

That in my judgment is where the branch banks do not serve the country which they are supposed to cover.

Just a few years ago we were approached by a dozen bankers from the Salt River Bank, Arizona. They said:

We have borrowed all the money that we can borrow from the Federal reserve system; we have had deflation, and almost everything, the cattle industry has gone all to pieces, the mines are closed, and we must have \$4,000,000 or we shall be unable to move our cotton crop.

They had been to the Federal reserve in San Francisco and the Federal reserve had very bluntly and promptly told them they could not meet their requirements because they had borrowed all they could legally borrow. The large banks in Los Angeles and all over the State that had branch banks, extended the \$4,000,000 against the cotton storage in Phoenix, Arizona, and carried it two years when the price of cotton had dropped. I would not say that there was practically no sale for it; they held that cotton, which was a specialty cotton, long staple cotton, for a period of two years. Now the large national banks of Los Angeles, not only of Los Angeles but the whole country, and the National banks of Los Angeles that have borne the brunt of the battle, are entitled to some consideration. We have nothing to say against State rights, but we do believe that where we are compulsory members of the Federal reserve system and must stay then the State banks, which may or may not stay in as they desire, should not be given the preference over us.

As a banker for 25 years, I want to say that I do not consider the McFadden bill a perfect document by any means. I do believe it is a step in the right direction, and I believe you gentlemen will give it your earnest consideration, and in conclusion I would like to say, and in this I speak for Senator Flint and Mr. Drum, that the California committee wishes to express to you, Mr. Chairman and Senators at this time our most sincere appreciation for the kindly consideration that you have given us, keeping us here at night in order that we might economize time. We shall not forget it. And I also wish to express the hope, and in this I am confident I express the views of Mr. Flint and Mr. Drum, that you will give this your fair and impartial consideration, which I feel assured you will do.

The CHAIRMAN. The committee is very much obliged to you for your statement.

**STATEMENT OF A. F. DAWSON, PRESIDENT FIRST NATIONAL BANK OF DAVENPORT, IOWA**

Mr. DAWSON. Mr. Chairman, I had hoped to bring to the committee the views of the smaller national banks of the United States with regard to those provisions over which there is not so much controversy. I had hoped to present the views from the standpoint of the other 47 States of the Union.

Senator GLASS. Liberalizing the National Bank Act, you mean?

Mr. DAWSON. That is the point exactly; calling attention to the fact that for fifteen years I have been president of a so-called country bank, of which there are some 7,600 outside of the central and reserve cities, and as to which the undisputed provisions of the bill are of vital interest to those banks. I can not touch on many of them at