

as Boston, Philadelphia, Buffalo, Pittsburg, Chicago, Minneapolis, Duluth, Cincinnati, St. Louis, Kansas City, Omaha, San Francisco, Galveston, New Orleans, Atlanta and others of similar importance, gathering deposits everywhere, lending only on the choicest mercantile paper, the leading staples of commerce, and the best bond and stock securities, possessing powerful alliances with foreign banks enabling it to buy and sell foreign exchange and issue letters of credit on all countries—able indeed, to perform the whole round of functions performed by the great banks of Europe. If the Bank of Montreal can lend ten millions safely in Chicago through an agency, cannot a bank with headquarters in New York do it? If it is safe for hundreds of New England banks to fill their wallets with the paper and securities arising from grain, flour and other business in Illinois and Minnesota, purchased through note brokers, or by rediscounting for western banks, could not branches of Eastern banks do such a business better? And in times of trouble would not the existence of several such banks, and of many other powerful banks with branches restricted to sections of the United States, be a source of financial strength sufficient to set the pace of courage to the smaller banks, and to the whole mercantile community?

But opening branches is, of course, only an option in the plan I suggest and is not compulsory. If American bankers did not take kindly to the branch system, there would still remain the fact that the amalgamation of smaller banks into banks with at least the capital of \$1,000,000 would be necessary in order to avail of the privilege of issuing bank-notes not secured by Government bonds. This would ensure the number exercising the privilege not being too great to permit active scrutiny by Federal and State authorities and the general public; it would render the actual redemption of notes by the issuing banks, which is so necessary to elasticity and safety, infinitely easier than if the banks exercising the privilege were numbered by the thousands; and it would tend to lessen the present enormous difference in average size between the American banks and those of other countries.

If it is admitted that large banks with branches would effect a better distribution of loanable capital, and that large banks, with or without branches, would make note issues, of the character suggested by the Baltimore plan, more practicable and safe than if issued by small banks, there remains the question as to whether the functions now performed by the Treasury, such as supplying gold for foreign shipment or other purposes, would be taken up