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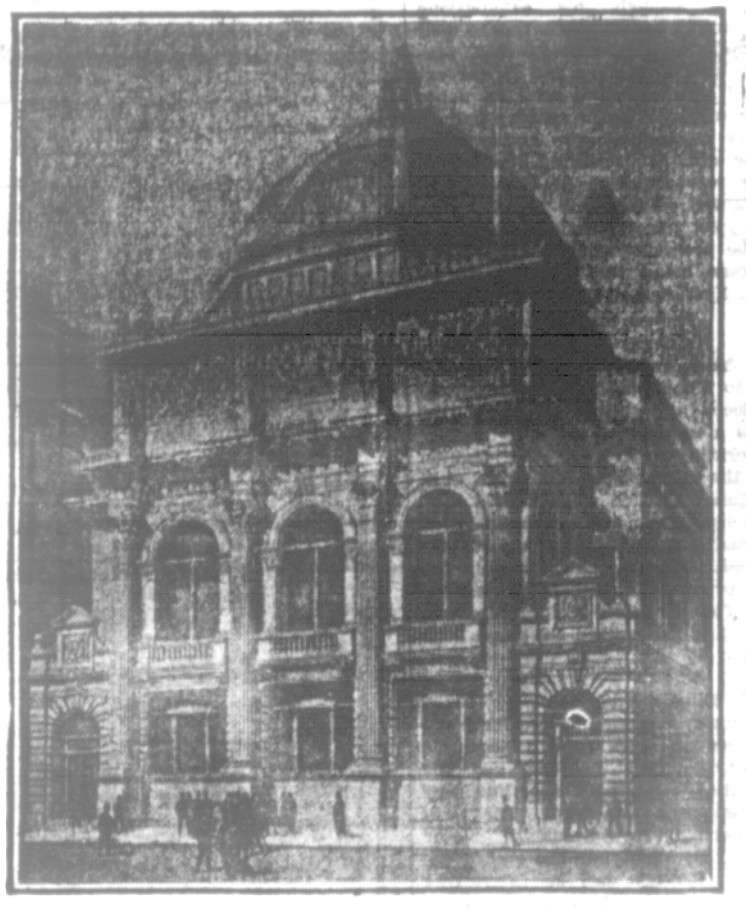
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Bulwark of the Banks

JUST WHAT NEW YORK'S CLEARING HOUSE DOES AND HOW IT WAS ESTABLISHED. Skilled Association That Has Been Made the Center of Country's Financial System Through Vast Transactions of Modern Business—Simple Expedient That Solves the Problem For Individual Banks of Keeping Enough Cash on Hand to Meet Daily Needs.

TO the average followers of affairs financial the name of the New York clearing house is associated primarily with the weekly bank statement on which brokers sell or buy the market, as suits their disposition, and an annual statement of clearings, balances and exchanges running into wholly impossible figures that are only useful for one who is preparing an address upon the commercial greatness of the country. To the average outsider still less is suggested by mention of the New York clearing house unless perhaps there remains a memory of some early study of banks and their relationship to each other, says the New York Times.



THE NEW YORK CLEARING HOUSE.

house and back of them a board room, impressive in its mahogany paneling and furniture. There is an air of deliberation about the whole place. Nobody speaks loudly; nobody appears to hurry; nobody acts as though he were at the very vortex of the great swirling financial community. Into these quiet quarters has been going daily for the last few days a company of grave faced men. They meet in the morning in the board room and are together for a half hour, an hour or longer, as the case may be. When they separate to leave the building each is greeted at the door by a knot of reporters with a common question: "Is everything safe?" And the members of the clearing house committee have answered: "Everything is safe today. The usual applications were made for assistance, and it will be extended." Center of Land's Finance. It is about once in a score of years that this thing happens. When it does come about the New York clearing house becomes a name on every lip in every business center in the land. It is no longer the medium merely of a published bank statement and annual report. The fact that all the national banks in the city through it have demonstrated their ability to meet their balances makes it the primary news center for the finances of the land. Just recently the Clearing House association has figured in the news in an even more prominent way. Certain gentlemen of explosive financial methods have been eliminated from the banking situation. The papers have said that the clearing house did it—went so far even as to compel one or more of them to sell their bank stock and otherwise to efface themselves. The action is hailed as courageous and

perce to whom the debt was due. So the banks, with their steel and concrete vaults for their cupboards, kept their funds in their stockpiles and made their clearances over their own counters, sending forth their messengers in person with cash to pay those who owed and would not come to collect. Hence the establishment of the clearing house. Here was a community kept more and more closely together, every year by the strengthening of business interest, becoming more and more a center for the exchange of the country's business, where the weekly clearings ran into the millions of dollars and the weekly exchanges of credits into the hundreds of millions. For each bank to keep on hand all the cash needed to care for all the demands of depositors every day meant that practically all the assets representing active accounts must be available at an instant's notice.

Element of Danger. There was an element of waste and an element of danger in such a situation as this. The element of danger was that the banks, obliged to keep so large an amount of cash on hand, would have shut down on their customers whenever there was the slightest contraction of money, lest they find themselves unable to make good. The element of waste lay in the limitations placed upon the investments which the banks might safely and profitably make of the funds in their charge if only their actual cash out lay could be figured on the net instead of on the gross basis. The clearing house was the result. And with the clearing house came mutual confidence based upon information, the member banks first disclosing to each other their debts and credits every day, later recognized the wisdom of making a weekly confession of condition. Side by side was maintained the right of the clearing house to go in and make an examination at any time of a member bank, for the clearing house undertook to take of each bank belonging to it a statement of its claims against every other member bank, to balance those statements, collect the balances from the debit banks and turn the credits over to the banks entitled to receive them.

Good Work Done in 1893. It was back in 1893 when the clearing house last demonstrated that it was an instrument of safety as well as of convenience. In the memory of recent things one needs not hark back to the money stringency of that time for illustration of the clearing house's action means to the banks. In 1893 the people had to withdraw their money from the banks not because they distrusted the banks themselves or the methods by which they were conducted, but because the money was needed to pay for the necessities of business and personal life. There came a time when there was not cash enough in actual circulation to go around among the banks if withdrawals were to continue, and the prospect was for a suspension of payments not because of insolvency based on inability to pay debts in liquidation, but inability to convert good assets into cash quickly enough to keep up with the demands of depositors. The plan that was adopted has become historic. In the office of William Sherer, the present manager of the clearing house, there hangs a picture of a group of gentlemen gathered around a table in a room at the head of the table H. W. Cannon, then president of the Chase National bank, and around him are T. D. Tappan, who was president of the Galatin National, G. D. Williams, then president of the Chemical National, William A. Nash, president of the Corn Exchange National, and J. Edward Simmons, president of the Fourth National, who are still at the head of those institutions, and E. H. Perkins, who was at the head of the Importers and Traders. With them were Mr. Sherer and W. J. Gilpin, assistant manager of the clearing house.

Eliminates Cash Exchanges. The committee became known as the clearing house loan committee. Its procedure was to eliminate entirely the exchange of cash between the banks in settling their balances, and to collect the balances from the clearing house loans and credits. Thus if a bank had a debit balance of \$200,000 it would be required to put up approved collateral with the clearing house backing a loan to it in this amount. If a bank on the other hand, had a credit balance it would receive a certificate from the clearing house in this amount having the pledge of the associated banks behind it. By this method it became possible for the banks to use all their funds for their own counter business without having to employ any part of their cash to settle their balances in the clearing house. The degree of the currency may be judged from the fact that currency sold at a premium of 4 per cent, and the banks without concern for possible retraction applications refused to pay out cash on their checks presented in any large amounts until the depositors could satisfy them that the money was needed for legitimate purposes. The panic of 1893 passed by and there were no bank failures in the clearing house circle. The names of the men who were on the loan committee that year went down into history as having performed a great public service that was to stand unique until the crisis of October, 1907, was reached. The clearing house committee of 1907 will also go down in financial history as having exercised effectively and skillfully the moral suasion which is the chief power of an organization with billions of assets among its members.

A PLAY TO THE GALLERY.

By Cecilia A. Loizeaux. Copyright, 1904, by May McKoon.

It had just dawned upon Philip Smart that Kate Hampton was the girl he wanted. He wondered how he could ever have hesitated or ever have had a doubt. Why, she was simply cut out for him, he thought, as he dressed with care and precision to go and tell her so. "I should have told her months ago," he mentally argued. "She must think I'm an awful duffer," and he wondered anew that he had been such a blind idiot as not to know who had been the matter with him all these months. He believed now that he had been in love with her ever since they had gone to the kindergarten and had not known it. His heart was very light, and he was feeling at the top of a lusty baritone voice, "Oh, but I love you, dear!" when there was a thump at his door and his best friend, Fred Bart, dropped in. Fred was also dressed with care and precision and accosted Philip with his customary hello.



He greeted the young man cordially, sister, Rose, who was much more his style, and doubtless in the course of the evening he could get Kate off by herself. So the four sat on the steps and made merry, and when Phil proposed a walk Fred cordially seconded the idea, and they all got up as far as the gate together. Phil thought there couldn't be a better time for telling a girl you loved her than the quiet moonlight night of a quiet suburb. But when they reached the gate Rose decided she wanted a wrap, and instead of waiting for her, as he should have done, Fred stroled on up the street with Kate, and Phil had to wait. It wasn't a hilarious walk. Rose seemed as out of sorts as Phil, and they were both glad when they reached the gate again and could get away from each other. Phil would not accept Rose's invitation to wait on the porch until Fred and Kate came home. He didn't want to see Fred at all. But he consoled himself with the thought that very likely Kate was as disappointed as he himself, and the very next day he telephoned for permission to come up that evening. It was graciously granted, and he went downtown and bought a ring, being an old fashioned lover. The next afternoon he chanced to meet Kate on the street, and she stopped him. "By the way, bring over your banjo tonight," she said. "We'll have a little porch party, and your banjo is always so much in demand." And then he began to wonder whether she was afraid he would see that she cared, and it is her way of defending herself.

follow to hold it, and she did not draw it back, as of course she would have done had it been another fellow. On Saturday when he asked to take her driving she assented with a proper show of reluctance. "She knows," he thought. When he called for her in the twilight her mother explained that she was not quite ready yet and said that a girl friend had come to town quite unexpectedly and that she and Kate had forgotten time in their chattering. Of course the least he could do was to offer to exchange the stanhope for a surrey and ask the guest and Rose to go too. The guest stayed two weeks, and during that time, though he tried numberless times, Phil did not get to see Kate alone. He waited as patiently as he could—there seemed to be nothing else for him to do—and hoped she would see the self-sacrificing depth of his affection. He had always known all the Hamptons and had been a frequent caller at her home since the judge died and his politics, which he talked to the poor fellow at all seasons. The mother admitted him to the family sitting room and darned the family stockings in his presence. The small brother, Jimmy, admitted that Phil was his equal. Advantageous as this was, it was disadvantageous in others. If by any accident he called and found Kate apparently alone something always happened. The telephone rang and someone wanted to come over for a few minutes, or some presumptuous fool stopped in to see Rose and stayed to talk to Kate. Phil grew sick at heart, and Kate began to seem a little cool and dignified. He felt that he must speak soon or forfeit the girl's love. She was too proud to help him a bit. One evening he rang her up and asked if he might see her alone. He had something very particular to tell her, he explained. Having gone so far, he swore by all that was holy that he would not leave the girl that night until he had proposed and had had an answer. "If the whole family comes in and stands around in a circle they can't stop me this time," he said. "I'll propose to Kate, and if they don't like it they can move. I won't."

Kate met him at the door and ushered him into the big library, where a great fire was burning on the hearth. It was warm and pleasant after the walk in the frosty air, and he settled himself in the judge's big armchair with a sigh of relief. Kate explained nervously that her father was out of town, and then seemed to wait for something. Phil cleared his throat. "Kate," he began and wondered just what he should say next. Why was it so hard when a fellow had thought of nothing else for weeks? "Yes?" said Kate encouragingly, and then the front door slammed and in a moment more the judge entered the library. He greeted the young man cordially, sat down on the opposite side of the hearth and began to talk politics. And then Mrs. Hampton came in to see what was the matter. She had heard the front door slam and had thought the judge out of town for the night. In half an hour Rose ran in from making a call in the neighborhood and sat down to toast her toes at the fire. They talked comfortably, and no one seemed to notice that Phil's laugh was strained or that the flush on Kate's cheek was more than the usual healthy glow. Then the door was pushed open cautiously, and little Jim appeared in the parlors. "What are you all doing having such a good time about?" he whined as he jumped into his father's lap. "You always leave me out."

Phil's endurance reached its limit right there. He rose, with his square jaw set. "We won't leave you out this time, Jimmy," he said. "We won't leave anybody out. Call in the kitchen, please." And then he turned to Kate, who seemed paralyzed as she realized what he was going to do. "Kate," he said, "for weeks and weeks I've been trying every day to get you where I could tell you that I love you and ask you to be my wife. I haven't succeeded for various reasons, so I'll have to do it right here, with applause from the gallery. Will you, Kate?" He was standing over her now, and he held the tablecloth. The tears were running down her face, but she could not take her eyes from him. When he dropped on one knee beside the chair the family waked from its dream and departed on tiptoe, the judge dragging the reluctant Jimmy by the ear. "Will you, Kate?" begged Philip. And then they both burst into peals of laughter, which were heard in the dining room by the discomfited family. But there is good reason to believe that she did, for the judge has been heard to say that he considers his son-in-law the bravest man in the world.

Quite Serdild. There was a burglar in the room. The beautiful young lady sleeping there was awakened by the flash of his lantern. "Let us come to an understanding," she said pleasantly. "Are you the sort of burglar I have met in fiction?" "I am not, mum," replied the visitor. "I'm the real thing. I hope that silver on your dresser is too." "Wouldn't do any good to talk to you about your golden haired baby, then?" "None." "Got a sick wife at home?" "None." "Worthy man, driven to crime by hunger pangs?" "None. Just out from me last job." "None. Conclude the young lady." "Well," concluded the young lady. "I'm disappointed. You're mean to disturb me, and I'm glad that's plain said."—Philadelphia Ledger.

WHAT THE KIDNEYS DO

Their Unceasing Work Keeps Us Strong and Healthy. All the blood in the body passes thru the kidneys once every three minutes. The kidneys filter the blood; they work night and day. When healthy, they remove about 500 grains of impure matter daily; when unhealthy some part of this impure matter is left in the blood. This brings on many diseases and symptoms: pain in the back, headache, nervousness, hot, dry skin, rheumatism, gout, gravel, disorders of the eyesight and hearing, dizziness, irregular heart, debility, drowsiness, dropsy, deposits in the urine, etc. But if you keep the filters right you'll have no trouble from your kidneys. I. Sells, living in Moro, Or., says, "Unlike most people afflicted with kidney trouble, I never suffered much from backache, the principal symptom being a weakness of the kidneys. There was almost constant inclination to pass the secretions, and I had to arise very often during the night on this account. I had used Doan's Kidney Pills, previous to this time, and they had proven so satisfactory that I procured a box. They gave me relief at once and I am glad to recommend them to others suffering from weak kidneys. A number of my friends whom I induced to try them obtained the same satisfactory results."

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