

Consider judicially what the branch banks have accomplished since the McFadden bill was presented in 1924. In my opinion, all that they now hope for is sufficient postponement of legislation to suit their present and immediate purposes. When these have been effected, your petitioning banks, many of them, will be deceased, with no residuary legatees. And those that remain will pursue their course, like lone foot travelers across our Western deserts, who are constantly attended by that sinister winged company, whose feasting time comes when tiredness and discouragement have overcome the weary wayfarer.

Senator EDGE. Are there any considerable number of what we term country banks, unit banks, outside of these five systems you referred to, successfully competing, perhaps, with the systems in California?

Mr. MACDONNELL. Yes.

Senator EDGE. There are? Have you any record of that? I am wondering if the existence of these systems, with numerous branches, as evidenced by some of the literature we have—whether it has entirely or almost entirely prevented the ordinary unit bank without any connection with the system.

Mr. MACDONNELL. As I have pointed out in this paper, other things being equal, as far as the service to the public is concerned, the unit bank will compete very favorably with the branch bank for reasons with which you gentlemen are probably familiar and of which you are probably tired of hearing. Because two or three stockholders in that unit bank, which is doing very well, are offered a very high price for the control of the bank, it goes out of existence. It is not because it did not serve the community well and did not make money for the stockholders.

Senator EDGE. That is the question I am trying to bring out. It goes out of existence. Have they gone out of existence; have you to-day—and that is what I am trying to find out—have you any record of the number of what could be easily classified as unit banks not connected with the system in any way not representing the large interests of San Francisco or Los Angeles, in the average city of ten to fifty or thirty thousand population—are they all served by branches or have you successful unit banks in all those communities?

Mr. MACDONNELL. Yes, sir; we have a reasonable number of successful unit banks.

Senator EDGE. In other words, they have not reached that monopolistic position where they are putting out of business those unit systems?

Mr. MACDONNELL. It shows a distinct tendency that way. We are here because we hope we are in time.

Senator EDGE. Of course, while we are dealing with an existing condition, we are glad to have your testimony as to the future as well.

Senator GLASS. Mr. Macdonnell, approximately how many eligible State banks are there in California? I mean State banks eligible for membership in the Federal reserve system, aside from these five banks to which you have made reference?

Mr. MACDONNELL. You mean the number of all State banks or branches?

Senator GLASS. I mean all State unit banks that are eligible for membership in the Federal reserve system.