

"Banks Exist for the Accommodation of the Public and Not for the Control of Business"

President Moser: Ladies and Gentlemen—The American institute of banking is highly, very, very highly, honored by having as its guest and as a speaker, the secretary of state of these United States, Hon. William Jennings Bryan.

Mr. Bryan: Ladies and Gentlemen—I am informed that this is a national gathering and that the members of the organization are connected with banks but are mostly in positions below that of cashier. I suppose you have drawn the line against cashiers, or they have against you. I do not know just why this distinction is made. But I am not quite sure but I feel more at home talking to the clerks than I would to cashiers; I have had more business, I think, with clerks, than I have with cashiers, they accept my deposits and cash my checks. And besides that, what I want to say will have more influence upon young men than upon older ones. It has been the joy of my life to come into contact with young men; it has been a part of the plan of my life since I was myself young to keep in touch with the students of the land, and I am still cherishing the hope that the latter days may bring me in even closer touch with youth than the busier years have done.

This afternoon, in the very short time that I have at my disposal, I desire to speak to you, and I desire to speak upon a subject connected with your work and in such a way as to be helpful to you. As people grow old, they assume more and more the right to give advice. As it is now some thirty years since I finished my college work and entered upon business for myself, I feel that I have reached a point where I can use my experience for the benefit of those who are not so old.

First, I congratulate you upon the important work in which you are engaged. Banking is an important work; it is a respectable business, and respectable in proportion as it is safe, not for the banker only, but also for those who deal with him. And after I have congratulated you upon the fact that you are connected with a business that is not only important but permanent, not only one that has great influence, but is likely to have increasing influence—after having done that, I hope you will pardon me if I give to you what I regard as a fundamental proposition in banking. And for fear you might discredit it if I uttered it on my own responsibility, or gave it as my own opinion, I present it to you as a solemn declaration of a great party, a declaration made in the platform adopted by a great convention. I suggest that you young men take this proposition which I will submit to you, frame it, and hang it up in your offices, and let it be to you a maxim; let it be a guide to your business life. I will read you a part of the currency plank of the Baltimore platform, a platform which has the advantage of being clear and explicit, and the still greater advantage that it is being put into operation. (Applause.)

"Banks exist for the accommodation of the public." This is fundamental. Never make the mistake of thinking that the people exist for you; banks exist for the people. It is important that we should have a correct understanding of the relation of things, and especially of the relation of ourselves to society. If I were to tell you that the people who eat, eat for the benefit of farmers, you would see the ridiculousness of the statement. But when I tell you that farmers farm for the benefit of the people, that the people may eat, you recognize that as a very commonplace and a very correct statement. Now it would be still more absurd for you ever to imagine that business communities exist for the benefit of bankers, and the sooner you get it into your heads—and the better you keep it there—that banks exist for the benefit of the public, the less mistakes you are liable to make in your dealings with the public.

But this platform does not stop with an affirmative statement. It goes further and it excludes an idea that has prevailed in some sections. Let me read the whole sentence. "Banks exist for the accommodation of the public AND NOT FOR the control of business." If any of you imagine that banks exist for the control of

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business, you are likely to be a curse to your community until the community wisely dispenses with you and substitutes some wiser person in your place. This is the sentence I ask you to remember, that "banks exist for the accommodation of the public and not for the control of business." If that is the purpose of its existence, then the more completely the bank lives up to its purpose, the better will it fulfill its duty and perform its functions. And if banks do not exist for the control of the business of the country, then the less inclination they show to do that which is not within the proper purpose of their existence, the better they are off and the better the public is off.

But our platform, dealing with a question that has not always been understood, has gone even further than the sentence which I have quoted. Here is the next sentence: it follows as a logical conclusion from the first. "All legislation on the subject of banking and currency should have for its purpose the securing of these accommodations on terms of absolute security to the public and of complete protection from the misuse of the power which wealth gives to those who possess it."

Now the purpose of legislation on the subject of banking and currency is to secure these accommodations for the public on terms of absolute security to the public and of complete protection from the misuse of the power which wealth gives to those who possess it. I regard this plank of the Baltimore platform as presenting a fundamental doctrine in a very clear, concise and complete form; and if I were to speak to you for any length of time I could not make this subject any more clear than this platform makes it, and I could not present a truth of greater importance than is here presented. When you understand for what purpose the bank exists and the purpose of legislation concerning banks, you will then be able to understand the standpoint from which the bill now pending has been drawn. It is my purpose to call your attention to a few of the features of that bill. But before doing so, I desired to lay the foundation by showing you the plan upon which the bill was prepared, and I show it with confidence and challenge any opponent of the bill now before the house to dispute the correctness of the platform declaration which I have read to you.

We have had for nearly a generation legislation on the banking question, but it has been too largely from the standpoint of the men peculiarly interested in the banks. I had some experience with this subject some twenty years ago. I introduced a bill then, the purpose of which was to protect the depositors in banks. We have had a bank failure in Lincoln, more than one, in fact, and many of our people suffered grievously as a result of those failures. Some one suggested to me that there ought to be some way in which to make depositors safe. It seems to me that it was a plausible proposition, and I saw no injustice in it. FOR CERTAINLY THERE CAN BE NO REASON FOR PUTTING MONEY INTO A BANK EXCEPT THE EXPECTATION OF BEING ABLE TO GET IT OUT AGAIN. If any of you know of any other reason, suppose you present a paper on the subject and enlighten those who are, like myself, in darkness. But when I proposed this measure, I could not even get it out of committee. I asked them why, and they said, "If all the banks are good, the big banks will not have any advantage over the little banks." I asked them whether it was the purpose of banking, to give the big banks an advantage over the little ones—if there was not a higher purpose. I asked if the protection of the millions of depositors was not of more importance than the giving of a special advantage to the comparatively few connected with the big banks. But I failed in my efforts then, and when I went back to Nebraska, I said, "Well, the national banks may not be willing to adopt a system that

will protect their depositors, but I will present it to the legislature of Nebraska and see if we can not protect the depositors in our state banks." When the bill came up they had a committee from the national banks there to object. "Why," they said, "if the state banks are safe the people will not deposit in the national banks!" That was a sufficient reason to them why the state banks should not be secure. Those were some of the arguments I met when I attempted to secure legislation. Then I tried again. I said, "We have had a very disastrous failure in Nebraska, and the man who was responsible for it, who caused the loss of something like five hundred thousand dollars, was sent to the penitentiary for five years." We had in the same city a hack driver who was sent to the penitentiary for seven years about that time for stealing less than fifty dollars from a passenger. It seemed to me that the two sentences were very unfair. So I introduced a bill providing a minimum punishment for embezzlement, to increase at certain stages with the amount taken; but I could not even arouse enough interest in the punishment of criminal offenders to get the bill through to protect depositors. That was my experience many years ago. When, a few years ago, we had a great panic that spread over the country in a night this plan was suggested, and four states adopted it. We have four states now which have protection of depositors, Nebraska, Kansas, Oklahoma and Texas. There were some people who thought that an attempt thus to protect depositors was a violation of fundamental rights and the question was carried to the supreme court of the United States. You may be interested to read a unanimous decision of the highest court of the land to the effect that there is nothing unfair about compelling a bank to protect its depositors.

So much upon the fundamental proposition that banks exist for the people and that legislation should have for its object the securing of the accommodations which banks provide on terms of absolute security to depositors and with protection from the abuse of power that wealth gives to those who possess it.

I shall not discuss the question of bank security, but I desire you young people to know that there is an argument that can be made from the bankers' side as well as from the side of depositors. Before I entered congress I had some stock in a bank; I sold it when I became a member of congress; and I did not take stock in a bank afterwards until we secured the insurance of deposits. Then, for a short time, I held a little stock in a state bank. I would not today buy one dollar's worth of stock in any bank which did not secure its depositors. I have a little money saved up for old age; and I am not willing that that which I have saved for myself and family shall be taken away entirely because some man connected with a bank may be guilty of criminal conduct; neither am I willing to be a stockholder in a bank and take advantage of the limited liability law while depositors lose their deposits in that bank. To my mind a sufficient reason for insurance of depositors can be found in the fact that a man having stock in a bank may have the satisfaction of knowing that no one will ever lose by putting money in a bank to which his name has given standing or sense of security. And I am not so old but that I expect to live to see the time when there will be no man in this country who will defend any banking system that will not make the depositors as safe as the holder of a government bond. Such a system will go far toward preventing panics.

When we come to the discussion of the system by which this security can be secured, there is room for difference of opinion, but if you tell me that you have no plan, that you care for no plan, and that you have no desire to give absolute security to the depositor, then I tell you that it is not necessary to discuss the difference in plans; there is a more fundamental proposition, namely, the definition of honesty that will permit one to defend a system which does not give that which it holds itself out to give, absolute security to those who trust it.

But my time is passing and I desire to call your attention to the prominent features in the bill now before congress. And, before I do that,