

PORTLAND BANKS STAND THE TEST

City Now More Firmly Than Ever Entrenched as Financial Center of Pacific Northwest—Metropolis Leads in Resumption of Specie Payments

FROM the time that local business and commerce in the great Oregon country first necessitated the establishment of banks, Portland has stood as the financial center of the Pacific Northwest and this distinction is more firmly fixed on the city today than it ever was before. In banking, as in all else, it is the test of fire that counts; during the recent National panic, every bank in the city was tested to the utmost, and they were not found wanting. Two institutions with small capital that had introduced questionable methods into a city known throughout the country for its conservatism, were driven to the wall, but the banks that are known at home and abroad for their high standing, emerged stronger than ever before and more firmly fixed in the confidence of the public.

Portland banks were the first in any large city of the United States to resume specie payments. Here is a fact that speaks volumes. It tells of large reserves and careful banking methods; of restored public confidence and the ability of the banks to meet every demand made of them. When the history is written of the most acute disturbance that ever threatened the banking world, it will be told to the credit of Portland that this city was among the first to return to a normal basis.

The story of the panic of 1907, so far as it involved the Northwest, is too fresh in the minds of all to need any review. At a season when vast sums of money were needed to move the largest crops of all kinds Oregon and the Northwest have ever known, came the news that the great reserve cities of the country had suspended payment and would no longer take care of their correspondents. Unable to collect their demand deposits in the East, Portland banks could no more continue to advance unlimited sums for the great crop movements than a stream of water can continue to flow, after its supply is shut off. Legal holidays were therefore declared until arrangements could be made to replenish the supply of coin.

While the holidays were in force the banks could have refused all payments, but this was far from their actual course. With all collections from the East at an

PORTLAND'S BANK CLEARINGS FOR TWO YEARS SHOW A STEADY AND HEALTHY INCREASE

Portland bank clearings for 1907 show an increase of 22 per cent over those of 1906. The total clearings during the past year were \$33,851,629.80, as compared with \$28,170,796.26 for 1906. The gain was \$5,680,833.54. That this gain has been steady for many years is shown by the following totals: 1905, \$28,712,712.89; 1906, \$33,851,629.80; 1907, \$33,851,629.80.

Month	1906	1907	Increase
January	\$2,088,848.00	\$2,110,841.03	\$22,993.03
February	1,014,883.00	1,014,883.12	0.12
March	3,227,909.43	3,231,401.11	3,491.68
April	1,902,828.08	1,902,828.11	0.03
May	3,282,568.98	3,282,568.98	0.00
June	3,074,503.71	3,074,503.71	0.00
July	2,428,443.37	2,428,443.37	0.00
August	3,048,488.69	3,048,488.69	0.00
September	3,072,440.93	3,072,440.93	0.00
October	3,045,229.08	3,045,229.08	0.00
November	2,848,809.96	2,848,809.96	0.00
December	2,170,537.93	2,170,537.93	0.00
Totals	\$28,170,796.26	\$33,851,629.80	\$5,680,833.54

*Estimated.
*Decrease.

for the accommodation of the banks in their dealings with each other, marking the first time in the history of local banking when daily balances were not paid in actual coin at the close of business. Of these loan certificates, however, only \$1,000,000 were issued, which is a small amount in comparison with the volume of local banking business. Nothing better shows how completely normal conditions have been restored than the fact that \$600,000 of these certificates had been retired up to December 26. Of the balance, \$225,000 was issued to the suspended Merchants' National Bank and cannot be retired until this bank resumes business. This leaves only \$375,000 of loan certificates still in use by the Portland banks.

Local banks also issued \$1,150,000 of clearing-house certificates for general circulation. These were in the nature of asset currency, based on grain or other commodities actually stored in warehouse or in shipment. These certificates were not payable until February 1, but nevertheless the banks are redeeming them with gold as fast as they are presented. This action was entirely voluntary on the part of the banks, and on December 26 only \$300,000 of this paper was outstanding and the remainder is being taken up just as rapidly as it is presented to any member of the Clearing-House Association.

Lifted there were no noticeable withdrawals and deposits were heavy. This excellent condition of the banks is not confined to local institutions, but extends throughout the state. It is a most remarkable circumstance that since specie payments were resumed hardly a single call for cash has come from the country banks. Two of the largest banks in Portland reported December 23 a total of only \$300,000 called for by country banks since December 15, indicating that the institutions throughout the state are in the best of condition. On the contrary, some gold has been returned from the interior banks. Throughout the more serious stages of the trouble the Portland banks rendered valuable aid to their country correspondents.

Deposits in the Portland banks are now rapidly increasing. As an instance of this the deposits of the First National showed an increase of approximately \$500,000 between December 2 and December 22, and every other bank in the city reports gain. A portion of this doubtless is the return to circulation of money that was hoarded during the weeks of the panic.

Without taking into consideration the banks that were closed, it is estimated that there is now \$5,000,000 or more on deposit in Portland banks. Large amounts of money are still owing from the East, and as soon as the entire country returns to a cash basis, as Portland has done, this money will be available. In addition to this it is estimated that at least \$20,000,000 will flow into the state during the next three months in return for wheat and other products, money for the shipment of which is being advanced by the banks.

BANK CLEARINGS FOR PAST SIX YEARS.

Rapid expansion in the volume of Portland's business is reflected in the clearings of local banks, which are gaining heavily each year. During the past year the per cent of gain was large and for many weeks consecutive. The following table shows that Portland led all other American cities in this particular. The following table gives the bank clearings during the past six years:

1902	\$14,220,103.09
1903	17,539,022.53
1904	21,951,459.32
1905	28,712,712.89
1906	33,851,629.80
1907	33,851,629.80

*December, 1907, estimated.

absolute standstill, the record made by the banks was most creditable. At no time were depositors refused money, although a limit was placed on the amount that each might withdraw. To meet the full demand for a circulating medium, clearing-house currency was issued.

As in all other cities of any size, clearing-house loan certificates were issued

Throughout the financial flurry, Portland banks took care of all payrolls for firms and individuals, so money was kept in circulation and there was no great stagnation of business. The usual course was to supply half cash and half clearing-house certificates to employers for their salaries. In this way not a salaried man or woman in the city suffered, for the asset currency was at all times accepted at its full value by business men.

It is to the credit of Portland banks that they were able to get money to meet these claims when every city in the country was seriously against its money. At the worst stage of the panic it was necessary in some cases for the banks to pay a premium of 3 1/2 per cent on the gold. The usual rate of exchange between Portland and New York is 1 to 1 per cent, and yet the banks paid the excess and are still paying a premium of \$100 for every \$100,000 secured. The banks themselves have not met a meeting, this premium and have not charged depositors or country correspondents a single cent of premium for gold.

Portland lifted the holiday lid December 15 and began the payment of every demand in full in gold. Evidence of the complete confidence of the public in the banks was the fact that there was not the slightest departure from the ordinary run of business. Those who wanted gold got it, but even the day the lid was

lifted there were no noticeable withdrawals and deposits were heavy. This excellent condition of the banks is not confined to local institutions, but extends throughout the state. It is a most remarkable circumstance that since specie payments were resumed hardly a single call for cash has come from the country banks. Two of the largest banks in Portland reported December 23 a total of only \$300,000 called for by country banks since December 15, indicating that the institutions throughout the state are in the best of condition. On the contrary, some gold has been returned from the interior banks. Throughout the more serious stages of the trouble the Portland banks rendered valuable aid to their country correspondents.

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"Conditions will constantly improve, as they have been doing," said a leading Portland banker a few days ago. "Oregon will soon be full of money, and there will be little to remind us that there has been any trouble. This state is producing the commodities that the Nation has to buy, and hard times here are an impossibility."

As indicative of the strength of the Portland banks, a sign of the confidence that may be cited is the announcement of the First National Bank that beginning today it will no longer carry other banks' deposits on their books. With deposits from banks, amounting to many millions, this instance shows the excellent condition of the institutions as there are very few banks in the country that have abandoned the custom of paying these balances, the only other one known to the writer being the Chemical National of New York.

A change in the local banking situation to take effect today is the absorption of the Commercial Savings Bank by George W. Bates & Co. Business will be carried on under the name of George W. Bates & Co., Bankers.

BANKS OF STATE EXHIBIT STRENGTH

Oregon Has 141 Institutions Not Under National Act With Deposits Estimated at \$60,000,000--New Law Will Tend to Increase Stability

ACCORDING to the latest available official reports there were 141 state and private banks in Oregon, with an aggregate capital stock of approximately \$60,000,000, individual deposits amounting to \$10,000,000 and loans and discounts of \$25,000,000. Statistics of the office of the State Bank Examiner are incomplete for the reason that the new banking law does not compel reports from banks until May 25, 1908, and in the meantime many of the banks have refused to make reports. The figures here given are estimates based upon the reports of 106 banks which complied with the request of the Bank Examiner for voluntary information at the time the National banks reported last August. These 106 banks reported resources aggregating \$38,345,708.00.

State Bank Examiner Steel is of the opinion that these banks are fairly representative of all the state and private banks, and at the same rate, the resources of all the state and private banks amount to over \$61,000,000.

Though there has been no state regulation of state banks, the small number of failures in the recent financial flurry indicates that these institutions have been, in general, conducted in accordance with safe and legitimate policies. While the new banking law is far from being stringent in its requirements, and could not retard in any way the investment of capital in legitimate banking enterprises, it provides a system of reports and inspection which will eliminate nearly all speculative features in management. It was the plan of the Legislature which passed the law that the act should be amended from time to time as found desirable, until the state law shall provide a system practically the same as that of the National banking act, so far as regulation of business is concerned.

The new law applies to all persons, firms or corporations engaged in a banking business, except National banks, and requires a capital stock varying in amount according to the population of the town in which located. In a town of 1000 inhabitants, or less, the capital must be not less than \$10,000. In a town of 1000 to 2000 inhabitants, the capital must be not less than \$15,000. In a town of 2000 to 5000 inhabitants, the capital must be \$30,000. In towns of over 5000 inhabitants, the capital must be \$50,000. At least 50 per cent of the capital must be paid in before the bank can be authorized to begin business.

Each director must be the owner of unincumbered shares to the amount of at least \$500. Directors must meet at least once in three months, examine the loans,

securities, resources and liabilities of every kind, make a record of the result of the examination and each director must sign the record. This requirement is expected to secure boards of "directors who will direct."

State banks are prohibited from declaring dividends until at least 10 per cent of the net profits has been carried to a surplus fund, which fund must be maintained at not less than 20 per cent of the capital stock. Owners, officers or employees of banks are forbidden to borrow from the bank without the recorded approval of a majority of the board of directors, and if the board grants such loans in an excessive manner or in a manner incurring great risk, the directors assenting to the loan are to be held liable for any damages the bank may sustain.

Loans to one person or firm must not exceed 5 per cent of the capital and surplus, but in the case of discount of bills of exchange drawn against existing values, discount of commercial and business paper, and loans made on real estate or personal property, bills of lading and warehouse receipts representing actual value, the amount of the loan is unlimited provided that the loan does not exceed 75 per cent of the value of commercial paper, warehouse receipts or personal property nor 50 per cent of the value of real estate.

Banks in towns of less than 50,000 inhabitants must have on hand at all times cash or deposits in approved banks not less than 15 per cent of demand liabilities and 10 per cent of time deposits. In cities of more than 50,000 inhabitants banks must carry in cash or deposits in

approved banks not less than 5 per cent of demand liabilities and 10 per cent of time deposits. In every case at least one-third of the required reserve must be in actual cash.

These provisions, together with those for the examination of banks, filing of reports and the appointment of receivers, are the most important features of the new law for the regulation of state and private banks in Oregon.

The condition of the state and private banks in Oregon at the time of the last available report, August 22, is shown in the following statement, which covers 106 banks reporting. To get the approximate figures for all the banks, several items must be increased by one-third:

RESOURCES.		105
State banks		105
Loans and discounts	\$19,461,846.95	
Overdrafts	1,000.00	
Securities, bonds, etc.	4,323,608.99	
Banking house, furniture and fixtures	962,248.96	
Other real estate owned	380,297.27	
Due from banks and bankers	9,233,222.21	
Checks and other cash items	161,383.82	
Exchange for clearing-house	108,124.14	
Cash on hand	2,068,381.22	
Totals	\$38,345,908.00	

LIABILITIES.		105
State banks		105
Capital stock	\$4,988,291.81	
Surplus fund	860,717.82	
Undivided profits	723,861.90	
Dividends unpaid	2,335.00	
Due to banks and bankers	2,096,183.29	
Individual deposits	25,974,132.71	
Notes and bills re-discounted	31,580.20	
Bills payable	75,000.00	
Totals	\$38,345,908.00	

HIGHER EDUCATION IN OREGON

OREGON is fortunate in the possession of excellent educational facilities. Among the pioneers who opened up the rich Oregon country were many well-educated men and women who established elementary schools that were soon followed by institutions of a higher standard. These pioneer schools, from small beginnings have developed into colleges that compare favorably with most Eastern institutions. An adequate system of public schools is also maintained. The University of Oregon is located at Eugene, with law and medical branches in Portland. The enrollment of this institution has increased rapidly, and its curriculum is of high standard. The Oregon Agricultural College is located at Corvallis and its attendance is the largest of any school in the state. Both institutions are supported by the state, and able instructors are employed.

Pacific University, at Forest Grove, and Willamette University, at Salem, are the

oldest institutions of higher education in the state. Pacific has the largest endowment of any Oregon college and a commodious women's boarding hall has been added to its equipment during the past year at a cost of more than \$50,000. Pacific is a non-denominational school, but is controlled by Congregationalists. Willamette is a Methodist institution.

The Catholics have two colleges, several academies and numerous parochial schools in Oregon. Columbia University and Mount Angel College are their leading institutions. The other denominational advanced schools in the state are: Albany College, at Albany, Presbyterian; McMinnville College, at McMinnville, Baptist; Philomath College, at Philomath, Evangelical; Pacific College, at Newberg, Friend; and Dallas College, at Dallas.

Portland Academy and Pendleton Academy are well known among the preparatory schools, among which there are a large number of private institutions. The state maintains normal schools at Monmouth, Ashland, Drain and Weston.

First National Bank

of Portland, Oregon

Capital and Surplus - - - \$1,500,000

PAYS NO INTEREST ON ACCOUNTS

A. L. MILLS, President
 J. W. NEWKIRK, Cashier
 W. C. ALVORD, Assistant Cashier
 B. F. STEVENS, 2d Asst. Cashier

CITY REALTY AS INVESTMENT

Portland's Rapid and Steady Growth, Due to Its Strategic Position, Insures Profit on All Holdings

BY C. K. HEAR.

MANY years ago a prominent Eastern financier said that a young man could make no better investment than purchasing real estate in or near a growing and progressive city and then holding it. This assertion has been more than borne out by facts within the past 15 or 20 years.

One of our sales during the past Summer was that of a piece of property belonging to a family, who had held it for many years. Through some business settlements, the family came into possession of some money, which they hesitated to loan or to deposit in banks. They managed to hold the

property through various vicissitudes—always promptly paying the taxes, street improvements and other assessments. During the Summer the property was sold by us, the sale netting the owners a handsome profit on their investment of many years ago.

The boundless resources of this extreme Northwestern country are attracting people from all over the United States, who are coming here in large numbers to make their homes. They are further attracted by our wonderful climate and splendid Bull Run water. The constant influx of these people is bound to make Portland property more than hold its own. Those who intend to establish manu-

factures must have factory sites; the wholesalers must have buildings erected for them, and the retailers must have stores. Many of these people have no desire to, or have not sufficient means of their own, and must resort to renting flats and apartment-houses, thus creating a demand for a class of property that invariably brings good rentals.

It may appear to many ultra-conservative people that we may have already too many buildings, but this is not so; and the accommodations will soon prove inadequate as the number of new arrivals continue to increase. A prominent firm recently announced its determination to move into larger quarters. As soon as this fact became known, the landlords and present tenants were besieged by scores of firms, who were anxious to obtain the quarters about to be vacated.

The development of our timber resources alone in the next 10 years will be the means of increasing our population several hundred thousand, and bring into the country millions of

dollars. Our mines have only been scratched, yet even with present conditions, our annual output of gold is counted in millions; yet virtually nothing is said about it. A prominent Portlander said that one could take a map of Portland, and especially of the West Side, and with eyes blindfolded, could point to almost any piece of property which, if purchased at present prices, would make a safe investment. An investment in Portland property is an investment in something real, something tangible. In a growing city like Portland, it always has a value which cannot be said of many so-called investments daily offered to the public at large.

Portland is today one of the most progressive cities in the United States. Its geographical position is such that it stands almost unrivaled among the cities of the world. It has tributary to it a territory embracing over 200,000 square miles—a country of boundless resources, which is destined to make this city one of the leading cities of the United States.

W. M. LADD
 C. E. LADD
 J. W. LADD

LADD & TILTON

BANKERS

PORTLAND, OREGON

Established 1859

Transact a General Banking Business

SAVINGS BANK DEPARTMENT

Savings Books Issued on Savings Deposits

INTEREST PAID ON TIME DEPOSITS