

developed satisfactorily. Of course, this is a big country. I do not believe you people in the East appreciate what it is to have a little \$10,000-bank in a community like we do in the West, and like I have seen in the West.

Senator GLASS. Do you mean, for example, up in the Minneapolis district where about 500 of them have failed in the last 18 months?

Mr. POWELL. Yes; but, Senator, that was no condition of theirs, much. That was almost like a flood that caused that. It is similar to the situation in the mining districts. If you are going to run a business, you have to take into consideration valuation to maintain it because it depends on valuation. There is one thing that I know from my own experience. We had one bank in Chicago that was taken over—I do not want to exaggerate—the Fort Dearborn National; it did not fail, it was taken over, but that one bank represented in its assets, I presume, more funds than all the independent banks that have failed there, so far as my knowledge goes. For instance, take the Merchants Bank of Canada with 462 branches, and take the other bank, I can not remember the name of it now.

Mr. RATHJE. The Australian.

Mr. POWELL. Their banks are no stronger in my opinion than the small banks. Strength is a matter of relativity; it is a matter of ratio, and the small bank can be just as strong as the large bank.

Another thing about it, I do not believe that Minnesota, Michigan, Illinois, and Iowa would be where they are to-day if they were depending on branch banks. They are just simply filling stations; they absorb the money without distributing credit.

Senator GLASS. I am not arguing for branch banks. I am arguing for equality of competition; in other words, I am for what this bill pretends to be for and is not for. I am for putting the national banks of the country under proper limitations, on a parity of competition with the State banks.

Mr. POWELL. I will tell you, Senator—

Senator GLASS. And I have had nobody to justify to me as yet the proposition that Congress should give the national banks of 22 States privileges which it denies to the national banks of 26 other States, or, to reverse the proposition, to deny to the national banks of 26 States the privileges which it accords the national banks in 22 States. If you can justify that proposition go ahead. You will take a great weight off of my mind.

Mr. POWELL. I think, though, Senator, most of the legislation at some stages must be a matter of compromise.

Senator GLASS. Yes; but a compromise ought not to involve as great an injustice as that.

Mr. POWELL. Let us take, for example, the national banks; all the National banks have automatically entered the Federal reserve.

Senator GLASS. But as to the State banks, Congress has nothing to do with them.

Mr. POWELL. Take the national bank which I am connected with; it costs up as high as \$15,000 or \$16,000, or more than that, to be a member of the Federal reserve system.

Senator GLASS. Do you want to go out of it?

Mr. POWELL. No. And the State bank that I am connected with.

Senator GLASS. Do you want to go out of it?

Mr. POWELL. No.