five dollars for a shine or toss away ten dollars for a bottle of ginger pop."

There is some justification for the desire to have the Government stand definitely behind any new issue of currency during the period of development of the new Federal reserve banks. But it must be remembered that they are planned to be semi-government banks and should have a full confidence of the people anyway. It might be well to substitute for the provision that the new notes "shall be obligations of the United States," a provision that the notes shall be supported by the assets and reserves of all the Federal reserve banks, instead of individual issues by individual banks; that the banks protect themselves by mutual examinations and oversight by examinations by the Federal Reserve Board. This plan would give the issues a desirable unity.

This plan would be even more logical if the suggestion of Professor Sprague of Harvard were adopted, that all member banks subscribe pro rata to the stock of all the Federal Reserve Banks.

The question of agricultural credit is exciting a widespread interest. The difficulties of its solution are those of the non-fluid credit. A special type of banking and investment market must be developed in this country before the question can be settled. The broad development of such credits must also await the establishment of an open market. This will be accomplished through the acceptance principle of the Federal reserve bank plan under the "Glass-Owen" Bill. The farmers need loans of both a semi-liquid and a fixed credit nature. They are only partly served under our present banking system.

Properly speaking, agricultural credit may be divided into three classes:

First, agricultural-commercial credits that are reasonably liquid. They are acceptable by banks because paid at maturity and represent value already created. These should readily be rediscounted in a Federal reserve bank.

Second, that class of paper whose payment is not so certain and which it is desired to give the quality of commercial credit through some principle of cooperation such as is followed by the Mutual Credit Associations of Europe.

Third, credits that are based upon mortgages and available for general investment, more particularly through the cooperative principle of bond issues.

The first class mentioned, agricultural-commercial credits, is now generally available at the banks of the country and has a standing somewhat approximating that of commercial credits. It competes for notes given for produce sold, which will be paid at maturity, or notes
SAVINGS BANK SECTION.

Based upon advances for produce shipped, supported by bills of lading and duly accepted by the consignees. All of these are what the bankers call "two-name" paper. Of not quite as good standing with the bankers are notes based upon advances in anticipation of the Dockey, secured by warehouse receipts, or upon personal credit where the farmer is responsible and where the banking experience of the past has been that his notes have been paid at maturity. Yet a less desirable type of note, from a strictly banking standpoint, is that given in payment for equipment, and although representing increased capital to the farmer, is generally based upon longer payments and not usually discounted as commercial paper until reaching a period within four months of maturity. Such notes bear two names, however, that of the farmer and that of the merchant, and are generally acceptable to bankers. Notes given in payment for seed and fertilizer may be regarded as in this same class, as they also bear two names, although they represent merely contingent capital.

In the descending scale of destructibility of agricultural credit next comes the second class, the type of note which, in European experience, has to a great extent been supported by the conservative principle. In such case the credit associations give it the quality of the "jointly and severally" principle, and not only the individual farmer, but the association itself becomes responsible. Such notes are usually given in anticipation of harvests, for wages and supplies, or represent advances for farm improvements running from one to a few years. In cases of extreme need advances are occasionally made to bridge over one or more seasons when there has been a failure of the crops.

The cooperative associations have thus attempted to give agricultural credit a commercial standing, but the mutual growth of this principle has been slow, so that the mutual use of surplus funds has been the main support of their business. Credits of such associations available at banks for discount, or rediscount, necessity depend upon a long history of experience. If a cooperative association has succeeded in developing a sufficient surplus or has mortgaging loans sufficient to meet all maturing obligations, and such experience has been constant, then such notes may safely be taken by the banks. Credit associations, as we now well know, have been successfully developed in most European countries, notably in Germany and France, as well as in the case of Canada. Massachusetts has also recently passed laws providing for what are called "Credit Unions," but as yet there has hardly been sufficient experience in that state to determine their value. In France the cooperative system has been on such conservative lines, and particularly with the added help of governmental support, that the Bank of France will rediscount the notes of rural credit associations up to a certain limit.

The third class of credits is that developed by cooperative associations involving the principle of fixed capital investment. The most successful of that nature are the Landschaften of Germany and the Crédit Foncier of France. The plan is a simple one—that of periodical sales of bonds supported by a series of mortgages, largely running for long periods and reduced automatically by small partial payments. The bonds thus issued have become very popular with the investing classes and are readily sold in the money markets of their respective countries.

From the standpoint of our present problem in the United States the farmer needs the same help as the merchant and manufacturer, in that his credit, of a strictly commercial type, may be freely taken by the banks of the country and he may have the added credit and currency which the volume of his business and his responsibilities warrant. The proper expansion and contraction of the credits for all of his businesses, necessarily, can be made possible by the development of the principle of central reserves. From the mortgage standpoint, present help to the farmer comes only from the occasional investor who is willing to take a conservative mortgage, as well as from the mortgage companies, but at high rates of interest. The farmer is entitled to legislative consideration of his long-time credit problem.

The new banking plan develops the acceptance principle, as has been stated, which is the basis upon which the new "open money market" will be established. In European countries the acceptance is the highest type of liquid credit. It is usually drawn on a bank simultaneously with the sale and shipment of actual goods, supported by bills of lading and insurance policies, and accepted for definite payment at maturity by the bank on which it is drawn. Not quite so desirable is the acceptance based upon a commercial credit without "documents." Least desirable from an economic standpoint, though still good, is the finance bill, based upon the deposit of securities. The European banker, however, recognizes the necessity of discrimination against the finance bill form. In ordinary times the finance bill is discounted at a higher rate than the commercial bill; in times of acute money stringency, discount is reduced. The basis of this payment of these finance bills, in the aggregate, does not exist without sale of the supporting securities. Sales in volume cause depreciation; loans in volume cause inflation; and both cause a general disturbance of business and banking relations.

Notwithstanding that fixed forms of credit must not be confused in commercial banking with field forms, they are very necessary for the development of productive enterprises in business life and for the establishment of adequate public improvements. Surplus capital must find such means of investment.

In considering the individual investment, however, it must be understood that the use of capital for current purposes tends to lessen the value of the credit thus advanced even if the farmer has not altogether paid the price of his farm, until the time of his harvest. The proper function of the credit system is to make advances in such an amount that they will produce a return. This is not accomplished by the present system, where the advances are more or less based upon the judgment of the banker. There is no way of controlling the undue expansion of credit based upon fixed capital, except the general practice of charging a higher rate on "finance bills." In this country there has been a growing force of what may be characterized as "economic criticism" of the practice of so freely making advances on collateral security. Criticism is also directed against the rather free practice of loaning on single-name paper without discrimination as to its fixed or fluid quality. The whole problem is inherently difficult. Theoretically, fixed capital investments should grow exclusively out of surplus not necessary for current purposes. The volume of such fixed capital, however, is hard to even approximate, owing to lack of sufficient data. Even if the banks were known at the given time they would immediately be changed by constant price fluctuations.

The most recent attempt to plan for credit control is embodied in the "Glass-Owen" Bill. Rediscounts are to be made only upon field credits, with some exceptions, what are field credits. Loans on commodities awaiting sale, which in some cases may never be sold, are regarded by some as not the best possible basis-
for fluid credits. Loans thus freely granted on such a	basis might result in the holding of commodities for an	increase in price, with the ultimate result, through possi-
table lack of demand, of enforced liquidation at lower	prices. The general plan of rediscounts is developed in 
section 14 of the "Glass-Owen" Bill, which states in part:

"Sec. 14. * * * Upon the indorsement of any member	bank any Federal reserve bank may dis-
count notes and bills of exchange arising out of com-
mercean transactions; that is, notes and bills of exchange issued or drawn for agricultural, indus-
trial or commercial purposes, or the proceeds of	which have been used, or may be used, for such pur-
poses, the Federal Reserve Board to have the right
to determine or define the character of the paper
thus eligible for discount, within the meaning of this	Act; but such definition shall not include notes or
bills issued or drawn for the purpose of carrying or	trading in stocks, bonds or other investment securi-
ties; nor shall anything herein contained be con-
tected to prohibit such notes and bills of exchange,
secured by staple agricultural products, or other
goods, wares or merchandise from being eligible for	such discount. Notes and bills admitted to discount	under the terms of this paragraph must have a
maturity of not more than ninety days.

It will be particularly noted that permission is thus
granted for the rediscount of notes "secured by staple	agricultural products or other goods, wares or mer-
chandise." This, of course, virtually means that ware-
houses plans are permitted, with the stipulation that	they have a maturity of not more than ninety days.

Good banking, however, never can be developed by legis-
lation: It grows out of experience. The actual practi-

cation in relation to warehouse loans must inevitably be con-
trolled by general trade conditions.

The new banking measure further plans for the regu-
lation of credit by the control of discount rates through	the medium of the Federal reserve banks.

The plan of control is generally sound, and as it in-
cludes a new policy in relation to collateral loans will	probably bring the following results:

- A healthy restriction of the present tendency to ex-
press security prices through excessive collateral loans.
- A weekly, or bimonthly, instead of a daily settlement	of stock exchange transactions, curtailing the operations	of the "call money" market.

The establishment of an "open money market" for	commercial bills which will prepare the way for a sepa-
rate investment market for long time mortgage credits.

All of these will tend to the establishment of proper	scientific relations between fixed and fluid credit. There	will then be, first, an open market for acceptances which	are strictly fluid credit; second, a market for securities	restricting speculation and supported by a legitimate	investment demand; and, third, a market for mortgage	bonds (to be developed by a bill not yet before Con-
gress), including agricultural credits, probably less ac-
tive than the security market, but again supported by	the investment demand. As the only open market to-
day is virtually that for securities supported by loans	"on call," there is too frequently a distinct invitation
to inflation of security values with its inevitable reflux,
through bank deposits, on commodity prices. The worst	result of this practise is that, in crisis periods, it ap-
proximates a definite discrimination against legitimate	commercial loans. The banker is too apt to consider his	business from the standpoint of the individual security.
He knows that certain stocks and bonds are gilt edge,
and that the loan which he makes on them is safe, over-
looking the broad significance of the fact that a large	volume of such loans throughout the country will ul-
timately disturb the very business community that he is	endeavoring to serve.

The value of the regional Federal reserve bank con-
trol, from the standpoint of credit regulation, is prob-
ably greater than if one central banking organization	was established. The statements of the individual	banks will be heard before the country. Inflation can be easily	detected in its initial stages in the section of the country	where it develops. The broad aspects of the credit prob-
lem will be made definite in the consolidated statement	of all the Federal reserve banks published by the Fed-
eral Reserve Board. A check will be applied, through	the medium of discount rates, in the individual situations.

The opinion was expressed at one of the recent hear-
ings before the Senate Committee that it might be dan-
gerous to give this control of credit to the Federal Re-
serve Banks and Federal Reserve Board. On the con-
tary, it would seem to be dangerous not to confer this	power. Both the expansion and contraction of credit	should have reasonable limits. There will be times	when it should be stimulated, and times when it should	be restricted. Under the new plan, as in present prac-
tise, the individual banker may extend credit to the	limit of his ability. He need make no distinctions be-
tween bills on fixed and fluid credit, but the new plan	will at least develop a tendency in the right direction.

He can only rediscount the fluid credit. No Federal	reserve bank will go to the limit of its ability. It must	preserve a safe margin while granting needed accommo-
dation. It should be borne in mind that the power rested in these	banks and in the central board, while new, is one of helpful	practice. No type of credit control, however, can be
effective until a unification of the statements of all	banking institutions in the country gives the essential	figures for that control. When this has been accom-
plished it may be possible to watch the development of	credit in its various forms and formulate some general	method of securing a scientific relation.

Even Europe, with its long years of experience with
central banking, has not solved the question.Occasional	liquidation is still necessary to bring about the natural	readjustment of relations between fixed and fluid	credit.

It has been shown that under our present form of	banking fixed credit may be transmuted into the dollar of	exchange, and in volume develop serious inflation,
with the resultant increase in security and commodity	prices. This reacts on the value of even gilt-edge se-
curities, as high commodity prices bring diminished
purchasing power from the returns of fixed interest.

Thus the entire price problem becomes a vitally one to
tsavings banks,because of its relation, indirect but
potent, to the stability of investment values. It is not	merely the question of the value of the individual bond	and its ultimate payment, but the effect of the broad	movements of security values upon the surplus account	of the bank. In some States, in order to maintain a	self-respecting surplus, it has been found necessary to	establish a book value for bonds based upon an amor-
tization relative to the par of ultimate payment. The	market value has been entirely ignored. The big sav-
gs banks with large surplus accounts naturally grown
upon such practice. Then, again, high prices tend to re-
strict the growth of deposits by curtailing the saving	power of the wage earner.

All of this means that those active in savings bank	management, as well as those in all other forms of en-
terprise, cannot afford to be indifferent to pending bank-
ing legislation. It affords them just as much leverage as	the commercial banker or the merchant. The provisions	of the bill should be analyzed, its defects corrected and	its passage assured. When this has been accomplished	there will be created into existence a new credit-system	which will ultimately serve all the people by the estab-

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SAVINGS BANK SECTION.

195

ishment of more equitable banking relations. This will give a fairer opportunity for the development of business enterprise and a consequent production of more wealth, with its greater investment ability. It will minimize those subtle yet actual losses that come to so many through the insidious price movements which, in a large measure, result from the confusion of fixed and fluid credits.

The Postal Savings System.

BY CARTER B. KEENE, DIRECTOR POSTAL

Mr. President and Gentlemen:
The Postal Savings System does not represent the ill-considered agitation of a day. The journey from ripened demand to statutory sanction was long and difficult. For forty years the subject was before the people in varying degrees of prominence, and a hundred bills were introduced before one succeeded. The call for it had been written into the platform of every political party, but not until June 25, 1910, did it become an accomplished fact. The service is now permanently established, so in the few minutes that I shall speak you will be told something of what it has done, and is doing, for happily we are now in a position to deal with results and need no longer theorize.
The service was installed in a limited way in January, 1911, and you are familiar with the important features of its progress so far as figures can tell the story. But you, gentlemen, are fully aware that the happiest hours of your banking experiences are not reflected in the cold array of resources against liabilities. They come from the consciousness of having done some worthy man or woman a good turn just when a few dollars might shape the course of an entire life. So I shall deal chiefly with what the Postal Savings System is doing along lines that cannot be measured in dollars and cents.
The divergence of opinion regarding the service is always traceable to different standards of measurement, and it may be well, early in this discourse, to state briefly what the Postal Savings System is designed to accomplish and what it is not expected to do: It is not a money-making adjunct to the Post Office Department, nor was it intended as such. Its aim is infinitely higher and more important. Its mission is to encourage thrift and economy among all classes of citizens. It stands for good citizenship and tends to diminish crime. It places savings facilities at the very doors of those living in remote sections, and it also affords opportunity for safeguarding the savings of thousands who have absolute confidence in the Government and will trust no other institution. It turns back into channels of trade millions of dollars which otherwise would be hoarded or sent abroad. It quiets commercial unrest and stimulates legitimate business. Its field is distinct and well defined. It has no competitor. I can think of no other effective activity of the postal service that does not, in some slight degree at least, interfere with private enterprise. But I know of no instance and can conceive of none in which any private enterprise has been affected injuriously by the Postal Savings System. Experience has proved to a mathematical certainty that the service has been a positive advantage to the banks, which were the only institutions which it was even hinted could be impaired by its establishment.
A systematic canvass was once made by the Department to ascertain where the postal savings deposits were coming from, and no depositor was found who had transferred his account under normal conditions from a bank to the post office. On the contrary, our files are full of reports from postmasters who explain the falling off of deposits by the fact that accounts are being transferred to local banks, and letters from bankers urging the extension of the service to points where they are unable to reach hoarded savings are now too frequent to occasion comment. The Postal Savings System is a fitting school for other savings institutions. Our depositors are at first more concerned for the security of their savings than in what they may earn. They are thinking of the principal, not the interest, and it is only after they have learned the rudiments of saving that the interest feature attracts them. We teach them to save, and they soon want larger returns for their savings. The banks then get the accounts.
Having thus outlined the purposes of the service, I will now point out some of the results attained that you may see the result of the service in its actual application to the affairs of our time.
No class of men know better than you that hundreds of thousands of our newly-made citizens distrust the banks and will not patronize them. They have absolute confidence in the Government, and know what postal savings banks are, for they have had the benefit of them at home. The one thing that has done most to shatter their faith in our reputable financial institutions and close their pockets to all, save the Government, is the educated ascendency of their own tongue who, under the guise of a banker, has mercilessly preyed on his confiding countrymen. It is nothing less than a public scandal that so many banks private banks, offered by unblushing swindlers, are suffered to exist, and if some of our societies, which are endeavoring to better the condition of our newly-arrived immigrants, would first direct their attention to bringing these heartless crooks to swift and certain punishment, the other task would be wonderfully lightened and simplified.

I am not going to burden you unduly with statistics, but some of my contentions are so capable of positive proof that I must draw upon them.
On June 30 last, the end of the fiscal year, we had on deposit, in round numbers, $35,850,000 standing to the credit of 328,000 depositors. Nor is this all, for $3,500,000 has been withdrawn from postal savings depositors for the purchase of Government bonds. By an actual poll of the depositors last year, and there is no reason for believing the ratios have changed, it was ascertained that 26 2/10 per cent. of all our depositors were foreign born Canadians, and that they owned 51 per cent. of all the deposits. These figures are the more significant since the United States Census of 1910 places foreign born Canadians at only 36 3/10 per cent. of our entire population. A large percentage of the postal savings depositors are in cities or in communities where the larger industries are carried chiefly by foreign or transient labor. Sixty-five per cent. of the postal savings depositors in New York City are foreign born and 82 per cent. of the deposits belong to them. Two-thirds of the depositors at Butte, Mont., are foreign born, and three-fourths of the deposits are in their names. One-half of the depositors in Chicago are foreign born, and to their credit stand three-fifths of the deposits. Here in Boston, more than half of the depositors are foreign born, and three-fourths of the deposits are in their names. Other cities maintain these percentages.
The prediction that the Postal Savings System would keep on this side of the Atlantic enormous sums which
had hitherto gone abroad has been fulfilled. The amount of money orders payable in foreign countries showed a rapid annual increase until June 30, 1911, when it aggregated for the year $100,800,000. A limited number of post offices were made depositories in June 1911, but no substantial progress was made in deposits until the fall of that year, when the service was extended to the large cities. During the year ended June 30, 1912, the amount of foreign money orders paid to $97,500,000, or $12,300,000 less than the previous year, and in the same period postal savings deposits leaped from $607,000 to $20,200,000. The falling off in foreign money orders during the last fiscal year over 1911 was $7,300,000. At first blush these latter figures are less encouraging but explanation lies in the fact that thousands of depositors sent their savings home last year to assist their countrymen in carrying on the Balkan War. The war also affected the number and amount of deposits, for thousands of depositors went home to fight. More than three hundred Greeks closed their accounts at one time in a small Middle West city and started on their journey to the front.

So I feel that it may be fairly said that the Postal Savings System has checked the flow of American money to foreign countries, and has called from bootleg and mattress depositories millions of dollars, which have been returned to legitimate business from which they were drawn.

The provisions of the Postal Savings Act, which particularly stand forth as a monument to the wisdom of Congress are that funds amassed in any city or community shall be deposited forthwith in the qualified banks of that city or community, and that any solvent bank under Federal or State supervision may qualify as a postal savings depository, and receive its share of the funds deposited in its locality. So it is savings funds are handled automatically, thus removing their disposition from considerations of personal or political favor, and effectually preventing the depletion of one section of the country for the benefit of another.

A curious but inexplicable feature of our business is that the population of cities is but little index of the postal savings business done in them, except that New York and Chicago lead both in population and in savings deposits. The next ten cities, as in order of savings receipts, are: Brooklyn, Boston, Portland, Oregon, San Francisco, St. Paul, Cincinnati, Kansas City, Columbus, St. Louis, and Philadelphia.

Our greatest activity at present is in the Far West, where the growth of the service has been phenomenal. We have a score of cities there of less than 25,000 population, each of which has more than $100,000 on deposit. If the postal savings funds were divided according to the population as shown by the last census reports, every citizen of Lewistown, Cola., would have to his credit $22; Goldfield, Nev., $20; Tonopah, Nev., $17; Astoria, Ore., $13; Bisbee, Ariz., $12; Ironwood, Mich., $9; Butte, Mont., $9; Anchorage, Mont., $7.

Many things have been done in the last seven months to simplify the administration of the service and extend its usefulness and reach to the more important ones may prove of interest and value. Postmaster-General Burien, early in his administration, appointed a committee to revise thoroughly the regulations applicable to the service, not with respect alone to accounting and administration methods, but also with a view to improving business methods in dealing with the 7,000 depository banks. The regulations, which were approved by the Board of Trustees and went into effect on July 1, have eliminated many annoying and complex details, and made the transaction of business more economical and expeditions without impairing the safeguards thrown around the service.

The emergency credit accounts of postmasters have been abolished, which means that 13,000 accounts with postmasters, involving endless correspondence, bookkeeping, and interest computing details, have been done away with. Under the old plan, each postmaster maintained in a designated bank an emergency credit account to meet withdrawals. The account was replenished from time to time to amount at an authorized maximum. All other postal savings funds, representing about 7,000 accounts, were deposited to the credit of the Board of Trustees. The new regulations require that all postal savings funds be deposited to the credit of the Board of Trustees, and need to meet withdrawals of any bank. Each designated bank in each city is now authorized to honor the official checks of the local postmaster drawn against this account, up to a specified monthly amount. Postmasters at offices which have no local depository banks now, renit by mail to the nearest postmaster where a qualified bank is located, and their remittances are included in a single daily deposit by the postmaster at the banking point. This, too, eliminates much expense and annoyance to the banks in acknowledging deposits from these numerous non-banking points. The postmasters at non-banking offices now secure funds for withdrawals by means of drafts on the postmasters to whom their deposits are made. The drafts incident to this practice are a new form of government paper.

A higher collateral value is now given certain classes of security deposited by banks. Bonds of any State and of the Territory of Hawaii are accepted at their market value, not to exceed par, or against 90 per cent. of their market value under the former regulations, such market value not to be considered as exceeding par. Acceptable municipal bonds of any city in the United States having a population of over 20,000, are received at 90 per cent. of their market value, not to exceed par. Formerly they were accepted at only 75 per cent. of their market value, such value not to be considered as exceeding par. Many banks are, therefore, happily surprised to find a liberal margin of collateral just when increasing deposits would have called for additional security under former valuations.

I desire to call special attention to one important change in practice, the full import of which some banks and bond houses at first failed to grasp. The Assistant Attorney-General for the Post Office Department now passes upon the legal acceptability of bonds tendered as security for deposits of postal savings funds. His examination involves the determination of whether they are validly issued, and whether they are "supported by the taxing power" as required by the Postal Savings Act. Under the first head examination by the law office will be greatly expedited if the banks, in tendering bonds for deposit, original or supplemental security, forward with them certified copies of legal opinions of reputable attorneys to the effect that, on examination of the recorded proceedings leading up to the issue of the bonds, it was found that all the requirements of the Constitution, statutes, ordinances, and resolutions authorizing their issue have been fully complied with, and that the bond is a valid obligation of the State or municipality issuing it. In the absence of such opinions, certified transcripts of the recorded proceedings are necessary for an intelligent legal examination by the law office.

Great assistance will be rendered in the determination of the second question, if attorneys' opinions furnished show that the bond is a charge upon the general taxing power of the municipality with the citation of authorities that may be pertinent.

In other words, the Department desires the same characteristics of the evidence that would be required by a reputable bond house or a prudent bank as to the validity of bonds before purchasing them, and in addition to this a showing that the securities are of the kind which the Postal Savings Act authorizes as Board of Trustees to accept.

In a majority of instances, opinions have been rendered by attorneys acting for bond houses or banks on
the validity of bonds tendered as security and certified copies of such opinions are usually sufficient to satisfy the Department upon the point. Such copies will be retained for the files of the Department, as will also the certified transcripts of proceedings where no opinions are furnished. If, however, it is possible for a bank or bond house to furnish only the original documents, they will be preserved, and, if necessary, will be returned after the legal examination has been completed. If the banks do not have the evidence just described, it is suggested that they take up the matter with the bond houses which sold them the securities, with a view to procuring the loan of the original documents or copies of them.

Bond houses sometimes ask for an advance decision as to the acceptability of certain securities. Our uniform reply is that the securities must be actually tendered before a decision will be announced. With the large number and variety of bonds before the Department for approval, requiring in many cases exhaustive examinations, it would be impracticable to attempt to pass upon bonds not regularly before the Department. Furthermore, an advance opinion might be asked for speculative purposes, and, if the Department were to rule in advance that a certain issue of bonds would be accepted, an unwarranted advance in price might result, when other and less expensive issues upon which there had been no advance ruling would be equally acceptable. The class of bonds that we can accept are well defined by statute and regulations, and there appears to be no valid reason for advance decisions on specific issues, which have not been and may not be offered.

In thirty-three months, postal savings facilities have been extended to 12,151 post offices and to 667 branches and stations. All Presidential offices are savings depositories, also 3,955 offices of the fourth class. Extensions of the service will be made as rapidly as substantial demand for it develops, but it is not the policy of the Department to install the service automatically, regardless of promised usefulness. It is infinitely more important to develop and expand postal savings facilities in places which have been but partially covered, and where there is a known demand for the advantages they afford, and to this end a carefully thought out campaign of education and publicity has been begun. A leaflet of condensed information on the service, printed in all of the leading foreign languages, is now being prepared for general distribution.

The Postmaster-General recently directed the installation of postal savings banks in Hawaii. No section of our domain was more in need of the service or will appreciate it more highly. Hawaii had postal savings banks of her own from 1886 to 1900, and when annexation to the United States compelled the discontinuance of them, 7,482 persons had $730,536 on deposit. The population of the Islands has almost doubled since then, and the outflow of money to foreign countries has kept pace with the tide of immigration. Last year $1,000,000 went out from Hawaii in foreign money orders, while only $15,000 came in through the same channel.

Our postal savings system is distinctly an American institution, fashioned to meet American conditions and requirements, and I want to assure you that only those actively identified with its birth and its building can form any adequate conception of the enormous task which was imposed upon a corps of officials totally inexperienced in a service of this character. Policies were speedily adopted, and innumerable details worked out with no chart or compass. But experience has proved that the general plan of operation is sound in principle and practical in application. Improvements have been made as defects and deficiencies have become apparent. The formative period with its confusion and uncertainties has passed, and the time is now ripe for still further improving its administration and for enlarging its usefulness. And I consider that the service is particularly fortunate in being directly attached to the Bureau of the Third Assistant Postmaster-General, which also has supervision of the fiscal affairs of the entire postal service, now aggregating more than $300,000,000 annually. At the head of this great bureau is Governor Dockery, of Missouri, who brings to his new post a wealth of experience and executive force seldom seen in official life—many years a banker, sixteen years a Member of Congress, four years the executive head of his State, and with it all in constant touch and sympathetic accord with the people whose uniting servant he has been. The Postal Savings System appeals to him strongly. He sees what it means to the happiness and prosperity of our people, and is putting into its upbuilding and strengthening the same thought and enthusiasm that has characterized his entire life.

After all, the Government can go so far and no further in advancing the sliding welfare of our people. The larger responsibility rests with the people themselves. Is it too much to hope and expect that there will be a greater awakening to the opportunities which this service brings to millions in unconscious need of it, and that in our crusade against waste and improvidence, we shall have, at least, the moral support of all who are concerned in our national progress?
Address of Welcome, by Charles S. Norris.

Mr. President, Ladies and Gentlemen: As president of the Massachusetts Savings Banks Treasurers Club, I have the very pleasant duty of welcoming you to the Annual Meeting of the Banks of Boston.

Massachusetts is the home of Savings Banks, and we have the honor and distinction of having in our borders the oldest Institution of such Banks in the United States. The President Institution for Savings, here in Boston; and all the Savings Banks in Massachusetts, as perhaps some of you know, are Mutual Savings Banks.

There has been placed in your hands as you entered an invitation from the Massachusetts Savings Banks Treasurers' Club to visit the banks in the immediate vicinity of your headquarters in Boston, and I hope that all of you who can will avail yourselves of the invitation to call upon one or more of these banks where you will receive a cordial welcome.

I want to express the hope that the clerks of the weather will be more kind to you the rest of the week than he has the first two days of your stay, and that your sojourn here will be a very pleasant one. In behalf of the banks of Massachusetts we welcome you.

Mr. President: There is a gentleman present this morning who has for a long time been closely identified with the Savings Bank Section. He has served upon the Executive Committee, and has been the president of the Savings Bank Section, and this year will find him as a member of the Executive Committee; therefore I request that he respond in the address of welcome, and I am sure we shall be glad to hear from Mr. William R. Creer, of Cleveland, Ohio. Mr. Creer needs no introduction to this audience, as those accustom to attend meetings of the Savings Banks Association know him.

Reply of Mr. William R. Creer to Address of Welcome.

Mr. President, Ladies and Gentlemen, and Mr. Norris: On behalf of the Savings Bank Section it gives me great pleasure to extend to the banks whose name has come to us through Mr. Norris from the Savings Banks of Boston and Massachusetts.

We of the Central and Middle West look to Massachusetts for guidance, for she is the mother of good laws touching savings bank institutions, for her life insurance and other thrift institutions, and for her experience in making for economic uplift in the world. It is a matter of fact that the reserve laws of the states, insurance companies of the United States are based upon that which has been worked out and incorporated into the laws of Massachusetts.

We may well and not many mutual Savings Banks These are self-perpetuating organizations, and they are based upon the central thought of service to the community. Possibly we haven't seen so many men of round shoulders as an engineer and leader as you have here in the East, and that is one reason why we have the feeling that after all interest beholding will be an important factor in Savings Bank institutions as disinterested benevolence. I mean when you have a man, a man of wealth, his hand is out to help you, and you know the trustees of the mutual Savings Banks of Massachusetts own no stock in their institutions. The thought, however, underlying the mutual Savings Banks should be the dominating element in the minds of all of us who act in a trust capacity for the Savings Banks—of the thrill of the work, that one person can and does do it, and as we grow older we realize the truth of Scripture, that if a man said, and he said it must be so, and that is just as true in savings institutions as in anything else. If greed is predominant, if seeking for profit is the only thing, it is not going to re-bound to the benefit of the thrift banks, or the Savings Banks. And, when we lose ourselves in the thought that the thrift, the economy, the savings of the people are after all to be the bulwark of character, this thought should begin to be impressed upon our minds, should be fastened by the savings habit, because what good is industrialism if it is coupled with unrighteous greed? Just as what good is intelligence in the world if it is not combined with thought of the form of the institution, whether it be capitalized or trusted, whether it be a trust company or a State bank, in our Savings Bank department, that is what we want the people to do. We want them to work, and I shall be given unto you again, good measure, pressed down, shaken together and running over; and that is just as true, fellows, of deposits as of anything else.

We thank you for your cordial welcome, Mr. Norris, and trust in our deliberations here we shall be broadened and better armed and made more sympathetic and useful in the various vocations that we have been called to Savings Bank work. I thank you.

This Address: It has been the custom for a number of years for the President to prepare a brief address to greet the comings of the work of the past year, and such an address I will now read to you.

Annual Address of the President, R. C. Stephenson.

In the city of New Orleans in the year 1902—during the annual convention of the American Bankers' Association—a comparatively small number of men, representing Savings Banks of this country, met, and the members of the section were our former secretary, William Harken; and the members of the Section for an annual convention of the banks, and the New Orleans Savings Banks and the commercial banks that operated a savings department was an exception; but now the conditions here have changed, and, outside the larger cities, nearly all the commercial banks and Trust Companies, have established savings departments for the benefit of their customers. The Savings Bank Section very soon after the banks found that it could be useful to both Savings Banks, Trust Companies and Commercial Banks—operating that it did not extend the service which was discontinued, and the idea of the banks' savings department. The idea of the banks' savings department has been a great success, and the savings banks have added a great deal of business to the banks.

This leads me to say that the banks are not only the banks, but the banks that have done the work and activities, and have given and have been invited to the banks' department, and the commercial banks that operated a savings department has been an exception; but now the conditions here have changed, and, outside the larger cities, nearly all the commercial banks and Trust Companies have established savings departments for the benefit of their customers. The Savings Bank Section very soon after the banks found that it could be useful to both Savings Banks, Trust Companies and Commercial Banks—operating that it did not extend the service which was discontinued, and the idea of the banks' savings department has been a great success, and the savings banks have added a great deal of business to the banks.

It has not been so many years ago that the payment of interest on the savings accounts was limited to the Savings Banks and the commercial banks that operated a savings department; and now the conditions have changed, and, outside the larger cities, nearly all the commercial banks and Trust Companies have established savings departments for the benefit of their customers. The Savings Bank Section very soon after the banks found that it could be useful to both Savings Banks, Trust Companies and Commercial Banks—operating that it did not extend the service which was discontinued, and the idea of the banks' savings department has been a great success, and the savings banks have added a great deal of business to the banks.
full benefit of the work that has already been done, the book of proceedings of the Savings Bank Section should be kept where it can be easily inspected. There has been an occasional review of the various reports that have herebefore been made and a number of them have been made to the Section by men who are experts and thoroughly informed upon the subjects treated. I have taken from the proceedings a number of statements that I have thought so well written and so well said that I have preferred to quote them, rather than to rewrite them, as the only effective way to do justice to the efforts of these men. It has been frequently said that if we call upon the brain of any man there are as many as a million thoughts; and if we call on the brains of the members of the Section there is no limit to our possibilities of finding something to instruct and to guide us.

I have been told that the work of the Section, while it is the work of the Section, is the work of the citizens of the country for the benefit of the country. A very large collection thereof was obtained. A committee was created by the Executive Committee of the Savings Bank of the United States, and I, in the name of the institutions mentioned, was authorized to submit to the Secretary of the Treasury a report of the work done by the committee, and a copy of the same was sent to the Secretary of the Treasury. The report was received with great favor and the committee was instructed to continue its work.

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our country banks went back into the dim and distant past in taking the stand that the way to cash checks was by the direct collection principle of making charges for the service, and that clearings was really out of date. That is very much the position taken by the laboring men in England when machine-made paper money was first issued. Their ability to earn money was assaulted, so they had meetings all over the country. In opposition to the introduction of labor-saving machinery.

To-day your President has voiced the real vital point in relation to the subject, that the savings banks of the country are and must be fundamentally interested in any of the broad movements which affect banking and business enterprise. I am not prepared to say that the savings banks of the country are more vitally interested in currency reform, and in this subject because the two go together, than those that are directly affected, because there is more of a subtle influence which comes through indirectness than that which comes directly. The man directly assailed can protect himself because he knows how he has the logical style—the business that is indirectly assailed suffers through these subtle influences which are not analyzed which come through this principle of indirectness.

So, I have chosen as my subject what I call a price principle "The Relations of Banks to Fixed and Fluid Credit." This address will take approximately thirty minutes to read, but I have got to lay down a few academic principles that to you as bankers may seem peculiar and I shall necessarily provide for the logical evolution of the subject.

The Relation Between Fixed and Fluid Credit, by Edmund D. Fisher.

[The complete address of Mr. Fisher is printed on page 191.]

The President: I am sure that many of you will agree with me that Mr. Fisher has presented a very able and scholarly paper, and that I voice the sentiments of this audience when I present to Mr. Fisher the thanks for the paper and for his presence here to-day to deliver this address.

Mr. Fisher: The President, is Chairman of the Law Committee—Mr. John H. Sturgis, Chairman of the Law Committee of the Savings Bank Section, and we will now listen to his report.


Mr. President, Ladies and Gentlemen: In view of the fact that at the Convention last year the standing committee of the Savings Bank Section was appointed to further the idea of segregation of savings deposits will be known as the Segregation Committee, your Law Committee has taken active steps in that direction the past year.

[We print the report of the Law Committee on page 210.]

Mr. Sturgis: Now this report as printed will contain here a copy of the Savings Bank Section of the December Current Bill, and it seems unnecessary to read it at this time, because this last discussion will be followed by a discussion of this section, and perhaps it may be then be read section by section for discussion.

The President: Before passing on to the discussion of the Savings Bank Department clause in the new California Constitution, I want to simply make an explanation to the audience that W. J. Burns, of W. J. Burns Department, Apo, had arranged to be present and make an address to us at this Convention, but he has been in Europe during the last few months, and within the last few days found it impossible to sell for this country owing to the illness of Mrs. Burns, and he has sent word to us that he regrets very much on that account he could not be present and fulfill his engagement.

This afternoon we shall have an exceedingly interesting program for all those present interested in the Savings Bank Section, and Mr. Keen, of Washington, will deliver an address upon the subject of Postal Savings Banks. He is the new director of the Postal Savings Banks of this country. And we shall have a report from Mr. Robinson, who has had the Postal Savings Bank in the American Bankers' Association. And that will be followed by discussion of the proposed law which has been introduced in Congress regarding the raising of the limit of the maximum amount of deposits which can be held by depositories in the Postal Savings Banks. I hope you will all be there promptly at 2:00 o'clock, so that we may proceed with the afternoon session.

THIS SAVINGS DEPARTMENT CLAUSE IN THE CURRENCY BILL.

With respect to this discussion upon the Savings Bank clause of the Currency Bill, I would say that we want to give everybody an opportunity to be heard on that matter. We shall call upon Mr. J. F. Bartoli, the First Vice-President of the Savings Bank Section, and who is a member of the Committee of the Federal Law Committee of the Association to open the discussion.

Remarks of Mr. J. F. Bartoli.

Gentlemen, as I was expecting to read the report of the Law Committee, or was asked to in case Mr. Sturgis could not be present, I made a notation of some personal suggestions in regard to this section, 27, and will try to be as brief as possible. The Savings Bank Section has for years been interested in the segregation of savings deposits. Whenever the subject has been brought up, the American Bankers' Association has been voted down. It was voted against in the last Chicago Congress. This Section has therefore been persuaded from effectual incorporation in the reserve bank act of this section, 27, which provides for savings departments.

Individual banks have undoubtedly urged it or it would not be there. Since it is there it would seem proper and pertinent to give my suggestions and modifications.

While we have been advocating this idea of segregation for years, we think that it would be improper, in view of the fact that it has never been endorsed by the American Bankers' Association in any official way, to introduce or suggest this proposed legislation, and I am quite sure that none of the committees of this Section, either the Committee on Segregation as such or the Law Committee—as had been charged, have ever suggested these provisions in the reserve act. The provision that the capital act apart shall in no case be less than $15,000 is faulty. I think this is too large an amount even for the small country bank. The alternative provision is better—20 per cent of the capital.

The California banking act, in considerable, provides for complete segregation of the departmental banking. This section, 27, closely follows it, except in two respects—first, that each department, will transfer securities and loans to another department upon demand of the actual value thereof, instead of such securities for a loan is a legal investment for the purpursing department. This provision is put in because there is a departmental bank in one department should fall and in another department should increase, that securities can be transferred from one department to another, and it is essential in departmental banking.

Second, that the by-laws shall provide that notice of at least thirty days be given before the option of the bank, be given of intent to withdraw. This section, 27, if made the law, shall provide notice of sixty days. That all deposits placed in the savings department shall be subject to notice to withdraw. That is one of the distinctive features between California and the savings deposits, that in that a savings bank has the right to ask notice to withdraw, either 60, 90 days, or six months, is necessary in California. And if the savings department should take a checking account and promise to pay it on demand it is in fact a deposit that is subject to notice to withdraw because the by-laws and State law provide that. This section, 27, if made a law, should be amended to meet these requirements, as I have above stated. If section 27 of the California act, which covers the subject of segregating, is not equally fully as to the National Banks, it is retained in the act, the question will be, what to do with section 39, which provides the method used by the State banks and Trust Companies. Are the savings deposits members of the reserve banks. Must they also segregate and segregate savings department under the provisions of section 27? And what can be done so without legislation? Would it be just and equitable to compel National Bank membership and segregate the profit. State banks should be made to have members to become such without segregating? Manifestly not. This will therefore be a vexatious question which must be solved and adjusted. The bank which I represent operates under the California departmental provision, and I can say it works well. All large banks are departmental. Our law provides for the apportionment of capital for the segregation of assets—all the assets of the savings department are segregated from the assets of the commercial department—cash, loans and investments, bank accounts, and our law provides that the creditors of each department shall have a first lien on its assets. Each department is run as a separate bank. For instance, when I come down to the bank in the morning I take the statement—there is one column for the savings department and one column for the commercial department, and in our State we also have a trust department. The three columns together make the combined statement.

Now, I can tell every morning just exactly how our business is running, whether the commercial or the savings department is running well, and I can compare the statement of any day with any other day of the year and the exact day of the year before, to see how our business is running. There is nobody of objection on the part of the savings department to this segregation-departmental idea. I think the objection comes from those who do not understand how it works.

There are numerous segregation laws in the State, and I have not yet found a man who has operated under a good segregation law who does not appreciate it. It does not require additional legislation to come to most banks from who have not carefully studied it and who do not really understand it. The objection has been made among country banks that segregation would prevent them to send savings deposits out of the community. It does not operate in this way, but operates the contrary. Many country banks now have savings deposits and it is the other side; they are all investing their funds at home. As I stated
SAVINGS BANK SECTION.

201

in a meeting of the Executive Council one day a year or so ago, when this segregation idea was violently opposed, I said it did not make any difference as to whether they voted for it or against it. It was one of the movements which could not be stopped by votes. I thank you.

Mr. HAWLEY: Is there any else who would like to be heard on the subject? If not, before adjournment—I think the President wishes to report this afternoon—and I the Nominating Committee is to report this afternoon, and I wish to see the full member list. Mr. H. John son, of Detroit, and Mr. George H. Edwards, of New York City.

A motion to adjourn will be in order, and I shall, Mr. Chairman, be back at 2:30 o'clock. This matter is open in the morning. There is one matter I want to speak of, and that is a number of gentlemen who are present at this meeting, and members of the Savings Bank Section, have not registered as from this section, and we want all the names of the savings Bank men registered at the Savings Bank Department, Healey Hotel.

(The morning session adjourned.)

AFTERNOON SESSION. Mr. PRESIDENT: Gentlemen, please come forward and take seats and we will open our meeting.

T H E S A V I N G S D A T E M E N T C L A U S E I N T H E C U R R E N C Y B I L L.

Just before adjournment this morning we had the report of the Law Committee, and in that report you recollect some reference was made to pending legislation and to the clause providing for the savings department in the national banks; and down on the program this morning Mr. Hawley made a place of consideration on the Savings Bank, but owing to the fact our meeting had continued until after 12 o'clock, and no one responded readily, the meeting was adjourned.

I have thought that possibly some of you might want to make remarks upon the clause referred to, and I am of the opinion that this view of his views we would be glad to hear Mr. Hawley.

Mr. N. P. HAWLEY, of Minneapolis:

I would like to say a few words. I think that all of us have read, or heard, or been in the expression of the views of the Savings Bank men, and I think, Mr. Hawley, if you would be heard in the expression of his views we would be glad to hear him.

Mr. Hawley responded to this reference to this legislation we should endeavor to get at the point of view of the people who have suggested it and who are endeavoring to put it into force. That is in endeavoring to do this there should be legislation, and if we make the effort we should try to look at the point of view from which this legislation comes.

Look into it from that point of view. That comes to the question whether banks throughout the country of one kind and another can possibly serve the public by not having Savings Bank departments.

Now, the great need we have in the West is a proper place for savings to be deposited, and it is true in the savings and national banks that such plans should be made so as to invite saving, increase the amount of savings, and to properly use those savings. One of the greatest objections made, and it is just to that point I am only really going to speak, is this—that the banks of the West, the national banks, generally fear if they are to be made Savings Banks that they must invest those deposits if they are segregated in certain slow, fixed securities like bonds and mortgages.

I think that is not the spirit of this bill, and in evidence of that I would like to read a sentence to show that this bill as it stands today. Namely—all that all securities of Savings Bank purposes must be invested solely in mortgages and bonds, I will read only two clauses:—"The savings department of such a national bank shall be authorized to purchase securities authorized by the Federal Reserve Board—and in the event of further amendments to this Federal law which the Federal Board shall provide and publish at its discretion, to accept securities, paper and other forms of investment, and the provisions of such savings department may be authorized to be bought and sold upon; and such a list need not be uniform throughout the United States, but a bank may be adapted to the banks in the different states of the country."

In other words, in my part of the country they should not be solicited to make mortgages and bonds, but they might invest securities proper for Savings Banks that are safe and good paper for any kind of bank, including the savings department. The great thing is that the security shall be safe, but the other important thing is segregation. Now, I think that this main thing of segregation there should be provision for the safety and protection of savings department, but the provision for segregation for the safety and protection of savings department. There should be provision for segregation for the safety and protection of savings department.

If there does not appear to be in slow, fixed securities, such as mortgages and bonds, and it can be in any sort of securities. That having been done, the funds that are not segregated, or not invested in the national banks, may be set not to cross the country, but invested right at home in the kind of securities that are there safe to invest in.

Transference of money from one to the other is what the saving bank man would want anybody to feel free to express himself upon the matter. We shall be glad to hear from any other reason why there should be any changes upon the program. Is there any one else who would like to be heard upon the subject?

Edward L. Randolph, of Iowa:

Mr. Chairman, I think most of us do not fully understand what the provision may be concerning these savings departments. Mr. Hawley, with a few remarks, but I think it would enlighten us all if this paragraph was read in its entirety. It was under the impression, and some of my friends may have been under the same impression, that this clause relating to savings departments of the national banks was eliminated entirely from the bill last November. I have since been informed that the bill was made to provide for all the savings departments in all the national banks. If some one has the bill here it would enlighten us all the more which paragraph be

Mr. President: I believe Mr. Hawley has a copy of the bill there, and you may pass it up and the Secretary will read the clause.

Mr. ROBINSON: This is dated September 15, and it has been much amended from the issue of September 9.

(The Secretary reads the bill.)

Mr. ROBINSON (Continuing): The feature of the bill just read is that it is one that wants a recognition in the principle that we have so long contended, and that is the principle of segregation, and that is of far more importance to us as savings banks men, Minneapolis, of Minnesota, that it is desired to have invested amounts within the law with respect to savings funds. I do not know the attitude of the thrift of that delegation, but I think it merits the approbation of this Section, and as a savings bank man I would like to commend very highly the principles of this act just read.

J. M. DINWIDX0RO, of Cedar Rapids, Iowa: Mr. Chairman, I would like to get an expression—as this bill as read the equivalent of a savings bank within a national bank? This money is segregated; it may set aside a certain amount of its capital, and it is the equivalent of permitting the organization of a savings bank within a national bank? If it is, what would be the point on the State law that would supercede it? Our State is not a mutual State—that is, the law is not a mutual law—but we have savings banks. In a word, I am driven to the conclusion we must have at least a $50,000 bill. Can a National Bank in our town set aside $15,000 and run a Savings Bank by opposition? I think not. We speak of the State law in doing that?

I don't know whether this has been discussed or not; it is a query, at least. It seems to me in these days, when national Banks want everything—they have not even a Section—there is no more reason why there should be a National Bank Section of the American Bankers' Association than there should be a Savings Bank Section.

Mr. Dinwiddie: (Continuing): It has been an eye-wash to us. The National Banks want everything; they want to be National Banks and do everything, but they want a savings bank business. Even the Government is in competition with us in the Postal Savings Bank. It seems to me that the Savings Banks should argue for it and fight for the segregation of savings bank business, but I believe that some consideration should be given to the idea. I am aware of, that the expressment of a law which in, fact, creates competition with the banks that organized under the law of the State, in our State is not a mutual State. In our State—

I don't know how it is here, but we were not to lose funds because it was a postal savings bank, it permitted then to be less capital. In our country—

I don't know how it is there, but we were not to lose funds because it was a postal savings bank, it permitted then to be less capital. In our country—

We have received in the time we have been in our business—

Mr. President: There will be a discussion upon the subject of Postal Savings Banks.

Mr. Dinwiddie: That is just one more reason why we want to be carriers and competitors.

Mr. Stalp: Mr. Chairman, I want to ask a question. Most banks do a considerable amount of national bank business, and with a capital of 50,000 under this act would probably do the same business you are now doing.

Mr. Dinwiddie: There are savings banks in Iowa that do nothing but a savings bank business. Ours is one of them. A man can do anything he wants to, and the law allows him to do it.

Mr. Stalp: Assuming that this Reserve Bank Act becomes
a law, of course, we all have our options on that subject, and anyone can accept this section 27 to incorporate the act finally.

—in California—and I always like to refer to the California Bank—because we have anticipated that condition, and the Federal Reserve Bank is so organized that the banks will find it convenient or profitable or desirable to join the system which is the object of the Joint State Reserve Act. We have anticipated that condition in California by adopting a passage of the Section in the Bank Act, which reads as follows:

Section 56. (California Bank Act.) Any bank organized and existing for the purpose of making loans or other accommodation to those or associations with any National Reserve Association of any of the states or any part thereof, or any non-profit or nonprofit corporation created or established by Act of Congress, may loan money on such associations or plans be created by Congress under the act or any other name. Nothing in the act shall prevent any such bank from or associating itself with any such association or plan or branch thereof. We are investing eight per cent of our capital or surplus in the stock of such association, plan or branch thereof in accordance with the act. We must obey the act of Congress; provided, however, that such investment shall in no case exceed the minimum amount required to join or associate itself with such association, plan or branch thereof shall be permitted to conform to and transact its business in accordance with the terms and provisions of the act and the当年

But, for instance, puts the banks of California in this condition of law, if it should become desirable on the part of the State to enact a similar law. In it and avail themselves of these benefits, our State banks entrench themselves and transact business with it in accordance with the terms and conditions of the Federal Reserve Act.

And I think that all the States will have to—the legislatures of all the States—will have to make some such provision as this in order to enable our State banks to join this Federal Reserve Bank, if the legislature or the bankers of the State will not join other State bankers to enter the system.

J. H. Jordon, of Pennsylvania: It seems to me, and it seems to the advocates of segregation—that method of handling deposits—I would like to ask—are there any limits defined from Iowa, where there is a law where the National Banks do legally enter under a plan that we are doing now without rule. I have received dozens of folders in the public advertising for deposits, and I have fulfilled the wish of all of the banks. I do not. I do not invest those savings deposits in the building up of their reserves because they are restricted, and I am hardly in favor not only of allowing the National Banks to enter a Savings Bank business, but in the charter and constitution under proper supervision. We must obey our own act of Congress. Segregation is inevitable. It is the proper method of handling savings deposits.

We have tested it in fair and stormy weather, and we want to ask you, does not the new experience of the very way of handling savings. I said some years ago—suggested the thing. It has come up in this bill, but I was told I could not be done, and it has been rejected, and I am hardly in favor of segregation, no matter how much competition the State Banks of the other—more the National Banks;

J. S. Drexel. I agree with Mr. Johnson that, if done at all, it ought to be done under proper supervision and under the laws as sanctioned by the law. The segregation also: I believe that the American Bankers’ Association comes more to the point. I remember a few years ago the American Bankers Association didn’t even want to consider State Savings Banks when they started to make the currency law, and the president of one of the banks said it could not be done. It is being done.

Mr. A. C. Schmitz, Albany, Oreg. I wish to ask a question. Do you understand that under this act a Savings Bank can be organized separate from a National Bank and by the name of National Savings Bank? Or would it be possible for a banker to organize a Savings Bank in the same manner as a commercial business, but does it not as a Savings Bank business, and not be known as a Savings Bank?

We have the First National Bank and the First Savings Bank, and we have tried to use the same National in connection with the Savings Bank and could not do the thing. And I wonder if under this act it would be possible to have a National and a Savings of safety. If this Federal Reserve Act should become a law, it would become desirable for the banks to keep in mind that section in the act the whole subject of all the deposits to be gone into very carefully, and I have now some communications in which the banks have been asked to consider the act and the time that is being observed. I am afraid that the deposits will make suggestions in regard to the amendment which provisions will be made. I shall come and some of these questions will arise in that suggestion and recommendations to Congress—whether or not the section should be so amended that the Savings Banks will be allowed to make up to the present there is no provision for anything of that kind.

Mr. Knox: Under the laws of the State of New York our savings banks are mutual, having no stockholders and all deposits being so held indefinitely, I think that the depositors in the mutual Savings Banks have commercial banks, which are under the law of the State of New York from using the word “savings”—it is a very desirable object of the Joint State Reserve act, which is savings departments.

A good many of us in New York for a good many years have been advocating this matter of segregation for the sake and simple reason we think it is only fair for the class of people who deposit funds there to know that they should have the greatest possible protection. In the large cities of the State deposits are made by people who know very little about business methods and very little about banks, and yet gradually have been educated up to the idea that a bank with the word “savings” over it do not fall under special supervision, which it is, and their money is under the protection of very special laws; but here and there we find in the city of New York that the commercial banks with the interest departments under the guise of those interest departments are cutting in on the legitimate business of Savings Banks. We have not any objection whatever—many of us have not, anyhow—many of us have no objection to any bank that wants to go into the Savings Bank business if they do it in a proper way, under a plan that act proposes to do—negregate the savings deposits and keep them absolutely separate and apart and invest the money of those savings departmen
t departments.

In New York, of course, there are no profits for the trustees of a Savings Bank, and we think if the commercial bank operating similar business would invest in the same securities the bank would find not much profit, and I don’t think the competition would amount to anything.

We have in our city a very fragrant case of a bank similar in name to a savings bank next door and having an interest department, that a sort of series of pass-books has been handed into the thousands, and people walking into the bank see the same name over the door deposits are tendered and received, and in many cases the go away without the fact of money in an old bank established for three-quarters of a century; but it is not much exposed when they walk into a savings institution next door that has pass-books. There is a very clear, a similar character of get-up, color and in every respect, and many a bank would be willing to do this. It is safe to do, if his money is in such a bank and thought it was all the money in the other. I think perhaps you will do and I have no objection to it if it might be improved by saying that the funds of the segregated department should be invested as directed by the Federal board if directed in the same way. In the same manner as the banks in the particular State.

Mr. L. H. Denning, of New Orleans:

I seem to me that this legislation could only apply to National Banks. Every State has its own banking laws. The directors and stockholders of a national bank are just as much entitled as the people of the State to establish the savings banks as any other corporations could be entitled to do so. In other words, there are numerous savings banks throughout the country that are absolutely branches of the National Banks; they are owned and controlled by the National Banks.

Now, I wonder how you can apply segregation to the State Banks if you want to adopt segregation for the national banks which ought to be formed from the National Banks, the Government is doing. It wants to do this but you can’t have the savings banks already in existence unless with the consent of the State. Now it does seem to me that we are getting along very nicely. This savings system has grown from a membership of twenty—I originated this savings system—I was the first man who ever proposed it. I was the Chairman of the meeting and Mr. William Jay was the secretary of the meeting and was subsequently elected the National Secretary. We organized in New Orleans with twelve men in 1902. I never dreamed it would ever develop into such a magnificent body as is present to-day.

It seems to me, therefore, that we are getting along so nicely that if the National Banks want legislation they should have it. I am satisfied with the action in my State; we are doing well and I don’t want any segregation. I have the luck to have all the banks to withdraw their account whenever they see the old woman will come in and deposit $20 and any and they will never draw it out, is going to be easier and I have two or three years after we begin to draw it out a drawing account to the time that is in Kings. Come on you apply that money in any investments? I suppose we could conform to the demand for segregation as other people could do, but it seems to me that the Government and the State Banks are going to work out their own proposition.

Our People are to be bound by the presence of the Acting President of the American Bankers’ Association, Mr. Reynolds, and it would be very gratifying at this time to have a few words from him today.

REMARKS OF ARTHUR REYNOLDS.

Mr. Arthur Reynolds: Gentlemen of the Savings Bank Section, I didn’t anticipate when I came into the hall a while ago I was going to be called upon to address you. I assure you
that I regard it a very great honor to have that pleasure, although I didn't think at this time of making any extended remarks.

I have watched the growth and development of this great body, and I realize it is an important force in the affairs of the Association, as are all the Sections. In conclusion, gentlemen, I rejoice to say that the work of the Association, and of course the banks in common with it, is not of so great importance to the other Sections of the Association, and I realize the importance of appreciating the work of the Associations. Different elements of the kind, so far as I personally am concerned, and so far as the officers of the Association are concerned, as it bears to my attention, they are connected with all the work which you gentlemen have been promoting.

I was much interested just now in the discussion of Mr. Kinzie, Mr. Johnson and others here upon this question of segregating savings deposits. That is a question in which I have had a very great interest for a long time. I believe it is one of the problems to be solved, and I realize it can be solved first in a body of your own kind, where the men most deeply interested will be present, and it will be under the auspices of the Association and to every bank in your Association.

Gentlemen, if there is anything that the officers can do to promote the interest of this Section of the Association I assure you they will be very happy, indeed, to have an expression from the President and to be here and address you upon the policies of the system. I have the pleasure of introducing to you, gentlemen, Mr. Carter D. Keene, of Washington, D.C. [Mr. Keene's name is printed in black ink on page 196.]

Mr. L. E. REYNOLDS, of New Orleans: Mr. President, I move that a vote of thanks be tendered to Mr. Keene.

[This motion is seconded and passed.]

The President: This is evidence of the high appreciation for this very excellent address. Mr. Keene has given some very interesting facts in regard to the Postal Savings System in which every member of this Section is vitally interested.

We will now have the report of the Chairman of the Committee on Postal Savings, Mr. E. L. Robinson, of Baltimore, Maryland.

The President: A subject in which all the members of the Savings Banks are always interested is the matter of the Postal Savings System, and we have succeeded in inducing Mr. Carter D. Keene, the Director of the Postal Savings System at Washington, D.C., to be here and address you upon the principles of that system. I have the pleasure of introducing to you, gentlemen, Mr. Carter D. Keene, of Washington, D.C. [Mr. Keene's name is printed in black ink on page 196.]

Mr. L. E. REYNOLDS, of New Orleans: Mr. President, I move that a vote of thanks be tendered to Mr. Keene. [This motion is seconded and passed.]

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We will now have the report of the Chairman of the Committee on Postal Savings Banks, Mr. E. L. Robinson, of Baltimore, Maryland.

Mr. President, Gentlemen and Ladies: I have no formal report to make to this body, as you probably are aware of the fact that I was with—or rather that this committee was the creature of the Executive Committee, and my formal report was made to that body yesterday. I may say, however, for your guidance, that when I was appointed a member of this department, it was understood that the Department of Postal Savings would be connected with the Postal Savings System in Washington, last February, and ascertained from him that the figures at that time were something like $23,000,000, and probably $200,000 accounts. I am advised that those figures were approximate, as it is quite difficult to find figures of a given date until several weeks have expired for the purpose of getting together the data. Since February the system has grown, and Mr. Keene has just furnished us with the figures as of this date.

The calculation furnished by the Third Assistant Postmaster General is that we have probably now in the Postal Savings system $23,000,000, divided among 300,000 depositors, showing an approximate balance of $100 to each depositor. I think Mr. Keene has said we have a little over 12,000 post-offices, and that the average for each throughout the country is something less than $300, and some $2,000 deposits. The report of the Chairman of the Committee on Postal Savings Banks, 208, and some 203 post-offices, and that the average for each throughout the country is something less than $300, and some $2,000 deposits. The report of the Chairman of the Committee on Postal Savings Banks, 208, and some 203 post-offices, and that the average for each throughout the country is something less than $300, and some $2,000 deposits. The report of the Chairman of the Committee on Postal Savings Banks, 208, and some 203 post-offices, and that the average for each throughout the country is something less than $300, and some $2,000 deposits. The report of the Chairman of the Committee on Postal Savings Banks, 208, and some 203 post-offices, and that the average for each throughout the country is something less than $300, and some $2,000 deposits. The report of the Chairman of the Committee on Postal Savings Banks, 208, and some 203 post-offices, and that the average for each throughout the country is something less than $300, and some $2,000 deposits.

The Chairman of the Committee on Postal Savings Banks, Mr. E. L. Robinson, has the following report to make to this body:

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Savings Bill as it exists at present, but as it may be amended by the House of Representatives, I do not know that many of you have kept pace with the progress of legislation concerning that system. At the present time I think the law is amended as originally passed, and that it is a matter of some importance to all communities.

Mr. Keene [Inserting] Except as to minor details of administration.

Mr. Robertson [Continuing]: Except as to minor details of administration. You know that 95 per cent. of the funds deposited, or the deposits, are a community. It is in that particular community and depotize, in the sense of the local community. There are bills pending in Congress now for the purpose of chartering the National Banks, and I believe we should be now circulating in the banks of this particular city if that bill has been passed. So with this unprivileged statement of the case I cease.

The PRESIDENT: I would be very glad, gentlemen, to hear from any of you who would like to make some remarks.

Mr. John C. Grew, of New York. 

Mr. President, I simply wanted to ask you if it would be well to permit the going on of this special note of its acceptance, and also to hand with it an approval of his sentiments, or not, I would like a discussion, if you please.

The PRESIDENT: The Chair recognizes Mr. W. H. Creer, of Cleveland.

Mr. Creer, Mr. President, Ladies and Gentlemen,—A Sunday school teacher was talking to his class about the parable of the prodigal son, and wishing to draw out the fact that the elder brother who was at home was hurt by his joy over the return of the prodigal, the teacher said to his class, "My dear children, there was some one who wasn't happy during that time, and that was you." After awhile one boy held up his hand, and the teacher says, "Tommy, who was it?" And Tommy replies, "The fatted calf." It may be a good thing in surgery to know that from the brains of the rabbit or the cat a man or woman's life may be saved, but to the father to save the cat or the rabbit, and that is one of the phases of this postal savings bills question. We haven't met it yet, but in times of peace it is well to prepare for war. Now, in the letter that has been read here from the city of Pittsburg it would seem to be a confirmation of the whole plan of postal savings, but it is not a representative communication, it seems, because it is a letter from a strictly Savings Bank in one district. You say for forty years, sir, this question has been passed up and down. This bill has been introduced before this was instigated, but for sixty more before the close of that forty years there was a mutual savings bank in the city of Boston, and it has been working out its functions, and has in its possession to-day more than $50,000,000 of the savings of the people, a sum much greater than has yet been entrusted to the United States government. The postal savings department. What would happen to that institution if there was a run made upon it by a bank, and a panic comes, gentlemen, not from cause so much as from fear—the strongest financial institution in the city of Boston, the oldest financial institution in the city of Boston, may be made the subject of a psychological mania; that is what a panic is. This bank receives deposits that come back from the Government; it cannot accept postal savings from foreigners in this country. Your bank has active manner if it can be possibly avoided, and it is perfectly willing to meet the occasion. Now in our possession should be at his disposal. So with that in mind I might say to you something about the operation of the Savings Bank Law there when the recent financial disturbances. That city has a very large foreign population, and it was supposed to be a part of the postal savings system and the attitude of foreign deposes manifested toward postal savings banks. I have knowledge gained to some extent through official sources, and gained in other ways from local sources, that the postal savings deposits almost doubled in Pittsburg during the time of that distress. That would indicate that the people did become frightened, and did withdraw from the other institutions and placed their deposits into the postal savings banks. On the other hand, it may be argued that the very fact they had a channel for the deposit of their funds operated to the advantage of that particular community, otherwise the money might have been removed and hoarded permanently, while in this city it found its way immediately through the channels of trade. So I asked Mr. McWilliams to direct a few inquiries to the banks of Pittsburg and ask them to outline their experience in this matter.

Mr. Robertson then read from a series of letters, which were not handed to the report. I think it safe to say, gentlemen, that the experience of all of us will bear out the theory that the money now on deposit in postal savings banks has been more that has not come from our banks. It is not hard to establish the fact for every community where postal savings banks are thriving bank, and by money put in their deposits the community, and, as far as I am concerned as the Chairman of this Committee, it is an open question. I don't know as we will have to rest this question upon the statements of the Bankhead bill on the ground that it might in times of financial stress be a burden to existing agencies for savings. In view of the fact, it certainly would probably be a larger amount due to the credit of the postal savings system in a short while, presented to the meeting in May certain estimates that were furnished by Mr. Weed, then director of the postal savings system, that at least $35,000,000 or $40,000,000 had been turned away by local postmasters because of the fact that the Government would not receive more than $500. We have not been informed that in a certain city a man of considerable supposed business character and money-writing to trust the agencies at his disposal for taking care of his savings, has tendered a large sum to the local postmaster who under the law must be declined. This might be true, and I believe it would be now circulating in the banks of this particular city if that bill had been granted. So with this unprivileged statement of the case I cease. One hint to the discussion.

The PRESIDENT: I think the discussion should be strictly

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Savings Bank Section

confined to the proposed act that is pending to remove the limit from postal savings deposits, and I am sure that Mr. Keene is aware of the fact. Gentlemen acquainted with the savings bank business do not believe that a law of this kind, if it should be passed, will do any essential good to the mutual savings banks.

Mr. CREER: That is just the very thought I want to express, and I want Mr. Keene to get what I say. These institutions have been self-sustained for a hundred years; they have done valiant work in building up thrift and economy in this country, and it seems to me that their money, which is drawn from their vaults in time of panic can come back to it again through the operation of the Post Office Department. They have never been subsidized, and I think the postal savings banks of the States, successful as it may be, achieving the highest place in this present administration, or the administration that is to succeed it on its journey—its highest achievement would be dearly bought if in accomplishing that fact it strewed along its way the wreckage of the mutual savings banks of this country, even if it was a few instances.

The PRESIDENT: The Chair recognizes Mr. Radford, of the Republican Bank of Los Angeles, Cal.

Mr. J. D. RAPSEON: When this matter was under discussion, the organization of the postal savings bank, it happened to be at a time when I was at the head of the State Bank Association of California, and I made the statement then that I believed that the organization of a postal savings bank would bring into existence a body of money which was not now deposited in the savings banks.

I prophesied better than I knew. Statistics show that the larger deposits are where the foreign-born population is the largest. I can look back now over two years of its existence, and I can see a very stark increase in the amount of time any money has been taken out of the banks already existing and put into the postal savings banks. I believe it is bringing its money into the daylight and into use a great deal of money which would otherwise be hoarded, and I am most heartily in favor of any limit, or of taking off the limit entirely. So be it—so that any foreigner—anybody who wants to can deposit any amount of money they want to, and if they are willing to accept the notice at $1,000 and let the rest of it lay there, well and good. I don't believe there will be a single wreck strewing the main street.

Mr. H. J. DERRICK: I hate to think my friend Radford is either unable to understand what I have said, or that I am incapable of making him understand, the idea that I am trying to convey.

Now, I have not any objection to the postal savings bank. That is No. 1. I welcome it now as an instructor and educator in thrift. I am in favor of the State Bank having a savings bank department; I am in favor of the National Bank having a savings department; I am in favor of any bank being the greatest possible service to the community, but I am talking about the limit of the extent of these postal savings banks.

Mr. WEED told us of somebody coming with $20,000, and wanting to deposit it in the postal savings bank. Is that a very much greater sum than the legitimate savers of the United States? When a man brings $20,000 to the postal savings bank, he is not sending it away to a distance. He is a crook because he wants to put money where it is beyond the process of law; he wants to cheat his wife or his creditors. That is one reason, and a man living in a town like Boston or Cleveland, where everything is being done for a financial institution, and they are unable to take care of his money, there must be something more with his works up here [indicating head].

We don't have any wrecks until after a storm, and the storm is not struck yet [great applause].

Mr. NOOK: I had the pleasure a few weeks ago of having a call from Mr. Keene. I didn't know at the time he was going to address us here to-day, and I think he will bear me out in the statement I make that I said the institutions I represented, as most of the institutions of the same class—the Mutual Savings Bank of New-York—didn't oppose the postal savings banks. We welcome any agency that will work for the betterment of the people, and if the National banks want to have savings banks departments we are very glad to have them on.

The attitude that postal savings will act as a feeder to the Mutual Savings Bank, that has been its historic policy, is as true on the other side of the world where there are postal savings banks. That is absolutely the fact, and the same fact has been demonstrated to the people of the United States. The postal banks that would not get into a mutual bank.

So far so good. If they pass a law raising absolutely the limit of deposits of the people, and we have such a panoply of laws as we have now, and it is possible to transfer a huge amount of money from the postal bank and drawing their money and depositing it in the postal. That would be not an unmindful evil if it was possible for that money to come back into the vaults of the mutual banks for the demands of their depositors. That would be a loss of money. In New York, even if the mutual savings banks were disposed to become the acolytes of the postal savings bank, we could not make my own bank with deposits of a hundred million, we have seen in times of panic long lines of depositors coming in and their money pay out all the money we had in all and on deposit in other banks if we could get it. We could apply to them, not for the sixty days' clause, but to take all of that sixty days' money and the people had subbed, we would be still confronted with the possibility that people, knowing the absolute safety of the government, might come to us in a crisis of revenue and reputation, and say that they would rather take away their money and put it into the postal savings bank. That particular clause was never anticipated.

There has not been any time during the panics when the application of the sixty-day law has not spoiled people so they could withdraw their money, they did not come.

In common, when the withdrawal clause was applied and we asked for times, the people who gave us notice on the first after¬noon when that law was put into effect—that they wanted sixty days to make up their minds to save the $1,000 limit. There was a very considerable amount of that was a very little safer than the old established Eastern Savings Banks which have people have confidence in, they might withdraw their money into the postal savings bank. Not because we are opposed to postal savings, but we are opposed to that particular clause. It is a menace to those banks, and we have fought in New York, and people ought to put themselves or record as not in favor of that particular clause. [Applause.]

Mr. J. D. RAPSEON: Detroit: In connection with the deposits of Postal Savings Banks, in order to bring the matter to some definite point, I would call attention to the experience of everyone with mutual savings—the mutual savings Banks are not opposed to it, but see a danger point. I would draw attention to the fact that the Government is willing to work with us, and in turn we should work with them. We found the $500 limit didn't hurt us, and I am in favor of getting the $1,000 limit, with this suggestion: instead of giving the people the unlimited right to deposit, that, as a test to prove or disprove the theories advanced, that they were given an unlimited right to deposit, but only an unlimited amount. I would also suggest that the mutual Savings Banks in conference with the postmaster-general solve some form by which the mutual banks could be protected because of the danger which exists at the moment under the present law. With the limit of $1,000 additional without interest, and with the protection that is necessary or should be given to the mutual Savings Banks, I feel quite sure we will have very little feeling against the extension they are seeking.

The PRESIDENT: Will you make a motion? Are we to consider that as a motion you were making the suggestion?

Mr. J. D. RAPSEON: Would like to have the test of the meeting, and if it approves will offer a resolution.

Mr. C. P. SABUS, of Burlington, Vermont: I just want to say that I have the active management of Savings Banks for twenty-five years. We have commenced a million and a half of mutuals, and in all respects have been successful. We have about $15,000,000 on deposit and 30,000 depositors now, and when the Postal Savings Banks were agitated and the bill was in the Senate I read it very carefully and with a great deal of interest.

And I wrote at that time to the Senator who had the matter in charge, advocating Postal Savings Banks, very much in opposition to the feelings of my banking friends both in Boston and New York. I believed then as the result of my business connection with the West, particularly in the smaller towns, and my knowledge of the South, where mutual Savings Banks did not prevail, that the postal savings would succeed—just what it has done to be; it seemed to me that was what the country needed.

I believe it would be perfectly safe to make the limit $2,000, for I believe there are a large number of people who will not deposit their money in the banks but will deposit in postal savings, and it is better to have it there than to have it in their pockets and there was no holding. It goes back into the bank and in that way comes back into the Mutual Savings Banks.

I have been through two severe panics when we had rather dry times, but I never had any trouble in getting all the money I wanted if the other banks had the money and I had the security. I do not think there is any trouble; I believe that the Postal Savings Banks now have is the same fear they had when they were opposed to the establishment of Postal Savings Banks. If I believe it is perfectly safe to have the $2,000 limit, and I believe the time will come when the Government can safely increase the limit, I do not hold good to the establishment of a government that would apply to a State or a mutual Savings Bank. The reason I never have wanted the privileges of taking large amounts in our institutions has been that I didn't want to take

I was glad to have the test of the meeting, and if it approves will offer a resolution.

Mr. J. D. RAPSEON: Would like to have the test of the meeting, and if it approves will offer a resolution.
care of it in the time of panic. It is not the purpose of mutual Savings Banks—

A MEMBER: What is your limit?

MR. SMITH: Our Limit in the State of Vermont—our own institution is $2,000, at least. We tried to limit it at $2,000 when our State had no limit. Then the State made a limit of $2,000, which I think was wise, but we then made the limit $2,500, which I think should be slightly higher.

A MEMBER: What is your average deposit?

MR. SMITH: Our average deposit is a little less than $500. We have listened with a great deal of interest to this discussion here this afternoon. I believe, as I have already said, that the mutual Savings Banks are in a very favorable position. I really believe that the same principle applies to mutual savings interests and to every man who has anything to do with them and has already been able to watch them and go from the community where he has had to do with them—I believe the same thing will apply to the whole country. We are encouraged thrif and doing it safely and not fearing any banking institution at all.

MR. SAFFORD: Mr. President, in view of the fact that this is a great question and that it cannot possibly be looked down into a small resolution, and in view of the fact also that on that subject there is so much diversity of opinion, and in view of the fact that our Executive Committee is to meet at the close of this session, I move that this resolution of Mr. Johnson be referred to the Executive Committee for action and report.

(This motion was seconded.)

ACTION ON RESOLUTION TO EXTEND LIMIT ON POSTAL SAVINGS

THE PRESIDENT: Are you ready for the question? The motion is that made by Mr. Johnson—that it would be the sense of the membership that the Governor of the Government's rating the maximum amount that may be deposited by a depositor in a postal savings bank to $2,000, $1,000 thereof to be used for the purchase of stamps, and the other $1,000 not to draw interest. That was the motion made by Mr. Johnson, but the motion now made by Mr. Safford is to refer the whole matter to the Executive Committee of the Savings Bank Section, and have them take such action and take it up with the department and express such views as may finally be determined upon by a thoughtful consideration.

MR. DIXON: Do we know we are going to have that expenditure? I think we ought to have the Executive Committee express themselves first.

THE PRESIDENT: It would not be possible to get an expenditure from the Executive Committee until they have had an opportunity to get together and consider the matter, but I think that the action of the Executive Committee would be entirely satisfactory to the members of the Executive, and it will very likely represent the sentiments that have been expressed at this meeting.

MR. JOHNSON: I would like to correct one word. I didn't say we approved the motion, although I personally do. So many of the members oppose the extension of this limit that I am willing to concede to them and say we do not oppose the character of the motion. I think that would be better; we cannot consistently—although I have fought it all along in the Denver Convention, and a majority of the members didn't agree with me. I know this resolution should not be made, I think, without opposition to the amendment of the Friend Schmidt that the limitation shall be increased to $1,000, even two or three of such amendments. If I tested out that the creation of the postal savings bank is not going to hurt our business.

I may confess that I helped draft that portion of the postal savings bank bill, and I think in drafting that bill I did you a good turn, because the bill as originally drafted was very harmful; and in giving the ideas of my mind, and a great many of us I helped shape that early so it didn't do you any harm.

I think we want to help along and give the Government our ideas and experience, and I am sure they will meet us. That is why I offer the resolution. I think, as my friend from Idaho said, that we want an expression from that Executive Committee committing us ourselves into their hands. I think this body should govern itself; the committee should be kept at least have an expression from the body present as to what they think of it. [Applause.]

MR. GRIEWOLD: Mr. Safford, I believe, moved that the resolution offered by the gentleman from Detroit should be placed before the Executive Committee, and that we were to report to this meeting—I wasn't sure whether to report to this meeting or to the next meeting of this Section. I move that we report to this meeting.

MR. NICHOLSON: Report when?

THE PRESIDENT: At the next meeting of this Section.

MR. NICHOLSON: I want to second the motion to get it before the house.

MR. SAFFORD: I do not imagine there is any savings banker who will object seriously to raising the limit $1,000, as the next step, but when it comes to the question of taking out the limit, or making it $2,000 or $5,000, or no limit at all, that is a serious question. I think that is a question that should be considered very thoroughly and on which we should not go off with a half-cocked vote. It is the non-limit part of Mr. Johnson's motion that I personally take an exception to. The $1,000 limit is, I think, a reasonable limit, any $1,000 whatever the Government considers to be a fair amount—I personally would have no objection to; I am in favor of the postal savings system. It is held within reasonable bounds, as far as the limit is concerned, on the question of the limit there is much divergence of opinion.

MR. JOHNSON: We do not oppose the raising of the interest bearing deposit to $1,000. We do not oppose raising the noninterest bearing deposit if the same does not exceed $2,000; to be distinct for our benefit as well as the Government's, I would make that clear.

[The motion is seconded.]

MR. SARTORI: That is open to discussion, and the Chair recognizes B. F. Saul, of Washington, D. C.

MR. B. F. SAUL: I think the bankers want to act with the Government in this matter and try to make the postal savings system a greater success than it is. It has worked out reasonably well and has done no harm from the fact that it is under proper regulations.

Now, if it is working well we do not want to make a change in those regulations and make it harmful. Very likely the increasing of the amount from $500 to $1,000 under the present regulations of taking not more than $100 in one month I think will do for the majority of banks. I may think there is a little money in the bank, but if it does it will be so small as not to be felt. The increase of the amount two or three thousand dollars is entirely unnecessary, as we can save millions of people in the savings banks. The additions pay 4 per cent, and some less, they get very little deposits because the confidence people have in institutions paying the less rate. If they applies even among institutions in other states much more would it apply to the Government, and if the postal savings banks would accept only these the three thousand dollars it will drive a great deal of money out of the savings banks, I am afraid.

But the bill as submitted, which is now before Congress, increasing the amount to $1,000, I believe will be approved by bankers here, because it removes the unlimited part of it; that is, limit the deposit to $1,000. If that should lead to the acceptance of an amount of money in the Postal Savings Bank in the time of panic, it is undoubtedly a fact that a great many will withdraw their deposits from the banks at such times, because they have very little confidence in the bank in which they have savings that they may lose in other banks in the community; but in time of panic if they can take a limited amount to the Postal Savings Banks they undoubtedly do so.

I believe that the members here present will probably approve an increase of the amount now accepted by the Postal Savings Bank from $500 to $1,000, and the same amount per month, but I do not think we would go beyond that.

THE PRESIDENT: This pending bill removes the limit altogether. A man could deposit $500 in a minute if he wanted to. The limit of $100 a month and the limit of depositing the same amount is as much as he wants to with the Government.

MR. ALBERT W. SAUL, of Worcester, Mass.: I cannot see the advantage derived from the original idea. The alterations offered by Mr. Johnson, and I cannot conceive of the authorities at Washington accepting it as of great weight. It seems to me that such an organization of this should go very slowly before it formally passed any resolutions, either of approval or disapproval, of what is being done in Congress. It seems to me to me this matter has not had sufficient consideration, and it would be very wise at this time to pass a resolution condemning an increase in the limit of deposits in Postal Banks. We can see no advantage to be derived from it whatever.

MR. GRIEWOLD: I approve the opinion of the gentleman from Worcester. It is a great question and cannot be settled by a resolution given off-hand. I recommend, if it be the sense of the members that it approves of any change in the laws affecting Postal Savings Banks toward the end of an increase in the amount allowed to be on deposit with them, and that a committee be appointed by yourself and yourself to choose of three capable men to prepare a properly worded resolution which they may submit to the sentiments of this meeting toward the end that perhaps it approves of the limit of interest-bearing deposits in the Postal Savings Banks being $1,000, and that they may not accept any other dollar amounts without the interest; and particularly to express its disbelieve or disapproval. It seems to me that amount being permitted to be placed in the Postal Savings Banks in the United States.

MR. RAYMOND: Isn't that the purpose of Mr. Sartorl's amendment except to appoint the Executive Committee?

MR. LUCIUS TUTER: There is a principle involved here. May I digress to say that in the light of history perhaps we should remember or what happened to us, I happen to be a member of this Section that carried on the campaign among ourselves with reference to the present law. The banks were misunderstood
SAVINGS BANK SECTION.

then, as they are now, by the people interested in currency reform. As a matter of fact, Mr. Johnson went down to Wash¬
ington to help draw this present bill, which he would not have done if he hadn't been for happenings then.

We were opposed to the Postal Savings Bank on principle, and it was very largely due to the co-operation on the part of the members of Congress in forming the present bill.

Now as a matter of fact, the attitude of this Section, and the attitude of bankers generally, is co-operative. I repeat that they always were misunderstood, and probably will be al¬
ways so. An occasional irregular bit of language is often used by them at the time the bill making the present law was put before the country, thousands of dollars of free publicity being given in literature from Washington setting forth the great need of the postal savings system. As an educational influence in the United States the members of Congress make representations with¬
out any limitation whatever and at all times that the postal saving was primarily for an educational influence and to take care of the funds of those people of humble means unable to take care of the larger sums; and that was the thought run¬
ing through the whole thing. And the suggestion that the money that came into postal savings be returned to the com¬
munity from which it originated through the channels of the various banks originated in this way.

My own personal feeling on this matter, as the matter representing my fellow bankers in Chicago, is that if the Government is finding this amount should be raised—the small amount to continue the work for the people and for the same education purpose for which this law was passed, then that is the proper matter for consideration. But that the entire limit should be raised up, and that postal savings should be used for caring for large sums of money, seems to be contrary to what the public has been requested to do. It has been rep¬
resented that the system has been very successful while it has not as much weight these days as it used to have, it is putting an additional burden upon the Post Office Department and the Government is already in debt and running the money; the postal saving bank is not paying any interest, the amount should be raised to an unlimited amount.

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Mr. Bixen, of Salt Lake City: I desire to say a few words.

When this bill was agitated I received it with all my heart, and any legislation which would encourage the people to save up their means.

I believe the bill has well fulfilled the purpose for which it was intended, and I think when we raise the limit to an ex¬
cessive amount we lose sight of our neighbors, the commer¬
cial banks. I think we know what it means to the people who represent this Government at Washington have no desire to do anything to interfere with the industries of this country, to take away the last of their saving ability; and it seems to me that this measure is going through a period of evolution; that we should always try to keep a great saving system going in a way without opposition or at least without a pronounced and well defined feeling that the savings banks have wishes in the mat¬
ter in a different light than they see it done.

There has been much good said here to-day, but we are get¬
ting away from a very important thing when we look over our

borders, the commercial bankers, and we are going too far when we take the lead and give our Government, the right to carry into a banking business in a manner like this.

As far as my institution is concerned, we have about $7,000,

000 distributed among 27,000 people, with an average of 240,

and we like deposits when we can get them. My friend Mr. M.

said we had no stores of late, which is very true. Per¬

sonally I would like to see this amount increased by the postal

savings banks increased to some $2,000; I have had this thought all through the discussion, but I see no reason why any other amount should be received by the Government at this time. It seems to me they are covering the ground very well when the amount they shall receive is limited to $1,000.

Mr. ALLEN: I see here in this report that the Postal Savings Bank and people in Salt Lake City haven't done very well to the Postal Savings Bank, and I don't think the Board is going to do many more in that city. I see this danger in a time of stress, that they will take it from one place and put it in the other place. And I think we have to be very careful in time of stringency they will withdraw their money.

POSTAL SAVINGS RESOLUTION TABLED.

Mr. AIKEN: It seems to me we are so far apart in our dis¬
cussion of this matter we are not likely to agree on any definite

conclusion. Mr. Johnson I move that the whole subject be laid on the table.

(Two motions were seconded by Mr. Bradford, and was put to vote and carried.)

The President: It will take but a few moments, gentlemen,

and I will be glad if you will stay until adjournment. I will now hear the report of the Nomination Committee ap¬
pointed this morning.

NOMINATIONS AND ELECTIONS.

Mr. W. M. McLane: Mr. President.

The President: Mr. McLane of Minneapolis.

REPORT OF NOMINATING COMMITTEE.

BOSTON, MASS., October 7, 1913.

Mr. President and Members of the Savings Bank Section:

Your nomination committee has had the privilege of offering you their report, believing that the men we recommend will serve you well.

For President: J. F. Barto, President Security Trust & Savings Bank, Los Angeles.


For members of the Executive Committee, to serve three years:

Charles A. North, Treasurer, Union Savings Bank, Brooklyn,

V. A. Lerner, Assistant Cashier Williamsburg Savings Bank, Brook¬

lyn, N. Y., and

Charles C. Sartori, of Los Angeles, California.

In so short a time it is not possible for this committee to asser
t the desires of the several States as to State vice-presidents. We
therefore recommend the present president and to make such appointments.

Respectfully submitted,

Mr. M. E. Haywood, Secretary.

Mr. W. F. McLane, Treasurer.

The President: If any of the delegates will mention to the President the names of members they would nominate for Vice-President of their respective States I am sure I will appreciate it.

Mr. Radford: I move the acceptance of the report as read.

The President: I think it would be in order that we would cast the vote of the Section.

(Two motions were seconded and put to vote and carried.)

The President: I would like to have Mr. Knox come up on the platform.

Gentlemen, I am very glad indeed to present to you your new

President Mr. Sartori. Who has taken the motion of the Secretary Trust & Savings Bank, of Los Angeles, as a Comptroller of the Security Trust & Savings Bank, of New York City.

I think these gentlemen should have an opportunity to address you, for they have been President of the Pacific and the Pacific Counties, respectively, of the National League of Savings Banks, and Mr. Knox has a fine position as Comptroller in Los Angeles, and Mr. Sartori and Mr. Knox have been elected, Mr. Sartori, I have the pleasure of presenting you to you as the President of the Savings Bank Section of the American Bankers' Association.

Mr. Sartori: Mr. President and Gentlemen: I appreciate the very complimentary remarks of Mr. Stephenoff. When you were elected President this Section was all very

good and happy; you have won our hearty congratulations in order that you have

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Committee Reports

Report of Executive Committee to Boston Convention, by
Wm. E. Knox, Chairman.

Mr. President and Members of the Savings Bank Section:
I come to report with the assurance that I have been instructed to do so by the Members of the Committee, and that I have been instructed to report to you that the Committee has been entirely occupied with the Campaign of Education in Savings and Thrift, which was suggested by our Secretary at a meeting of the Executive Committee in May, 1912. You may recall that at the Detroit meeting our Committee requested enlarged powers in order to properly handle this matter in all parts of the country. These were granted, and in accordance therewith our Committee has been, and is, at this time, actively engaged in organizing an Educational Committee from among those who had manifested an interest in the work, to carry forward in their several districts the work already started, and to see that the activities have not been confined to such committees—bankers in all parts of the country having evidenced a lively interest in the work and taken it up in many instances.

After some experiment our efforts have finally been concentrated in five main branches—or, perhaps, more accurately, the savings system, lectures to financial writers, and thrift articles in newspapers and other publications—which we regard as the three most effective methods of directly reaching all classes.

In this work we have necessarily overlapped that of the Committee on School Savings Banks. For instance, directly due to the efforts of our Vice-Presidents, the school savings system has been legalized in California and New Jersey, and has been adopted in Phoenix, Arizona, where it is in successful operation. It is also under favorable consideration in various sections of Arkansas, Illinois, Indiana, New Mexico, New York, North Dakota, Ohio and Oregon. Particularly in Chicago has good work been done by Joseph B. Noel, President North West State Bank, Mr. A. E. Reynolds, President, Illinois; through the efforts of fifty representatives who have worked for the Board of Education of the Savings Schools in these States. In the孑colent of Colorado, Georgia, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Missouri, North Carolina, South Carolina, and Wisconsin, definite work is under consideration, and in forty States our Thrift articles are being published, which is especially gratifying, as we are entirely dependent upon the generosity of the press in this matter. We are sending these articles at the present time to over four hundred and fifty publications monthly, in the hope of attaining some measure of popularity and to show our appreciation by writing the banks in each community, calling attention to the fact that such paper is co-operating with our work.

A number of these articles, entitled "Thrift Talks," have recently been published and issued to the branches which have been sent to every member, besides being handed to all who have registered in the Savings Bank Section at this meeting, and we hope that such publications are finding a response from our members. The Secretary will be glad to supply a copy to any who have not received one.

In New York, through co-operation with the Board of Education, we arranged a course of eight lectures upon Thrift, which were presented at Cooper Institute, and attended by over forty thousand people, and two lectures in Brooklyn were given upon the same subject. Great interest was displayed in these lectures, and the object of which was to tell the people, in terms they might comprehend, something of our financial institutions, and permit them to ask questions relative thereto. These lectures were printed and have been mailed in pamphlet form to our members. We believe this to be the most effective way of reaching our adult population, and urge its adoption in other cities.

In support of this belief it is very gratifying to announce that the proposed Department of New York has succeeded in arranging to have a Thrift course for each of the five boroughs of the city, during the season just beginning, and the first of these courses will begin on Thursday evening of this week at the Commercial High School of Brooklyn.

That some progress has been made and the seed which has been planted beginning to bear fruit is evidenced by the numerous requests for the Thrift Talks from bankers, who desire to use them for their own benefit, and the interest shown in seeking information relative to the school savings system and from bankers and banks, and the fact that they have undertaken a local campaign of education in Thrift and deposits.

This, gentlemen, is the work we have been doing in your name, and on behalf of the Savings Bank Section, and has ever been carried on and promoted by every member of this Department of the Association, seeking as it does to strengthen the very foundations upon which our economic struc-
SAVINGS BANK SECTION.

September 1, 1913.


Mr. Chairman and Gentlemen:

As the work of securing the adoption of the school savings system throughout the country has largely devolved upon the Methods and Systems Committee in connection with the Campaign of Education in 1913, and as we have given our attention since last September more to the legal phases of this system, and have directed our efforts toward securing its legalization by various State Legislatures, in order to ascertain in what States the system is officially recognized, the following inquiry was addressed to each of our vice-presidents:

"Does the law of your State mention the school savings system, either authorizing same or imposing legal liability? If so, will you kindly send a copy of the paragraph referring thereto?"

The replies received it appears that in but two States, New York and Massachusetts, does the law take cognizance of this system. However, as you have heard from the Methods and Systems Committee, the vice-presidents of California and New Jersey have secured its recognition by their legislatures, and through the direct efforts of our Committee, a bill dealing specifically with school savings banks has been introduced in the Legislature of Minnesota and will be introduced in the legislatures of neighboring States as well.

Last year we recommended that forms of school savings have, adapted to the different methods and conditions of the country, be founded and distributed as bases for legislation upon the subject in the States where legislation, if any, may be needed. This has been done in a new edition of our school savings bank pamphlet, which may be had upon application to the Secretary.

Through our Secretary we have secured from the office of the Comptroller of the Currency at Washington the promise of a close cooperation on this coming year in the matter of gathering statistics of the School Savings System, and through the same agency, we have sought the cooperation of Mrs. H. C. Oliphant of Philadelphia, who has been carrying on the work of the late John H. Thiry, founder of school savings banks in this country.

We have recommended to the cold generation of the Methods and Systems Committee regarding the importance of the school savings bank as a thrust agency, and believe it to have been adopted in New Jersey.

The Chairman recommends that, inasmuch as much of the work regarding school savings banks has been done by the Methods and Systems Committee, the whole of such work hereafter be taken over by that Committee.

Respectfully submitted,

(Signed) N. F. Hawley, Chairman School Savings Bank Committee.

Report of Secretary, by E. G. McWilliam.

Mr. President and Gentlemen:

The work of your Secretary during the past year will be illustrated largely by the reports of your committee for I conceive the Secretary's duties to embody those of servant to these committees, and at the beginning of the year placed myself entirely at your disposal, to care for any of the detail which might accrue from the work under their direction. Hence the work of the Methods and Systems Committee, embracing as he does in the most important work this Section has ever undertaken, namely, the Thrift Campaign, and the work of the Membership Committee, has been the work of the past year bringing large results not merely for our Section but also for the general organization of the America Bankers' Association, which has occupied the greater portion of my time during the past year. I have represented our Section at the conventions of the Bankers' Association of California and Chicago, and the Savings Banks Associations of Connecticut and New Jersey, all of whom I addressed, and have made trips to Chicago, South Bend, Richmond, Va., and Washington, in the interests of our various committees.

Our office correspondence has been very large, which is most gratifying as indicative of a spirit of cordial co-operation between the members and the Secretary. It has been my earnest endeavor to be of service to all, and I trust that our members will use me in the future to a larger extent than ever before. On June first last I was advised by the General Secretary that since said date all bills of the Section would be paid by him upon my G. K. Instead of direct from our office as previously. This change is now in force, and the financial statement which is appended hereto shows that despite the large constructive work undertaken, involving large expenditures for postage and printing, we have more than maintained our appropriation, which was $500 less than last year. Of its own funds the Section now holds on deposit with the Irving National Bank $2,000, and with the Savings Banks Bank $1,208.64, a total of $3,288.64. Our clipping service has been discontinued, as it was found impossible to get value in clippings on savings bank matters alone, and our library secures all clippings of general banking information. In all there has been a close co-operation between the General Secretary and myself, and I desire at this time to express my deep appreciation of the many courtesies which have been shown me.

I trust that the matter of properly celebrating the one hundredth anniversary of the establishment of savings banks in this country will not be lost sight of, and that a committee to arrange for same in 1916 will be appointed at this meeting.

The last edition of our book of Printed Forms is practically exhausted. I would therefore respectfully recommend that the Secretary be authorized to revise this book, bringing it thoroughly up to date and that a new edition be issued.

At the recent convention of the American Institute of Bankers, held in Richmond, Va., the following resolution was unanimously adopted:

"Reasserting the importance of fostering in the minds of the young the precepts of thrift, to the end that the people of our own country may understand more clearly the earning power of money and the responsibilities of citizenship, it is hereby resolved that this Institute is given to movements having for their object the teaching of economy, prudence and thrift."

Through the endorsement of this great body of bank men, who realize the importance of education in thrift as well as in financial matters, it is hoped that our work will receive a renewed impetus in the co-operation of the various phases of the Institute throughout the country. I desire also to express my very deep appreciation of the kindness and courtesy of the officers and members of the Executive Committee to me during the past year.

I feel that the past year has been one of effort rather than achievement, as the work of the Savings Bank Section, but that the effort has been worth while is evidenced by appreciative letters received from time to time which would lead to the conclusion that if the effort be persisted in the years of achievement will not be far removed.

Respectfully submitted,

E. G. McWilliam, Secretary.

FINANCIAL STATEMENT, SAVINGS BANK SECTION.

SEPTEMBER 1, 1912, TO AUGUST 30, 1913, INCLUSIVE.

Credits.

September 12, 1912, By action of Executive Council... $0.00

May 7, 1913, By appropriation of Executive Council... 1,000.00

Total... 1,000.00

Disbursements.

Brent... $652.33
Salaries... 2,986.12
Postage, stationery and printing... 1,348.00
Proceedings 1912... 1,527.56
Committees expenses... 300.00
Convention expenses... 225.35
Expenses... 175.49
Press clippings... 48.50
Subscriptions... 8,499.65

Credit Balance... $1,35

Report of Membership Committee, by G. E. Edwards, Chairman.

Mr. President and Members of the Savings Bank Section:

During the year ending September 1, 1913, the Membership Committee has been active in its efforts to secure members for the American Bankers' Association, as well as additional enrollments in the Savings Bank Section.

After conference with the General Secretary of the Pennsylvania Savings Bank Association and the Committee an attempt was made to solicit applications for membership from banking institutions of all classes throughout the United States.

After the convention at the meeting at the Detroit meeting, the State Vice-Presidents were invited to cooperate, and it is through their efforts that the results we report have been obtained.

To illustrate the volume of work connected with this undertaking, it is our pleasure to state that twenty-three vice-presidents have distributed 9,050 personal letters, and it may be said to their credit that several others stood ready to press the campaign further had funds been available for that purpose.
BANKERS' CONVENTION.

We desire at this time to express our thanks for the generous support we have received at the hands of the State Vice-Presidents and the valuable assistance rendered by Secretary McWilliam and his office associates in the handling of detail.

Respectfully submitted,

GEORGE E. EDWARDS, Chairman; H. P. BECKWITH, George W. PELZER, Henry SALTER, William PALMER.

Membership Committee.

BOSTON, MASS., October 7, 1912.


Mr. President, Ladies and Gentlemen:

In view of the fact that at the Convention last year a standing Committee of the Savings Banks Section was appointed to further the idea of segregation of savings deposits, to be known as the "Committee on Segregation," your law committee has taken no active steps in that direction during the past year.

On the other hand, as we believe in the propriety of separating savings deposits from commercial deposits and that their investment be prescribed within reasonable limits by public authority, we have noted with interest that the bill before Congress for reforming our banking system, while still in committee of the House and Senate, was made to include a section providing for the segregation of savings deposits in National banks and their separate investment.

One of the recommendations of the Chicago conference of this Association was that this section should be withdrawn.

The Committee of the House of Representatives did not adopt the recommendation.

While the bill as first reported by the Committee of the House provided that savings departments might not purchase in bonds or securities public or private, except in certain carefully described bonds and mortgage, the bill as finally passed by the House omitted these specific provisions and prescribed instead that the Federal Reserve Board should issue lists of investments available for savings departments, and added the explicit statement that "such lists need not be uniform throughout the United States, but shall be adapted to the conditions of business in different sections of the country."

In this connection the following statistics from the reports of the Comptroller of the Currency may be of interest as showing what extent National Banks are already handling savings deposits. In the spring of 1911 more than half (51 per cent) of the National Banks reported savings deposits.

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Savings Depositors</th>
<th>Amount of Savings Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>2,800,000</td>
<td>$507,000,000</td>
</tr>
<tr>
<td>California</td>
<td>2,240,226</td>
<td>659,501,049</td>
</tr>
<tr>
<td>New York</td>
<td>2,709,048</td>
<td>745,217,183</td>
</tr>
</tbody>
</table>

Specialists in the securities of the Public Service Corporation of New Jersey and in those of its underlying Gas, Traction and Electric companies.

Fidelity Trust Company
Prudential Building, Newark, N. J.

With resources of more than $30,000,000 and a Capital, Surplus and Undivided Profits of over $2,000,000, this company is the largest institution of its kind in New Jersey. It does a general banking and trust company business and guarantees New Jersey Real Estate Titles.

UZAL H. MCCARTER
President.