
THE BANKER AND THE NATION

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MR. PRESIDENT, ladies, and gentlemen: We have witnessed in recent years an extraordinary awakening of the public conscience with regard to the methods of modern business, and of the private conscience also, for scores of business men have become conscious, as they never were before, that the eager push and ambition and competition of modern business had hurried them, oftentimes unconsciously, into practices which they had not stopped, in the heat of the struggle, to question, but which they now see to have been immoral and against the public interest. Sometimes the process of their demoralization was very subtle, very gradual, very obscure and therefore hidden from their consciences. Sometimes it was crude and obvious enough, but they did not stop to be careful, thinking of their rivals and not of their morals. But now the moral and political aspects of the whole matter are laid bare to their own view as well as to the view of the world, and we have run out of quiet waters into a very cyclone of reform. No man is so poor as not to have his policies for everything. The whole structure of society is being critically looked over, and changes of the most radical character are being soberly discussed, which it would take generations to perfect, but which we are hopefully thinking of putting out to contract to be fin-

ished by a specified date well within the limits of our own time.

It is not my purpose on the present occasion to discuss particular policies and proposals. I wish, rather, to call your attention to some of the large aspects of the matter, which we should carefully consider before we make up our minds which way we should go and with what purpose we should act.

What strikes one most forcibly in the recent agitations of public opinion is the anatomy of our present economic structure which they seem to disclose. Sharp class contrasts and divisions have been laid bare—not class distinctions in the old world or the old-time sense, but sharp distinctions of power and opportunity quite as significant. For the first time in the history of America there is a general feeling that issue is now joined, or about to be joined, between the power of accumulated capital and the privileges and opportunities of the masses of the people. The power of accumulated capital is now, as at all other times and in all other circumstances, in the hands of a comparatively small number of persons, but there is a very widespread impression that those persons have been able in recent years as never before to control the national development in their own interest. The contest is sometimes said to be between capital and labor, but that is too narrow and too special a conception of it. It is, rather, between capital in all its larger accumulations and all other less concentrated, more dispersed, smaller, and more individual economic forces; and every new policy proposed has as its immediate or ultimate object the restraint of the power of accumulated capital for the protection and benefit of those who cannot command its use.

This anatomizing of our social structure, this pulling it to pieces and scrutinizing each part of it separately, as if it had an independent existence and interest and could live not only separately but in contrast and contest with its other parts, as if it had no organic union with them

or dependence upon them, is a very dangerous and unwholesome thing at best; but there are periods of excitement and inquiry when it is inevitable, and we should make the best of it, if only to hasten the process of reintegration. This process of segregation and contrast is always a symptom of deep discontent. It is not set afoot accidentally. It generally comes about, as it has come about now, because the several parts of society have forgotten their organic connections, their vital interdependence, and have become individually selfish or hostile—because the attention of a physician is in fact necessary. It has given occasion to that extensive and radical programme of reform which we call socialism and with which so many hopeful minds are now in love. We shall be able to understand our present confused affairs thoroughly and handle them wisely only when we have made clear to ourselves how his situation arose, how this programme was provoked, and what we individually and collectively have to do with it.

The abstract principles of socialism it is not difficult to admire. They are, indeed, hardly distinguishable from the abstract principles of Democracy. The object of the thoughtful Socialist is to effect such an organization of society as will give the individual his best protection and his best opportunity, and yet serve the interest of all rather than the interest of any one in particular; an organization of mutual benefit based upon the principle of the solidarity of all interests. But the programme of socialism is another matter. It is not unfair to say that the programmes of socialism so far put forth are either utterly vague or entirely impracticable. That they are now being taken very seriously and espoused very ardently is evidence, not of their excellence or practicability, but only of the fact, to which no observant man can any longer shut his eyes, that the contesting forces in our modern society have broken its unity and destroyed its organic harmony—not because that was inevitable, but because men have used their

power thoughtlessly and selfishly, and legitimate undertakings have been pushed to illegitimate lengths. There has been an actual process of selfish segregation, and society has so reacted from it that almost any thorough-going programme of reintegration looks hopeful and attractive. Such programme cannot be thrust aside or defeated by mere opposition and denial; it can be overcome only by wiser and better programmes, and these it is our duty as patriotic citizens to find.

The most striking fact about the actual organization of modern society is that the most conspicuous, the most readily wielded, and the most formidable power is not the power of government, but the power of capital. Men of our day in England and America have almost forgotten what it is to fear the Government, but have found out what it is to fear the power of capital, to watch it with jealousy and suspicion, and trace to it the source of every open or hidden wrong. Our memories are not of history, but of what our own lives and experiences and the lives and experiences of the men about us have disclosed. We have had no experience in our day, or in the days of which our fathers have told us, of the tyranny of governments, of their minute control and arrogant interference and arbitrary regulation of our business and of our daily life, though it may be that we shall know something of it in the near future. We have forgotten what the power of government means and have found out what the power of capital means; and so we do not fear government and are not jealous of political power. We fear capital and are jealous of its domination. There will be need of many cool heads and much excellent judgment amongst us to curb this new power without throwing ourselves back into the gulf of the old from which we were the first of the nations of the world to find a practicable way of escape.

The only forces that can save us from the one extreme or the other are those forces of social reunion and social reintegration which every man of station and character

and influence in the country can in some degree and within the scope of his own life set afoot. We must open our minds wide to the new circumstances of our time, must bring about a new common understanding and effect a new coördination in the affairs which most concern us. Capital must give over its too great preoccupation with the business of making those who control it individually rich and must study to serve the interests of the people as a whole. It must draw near to the people and serve them in some intimate way of which they will be conscious. Voluntary coöperation must forestall the involuntary coöperation which legislators will otherwise seek to bring about by the coercion of law. Capital now looks to the people like a force and interest apart, with which they must deal as with a master and not as with a friend. Those who handle capital in the great industrial enterprises of the country know how mistaken this attitude is. They see how intimately the general welfare and the common interest are connected with every really sound process of business, and how all antagonisms and misunderstandings hamper and disorganize industry. But no one can now mistake the fact and no one knows better than the manipulators of capital how many circumstances there are to justify the impression. We can never excuse ourselves from the necessity of dealing with facts.

I am sure that many bankers must have become acutely and sensitively aware of the fact that the most isolated and the most criticized interest of all is banking. The banks are, in the general view and estimation, the special and exclusive instrumentalities of capital used on a large scale. They stand remote from the laborer and the body of the people, and put whatever comes into their coffers at the disposal of the captains of industry, the great masters of finance, the corporations which are in the way to crush all competitors.

I shall not now stop to ask how far this view of the banks is true. I need not tell you that in large part it

is false. I know that the close connection of the banks with the larger operations of commerce and finance is natural and not illicit, and that the banks turn very cheerfully and very cordially to the smaller pieces of business. Time was when the banks never advertised, never condescended to solicit business; now they eagerly seek it in small pieces as well as big. The banks are in fact and in spirit at the service of every man to the limit of his known trustworthiness and credit, and they know very well that there is profit in multiplying small accounts and small loans. But, on the other hand, they are in fact singularly remote from the laborer and the body of the people. They are particularly remote from the farmer and the small trader of our extensive countryside.

Let me illustrate what I mean. Roughly speaking, every town of any size and importance in the United States has its bank. But the large majority of our people live remote from banks, are unknown to the officers who manage them and dispense their credit. Moreover, our system of banking is such that local banks must for the most part be organized and maintained by local capital and have at their disposal only local resources. It is difficult for those of you who do not travel leisurely in the vast rural districts of this country to realize how few and far between the banks are, or how local and petty, and without extensive power to help the community most of them are when you find them. A friend of mine rode through seven counties of one of the oldest of our States before finding any place where he could change a \$20 bill; and I myself was obliged one summer, in a thriving agricultural district, to get change for bills of any considerable denomination sent to me by express from banks 50 miles distant. The business of the country was done largely by barter. I do not wonder that the men thereabout thought that the money of the country was being hoarded somewhere, presumably in Wall Street. None of it was

accessible to them, though they by no means lacked in this world's goods. They believed in the free coinage of silver, not realizing that the silver, too, would have to be handled by the banks and would be equally inaccessible. It would not have been shipped like ordinary merchandise.

"Where and whose is the money of the country?" is the question which the average voter wants his political representative to answer for him. Bankers can answer the question, but I have met very few of them who could answer it in a way the ordinary man could understand. Bankers, as a body of experts in a particular, very responsible business, hold, and hold very clearly, certain economic facts and industrial circumstances in mind, and possess a large and unusually interesting mass of specialized knowledge of which they are masters in an extraordinary degree. But I trust you will not think me impertinent if I say that they excuse themselves from knowing a great many things which it would manifestly be to their interest to know, and that they are oftentimes singularly ignorant, or at any rate singularly indifferent, about what I may call the social functions and the political functions of banking, particularly in a country governed by opinion. I am not here to advocate the establishment of branch banks or argue in favor of anything which you understand better than I do. But I have this to say, and to say with great confidence: That if a system of branch banks, very simply and inexpensively managed and not necessarily open every day in the week, could be organized, which would put the resources of the rich banks of the country at the disposal of whole countrysides to whose merchants and farmers only a restricted and local credit is now open, the attitude of plain men everywhere towards the banks and banking would be changed utterly within less than a generation. You know that you are looking out for investments; that even the colossal enterprises of our time do not supply you with safe investments enough for the

money that comes in to you; and that banks here, there, and everywhere are tempted, as a consequence, to place money in speculative enterprises, and even themselves to promote questionable ventures in finance at a fearful and wholly unjustifiable risk in order to get the usury they wish from their resources. You sit only where these things are spoken of and big returns coveted. There would be plenty of investments if you carried your money to the people of the country at large and had agents in hundreds of villages who knew the men in their neighborhoods who could be trusted with loans and who would make profitable use of them. Your money, moreover, would quicken and fertilize the country, and that other result would follow which I think you will agree with me is not least important in my argument: The average voter would learn that the money of the country was not being hoarded; that it was at the disposal of any honest man who could use it; and that to strike at the banks was to strike at the general convenience and the general prosperity. I do not know what the arguments against branch banks are; but these I know from observation to be the arguments for them, and very weighty arguments they seem to me to be.

That, however, need not concern me. I am not so much interested in argument as in illustration. My theme is this: Bankers, like men of every other interest, have their lot and part in the Nation—their social function and their political duty. We have come upon a time of crisis when it is made to appear, and is in part true, that interest is arrayed against interest; and it is our duty to turn the war into peace. It is the duty of the banker, as it is the duty of men of every other class, to see to it that there be in his calling no class spirit, no feeling of antagonism to the people, to plain men whom the bankers, to their great loss and detriment, do not know. It is their duty to be intelligent, thoughtful, patriotic intermediaries between capital and the people

at large; to understand and serve the general interest; to be public men serving the country as well as private men serving their depositors and the enterprises whose securities and notes they hold. How capital is to draw near to the people and serve them at once obviously and safely is the question, the great and now pressing question, which it is the particular duty of the banker to answer. No one else can answer it so intelligently; and if he does not answer it others will, it may be to his detriment and to the general embarrassment of the country. The occasion and the responsibility are yours.

We live in a very interesting time of awakening, in a period of reconstruction and readjustment, when everything is being questioned and even old foundations are threatened with change. But it is not a time of danger if we do not lose our heads and ignore our consciences. It is, on the contrary, a time of extraordinary privilege and opportunity when men of every class have begun to think upon the themes of the public welfare as they never thought before. I feel that I have only to speak of your social duty and political function to meet with a very instant and effectual response out of your own thoughts and purposes. I think that you will agree with me that our responsibility in a democratic country is not only for what we do and for the way and spirit in which we do it, but also for the impression we make. We are bound to make the right impression and to contribute by our action not only to the general prosperity and well-being of the country, but also to its general instruction, so that men of different classes can understand each other, can serve each other with intelligence and energy. There is a sense in which a democratic country statesmanship is forced upon every man of initiative, every man capable of leading anybody; and this I believe to be the particular period when statesmanship is forced upon bankers and upon all those who have to do with the application and use of the vast accumulated wealth of this country. We should, for example, not only seek

the best solution for our currency difficulties, not only the safest and most scientific system of elastic currency to meet the convenience of a country in which the amount of cash needed at different times fluctuates enormously and violently, but we should also seek to give the discussions of such matters such publicity and such general currency and such simplicity as will enable men of every kind and calling to understand what we are talking about and take an intelligent part in the discussion. We cannot shut ourselves in as experts to our own business. We must open our thoughts to the country at large and serve the general intelligence as well as the general welfare.