

Mr. RATHJE. If such a law should not be enacted in a State, I will admit that the national banks could not then carry on branch banking in that State.

Senator GLASS. No; nor could the State of Wisconsin except under penalty of exclusion from the Federal reserve system; is that correct?

Mr. RATHJE. That is correct.

Senator GLASS. That is to say, in other words, you are attempting by a Federal statute to control the banking system of the States. Do you think we ought to have the United States composed of one-half branch banks and one-half not branch banks?

Mr. RATHJE. As I stated in the beginning, I really believe that the branch bank is very dangerous in this country because we have now been established for so many years as an independent bank, 30,000 banks, and to have branch banks established and put into competition with these independent banks, would certainly be very ruinous.

Senator GLASS. Can you justify a proposition that a national bank in the State of Ohio, for instance, should have the privileges of establishing branches and the national banks in the State of Illinois should be denied the privilege of having branches?

Mr. RATHJE. Yes, because in the State of Ohio the State law permits it.

Senator GLASS. I know, but we will assume that hereafter the State of Illinois will permit the establishment of branch banks among its State banks, can you then justify the denial of that right in Illinois to a national bank and the granting of the right in the national bank of Ohio or Indiana?

Mr. RATHJE. Of course it is a problem that would have to be worked out, and we gave up; we wanted to pass legislation to prevent branch banking entirely.

Senator GLASS. Yes; and do you not think that would be better than to have one half of the United States with a branch bank system and the other half denied the privilege?

Mr. RATHJE. Well, these banks that establish branches, of course think it is very unfair to have their branches uprooted.

Senator GLASS. I am asking you your opinion. You know that the States themselves could not have a nation one-half slave and one-half free. Do you think we could have a United States with one-half branch banks and one-half not branch banks?

Mr. RATHJE. Yes; I think those States that have established branches can carry on as they are doing now and allow the States that have not established branch banking to act independently without branches. They are getting along splendidly.

Senator GLASS. What is your justification for denying the national banks in one State the privilege that is granted in another State?

Mr. RATHJE. Because it is unfair competition to the banks that have been established by the State but where the State law does not permit it. For instance, it would be very unfair to give the national banks the privilege of establishing branches in the State of Illinois where the State law does not permit it.

Senator GLASS. Would it not beside give the national banks the privilege of establishing branches in any State that permits that privilege to State banks?

Mr. RATHJE. Yes; I think this bill does it.