

plenishing reserve and reducing liabilities. During the summer months of the current year bank reserves increased and interest rates were correspondingly low, but this very plethora of money resulted in an increase of national bank circulation. When below and the price of bonds normal, it is profitable for national banks to maintain circulation.

To meet a demand for paper money of small denominations, referred to elsewhere in this report, I recommend that national banks be permitted to issue a larger proportion of their authorized circulation in denominations of \$5, and that authority be given to issue one-eighth of the aggregate volume of gold certificates in denominations of \$10.

Within the last few years trust companies have made a relatively much larger growth in all the large cities than national banks. There were twenty-seven trust companies and forty-nine national banks in New York city ten years ago. The same city now has forty-seven trust companies and only forty-one national banks. Ten years ago the aggregate capitalization of the New York City trust companies was \$26,400,000, and of the national banks \$50,700,000. Now the trust companies are capitalized at \$54,900,000 and the national banks at \$110,300,000, showing about the same relative increase. But the difference in the growth of deposits is marked. Trust companies in New York City held less than \$260,000,000 ten years ago, and they now hold more than \$875,000,000, while deposits in national banks have increased from more than \$550,000,000 to a fraction less than \$1,100,000,000. Thus, trust company deposits show an aggregate growth of \$65,000,000 more than national bank deposits, and a growth of 240 per cent, as against 100 per cent in national banks.

In Chicago the number of trust companies has increased in ten years from

eight to twelve, while the number of national banks has decreased from twenty-one to twelve. The capitalization of trust companies in Chicago in the same period has increased from \$4,000,000 to \$20,000,000, or 400 per cent, as against an increase of 25 per cent in the capitalization of national banks. Deposits in these trust companies have increased from \$15,000,000 to \$230,000,000 in ten years, and in national banks from \$130,000,000 to \$280,000,000, or an aggregate increase of \$215,000,000 in trust companies as against \$150,000,000 in national banks, and an increase of 14,000 per cent in trust companies as against 115 per cent in national banks.

Other large cities exhibit similar conditions. Many trust companies hold commercial accounts and are regularly engaged in discounting paper, and they hold in the aggregate more than \$2,000,000,000 in deposits. Few, if any, of the states have any statutory requirement respecting reserve, and few of the companies are members of clearing houses.

It is manifest from the foregoing data that these institutions in our great cities, helpful as they have been to American development and commerce, unless conservatively managed, may become an element of danger to our financial system. They are already national in character, and several of them are of international influence. I suggest the propriety, therefore, of a law giving trust companies of large capitalization in large cities the privilege of incorporating under federal law with corresponding supervision. If such right were extended, the more conservative would probably avail themselves thereof, and this would compel others to cultivate conservatism. It would not be necessary to extend to them the distinctive prerogatives of national banks beyond the capacity of being designated financial agents of the government, thereby justifying federal jurisdiction; nor should

they be brought into competition with commercial banks, but they should be required to keep an appropriate, though relatively small, reserve within their own vaults, lest in times of financial distress their larger deposits with national banks increase rather than diminish the evils of financial panics. These great concerns, if properly and conservatively conducted, may prove of great and even unforeseen advantage to public as well as private interests; and the best time to safeguard the country is when skies are clear.

The following statement shows in brief the operations of the life saving service during the fiscal year:

The documented vessels which suffered disaster within the scope of the

service numbered 359. There were on board these vessels 2,525 persons, of whom only twenty-one lost their lives. The value of the vessels is estimated at \$4,698,855 and that of their cargoes at \$1,757,925, making the total value of property imperiled \$6,456,780. Of this amount \$5,098,950 was saved and \$1,366,830 lost, while the number of vessels which were a total loss were fifty.

Among the smaller class of vessels not documented—sail boats, row boats, etc.—there were 411 casualties, involving a total of 803 persons, of whom thirteen were lost. The value of these smaller craft is estimated at \$248,750, of which \$240,130 was saved and \$8,620 lost.

Don't Do Just Enough To Earn Your Pay

Among the young men who are fond of making sarcastic references to Fate because they have not been more successful this expression is very common:

"I'm earning all the money I'm getting. I don't intend to do any more work than I'm paid for."

This rule a great many men follow very carefully. They estimate what they think they ought to do to earn their salaries, and they do that and no more. They feel that they are absolutely just to their employers because they are conscientious in their effort to earn exactly what is paid for.

This logic may be sound, although usually a man's estimate of what his work is worth is not very accurate; but it is about as dangerous a mental attitude as a wage earner well can take.

If a man is not worth more than he is getting, it stands to reason that he will never get more.

As long as he is earning his present salary, his employers have no object in

paying him one which he doesn't earn. When a man who owns a business raises a salary, he does it because he finds it profitable to himself to do so. There is very little sentiment concerned in the transaction.

The employer doesn't pay a lazy man any more money in the hope to make him industrious. That hope would never be realized.

He does not advance the salary of a man in the expectation that the man will be worth more to the concern. The employer knows that an expectation of that kind would be idiotic.

When salaries are raised, they are raised to meet the growing value of

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