

'it is difficult to conceive of a more selfish argument.' I claim that the strong, well-managed and conservative banks of the country, be they large or small, have a standing and credit with the public, on which the value of their good-will is based, which are not accorded to the weak and badly managed institutions. Discrimination as now exercised by the public deters to some extent the dishonest from engaging in the business, or at all events prevents them from succeeding in it. Discrimination of the public, like everything human, is not perfect, and the unworthy do occasionally become established in the business of banking and appear to flourish, but they never meet with permanent success. Many banks have made for themselves excellent records and have built up good reputations which form the basis of a good-will on which the investing public places a tangible value, not merely in sentiment, but in dollars and cents. This good-will, such banks as enjoy it are not willing to have swept away by legislation of a socialistic character. It would be confiscation of the vested rights and property of their stockholders and practically confiscation of character. Nor are such banks willing to be taxed for the purpose of being reduced in public estimation to the same level with those that have neither record, reputation nor consequent good-will to commend them.

It has been stated in an argument against what I have thus claimed that 'good-will is largely an advantage created by law,'... 'that the good-will which I measure in dollars and cents is not entirely due to good management,' but to the fact that national banks are organized under the National-Bank Act and 'are inspected and regulated by law.' It is not I, nor any other executive bank officer, who measures the good-will of his bank in dollars and cents, but the discriminating and investing public. This is only one of many confusions of ideas that appear in the plausible arguments of those who discuss the subject without a practical knowledge of it. As all national banks are organized and operate under the same law and are subject to the same governmental regulation and supervision, and as the good-will is not measured by the investing public in the same number of dollars and cents in each instance, it is evident that the law, under which they all operate, and the regulation and inspection, to which they are all equally subject, have nothing whatever to do with the varying value of the good-will.

I quote the following from an article by Mr. S. S. Cook of Minneapolis, which forcefully expresses that for which I am contending:

'When a banking institution appeals to the public for deposits, upon what grounds does it solicit the necessary confidence? Briefly these. (1) Amount of capital; (2) accumulation of surplus; (3) personality of the management. The amount of capital with its stockholders' liability suggests financial strength. Surplus, especially if earned, denotes capable management and wise provision for possible emergencies. But it is the third element—personality—which constitutes both foundation and superstructure of every banking institution that ever existed or ever will exist. Unless a banker be a man of more than ordinary capacity, possessed of a keen sense of responsibility and absolute integrity, he cannot long maintain himself or his institution and disaster will fall upon him and his depositors. Shall we say to this class of men that henceforth the deposits in their banks shall be no safer than in the banks of their competitors who may be men of less ability, whose sense of responsibility is dulled by selfishness, and whose standards of honour are low? And in addition shall we demand that they assess themselves to pay the creditors of the latter class? But that is what guaranteeing of deposits means.'

The following from an editorial in the *Baltimore News* is also very much to the point and I take the liberty of quoting it:

'The great objection to any guarantee project is that, on the face of it, it eliminates what has, throughout the history of banking, constituted the most distinctive and perhaps the most vital characteristic of the banking business—the peculiar necessity under which it lies of maintaining a reputation for care, prudence, foresight and sagacity, that no other business requires for its successful prosecution. Make