

CONDITION OF NATIONAL BANKS OF THE COUNTRY

Report of Comptroller of Currency Describing Present Extent of System, With Recommendations

Number of Associations 4,601, Aggregate Resources, \$6,113,928,912 50 — Provision for Asset Currency.

The annual report of William B. Ridgely, Comptroller of the Currency, given out today describes in detail the condition of the national banks as shown by the five reports made by law in the past year in response to the call of the Comptroller.

On September 15, 1902, the date of the last call, 4,601 associations reported, with aggregate resources of \$6,113,928,912.50. The loans and discounts amounted to \$3,208,127,480.69, or more than 50 per cent of the total resources of the banks. The items of surplus and undivided profits amounted, respectively, to \$226,393,953.66 and \$169,216,512.02. The individual deposits reached the highest point in the existence of the national banking system, \$3,209,273,892.93. There was due to approved reserve agents, other national banks, State banks, and bankers, trust companies and savings banks the sum of \$1,200,341,233.39.

From September 30, 1901, to September 15, 1902, there was an increase of \$418,581,617.54 in the aggregate resources of the reporting banks, the principal items of interest being: Loans and discounts, \$261,511,562.29; United States bonds, \$12,570,520; due from national and other banks, \$35,217,372.29. There was an increase in capital stock of \$50,193,837; in surplus and other profits of \$65,048,357.81; and in individual deposits of \$271,520,660.60.

Reserve Required. The deposits on which reserve was required amounted to \$3,844,265,538.57. The banks held in cash with reserve agents and in redemption fund \$989,433,956.26, but the available reserve—that is, the proportion of deposits with reserve agents, not exceeding the percentage of reserve required after deducting the redemption fund and cash on hand—amounted to \$804,332,904.09, which was \$17,562,177.76 in excess of the legal requirement, being an average reserve of 20.92 per cent. The banks located in the central reserve cities—New York, Chicago and St. Louis—held a reserve of \$250,684,716.24 on deposits amounting to \$1,010,587,878.79, an average of 24.99 per cent. The average reserve of New York city banks was 24.70 per cent, of Chicago banks 21.89, of St. Louis 24.15. The banks located in other cities held \$238,045,769.41 against deposits of \$1,060,571,076.74, the average reserve being 24.33 per cent. Banks located outside of the reserve cities held reserve funds to the amount of \$295,603,418.44, or 16.91 per cent, on deposits aggregating \$1,743,206,583.04.

Bonds and Circulation. At the close of March 13, 1900, the day preceding the approval of the act authorizing the issue of national bank circulating notes to the par value of bonds on deposit, the Treasurer held securities for that purpose to the amount of \$243,551,420; on October 31, 1901, he held \$329,833,930; on October 31, 1902, \$338,352,670, of which approximately 35 per cent went in 2 per cent consols of 1930.

The volume of circulating notes issued from December, 1893, to October 31, 1902, was \$2,630,795,575, of which \$2,250,297,465 has been redeemed. During the past year there was received for redemption at the redemption agency of the department notes amounting approximately to \$175,000,000, of which \$57,000,000 were in good condition and returned to the banks of issue, and the balance redeemed and destroyed. Of the total amount sent to the department for redemption, \$145,000,000, or over 80 per cent, came from the cities of New York, Boston, Chicago, Philadelphia, and St. Louis, and nearly 50 per cent (\$85,000,000) from the city of New York alone.

The National Banking System. On February 25, 1903, the national banking system will have been in existence forty years.

The first issue of national bank circulation was in December, 1863. In 1865 State bank notes were legislated out of existence by the imposition of a prohibitive tax on their circulation. In 1867 national bank notes formed 41.98 per cent of the money in the country and continued at that rate, approximately, until 1871, when it rose to 43.74 per cent, amounting to about 44.75 per cent in 1872 and nearly 45 per cent in 1873. From the latter date there was a rapid decline to 1892, when such issues represented only a slight amount in excess of one-tenth of the circulating medium of the country.

In 1892 the percentage was 12; in 1896,

BANKING POWER OF WORLD INCREASE IN A DECADE

Table showing banking power of world in 1890 and 1902. 1890: United States \$5,150,000,000; Great Britain 4,550,000,000; Continental Europe 5,185,000,000; Australia, Canada, and South America 1,100,000,000. Total 15,985,000,000. 1902: United States \$12,435,000,000; Great Britain 6,030,000,000; Europe 7,220,000,000; English colonies and South America 1,450,000,000. Total 27,145,000,000.

13.02; declined to 11 in 1897 and 1898, but rose to 14.17 in 1900, to 14.49 in 1901, and to 14.84 in 1902. At the close of the last fiscal year of the total money in the country (\$2,563,265,958) but \$380,476,331 was in bank note currency.

Voluntary Liquidation. Within a period of three years subsequent to the establishment of the national banking system, fourteen associations had been placed in voluntary liquidation under the provisions of section 5220 of the Revised Statutes of the United States—that is, by vote of shareholders owning two-thirds of capital stock. Of the number, however, three were reorganized under similar titles and one was absorbed by another association.

In the existence of the system, to and including the year ended October 31, 1902, 1,239 associations, with aggregate capital of \$210,465,560, were liquidated under authority conferred by the act cited, of which, however, 136, with capital of \$38,555,000, were organized under similar titles.

Under the provisions of the act of February 25, 1863, 98 banks were organized, whose corporate existence ran for a period of but nineteen years, in consequence of which their charters expired in 1882. Up to the close of the report year, 1902, 123 banks, with an aggregate capital of \$18,979,500, reached the termination of their corporate existence, and were closed under the provisions of section 7 of the act of July 12, 1882. Of the number, 75, with capital of \$12,557,900, reorganized under similar titles. Summarizing the foregoing, it appears that, under the provisions of both acts cited, 1,412 banks, with capital aggregating \$229,455,060, passed out of the system.

Liquidation and Consolidation. The national currency act, which follows closely the material features of the banking law of the State of New York, contains no statutory provision authorizing the consolidation of banking associations in the manner provided by the New York law. The law of that State empowers shareholders owning at least two-thirds of the capital stock of the interested corporations to consent in writing to consolidation, and authorizes the directors of each corporation to enter into an agreement for consolidation, prescribing the terms and conditions, the name of the new consolidated bank, the directorate, term of charter, manner of converting shares of the old into shares of the new or consolidated bank. When such agreement has been filed with and approved by the State superintendent of banks, the consolidated corporations become a single corporation, with the same franchises, rights, liabilities, etc., of the constituent corporations.

The act provides that dissenting shareholders shall be paid the value of their stock, and the stock so surrendered held and disposed of by the new corporation for its own benefit.

A Change in the Law.

The Comptroller recommends that section 5223 of the Revised Statutes of the United States be amended to provide in effect for consolidation of national banks on the lines of the law of the State of New York, except that the corporate existence of the closing bank shall be terminated as provided by section 5220, and that where the capital stock of the absorbing bank is increased for the purpose in conformity with the provisions of section 5142 that the new stock may be issued to shareholders of the closing association upon surrender and cancellation of their old shares at the book value of the stock of the absorbing bank, but not less than par.

It is also suggested that in the event of the acquisition of business of a closed national banking association by another association, but without the consolidation of shareholders' interests, that upon increase of the capital stock of the absorbing bank for the purpose, directors of the association shall be authorized by vote of shareholders representing two-thirds of the stock to sell the additional shares as the interests of the association may demand, regardless

of the recognized pre-emptive right of shareholders to participate pro rata when an increase is effected for purposes other than consolidation.

Banking Power of the World.

The banking power of the world in 1890—that is, capital surplus profits, notes issues and deposits—as stated by the late M. G. Mulhall, was £3,197,000,000, as follows: United Kingdom, £910,000,000; Continental Europe, £1,037,000,000; Australia, Canada, Cape Colony, Argentina, and Uruguay, £220,000,000, and United States, £1,030,000,000. In 1884 Mr. Maurice L. Muhleman calculated the banking power of the world at £3,915,000,000.

Lack of Elasticity.

"The most serious objection which has been urged against the national bank currency," says the Comptroller, "is its lack of elasticity; that it does not automatically respond to the demands of business, but is dependent upon the price of bonds and other considerations. The first requirement of any currency is safety and uniformity in value. Our bank notes have been from the first issue practically perfect in this respect. No noteholder has ever lost a dollar except by loss or destruction of the notes, which have always circulated at their face value in all parts of the United States, being used without discrimination for payments of all kinds, the same as the legal tender and Treasury notes and other forms of paper currency."

"All bank-note circulation is asset currency and depends for its value upon the assets of the issuing bank. In most countries the banks are allowed to keep the assets, maintaining a certain reserve in coin and using the remainder for loans or in any other way. Our national banks are required to use their assets, to the full amount of the circulation issued, in the purchase of bonds to be deposited with the Treasurer of the United States. This requires an amount of assets in excess of the circulation received. It makes a very safe circulation, but is a very wasteful use of the assets."

Asset Currency.

"If, in addition to the amount of notes they are now allowed to issue by law on bonds deposited in the Treasury, the national banks were allowed to issue an additional amount of uncovered notes, beginning with 20 per cent and gradually increasing to 50 per cent, it would make the circulation more expandible. The safety of the notes can be made absolute by a reserve fund raised by a very small tax. During the almost forty years the national banking system has been in existence the total amount of the notes of the banks which have failed, outstanding at the time of their failure, has been less than \$2,000,000. During this same period the banks have paid in taxes on circulation above \$90,000,000, or four and one-half times as much as would have been required to pay all these notes if the bonds had not done so. If there had been outstanding the full 50 per cent of uncovered notes suggested above, or \$10,000,000 above those covered by the bonds, the taxes which have been paid would have been nine times the amount required to pay them. If, as would, of course, have been the case, the bonds had paid for the covered notes.

"The present capital of all the national banks would permit the issue of about \$10,000,000 of uncovered notes for the first issue of 20 per cent and the ultimate issue of \$20,000,000 if the amount was increased to 50 per cent. These maximum figures would probably be increased by the increase in the number of national banks.

To Move the Crops.

"In the latter half of each year the problem is presented to the banks to furnish currency needed to handle from 2,500,000,000 to 3,000,000,000 bushels of grain 8,000,000 to 10,000,000 bales of cotton, and a corresponding quantity of other farm products. The total value of these products for the year 1902 will not be far from \$5,000,000,000. This calls for the use of a vast sum of money. Much of it is done on bank deposit credits by means of checks, and the increased number of banks and better means of communication enable the people in country communities to handle more and more in this way, or we should not be able to transact such an amount of business at all.

"So much of it, however, must be handled with currency of some sort as to make a demand for currency in large amounts, and every year there is a great deal of anxiety, and often serious disturbance in business, until the crop season is over and the money returns to those who have had to furnish it.

In Times of Panic.

"In times of panic the power to issue additional notes would be an element of great strength to the banks and not of weakness. It would enable the banks to protect themselves and their customers when protection is most needed. Panics or financial crises come generally very suddenly and as the result of fear which spreads among the people that they will not be able to get money to meet their payments and conduct their business. This spreads and forces liquidation of credits which otherwise would have remained outstanding. There never is a time when the liquidation of all credits, or any large proportion of those out-

standing, is possible without producing a crisis.

"The conditions of issue should not be such as to make it a confession of or indication of weakness for a bank to issue the notes. They should be coming and going all the time, in accordance with the demands of business. Such notes would be much preferable to any form of clearing house notes or emergency circulation issued by clearing houses or similar associations, because each bank could quickly issue its own quota without waiting for the slow process of consultation, and the average result obtained by the independent action of banks in all parts of the country would more nearly respond to the actual demands and necessities."

GOVERNMENT SHOULD NOT OWN COAL MINES

Decided by Columbian Law School Society.

The first public debate of the year under the auspices of the Debating Society of the law school of Columbian University was held Saturday night at the hall of jurisprudence. The question under discussion was "Resolved, That the Federal Government, waiving the question of constitutionality, should own and control the coal mines of the United States." The decision of the judges, after listening to three able arguments on each side, was for the negative.

The tribunal giving the decision consisted of Representative James M. Griggs of Georgia, recently chairman of the Democratic Congress committee, and Judge Maurice D. O'Connell, solicitor general for the Treasury Department. The speakers in the affirmative were Hubert B. Fuller, of Connecticut; Thomas Perry Guyton, of Mississippi; and Arthur Veeder Snell, of New York, and those in the negative were Karl Muskat, of Wisconsin; Leslie C. Fuller, of Michigan; and Harold J. Pack, of Pennsylvania. Each was vigorously applauded by his friends as he scored a point, and much interest was manifested in the discussion, particularly in view of the recent coal strike and the Government ownership plank in the New York State Democratic platform.

Judge Griggs' Speech.

Judge Griggs announced the decision of the judges in an especially happy speech, which scored a decided hit with the audience. He complimented the debaters, and said he had listened with more interest to their arguments than to any speech he ever heard in Congress except those he had made himself. Judge Griggs admitted that he had come to the meeting somewhat prejudiced in favor of government ownership, but that he was forced to award the decision upon the argument advanced, "to the negative. He said it was wrong for any young man to start out with the idea that the Government of his country was unjust, and that all politicians were unscrupulous and dishonest. He frankly said that he was a politician, and referred humorously to the recent campaign, in which the coal plank played an important part. He advised all young men and women to become politicians in order to study the government of their country.

The decision of the judges gave first mention to Leslie C. Fuller, of Michigan, and second to Karl Muskat, of Wisconsin. Consoling with the defeated side, Judge Griggs said, in conclusion: "Just as in the recent campaign, it was not your fault that you did not win, any more than it was mine."

WOMEN CIVILIZING WEST.

Mrs. J. Ellen Foster, of the Board of the Federation of Women's Clubs of the District of Columbia, will give a lecture some time this month on the work which women have accomplished in civilizing and mentally and morally developing the far West. The committee on arrangements is composed of Mrs. Mero L. Fenner, Mrs. M. E. S. Davis, Mrs. Ellen Spencer-Mussey, and Miss Flora McCree. The date of the lecture will be determined later.

WIFE ON WAY TO BEDSIDE.

LONDON, Dec. 1.—Among the passengers who sailed on the Cunard line steamer Umbria, from Liverpool today, was Mrs. Dillon, wife of John Dillon, the Irish leader, who was summoned to Chicago, where her husband is lying ill.

Stepped Against a Hot Stove.

A child of Mrs. George T. Benson, when getting his usual Saturday night bath, stepped back against a hot stove, which burned him severely. The child was in great agony and his mother could do nothing to pacify him. Remembering that she had a bottle of Chamberlain's Pain Balm in the house, she thought she would try it. In less than half an hour she was asleep, and in less than two weeks was well. Mrs. Benson is a well known resident of Keeler, Va. Pain Balm is an antiseptic liniment, and especially valuable for burns, cuts, bruises and sprains. For sale by Henry Evans, Wholesale and Retail, and all druggists.

RHODE ISLAND AVENUE M. P. CHURCH DEDICATED

Edifice a Handsome One, Costing About \$45,000.

Dedictory services were held yesterday at the Rhode Island Avenue Methodist Protestant Church. The new building is a handsome structure located at the corner of Rhode Island Avenue and First Street northwest. This church is the successor of Central Methodist Protestant Church, corner of M and Twelfth Streets northwest, which was organized in 1842 on the site of the Macabean Temple in Ninth Street. The property on which the new building stands was purchased a year ago. The cost of the church was about \$45,000, and the seating capacity is about 1,000.

The Rev. F. T. Little, president of the Maryland Conference, preached the dedicatory sermon and his subject was "The House of God." He emphasized the idea that the church was built for the worship of God and that innovations tending to lead from God should not be introduced. He said:

"We should not go out into the highways and the hedges heralding entertainments and other features of amusement that the church may be crowded with a diversified congregation, who are not gathered together solely for the worship of God. The true Christian spirit needs no inducement to come before God's altar, and his house should be for him, and for him alone."

The Rev. F. T. Tagg, D. D., editor of the "Methodist Protestant," Baltimore, and the Rev. A. D. Melvin, of this city, made addresses at the afternoon meeting.

The Rev. John M. Gill is the pastor of the church, and since his installation a year ago last April, it has had a remarkable growth. He is a Virginian by birth, a graduate of Western Maryland College and Johns Hopkins University. He was a law student when he was converted, and he immediately abandoned that study and began preparations for the ministry. In connection with the church is a flourishing Sunday school, of which T. J. Wilson is the superintendent. Miss Virginia Wilson is president of the Christian Endeavor Society. Services will be held in the new church each evening for the next two weeks. The Rev. J. M. Holmes, of Mt. Lebanon Church, Baltimore, will preach this evening.

DEEPER RESEARCH INTO LIVES OF LOWER CLASSES

The Rev. John Van Schalk, pastor of the Church of Our Father, preached an eloquent sermon yesterday on the need for deeper research into the lives of the lower classes, not only in Washington, but in every city and country in the world. He selected his text, "The last enemy that shall be destroyed is death," from the twenty-sixth chapter and twenty-fifth verse of St. Paul's first book to the Corinthians.

Dr. Van Schalk made an earnest plea for the redemption of that class particularly whose natures have become numb to the influence of right and for those who have found it easier to live in that moral inertia which culminates in the death of the soul. He reminded his hearers that there is a "darkest Washington," where live hundreds of human beings whose indifference to and lack of Christian faith presents a splendid field for Christian workers.

"A strong, determined effort is being made to fulfill the prophecy made by St. Paul in the text," said the preacher. "An attack is going forward upon death—not metaphysical death, but that which is mental, moral, and spiritual."

PASTOR INSTALLED AT ST. THOMAS PROTESTANT CHURCH

The Rev. Dr. C. Ernest Smith was formally installed yesterday as pastor of St. Thomas' Protestant Episcopal Church, Eighteenth and Madison Streets northwest. The full ritual for the installation of a new pastor was used, the Right Rev. Henry Yates Satterlee, Bishop of Washington, presiding, assisted by the Rev. J. A. Aspinwall, retiring pastor of St. Thomas.

A special musical program was given which included a chant by Woodward, Parker's "Te Deum" and "Benedictus." The sermon of the day was delivered by Dr. Aspinwall.

Every seat in the church was occupied when the vested choir entered the church followed by Bishop Satterlee, the Rev. Dr. Smith, the Rev. Dr. Aspinwall and the Rev. Mr. Smith, assistant to the rector.

The ceremony of installation included the reading of Bishop Satterlee's letter of institution by which the new rector was empowered to take charge of the church. Dr. Smith then received the keys of the sanctuary from the senior warden of the church and was invested with the tokens of office by the bishop.

Dr. Smith wore the regulation episcopal gown and the insignia of his degree as doctor of divinity and doctor of civil law. In his sermon Dr. Aspinwall referred to his happy associations at St. Thomas and reminded the congregation of its duties toward the new rector. Dr. C. Ernest Smith has been in charge of St. Thomas Church for several

weeks. He came to this city from Baltimore where he was rector of the Church of St. Michael and All Angels. He is a man of superior intellect and his sermons are characterized by simplicity of diction and happy mode of expression.

SERMON BY THE REV. MORGAN AT THE COLUMBIA THEATER

The Rev. G. Campbell Morgan delivered an address yesterday in the Columbia Theater at the meeting held under the auspices of the Young Men's Christian Association. Notwithstanding the steady rain the attendance was large. The music was furnished by the Temple Quartet.

The Rev. Mr. Morgan is the successor to the late Dwight L. Moody as president of the Northfield Summer School for Christian Workers. He was listened to with marked interest as he expounded Bible truths. Life, the speaker said, would be easier, better, happier, and healthier if man would follow God's way and not his own. He took his text from Isaiah: "Let the wicked forsake his ways and the unrighteous man his thoughts." He said:

"The popular idea is that it's his way to heaven is hard, it's a lie! The popular idea is that the way to hell is broad, easy, and flowery. It's a lie! The telling of a lie is not so hard, but it is the following it up that is hard."

"The godly life is God's garden. You can go back to this garden, the garden of childhood, back from the dust of the desert, by going back to God. Then you will hear the music of the mountains and the hills, hear them as you did in childhood. The Bible says you must become as little children. There is a wicket gate merely between the desert and the garden."

"There are two parts in the Bible—your part and God's part. Your part is to forsake evil and God's part is to show mercy. Do your part and God will do His. Forsake your ways, forsake your thoughts, for lack of the way, the action, is the thought. Accept God's plan; it is better for man than are the plans of man."

DELEGATION RETURNS FROM DEDICATION AT ROANOKE

A small delegation from the local churches that attended the dedication of St. Andrew's Catholic Cathedral at Roanoke yesterday returned to the city this morning. It was most enthusiastic in praise of beauties of the new structure, which is said to be the handsomest and most costly religious edifice in the South.

The services also were of an impressive nature, and were conducted by the Rt. Rev. Bishop Van de Vyver, of Richmond. Bishop Donahoe delivered the dedicatory sermon, while high mass was sung by Father Waters, assisted by Father Edward.

Advertisement for Lansburgh & Bro. Card Engraving. Includes text: Die Engraving, Look what we do gratis, Women's Winter Outer Apparel, Women's Suits, Special Sale of Children's Suits and Reefers. Lists various items and prices.

Large advertisement for General Miles' Cook says of Presto. Includes text: General Miles' Cook says of Presto, What does your cook say? I made biscuits and popovers from Presto. We all liked them. It certainly is excellent. It is the best I ever used. There's a delicate taste to them; that you can't get by the ordinary way. Washington, D. C. October 24th, 1902. Signed: Bettie Brown, in company of Gen. Hesso A. Miles.