Sixty years in banking. 1922

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Sixty Years in Banking

1862—May 1st—1922

Some Thoughts on Banking

By Andrew Jay Frame

—

Progress of

The Waukesha County Bank

and

The Waukesha National Bank

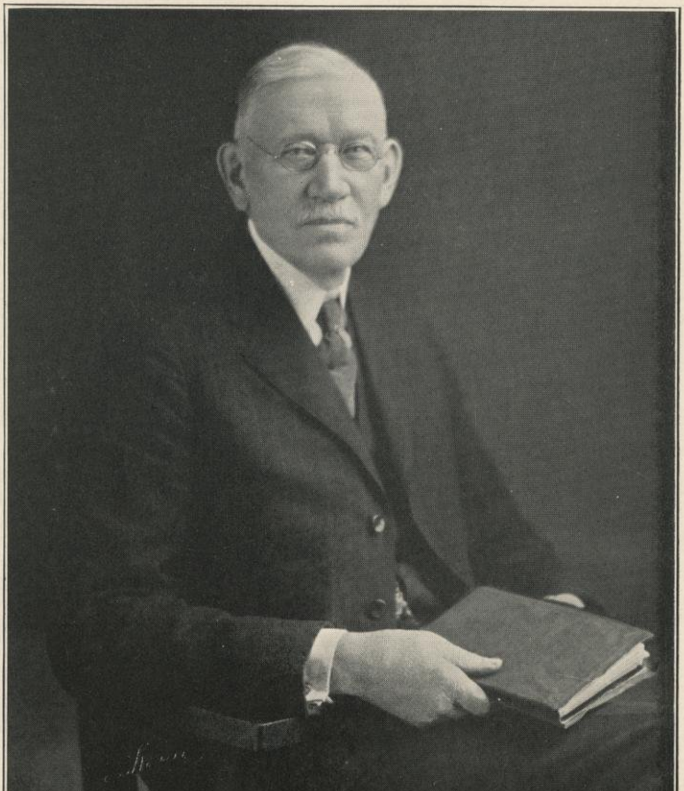
Waukesha, Wisconsin

Also of the

State and Nation at Large

OUR SLOGANS

"STRONGER THAN EVER" "TIME TRIED, TESTED AND FOUND SOLID"



ANDREW JAY FRAME

1862---Sixtieth Anniversary---1922

WAUKESHA, WIS., May 1st, 1922.

A Greeting

To Friends Everywhere:

As this day closes my sixtieth anniversary with the Waukesha National Bank and its predecessor, the Waukesha County Bank, may I be permitted to brief an historical sketch of their progress, also of the Banks of the State of Wisconsin and the Nation at large to date?

The location of the Waukesha County and later the Waukesha National Bank is on the very spot where my father blacksmithed from 1840 to 1844, when he died. I was born in 1844, therefore the spot is doubly interesting to me.

On February 18th, 1855, the founders of the Waukesha County Bank met in the office of Hon. Alex W. Randall (afterward Governor of Wisconsin and Postmaster General of the United States). The capital was fixed at $25,000. The population of Waukesha then approximated 2,400.

These banks, from 1855 to May 1st, 1922, stood through the panics of 1857, 1873, 1893, 1907 and throughout the late world war, meeting every demand promptly, growing stronger through conservative management, until today the slogan, "Stronger than ever," as applied thereto, has become a household expression even in regions beyond home borders.

On May 1st, 1862, the writer, at 18 years, was engaged as office boy at the munificent salary of $100 for eight months, to January 1st, 1863. With characteristic Scotch thrift, as the small income did not go for sweets or frivolities, a part was saved. This same result was attained in subsequent years with the writer's annual salary, which, by the way, never exceeded $900 per annum until 1873. Absalom Miner was President when the office boy was called, and Charles H. Miner was Cashier. Charles H. Miner is the only official or stockholder then connected with the bank, now surviving.

As the writer then had not heard of an eight hour day, but strove for efficiency without watching the clock, he soon became bookkeeper, Teller and Assistant Cashier.

On May 8, 1865, the Waukesha National Bank succeeded the State organization, with Absalom Miner as President; Sebina Barney, Vice President, and Charles H. Miner, Cashier. The writer was appointed Assistant Cashier May 22nd, 1865.

In 1866 Hon. Wm. Blair succeeded to the Presidency, and the writer, age 21, as Cashier. The Board of Directors were Senator William Blair, Sebina Barney, J. H. Kimball, Judge Martin Field and Sewell Andrews. Senator Blair died in July, 1880, and the writer succeeded him as President, which office he held until January, 1920, when he became Chairman of the Board.

The roster of active officials May 1st, 1922, is as follows:

	In service since
Andrew J. Frame, Chairman and Director.......May 1st,	1862 — 60 years
Edward R. Estberg, President and Director....................	1880 — 42 years
Walter R. Frame, Vice President and Director...............	1890 — 32 years
Charles H. Jacob, Cashier..	1891 — 31 years
Elmer M. Junemann, Assistant Cashier, 1909.	
Emma Thustan, Manager Safety Deposit Dept...........	1891 — 32 years
Add H. M. Frame, Vice President (deceased), 1868 to	1919 — 51 years

This gives a record of an average for six employes (a total of 248 years) of over 41 years, which indicates not a "rolling stone" sentiment.

Additional Directors at this date are Harvey J. Frame, Vice President; C. A. Haertel, John Brehm, Jr., Henry E. Blair and Charles E. Nelson.

As a result of sixty years of faithful service to the public, we present a brief of the banks' progress:

May 1st, 1862 deposits were....................................	$ 29,290
1872 deposits were....................................	167,000
1882 deposits were....................................	553,000
1892 deposits were....................................	912,000
1902 deposits were....................................	1,785,000
1912 deposits were....................................	2,327,000
1922 deposits were....................................	3,500,000

The capital stock and surplus funds now exceed $500,000.

BUILDINGS

Pictures of the housing of the bank from 1855, first in its simplicity on a 1,200-square-foot space, and now, with its modern, up-to-date, dignified fireproof structure covering 7,000 square feet of space, indicate clearly the progress of the bank.

Waukesha County had three banks in 1862, now twenty, with some $12,000,000 deposits.

DEVELOPMENT OF STATE BANKING

John J. Knox, in his "History of Banking," gives the following list of some of the prominent bankers in Wisconsin in 1853, all of whom I personally knew except George Smith; to-wit: George Smith, Alexander Mitchell, Daniel Wells, E. D. Holton, Chas. D. Nash, A. G. Ruggles, Henry Strong, C. C. Washburn, H. S. Durand, J. G. Inbusch, J. D. Rexford, L. C. Hyde, Samuel Marshall, C. F. Ilsley, B. B. Northrop, Daniel Jones, H. H. Camp and N. B. Van Slyke.

At a convention of Wisconsin Bankers August 10, 1859, to help to eliminate "wildcat" banking and currency in the State, the "wildcats' predominated and the curse continued.

Knox gives 69 as the number of Banks in Wisconsin in 1863 with aggregate deposits of but $5,274,000.00. Our late State Bank Comptroller's Report gives the following:

State, Savings and Trust Companies' deposits Dec., 1921	$394,600,000
National Bank Comptroller's Report, September, 1921	262,400,000
Total	$657,000,000

These sums approximate double the total individual deposits in all banks of the United States in 1862. This indicates a marvelous development in the transformation from the "wildcat" days up to 1863 or thereabouts, when the "National Bank Act" gave us the best and safest banking system the world ever knew.

During my banking career, I have seen the discredited asset and wildcat currency, which nobody wanted to retain over night because of depreciation, give way to a sound, secured currency that no one for nearly three generations ever looks at to see by whom it was issued.

As another most interesting advance in sound banking since 1862, may be noted wonderful advance in elimination of banks without capital, which brought disastrous results. We may say that our State Laws compelling capital to be paid in cash as a guarantee fund to protect innocent depositors before opening of doors, progressed intermittently until, some twenty-five years ago, the State Bankers' Association of Wisconsin appointed a committee, composed of L. S. Hanks of Madison, M. G. Jeffris of Janesville, E. F. Hansen of Beloit, M. B. Greenwood of La Crosse and Andrew J. Frame of Waukesha, as Chairman, to revise the Banking Laws of Wisconsin. The committee drew a bill. It was presented and passed at the next session of the legislature. Later, as the proposed law required, it was submitted to the people for ratification. It was defeated, because shallow pettifoggers pleaded it must be rotten, as bankers drew it. The bankers persisted and later won the approval of the electorate giving the legislature, by a two-thirds vote, power to amend the banking laws of Wisconsin. In 1903 this same bill, by dotting an "i" here and crossing a "t" there, but without material alteration, became a law. Result: Since 1903, except for one bank then in bad condition, but one other State Bank in Wisconsin has failed where a depositor has lost a dollar of his principal. Evidently some bankers can put patriotism above selfishness.

This record rather outstrips John Skelton Williams in his glorification of his stewardship under the National Bank Act.

One provision of the bill prevents branch banking under Wisconsin State Laws and thus preserves the greatest good to the greatest number as against Canadian or any other monopolistic cream-skimming systems.

We feel deeply grateful for loyal support from the great bulk of Wisconsin Bankers, which brought to the state this glorious result.

Many good men advocate a single system of commercial banking for universal use throughout the nation. To our mind, two banking systems are just as necessary to our progress as two political parties. When one becomes corrupt, the honest masses can swing their support to correct the evils of the other, therefore may we amend either system with great care, to the end that a haven of justice may be open from the oppressions of either. We regret to feel that the autocratic powers of the Federal Reserve Act now trend toward oppression and injustice, to which reference will hereafter be made.

THE NATION'S PROGRESS

In the annual report of the United States Comptroller of the Currency for 1920 he gives the aggregate banking power of all United States Banks as follows:

	No. Banks.	Individual Deposits.	Banking Power.
In 1863	1,466	$ 393,700,000	$ 1,191,700,000
In 1920	30,139	37,683,600,000	53,079,100,000

Thus since my entry as office boy, the nation's banking power has increased forty-four fold, while individual deposits have grown, say ninety-five fold.

THE NATIONAL BANKING SYSTEM

The safest system, broadly speaking, for depositors the world ever knew had its birth in the National Bank Act in 1863. It has grown to cover, say 40 per cent of our total banking power. But minor alterations were made since originally penned by the master mind of Hon. Salmon P. Chase until the Federal Reserve Act in 1914. The inspiring cause for the adoption of the act was two-fold: First, that National Banks should buy United States Bonds, use them as collateral for the issue of national bank notes, and thus furnish the Government with funds to prosecute the Civil War; second, to the end that wildcat currency and unsound banking generally might be superseded by a well regulated and sound system in the interest of the public at large.

WAUKESHA COUNTY BANK---1855

As the bulk of the bonds to secure National Bank circulation expire in a few years, this special privilege, not being a necessary function of general banking, will probably be eliminated. Through this elimination, as State Bank notes were practically taxed out of existence, when the National Bank Act was passed, and as the Federal Reserve Act gives ample powers to issue sufficient currency to cover almost any contingency, the United States in this respect will issue currency upon somewhat similar lines as the most enlightened nations have done for many years.

As to the Federal Reserve Banks accomplishing ideal results, we beg to brief that subject later.

STATE BANK SYSTEMS

Since 1862 the conglomeration of good, bad, indifferent, including wildcat systems, has gradually given way to State Banking Systems modeled largely upon the National Bank Act for commercial pursuits; also for loans to farmers, including mortgage loans; to savings banks, loan and trust companies under their respective ordinary functions, until today most states have excellent banking laws. A few have lax laws which need amendment. As a whole, our wonderful democratic system of over 30,000 banks gives to the United States the greatest spur to general progress that any nation enjoys.

As I have had the honor in the past thirty years to formally address the great American Bankers' Association three times, also more than one-half of the State Bankers' Associations of the United States, including bankers and business men's clubs, etc., in efforts to mould public opinion to bring about these betterments, I feel deeply grateful that the results are so beneficial to the people at large.

BRANCH BANKING

Notwithstanding the American Bankers' Association in 1916 — after open discussion, went on record with but *two* dissenting voices "against Branch Banking in any form;" also at the Los Angeles Convention last October, I had the honor of addressing the State Bank Section against "The Branch Bank Menace," which contention, after open discussion, was approved with but three dissenting voices, yet at a later session of the National Bank Section, after the formal addresses, an announcement was made that those desiring might now retire, as there was little else but routine matter to close the session. All but twenty-seven retired. Later a resolution endorsing limited Branch Banking in cities was adopted by the enormous vote of 14 to 5. As the leading officials of the A. B. A. seem to be largely selected because of their affection for the cream-skimming process, the problem seems to be, is the "steam roller" or the great majority of the bankers of this nation dominating our destiny? I will only reiterate, that if the bankers of this nation desire to retain their birthright, they will not "sleep at the switch," but will bend their energies to cut out the cancer, before it inoculates the virus into all our systems. Lincoln's logic, "I believe in the will of the majority after full discussion and a fair vote," should always be our slogan.

POSTAL SAVINGS BANKS

The 30,000 bankers as a whole stand shoulder to shoulder against increased competition by the government through Postal Savings Banks, which would add immensely to the taxpayers' burdens. What is needed most, is less expense in government business and more business in its necessary functions. Individualism upbuilds, socialism paralyzes, human progress.

GUARANTY OF BANK DEPOSITS

The great majority also stand against the unsound, unfair socialistic theory of *compulsory* guarantee of bank deposits. United States Comptroller Crissinger lately called "State Guaranty Laws a failure." Permit me to quote but two sentences: "The Insurance or Guarantee of Bank Deposits tends to increase the hazards by eliminating the value of character as a banking asset. It tends to make all banks look alike to the public and puts the careful, conservative banker, who is unwilling to take large chances, at a disadvantage."

To our mind to compel a conservative banker to endorse the liabilities of a non-conservative competitor, or any other kind, is repulsive to American Freedom, and destructive to stable progress. The large number of failures of State Banks in Oklahoma, which lately drove 100 or more State Banks into the National System, seems to confirm these contentions. If the guarantee fund now owes some $4,500,000 to depositors in closed banks, and pays 6 per cent interest until the funds are collected, and say $200,000 per annum is about the limit for assessments, is it any wonder good banks desire to withdraw? Voluntary Insurance is legitimately open to all.

Barring these and "The Menace of Branch Banking" the evolution from unsound to sound banking in the past sixty years is most gratifying. Lastly, let us weigh

THE FEDERAL RESERVE BANK ACT

I desire it distinctly understood that I have for more than thirty years pleaded for a central bank of banks, to be sustained at least by the larger banks of the nation through mobilization of a part of their reserves (the small banks can be better served through their regular correspondents) to the end:

First. That calamitous cash suspensions by banks, as in 1873, 1893, 1907, etc., should not occur again.

Second. That any central bank shall be our servant and not our master or monopolizer at any time. They should be measures for *relief* and *not* for *profit.*

Third. That elasticity to our monetary systems may at all times be at hand, through extra currency issues, which will automatically expand and contract, and thus give us relief under stress, like unto a governor to an engine or a great water reservoir to quench threatened conflagrations. Such issues should be so penalized as not to breed over-expansion of credit through profitable rediscounting.

In fact, to throw out a profitable lifeline to the over-buoyant, destroys conservative progress. We have had since 1914 lamentable object lessons of this fact from our own experience.

In answering the three points named, permit me to say:

No. 1 has accomplished its great mission as practically all economists expected it would do. It has done no more than European Central Banks have accomplished under far worse conditions.

Nos. 2 and 3 should be answered together. May I brief a little history of the preliminaries leading up to the passage of the Federal Reserve Act? I had the honor of being in close touch from before 1900 to the dates of retirement or death of Senators Nelson W. Aldrich of Rhode Island, Wm. B. Allison of Iowa and John C. Spooner of Wisconsin, who were for many years the Sub-Committee of the U. S. Senate Finance Committee. Senator Aldrich was also Chairman of the National Monetary Commission, with whom I also was in close touch during the world investigation on Banking and Currency, even after the publication of the Monetary Commission's Reports. I feel free therefore to say that from conferences and correspondence with these men, they were eminently conservative and fully appreciated the necessity for safeguarding the nation from over-expanding either currency or credit. On the other hand, the Banking and Currency Committee of the American Bankers' Association were not dominated by the same spirit, but held to easy methods of inflation through rediscounting and through acceptances by banks generally, thus pyramiding credit on credit, which the great authorities on political economy condemned, even before the days of Adam Smith. Even our own Prof. Wm. G. Sumner of Yale depicted our late debauch with a prophetic vision.

In 1912 a new and untried political power took over the delicate problem. The present Federal Reserve Act resulted after many hearings, in which I had the honor of appearing both before the House and the Senate Banking and Currency Committees.

I refer with much satisfaction to my Senate hearing on September 19th, 1913, see Document No. 2639, pages 674 to 738.

WAUKESHA NATIONAL BANK—1922

RESERVE REQUIREMENTS

As the capital requirements from member banks, which now exceed 100 millions, pay us 6 per cent thereon, no serious objections were raised. As to the large percentage of deposits demanded by the Federal Reserve Act, without any compensation therefor, I seriously objected to these demands, especially upon Country Banks for reserves. I succeeded in my own words in so amending the final draft of the Act, as to reduce by about 100 millions the reserves required from savings deposits, but did not succeed in lowering the 7 per cent demanded on commercial deposits. The general reserve city banks did not seriously object to the 10 per cent demanded from them, because it did not materially affect their income.

As to the Central Reserve City Banks of New York, Chicago and St. Louis, which held under the old law 25 per cent of deposits in cash, the new law compelled but 13 per cent of deposits for reserves. As those banks have since then held but 2 per cent in cash, the remaining 10 per cent has been loaned to the public. It is therefore easy to grasp the reason why these banks warmly support the reserve provisions.

In my Senate hearing, page 688, I predicted that State Banks generally would not join the Reserve System, because of excessive demands upon country banks, coupled with coercive remittance for checks coming through the Federal Reserve Banks at par. This prediction seems to be verified.

PAR COLLECTION OF CHECKS

The par collection of checks has absolutely nothing to do with the true functions of reserve banks to aid banks under stress. As selling exchange for reasonable profit is one of the ordinary functions of banking, to enable customers to meet their liabilities for purchases; as the banks have nothing to do with the transactions, the amazing theory that banks must transfer daily hundreds of millions of dollars at material expense of writing letters, drawing drafts, bookkeeping, etc., without even getting a postage stamp therefor, regardless of whether the customer's account justifies free remittance, seems to fair minds unjust, un-American, confiscatory and unconstitutional. If it is the law, then it is like many other laws that ought to be repealed instanter. If wholesalers, mail order houses and big banks approve and profit by it, does it not seem that blind selfishness over-rides justice? These conditions might be likened to the darkey who stoles a pair of pants. He was defended by ex-Chief Justice White. The prosecuting attorney asked the darky to stand up. The darky hesitated. White asked why. "You are innocent, aren't you?" "Yes, I'se innocent, just as long as my feet am under dis yar table; but good Lor', Jedge, when I stand up, I'se got dem pants on." Does equity reign when the United States transfers funds through Postoffice Orders at 25 cents per $100, and then compels banks to remit at an actual loss to them? The government might as well compel merchants to sell calico, sugar or peanuts at a loss, or compel barbers to shave gratis, then charge extra for haircuts and shampoos.

Listen to what some authorities at least think. The legislatures of Georgia, Alabama, Mississippi, Louisiana, Oregon, and some others, have passed laws to enable banks to charge reasonably for such services.

In Oregon, because the Brookings State Bank would not remit without charging 10 cents per $100, the Federal Reserve Bank at San Francisco sent an agent who lived at Brookings a year to collect checks in cash, then sent it by registered mail. To collect $102,850 in a year, which the bank would remit at $102.85, it cost the Federal Reserve Bank $1,915, as admitted in Court. (The Brookings Bank figures it cost about $4.000.) Judge Wolverton of the United States Circuit Court in Oregon issued an injunction containing these comments:

"The method employed, considering the occasion for it, or rather the lack of reasonable necessity, was, to say the least, extraordinarily extravagant and unbusinesslike; I am persuaded that the act of the defendant bank . . . . indicates most convincingly that it was for the purpose of *coercing* the latter bank into adopting the policy of the Federal Reserve Banks to remit at par."

As national banks remit under duress, are not such undignified acts mortifying to one who loves liberty?

Free remittance of checks has undoubtedly increased "kiting and float" by hundreds of millions of dollars.

I challenge anyone to point to any nation where such oppression is practiced, including compulsory capital for central banks and forced reserves.

Let us brief a few historical thoughts upon:

INFLATION VS. DEFLATION

"He who will not profit by the experience of the past, gets knowledge when trouble overtakes him."

Bagehot in his classic work entitled "Lombard Street," in referring to Peel's Act of 1844, which "gave the old Lady of Threadneedle Street the straight jacket she has worn ever since," refers to the right of the Bank of England to issue notes practically covered by gold. Previous to 1844 she wore no "straight jacket," and Bagehot further comments, "This unbridled authority was in more than one instance used with the extremest unwisdom, so that devastating panics followed hard upon the heels of reckless speculation, which too great facilities for borrowing had engendered."

Notwithstanding the warnings expressed freely before the Federal Reserve Act became operative as to the authority granting the right to all national banks to issue acceptances; also giving to the Federal Reserve Banks practically "unbridled authority" to expand our currency issues through rediscounting — although the privilege of rediscounting in all probability saved us from a real panic — yet we regret to say we firmly believe, altogether too generous provisions for rediscounting, at profitable rates under the open market rate for money, bred throughout the war a spirit of undue optimism, to the extent that "reckless speculation" and an unnecessary over-expansion of credit has been engendered.

To our certain knowledge, Reserve Bank officers importuned some member banks at least to "rediscount and make some money" during the rising tide of the inflation period. The late Hon. A. B. Hepburn, ex-Comptroller of the Currency and Chairman of the Board of Chase National Bank, New York City, and Edmond D. Hulbert, President of the Merchants' Loan and Trust Co., Chicago, as two eminent authorities have often warned against the danger in Federal Reserve Banks rediscounting under the market rate for money. Mr. Hulbert is quoted in the Banker and Financier of New York City, January 1st, 1922, issue, in these words: "It may be wise to consider whether the Federal Reserve System has not contributed to this state of affairs. It undoubtedly saved us from disaster during the war, but it seems clear that no such inflation as we are now suffering from could have been attained without the enormous expansion of credit through the Federal Reserve Banks."

The Federal Reserve Board in 1920 seemed to have grasped this serious error, but alas, too late to have at least partially prevented the blowing up of the bubble.

The pages of history are strewn with proofs that over-indulgence in a debauch insures the "morning after," with its convalescent period of distress.

Prof. Sumner, in his "History of American Currency," tersely sums up the case as follows: "Over-speculation is speculation which outstrips the capital of the country." Further, "When we lose our heads in the intoxication of our own achievements, look on currency anticipations, which are only fictitious capital, as if they were already earned, build other expansions upon them, then we bring a convulsion and a downfall, etc."

The Federal Reserve Banks in 1920 had some $3,500,000,000 of notes outstanding. We concede that probably $1,500,000,000 were justifiable in aid of the purchasers of United States Bonds to win the war, but to build "other expansions" through rediscounts at a profitable rate, say 1 per cent below the market, instead of 1 per cent above to the rediscounting banks, simply bred inflation. We think the true functions of the Federal Reserve Banks are to hold our reserves, and part with them only for relief, and then at high enough rates to penalize over-expansion of credit. Entering into competition for normal loans was one of the chief causes why Andrew Jackson killed the old United States Bank. As money is now easing, competition must cease or general criticism is sure to result.

Space forbids citing the misuse of acceptances upon non-liquid paper, which even the Federal Reserve officials concede.

We do not cite these conditions willingly, but to aid, if possible, to combat the cry for "more credit" and more inflation to relieve distress. Eminent statesmen lately advocated the issue of billions more of notes by the Federal Reserve Banks to relieve the situation, which would but add fuel to the fire. Such arguments might be likened to the eloquent prerorations of the statesmen of France in 1789. Instead of manfully waiting for a natural return of better days, in response to popular clamor for "more money," France issued heroic quack doses of fiat money for several years with calamitous results. Let us take warning and not lose our heads, by administering another drink to the already staggering patient. Currency is not wealth. Witness, Russia is flooded with currency, while millions of her people are starving and freezing to death.

Although the American giant is suffering from indigestion, caused primarily by the world war, and secondarily by neglect of conservative and sound economic laws, yet in this land where nature is lavish in her gifts to us, we should slowly deflate to practically normal through wise nursing.

When this is accomplished, we should repeal the laws permitting acceptance privileges to National Banks generally, and turn them over to acceptance or discount houses making it a special business, as European Banks do largely at all times, popular error to the contrary notwithstanding. To our mind, accepting is brokerage, and is not a legitimate function of banks of deposit. The power should be limited to large corporations, as picayune acceptances have no public market.

SUMMARY

The Federal Reserve Banks have paid in capital by member banks, say 100 millions of dollars, on which they receive 6 per cent per annum. No one objects. They also hold, say 1,700 millions, deposited by member banks, not subject to call without penalty, on which no interest is paid. This sum exceeds all the cash held by all United States Banks in 1914.

Cash reserves then approximated........1,640 millions

January, 1922, cash reserves of all banks approximated......1,000 millions

January, 1922, cash reserves of Federal Reserve Banks approximated ....3,000 millions

January, 1922, total cash reserves of Federal and all other banks, say ....4,000 millions

as against 1,640 millions in 1914. Wherein are the people's burdens released? Again, as the Reserve Banks exchange their untaxed I. O. U.'s for member banks' live interest-bearing securities through rediscounting, is it any wonder they have made gross profits of over 450 millions of dollars in the past few years? Expenses (36 millions in 1921), depreciation, etc., in this period cover, say 100 millions. Some 38 millions have gone into real estate and magnificent buildings, which when finished will cost over 70 millions of dollars. Some 2½ millions in two years under the "printing and stationery" head, more or less, we think is useless research statistical work under 45 heads, in competition with the legitimate press, appears in the reports.

CONSTRUCTIVE AMENDMENTS

In view of these facts, as war has ceased, may we not fairly offer some constructive amendments to the Federal Reserve Act in the interest of the people at large?

1st. As Federal Reserve Banks were not founded for profit, but to relieve distress, then limit their powers to become our servants and not our masters at any time. Limit the extravagant cost of buildings and general expenses. Cut out Branches, as they simply add to the people's burdens.

2nd. Restore one-half at least of the Country Banks' reserves to them

3rd. Repeal the coercive measure of free remittance of checks, as it confiscates vested rights through robbing the country banks for the benefit of larger interests. This function is foreign to the Reserve Act.

4th. Rediscount only at rates above normal, to the end that the destructive results of inflation may be minimized.

If it is desirable that say ten thousand eligible non-member state banks join the Federal Reserve System, then when they plead for justice, do not give them a stone. What we need is a harmonious whole.

In short, preserve our independent banking system, which has done wonders in upbuilding this nation. As injustice is the mother of warfare, then restore constitutional freedom as vouchsafed to us by Washington, Jefferson, Franklin and others.

We plead that monopoly and oppression, whereunto we are trending, have palsied the world's progress. The paramount question then, is, shall we profit by the experience of the past, or get knowledge only when trouble overtakes us?

ANDREW JAY FRAME.