

The CHAIRMAN. Now, I do not quite get the force of your answer to Senator Edge. I do not quite understand why you should oppose the retention of those branches that already exist because it certainly does not tend to increase the number of branches merely to permit those that are in existence, and if the bank does not nationalize those branches still continue, and from the point of view of the antibranch banker, that bank may still go on accumulating branches. But if it nationalizes, or is converted into the national banking system, with permission to retain its branches, its future activity in establishing branches is limited to the municipality in which the parent is situated. Now, I can not quite see why the limitation upon the retention of branches that exist is a necessary limitation, even from the point of view of the antibranch banker.

Mr. WILCOX. Well, the reason for stating that is that it still gives to the branch banker an undue position in regard to other national banks existing under the same system. They are now accumulating branches very rapidly over the States. Before the passage of this act possibly some of them have in mind that when the act is passed that they may be able to come into the national banking system in an entrenched position, which is not fair to the other national banks that have been in the system for the last 15 years and have never been allowed to establish branches.

The CHAIRMAN. Are there any further questions? [After a pause.] If not, the committee thanks you very much, Mr. Wilcox.

STATEMENT OF N. D. VAUGHAN, CASHIER, FIRST NATIONAL BANK, FRESNO, CALIF.

Mr. VAUGHAN. Mr. Chairman and gentlemen of the committee, I am not a theorist nor an economist; in fact, I am not even a speaker, but I do want to give you gentlemen just a sidelight, from a practical standpoint, on how we have felt regarding branch banks in the San Joaquin Valley. I might say that the San Joaquin Valley is about 300 miles long and 50 or 60 miles wide, and we have over 40 towns and cities in that valley.

As a local banker, operating a unit bank in a city of 70,000 people, and being surrounded on all sides by branch banks, I have had the opportunity to closely watch the development of branch banking in actual operation and I wish to contrast the theory of branch banking with its practical operation as illustrated in the San Joaquin Valley during the last few years.

Some years ago branch banking was unknown in the San Joaquin Valley. This great agricultural territory was then served by many home-owned unit banks, managed and directed by local men who were interested in the development of their communities and the upbuilding of the surrounding territory.

I might say here that the valley has been very largely developed in the last 10 years. It has been practically a pioneering proposition.

Prior to 1922, the valley enjoyed an unexampled era of prosperity, due to good crops, the high prices received for grapes and raisins and the increase in land values. In 1919 and 1920 inflation set in and vineyard lands jumped from \$300 to as high as \$1,500 an acre; other