

banking institution in the world, having a combined capital and surplus of \$86,000,000, deposits of \$140,000,000 to \$150,000,000, employs over 1,000 clerks, and the buildings cover over 80 acres. It has stood its own these many years; the name Bank of England being a synonym of strength and security, its notes being taken at par the world over.

The Bank of England enjoys special note-issuing privileges from the government; its note-issuing department is separate and apart from its commercial department, the note-issuing department being under the control of the government. The bank is allowed the privilege of issuing notes against deposits of gold to an unlimited amount, against the deposit of its commercial paper to the extent only of £14,000,000, this being the elastic part of the note-issue privileges and being resorted to only in times of extreme necessity.

Banking in the United States has had many ups and downs. In a new country where exchange of products is carried on by means of barter, banks are called into existence as the means of providing a currency whereby to facilitate this exchange. Banks would not be started to be banks of deposit for the reason that there is no money to deposit. So as early as 1715 we find in the New England colonies, various plans advanced for starting banks with note-issuing privileges. The first were planned on the Lord bank idea, *i. e.* the banks issue currency, secured by loans on real estate, said loans drawing a low rate of interest and repayable by installments. Depreciation on all such issues was the result and such plans soon died out. Later every state granted bank charters with special note-issuing privileges, so that the country was filled with banks issuing what was called "wild cat currency." Inasmuch as no credit other than local was back of the same, its circulation was limited. A person having to exchange his currency with each change of locality, never certain that the morrow would find his stock of banknotes of any value at all, the bank possibly over night having folded its tent and moved away, gradually the system became so bad that improvements were demanded and it was endeavored to take away the local character of the banknote issue and have a central place of redemption, resulting in the Suffolk system for the New England states, the plan being that the various banks kept on deposit at Boston a certain amount with which to redeem their notes. This changed the local character of the notes and gave them more stability. New York also planned such a system providing for redemption at Albany. From the New York system was taken the plan of our present national bank act.

The United States early in the year 1800 granted special charter to the United States bank, it being organized

largely as a means of granting personal support to the United States. At that time the policy of the Jacksonian party was opposed to the centralization of power in the government and with its ascendancy the plan of the United States bank was defeated.

The civil war did much for us both good and bad in a financial way.

The government had to resort to every scheme to maintain its credit, and to secure funds with which to pay its enormous daily expenses. The issue of the greenback was one, the organization of the national bank act another. The idea of the Suffolk and New York plan of redeeming local banknote issues proving a success, it was urged that if good for a locality or a state, why not better to formulate a plan whereby the *local issue* would be wiped out and the issue be of a national character with provisions for redemption at a fixed point. Looking back still further for precedent the plan of putting up the government debt as securely for the circulation covered the other points, so that the dissatisfaction resulting from a poor system of state banknote issue coupled with the straitened condition of the government opening up, as it would, such a demand for its bonds, were the causes that ended in what is called the National Bank act, bringing us up now to our present system of banking.

The location or starting of a bank in a community is the result of an actual need as much as the opening of a grocery store or a meat shop.

Business is complex, the proper exchange of commodities, the buying of what is needed to supply the demands, the selling or marketing of what is produced, requires an extensive system. A factory to run must have machinery, engine and boiler, the crude product to operate with; so in the business world. The product of each community must be garnered. It must be supplied with necessary articles from the outside world. All this requires labor and detail and the bank is almost the first requisite. It is the belt that connects the power (products) with the machinery (demand) keeping the whole in active, steady motion, meeting unusual demands without apparent effort. There is no restriction as to who shall start a bank. It is as free to embark into as any business enterprise. The primary effect as in all other pursuits is gain. An individual may start a bank, call himself a banker and the community having confidence in him, favors him with its business and makes him the custodian of its funds. He may be all that is desired in a banker and faithfully care for the funds in charge. Inasmuch as it requires large capital to start a bank, capital being the foundation, the broader and deeper it is the greater the stability and prospects for success. The individual rarely possessing sufficient capital; we almost universally find a

number of the well-to-do of a city banding themselves together as stockholders and organizing a stock bank under either national or state laws, being then subject to inspection, laws and regulations, thus gathering to themselves the benefit and consequent additional confidence in them from the public.

The Wealth of Nations states of banks as follows:

"It is not by augmenting the capital of a country but by rendering a greater part of that capital more active and productive than would otherwise be so, that the most judicious operations of banking can increase the industry of the country." That is the office of the bank. Capital is not at all augmented, but is made more active. It does more work with money, economizes it, as it were, lets the check, draft, bill of exchange, serve in its stead; allows the merchant and manufacturer to sell their products on time, 60 and 90 days, discounts the same with the banker, thus realizing from the sale at once and thus having the funds to make further investments. Without banks, each individual, each merchant or manufacturer, would have to have as capital in his business the maximum amount of money needed in his business at the period of its greatest demand and activity. As it is now with our banking system all he is obliged to have is the minimum amount of capital, *i. e.* its fixed part, the farm, the factory and its machinery, the stock of goods needed for the period of its least activity. The excess needed is supplied by the banker. He advances the farmer to carry his grain to buy stock to feed; the manufacturer to buy the crude material with which to operate the factory; the merchant to stock up to meet unusual trade demands.

There are populists who, if we may believe them, have been self-sacrificingly fighting the "money power" for more than twenty-five years. We wish that some of these ancient knights of philanthropy would write autobiographies. It would be intensely interesting to read their own accounts of single combats between them and the money monster about which they dream, and concerning which, even in their troubled sleep, they chatteringly discourse. Give us an autobiographic account of even "The First Battle" and tell who got whipped.

More money is needed, saith Bryan, Teller, Towne and Coin Harvey. More money is needed with which to cripple and repress the power of money. To keep the boiler from having power, increase the steam. To lessen the tyranny of rich men, who have now too large a share of the currency of the country, increase the circulation and multiply chances for the gold gormands to get still more money. Beware of the money power and avoid its wicked despotism by making money plentier and easier to get.

Easier to get by whom? By everybody of course, except those, who have heretofore gotten money.