

the bank, including the double liability of stockholders, and by an insurance fund of say five per cent., and to be free from the ten per cent. tax. Such banks to be allowed to establish branches within the State in which the head office is situated. If the franchise is granted by a State the Federal Government to approve of the regulations securing the note issues, and to hold the insurance fund. I do not enter upon the question of what the minimum paid-up capital should be in the case of banks desiring to avail of such bank issues but not to open branches. I hope, however, it might be practicable to make it as high as \$500,000.

3. Any bank with a capital of say \$5,000,000 or over, to have the same privileges as to note issues and to be allowed to establish branches throughout the United States, limited, if thought necessary, to cities of national and not local importance. Such a franchise would, I suppose, be granted by the Federal Government. In view of all that has happened since the war, I presume it would not be too great a stretch of Federal power to grant such a franchise.

4. Banks should have the undoubted power to buy and sell foreign bills of exchange, to issue letters of credit, and perform all the functions usually performed by banks in Great Britain and Canada. In Canada, although we work under a general banking act as the National Banks here do, we act on the theory that we may do anything within the scope of banking which is not expressly prohibited by the Act. In the United States, while a few banks deal in exchange and letters of credit, others think they have not the power.

It may be argued that the necessary legislation to effect such a reform could not be obtained even if the silver difficulty were removed, and that the discussion of such a plan is therefore useless. To this I can only say that the same may be true of any radical reform which is attempted. It may be found that without some years of persistent education of the public by the bankers no comprehensive reform can be put in force. The real question seems to be, would such a change cure or even alleviate some of the present defects? Any change is in the nature of an experiment. If the American banker did not, even to a moderate extent, take advantage of the permission to open branches, accompanied by the privilege to circulate notes not specially secured, then such a reform would partly fail of the desired result. I can imagine nothing in banking so attractive as a bank with say \$10,000,000 of capital, a head office in New York, and branches in such cities