

**BANKING ON HEARTS AND MINDS:
AMERICAN BANKS, POPULAR CONFIDENCE, AND THE PUBLIC
SPHERE DURING THE GILDED AGE AND PROGRESSIVE ERA**

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Abstract

This thesis explores how popular confidence issues in American banking were being represented within the public sphere during the Gilded Age and Progressive Era. To varying extents, many people lacked confidence in the reliability of banks, while many others saw bankers as economically and politically threatening. The thesis argues that there existed an overarching and multifaceted confidence problem directed towards American banking institutions which was reflected, reinforced, and instilled through the public sphere via the media and assorted cultural artefacts. It further argues that bankers eventually came to appreciate this fact and in turn sought to challenge negative impressions and to manufacture consent for desired confidence-inspiring reforms. They did this by themselves taking to the public sphere through advertising and propaganda campaigns. Together, we can see popular movements and various social commentators pushing people away from what were viewed as unreliable or corrupt institutions on the one hand, and, on the other, the efforts that were being made to pull people towards what bankers positioned as trustworthy, civic-minded repositories of the nation. What emerges in the thesis overall is a more comprehensive analysis of the role of banking within the civic debates of the Gilded Age and Progressive Era. Such issues were central to many Americans' political consciousness in ways that have not been well analysed.

While historians have explored various aspects of banking over this period, they have taken confidence issues for granted, treated them in isolation, or have approached 'confidence' entirely in a quantitative manner. It has mostly been a topic for business and economic history. By instead taking a cultural approach, this thesis breaks new ground. Towards this end, a range of materials have been consulted, ranging from newspaper articles, trade journals, conference proceedings, magazine articles, novels, cartoons, and songs. Such an approach reveals the extent to which these issues had permeated the popular imagination.

Following the Introduction, Chapter I details how previous historians have approached confidence issues and highlights the originality of this thesis. Chapters II through V then explore the various ways that banking issues were understood and represented within the public sphere, including how runs and panics and the depiction thereof resonated (II); how embezzlement and misappropriation scandals (dubbed 'wrecking') permeated the popular imagina-

tion (III); how financial monopolisation ‘othered’ certain bankers (IV); and how popular banking reform movements *themselves* reflect popular confidence issues (V). Chapters VI through VIII explore how bankers sought to respond to these issues, including how individual banks started turning to advertising (VI); how elite bankers engaged in a sophisticated propaganda campaign to instate a reserve association that they believed would end banking panics (VII); and how banks all over the country participated within the Bond and Savings drives of the First World War which in turn conveyed them as facilitators of patriotism (VIII). The thesis concludes with an epilogue that extends this history into the 1920s and beyond, and shows how relations had in fact improved by the end of the Progressive Era, albeit temporarily. It also shows how this thesis relates to today.

Declaration

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission in my name for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint award of this degree.

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Portions of Chapter I have appeared in Thomas Mackay, 'Cultural Abundance, Economic Scarcity: Cultural Studies, Economics, and Contemporary Australian History', *Flinders Journal of History and Politics*, vol. 30 (2014): 84-110.

A modified version of Chapter V, also containing portions of Chapter I, was published as Thomas Mackay, 'Making Banks Fit for the People: Confidence, Democracy, and Banking Alternatives in America, 1880-1914', *American Nineteenth Century History*, vol. 16, no. 3 (2015): 307-328.

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This project began life as a chance discovery and a vague thesis pitch during my honours year. During Thomas C. Buchanan's (Tom's) elective course, 'Capitalism Takes Command', I researched the origins of the American advertising industry. I stumbled across a text on bank advertising by accident, which contained a thought I figured might be interesting enough to expand into an honours thesis. This was as I was scrambling for a topic. Tom loved the idea and with his encouragement this not only carried through to a first class honours thesis, but also inspired this PhD dissertation. My anecdote here reflects how much I owe Tom for getting to this stage. And beyond this, Tom has been the ideal supervisor. His guidance and support has been tremendous, and he has been a tireless supporter, mentor, and friend. I can't thank him enough.

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Introduction

Bank, n. 5. (*Com.*) An establishment for the custody, or the loaning, exchange, or issue, of money, and for facilitating the transmission of funds by drafts or bills of exchange; a fund from deposits or contributions; the fund of a gaming establishment, as of a faro-bank, and the like.

Con'fi-dence, n. 1. The act of confiding, trusting, or putting faith in, as in the reality of a fact or the integrity and veracity of another; trust; reliance; belief.

- *An American Dictionary of the English Language*, 1865.¹

Banking in its various forms has aroused considerable intrigue – and passion – over the course of Western history. Fascination with the subject is captured within landmark cultural texts, from the Gospels to Shakespeare. Modern American history is no different. Indeed, it has carried the tradition with an intense devotion. Americans of yesteryear, from across the social spectrum, top-to-bottom and bottom-to-top, have taken a keen interest in matters pertaining to banking. Many Americans have not only held opinions on the topic, but also highly emotive ones. These have often been based upon culturally ingrained confidence issues. This was the case during the Gilded Age and Progressive Era.

Considered together, this period was something of a paradox. On the one hand, it was characterised by tremendous national and commercial development. By 1890, the ‘frontier’ had been officially closed. Technological innovations like the transcontinental railroads and the telegraph network connected the nation. The balance of trade shifted favourably. Wages rose and the cost of living declined. People fled from the country to urban centres. The middle-class grew. Migrants from all over the world settled within the prospering nation, seeking to share in its spoils and realise the American dream of prosperous liberal independence. Indeed, over this time America rose as a global financial, commercial, and military power. On the other hand, it was also characterised by socio-economic turbulence. The economy was prone to collapse, as was the case in the 1870s, 1890s, and 1900s. Huge corporations and monopolies emerged, purposefully stifling competition, and subsequently generating animosity. Minorities were treated harshly. Inequalities between the rich and everyone else escalated. Unemployment and poverty were endemic. Labour conflicts were often vicious, and resulted

¹ Noah Webster, Chauncey A. Goodrich, and Noah Porter, *An American Dictionary of the English Language*, revised edition (Springfield, Mass.: G. and C. Merriam, 1865), 106 (‘bank’) and 271 (‘con’fi-dence’).

in violent and lethal skirmishes between workers and militias, sometimes state based, other times not. Gradually, people, including reformers and expository ‘muckraking’ journalists, sought to confront and curb the vices that had come to plague American society. In this environment, Theodore Roosevelt lambasted the ‘malefactors of great wealth’ and Woodrow Wilson introduced his ‘New Freedom’, intended to excise any undemocratic and inequitable features of the nation's new social and economic landscape. Reformers turned to the state to remedy such problems during the Progressive Era. Resulting from their efforts, consumer protection laws were passed, monopolies were broken up, redistributive measures like a graduated income tax were instated, and sweeping financial reforms were implemented.²

Banking conformed to this pattern. The Gilded Age and Progressive Era roughly incorporated the ‘National Banking Era’ (1863-1913) and the formative years of the Federal Reserve System, enacted in 1913 and created the following year. The former was a mixed blessing. On the one hand, with the establishment of nationally chartered banks, America had achieved a national currency. Deposit banking also became the prevailing business model and deposits soared. On the other, such banks were not alone, as state-chartered and non-chartered private banks of various kinds came to flourish, including commercial and savings banks, ultimately creating a complex and volatile banking infrastructure. Moreover, panics were recurrent, thousands of banks failed during the era, bank runs were common, embezzlement and misappropriation scandals occurred often, and the money market was tight. The Federal Reserve was in part the Progressive Era's attempt to solve many of these issues. Overall, with the good came the bad and banking very much embodied this characteristic of Gilded Age and Progressive Era America. Resultantly, banking was a topic that attracted widespread attention.

This thesis argues that American people's exposure to and awareness of banking problems, propelled by the increasing social and economic importance of deposit banking, the concentration of capital, and the development of a ‘mass media’, produced a persistent and

² For general surveys of the era, see Richard Hoftstadter, *The Age of Reform: From Bryan to F. D. R.* (New York: Vintage Books, 1955); Jackson Lears, *Rebirth of a Nation: The Making of Modern America, 1877-1920* (New York: Harper, 2009); Nell Irvin Painter, *Standing at Armageddon: The United States, 1877-1919*, second edition (New York: W. W. Norton and Company, 2008); Alan Trachtenberg, *The Incorporation of America: Culture and Society in the Gilded Age*, second edition (New York: Hill and Wang, 2007); and Robert H. Wiebe, *The Search for Order, 1877-1920* (London; Melbourne: Macmillan, 1967).

multifaceted confidence issue directed towards banks and bankers. Beginning in the 1870s, this problem was reflected, reinforced, and instilled via the public-sphere. Middle and working class people were involved. So too were business people and even bankers themselves – the latter at times distrusted one another. In times of panic, this problem reached crisis levels. In reality, short-term and long-term currency hoarding were endemic. Runs could be triggered easily and panic could spread far and wide, as it did in 1873, 1893, and 1907. In representation, any and all issues relating to banks received extensive coverage. Runs, failures, scandals, and panics received wide press coverage spanning the nation. Additionally, rural and urban anti-monopolists depicted some bankers as plutocrats within a host of mass-distributed mediums, in effect conceptually removing these bankers from ‘the people’. Further, reformers of various kinds began to publicly advocate people-oriented alternatives to solve banking problems, thus challenging the authority of bankers. Simply, banking problems resonated within the popular imagination and in turn many people distrusted banks in a variety of ways, which was conveyed openly and often. Put another way, the popularity of these problems discouraged many people from maintaining a steady relationship with their banks or from utilising them at all.

It is further argued that bankers, in turn, came to acknowledge this by the turn of the century and sought to instil popular confidence by themselves taking to the public sphere; by seizing control of their public image or by advancing measures they believed would alleviate problems. Towards these ends, many bankers eventually came to embrace advertising and propaganda. Such mediums were utilised to offset negative impressions or to manufacture consent for favoured reforms. Bankers saw these mediums to be capable of challenging deeply embedded sentiments and to be powerful enough to advance their interests. For one, bankers sought to convey that their facilities were reliable and community oriented. For another, they conducted or participated in major propaganda campaigns, like those associated with the push for a banker-controlled reserve association and the bond and savings drives of the First World War, in order to achieve desired ends. Between 1913 and 1922, a reserve association was created, people were brought into closer contact with banks, bankers became financial leaders, and the banking related concerns of the age declined. Over this time, people ceased to distrust bankers like they once had, and bankers had shifted from controversial to respectable figures. Though various factors extrinsic to advertising and propaganda were largely responsible for

this, including Governmental activism, the reduction of sensationalistic and expository journalism, the precedence that the First World War took within the public sphere, and the increasing prosperity that swept much of the nation, bankers were nevertheless extremely active during this period in their bid to instate confidence and win over the hearts and minds of the American public.

Before proceeding, it is important to detail what is meant by the term 'bank', given that a complex array of such institutions existed throughout this period, all with differing purposes, functions, and patrons. The 1865 edition of *An American Dictionary of the English Language* offers a simple, though expansive and useful historical definition, describing banks as establishments 'for the custody, or the loaning, exchange, or issue, of money, and for facilitating the transmission of funds by drafts or bills of exchange'.³ This captures the general purposes of banks. Still, there were numerous differences. National banks were chartered by the federal government and issued currency. State banks were chartered by state governments and generally faced fewer restrictions, particularly in terms of capital and reserve requirements and the types of loans they could issue, which included mortgages. Private, unchartered banks also proliferated over this period, which partially or completely evaded the requirements imposed upon national and state banks. There were also private investment banks that brokered and traded in securities. Further, there was a difference between commercial and savings banks. The former traditionally served the business community. They took deposits and converted those deposits into loanable capital. The latter served individuals. They accepted deposits and then invested them in gilt-edge securities and mortgages. Even between savings banks, some were trustee or mutually operated and consisted entirely of depositor capital. Others were stock-based, meaning they were owned by investors and profit-oriented. Evidently, there were important differences and care must thus be taken when using generic terms like 'banks' and 'banking'.

To make it clear, then, this thesis is interested in banks that dealt with and were accessible to the general public - both businesses and individuals - and banks that accepted the public's deposits, whether demand or time; cheque or savings. The focus extends to investment banks only where they relate to deposit banks and to popular confidence (such as in chapters

³ Webster, Goodrich, and Porter, *An American Dictionary*, 106.

IV and VII). Otherwise, the focus is upon banks that directly accepted and utilised depositor funds, including national, state, savings, and private banks. This is because people put their money into these banks (or were encouraged to), and because they could observe each type of bank face or cause trouble, whether national or state, commercial or savings. None were immune to problems and thus none were immune to suspicions or doubts.

In exploring how confidence issues related to these banks, it may seem obvious to say that many people distrusted them in some way over this period. However, that there existed an overarching and complex confidence issue, to the extent that many did not trust bankers at all, is taken for granted. Historians mention that people, or at least some people, distrusted banks and bankers and leave it at that.⁴ As a result, this history has not been explored comprehensively. Additionally, we do not get a sense of what that confidence issue meant or how it was manifested. Where ‘confidence’ has been addressed by economic historians, it is, as we shall see in Chapter I, typically viewed in quantitative terms, involving the comparison of deposit levels to the amount of currency circulating outside of banks at any one time. This says nothing about the qualitative aspects of confidence, and also offers a very limited interpretation of such a phenomenon.

After several decades of prioritising important subjects like race, gender, sexuality, and class, social and cultural historians have recently started to also examine topics once firmly entrenched within economic history and have in turn been developing a new history of American capitalism.⁵ Taking from their lead, this thesis adopts a social and cultural approach that aims to broaden the concept of confidence by integrating qualitative analysis into the history of Gilded Age and Progressive Era banking. Though it still approaches ‘confidence’ as something directed outwards towards others rather than inwards towards the self (as in self-esteem) and treats it as synonymous with ‘trust’ and ‘faith’, it expands the concept to entail

⁴ An example of how casually such an assertion can be made is found in Robert Wiebe’s *The Search for Order*. While he does mention bankers and finance throughout (such as on page 97), in reference to lawyers he states that ‘With the exception of bankers, no group late in the nineteenth century stood in lower public repute’. Wiebe, *The Search for Order*, 116. Richard Hoftstadter has been more expansive, though his focus is limited mostly to agrarians and the ‘money power’. See Hoftstadter, *The Age of Reform*, 60-93. Sheldon Garon has noted that ‘Workers and farmers tended to distrust the [commercial] banks, and for good reason’, which he suggests was related to the record of failures. Nevertheless, only three sentences are devoted to this claim. Sheldon Garon, *Beyond Our Means: Why America Spends While the World Saves* (Princeton: Princeton University Press, 2012), 95.

⁵ This is expanded upon within Chapter I.

more than the immediate and fluctuating behaviours of depositors. It will demonstrate how confidence issues pervaded this entire period inside and outside of times of panic, and how they went beyond immediate concerns with the ability of banks to repay depositors to include more general suspicions and doubts held against banks and bankers. It is accepted that measuring the amount of deposits and depositors is an important way to assess whether people trusted banks during this period, as this allows us to observe their willingness to place and leave their money within them. For this reason, much of this thesis focuses upon depositing instead of loaning. However, this thesis concerns how people generally assessed the economic, social, and political trustworthiness of banks and bankers. Overall, it aims to demonstrate that many American people considered privately owned or operated banks to be unreliable, antagonistic to their interests, or both. It explores how people evaluated the general suitability of bankers to safely and suitably handle and manage money, and how bankers sought to demonstrate that their institutions were secure and sympathetic. Indeed, approaching this history from a social and cultural perspective allows us to see it as a moment of attitudinal and representational conflict.

To reveal this, this thesis analyses sources derived from across the social spectrum and utilises an assortment of materials that have been either downplayed or overlooked by previous historians, largely entailing cultural artefacts. Though it does utilise more traditional materials, like transcripts, official documentation, trade manuals, and newspaper articles, it favours sources such as political and reform tracts intended for popular audiences, books and novels, cartoons, songs, magazine articles, advertisements, and radical and reform oriented publications. Together, this approach aims to demonstrate just how highly conscious people were of banking issues, and how such materials reflected, reinforced, and instilled distrust. It also shows how bankers in turn became aware of this and how their publicly visible artefacts were tailored to respond to distrust. Thus, by combining more traditional materials with largely overlooked cultural artefacts, we can begin to gauge common sentiments of the era and explore how they were transmitted within the public sphere.

What this thesis refers to as the 'public sphere' has been theoretically informed by sociologist Jürgen Habermas and cultural theorist Jim McGuigan. As McGuigan highlights, Habermas' conception identifies a 'literary public sphere' and a 'political public sphere'. Though different, both are considered facets of the public sphere as a whole. The former refers

to a 'republic of letters', whereby political discussions and debates are represented textually or symbolically via the press or other media. The latter refers to discussions and debates that actually occur between people in real life. When using the term, this thesis refers to both. However, as McGuigan observes, this conception can exclude cultural artefacts that do not appear on the surface to directly engage in any broader kinds of social or political discussion. His solution has been to develop the concept of the 'cultural public sphere' which does incorporate such artefacts.⁶ Although this thesis will not utilise this term, it nevertheless considers the cultural artefacts it addresses to belong to the broader public sphere. All such materials were a part of a cultural discussion, even if inadvertently so.

This was made possible by the increasingly interconnected nature of the American media and its communications systems, such as the telegraph network, the postal service (itself facilitated by the expansion of the railroads), and, later, the telephone lines. Historian Richard Ohmann has argued that the turn of the twentieth century marked 'the inaugural moment' of America's 'national mass culture'.⁷ For Ohmann, this entailed the development of a structure that united disjointed communities into a national community. In other words, through the mass media came a mass culture. For instance, though newspapers had existed long before this period, it was over this time that they 'became a channel of national mass culture', which occurred 'about the same time as did the magazine'.⁸ The 'yellow press', for example, emerged during this era which packaged news as popular entertainment to be consumed broadly. Overall, newspapers came to be read by millions of people, as did magazines and also books.⁹ Resultantly, information and ideas could spread across the nation, from North to South, from East to West, and everywhere in between. Events occurring in one part of the country could be reported elsewhere. This was facilitated by the likes of the Associated Press. In short, people everywhere could access and even participate in a national public sphere, albeit one that could still be disjointed by regional differences and subject to varying political and commercial interests.

⁶ Jim McGuigan, 'The Cultural Public Sphere', *European Journal of Cultural Studies*, vol. 8, no. 4 (2005): 427-43, esp. 429-30, and 434-5.

⁷ Richard Ohmann, *Selling Culture: Magazines, Markets, and Class at the Turn of the Century* (London; New York: Verso, 1996), 23.

⁸ Ohmann, *Selling Culture*, 21.

⁹ Ohmann, *Selling Culture*, 18-30.

Here it is important to distance this thesis from the notion of a single, inflexible 'mass culture', as this can imply that there existed a kind of cultural homogeneity. This may create the impression that most believed the same things and behaved in the same way. As a result, social, cultural, and political differences can be buried and erased by such a notion. While it is true that the public sphere was transformed, there nevertheless remained quite significant ideological and behavioural variations, and conflict was present. This is where Jackson Lears' revision of 'cultural hegemony' becomes useful. Lears divorces the concept from previous conceptions that restrict the notion to a ruling and subordinated class axis, whereby the former ideologically rule over the latter in an absolutist manner. As Lears notes, cultural hegemony does not mean 'social control' but rather the predominant beliefs and customs which pervade a society. Even those subject to this kind of hegemony can deviate from and resist it in significant ways. Moreover, it can stem from various social groups, from the top and also from the bottom.¹⁰ This approach, then, allows for the exploration of varying views from a range of actors and classes, and how they may have come into conflict and sought to conquer one another. So although a mass media of sorts emerged and expanded the national public sphere, views could still vary considerably. Applied to this particular history, what constituted as 'sound' and 'respectable' banking could differ sharply between people, classes, and regions. Particular ideas came into conflict over this period, culminating in an attitudinal and ideological quest for hegemony. Simply, there was a battle over what people thought, felt, and expressed about banking.

Admittedly, by undertaking a national approach this thesis still risks homogenising the views of large numbers of people, when there was indeed great diversity. For one, conditions varied between states and regions. Those in New England and the Mid-Atlantic states experienced far fewer failures than the South and the West and also utilised savings institutions *significantly* more, for instance.¹¹ Moreover, regions were in varying stages of development. Much of the West was still developing financially and the South was recovering from the Civil War. Further, state banking systems could differ dramatically from one another.

¹⁰ T. J. Jackson Lears, 'The Concept of Cultural Hegemony: Problems and Possibilities', *The American Historical Review*, vol. 90, no. 3 (June, 1985), 567-93, esp. 587.

¹¹ The New England states in particular experienced relatively few failures. See Jill Hendrickson, *Regulation and Instability in U.S. Commercial Banking: A History of Crises* (Hampshire; New York: Palgrave Macmillan, 2011), 86-8. For more on savings, see Garon, *Beyond Our Means*, 96-9.

As late as 1910, for example, Arkansas did not legally require its banks to undergo inspection whereas Rhode Island required two annual inspections.¹² For another, it is also true that there existed considerable ideological differences between bankers themselves. Historian Richard McCulley has demonstrated that there were marked differences between ‘Wall Street’, ‘La Salle Street’, and ‘Main Street’ bankers. Those of Wall Street favoured Governmental intervention when it came to bolstering their interests, those of La Salle Street (Chicago) favoured an anti-interventionist, *laissez-faire* approach, and those of Main Street favoured measures which would prevent currency instabilities and also protect them from domination.¹³ And many banks existed for purposes beyond merely generating business and profit. A prime example is Maggie Lena Walker and the St Luke Penny Savings Bank, which was operated to support her local black community.¹⁴ Another is the National Bank of Deseret, which began operating largely to finance the Church of Latter Day Saints.¹⁵ Many banks were also established to serve particular ethnic communities, such as the Bank of Italy in San Francisco.¹⁶ Adopting a macro approach, then, will inevitably bury such differences, anomalies, and curious cases.

An effort will be made to acknowledge such diversity. Nevertheless, this thesis is interested in popular trends and commonalities, of which there are enough to tell this history. This is evidenced both by the fact that many people were participating within the public sphere and were expressing similar views. Regarding the general public, many often saw and described ‘banking’ in close to unitary terms. This is understandable, given that by the turn of the century different kinds of banks started to assume similar functions. Many commercial banks, for instance, began to operate savings departments and various savings banks began

¹² Herbert G. Stockwell, ‘State and National Examinations of Banks’ in *Banking Problems* (Philadelphia: American Academy of Politics and Social Science, 1910), 192-3.

¹³ Richard T. McCulley, *Banks and Politics During the Progressive Era: The Origins of the Federal Reserve System, 1897-1913*, second edition (Oxon: Routledge, 2012), 90-8.

¹⁴ See Colita Nichols Fairfax, M. Sabrina Jackson, and Jerome H. Schiele, ‘Maggie Lena Walker and African American Community Development’, *Affilia*, vol. 20, no. 21 (2005): 21-38.

¹⁵ See Leonard J. Arrington, ‘Banking Enterprises in Utah, 1847-1880’, *The Business History Review*, vol. 29, no. 4 (December, 1955): 323-4.

¹⁶ See Marquis James and Bessie R. James, *The Story of Bank of America: Biography of a Bank*, 1954 (Washington, D.C.: Beard Books, 2002), 1-20. For more on various other ethnic banks, see Ivan Hubert Light, *Ethnic Enterprise in America: Business and Welfare Among Chinese, Japanese and Blacks* (Berkeley: University of California Press, 1973), 45-61.

engaging in commercial activities, or were at least connected to banks that were doing so.¹⁷ Regarding banks, there was a national infrastructure that directly or indirectly connected banks of various kinds together. It is also the case that many thousands of bankers were connected through national organs like the American Bankers' Association (ABA) and through the likes of the *Bankers' Magazine*. There was, of course, disagreement and resistance to the trends detailed in this thesis, from people and from bankers, but this thesis is interested in first exploring and exposing those trends. Regardless of where one looks, one can find recurring patterns. As such, this thesis will look at those which were prevalent, widespread, and visible within the public sphere; at those that were hegemonic among the varying groups that expressed, produced, and consumed these ideas.

Chapter I reviews the literature pertaining to the topic. In order to demonstrate the originality of this thesis, it does three things. First, it seeks to explain how economic and business approaches that stress quantitative, institutional, and behavioural analyses are inadequate to explain the social and cultural phenomena of the era, particularly confidence. Second, it examines the immediately relevant materials pertaining to the thesis' contents. And third, it argues that the approaches associated with the 'history of capitalism' are the most appropriate to explain such phenomena.

Chapters II through V explore the various ways that confidence was affected. Chapter II outlines the 'bipolar' nature of banking during much of this era. It looks at how the use of banks was being encouraged and was increasing, on the one hand, and on the other how broader problems such as hoarding, runs, and panics were also prevalent, both in reality and in the popular imagination. Chapter III concerns the problem of individual banking malfeasances during the era in the form of embezzlement or other misappropriation scandals. Such scandals, commonly referred to as 'wrecking', were fairly common and could occur outside of panic times. It is argued that wrecking was well understood within the popular imagination, and that this was a significant factor contributing to the era's confidence issues. Chapter IV details how agrarians and progressives alike perceived many bankers to be colluding against 'the People' and their democratic institutions, and how this consequently

¹⁷ See Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalism and Risk in American* (Cambridge, Mass.: Harvard University Press, 2012), 116-7, and David M. Tucker, *The Decline of Thrift in America: Our Cultural Shift from Saving to Spending* (New York; Wesport; London: Praeger, 1991), 49-50.

'othered' bankers and likely made many people reluctant to deal with them. Chapter V documents how such issues culminated in popular reform movements, which in themselves reflect a lack of confidence. Such confidence issues were a huge factor driving the push to democratise banking through state or popular involvement.

Chapters VI through VIII explore how bankers responded to this crisis and broader representational conflict by turning to mediums that they believed would counter any and all negative perceptions. Chapter VI focuses upon how individual bankers acknowledged that there was a problem and how they subsequently turned to advertising in order to stimulate confidence, both by conveying their strength and community involvement. Chapter VII looks at the turn towards propaganda campaigns as a means to collectively advance particular interests. This largely looks at the campaign to implement a banker-controlled reserve association under the guise of a people's movement and how such an association was in part to stimulate systemic confidence. Chapter VIII continues this exploration of propaganda campaigns by looking at how bankers sought to connect with 'the people' and win their confidence, largely entailing how they participated within and benefitted from the bond and savings drives of the First World War. The thesis then concludes with an Epilogue that succinctly extends and connects this history to the twenties and thirties and also to today.

I.

Scarcity among Abundance:

Literature Review

The history of capitalism is not ... just an account of transaction costs, economies of scale, and diminishing returns, but of social habits, cultural logics, and the conditions of system building as well.

- Michael Zakim and Gary Kornblith, 2012.¹

Like contemporaries, scholars too have found and continue to find America's banking history fascinating. Historians have been exploring this history continuously since the early nineteenth century. Indeed, there has been a plethora of scholarly and popular literature published on the subject, and there is no shortage of articles and monographs. However, until recently, almost all things to do with money and banking have been addressed largely through the lenses of economic, business, and cliometric historiographical methods. Despite the popularity of the past's economic issues among contemporaries, analyses that address phenomena like mentalités, customs, and representations are scant. Relating to this thesis, the representation of popular confidence issues in banking have not been comprehensively and systemically examined, and nor has the relationship between public views on banking and the rise of formalised bank advertising and propaganda. Overall, although there is an abundance of literature covering America's economic history, there has been a scarcity of social and cultural analyses generally and almost a complete absence of studies covering the cultural representations of banking specifically.

Seeking to rectify this problem, social and cultural historians have recently started to explore areas once dominated by these fields, culminating in a new 'history of capitalism'. It is within this field that this thesis situates itself. In order to demonstrate how previous approaches have overlooked key social and cultural aspects of Gilded Age and Progressive Era banking – or, more specifically, how banks were being viewed and represented over this period – and how the 'history of capitalism' can solve this, this literature review will do three things.

¹ Michael Zakim and Gary Kornblith, 'Introduction', in Zakim and Kornblith [eds.], *Capitalism Takes Command: The Social Transformation of Nineteenth-Century America* (Chicago: The University of Chicago Press, 2012), 2.

First, it will demonstrate this problem by critiquing some of the authoritative works covering this period. Doing so will highlight how the quantitative and behavioural models they have relied upon are inadequate to explain the social and cultural phenomena of the era. Second, it will offer an outline of the literature relating to the topics of this thesis. And third, it will succinctly show how the 'history of capitalism' approach can not only fill gaps in the literature, but also challenge that literature and offer fresh perspectives concerning the relationships between people and their economies.

* * *

Over the last two hundred years, scores of histories have been published which concern American banking. Academic, popular, and commissioned historians have all produced work covering myriad aspects of this history, and continue to do so. From James William Gilbart in the early nineteenth century, Horace White at the turn of the twentieth century, Fritz Redlich in the mid-twentieth century, and through to Murray Rothbard and Jill Hendrickson in the twenty-first century, historians have shown a persistent fascination with this topic.² However, much like economic history generally, the history of banking has been dominated by business, economic, and cliometric approaches. This is true of the works listed above, and of classics within the field, such as Milton Friedman's and Anna Schwartz's *A Monetary History of the United States, 1867-1960* (1963).³ They are compartmentalised and technical, and, again, social and cultural aspects have been neglected or treated peripherally. It is worth illustrating this point by examining several of the key works associated with this historiography. Doing so will demonstrate how the quantitative and behavioural models historians previously relied upon do not adequately capture and explain people's experiences with banking.

Although Friedman's and Schwartz's landmark *A Monetary History* addresses the

² James William Gilbart, *The History of Banking in America* (London: Longman, Rees, Orme, Brown, Green, and Longman, 1837); Horace White, *Money and Banking Illustrated by American History* (Chicago; London: Ginn and Company, 1896); Fritz Redlich, *The Molding of American Banking: Men and Ideas*, vol. 1 (New York: Hafner Publishing Co., 1947) and vol. 2 (New York: Hafner Publishing Co., 1951); Murray Rothbard, *A History of Money and Banking in the United States: The Colonial Era to World War II* (Auburn: Ludwig Von Mises Institute, 2002); Jill Hendrickson, *Regulation and Instability in U.S. Commercial Banking: A History of Crises* (Hampshire; New York: Palgrave Macmillan, 2011).

³ Milton Friedman and Anna Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press, 1963).

history of money between 1867 and 1960, it necessarily incorporates banking into its study. Moreover, pertinent to this thesis, it also offers commentary on some of the political movements of the era, such as the 'politics of silver' and the push for 'bank reform', and does cover 'confidence' issues.⁴ However, these are not detailed in much depth, and they are included only to facilitate the monetary analysis. Regarding the former, the free-silver movements dominate the authors' social and political discussion of the 1873-1900 period (which they reduce to little more than the outcome of conspiratorial thinking), and the analysis of the reform movement of the 1900-1913 period focuses largely upon the formal proposals debated within banking circles and within Congress.⁵ Regarding the latter, 'confidence' is measured entirely by figures, and not in a qualitative way. For instance, looking at the onset of the 1893 depression, Friedman and Schwartz state that '[t]here had been no distrust of the banks up to this time'. They arrive at this conclusion by comparing the deposit-to-cash ratio of 1893 to the years preceding it.⁶ Their observation may be true in a very limited sense, in that those that were utilising banks continued to do so until they sought to withdraw their funds. However, as we shall see, this overlooks the general lack of confidence represented by the enormous number of people avoiding banks altogether. It also ignores the countless artefacts that were critical of banks before, during, and after this period.

Douglas Diamond's and Philip Dybvig's influential 1983 article, 'Bank Runs, Deposit Insurance, and Liquidity', has sought to explain bank runs and panics through the notion of a self-fulfilling prophecy. They argue that banks have, by their nature as financial intermediaries, a liquidity imbalance. As they invest much of the deposits that they receive in financial assets that are difficult to immediately liquidate, it is thus difficult or impossible for them to repay all or even most of their deposit obligations if demanded simultaneously. Should depositors seek to do so by running on their bank in the belief that its failure is imminent (which may be triggered merely by the belief that a run is occurring or is about to), then this can have the tragically ironic consequence of actually harming and even destroying the bank by forcing liquidation and hence causing insolvency. In such a scenario, depositors actually compete with

⁴ Friedman and Schwartz, *A Monetary History*, 15-188.

⁵ For the 'politics of silver', see Friedman and Schwartz, *A Monetary History* 113-9, esp. 114; for bank reform, see 135-88.

⁶ Friedman and Schwartz, *A Monetary History*, 108.

each other in order to rescue their funds, whereas if they were to avoid such behaviour then they would greatly reduce the risk of loss. Government mandated deposit insurance is, they argue, a solution, as by guaranteeing depositors that their funds are secured their incentive to rescue them is eliminated.⁷ Rather than seeing people themselves as their own worst enemies, however, far more was occurring during this era than this approach allows for. Runs and panics could certainly compound problems, but we should not see them to be the the only cause of the era's banking problems. Indeed, as this thesis seeks to demonstrate, they were very often effects instead of causes in themselves.

Charles Calomiris' and Gary Gorton's article, 'The Origins of Banking Panics' (1991), offers an alternative to this approach, and has sought to account for runs and panics by developing on the idea of 'asymmetrical information'. They posit that people responded to negative financial news, such as an 'asset shock' (a sudden collapse of an asset's market value), by seeking to rescue their deposits regardless of whether their banks were actually jeopardised. This was because they lacked information about the actual liquidity or solvency of their banks.⁸ Although both ideas are useful to the extent that they may somewhat explain the motives of those that did run on their banks, this does not tell us much about why they may have been so eager and motivated to run on them in the very first place. Put another way, the question remains as to why many doubted the capacity of their banks to withstand challenging conditions. This suggests that many people saw them as essentially fickle institutions and that their trust was tenuous to begin with. Much more was operating at a cultural level which influenced how people thought about and approached banking.⁹

More recently, Carlos D. Ramirez has sought to expand upon historical confidence issues. Unlike the aforementioned scholars, who have considered confidence in a very limited manner and as something akin to a behavioural reflex with short-term effects, Ramirez has

⁷ Douglas W. Diamond and Philip H. Dybvig, 'Bank Runs, Deposit Insurance, and Liquidity', *The Journal of Political Economy*, vol. 91, no. 3 (1983): 401-19, and Diamond, 'Banks and Liquidity Creation: A Simple Exposition of the Diamond-Dybvig Model', *Economic Quarterly*, vol. 93, no. 2 (2007): 189-200.

⁸ Charles W. Calomiris and Gary Gorton, 'The Origins of Banking Panics: Models, Facts, and Bank Regulation' in R. Glenn Hubbard [ed.], *Financial Markets and Financial Crises* (Chicago: The University of Chicago Press, 1991), 109-74.

⁹ George Kaufman also offers a fairly detailed account of bank runs, and has offered a brief history of them. However, like Calomiris and Gorton, he does not explore the possibility of underlying predispositions and their origins. See George G. Kaufman, 'The Truth About Bank Runs' in Catherine England and Thomas Huertas [Eds.], *The Financial Services Revolution: Policy Directions for the Future* (Norwell: The Cato Institute, 1988), 9-40.

shown that it is vastly more complex and extends beyond immediate events. Using the panic of 1893 as a case study, he argues that ‘distrust in the banking system increases phenomenally after banking crises’ and remains ‘high for an extended period of time’.¹⁰ This is an innovative and useful observation. Nevertheless, Ramirez focuses upon those that ‘lose trust’ in response to a panic (which he measures by growth rates and the statistical proliferation of newspaper articles mentioning money hoarding) and says nothing about pre-existing confidence issues nor about those that never trusted banks in the first place.¹¹ Further, the focus is upon 1893 and is limited to panics. Panics certainly intensified distrust, but this was, as this thesis seeks to demonstrate, one of a range of factors (albeit a major one) which contributed to the era's trust issues.

Elmus Wicker has noted in his concise history of Gilded Age banking panics that ‘[f]or the most part the general public had little or no direct experience of bank runs and bank failures. And what they knew, they learned from local newspaper sources’.¹² In one way, this is very true - as we shall see, the vast majority of Americans did not have a bank account during this period. Even then, Wicker's statement still requires extensive exploration. Although runs and failures may have not have been a part of people's *direct* experiences, what do we make of the prevalence of cultural artefacts pertaining to banking issues? There does indeed appear to have been a great fascination with runs and failures even if most people were actually removed from their immediate consequences. Also, Wicker bases this conclusion upon times of *panic*.¹³ It is true that such times observed more problems, but these problems were not exclusive to them. Runs and failures were experienced across the country throughout this entire period. Furthermore, while Wicker demonstrates that suspension and failure rates were statistically low, this reveals nothing about incidences of runs which turned out to be non-harmful, or when banks instated lengthy notification periods for withdrawals, thus thwarting runs. Finally, while knowledge may have been indirect, this does not tell us much about how and why this affected people. And for those that did utilise banks, it seems that the actual experiences of

¹⁰ Carlos D. Ramirez, ‘Bank Fragility, “Money Under the Mattress”, and Long-Run Growth: US Evidence from the ‘Perfect’ Panic of 1893’, *Journal of Banking and Finance*, 33 (2009): 2193.

¹¹ Ramirez, ‘Bank Fragility’, 2193.

¹² Elmus Wicker, *Banking Panics of the Gilded Age* (Cambridge: University of Cambridge Press, 2000), 7.

¹³ Wicker, *Banking Panics of the Gilded Age*.

runs and failures were never too far from home.

Rothbard has acknowledged the plethora of cultural materials pertaining to banks. Still, this is only briefly mentioned, and he dismisses their significance.¹⁴ According to Rothbard, religious and ethnic backgrounds explain people's political behaviour during this era, rather than their lived economic experiences. This latter view, he charges, is one held only by 'Marxists and other economic determinists'. Thus, Rothbard denies that actual, material experience may have contributed to the views, ideas, and debates of the era.¹⁵ Of all the arguments assessed here, this is the most unacceptable. It may certainly be true that political views and participation were coloured and informed by cultural backgrounds, but this does not mean that people were totally incapable of reacting to the immediate conditions that they faced. And although people may have been divided over what remedies were appropriate – silver or gold, deposit guarantees or postal savings banks – banking issues were on the agenda and resonated widely. By dismissing the capacity of people to acknowledge their problems, Rothbard demonstrates contempt for the intelligence of ordinary people, seeing them as passive and submissive dupes. He also erects a false-dichotomy by asserting that behaviour is either determined by ideology *or* by materiality. This overlooks the possibility that both may have been factors, and denies that independent rationality may have also been involved.

Hendrickson's history of commercial banking regulation and instability relies upon a rigid behavioural model to explain why people have and continue to instate regulatory measures which, Hendrickson argues, actually generate more harm than good. This model is dubbed the 'Psychological Attraction Theory of Financial Regulation', which attributes regulation to emotional manipulation, negativity bias, scapegoating, egalitarianism, and overconfidence. People, according to this view, are motivated by their prejudices and emotions into making decisions adverse to their material interests or at least actual financial realities.¹⁶ In this way, Hendrickson's argument is ideologically motivated, adhering to the Austrian school's strand of radical anti-interventionism, and is much like Rothbard's, thus incurring the same problems.¹⁷ Rather than people being totally blind to the realities that they faced,

¹⁴ Rothbard, *Money and Banking*, 171.

¹⁵ Rothbard, *Money and Banking*, 171-5 (quote from 171).

¹⁶ Hendrickson, *Regulation and Instability*, 13-5. For her analysis on the 'National Banking Era', see 74-114.

¹⁷ Hendrickson acknowledges that she adheres to an 'Austrian perspective', seeing it as a 'more realistic approach to markets'. Hendrickson, *Regulation and Instability*, 18-20.

however, it seems more likely that people started to appreciate that without adequate state-intervention within the banking sector, everyone was potentially susceptible to banking problems directly or indirectly, even if only in theory. Like all the examples examined here, *Regulation and Instability* demonstrates how crude economic analyses, incorporating quantitative and behavioural methodologies, are inadequate to explain political, social, and cultural phenomena, particularly relating to Gilded Age and Progressive Era banking.

Finally, the historiography on mutual savings banks generally has been better at exploring social and cultural aspects, particularly regarding philanthropy and thrift. However, historians from Emerson Willard Keyes in the nineteenth century to Daniel Wadhvani in the twenty-first century have not sufficiently explored how they relate to popular confidence issues and have tended to avoid connecting these banks to the broader history of American banking.¹⁸ In fact, they have sought to demonstrate that patrons exhibited a high degree of confidence in these institutions and that mutual savings banks were essentially different to commercial and other profit-oriented banks, such as stock-savings banks. Put simply, they are considered exceptional. This thesis does not seek to deny that these banks were normally held in high esteem by their patrons. They were safer and they held just under half of the nation's saving accounts by 1910.¹⁹ However, this thesis still includes them as they were not totally immune to confidence issues. As we shall see, it was not impossible for them to fail or to be subject to runs. Franklin Sherman noted in his 1934 history of these banks that savings bank depositors could be particularly flighty, as 'the failure of a bank, to the minds of many, brought no distinction between this bank and that'.²⁰ As we shall see, some reformers also considered them to be 'aristocratic'. Louis Brandeis even claimed that they were feeding the 'money trust', as they could be directed by elite 'capitalists' or financiers.²¹ Thus, while it is important to

¹⁸ See Emerson Willard Keyes, *A History of Savings Banks in the United States from Their Inception in 1816 Down to 1874* (New York: B. Rhodes, 1876); William Henry Kniffen, *The Savings Bank and its Practical Work* (New York: The Bankers Publishing Co., 1912); Franklin H. Ornstein, *Savings Banking: An Industry in Change* (Reston: Reston Publishing Co., 1985); Franklin J. Sherman, *Modern Story of Mutual Savings Banks: A Narrative of their Growth and Development* (New York: J. J. Little Ives and Company, 1934); Daniel Wadhvani, 'Protecting Small Savers: The Political Economy of Economic Security', *Journal of Policy History*, vol. 18 (2006): 126-45; and Wadhvani, 'Citizen Savers: Family Economy, Financial Institutions, and Public Policy in the Northeastern United States', *Enterprise and Society*, vol. 5 (December, 2004): 617-24.

¹⁹ See Comptroller of the Currency, *1913 Annual Report*, 63rd Congress, 2nd Session (Washington: Government Printing Office, 1914), 65-7.

²⁰ Sherman, *Modern Story of Mutual Savings Banks*, 109-10.

²¹ Louis Brandeis, *Other People's Money: And How the Bankers Use It* (New York: Frederick A. Stokes Company,

highlight that they may have generally inspired greater confidence than their commercial counterparts, it remains that popular confidence issues extended to them.

Taken together, banking historians have not comprehensively explored popular confidence issues during the Gilded Age and Progressive Era. This is largely because these historians have approached ‘confidence’ through quantitative or behavioural analyses, both of which limit how we can see such a phenomenon. Historians of mutual savings banks do tend to incorporate qualitative analysis, though they also tend to isolate their subject matter from the broader history of banking during this period. Either way, our understanding of popular confidence issues in American banking remains fractured, incomplete, and underdeveloped.

* * *

Beyond these works, it is true that historians have explored public attitudes towards banks, and have looked at the various meanings and functions of cultural artefacts associated with banking. Moreover, despite the neglect of and even contempt for popular views shown by economic historians, many others have sought to at least acknowledge the views of common people and society at large. However, these typically focus upon either a particular group of bankers (especially elite Wall Street financiers),²² particular individual bankers (such as J. P. Morgan),²³ a particular segment of the population (like agrarians),²⁴ or are addressed within broader narratives encompassing American society as a whole (typically historical surveys).²⁵

1914), 216-23.

²² See, for instance, Steve Fraser, *Everyman a Speculator: A History of Wall Street in American Life* (New York: Harper Collins, 2005) and Charles R. Geisst, *Wall Street: A History* (New York; Oxford: Oxford University Press, 1997).

²³ See Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York: The Atlantic Monthly Press, 1990); Robert Glass Cleland and Frank B. Putnam, *Isias W. Hellman and the Farmers and Merchants Bank* (San Marino: The Huntington Library, 1965); June Breton Fisher, *When Money Was in Fashion: Henry Goldman, Goldman Sachs, and the Founding of Wall Street* (New York: Palgrave Macmillan, 2010); and Susie J. Pak, *Gentlemen Bankers: The World of J. P. Morgan* (Cambridge Mass.: Harvard University Press, 2013).

²⁴ See Norman Pollack, ‘Introduction’ in Norman Pollack [ed.], *The Populist Mind* (Indianapolis and New York: The Bobbs-Merrill Company, Inc., 1967), xix-xlvi; Walter T. K. Nugent, *The Tolerant Populists: Kansas Populism and Nativism* (Chicago; London: The University of Chicago Press, 1963); Charles Postel, *The Populist Vision* (Oxford: Oxford University Press, 2007); and James Edward Wright, *The Politics of Populism: Dissent in Colorado* (New Haven; London: Yale University Press, 1974).

²⁵ See, for example, Richard Hoftstadter, *The Age of Reform: From Bryan to F. D. R.* (New York: Vintage Books, 1955); Jackson Lears, *Rebirth of a Nation: The Making of Modern America, 1877-1920* (New York: Harper, 2009),

Not only does this thesis seek to conjoin these strands, it also aims to focus on commonly overlooked elements, primarily how they relate to the theme of confidence, and also how they relate to the ideological and representational conflict occurring within the public sphere.

Concerning embezzlement or ‘wrecking’ scandals, despite their prevalence, historians have largely overlooked them, and have not analysed their cultural resonance in any great detail, if at all. It is true that scholars have examined individual scandals of this era, including several that are featured within this thesis. Joel A. Tarr has examined J. R. Walsh of Chicago, arguing that his accepting of public funds from state officials was the result of a faulty system, not individual vice.²⁶ Tarr has also succinctly examined former Senator William Lorimer's brief and disastrous foray into banking which culminated in bank failures and a protracted court case.²⁷ Wrecker Paul Stensland is briefly addressed within Penny Duis' *Challenging Chicago*.²⁸ More recently, Mitchell Zuckoff has mentioned Sarah E. Howe of the Ladies' Deposit of Boston as a pioneering Ponzi schemer preceding Charles Ponzi.²⁹ Furthermore, Donald R. Cressey's 1953 sociological study has explored the phenomenon of embezzlement and offers useful insights into the motivations of such criminals.³⁰ It remains, however, that the literature is scattered and a broader, culturally focused analysis of Gilded Age and Progressive Era bank embezzlers has yet to be undertaken. Addressing ‘wreckers’ is vital in order to gauge a deeper understanding of public fears and attitudes.

The rural disdain of national bankers and Wall Street financiers has possibly been one of the most extensively covered aspects of the Gilded Age's anti-banking sentiment. Much the same can be said for the critique of high finance and the ‘money trust’ during the Progressive

51-91; Nell Irvin Painter, *Standing at Armageddon: The United States, 1877-1919*, second edition (New York: W. W. Norton and Company, 2008), 272-76; Alan Trachtenberg, *The Incorporation of America: Culture and Society in the Gilded Age*, second edition (New York: Hill and Wang, 2007), 78-86; and Robert H. Wiebe, *The Search for Order, 1877-1920* (London; Melbourne: Macmillan, 1967) 97-103.

²⁶ Joel A. Tarr, ‘J. R. Walsh of Chicago: A Case Study in Banking and Politics, 1881-1905’, *The Business History Review*, vol. 40 (1966): 451-66.

²⁷ Tarr, *A Study in Boss Politics: William Lorimer of Chicago* (Urbana; Chicago; London: University of Illinois Press, 1971), 309-14.

²⁸ Perry Duis, *Challenging Chicago: Coping With Everyday Life, 1837-1920* (Illinois: University of Illinois Press, 1998), 298-9.

²⁹ Michael Zuckoff, *Ponzi's Scheme: The True Story of a Financial Legend* (New York: Random House, 2006), 104-5.

³⁰ Donald R. Cressey, *Other People's Money: A Study in the Social Psychology of Embezzlement* (Ann Arbor: The University of Michigan Press, 1953). Cressey's bibliography has also been tremendously useful. See 159-66.

Era. Both have received wide attention, with Richard Hoftstadter's account of both remaining one of the most famous. His *Age of Reform* appeared sixty years ago, thus offering a glimpse of how long historians have been familiar with this material. Nevertheless, these histories have not been connected to the broader trust issues of the period and are generally treated in isolation.³¹ This thesis will seek to demonstrate how both relate to the confidence theme by showing how in both instances critics 'othered' bankers by creating a conceptual distance between 'the people' and bankers. Using such an approach sheds further light upon how suspicion was reflected and reinforced, and displays yet another blow to the public image of banks and bankers.

Regarding banking reform, much of the scholarship has focussed upon the events primarily from 1890 to 1913 that culminated in the creation of the Federal Reserve System.³² This is perfectly understandable, given the magnitude and importance of the Federal Reserve within America's economic history. Indeed, it is true that the 'Fed' cannot be excluded from any history concerning Progressive Era banking, including this one. Perhaps the most notable and significant histories published over the past thirty years concerning the origins of the Fed have come from James Livingston, Richard McCulley, J. Lawrence Broz, and Elmus Wicker.³³ Although all offer their own unique interpretations, what they have in common is that they focus almost exclusively upon the actions of bankers and capitalists themselves. What this approach lacks is an examination into what was happening more broadly within the public sphere and within popular politics. In other words, such an approach neglects the social and

³¹ See Hoftstadter, *The Age of Reform*; Postel, *The Populist Vision*; Irwin Unger, *The Greenback Era: A Social and Political History of American Finance, 1865-1879* (Princeton: Princeton University Press, 1964), and Gretchen Ritter, *Goldbugs and Greenbacks: The Antimonopoly Tradition and the Politics of Finance in America* (Cambridge: The University of Cambridge Press, 1997).

³² Varying time spans have been offered by scholars. This span has been selected as it appears to be the most expansive, which should allow for most variations to fall somewhere in between. It comes from James Livingston's account. James Livingston, *Origins of the Federal Reserve System: Money, Class, and Corporate Capitalism* (Ithaca; London: Cornell University Press, 1986).

³³ Livingston, *Origins of the Federal Reserve System*; Richard T. McCulley, *Banks and Politics During the Progressive Era: The Origins of the Federal Reserve System, 1897-1913*, second edition (Oxon: Routledge, 2012); J. Lawrence Broz, *The International Origins of the Federal Reserve System* (Ithaca; London: The University of Cornell Press, 1997); and Elmus Wicker, *The Great Debate on Banking Reform: Nelson Aldrich and the Origins of the Fed* (Ohio: The Ohio State University, 2005). One could also add Allan Metzler's *History of the Federal Reserve* to this list as it does cover the early years of the Fed. However, it does not really explore its origins. See Allan H. Metzler, *History of the Federal Reserve, Volume 1: 1913-1951* (Chicago: The University of Chicago Press, 2003), 1-135.

cultural phenomena that were occurring simultaneously. It is true, of course, that politics and culture are not all together neglected within these histories. For instance, McCulley's focus is upon political and legislative developments, and the competing political, commercial, and financial parties behind them, while Livingston's focus incorporates the way in which culture was transformed by elite financiers in order to usher in corporate capitalism.³⁴ Again, however, bankers are at the forefront of their histories, and, as such, we do not get a sense of what the broader social and cultural meanings, ideologies, and ramifications of banking reform may have been.

Additionally, myriad other reform proposals and enactments have been explored. The history of the Postal-Savings system, for instance, has received attention. Sheldon Garon, James Grant, McCulley, and Donald Schewe have all covered the system's history to varying extents, ranging from extensive to brief coverage.³⁵ All are useful in that they provide a general sketch of the socio-economic conditions influencing its creation in 1911. They also demonstrate that there is consensus that a general distrust of banking institutions held by working people and immigrants was a large factor in this process.³⁶ These works, however, to either treat their subjects largely in isolation, or very briefly. As a result, they are disparate, meaning that they are treated as subjects divorced from the broader context, or are appended or even buried within larger texts which seek to stress other content and points. By instead unifying some of these major reforms and enactments within a single analysis, this should allow for a more detailed and comprehensive examination of what they meant overall, including socially, culturally, politically, and economically. Doing so will illuminate how banking reform relates to the issue of popular confidence.

This thesis is not the first to observe the connections between the artefacts created by or for banks and popular perceptions of the era. Specifically concerning the representations from bankers themselves, several works have been published that explore this relationship.

³⁴ McCulley, *Banks and Politics*; Livingston, *Origins of the Federal Reserve System*.

³⁵ Sheldon Garon, *Beyond Our Means: Why America Spends While the World Saves* (Princeton: Princeton University Press, 2012), 110-5; James Grant, *Money of the Mind: Borrowing and Lending in America from the Civil War to Michael Milken* (New York: Farrar Straus Giroux, 1992), 87-91; McCulley, *Banks and Politics During the Progressive Era*, 162-6; and Donald Bruce Schewe, 'A History of the Postal Savings System in America, 1910-1970' (PhD diss., Ohio State University, 1971), 1-94.

³⁶ See, for instance, Grant, *Money of the Mind*, 87, and Schewe, 'A History of the Postal Savings System', 19-21.

Architecture, for instance, has been covered by scholars. Charles Belfoure has succinctly noted that following the panics of 1893, bankers became conscious that ‘one way to instill [*sic*] confidence again was through the physical appearance of the bank itself’.³⁷ Additionally, Lynne Pierson Doti and Larry Schweikart have argued that between 1849 and 1893 – the frontier period – Western bankers ‘developed their own system for winning the confidence of potential depositors’, largely entailing the reliance upon owner reputability and on ‘certain architectural features of the bank building’, including their vaults.³⁸ According to Doti and Schweikart, this was to convey the capacity of banks to resist external threats, such as burglary and fire.³⁹ They overlook the possibility that this may have been to disassociate themselves from fraudulent ‘wildcat’ banks and the panics and failures characteristic of the period.

Likewise, historical bank advertising has been examined. Although the authoritative histories on early advertising tend to be silent on banks, such as Jackson Lears' *Fables of Abundance* (1994) and Pamela Walker Laird's *Advertising Progress* (1998), which focus instead on national advertising campaigns for mass-marketed consumer goods, there have been works which either touch upon the subject or seek to explore it in depth.⁴⁰ Benjamin J. Klebaner very briefly mentions the rise of bank advertising in his survey of commercial banking, devoting three short paragraphs to the subject which reveal no more than the fact that bankers began advertising in the early 1900s.⁴¹ Two other authors have sought to engage the topic in greater detail: Gurden Edwards and Richard Germain.

In the wake of the Great Depression of the 1930s, Edwards, then ‘director of public relations’ for the American Bankers’ Association (ABA), assessed the state of bank advertising and public relations in his 1937 article, ‘Banking and Public Opinion’. Edwards claimed that advertising and publicity emerged at the turn of the century to ‘create favorable impressions

³⁷ Charles Belfoure, *Monuments to Money: The Architecture of American Banks* (Jefferson; London: McFarland and Company, inc. Publishers, 2005), 127. Other works exist which feature bank architecture. See Parnassus Foundation and the Museum of Fine Arts, *Money Matters: A Critical Look at Bank Architecture* (New York: McGraw Hill, 1990), and Edwin Heathcote, *Bank Builders* (New York: Wiley-Academy, 2000).

³⁸ Lynne Pierson Doti and Larry Schweikart, *Banking in the American West: From the Gold Rush to Deregulation* (Norman: The University of Oklahoma Press, 1991), 20-48, esp. 20 and 37-9.

³⁹ Doti and Schweikart, *Banking in the American West*, 39-40 and 44-5.

⁴⁰ Pamela Walker Laird, *Advertising Progress: American Business and the Rise of Consumer Marketing* (Baltimore; London: Johns Hopkins University Press, 1998), and Jackson Lears, *Fables of Abundance: A Cultural History of Advertising in America* (New York: Basic Books, 1994).

⁴¹ Benjamin J. Klebaner, *American Commercial Banking: A History* (Boston: Twayne Publishers, 1990), 104.

by the use of words' in response to common anti-banking prejudices and an 'unfortunate' history of banking within the United States.⁴² More recently, Germain, a marketing scholar, has been the leading authority on historical, pre-1930s bank marketing. Germain's 1996 monograph, *Dollars Through the Doors*, remains the seminal history on the topic. In it, he argues that by the 1930s banks had transformed from 'passive business acceptors to aggressive business seekers', or, in other words, from non-marketing to marketing businesses.⁴³ As such, his analysis is geared towards proving this proposition, incorporating to this end the emergence of advertising, promotions, market-segmentation, and internal staff welfare measures intended to improve service. Importantly, he highlights that in their bid to acquire business, bankers sought to project 'confidence' via 'architecture, ... tangibles in promotions, ... confidence themes in promotions and slogans, and ... in how banks handled runs'.⁴⁴ Concerning 'confidence themes', he highlights that 'growth, director and management integrity, size, and longevity' were frequently emphasised to convey strength.⁴⁵ Furthermore, he briefly connects the usage of such 'themes' to the turbulent financial structure, stating that the 'financial panics that swept the nation struck at the heart of bankers' ability to foster institutional confidence'.⁴⁶ It is clear, then, that those who have looked at this history can see a clear connection between bank imagery and public opinion. Both works are also tremendously valuable and will be borrowed from throughout Chapter VI.

Nevertheless, Edwards' 'Banking and Public Opinion' is a specialist, professional article intended for advertising and public relations practitioners, and Germain's account is a business history that seeks only to establish basic institutional developments. Edwards' article attempts to advise ways for banks and advertisers to overcome the problems they faced at the time of publication, which was almost 80 years ago. Historical background is offered only to insist that

⁴² Gurden Edwards, 'Banking and Public Opinion', *The Public Opinion Journal Quarterly*, vol. 1, no. 2 (April, 1937): 5-26, esp. 5-15 and 18-23.

⁴³ Richard N. Germain, *Dollars Through the Doors: A Pre-1930 History of Bank Marketing in America* (Westport; London: Greenwood Press, 1996), 1. Germain also has an article specifically addressing market segmentation, based largely upon the content of *Dollars Through the Doors*. See Germain, 'Were Banks Marketing Themselves Well From a Segmentation Perspective Before the Emergence of Scientific Inquiry on Services Marketing?', *Journal of Services Marketing*, vol. 14, no. 1 (2000): 44-62.

⁴⁴ Germain, *Dollars Through the Doors*, 11-18, esp. 11.

⁴⁵ Germain, *Dollars Through the Doors*, 14-6.

⁴⁶ Germain, *Dollars Through the Doors*, 16.

bankers convey their appreciation for 'economic forces and social responsibilities'.⁴⁷ Germain's history prioritises *how* bank advertising developed over *why* it developed. In effect, while social, political, and cultural elements may be present within both, these aspects are not at the forefront of their analyses, and they are thus treated peripherally and briefly. They may mention the likes of confidence, anxiety, political movements, and the press, but these authors are not primarily concerned with such phenomena. Consequently, the significance of the broader context is understated, which in turn downplays the significance of representational, attitudinal, and emotional phenomena. It is only by connecting popular distrust and derision with the rise of bank advertising, however, that we can actually appreciate and understand 'confidence'. Moreover, by failing to adequately provide for what have been considered extrinsic elements at best, these works have overlooked intrinsic features of their source materials. Approaching such sources from a social and cultural perspective, rather than only an economic and business perspective, demonstrates that there is much more to be gleaned from them. This subsequently casts more light upon the very meaning and purpose of confidence themes, such as conveying reliability and civic mindfulness. So although the previous literature remains useful, it leaves significant gaps which that must be filled via a social and cultural analysis.

Similarly, those addressing the history of business propaganda have overlooked banking. General histories of public relations, such as Scott Cutlip's *The Unseen Power* (1994), Roland Marchand's *Creating the Corporate Soul* (1998) and Stuart Ewen's *PR!* (1996), are tremendously useful, and provide general accounts of the major events, politics, and figures involved in the rise of this profession and practice.⁴⁸ Bankers, however, are largely if not wholly absent from their analyses. Bank related histories, on the other hand, have touched upon the topic. Wilbert Schneider's 1956 history of the American Bankers' Association, for instance, features a section on 'Public Relations and Public Education'. However, after noting that the ABA established a Committee on Education in 1897 and subsequently released a pamphlet, Schneider states that the organisation lost 'interest in its public relations job' after

⁴⁷ Edwards, 'Banking and Public Opinion', 5.

⁴⁸ Scott M. Cutlip, *The Unseen Power: Public Relations, A History* (Hillsdale: Erlbaum Associates, 1994); Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley: The University of California Press, 1998); and Stuart Ewen, *PR!: A Social History of Spin* (New York: Basic Books, 1996).

1899 and did 'little else in promoting better public relations until 1919'.⁴⁹ This may be true superficially, in that the ABA lacked a formal department over this time, but this ignores the considerable discussion occurring informally within the organisation and also fails to consider its connections with major propaganda campaigns, such as those conducted by the Citizens' League for Sound Banking Reform and the Liberty Loan and War Savings committees. And although Schneider is focussing on the ABA, this could give the impression that bankers generally were oblivious to their public image, which, as this thesis shows, was certainly not the case. Finally, other historians, such as Julia Ott and Alan Axelrod, have addressed these campaigns, but have tended to do so either by exploring how they connect to other developments, or by examining them exclusively in and of themselves. These historians have explored both the Citizens' League and the Liberty Loan and War Savings campaigns, though focus on them without adequately situating them within the context of a broader confidence issue or without considering that they were connected to the rise of a developing impression management mentality.⁵⁰ This thesis will thus connect such seemingly disparate histories.

Connecting these histories allows for an investigation into the existence of a general fear of and anger towards banks and bankers, and what banks and bankers did in response. Furthermore, this will demonstrate how the theme of confidence relates to banking over this period. Without exploring both public opinion and banking artefacts together, the notion of an ideological and representational conflict collapses and the representations from bankers lose a significant part of their meaning. Bankers sought to inspire confidence for a reason, and in order to explore this reason, a qualitative approach is necessary. This thus entails applying methods associated with social and cultural history to economic topics.

⁴⁹ Wilbert M. Schneider, *The American Bankers' Association: Its Past and Present* (Washington, D.C.: Public Affairs Press, 1956), 67.

⁵⁰ For works covering the Citizens' League, see Broz, *The International Origins of the Federal Reserve System*, 185-190; Lucy Chen, 'Banking Reform in a Hostile Climate: Paul M. Warburg and the National Citizens' League', working paper, Harvard University, 2010, 1-24; Livingston, *Origins of the Federal Reserve System*, 208-12, 218, 222; McCulley, *Banks and Politics During the Progressive Era*, 241, 244, 260, 262, and 267-68; Elizabeth Sanders, *The Roots of Reform: Farmers, Workers, and the American State, 1877-1917* (Chicago: The University of Chicago Press, 1999), 241; and Wicker, *The Great Debate on Banking Reform*, 66-7. For works covering the Liberty Bond and W.S.S. movements, see Alan Axelrod, *Selling the Great War: The Making of American Propaganda* (New York: Palgrave Macmillan, 2009), 121, 123, 130-3, 142-3, 149, 185; Grant, *Money of the Mind*, 145-9; Henry Hsu, 'War Services of American Banks' (MA thesis, State University of Iowa, 1920); Julia Ott, *When Wall Street Met Main Street: The Quest for an Investors' Democracy* (Cambridge, Mass.: Harvard University Press, 2011), 55-74 and 75-100; and David M. Tucker, *The Decline of Thrift in America: Our Cultural Shift from Saving to Spending* (New York: Praeger Publishers, 1991), 83-98.

* * *

Around twenty years ago, shortly following the demise of the Soviet Union and the ‘triumph’ of liberal-capitalism, various cultural theorists began to draw new connections between culture and economics.⁵¹ More recently, over the past ten years, they have been attempting to dismantle the notion that they are entirely distinct fields or ‘spheres’, and have instead charged that considerable overlap occurs between them. Jackson Lears and Jens Van Scherpenberg, for instance, have stated that the ‘aesthetic, moral, emotional, and spiritual aspects of human experience’ are ‘left out of most economic theory, even though few cultural values or artifacts [*sic*] are insulated from the economics of the market’. Although this may suggest that the ‘market’ is a distinct entity which can and does usurp culture, it nevertheless demonstrates a dissatisfaction with ‘disciplinary walls’ and is an attempt to create a dialogue between the fields.⁵² Others have gone further, and argue that economics should be subordinated or totally fused to culture; that it is erroneous to split them in the first place. This is the view of the editors of the *Blackwell Cultural Economy Reader*. They declare that they seek ‘to put back that which should have never been taken out’ and that ‘this is no easy task because prevalent social description has come to take for granted that there are separate spheres of activity called culture and economy’. Subsequently, they take it as their mission to challenge ‘this settlement by showing how the pursuit of prosperity is a hybrid process of aggregation and ordering that cannot be reduced to either of these terms and, as such, requires the use of a unitary term such as cultural economy’.⁵³ Whether one adopts the view that they are one and the same is not important here. What *is* important is the acknowledgement that a fundamental revaluation and revision of economics is occurring. Whatever way one views the relationship between the two, there is no denying that there is a relationship. Culture can no longer be excluded from economic analyses, nor economics from culture.

⁵¹ Ash Amin and Nigel Thrift estimate in their 2004 edited volume, *The Blackwell Cultural Economy Reader*, that the ‘early days of the [cultural economy] approach’ were ‘some ten or so years ago’, which thus makes it roughly twenty years old. Ash Amin and Nigel Thrift [eds.], *The Blackwell Cultural Economy Reader* (Massachusetts; Oxford; Carlton: Blackwell Publishing, 2004), xviii.

⁵² Jackson Lears and Jens Van Scherpenberg [eds.], *Cultures of Economy, Economics of Culture* (Heidelberg: Universitätsverlag Winter, 2004), 1.

⁵³ Amin and Thrift, *Blackwell Cultural Economy Reader*, xii.

This thinking has not escaped historians. Though social and cultural historians have prioritised important topics like race, gender, sexuality, and class over the past several decades,⁵⁴ various Americanists have more recently started to explore a range of superficially dry economic subjects and institutions, from life insurance to corporate securities.⁵⁵ Ultimately, topics once ignored and possibly considered unfavourable are being vigorously engaged. The practices of orthodox economic historians themselves are now being challenged, with crude quantitative and retrospectively imposed behavioural models being seen as inadequate to explain the social and cultural impacts that economic institutions have had upon people, and *vice versa*. This new approach is allowing historians to ask questions and explore phenomena which, although once would have been considered within the economic domain, would not and could not be addressed by economists. The ‘history of capitalism’ approach has the capacity to cast new light upon topics and notions once considered highly specialised, like the ‘free market’ or ‘consumer behaviour’.

Historians working within this field have addressed a number of topics and themes. Relating to this thesis, banking has been explored, and so too has confidence. Various scholars interested in the history of capitalism have demonstrated that nineteenth and early twentieth century business people, from hucksters to high-financiers, depended upon interpersonal confidence. This was true within closed business circles where all parties knew one another, though in a vastly expanding, urbanising, and industrialising nation, social anonymity increased rapidly, which thus also normalised transactions with strangers. In either case, having confidence that others could and would deliver on their promises was essential for transacting business. As Rowena Olegario has observed, ‘trust was a functional component of the entire national economy’.⁵⁶ Based upon this premise, scholars have explored various ways

⁵⁴ Some notable examples of works dealing with the Gilded Age, Progressive Era, or both include George Chauncy’s *Gay New York: Gender, Urban Culture, and the Making of the Gay Male World, 1890-1940* (New York: Basic Books, 1995), Noralee Frankel’s and Nancy S. Dye’s edited volume, *Gender, Class, Race, and Reform in the Progressive Era* (Lexington: The University Press of Kentucky, 1991), Matthew Guterl’s *The Color of Race in America, 1900-1940* (Cambridge, Mass.: Harvard University Press, 2002), Matthew Jacobson’s *Barbarian Virtues: The United States Encounters Foreign People at Home and Abroad, 1879-1917* (New York: Hill and Wang, 2001), and Jean Matthews’ *The Rise of the New Woman: The Women’s Movement in America, 1875-1930* (Chicago: Ivan R. Dee, 2003).

⁵⁵ For life insurance, see Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalism and Risk in American* (Cambridge, Mass.: Harvard University Press, 2012); for securities, see Ott, *When Wall Street*.

⁵⁶ Rowena Olegario, *A Culture of Credit: Embedding Trust and Transparency in American Business* (Cambridge, Mass.: Harvard University Press, 2006), 6.

that confidence was manifested, particularly in regards to finance. David Zimmerman, Scott Sandage, and Jonathan Levy have explored confidence issues on structural and individual levels.⁵⁷ Olegario and Susie Pak have detailed the importance of confidence to business people in their transactions with clients and between themselves.⁵⁸ Additionally, Julia Ott has charted how popular suspicions towards high finance and the stock market were allayed and how an ‘investors’ democracy’ – mass participation within the stock market – subsequently emerged.⁵⁹ Further, other historians have keenly explored the Melvillean ‘confidence man’ and the range of forms ‘he’ would take.⁶⁰ Such a figure would create the illusion of trustworthiness to then cheat others out of their valuables. Stephen Mihm’s history of antebellum banknote counterfeiting, for instance, explores how managing impressions was utilised by not only criminal counterfeiters but also ‘legitimate’ bankers. It was not unusual for the latter to fleece their customers through high-risk investments or outright embezzlement. Passing counterfeit notes rested upon confidence as much as acquiring other people’s valuables did.⁶¹ Taken together, scholars have been busy revealing how confidence was an indispensable requirement for commercial and fiscal exchange, whether legitimate or fraudulent.

Many American historians, then, have been actively engaging with economic subjects, and have acknowledged that they already possess powerful analytic tools to explore the prevailing thoughts, feelings, and behaviours which govern economics. Specifically, capitalism’s various forms and meanings are being explored, and underlying mythologies are being unpacked. Furthermore, how the likes of class, gender, and race have intersected and coalesced with the economy are being addressed. Overall, instead of capitalism being taken as a static and fixed way of life as natural as tidal movements and the sun rising, it is viewed as a

⁵⁷ Zimmerman has explored how societal anxieties stemming from the turn of the century’s financial calamities inspired the era’s ‘panic literature’, Sandage has demonstrated how a pervasive fear of business failure laid the basis for attempts to avoid becoming and transacting with ‘born losers’, and Levy has examined how the notion of personal risk management developed within an economically turbulent society. See David A. Zimmerman, *Panic!: Markets, Crises, and Crowds in American Fiction* (Chapel Hill: The University of North Carolina Press, 2006), Scott A. Sandage, *Born Losers: A History of Failure in America* (Cambridge, Mass.: Harvard University Press, 2005), and Levy, *Freaks of Fortune*.

⁵⁸ Olegario, *A Culture of Credit* and Pak, *Gentlemen Bankers*.

⁵⁹ Ott, *When Wall Street*.

⁶⁰ For instance, consult Lears, *Rebirth of a Nation*, 52-57, and Fraser, *Every Man a Speculator*, 30-105.

⁶¹ Stephen Mihm, *A Nation of Counterfeiters: Capitalists, Con Men and the Making of the United States* (Cambridge, Mass.: Harvard University Press, 2007), esp. 1-19, 101-102, 253, 333.

largely constructed and thus malleable form of economic organisation.⁶² As Zakim and Kornblith highlight, by examining ‘capitalism’ as an ‘ism’ is to acknowledge that it *is* something to be observed and that it *is* a human invention.⁶³

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Although much has been said on banking, then, there remains considerable room left to explore. This is especially so given that social and cultural approaches have previously been neglected by economic, business, and cliometric historians. The historiography has been dominated by these fields which have typically relied upon very fixed and narrow approaches, including crude quantitative and behavioural models. Consequently, social and cultural phenomena have been treated either peripherally or dismissed outright and rendered insignificant. Furthermore, while there exist many histories on the likes of Wall Street and its critics, and on banking reform movements, they have been disjointed and have not been explored in connection to the ideological and representational conflict occurring between the American public and bankers occurring within the public sphere. This thesis seeks to unify these strands in order to explore that conflict, and to do so will adopt the ‘history of capitalism’ method of reconciling economics and culture. Ultimately, it aims to capture the popular fascination with banks and banking problems, and so too the reactions from bankers.

⁶² Joyce Appleby makes a similar observation, stating that ‘capitalism is a cultural, not a natural, system like the weather’. Joyce Appleby, *The Relentless Revolution: A History of Capitalism* (New York; London: W. W. Norton and Company, 2010), 25.

⁶³ Kornblith and Zakim, ‘Introduction’, 1.

II.

Steel Vaults and ‘Old Stockings, Cracked Teapots, Parlor Clocks [and] Family Bibles’:

Capturing the Bipolar Nature of Confidence during the ‘National Banking Era’

Just put it away in the Bank, John, To keep for a rainy day, They'll loan it on
Mortgages safe, John, And five per cent int'rest pay. ... But what if the safe
bank should break, love, Then where would our money be? I don't like the
way times are now, love, They're not as they ought to be.

- Theo D. C. Miller and H. P. Danks, *What if the Bank Should Break*, 1878.¹

Henry Buchtel, Governor of Colorado, was convinced that the American people exhibited an abiding faith in the nation's bankers. Addressing the American Bankers' Association (ABA), he claimed that this was evidenced by ‘the fact’ that total deposits aggregated ‘approximately fourteen billions of dollars, while the total amount of money of all sorts in the nation [by which he meant physical currency]’ was ‘approximately only three billions of dollars’.² It seemed, then, that Americans were very willing to entrust bankers with the near sacred duty of safeguarding their money. That trust, however, could be conditional. Writer René Bache thought as much. He noted that ‘Whenever there is a financial panic, a great quantity of cash is absorbed by old stockings, cracked teapots, parlor clocks, family Bibles, and other hiding places regarded by the common people, especially in rural districts, as secure depositories for tangible wealth’. In such incidences, cash was ‘swallowed up like a brook in a sandy desert, disappearing from sight and withdrawn from usefulness to mankind’.³

Buchtel and Bache made these remarks in 1908 in response to the still fresh 1907 financial panic, one of the worst in America's history. Together, they encapsulate nicely the almost paradoxical nature of banking during the Gilded Age and Progressive Era. More people than ever before were utilising banks, and deposits were growing at an enormous rate. At the same time, many people were willing to instantaneously withdraw their funds upon even the

¹ Theo D. C. Miller and H. P. Danks, *What if the Bank Should Break* ([Location N.A.] W. F. Shaw, 1878). Notated Music. Retrieved from the Library of Congress. <URL: <https://www.loc.gov/item/sm1878.12387>>. Accessed 5 September, 2016. 3-4 and 5.

² Henry A. Buchtel, ‘Address of Welcome’ in Fred E. Farnsworth [ed.], *Proceedings of the Thirty-Fourth Annual Convention of the American Bankers' Association* (New York: Wynkoop Hallenbeck Crawford Co., 1908), 35.

³ René Bache, ‘Hiding Money’, *New York Tribune Sunday Magazine*, 20 December, 1908, 12.

slightest hint of trouble, and still many more were not using banks at all. As such, confidence and a lack thereof went hand in hand. Buchtel made his observation, after all, to reassure bankers that the broader public did actually hold confidence in them. Had there not been a problem, it is doubtful that such a comment would have been worth making. Such a tension, then, reflected the bipolar nature of banking during this period.

As detailed within the previous chapter, economic historians typically have approached 'confidence' in a limited manner, seeing fluctuations thereof essentially as impulsive reactions to immediate circumstances. Moreover, they have favoured quantitative approaches. It is certainly true that confidence issues were especially pronounced following particular financial calamities, such as those that occurred in the 1870s, 1890s, and 1900s. There was a general ebb and flow that related to economic 'good' and 'bad times'. For sure, the frequency of bank runs and the extent of currency hoarding increased in times of panic, and numbers are important. However, treating confidence in such a narrow way neglects its broader social and cultural aspects and the possibility that this was an ongoing phenomenon that spanned the entirety of the Gilded Age and Progressive Era.

This chapter is the first of four which seeks to both expand our understanding of the concept and to demonstrate the various ways that issues pertaining to it were manifested and represented. It examines the bipolar nature of banking in order to begin to explain the tenuousness of confidence over part of this period – the 'national banking era' (1863-1913) – and how the likes of runs and panics in particular had a cumulative effect upon popular perceptions of banking. To do so, it looks at the creation of a new system and an enthusiasm for banking, on the one hand, and, on the other, the way that that enthusiasm could be ignored or undermined by an actual or perceived unreliability, as represented through hoarding, runs, failures, and panics. Regarding the latter, it also explores how unreliability was represented through cultural mediums, like newspaper reports, magazine articles, songs, and novels. Such artefacts not only offer an insight into how this notion was disseminated and how deeply it had been ingrained within the popular imagination, but also how they contributed to such an impression by depicting these issues as inherent to banking in America.

Though slavery had been the great unresolved and divisive issue in antebellum America, the currency and banking question was another that had been highly controversial and had lingered since the founding of the Republic.⁴ Senator John Sherman even believed that ‘In comparison’ to the importance of resolving the latter, ‘the fate of three million negroes held as slaves in the southern states’ was ‘utterly insignificant’. Restructuring the national monetary and banking system was thus for Sherman more important than abolition.⁵ Despite the moral dubiousness of his priorities, Sherman did at least display how seriously the issue could be taken. Overhauling this system, like abolishing slavery, would correct an historic fault-line that had emerged from the nation's formative ambiguities. Along with abolition, the ‘rebirth’ of the nation required the genesis of a new financial system that everyone could be confident in.⁶

Prior to 1863, the year the Federal Government created the National Banking System, the history of money and banking in America had been fraught with complications and conflict. Section Eight of the Constitution's First Article had reserved the right to ‘coin money, regulate the value thereof, ... and fix the standard of weights and measures’ exclusively to the Federal Government.⁷ It said nothing, however, about banking. Resultantly, the constitutionality of what counted as legal money and legitimate banking was ambiguous at best, completely silent at worst. The Government had experimented with national central banks, albeit largely private ones, on two occasions before 1863 (this does not include the short-lived Bank of North America chartered by the Confederation Congress in 1781). In 1791, the Bank of the United States, the brainchild of Alexander Hamilton, went into operation. Its twenty-year charter expired in 1811 and was not renewed. Following the War of 1812, the Second Bank of the United States went into operation in 1816. Like its predecessor, it was chartered for twenty years and was not renewed, bringing about its termination in 1836. Although not constituting a majority, the paper money issued by both operated as de facto

⁴ Roger L. Ransom agrees. See Ransom, *Conflict and Compromise: The Political Economy of Slavery, Emancipation, and the American Civil War* (Cambridge: Cambridge University Press, 1989), 271.

⁵ John Sherman, ‘National Bank Currency’ (Presentation: Senate of the United States, 19 February, 1863) in Sherman, *Selected Speeches and Reports on Finance and Taxation, From 1859 to 1878* (New York: D. Appleton and Company, 1879), 78.

⁶ ‘Rebirth’ is borrowed from Jackson Lears' characterisation of the Gilded Age and Progressive Era. See Jackson Lears, *Rebirth of a Nation: The Making of Modern America, 1877-1920* (New York: Harper, 2009).

⁷ ‘The Constitution of the United States’, Article 1, Section 8, Clause 5.

national currencies. The banks also had a disciplinary effect upon independent state banks, as the latter were compelled to issue notes in proportion to their assets. If they issued notes beyond their capacity to actually redeem them, the powerful central banks could refuse to deal with them, thus putting them out of business. Although together they had existed for forty years, both institutions had been highly controversial before, during, and after their existence. The likes of Thomas Jefferson and Andrew Jackson opposed such banks, believing them to be unconstitutional, corrupt, and favourable only to a moneyed elite. Federalists Hamilton and Henry Clay advocated them on the grounds that they were necessary to finance the nation and to facilitate the repayment of its debts. These legislative tensions persisted throughout this period and could erupt into wholesale political battles, as was the case with Andrew Jackson's infamous 'war' against the Second Bank and its president, Nicholas Biddle.⁸

After 1836, America entered the era of 'free banking'. Over this time, the Federal Government was essentially removed from banking, leaving the states the exclusive capacity to charter banks. Where they were authorised, these banks were 'free' due to their chartering being open to anyone that met minimum capital and legal requirements. What eventuated was the creation of myriad independent banks that issued their own paper money which could be redeemed for their specie. This thus left the nation with a large variety of notes with varying exchange values. These notes could be worth less than their actual face value when exchanged, and could occasionally be completely worthless altogether. Ultimately, what the nation had been left with was a disorganised array of banks, banking systems (like the 'Suffolk System'), and a series of currencies which lacked any kind of uniformity. While fears of a powerful and unaccountable bank may have been allayed, America lacked an overarching currency and banking system owing to years of ideological conflict.⁹

The Civil War provided the Federal Government the opportunity to rectify some of the Republic's foundational issues. By its resolution in 1865, slavery had been abolished through the Thirteenth Amendment. A new currency and banking system was also established. It is

⁸ See Richard T. McCulley, *Banks and Politics During the Progressive Era: The Origins of the Federal Reserve System, 1897-1913*, second edition (Oxon: Routledge, 2012), 3-8.

⁹ See Gerald P. Dwyer Jr., 'Wildcat Banking, Banking Panics, and Free Banking in the United States', Federal Reserve Bank of Atlanta, *Economic Review*, 81 (December, 1996): 1-20; Bray Hammond, *Banks and Politics in America: From the Revolution to the Civil War* (Princeton: Princeton University Press, 1957), 572-630; and Stephen Mihm, *A Nation of Counterfeiters: Capitalists, Con Men and the Making of the United States* (Cambridge, Mass.: Harvard University Press, 2007).

true, of course, that the latter had in part been a wartime measure. The Government required funding to finance its war effort against the Confederacy. At first it had done so by issuing its own paper currency in the form of 'Greenbacks', which became legal tender for all transactions. Still requiring capital, in 1863, after the successful lobbying of the Secretary of the Treasury Salmon P. Chase and Senator Sherman, the first National Banking Act was passed, followed by the second Act in 1864. The Acts had authorised the establishment of federally chartered institutions, known as national banks, which had to purchase Government bonds with their specie to both operate and to issue nationally-backed notes that were uniform in value.¹⁰ In order to guarantee those notes, the banks then had to deposit their Government bonds with the Treasury to serve as collateral. If the bank failed, then their bonds were forfeited and their specie used to repay creditors. The sweetener was that banks earned six percent interest upon these bonds. Subsequently, the Government secured a market and a means to sell its securities.

Nevertheless, this was intended to be a permanent system, one which would persist after the war. It was very much designed to supersede State-based 'free-banking' and to rectify the problem of a disorganised currency and banking 'system'. Abraham Lincoln made this explicit in 1864, stating that it was 'hoped that very soon' there would be 'in the United States no banks of issue not authorized by Congress and no bank-note circulation not secured by the Government'. Indeed, the National Banking System would 'create a reliable and permanent influence in support of the national credit and protect the people against losses in the use of paper money'.¹¹ In 1865, an Act was passed to place a ten percent tax upon the notes issued by state banks. Consequently, state banks eventually ceased issuing them, leaving national banks as the only private institutions capable of issuing money. Many state banks subsequently converted into national banks. Moreover, the position of Comptroller of the Currency was created in order to secure continuous federal oversight. As such, though it is true that the system was the product of wartime contingency, it was devised to be the nation's new financial system.

An ideological compromise lay behind this system. It was Federal in scope, but lacked

¹⁰ At first national banks could issue notes up to ninety percent of the face value of their bonds, though this was later changed to one hundred percent in 1900.

¹¹ Abraham Lincoln, 'Annual Message to Congress' (Presentation, Congress of the United States, 6 December, 1864) in Roy P. Basler [ed.], *Abraham Lincoln: His Speeches and Writings* (Cleveland; New York: The World Publishing Company, 1946), 780.

centralisation. In other words, while it reintegrated the Federal Government into the currency and banking system, entailing federal regulation and supervision, it avoided the establishment of a formal central bank. The Treasury played a large part within the system for sure, but it was not a bank. Further, national banks were legally independent institutions which could be chartered by any collective of five or more people that had the required capital. Branches were prohibited. Thus, this was 'free banking' on a national level.¹² Prior to its establishment, Sherman, its chief sponsor, declared that this would 'harmonize' banks, the Government, and the people. It would provide 'the people' with 'a currency combining the national faith with the private stock and credit of private individuals'.¹³ Following decades of experimentation and disorganisation, the nation would now have a system that offered a secure national currency, a uniform banking system, a means to finance the Government, and a measure of institutional independence that eschewed the construction of a potentially gargantuan and monopolistic bank. America, it seemed, had learned from its previous errors and had rebuilt a system that was, according to Lincoln, 'proving itself to be acceptable to capitalists and the people'.¹⁴ Evidently, Lincoln exhibited a great deal of confidence within this new system, and apparently so too did these 'capitalists' and 'people', demonstrated, he noted, by the rapid establishment of nationally chartered banks.¹⁵ During the national banking era, the number of these banks proliferated tremendously, from 134 at the end of 1863 to 7,431 by mid-1913.¹⁶ Resultantly, a national currency, issued by national banks and guaranteed by the government, had been successfully implemented.

National banks continued to issue notes throughout the era as they were legally required to, though their focus shifted from note issuance to deposit banking, or fractional reserve banking (the type of banking that allows banks to loan out deposits so long as they reserve a fraction of those deposits in order to meet demands for cash). The latter allowed them to primarily generate profit by loaning out portions of other people's money, rather than their

¹² The notion that the National Banking System was a form of free-banking is not new. Comptroller Edward S. Lacey described it as such in 1893, for instance. See Lacey, 'Can Our National Banks be made Safer?', *North American Review*, vol. 154, no. 423 (February, 1892): 152. McCulley also describes it as such, and agrees that it was an ideological compromise (or at least a hybrid). See McCulley, *Banks and Politics*, 13-18, esp. 18.

¹³ Sherman, 'National Bank Currency', 70 and 72.

¹⁴ Lincoln, 'Annual Message to Congress', 780.

¹⁵ Lincoln, 'Annual Message to Congress', 780.

¹⁶ Comptroller, *1913 Annual Report*, figures from 104 and 106 respectively.

own capital. Accepting the apparent strength of these banks, many businesses and people indeed did deposit their funds within them. The capital-to-deposit ratio shifted dramatically, with deposits eventually far exceeding the capital paid in by the banks themselves.¹⁷ James Eckels, Comptroller between 1893 and 1897, noted that ‘deposit banking was now the feature, and the issuing of circulating notes but the incident, in national banking, instead of, as in the early days of the system, the note-issuing function being the feature and deposit banking but the incident’.¹⁸ By the turn-of-the-century, deposit banking had come to characterise the chief business of the national banks. The Comptroller reported in 1890 that the system's success in attracting deposits indicated that it had ‘inspired a degree of confidence not attained by any of its predecessors’.¹⁹

This phenomenon was not exclusive to them, however. Although national banks flourished, they were not the only banking institutions to exist. It is true that following the tax issued upon their notes, the number of state banks dwindled, but (beginning in the 1880s) they experienced a revival to the extent that they eventually outnumbered national banks. This was due to a number of reasons, such as generally requiring lower capital and reserve requirements. One major reason in particular, though, was the rise of deposit banking.²⁰ Unlike national banks, state banks did not have to concern themselves with note issuance and could instead focus exclusively upon attracting deposits to then issue out as loans. The same was true of multiple kinds of banks, like stock savings banks, trust companies, and various other private, non-chartered banks. Mutual savings banks, which had existed in the Northeast since the early nineteenth century, also doubled in number after the Civil War and continued to attract deposits. Additionally, though national banks had been designed to function as commercial banks, in order to compete with their various counterparts, they were also later permitted to open savings departments to attract the savings deposits of individuals.²¹ By 1910, 57 percent

¹⁷ Comptroller of the Currency, *1890 Annual Report*, vol. 1, 51st Congress, 2nd Session (Washington: Government Printing Office, 1890), 10-1. Also see Alexander D. Noyes, ‘The Banks and the Panic of 1893’, *Political Science Quarterly*, vol. 9, no. 1 (March, 1894):12-4.

¹⁸ James H. Eckels, ‘Protection of Bank Depositors’, *North American Review*, vol. 163, no. 480 (1896): 565.

¹⁹ Comptroller, *1890 Annual Report*, 10.

²⁰ See George E. Barnett, ‘The Growth of State Banks and Trust Companies’, *Annals of the American Academy of Political and Social Science*, vol. 36 (1 November 1910): 136-47; C. D. Bremer, *American Bank Failures* (New York: Columbia University Press, 1935), 26-31; and Daniel Wadhvani, ‘Why does the US have a weak mutual savings banks sector?’, *ESBG Perspectives*, no. 63 (March, 2011): 64 and 66.

²¹ This occurred in 1903. See Richard N. Germain, *Dollars Through the Doors: A Pre-1930 History of Bank*

of the nation's commercial banks were accepting savings deposits.²²

Growth in both the number of banks and of deposits was intense. The total number of 'reporting banks' – those that had reported to either Federal or state authorities – had risen from 1,466 in 1863 to 25,993 in 1913.²³ Their aggregate deposits, which included those in savings, chequing, and 'other' accounts, had risen from \$393.7 million in 1863 to \$17.4 billion in 1913 [See Graph 1]. After 1865, they had grown every year bar six – 1869, 1876, 1878, 1884, 1893, and 1908.²⁴ Additionally, the deposits held by banks far exceeded the money circulating as currency. As Friedman and Schwartz have noted, this ratio 'had been growing steadily'. For instance, there had been '\$2 in deposit for every \$1 of currency' in 1879. This had grown to 'nearly \$6 in deposits in June 1907'.²⁵ By 1913, there was \$17.4 billion in deposits compared to \$3.7 billion in currency.²⁶ Much of this owed to the multiplier effect inherent to fractional reserve banking – the money supply was expanded through the repeated loaning and redepositing of funds deriving from initial deposits.²⁷ Still, this depended upon people depositing their money in banks in the first place. Clearly then, deposit banking had undoubtedly developed drastically and banks of various kinds sought to be involved. Overall, from commercial accounts to savings accounts, deposits were being received from a range of social actors, whether businesses or people, whether rich or poor. This was clearly an attractive and popular business model.

Marketing in America (Westport; London: Greenwood Press, 1996), 6.

²² Sheldon Garon, *Beyond Our Means: Why America Spends While the World Saves* (Princeton: Princeton University Press, 2012), 95.

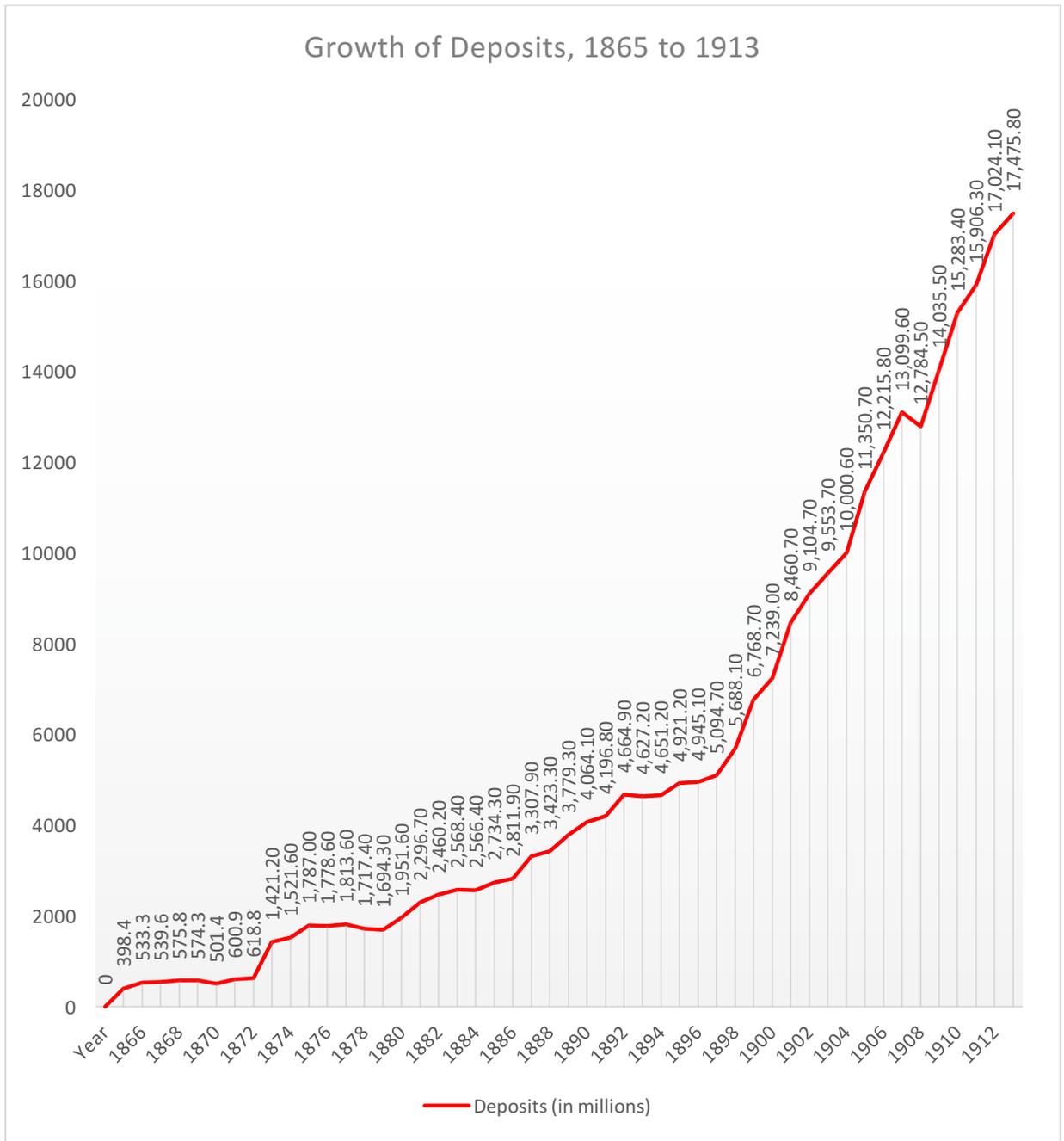
²³ Like national banks, branching was generally prohibited, or at least discouraged for other banks, thus partly explaining why the number of individual institutions could be so large. This figure is based upon the Comptroller's findings in 1920. Comptroller of the Currency, *1920 Annual Report*, vol. 1, 66th Congress, Third Session (Washington: Government Printing Office, 1921), 260.

²⁴ Comptroller, *1920 Annual Report*, 261.

²⁵ Milton Friedman and Anna Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press, 1963), 164.

²⁶ Comptroller, *1913 Annual Report*, 54-5.

²⁷ For an explanation of how this works, see Mehrsa Baradaran, *How the Other Half Banks: Exclusion, Exploitation, and the Threat to Democracy* (Cambridge, Mass.: Harvard University Press, 2015), 13-4. Also see 'Multiplier Effect', Investopedia. <URL: <http://www.investopedia.com/terms/m/multipliereffect.asp>> Accessed 26 July, 2016.



Graph 1. Growth of Deposits, 1865-1913. Adapted from the Comptroller's 1920 Report.

* * *

Throughout this period, Americans were heavily encouraged to utilise banks, particularly the deposit function. Advocates advised that depositing would offer people a means to save funds for a later date or to secure them for immediate access when required. Businesses and individuals, men and women, blacks and whites, boys and girls, middle and working class people, and white and blue collar workers were all urged to put their money in banks. In doing so, they were assured that they would be placing their funds within a safe and

secure facility, that they could accrue interest upon their savings, or that they would be provided with a convenient means to withdraw funds and facilitate payments, especially through cheques.²⁸ The latter became pervasive during this period. Such encouragement was coming from a large range of sources, from social reformers to lifestyle writers, and of course banks themselves (which shall be addressed in Chapter VI). All insisted that making use of banks was essential.

The importance of money and the making thereof became something of a creed during the Gilded Age. As an exchange medium, acquiring and accruing it was the vehicle through which Americans could socially and materially prosper; it could bring about bigger and better things, physically and mentally. Historian Jackson Lears notes that money had come to be 'more than merely a means of keeping people afloat, more even than the key to new realms of pleasure; it was also a mechanism for reinventing the self'.²⁹ Horatio Alger's rags-to-riches stories, like *Ragged Dick* (1867), appealed broadly and have come to characterise the age's aspirational mentality (though, as scholar Richard Weiss notes, not its socio-economic realities).³⁰ Self-help books proliferated stressing the significance of money, or at least of financial security. For instance, writer George Cary Eggleston authored *How to Make a Living: Suggestions Upon the Art of Making, Saving, and Using Money* in 1875, and popular entertainer Phineas Taylor Barnum's lecture on the *Art of Money Getting* was released in print in 1880. Guides were also published catering for specific audiences, such as *Money Making for Ladies* (1882) and *About Money: Talks to Children* (1902). Others offered guides for aspirational business people on how to strike it rich through various commercial endeavours.³¹

²⁸ See, for instance, Nathaniel Fowler, Jr., *How to Save Money* (Chicago: A. C. McClurg and Co., 1912), 255-7.

²⁹ Lears, *Rebirth of a Nation*, 51-91 (quotation from 56).

³⁰ Richard Weiss, *The American Myth of Success: From Horatio Alger to Norman Vincent Peale*, reprint of 1969 original (Champaign: Illini Books, 1988), 48-63, esp. 48-9. Sheldon Garon notes that *Ragged Dick* also encouraged saving. See Garon, *Beyond Our Means*, 90.

³¹ George Cary Eggleston, *How to Make a Living: Suggestions Upon the Art of Making, Saving, and Using Money* (New York: G. P. Putnam's Sons, 1875); P. T. Barnum, *The Art of Money Getting: Or, Golden Rules for Making Money*, Project Gutenberg (1880), 2009, 31-2 [on .epub version] <URL: <http://www.gutenberg.org/files/8581/8581-h/8581-h.htm>>; Ella Rodman Church, *Money Making for Ladies* (New York: Harper and Brothers, 1882); Perry Wayland Sinks, *About Money: Talks to Children* (Chicago: Fleming H. Revell Company, 1902); Page Fox, *One Thousand Ways to Make Money*, second edition (New York: The Abbey Press, 1900). Everything right down to violet and mushroom farming was asserted to be a potential source of profit. George Saltford, *How to Make Money Growing Violets* (New York: The Violet Culture Co., 1902) and Hiram Barton, *You Can Make Big Money Raising Mushrooms* (New York: Self-Published, 1908).

This trend continued well into the Progressive Era.³²

For individuals, accruing money was taken to necessarily entail saving money. Such a practice was stressed as a vital means to achieve both fiscal security and success within a capitalist society. This essentially bourgeois ethic emphasised that the individual was responsible for ensuring their own financial independence. By saving, individuals would not have to rely upon the credit nor the charity of others to purchase any costly goods and services required at a later date. Their fate was thus in their own hands. This tapped into the Protestant Ethic generally – material and earthly rewards would be granted to those who worked diligently and lived morally – and was a part of the thrift ideal specifically. Thrift, of course, had been an ideological mainstay throughout much of the nation's history. Benjamin Franklin's lessons in his *Poor Richard's* almanacs serve as an obvious example. During the Gilded Age, however, it began to emerge as a social movement. Thrift was not an exclusively American ideal, reflected by Englishman Samuel Smile's 1875 guide, *Thrift*. It was, however, certainly embraced and adapted with vigour to American circumstances. Not only was *Thrift* reproduced in serialised form within *Harper's New Monthly Magazine* in 1875, social reformers, such as Mary Willcox Brown and Sara Louisa Oberholtzer, had embraced the ideal and had become its chief advocates. Although thrift concerned resourcefulness and minimising waste in a general sense, much of it ultimately came down to saving money both for security and prosperity.³³

Of course for people to save, they needed somewhere safe to place their money. Banks, particularly savings banks, were conveyed to be the answer to that question. The majority of Brown's 1899 treatise, *The Development of Thrift*, explored the range of banking options available to working people.³⁴ Oberholtzer had been responsible for advocating banker operated school savings accounts for children.³⁵ Similarly, the Freedman's Savings and Trust

³² For instance, see *Bright Ideas for Money Making* (Philadelphia: George W. Jacobs and Co., 1911) and Thomas E. Hill, *The Open Door to Independence: Making Money From the Soil* (Chicago: Hill Standard Book Company, 1915).

³³ See Andrew Yarrow, *Thrift: The History of a Social Movement* (Amherst; Boston: University of Massachusetts Press, 2014), 16-29; David M. Tucker, *The Decline of Thrift in America: Our Cultural Shift from Saving to Spending* (New York: Praeger Publishers, 1991), 1-53; and T. J. Jackson Lears. 'The Modernization of Thrift' in Yates, Joshua Y., and Hunter, James Davison [eds.], *Thrift and Thriving in America: Capitalism and Moral Order from the Puritans to the Present* (Oxford: Oxford University Press, 2011), 209-42.

³⁴ Mary Wilcox Brown, *The Development of Thrift* (New York: The Macmillan Company, 1899), 32-145.

³⁵ For instance, see Sara Louisa Oberholtzer, 'School Savings Banks', *Annals of the American Academy of Political*

company, created by Congress at the end of the Civil War and operated through branches across the country, had been, according to Frederick Douglass, ‘an institution designed to furnish a place of security and profit for the hard earnings of the colored people, especially in the South’. For Douglass, this had been to develop thrift and the self-help ideal and to elevate the social status of African Americans. The bank was thence much more than merely a business undertaking.³⁶ Considered together, then, to all such advocates, whatever their background, many people saw thrift and banking to be inseparable.

The encouragement to use banks, however, did not just come from leading thrift advocates and social reformers, and various figures advocated for the use of banks beyond the savings variety. Closer to the turn of the century, guides and instructional booklets were published on banking, such as the *Depositor's Handbook with Hints on Banking* (1905) and *The ABC of Banks and Banking* (1903).³⁷ J. B. Duryea, a college professor from Iowa, released a *Practical Treatise on the Business of Banking and Commercial Credits* in the early 1890s, which proclaimed that ‘Every man, no matter what his calling, should understand the business of banking’.³⁸ Later, prominent accountant and scholar Edward P. Moxey published *Practical Banking* (1910), which outlined the roles, functions, and benefits of commercial banks to aspiring business people.³⁹

Articles encouraging the use of banks were also published within popular magazines. Eckels, following his tenure as Comptroller and now a banker himself, authored a series of three articles on the ‘Tales of the Banker’ which appeared within the *Saturday Evening Post* (1900-1901), the first making the cover. All were intended to demystify and shed further light upon banking to the magazine's middle-class audience.⁴⁰ Similarly, *McLure's* published an

and Social Science, vol. 3 (July, 1892): 14-29.

³⁶ Frederick Douglass, *The Life and Times of Frederick Douglass, Written by Himself* (Hartford: Park Publishing Co., 1882), 446-50.

³⁷ J. L. Waring, *Depositor's Handbook with Hints on Banking and Opinions of Courts on Important and Everyday Transactions* (Washington: The Henry E. Wilkens Printing Company (‘presented with the compliments of the National Bank of the Republic, Chicago’), 1905), and George M. Coffin, *The ABC of Banks and Banking* (New York: S. A. Nelson, 1903).

³⁸ J. B. Duryea, *A Practical Treatise on the Business of Banking and Commercial Credits*, second edition (Des Moines: self-published, 1892), i.

³⁹ Edward Moxey, *Practical Banking* (New York: Universal Business Institute, 1910).

⁴⁰ See James H. Eckels, ‘Tales of the Banker’, *Saturday Evening Post*, vol. 173, no. 20 (17 November, 1900): 1-3 and 18; no. 25 (22 December, 1900): 6-7; and no. 31 (2 February, 1901): 8-9. A fourth article on ‘Bank Wrecking and Bank Wreckers’ was to appear, though never did. ‘Bank Wrecking and Bank Wreckers’, advertisement for

article titled 'Your Money and How to Make it Earn' in 1913. The simplest and most effective way to earn from one's money, it asserted, was to deposit it within a bank and accrue interest. It also highlighted the other advantages of an account, noting that 'Banks relieve depositors of the risk of caring for coins and bills'. Placing one's money within a bank was far safer, it argued, than hoarding it in 'stockings, old stoves, bureau drawers, and under the floor'. Money hidden in such a way had 'proved time and again to be the most certain to be destroyed'.⁴¹

Moreover, given their increasing involvement in financial matters both as earners and household managers, women were also directly appealed to within the likes of the *Ladies' Home Journal* and the *Woman's Home Companion*. In a 1908 article, *Choosing Your Bank*, the latter offered five reasons as to why women should have an account of some sort: money was safer within a bank rather than in a 'trunk or escritoire'; routine depositing encouraged saving; the deposits could accrue interest; they made household accountancy easier; and they facilitated cheque based transactions for the easy payment of bills.⁴² Ultimately, all such materials advised that life was simply made easier by having a bank account. In doing so they were contributing to a broader movement encouraging the usage of banks. Judging by the figures above, many heeded to such encouragement, or were at least swept along with a developing social and economic custom.

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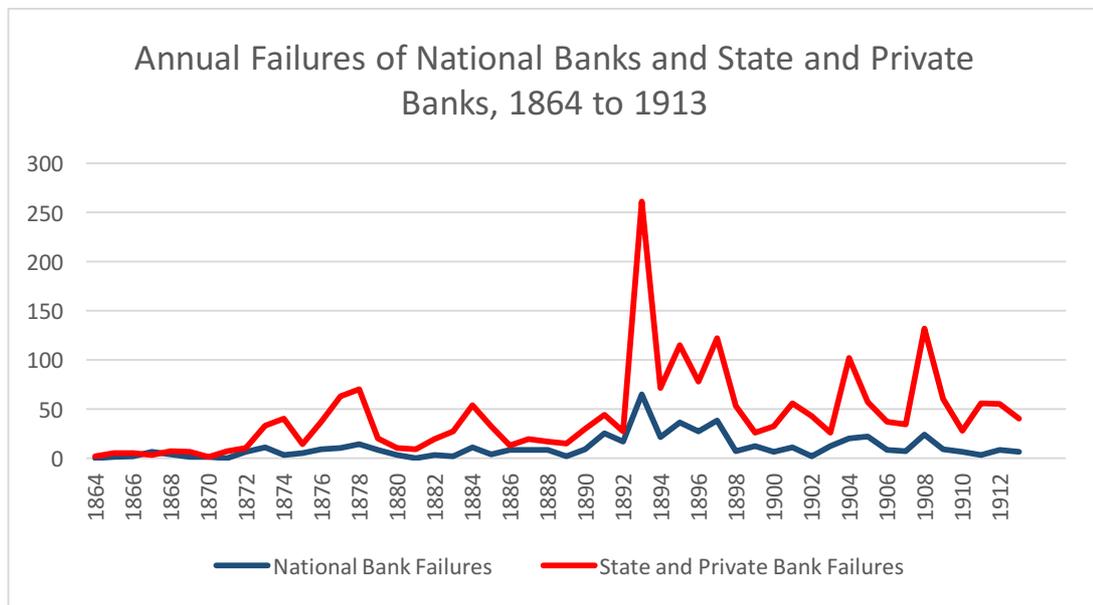
For all such encouragement, however, there was just as much to discourage people from maintaining a steady, persistent confidence in their banks, or from utilising them at all. Throughout this period, a number of complications and events culminated to mar banking's record. One immediate complication regarded the 'system' itself. Although a federal infrastructure had been created by the Acts of 1863 and 1864, American banking came to consist of varying and often competing forms: national, state, savings, and non-chartered banks

the *Saturday Evening Post* in *Farmer's Voice*, 13 April, 1901, 10.

⁴¹ Albert W. Atwood, 'What the Bank Will do for You' (a part of a series of articles titled 'Your Money and How to Make it Earn: Finance and Insurance'), *McClure's Magazine*, vol. 42 (November, 1913): 214.

⁴² Alexander Dana Noyes, 'Choosing Your Bank', *Woman's Home Companion*, vol. 35 (October, 1908): 28. For *The Ladies' Home Journal*, see Isaac C. Kennedy, 'Bank Rules and Requirements', *The Ladies Home Journal*, vol. 10, no. 4 (March 1893), 10, and Ruth Ashmore, 'Girls and the Use of Money', *The Ladies' Home Journal*, vol. 10, no. 10 (September, 1893), 21.

of various kinds. Thus, although a uniform currency may have been created, the same characteristic could not be applied to banking itself. Regarding events, major systemic panics – ones which shut down the economy and launched recessions or depressions – occurred on several occasions. Runs against banks, whereby depositors would hurriedly and simultaneously seek to withdraw their funds, were recurrent and occurred across the country. Bank failures numbered in the thousands. As either a result of panic conditions or other causes, like fraud, failed speculative endeavours, or generally bad banking practices, 2,699 banks – national, state, savings, trusts, and private – failed between 1864 and 1913. After 1870, not a year went by without at least a few failures [See Graph 2].⁴³ Whatever upsides there were to banking, then, there were also downsides.



Graph 2. Annual Failures, 1864-1913. Adapted from the Comptroller's 1913 Report.

Banking panics were the most visible and disruptive events. Such panics were by no means a new phenomenon within America. The nation had experienced wholesale panics in 1819, 1837, and 1857. They continued to occur during the Gilded Age and Progressive Era. As historian Eugene White observes, consensus now holds that there were five major nation-wide

⁴³ This figure has been based upon the Comptroller's report for 1913. It adds the 2,193 failed 'State' and 'private' banks with the 506 failed national banks and excludes the 25 that reopened. Comptroller, *1913 Annual Report*, 73, 81, and 104. Jill Hendrickson also draws from these figures to produce a graph much the same as the one provided here. See Hendrickson, *Regulation and Instability in U.S. Commercial Banking: A History of Crises* (Hampshire; New York: Palgrave Macmillan, 2011), 85.

panics: 1873, 1884, 1890, 1893, and 1907.⁴⁴ Those of 1873, 1893, and 1907 were by far the most severe and significant. These three panics resulted in banking complications across the nation. Bank runs, suspended payments to depositors, recalling and ceasing of loans, currency premiums, temporary closures, and permanent failures all occurred. The 1873 and 1893 panics marked the beginning of lengthy depressions, lasting six and four years respectively, and the 1907 panic marked the beginning of a recession that lasted into 1908. Beyond banks, stock prices collapsed, thousands of businesses failed, and unemployment soared.⁴⁵

Each panic was, of course, unique in various ways, and was experienced differently. Western and Northwestern states, for example, were afflicted by bank failures far more severely than elsewhere in 1893, and the panic of 1907 primarily affected New York and was characterised far more by suspended payments and the issuance of substitute money than by failures.⁴⁶ It is also true that these panics were the culmination of a number of highly complex factors, often incorporating transnational elements. The depression of the 1890s, for instance, was not limited to the United States and was preceded by the collapse of Baring Brothers in London and the drain of gold from the Treasury.⁴⁷ The activities of banks remained no less significant. Various banks had typically either financed overcapitalised enterprises or had placed their reserve funds within banks that had done so. When those endeavours collapsed, so too did the banking system. This had been the case in all three panics. The overcapitalisation of the railroads had been a major factor behind the 1873 and 1893 panics, and the Knickerbocker Trust Company's financing of a failed attempt to corner the copper market in

⁴⁴ White notes that historians have offered varying figures for the amount of panics during the National Banking Era. Contemporary economist Edward Kemmerer, for instance, identified 'eight major and twenty-one minor panics'. Eugene Nelson White, "'To Establish a More Effective Supervision of Banking': How the Birth of the Fed Altered Bank Supervision" in Michael D. Bordo and William Roberds [eds.], *The Origins, History, and Future of the Federal Reserve: A Return to Jekyll Island* (Cambridge: Cambridge University Press, 2013), 15.

⁴⁵ See Robert F. Bruner and Sean D. Carr, *The Panic of 1907: Lessons Learned from the Market's Perfect Storm* (Hoboken: John Wiley and Sons, 2007), esp. 135-50; Oliver M. W. Sprague, *History of Crises Under the National Banking System* (Washington: National Printing Office, 1910), esp. 61-8, 82, 109, 153-69, 180, 286, and 303; Douglas O. Steeples and David Whitten, *Democracy in Desperation: The Depression of 1893* (Westport: Greenwood Press, 1998), esp. 34-50; and Elmus Wicker, *Banking Panics of the Gilded Age* (Cambridge: University of Cambridge Press, 2000).

⁴⁶ Noyes, 'The Banks and the Panic of 1893', 15-16, and Wicker, *Banking Panics of the Gilded Age*, 54-8 and 140-2.

⁴⁷ See Scott Reynolds Nelson, *A Nation of Deadbeats: An Uncommon History of America's Financial Disasters* (New York: Alfred A. Knopf, 2012), 188-93, esp. 192.

1907 sparked the panic and recession that followed.⁴⁸ It was such a connection that helped destroy the Freedman's bank in 1874 – Henry Cooke, one of the bank's board members, had invested depositor funds into his brother Jay Cooke's ultimately disastrous banking and railroad ventures.⁴⁹ In any case, whether certain banks had been directly responsible or had merely been caught up in the maelstrom, the actions of a large number of them (suspending payments, recalling and inhibiting loans) compounded problems.

'Reserve pyramiding' and interbank depositing united independent banks into chains of interdependence which could be nationwide. In other words, banks of all kinds deposited in other banks all over the country. Smaller banks could deposit portions of their funds within larger banks in order to accrue interest. This was a practise particularly owing to the structural division between federally created national banking 'reserve' districts. These set minimum reserve levels for national banks based upon regional population sizes. Rather than allow the reserve funds to lay idle within individual banks, those funds could be redeposited elsewhere. Resultantly, significant portions of the reserves within the smaller 'Country' banks could be redeposited into the larger 'Reserve City' banks, which could in turn be redeposited again into the even larger 'Central Reserve District' banks. Much of the nation's capital, therefore, was relocated to New York, and, after 1887, Chicago and St Louis. Resultantly, problems in one place could potentially spell problems for most all places, as was the case in the 1873, 1893, and 1907 panics.⁵⁰

The hoarding of money outside of banks was a major underlying consequence of all such troubles. Short term hoarding directly related to runs and panics. The quest to withdraw and rescue funds in reaction to bad news entailed hoarding, even if only temporary. Such hoarding occurred on a systemic scale following the era's major financial panics, particularly those of 1893 and 1907. Indeed, the only years which failed to observe a growth in deposits – 1869, 1878, 1884, 1893, and 1908 – all correlate with calamities.⁵¹ Following the 1893 panic,

⁴⁸ Sprague, *History of Crises*, 1-2, 36-7, 162-3, 176, and 251-6.

⁴⁹ See Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalism and Risk in American* (Cambridge, Mass.: Harvard University Press, 2012), 104-49, esp. 138-49.

⁵⁰ See Mark A. Carlson, 'Lessons from the Historical Use of Reserve Requirements in the United States to Promote Bank Liquidity', *International Journal of Central Banking*, vol. 11, no. 1 (January, 2015): 194-7, and Rothbard, *Money and Banking*, 136-47.

⁵¹ 1869 – 'Black Friday' panic; 1876 and 1878 – during depression and wave of failures; 1884 – financial panic; 1893 – financial panic and onset of depression; 1908 – year following financial panic.

columnist Alexander Noyes noted in 1894 that although withdrawals were obviously prevented by banks that had suspended payments, ‘withdrawals from other banks were doubled’. Further, ‘Deposits of cash in banks almost wholly ceased, and domestic exchange was completely blocked’.⁵² Following the 1907 panic, economist A. Piatt Andrew observed that ‘Without taking into account the not improbable loss of cash by trust companies, State and private banks, and savings-banks, it would appear, therefore, that at least more than 230 millions of currency passed out of the [national] banks and disappeared from sight between August and December’. Those hoarding included the general public, many of who had made use of safety deposit boxes, businesses that feared payroll and other expense complications, and, due to interbank depositing and the pyramidal structure, banks themselves.

The latter two groups were particularly panic stricken. Andrew noted that the ‘general testimony seemed to indicate that this transfer of money was not attributable, as is so often implied, to women, clergymen, and other timid small depositors, but rather to large business interests’. He also observed that a ‘large number of bankers, especially in the West and South, appear to have become panic-stricken along with the general public, and to have adopted the fatal policy of *sauve qui peut* [roughly, “every man for himself”]’.⁵³ Likewise, economist Oliver Sprague noted in his 1910 book, *History of Crises Under the National Banking System*, that in 1907:

Everywhere the banks suddenly found themselves confronted with demands for money by frightened depositors; everywhere, also, banks manifested a lack of confidence in each other. Country banks drew money from city banks and all the banks throughout the country demanded the return of funds deposited or on loan in New York. The evidence of lack of confidence in and between the banks is clear and it points to a serious difficulty in carrying on banking in this country.⁵⁴

Banks that had suspended payments did so on the basis of thwarting withdrawals, demonstrating that they recognised these sudden impulses to hoard. In such scenarios, confidence had been so shot that many, including bankers themselves, believed that trusting anyone was far too risky.

⁵² Noyes, ‘The Banks and the Panic of 1893’, 28-9.

⁵³ A. Piatt Andrew, ‘Hoarding in the Panic of 1907’, *The Quarterly Journal of Economics*, vol. 22, no. 2 (February, 1908): 290-9 (quotes from 293, 294, and 298).

⁵⁴ Sprague, *History of Crises*, 259.

Hoarding also took on a long term form, with many avoiding or at least failing to use any kind of bank whatsoever. Self-help and guide book author, Thomas E. Hill, declared in 1894 that ‘It should be understood that there are now, and all the time, hundreds of millions of dollars hidden in safety depositories, in safes, stockings and the people's pockets that do not have any circulation, because they are thus hidden’.⁵⁵ It is indeed likely that many did actually make use of such places. Looking at individual savings accounts, Historian Sheldon Garon has highlighted that by 1910 the vast majority of Americans did not in fact have one, claiming that only 10 percent of the population had an account – one of the lowest figures in the industrial world for the time. This figure does not include banks other than ‘mutual and stock savings banks’.⁵⁶ Even when including *all* banks with savings accounts and allowing an extra three years, however, the figure is not much better. The Comptroller's 1913 report claimed that there were 17,600,000 individual savings accounts. Just under half of these (8,101,238) belonged to those with deposits in mutual savings banks, banks designed for this purpose and typically held in higher regard by middle and working class people. Although a historically high figure, with a population of around 92 million, this means that *at best* only 18 percent of Americans had an account (generously assuming that there was one person to each account). Inversely, this means around 82 percent of the population lacked one.⁵⁷

It is true that there were staggering differences between regions. Drawing from the National Monetary Commission's 1909 findings, Garon has demonstrated that the New England states had the highest percentage of accounts per person (53.5 percent), whereas the South and West had the lowest (3.4 and 4.6 percent respectively). The other regions sat somewhere in between, with the Mid-Atlantic at 26.6, the Midwest at 14.6, and the Pacific Coast at 16.7. Moreover, differences between states could be extreme. Massachusetts had the highest rate at 60.9 percent, whereas Oklahoma had the lowest at 0.6. These differences are important and thus hint that attitudes towards banks may have varied greatly between regions.

⁵⁵ Thomas E. Hill, *Money Found: Recovered From its Hiding Places, and Put into Circulation Through Confidence in Government Banks*, revised edition (Chicago: Charles H. Kerr and Company, 1894), 24.

⁵⁶ Garon compares the United States with Austria, Australia, Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and the United Kingdom. Only Canada had a lower percentage of ‘accounts per populatio’ at 2.4 percent. However, this figure, Garon notes, does not include ‘special private savings banks’ nor ‘chartered banks’. Garon, *Beyond Our Means*, 92-3.

⁵⁷ Comptroller, *1913 Annual Report*, 53-8, esp. 57, and 65-7.

39.1 percent lacking an account is better than 99.4, for instance, suggesting that those in Massachusetts generally were far more familiar and comfortable with banking institutions than those in Oklahoma (and probably also had more money to deposit).⁵⁸ The same can be said between regions.

Beyond a lack of confidence, there were also further other factors responsible for these variations and low figures. Immediately, a lack of accessible or appropriate banks, particularly in the South and West, was a major reason for regional differences. Looking at mutual savings banks, for instance, the Comptroller noted in his 1913 report that such banks were ‘confined chiefly to the manufacturing centers of the New England and Eastern States, there being only 23 [of 623] institutions of this character reporting from other sections of the country’.⁵⁹ Insurance also became a major and alternative way to ‘save’.⁶⁰ Additionally, many people undoubtedly lacked an account due to poverty or low incomes – they simply had nothing to deposit.⁶¹ Further, the temptations of consumption and indebtedness to the likes of loan sharks may well have also played a part.⁶²

Nevertheless, it does not at all seem improbable that many were intentionally avoiding banks or making no attempt to utilise them. As we shall see further throughout this thesis, many believed this to be the case, including bankers themselves. And although there were regional variations, there remain strong indications that this was a national phenomenon. Excluding Massachusetts, only Vermont had half its population with an account, and only just at 50.2 percent.⁶³ All things considered, the vast majority of people in America did not have an account, and all states bar two had less than half their population in possession of one. It is entirely possible, then, that many people were hoarding their money outside of banking institutions.

For all these issues, however, scholars have been quick to point out that not all was problematic. They have highlighted that the number of failures was low compared to the 1920s

⁵⁸ Garon, *Beyond Our Means*, 96-9.

⁵⁹ Comptroller, *1913 Annual Report*, 65. Also see Garon, *Beyond Our Means*, 95.

⁶⁰ See Levy, *Freaks of Fortune*, 264-307.

⁶¹ On the variability and inequality of incomes, see Nell Irvin Painter, *Standing at Armageddon: The United States, 1877-1919*, second edition (New York: W. W. Norton and Company, 2008), xv-xxvii.

⁶² For the early rise of consumerism and consumer credit, see Lendol Calder, *Financing the American Dream: A Cultural History of Consumer Credit* (Princeton: Princeton University Press, 1999).

⁶³ Garon, *Beyond Our Means*, 96-9.

and 1930s, that average annual failure rates were statistically minute, and that the national banks fared far better than their state and non-chartered counterparts, both in terms of failures (excluding the 25 banks that were reopened, 506 national banks failed compared to 2,193 non-national banks) and in recovering losses (76.9 percent of losses were recouped from national banks compared to around 45 percent from all others).⁶⁴ Furthermore, ‘clearing houses’ had proliferated over the period not only to create a centralised means for banks to settle cheques and payments between themselves but also to act as lenders of last resort when members experienced liquidity complications. Their existence and successful operation had prevented panics, or at least softened their effects.⁶⁵ And, as detailed in the previous chapter, Elmus Wicker has observed that most Americans did not directly experience runs or failures. Nonetheless, people could not possibly have compared their situation with that of the 1920s and 1930s, clearing houses were imperfect and could put their own interests ahead of the general interest,⁶⁶ and problems associated with banks were visible enough for people to observe and be concerned about in one way or another. Even if most did not experience them directly, there were many other ways to do so.

* * *

Experience of banking complications went beyond runs, panics, and hoarding in themselves. Banking issues, incorporating such phenomena, had captured the public's attention, and had thence become a point of popular intrigue and inquiry within the public sphere. Assorted communicative mediums, like newspaper reports, magazine articles, photographs, songs, and novels, were utilised to document or explore problems. Such materials could capture common sentiments, and could also reinforce and instil them. Ultimately, cultural artefacts like these demonstrate not only how these issues could be understood and represented, but also how information, ideas, and ‘bad news’ could be transmitted and

⁶⁴ See Bremer, *American Bank Failures*, 32-9; Klebaner, *American Commercial Banking*, 92; White, ‘To Establish’, 29-30 and 41; and Wicker, *Banking Panics of the Gilded Age*, xi-xvii and 1-15.

⁶⁵ Wicker demonstrates that the New York Clearing House (NYCH) staved off panic contagion in 1884 and 1890. Wicker, *Banking Panics of the Gilded Age*, 34-51.

⁶⁶ Despite praising the actions of the NYCH in the 1884 and 1890 panics, Wicker has observed that it failed to thwart the 1893 and 1907 panics due to ‘self interest’. Wicker, *Banking Panics of the Gilded Age*, 14.

experienced, including by those who had never actually encountered any problems firsthand. Their abundance and diverse forms attest to their popularity. Moreover, they also strongly suggest that these problems were often considered to be characteristic of banking in America and that awareness of them persisted over this period, inside and outside times of systemic panic.

Immediately, commentators could construe confidence to be extremely fickle. Some considered the recurrence of issues pertaining to confidence, particularly sudden lapses thereof, to be common enough to warrant explanation. When manifested in runs and panics, these lapses could be seen to be the result of a kind of collective madness. Although this chapter uses the term 'bipolar' rhetorically, some contemporary observers did actually attribute such phenomena to an extreme variability of mental and emotional states. Terms like 'maddened', 'frenzy', 'anxious', and 'mental epidemic' were used within reports.⁶⁷ In the wake of the 1907 panic, *Moody's Magazine* ran an article by Henry C. Nicholas on 'Runs on Banks'. It described the panic itself as 'unreasoning' and as an 'outburst of hysteria'. This 'hysteria' had derived from a 'dread and distrust long smouldering in the public mind' that had in turn resulted from a 'long and sickening series of disclosures of dishonest and indefensible methods in high financial quarters'. This was clearly referring to the expository journalism of the muckrakers. Regarding runs generally, he asserted that 'Experience has shown that there is nothing easier than to start a run on a bank, and that once suspicion has become thoroly [*sic*] aroused among depositors there is nothing to do but allow the run to take its course'. Even the 'recognized conservatism of the management, the character and financial standing of the officers and directors, and the most earnest assurances of the solvency of the institution usually [counted] for naught'. Still, so long as the bank could demonstrate its liquidity, the 'excitement' driving a run usually subsided within a couple of days, subsequently restoring order. Nicholas thus observed the existence of a kind of emotional duality, one that fluctuated between polar opposites. He considered wholesale and indiscriminate runs or panics to be a consequence of emotional downturns. Once confidence (or 'hope' or 'optimism') had lapsed, then rationality was inhibited and emotional states took over. This, he believed, was just a matter of fact, one

⁶⁷ For 'maddened', see *Mt. Sterling Advocate*, 1 August, 1893, 1; for 'frenzy', see *Los Angeles Herald*, 23 June, 1893, 2; for 'anxious', see *New York Times*, 21 August, 1885, page unspecified; for 'mental epidemic', see *Los Angeles Herald*, 21 June, 1893, 5.

that characterised the relationship between people and their banks.⁶⁸

In terms of how a run was understood to be initiated, and how 'suspicion' was spread, rumour was often attributed as a primary factor. Accounts of runs often included details about how they were triggered by rumours. A newspaper article on a 1906 run against the Bank of Ybor City in Florida, for instance, reported that the run resulted from an 'absurdly foolish and groundless rumor' which generated doubts about the bank's solvency. It was unknown who initiated the rumours (this was apparently 'the usual case when vicious rumors [got] afloat'), though the article claimed that it was 'understood' that the 'guilty party' was being sought.⁶⁹ An even more sensational case occurred in Cincinnati in 1905. The officers of the Union Savings Bank and Trust Company claimed that a run against them, which involved a woman being 'trampled', had been the result of a conspiracy. They asserted that their depositors had received 'postal cards' and telephone calls advising them to withdraw their funds. However accurate this allegation may have been, it nevertheless raises the possibility that rumours could be distributed by the post and the phone.⁷⁰ In yet another case, the *New York Times* reported in 1893 of a run against the Williamsburgh Savings Bank in Brooklyn. This time a rumour circulated that a run was already occurring after a crowd had been observed outside of the bank. The crowd was then 'increased by many timid depositors who were anxious to draw out their money before the vaults were drained of cash'. It turned out, however, that most within the initial crowd were there to actually deposit money. Upon learning this, the frightened depositors 'went home happy and contented'.⁷¹ This, then, sheds light on just how rapidly information could be transmitted by patrons themselves. All such instances demonstrate just how willingly many acted upon even the slightest suggestion of trouble. To them, *any* bad news was enough to arouse suspicions, regardless of its accuracy. It was just too risky not to act.

Beyond how information could be spread on the ground level, newspapers served as the principal medium for distributing news about disturbances. Indeed, newspapers had

⁶⁸ Henry C. Nicholas, 'Runs on Banks: Some Interesting Stories of Runs on Banks and Trust Companies Recalled by the Recent Unparalleled Runs', *Moody's Magazine*, vol. 5 (December, 1908): 23.

⁶⁹ *Pensacola Journal*, 5 May, 1907, 8.

⁷⁰ *New York Times*, 26 March, 1905, page unspecified.

⁷¹ *New York Times*, 2 July, 1893, page unspecified.

become the major source of information on all matters that extended beyond people's immediate personal and social networks, reaching many millions of people across the country. As such, given the impact and importance of financial calamities, news of widespread panics spread across the entire nation, from the big cities to remote townships.⁷² This was the case with the 1873, 1893, and 1907 panics. Even Honolulu reported via the Associated Press on 'NEW YORK IN THE THROES OF PANIC' in 1907.⁷³ News of localised runs and failures could also be transmitted across the nation. An 'EXTRAORDINARY RUN' against a New York bank in 1905, for instance, was reported in Arizona by the *Bisbee Daily Review*.⁷⁴ It is true that many newspapers, especially the larger ones, were generally favourable to banks. They were often just as quick to report of resolutions as they were of problems. One example is the *Los Angeles Herald's* report on improved conditions following the 1893 panic. It claimed that 'EVERYTHING IS LOVELY NOW' and that 'The Banks and the People are All Serene'.⁷⁵ Nevertheless, however keen newspapers may have been to dispel doubts and thwart runs and panics, they remained to be the primary distributors of bad news.⁷⁶

Much of the imagery depended upon text, though illustrations and eventually photographs could accompany such reports, in turn offering readers visual depictions. In the midst of the 1873 panic, the *Supplement to Frank Leslie's Illustrated Newspaper* (actually closer to a magazine) included several illustrations in its report on the matter, including a now famous image of aggrieved depositors rushing New York City's Fourth National Bank. The image depicts an exclusively male crowd, mostly well-dressed and top-hatted (thus suggesting upper class patrons), clamouring outside of the bank up to the front door. One patron has his fist raised and another appears to be either knocking or barging on the door. The adjacent image depicts an even more disorderly run on the Union Trust Company, this time featuring what appears to be a working and lower-middle class crowd, along with a police officer in the

⁷² R. Christopher Whalen has noted that the 'issue of bank runs and market panics had become more acute as means of communication improved', though he does not explore this claim any further. Whalen, *Inflated: How Money and Debt Built the American Dream* (Hoboken: John Wiley and Sons, Inc., 2011), 136. Also see 160.

⁷³ *Hawaiian Star*, 22 October, 1907, 1.

⁷⁴ *Bisbee Daily Review* (Arizona), 14 January, 1905, 3.

⁷⁵ For examples, consult the following: *Los Angeles Herald*, 24 June, 1893, 5. Also see *The Sun* (New York), 23 September, 1873, 1, *New York Times*, 16 July, 1894, page no. unspecified, *Daily State Journal* (Virginia), 25 September, 1875, 1, *New York Tribune*, 23 October, 1907, 1, *Roanoke Times*, 6 October, 1893, 5.

⁷⁶ The panics of 1873, 1893, and 1907 were almost literally reported everywhere in the nation. See Appendix One. For more on reports covering bank issues outside of panics, see the next chapter.

crowd raising his baton.⁷⁷ San Francisco's *Morning Call* did much the same in 1893. Though it was quick to downplay troubles, it nevertheless featured three illustrations of runs against the Home Savings Bank, the Pacific Bank, and the Union Savings Bank. The latter represented bank officials displaying trays of gold to their depositors.⁷⁸ Photographs emerged closer to the turn of the century, and offered 'realistic' glimpses of such scenery. Joseph Pulitzer's the *Evening World*, for instance, featured photos of runs on several occasions, including on its front page. One such image appeared in 1901 after the Seventh National Bank of New York City 'closed its doors'. The photo, taken on the day the edition was released, captured the all-male crowd, this time in boater hats (suggesting middle and upper class patrons), crowding outside of the bank's doors [See Figure 1].⁷⁹ A 1905 photo of the closed Cooper Exchange Bank displayed women within the crowd, demonstrating that they too could directly experience banking turbulence.⁸⁰ The *Evening World* was, of course, a major yellow press publication, and may thus have been more ready to publish such images due to their sensational nature. Regardless, photographers and editors knew that runs were scenes worth capturing due to their newsworthiness. As a result, readers could be confronted with sights that they may not have been able to otherwise observe first-hand.

Magazines could also convey and transmit the idea that banking was something of a double-edged sword, or at least a business with clearly demarcated pros and cons. Though generally friendly towards banks, mass distributed, middle-class oriented publications could touch upon some of the downsides of banking. In an otherwise positive 1890 article exploring banking within New York, *Harper's New Monthly* deemed it necessary to include a passage on financial panics. It noted that:

More injurious to the permanent prosperity of the banks than all the

⁷⁷ *RUN ON THE FOURTH NATIONAL BANK, NO. 30, NASSAU STREET* and *RUN ON THE UNION TRUST COMPANY, CORNER OF BROADWAY AND RECTOR STREET*, illustrations in *Supplement to Frank Leslie's Illustrated Newsletter*, vol. 37, no. 940 (10 October, 1873): 67. For more comprehensive histories of press imagery during the period, see Joshua Brown, *Beyond the Lines: Pictorial Reporting, Everyday Life, and the Crisis of Gilded Age America* (Berkeley; Los Angeles; London: University of California Press, 2002) and Neil Harris, 'Iconography and Intellectual History: The Halftone Effect' in Harris, *Cultural Excursions: Marketing Appetites and Cultural Tastes in America* (Chicago; London: The University of Chicago Press, 1990), 304-17.

⁷⁸ *SCENES IN FRONT OF THE HOME SAVINGS BANK, A CURIOUS CROWD BEFORE THE PACIFIC BANK*, and *TRAYS OF GOLD MET THE VIEW OF UNION SAVINGS BANK DEPOSITORS*, illustrations in *Morning Call*, 24 June, 1893, 3.

⁷⁹ *Evening World*, 27 June, 1901, 1.

⁸⁰ *Evening World*, 10 October, 1905, 10.

professional criminals in the United States are the financial panics, which like malignant epidemics, kill more by terror than by actual morbid energy. They have repeatedly occurred in the midst of prolific national resources and abundant prosperity. In these crises every one strives to save himself. There is a run upon the banks. Crowds of men and women besiege the doors. All are distractedly anxious to withdraw their deposits, and each to save some peculiar plank to which he may cling in the coming deluge.⁸¹

The article was clearly tapping into the idea that runs and panics were driven by a kind of insanity. It also included illustrations of a panic and a bank run to accompany this vivid literary imagery [See Figure 2]. While it concluded that banks were still ultimately beneficial, by including runs and panics it was suggesting that they were part and parcel of banking.⁸²



Figure 1. Photograph of a Run on the Seventh National Bank in the *New York Evening World*, 27 June, 1901. From the Library of Congress' *Chronicling America* digital collection.

⁸¹ Richard Wheatley, 'The New York Banks', *Harper's New Monthly Magazine*, vol. 80, no. 477 (February, 1890), 464.

⁸² Wheatley, 'The New York Banks', 473. For the illustrations, see 467 ('A PANIC IN THE STREET') and 471 ('RUN ON A BANK').



RUN ON A BANK.

Figure 2. One of the images accompanying the *Harper's New Monthly* article on Banking in New York, 1890. From Cornell University's *Making of America* digital collection.

Furthermore, even those articles encouraging the use of banks could acknowledge problems. The 1913 article in *McClure's* (once a muckraking publication) sought to dispel doubts and to convince suspicious readers either to open or reopen savings accounts. Nowhere was this more obvious than in a section which asked 'Are Banks Safe?'. It answered affirmatively, and stated that 'Usually ... sufficient information finds its way into the public press to afford the basis of a reasonable opinion' and put it down to being 'All a Question of Character'. In reference to a recent bank failure, it pitted part of the blame upon the depositors

themselves, arguing they had acted against their better interests by ignoring available information. So long as people were diligent, then, they would be fine.⁸³ Similarly, the 1908 *Women's Home Companion* offered its five reasons to have an account in response to the 1907 panic. Like the previous articles, it insisted that despite any and all problems, it was still better to utilise banks.⁸⁴ In doing so, these articles simultaneously reflected and transmitted the notion, inadvertently or otherwise, that banking in America was a complicated and at least occasionally troubled affair.

Further attesting to the prevalence of runs and panics within the popular imagination, such phenomena also had a presence within artistic productions. One such production was the 1895 theatrical comedic melodrama, 'The War of Wealth', written by Charles T. Dazey and produced by Jacob Litt. The play had been performed across America, travelling from 'Chicago ... to the Pacific Coast and returning later to New York for an extended run', and was met with critical and popular praise, both for its theatrics and its perceived relevance.⁸⁵ Commenting on its appearance on Broadway, the *New York Times* stated that Dazey had 'faithfully tried to reproduce a phase of American life of absorbing interest'.⁸⁶ The main plot itself was rather simple. A young bank clerk falls in love with his boss' daughter. The boss' younger partner engages in speculation with the bank's funds and then attempts to purposefully destroy the bank. This brings the bank into disrepute and triggers a bank run. The young clerk then attempts to rescue the bank by mobilising his own funds, though the villainous speculator then imprisons him within the bank's vault. He is then rescued by his elder boss, who blows him out of the safe. A delivery of gold then arrives at the bank, subsequently staving off the run. Finally, the villain is thwarted and the young man marries his boss' daughter.⁸⁷ The bank run scene was spectacular, and served as one of its draw cards.

⁸³ Atwood, 'What the Bank Will do for You', 216 and 219.

⁸⁴ Noyes, 'Choosing Your Bank', 28.

⁸⁵ *Los Angeles Herald*, 1 September, 1895, 18. 'The performance is one that deserves a crowded house every night, for the language is good, the performers letter perfect find the incidents, while startling, are not exaggerated. ... The audience that witnessed the performance on Sunday night was one of the largest that have been seen in this theater for many years'. *San Francisco Call*, 19 November, 1895, 7.

⁸⁶ *New York Times*, 11 February, 1896, page unspecified.

⁸⁷ It has been difficult to find a synopsis which outlines the basic narrative, as they are either incomplete or at odds. This description has been pieced together by consulting multiple accounts. See *New York Times*, 11 February, 1896, *New York Times*, 26 February, 1895, page unspecified, and *The Omaha Daily Bee*, 19 December, 1893, 8.

An advertisement within the *San Francisco Call* mentioned 'The great "Run-On-The-Bank" scene' as a selling point, and an illustrated poster advertisement described it as 'THE MOST ANIMATED & REALISTIC SCENE EVER SHOWN ON THE STAGE'.⁸⁸ Though the play had a happy ending, its featuring of a run both demonstrates that this was something on people's minds and was something they could understand and relate with.

Songs too could feature them as their subject matter. An 1878 song, titled *What if the Bank Should Break* with words by Theo Miller and music by H. P. Danks, conveys the conflicted thought process likely undergone by those contemplating whether to deposit their money. The song's lyrics depict a dialogue between a couple, presumably a husband and wife, debating the matter. One insists that they place their savings within a bank, whereas the other, 'John', doubts the safety of doing so. However, the former eventually comes to realise that it is probably best not to use banks after all, concluding that as 'The banks are all fail-ing' their money was 'safest at home'.⁸⁹ Another song, *The Bank Has Failed To-Day* from 1890 by Charles Graham, concerns those that *had* deposited their money and had subsequently lost it via the bank's failure. It describes the scene of a run: 'Out-side a large stone building grim and strong; the doors were closed, the blinds were down, Po-lice men stood a-round, And vain-ly tried to keep the crowd a-way!' It also depicts the 'sad despair' of 'those who trusted blindly' in others who turn out to have been driven by 'greed' and conveys the tragedy within its refrain: 'The sav-ings of a life-time, of a mother for her child, The fortunes of the rich, the great and the gay; The re-ward of great ca-reers, And of la-bor's thrifty years, Are gone at last, "The bank has failed to-day!"'⁹⁰ Whether set in or out of the bank, both songs attempted to depict an unstable relationship.

Additionally, bestselling novels also made reference either to the fickleness of confidence or the inherent instability of banks. Muckraking novelist and journalist Upton Sinclair's highly influential 1906 novel on the experience of migrant workers in Chicago's meatpacking industry, *The Jungle*, includes a scene involving a bank run. The run was a 'scene

⁸⁸ Advertisement for 'The War of Wealth' in *San Francisco Call*, 22 December, 1897, 7 and Strobridge Lith. Co., *The War of Wealth: The Run on the Bank*, poster advertisement, Cincinnati; New York, c. 1895. Image. Retrieved from the Library of Congress. <URL: <https://www.loc.gov/item/2014636144/>>. Accessed 5 September, 2016.

⁸⁹ Miller and H. P. Danks, *What if the Bank Should Break*, 3-5.

⁹⁰ Charles Graham, *The Bank Has Failed To-Day* (New York: T. B. Harms and Co., 1890), Notated Music. Retrieved from the Library of Congress. <URL: <https://www.loc.gov/item/ihas.100005814/>>. Accessed 5 September, 2016. 3-5.

of wild confusion', with 'women shrieking and wringing their hands and fainting, and men fighting and trampling down everything in their way'. It turns out that the run had developed due to patrons misinterpreting a crowd outside the bank to be frightened depositors. However, the crowd had formed to witness the arrest of a drunken man in the adjacent saloon.⁹¹ George McCutcheon (under the pseudonym Richard Greaves) also utilised a run as a plot device in his 1902 novel, *Brewster's Millions*. In protagonist Montgomery Brewster's challenge to rid himself of one million dollars in the space of a year (Brewster is promised seven million if he can successfully do so), he deposits money in five separate banks. This 'transaction' was 'inspired by the wild hope that one of them might someday suspend operations and thereby prove a legitimate benefit to him'. Though this may have been a 'wild hope' rather than a safe bet, one of these banks *does* fail, and, to Brewster's good fortune, wipes out \$100,000. As a consequence, however, the 'failure had caused a tremendous flurry in banking circles' and had generated a series of runs. This imperilled another bank bearing one of his deposits, this time \$200,000. While the bank's failure would further benefit Brewster, he realises the harm that this would cause, and instead decides to save the bank by conspicuously placing his other deposits in its custody. This resuscitates confidence and saves the bank.⁹² In both *The Jungle* and *Brewster's Millions*, these runs are not central to the overarching plot. They were relatively minor scenes rather than major incidences. This casualness reflects just how ingrained banking problems were. Rather than being integral plot devices, they were depicted instead as quite normal occurrences. In other words, they were presented as just a part of everyday life.

Unlike these works, *The Banker of Bankersville*, an aptly-titled 1886 *roman á clef* by author Maurice Thompson, includes a wholesale banking panic as a major component of its narrative. In doing so, Thompson touches upon several common characteristics of such a panic, such as a pre-existing uncertainty, the circulation of rumours, and the desperation of depositors, and creates a vivid image of what it was like to be caught up in one. The story follows two aspiring lawyers, one eventually retiring to become a writer – Thompson's surrogate – and the other a powerful, philanthropic, and well regarded banker. The latter later

⁹¹ Upton Sinclair, *The Jungle* (New York: Grosset and Dunlap, 1906), 132-4.

⁹² George Barr McCutcheon, *Brewster's Millions* (New York: Grosset and Dunlap, 1903), 114-22.

turns out to be a confidence artist who, in his honorary position as Bankersville's treasurer, had used the funds and deposits belonging to the townspeople to speculate in risky and fraudulent ventures. There already existed 'for some time a half-formed fear that under the surface of Bankerville's apparent prosperity lay the germ of destruction'. Upon the suicide of a prominent banker who had been connected to the lawyer-turned-banker, and the dissemination of rumours concerning the condition of banks, a 'run was begun on all of them by depositors, and the doors of all but one promptly closed'. Among the scenes were 'Throngs of men and women, old, young, middle-aged, richly clad, poorly clad, some in tatters'. They were 'all wild, crying, cursing, shouting, gesticulating', had 'besieged the closed doors of the banks', and were 'struggling, frothing, demanding, beseeching, as a herd of wild cattle when surrounded by wolves'. After the calamity, and after the disappearance of the fraudulent banker, the people of the town sought vengeance. He is eventually captured, though again escapes. Time passes and Bankersville then moves on, and the lawyer-turned-writer pursues his literary career. The town, however, had come to experience all the hallmarks of a banking panic – something which Thompson described to his readers in striking detail. A story about or even featuring banking, it appears, would be incomplete without such an event.⁹³

* * *

It can be seen that during the 'National Banking Era', Americans were receiving – and sending – mixed messages regarding banking. On the one hand, this was a new age of banking. People across the nation from all walks of life were being exposed to materials encouraging the utilisation of banks, all ensuring their significance and reliability. Making money was only one side of the coin to capitalist ascension. Depositing it in a bank for safekeeping, advocates insisted, was the other. Along with structural transformations within banking, such encouragement seems to have facilitated the tremendous rise of deposit banking. Millions did indeed make use of banks, many for the first time, both business people and working people, blacks and whites, men and women. By placing their money within banks, such people were also expressing confidence in them. On the other hand, the banking infrastructure had

⁹³ Maurice Thompson, *The Banker of Bankersville: A Novel*, reprint of original 1886 edition (New York: Smith Street Publishers, 1900), esp. 275-87 (quotations from 275 and 276).

developed into a complex array of banks and could be volatile. Wholesale panics occurred in 1873, 1893, and 1907. Bank runs were a recurrent phenomenon and failures numbered in the thousands. Resultantly, confidence could be fickle. Those that had entrusted banks with their money could and often did seek to withdraw their funds upon even the slightest suggestion of trouble. Moreover, the vast majority of Americans did not deposit their money within banks at all, evidenced by the low number of individual savings accounts. This was due to a range of factors, though a general lack of confidence in the nation's various banks was an important one. Hoarding money in the likes of 'old stockings, cracked teapots, [and] parlor clocks' was likely perceived by such people to be safer.

Ultimately, this perceptual and emotional divide represents the bipolar nature of banking which persisted throughout the entire era. This is further reflected through the above cultural artefacts that depicted this duality as natural and 'just how things were', thus demonstrating how ingrained this notion had become. In one way or another, directly or indirectly, in reality or representation, people could observe failure and complications. Banks of all kinds were subject to them. This, however, only scratches the surface. Compounding these macro problems was the issue with individual banking malfeasances, particularly in the form of embezzlement and misappropriation scandals, generally labelled as 'bank wrecking'.

III.

'Bank Wrecking':

The Popular Fascination with Banker Banditry

The number of cases that could be cited are innumerable, and there is not a section of the country that has escaped. The number of bank wrecks piled upon the financial beach is a silent monument to this truth.

- Edward Preston Moxley, an 'Expert Bank Examiner for the United States Department of Justice', 1905.¹

Amidst the Gilded Age's ethos of attaining material wealth and power, showman turned self-help guru P. T. Barnum lectured ambitious Americans on the 'Art of Money Getting', instructing his audience on the values and behaviours necessary to achieve success. After outlining a series of lessons, his final point was that preserving one's integrity was more 'precious than diamonds or rubies'. Barnum scorned the notion of getting rich quickly by dishonest means for the sake of accumulation. Only old misers would tell their sons to 'Get money; get it honestly if you can, but get money'. Dishonesty, he charged, would inevitably backfire and result in failure.² Shortly after Barnum's lecture was released in print (1880), M. H. Rosenfeld composed an upbeat satirical song, *I've Just Been Down to the Bank* (1885), about a 'jolly cashier' that embezzles from his bank and absconds to Canada, having taken the advice of his father to 'Get money, honestly if you can – but get it'.³ Here was an apt model for Barnum's antithesis. Rejecting Barnum's wisdom, many bankers and bank employees instead chose to adhere to an alternative art of money getting, opting to get money quickly and dishonestly.

Throughout the Gilded Age and Progressive Era, American society was plagued with reports of banking embezzlement and misappropriation scandals. Those accused, from directors and presidents to cashiers, tellers, and other employees, were often dubbed 'bank

¹ Edward P. Moxley, 'Bank Defalcations: Their Causes and Cures', *Annals of the American Academy of Political and Social Science*, vol. 25 (January, 1905): 35.

² P. T. Barnum, *The Art of Money Getting; Or, Golden Rules for Making Money*, Project Gutenberg (1880), 2009, 31-2 [on .epub version] <URL: <http://www.gutenberg.org/files/8581/8581-h/8581-h.htm>>.

³ M. H. Rosenfeld, *I've Just Been Down to the Bank* (New York: W. A. Evans and Bro, 1885). Notated Music. Retrieved from the Library of Congress. <URL: <https://www.loc.gov/item/sm1885.19801>>. Accessed 5 September, 2016.

wreckers'. Whether chartered by the Federal or state governments or not at all, individual and unaffiliated deposit banks all over the country were afflicted, especially within major cities like New York and Chicago. Wreckers appeared often, both in reality and in representation, and were depicted as popular villains within the press and other cultural mediums, like novels and songs, and even in a motion picture. Using a slightly different term, Minnesota's *Appeal* remarked in early 1907 that the 'bank breaker is no novelty. He is in the newspapers all the time'. These cases were so common that its reporting of a banker *restoring* a bank's fiscal health was considered exceptional.⁴ The prevalence of wreckers suggests that people understood their meaning, and the abundance of materials featuring them shows that they had a place within the popular imagination. Fascination was aroused by their abuse of interpersonal confidence and, importantly, their capacity to wreck people's bank accounts and also their lives.

This chapter argues that this fascination further reflected, reinforced, and instilled a popular distrust directed toward America's deposit banks. Unlike wholesale banking panics, which were periodic and would affect confidence abruptly, wrecking was not restricted to time, location, or type of bank. It could occur at any moment, in any place, and in any bank. Such criminality was thus a persistent and pervasive threat, one that endured over this entire period, inside and outside times of panic. Wrecking, then, affected confidence insidiously. This was in part because the media transmitted cases far and wide, which likely amplified their significance. Still, wrecking was an actual problem. Overall, as we shall see, it possibly resulted in the failure of at least 943 banks between 1863 and 1913. In any case, whether experienced first or second hand, countless Americans were confronted with incidences or stories of individual banking malfeasances. Consequently, wrecking helped produced a generalized suspicion, which was supported by notions of class, character, and gender. Given that perpetrators typically were once 'respectable' men, their actions displayed that reputability and prestige could be entirely cosmetic and thus unreliable indicators of institutional integrity and strength. Similarly, they also conveyed the idea that gentlemanly bankers or their young male employees could be tempted to fleece their patrons in order to 'get rich quick'. Overall, wrecking was therefore a significant factor that contributed to the broader confidence problem.

⁴ The term 'bank breaker' could also be used to describe bank robbers that would 'break in' to banks, though in this instance it appears that the *Appeal* was referring to wreckers. *Appeal* (Minnesota), 19 January, 1907, 1.

* * *

The usage of the term ‘bank wrecker’ proliferated roughly around the late 1880s. Though this is not to suggest that it necessarily originated at this time, it is certainly the case that its usage became pervasive, being applied almost universally to any instance of a bank losing funds or going bust due to a villainous appropriation of the funds that people had entrusted to it.⁵ Wrecking, occasionally also referred to as ‘defaulting’, typically applied to instances where a bank had been damaged or destroyed by the act of embezzlement, defined by the *Treatise on Criminal Law* in 1896 as ‘an intentional and fraudulent appropriation of the goods of another person intrusted with the property of the same’.⁶ It could, however, also be used to describe legally questionable though nevertheless unethical acts that involved the misuse of depositor funds by using them to speculate in high-risk business ventures, typically through stock-speculation, for personal gain. Wrecking, then, generally referred to instances where banks failed to honor their ‘contractual’ obligation, explicit or implicit, legal or moral, to return the deposits entrusted to them due to a criminal or at least unethical misappropriation of those funds.⁷

According to A. R. Barnett, an ‘Ex-Government Examiner of Failed Banks’, the late nineteenth century was an ‘Era of Fraud and Embezzlement’. In an article within the progressive magazine *The Arena*, he claimed that ‘bank-wreckers, embezzlers and defaulters’ had fleeced depositors of over one hundred million dollars between 1885 and 1895, and that conditions were worsening – in 1892 nine million dollars had been stolen whereas by 1894 the figure had grown to twenty-five million dollars. Such statistics, according to Barnett, represented only what was known. The actual cost was expected to be much higher.⁸

⁵ Prior to the era under investigation, ‘wrecker’ seems to have appeared infrequently. The earliest use of the term within the *New York Times* appears to have been in 1883. *New York Times*, February 27, 1883, page unspecified. Nevertheless, historian Scott Sandage has noted that ‘Shipwreck was a common metaphor of financial distress in popular fiction’ during the antebellum era. Scott A. Sandage, *Born Losers: A History of Failure in America* (Cambridge, Mass.: Harvard University Press, 2005), 55.

⁶ Francis Wharton and W. M. Draper Lewis, *A Treatise on Criminal Law* (Vol. I), 10th ed. (Philadelphia: Kay and Brother, 1896), 863.

⁷ For more, see Moxley, ‘Bank Defalcations’, 32-42.

⁸ A. R. Barnett, ‘The Era of Fraud and Embezzlement: Its Causes and Remedies’, *Arena*, 14, 1895, 196-204.

It is unclear what these figures were based upon, but, if accurate, they do at least offer some indication as to the size of this problem, and what its fiscal toll may have been. Quantitative data is scant, so it is difficult – and likely impossible – to provide precise figures for the number of embezzlements and ‘wreckages’, and for their fiscal costs to society. As such, we need to make use of all that is available towards this end. Perhaps the best approach is to base a figure upon the findings of the Comptroller of the Currency's 1911 report. Unlike reports from subsequent years, the 1911 report offers figures for the different causes responsible for the failures of national banks. Between 1865 and 1911, a total of 517 national banks failed. Of those 517, 36.36 percent, or 188 failed due to ‘criminal violations of law’, including ‘defalcations’, ‘fraudulent management’, or being ‘wrecked by [a] cashier or other employee’.⁹ These figures were only for national banks. Between 1865 and 1911, 2,098 non-national banks, including state and private banks of various kinds, failed. No details are provided for the causes responsible for these failures.¹⁰ Nevertheless, with their being subject to myriad degrees of regulation and oversight, from being subject to inspections roughly equivalent to national bank examinations to none at all,¹¹ it does not seem rash to assume that a large number of these failures were the result of wrecking.

For the purpose of developing a working estimate, if one applies the conservative rate of 36 percent to this figure then that equates to the wrecking-induced failure of approximately 755 non-national banks. Adding the 188 national banks to this, then it can be estimated that 943 banks were possibly wrecked over this period. It should be noted that by 1911, there were 28,551 banks in existence.¹² As such, a total of 943 wrecking-induced bank failures appears to be meagre in comparison. It is also true that losses were usually recuperated in time, and that other banks would often come to the aid of a faltering bank's depositors.¹³ Nevertheless, the

⁹ Another 20.7 percent, or 107 failed due to the ‘Other violation of law’ of making ‘excessive loans’. The Comptroller also included ‘Investments in real estate and mortgages’ within this category. Such practices were the cause of 2.71 per cent, or 14 national bank failures. Comptroller of the Currency, *1911 Annual Report*, 62nd Congress, 2nd Session (Washington: Government Printing Office, 1912), 27.

¹⁰ Comptroller, *1911 Annual Report*, 67-8.

¹¹ Comptroller, *1911 Annual Report*, 71.

¹² Comptroller, *1911 Annual Report*, 63-4.

¹³ For instance, this can be observed in the runs against Frank G. Bigelow's bank. Chicago bankers came to ‘save the day’ by injecting funds into the bank in order to thwart further runs and a panic. See *Perrysburg Journal*, 12 May, 1905, 3. In terms of losses being recuperated, Elliot Flower conceded this fact in his opinion article on the ‘safety of banks’, though noted that this process could be inconvenient and could take several years. Elliot Flower, ‘The Safety of Banks’, *Sunday Magazine*, 19 May, 1907, 4.

data reveals only the total number of banks that *failed*, and not the total number of banks which experienced embezzlement. Moreover, the trauma and sensation of wrecking was felt deeply, and far and wide. In any case, as we shall see, the number of incidences was sufficient enough to warrant suspicion and commentary.

In every such instance, news would spread fast not only among depositors but society at large, both regional and national. With the development of a national press network, itself facilitated by the rapid cabling of information via the telecommunications system, any malfeasance that involved the swindling of common people could be communicated almost instantaneously across the country. This was especially so by the turn of the century, with the explosion of expository journalism in the form of the sensationalistic yellow press and, later, muckraking.¹⁴ Newspapers, then, were apt to report of wreckers, both because they were fairly common and because they were popular villains.¹⁵

Stories involving bank scandals often contained plentiful drama. Indeed, accounts were occasionally so sensational that they bordered on the fantastic. In 1898, *The San Francisco Call* covered the foiling of a ‘Gigantic Conspiracy’ of wreckers to rob their bank and to deceive examiners.¹⁶ The *Call* also reported in 1900 on a case in New Jersey involving a woman, Anna Hart, adorning ‘male attire’ in order to flee police wanting her for questioning over ‘jewels’ she had acquired from William Schrieber, a ‘defaulting bank clerk’.¹⁷ Another spectacular case was the capturing of Paul Stensland, the former president of the failed Milwaukee Avenue State Bank, in Morocco, who had fled from Chicago on a German ocean liner in a bid to avoid prosecution. The case was described as ‘one of the most dramatic in the history of those all too

¹⁴ Leonard Ray Teel, *The Public Press, 1900-1945: The History of American Journalism* (Westport: Praeger, 2006), 1-37.

¹⁵ The search results for newspaper items containing the phrase ‘bank wrecker’ (the searches were conducted with the inverted commas) within digital newspaper archives are *somewhat* illustrative of this. For instance, the following databases returned these results: Newspapers.com: 1866-89: [739](#); 1890-99: [4736](#); 1900-09: [4248](#); 1910-19: [1858](#); 1920-30: [715](#). The Library of Congress’ ‘Chronicling America’ collection: 1866-89: [290](#); 1890-9: [1830](#); 1900-9: [1688](#); 1910-9: [946](#); 1920-2: [110](#) [1922 is the last year available]. *New York Times*: 1866-89: [149](#); 1890-9: [54](#); 1900-9: [29](#); 1910-9: [45](#); 1920-30: [8](#). The California Digital Paper Collection: 1866-1889: [3](#); 1890-9: [93](#); 1900-9: [91](#); 1910-9: [40](#); 1920-1930: [3](#). While these figures must be taken cautiously – they sometimes include articles which feature both terms independently and results depend upon the quantity of materials available for particular periods – they nevertheless offer *some* indication of the frequency of such reports during particular periods. All searches were conducted on November 10, 2015.

¹⁶ *San Francisco Call*, 1 November, 1898, 1.

¹⁷ *San Francisco Call*, 16 October, 1890, 2.

were largely confined to their immediate vicinities, commentary on their antics could spread widely. This was because the figure was relatable almost everywhere. Florida's *The Sun* demonstrated this in a 1906 editorial. The article, titled 'Jail for Bank Wreckers', took the 'failure of a Chicago bank as a cue for the discussion of bank failures'. Though it did not mention the bank specifically, it is highly likely that it was referring to Stensland's Milwaukee Avenue State Bank, given the time, place, and description of events. Despite the considerable distance between the two states, it charged that the case was nevertheless relevant since banking was a 'leading' component of Florida's commercial system and that the same principle applied to Florida as much as it did to Chicago: that it was 'IMPOSSIBLE FOR A BANK TO FAIL UNLESS ITS OFFICIALS WERE DISHONEST'. Consequently, all bank failures were alleged to have been the result of banker malfeasance; of their 'BETRAYAL OF THE TRUST IMPOSED' in them. Panics were never sufficient explanations, as 'straight' and 'honest' bankers would 'weather the storm'. This was not necessarily true. Still, the article demonstrates how specific cases of wreckers could be discussed far and wide. It also shows that the phenomenon was not regionally restricted. These figures could be anywhere, in representation and in reality.²⁰

Further still, accounts of wreckers made for titillating crime stories, both real and imagined. 'Uncle Sam: Detective', a series of short stories claiming to be 'true stories of the ... Federal Detection Agency', featured an edition in 1916 titled 'The Bank Wrecker', involving a detective, Billy Gard, uncovering and arresting a crooked cashier.²¹ *Collier's* magazine featured an article in 1912 titled 'Trapping the Bank Looter', which was essentially a collection of exciting tales of scrupulous bank examiners catching out clever crooks.²² If not a villain in a true-crime story, then the wrecker's other literary role was as a character in a fictional morality tale. Popular author Oliver Optic's 1876 novel, *Living Too Fast; Or, the Confessions of a Bank Officer*, tells the story of 'defaulter' Paley Glasswood and his 'downward career of crime'.²³

²⁰ *Sun* (Florida), 25 August, 1906, 9.

²¹ William Atherton DuPuy, 'Uncle Sam: Detective. The Bank Wrecker', in DuPuy, *Uncle Sam: Detective. True Stories of Celebrated Crimes* (New York: McKinlay, Stone and Mackenzie, 1916), 24-47. There were various other *Uncle Sam: Detective* stories involving banks, including 'The Psychological Sleuth', 93-115, 'A Bank Case from the Outside', 136-153, and 'The Bank Bookkeeper', 214-230.

²² Frank J. Arkins, 'Trapping the Bank Looter', *Collier's*, no. 49 (18 May, 1912): 34-38.

²³ William T. Adams [Oliver Optic], *Living Too Fast; Or, The Confessions of a Bank Officer* (Boston: Lee and Shepard, 1876), 5.

Likewise, Phil A. Rush's 1905 novel, *The Teller's Tale: A Bank Story for Bankers, A Law Story for Lawyers, A Love Story for Lovers*, tells the story of two bank employees, with one that prospers due to their integrity and one that flounders due to their criminality.²⁴ Further attesting to the issue's popularity, the motion picture, then in its infancy as a popular mode of entertainment, was also used to tell such a story, as represented by the 1906 silent film, *The Bank Defaulter*.²⁵ There was more to wrecking, however, than entertainment value.

* * *

The issue resonated largely due to the nature of the crime and those that committed it, particularly in regards to their character and their class. Critics would often attempt to demonstrate the criminality of wrecking, and would seek to challenge any notion that it was somehow less criminal than other common and openly condemned infringements committed by more 'lowly' figures. In one instance, an opinion piece on 'Bank Wrecking' in New Orleans' the *Herald* compared wreckers with frontier horse thieves, once considered the 'lowest criminals of the day'. Wreckers were, it asserted, far worse, as while a horse thief would injure only the owner of the horse, a wrecker would injure vast numbers of people, often leaving 'old widows' destitute and orphans 'dependent on the charity of others'.²⁶ In another, A. R. Barnett, the 'Ex-Government Examiner', argued that these cases were little more than 'robberies'. This, Barnett insisted, was their 'true name', and a bank wrecker, whether a 'trusted officer' or an 'employee', was a thief 'just as much so as the man who at night blows open the safe and takes what he can find'. Indeed, the wrecker was considered by Barnett to be, in all likelihood, a greater threat than a bank burglar. Whereas the burglar, formerly the 'greatest danger', could 'make away' with thousands by blasting open vaults, cracking safes, and fleeing the scene all in a single hit, a 'skilled financier or bank clerk' could steal millions by abstracting or misapplying funds and falsifying accounts 'coolly and quietly' within their institution over the course of many years. Regardless of whether they rationalized their crimes by promising to

²⁴ Phil A. Rush, *The Teller's Tale: A Banking Story for Bankers, A Law Story for Lawyers, A Love Story for Lovers* (New York: Knickerbocker Press, 1905).

²⁵ The film is considered 'lost' by the Internet Movie Database. 'The Bank Defaulter', imdb <URL: <http://www.imdb.com/title/tt0212799/>>. Accessed 28 June, 2016.

²⁶ *Herald* (Louisiana), 18 April, 1912, 4.

repay what they were ‘borrowing’, it remained that they were thieves and that they had violated their moral and professional duty. Despite a burglar's capacity for loud and tangible acts of destruction, it is clear that Barnett considered a wrecker's capacity for quiet and intangible acts to have greater consequences. Both were crimes. Wrecking was worse.²⁷

There was, however, an apparent difference in form. Stereotypical criminals, like burglars, were expected to be brutish and nasty; to be hardened criminals. Barnett described the burglar as a ‘rough character’ that had been ‘brought up in a life of crime’ and made ‘no pretense of anything else’. Wreckers, on the other hand, conveyed themselves to be refined and noble; to be esteemed citizens. A wrecker would have the privileges of ‘education, refinement, and moral surroundings’, would *pose* as an ‘honorable gentleman’, would be a philanthropist, and would be a respected church member. All of this was to cultivate a favourable image to win the trust of their peers and their depositors. Manipulating or abusing esteemed symbols and behaviours for the purpose of exploiting the trust they could develop in others was their *modus operandi*. This made them much harder to detect than the standard criminal figure, and thus more effective.²⁸

The dichotomy between rough and honourable was flawed. Stereotypical criminals were exactly that. They could be rough figures as much as they could be honourable. However, the point should not be dismissed entirely as there remained an essential difference. Wreckers were not anonymous people that operated in a hit-and-run, cash-and-grab manner. They were usually renowned and respected gentlemen that gradually violated the trust that had been placed in them. This is what made their crimes particularly shocking and notorious. If one could not trust society's esteemed citizens to ensure the safety of their money, then who could they trust? In theory, then, any banker could have been a wrecker.

Whatever the particular circumstances, there was agreement that wreckers were generally well regarded citizens. James R. Walsh, for instance, had been a ‘former king of finance’ according to the *Chicago Daily Tribune*. He had been a respected member of Chicago's financial community. His indictment as a wrecker thus came as a shock.²⁹ Even those very

²⁷ Barnett, ‘The Era of Fraud and Embezzlement’, 196-7.

²⁸ Barnett, ‘The Era of Fraud and Embezzlement’, 197.

²⁹ The quote comes from *Chicago Daily Tribune*, 1 October, 1909, 1. This article appeared several years after the Walsh incident.

highly esteemed by other bankers could be wreckers, such as Frank G. Bigelow, who had at one time been the president of the American Bankers' Association (ABA). He was later erased from their record.³⁰ Other cases had been conveyed as 'rags-to-riches-to-rags' stories.³¹ In 1881, Oscar L. Baldwin, an embezzling cashier at the failed Mechanics' National Bank of Newark in New Jersey, represented such an instance. An article in the *New York Times* succinctly charted his background from his time as a 'boy' entering the bank, through to his rise as an 'honored and trusted' cashier who was a 'Vestryman of Trinity Church', was 'looked upon as a model of uprightness and business integrity', and 'moved in the highest circles of Newark society'. Baldwin had then 'fallen' by appropriating 'other people's money' and sought to hide the losses by laundering funds into speculative and depreciating stocks.³² Robin was another example. Originally named Joseph Robinovitch, Robin had emigrated as a boy with his family from Russia. He later pursued a number of business interests before settling with banking, only to result in his demise. For the *New York Daily Tribune*, the story was not 'about the rich banker's downfall' though. This was certainly 'no new story'. Instead, it was about the 'lonely boy Robinovitch and how he ate his way like an acid through the thickly folded fabric of New York affairs'.³³ Regardless of their origins, bankers were generally wealthy and respected men. This is partly what made their cases, and the reports, so intriguing and scandalous.

Despite any sensationalism, it was not as if wreckers were depicted endearingly. Their crimes had a real impact, and to emphasize the scandal and tragedy of such cases, reports would focus upon victims, often along class lines – wreckers were characterized as corrupt capitalists fleecing the vulnerable. Such was the case with the *Chicago Daily Tribune's* 1906 report on the collapse of Stensland's bank. On the day that the bank had been forced closed for examination, the bank was reported to have been 'Besieged by Thousands' in scenes of 'clamor

³⁰ See *Perrysburg Journal* (Ohio), May 12, 1905, 3. In addition to the *Perrysburg Journal*, this article appeared in at least three other newspapers: *The Iron County Register* (Missouri), *The Donaldsville Chief* (Louisiana), and the *Willmar Tribune* (Minnesota). Bigelow was listed as the President for 1903 within the proceedings for the American Bankers' Association's 1904 convention, though was removed from the following year's proceedings. See James R. Branch [ed.], *Proceedings of the Thirtieth Annual Convention* (New York: American Banker, 1904), v, and Branch [ed.], *Proceedings of the Thirty-first Annual Convention* (New York: Daily Bank and Stockholder, 1905), v.

³¹ This phrase is borrowed from Mihm. Stephen Mihm, *A Nation of Counterfeiters: Capitalists, Con Men and the Making of the United States* (Cambridge, Mass.: Harvard University Press, 2007), 185.

³² *New York Times*, 1 November, 1881, page unspecified.

³³ *New York Daily Tribune*, 8 January, 1911, 3.

and mute anxiety'. It claimed that in the event that the bank failed to repay its depositors, it was 'feared that distress and perhaps ruin [would] be the portion of the thousands of poor folk whose savings were all intrusted to the institution'. One depositor, Henry Koepke, a grocer, husband, and father of two children – a working family man – was reported to have fatally shot himself upon learning of the bank's condition. Another, John E. Viser, had died of a heart attack following the news. Two unnamed women were reported to have been left homeless.³⁴ The victims of Robins' wrecking were also detailed within the press. Though in a less emotionally evocative manner, the *New York Times* reported that his bank's 7,000 depositors came from the 'poorer districts in the neighborhood of Columbus Circle'. Interestingly, it claimed that many were 'negroes' and remarked on how poorly 'versed' many of the depositors were. It is unclear whether there was supposed to be a connection between these two facts, though it was clearly implying that society's most vulnerable people had been preyed upon.³⁵

The villainous nature of the figure is also evident within the plot of *The Bank Defaulter*, the 1906 film. A wealthy and seemingly respectable banker turns out to be a criminal who steals from his working-poor depositors, who are subsequently left impoverished. He is eventually captured and trialled, only to be acquitted, whereas one of his victims, after being left destitute, is convicted for stealing bread.³⁶ Wreckers, then, were not glamorized. They were conveyed as crooks that would steal from the poor to give to themselves.

Nevertheless, it was not just lower classes affected by wrecking. It was sometimes the case that a wrecker's activities bore consequences upon a network of interconnected banks. Branching was generally prohibited at the time, though this did not prevent directorship, investment, or influence within multiple banks. The banking scandal involving Walsh represents such an instance. Walsh had been a 'leading banker' of Chicago, and at the helm of various types of banks, including national, savings, and trusts, all catering toward people of varying demographics. Following the collapse of his banking interests in 1905, runs ensued across his banks. Though the majority occurred at his savings banks – banks typically for working people – crowds, apparently not seen since the 'black days of [the panic of] '93' were

³⁴ *Chicago Daily Tribune*, 7 August, 1906, 1-2.

³⁵ *New York Times*, 30 December, 1910, 1-2.

³⁶ This description is based upon those provided by M. Keith Booker and Steve Fraser. See M. Keith Booker, *Film and the American Left: A Research Guide* (Westport: Greenwood Publishing Group, 1999), 2, and Steve Fraser, *Everyman a Speculator: A History of Wall Street in American Life* (New York: Harper Collins, 2005), 345.

composed of individuals from a host of backgrounds. The *Chicago Daily Tribune* reported that the 'solicitous' early depositors seeking to rescue their funds were 'mostly small business men, clerks, and women employed in downtown offices'. Overall, the crowd was composed of those 'classed between the poor and the well to do' - in other words, people from the middle-class.³⁷ Wrecking, then, was a crime against society more broadly, committed by those that were supposed to be respectable. Ultimately, their actions challenged the idea that class and character alone were enough to evaluate a bank's strength and stability.

* * *

In addition to class, wrecking was also understood in terms of gender. This was largely because it was almost always committed by men. This is understandable given that banking was a male dominated business. Regardless, gender conceptions guided how people interpreted the problem. We have seen already how much of the sensation around wrecking stemmed from high profile cases that were committed by once respectable gentlemen. The figure also extended to junior bank employees, however, who were typically conveyed to be young men that had succumbed to the desire to get rich quickly. Either way, notions of masculinity informed the issue and these two models were different in form rather than substance. Regardless of position, if one was a male and within a bank, then they were potentially capable of running off with depositor funds. A 1907 newspaper article titled 'Record is Bad' made this clear. It covered both forms within its analysis and asserted that they were similarly motivated by 'High Living, Fast Women and Speculation'. Perhaps more spectacularly, it charged that 'SPECULATION[,] DRINK AND WOMEN CONSPIRE TO RUIN SCORES OF BANKERS AND BANK EMPLOYEES EACH YEAR'.³⁸

The novels by Optic and Rush nicely capture the gendered image of wreckers. Optic narrates from the perspective of a former embezzler, charting his journey from being an ambitious young man that gains employment in a bank to being an embezzler that flees to Europe. Glasswood's descent to criminality was caused by living beyond his means – he started

³⁷ *Chicago Daily Tribune*, 19 December, 1905, 2.

³⁸ *The Spanish Fork Press* (Utah), 25 April, 1907, 4.

to 'borrow' from his bank to finance his expensive tastes and to court and wed a prominent young woman. By the end, however, upon seeing the error of his ways and confessing his sins, he returns home and establishes an honest and successful business.³⁹ Rush's narrative follows two young men from the South who eventually succumb to the temptation to get rich quickly and decide to 'borrow' funds in order to invest them in securities. Though escaping exposure, one of the men is overcome by guilt and vows to repay the money and never repeat his actions. The other continues to embezzle. Prior to dying of tuberculosis, the latter confesses to his banking companion. The defalcations are then discovered following his death, and the other reformed banker subsequently falsely confesses to the crime to preserve his friend's honour. He is then charged and convicted. However, he is later exonerated and subsequently revered for his extreme devotion to his friend. He then becomes a leading banker.⁴⁰ Both stories thus sought to demonstrate what it was to be a good man, informed by the Protestant ethic that asserted that earthly rewards came to those that lived and worked virtuously. This was the moral of the stories, which clearly were intended to reach young men of the era. That Optic and Rush chose defaulting bank employees to deliver this message suggests that this stereotype was a popular and thus poignant figure to do so.

Additionally, rather than being fodder for plot lines, satirical works could be especially thoughtful and aggressive, exploring themes like gender in a facetious though scathing manner. An excellent example of this is found in Rosenfeld's song, performed by the 'popular comedian' J. H. Jordan. Much occurs within this song, demonstrating that a satire could be used to explore and explain this phenomenon. It addresses the fallacious nature of trusting others based upon their association to esteemed and prestigious institutions and explores the typical reaction to such crimes and their sequence of events. Importantly, it also addresses the motivation and actual character of these figures. It carried the message that young men of the era were being encouraged to get rich quick by any means in order to conspicuously consume as macho bread-winners. This was what inspired wreckers, and once successful they would be laughing all the way *from* the bank. They were crooks all along, they were confidence men, and they were products of the Gilded Age. *I've Just Been Down to the Bank* was a lesson as much as it was a

³⁹ Adams, *Living Too Fast*.

⁴⁰ Rush, *The Teller's Tale*.

comedy [See Figure 4].⁴¹

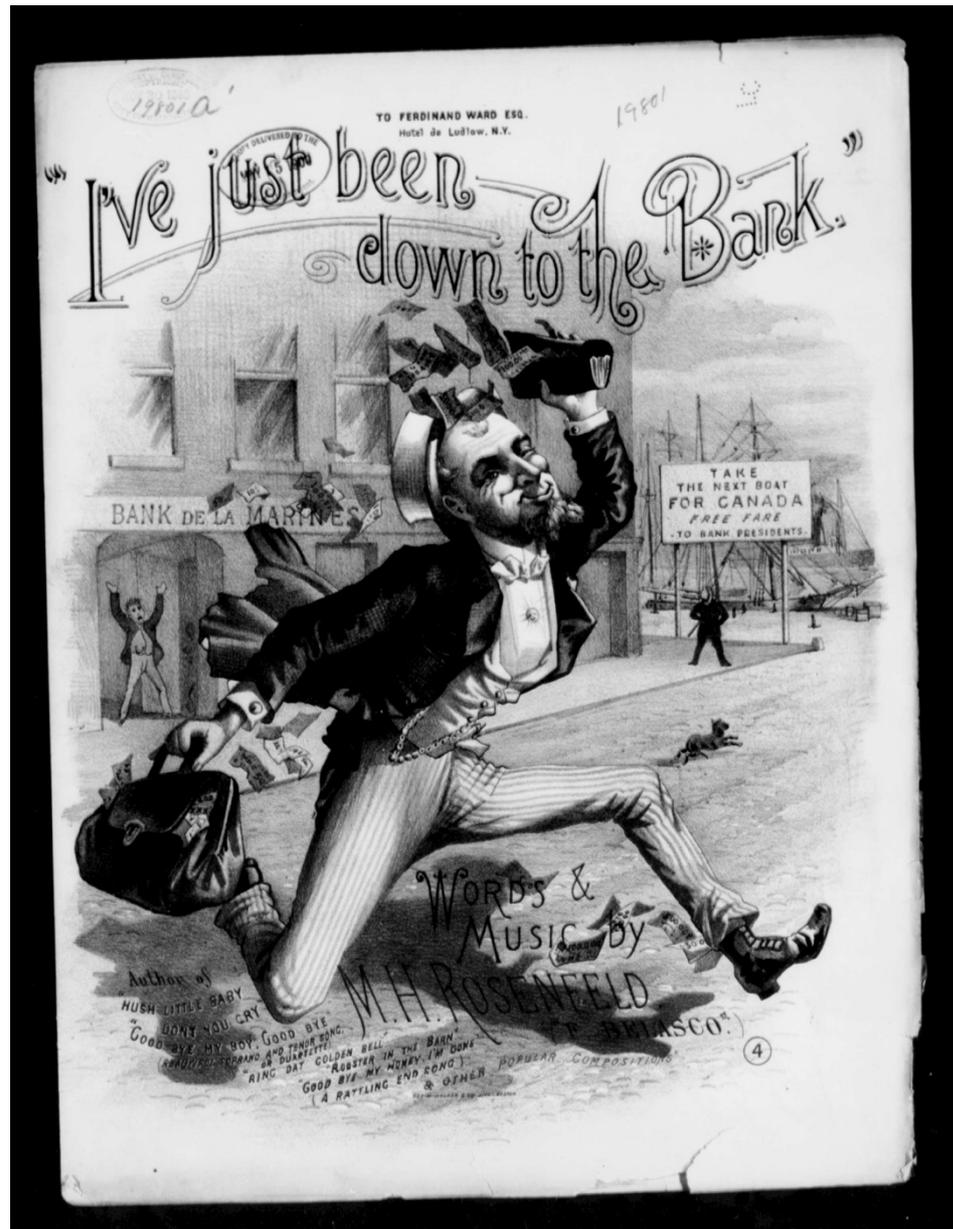


Figure 4. Illustrated Cover Page for *I've Just Been Down to the Bank*, 1885. From the Library of Congress' digital collections.

There was an exception to the rule, though. The 1879-80 case of Sarah E. Howe and the Ladies' Deposit of Boston marked an incidence of a female wrecker. Howe established her bank to attract deposits from 'single ladies, old and young' – essentially widows and unmarried younger women – promising an exceptionally high rate of interest (eight percent each month). By September 1880, it was estimated that the bank had 1,200 depositors with accounts totalling

⁴¹ Rosenfeld, *I've Just Been Down to the Bank*.

\$500,000. It turned out that Howe had been running what would later be dubbed a Ponzi scheme, using new deposits to pay the principle and interest promised upon demand. An article in the *Atlantic Monthly* by Henry A. Clapp explored the case in great detail, particularly fascinated by the nature of the scheme, the power of the press to expose scandal, Howe's character, and the sex of the perpetrator and her victims. Given that Howe's victims were of little means, it described her scheme as a 'peculiar kind of highwayman's justice', taking 'from the poor to give to the poor'.⁴²

This was not a glorification of Howe. Howe, allegedly a former convict and psychiatric patient, was described as an amoral swindler that held 'contempt for her sex's powers of understanding', stealing from them to fund a lavish lifestyle, which included the construction of a luxurious house. Although a pathological liar, she had a 'great natural gift of utterance, and a singularly plausible manner, and ... often persuaded the incredulous in the very teeth of their better judgment'. Upon moving the bank in to a new building in early 1880, money had been spent on 'repairs, on a new conservatory, and on plants, pictures, plate, and furniture'. Howe also conveyed herself as a philanthropist, offering a service to improve the lives of socially and economically vulnerable people. Women trusted her because she was a woman – she was 'sympathetic' to her female clients, apparently unlike male bankers who treated them with contempt.⁴³ All of this was to generate the illusion of respectability and prosperity in order to inspire confidence. Howe was, in short, a confidence woman. She was eventually exposed through the press, convicted, and sent to prison.

Much of the sensation was highly misogynistic, depicting women as inherently inept with financial matters. Debate emerged over whether Howe actually was a fraud or if she was merely incompetent due to her femininity. M. A. Dodge highlighted the absurdity of gendering the case, demonstrating that men, as well as women, had been victims of financial fraud.⁴⁴ Nevertheless, wrecking was taken by many to be a crime committed by men. The fact that there was a debate over Howe's culpability is significant. It suggests that male bankers were particularly threatening as they were popularly construed to have the intellectual capacity to deliberately swindle others. In reality, however, although as a woman Howe may

⁴² Henry A. Clapp, 'Sympathetic Banking', *Atlantic Monthly*, 48 (July, 1881), 121-36.

⁴³ Clapp, 'Sympathetic Banking', 121-36.

⁴⁴ M. A. Dodge, 'The Gentlemen's Contribution to the ladies' Deposit', *Atlantic Monthly*, 48 (July, 1881), 111-21.

have been exceptional, she does demonstrate that trusting *anyone*, regardless of gender, was to take a risk.

* * *

The fascination with wrecking tapped into and contributed to the era's drive for social and economic reform. Indeed, commentators knew that in addressing the issue, highlighting and denouncing a problem was one thing, whereas offering a solution was another. Resultantly, they sought to offer remedial measures, especially during the 1890s and 1900s when reform sentiment was rapidly proliferating.

Immediately, this was upon a legislative and judicial level. The *Sun*, for example, called both for 'more stringent laws, requiring a more careful and more frequent accounting to the people' and for prosecutions to be 'pushed' and convictions 'SECURED'. Laws for 'small thieves' were apparently adequate. It was now time for the 'big thieves to be looked after'. Tougher sentencing was thought to be a preventative measure. If it were known that the penalties were tough, then the risks involved would increase, thus minimizing opportunism.⁴⁵ The *Herald* was much harsher. The frontier horse thieves were hung, and that apparently ceased the problem. A bank wrecker deserved 'no better treatment'. Although it is unclear whether it was seriously suggesting wreckers be executed, it nevertheless advocated they be subject to the full-force of the law to receive their just deserts. This was retributive justice as much as it was preventative.⁴⁶

Indeed, the failure of the nation's legal systems to adequately punish offenders was subject to considerable commentary. It was common to focus upon justice issues, especially an alleged discrepancy in treatment. Here, the difference between a stereotypical criminal and a wrecker was especially pronounced. 'The Man Higher Up', a regular satirical column within *The Evening World* featuring fictional dialogues between common folk and a well-to-do informant, perfectly captured this sentiment in 1903, remarking that:

If a crook breaks into a bank, blows a safe and gets off with a few thousand they hound him to the ends of the earth, soak him for life

⁴⁵ *Sun*, 25 August, 1906, 9.

⁴⁶ *Herald*, 18 April, 1912, 4.

when they get him, and a suggestion to pardon him would be looked upon by the President of the United States as an insult. That is the difference between a crook who breaks in from the outside and a bank president who breaks out from the inside.⁴⁷

Despite their shared criminality, it was believed that they were still treated better than their stereotypical counterparts. If convicted and not pardoned, they were treated luxuriously. The Man Higher Up quipped that a wrecker was given the ‘privilege of putting up rugs and a pianola’ within their cell. *The Herald* article complained that despite their damage, wreckers received the ‘insignificant sentence of one year’, which was often commuted for ‘good behavior’. While in prison, unlike the other convicts, they were ‘treated with courtesy’, eschewed ‘hard labor’, and were permitted to leave prison during the evenings to ‘visit their friends’.⁴⁸ In response to convicted wrecker Harry J. Welty being granted clemency to celebrate Thanksgiving with his family in 1913, *The Seattle Star* editorialized on its front page that his release from Walla Walla prison represented an act of class injustice. Although it was in favour of releasing former convicts back into society on rehabilitative grounds – Welty had apparently been ‘born again’ - it nevertheless charged that this was an instance of class discrimination. The indigent convicts, many in prison allegedly due to stealing out of necessity, would never receive this kind of treatment. It then asked:

HOW LONG IS IT GOING TO BE BEFORE OFFICIALS CEASE TO WORSHIP THE ALMIGHTY DOLLAR AND GIVE THE POOR CUSS WITHOUT MONEY AND SOCIAL PRESTIGE THE SAME DEAL THE RICH AND INFLUENTIAL CROOK RECEIVES IN THE ADMINISTERING OF JUSTICE?⁴⁹

It was easy to wreck a bank. It was apparently quite the opposite for wrecking one's status and class entitlements.⁵⁰ Overturning this alleged discrepancy of treatment was thus essential in order for the crime to be taken seriously and to actually create a disincentive.

⁴⁷ *Evening World*, 21 January, 1903, 10.

⁴⁸ *Herald*, 18 April, 1912, 4.

⁴⁹ *Seattle Star*, 27 November, 1913, 1.

⁵⁰ There is merit to these assertions. For instance, Edward L. Harper, president of the Fidelity Bank in Cincinnati, was pardoned less than six years into a ten year sentence. *Semi-Weekly Interior Journal* (Kentucky), 5 May, 1893, 4. David A. Sullivan, ‘wrecker of the Union Bank of Brooklyn’, had been permitted by his warden to leave Sing Sing prison to spend four hours within New York City ‘without being under guard’. His ‘hard labour’ was also alleged to have consisted of cushy tasks such as bookkeeping and chauffeuring his warden around in the latter's vehicle. *Special to the New York Times*, 30 October, 1914, page unspecified.

Still, most recognised that this was not enough. Former examiner A. R. Barnett proposed a range of practical measures to prevent fraud and embezzlement, most involving better supervision and for the ‘young and growing generation’ to be inculcated with honest and good business practices. This would end the era of fraud and embezzlement. By implication, the contemporary generation had been lacking in moral aptitude.⁵¹ Moreover, the *Herald* article went further than calling for harsher punishments. It implied that this was a systemic issue and charged that it was up to the United States Government to insure depositors against losses. Banks were too unreliable. People would actually be confident to bank if they knew that were not risking everything by trusting a banker. This was not a unique idea. As we shall see in Chapter V, Federal deposit insurance had been an election issue in 1908 and various states had implemented their own versions following the panic of 1907.⁵² Here was an instance where criticism of wrecking was directly linked to a specific reform platform.

Additionally, literature was utilized to advance practical and legislative reform. Something particularly interesting about *The Teller's Tale*, for instance, is that it is really more a treatise surrounded by a story. The novel format is used to disseminate otherwise fairly complex arguments to readers in such a way to make them understandable and relatable, and possibly even entertaining. Rush makes his intentions clear immediately. In the first several pages, a dedication is made to the ‘Faithful bank employees of America’; fictionalised newspaper reports of bank scandals resembling those ‘seen almost daily in the public press’ are included; and he asks if a system ‘permitting’ such scandals actually deserved the public’s confidence at all.⁵³ Later within the narrative, a practical solution to bank embezzlement is proposed.⁵⁴ Through his characters, he warns that this problem would ‘destroy’ banks if left to continue. If not due to embezzlement itself, banks would be ruined by popular distrust. The ‘fact’ that banks were considered easy targets by embezzlers had ‘traveled to the reading public, and the intelligent depositor [knew] that his deposit may not be held safely, notwithstanding

⁵¹ Barnett, ‘The Era of Fraud and Embezzlement’, 200-4.

⁵² *Herald*, April 18, 1912. William Jennings Bryan advocated Federal deposit insurance and Oklahoma and several other states had introduced such a measure. For more, consult McCulley, *Banks and Politics*, 155-62.

⁵³ Rush, *The Teller's Tale*, ix-xii (dedication on unnumbered opening page).

⁵⁴ One chapter describes how Colonel Wilmont, a wise Civil War veteran, banker, and esteemed citizen, addresses younger bankers at a convention, which both advances the plot and explains his ideas. The proceeding chapter is his address, followed by his rebuttal to critics, and then a chapter outlining the very law he proposes. Rush, *The Teller's Tale*, 93-7, 98-104, and 105-11.

the integrity of the management'. It was 'impossible that such knowledge should fail to have its influence against the continued and increasing use of the banks by the public'.⁵⁵ His remedy was to increase transparency. Every transaction was to be recorded on passbooks and certified by the cashier and president; accounts were to be publicized periodically within newspapers for depositors to inspect and verify; and the bank itself was to be thoroughly accountable to its stockholders. Within the narrative, the proposal is accepted and enacted into law, bringing stability with it.⁵⁶

Regardless of whether such a measure would have actually been sufficient, *The Teller's Tale* both demonstrates an awareness of the issue and an attempt to solve it. Curiously, this was both at a cultural and a legislative level. Values had to be cultivated in an age of getting rich quick, while structural measures had to be enforced to prevent wrecking. Good bankers had to be raised while systemic faults had to be eliminated. Overall, whatever solution reformers may have preferred, it was recognized that *something* had to be done and this typically involved some kind of state intervention. Until then, there lacked an adequate disincentive for bankers or their employees to rob depositors and wreck their banks. Even if this could not be achieved, the likes of deposit insurance would at least protect depositors from the misdeeds of bankers. All such proposals reflected the era's popular desire for change.

* * *

Underlying the fascination with wreckers was a specific kind of confidence issue. Unlike wholesale banking panics, which were periodic, wrecking could occur at any time, at any place, and in any kind of bank. Such criminality was thus a constant threat, one which persisted over this entire period, inside and outside times of financial strain and panic. This was, at the very least, how many perceived the situation. Cases were reported often and in great detail. The problem also inspired critical commentary which was expressed via assorted cultural artefacts from editorials to novels, and even emerging mediums like the motion picture. The media thence transmitted the issue far and wide, likely amplifying it in effect.

⁵⁵ Rush, *The Teller's Tale*, 82-3.

⁵⁶ Rush, *The Teller's Tale*, 93-111.

Indeed, such representations contributed in no small part to the construction of a figure that came to feature within the popular imagination. Even so, wrecking was still an actual problem and may well have resulted in the failure of over 940 banks. Either way, millions of people were confronted with cases or stories of individual banking malfeasances. Consequently, wrecking generated suspicion and distrust and was therefore a significant factor that contributed to the broader confidence problem within banking.

Beyond individual malfeasances, many were also concerned with structure and interconnection. As the next chapter shall illustrate, various American people, including agrarians and urban reformers, believed that bankers were collectively trying to swindle them, or at least profit from them at their expense. Such thinking went beyond the belief that some bankers would inevitably fleece some people, and posited instead that bankers, or at least some bankers, were inherently untrustworthy and a threat to the interests of 'the people'.

IV.

Agrarians and Aristocrats, Progressives and Plutocrats:**‘The People’, Money Monopolies, and Bankers as Peculiar ‘Others’**

Take the wheels out of your head, my dear old business man, machinist, carpenter, laboring man, or farmer. Cut the string your banker is pulling on your thinking machine, and make a few figures for your own benefit. Get a barber to cut the wool out of your eyes, so that you can see and think a little bit about your own condition. Wake up! The banker has a mortgage on you and your prosperity, and it beehoooves [*sic*] you to get to work. He has already made slaves and serfs out of millions of your fellowmen, and he is working the same game on you.

- James B. Goode, 1896.¹

Is it not extremely important that we should know by what method these bankers become the arbiters of our destinies? They were not selected by us to do this. Just so long as we allow them to dominate by the system they employ the road to success is closed to the vast majority of farmers, wage earners, and others employed in different pursuits of life.

- Charles A. Lindbergh, 1913.²

As had been the case throughout the Republic's earlier history, what it meant to be an ‘American’ and to be counted among ‘the People’ was highly contested throughout the Gilded Age and Progressive Era. Race, ethnicity, class, and gender were all factors that could determine one's social status and inclusiveness. Particular groups could view those that did not meet some specific conception as outsiders, or ‘others’. This is most evident with the rise of Jim Crow, immigration restrictions, Indigenous dispossession, and male-only suffrage. All elevated certain people and devalued and even demonised others.³ Occurring in adjunct to this there was one peculiar figure, however, that aroused considerable distrust and disdain, and

¹ James B. Goode, *The Modern Banker: A Story of His Rapid Rise and Dangerous Designs* (New York: Charles H. Kerr and Company, 1896), 141.

² Charles A. Lindbergh, *Banking and Currency and the Money Trust* (Washington: National Press Club, 1913), 60.

³ For example, see Jackson Lears, *Rebirth of a Nation: The Making of Modern America, 1877-1920* (New York: Harper, 2009), esp. 92-132, Nell Irvin Painter, *Standing at Armageddon: The United States, 1877-1919*, second edition (New York: W. W. Norton and Company, 2008), esp. 216-30 and 231-52, and Benjamin B. Ringer, *‘We the People’ and Others: Duality and America's Treatment of its Racial Minorities* (New York; London: Tavistock Publications, 1983).

was often divorced from popular conceptions of 'the People'. This figure was 'the banker'.

This was a phenomenon that predated the Gilded Age and Progressive Era. Banking had been marred by controversy since the very founding of the nation, and critics conveyed bankers to be distinct from 'the People'. Bankers were at times construed to be a threat to democracy and, by extension, a threat to the Republic. Beginning around the 1870s, such thinking quickly re-emerged and took on a renewed energy. In addition to concerns with failure and the malfeasance of individual bankers, many were also concerned with banker interconnectivity and the increasing concentration of money and credit, especially towards the turn of the century. Following the Civil War, such sentiment was primarily advanced by agrarians, many of who believed that a cabal of bankers – or the 'money power' – was monopolising and manipulating the money supply in order to extort borrowers and to preserve the value of their financial assets. Agrarian disdain was often expressed in extremely hostile terms, often alleging conspiracy and occasionally entailing anti-Semitism. By the twentieth century, urban reformers became the primary critics of money monopolisation. Progressives and muckrakers took the lead from the agrarians, and in the process sanitised and intellectualised such sentiment. Their focus had shifted to the 'money trust' and how bankers used and abused their control over 'other people's money', which they sought to demonstrate in a more temperate and impartial manner.⁴ Nevertheless, they retained the conceptual and rhetorical division between 'bankers' and 'the People'. Agrarians and Progressives alike believed that bankers – primarily national bankers and Wall Street financiers – were operating in ways that conflicted with the interests of common Americans. These bankers were a class unto themselves, and their conduct threatened to undermine America's democracy. They were taken to be anything other than 'the People' and were erecting, intentionally or otherwise, an aristocracy or a plutocracy.

While it is true that much of the criticism concerned specific kinds of bankers, these criticisms were reflective of how easily and intensely people could theoretically distrust and

⁴ The phrase 'other people's money' is here taken from the title of Louis Brandeis' 1914 collection of essays. Louis Brandeis, *Other People's Money: And How the Bankers Use It* (New York: Frederick A. Stokes Company, 1914). The observation that progressives like Brandeis professionalised anti-monopolist discourse comes from Steve Fraser, *Everyman a Speculator: A History of Wall Street in American Life* (New York: Harper Collins, 2005), 296-7. Also see Richard Hoftstadter, *The Age of Reform: From Bryan to F. D. R.* (New York: Vintage Books, 1955), 230.

dislike bankers. These figures represented the quintessential banker, the kind that set the stereotype, and represented what bankers were like if left largely unchecked and unrestrained by society. Furthermore, agrarians almost routinely equated 'national banker' with 'banker' and progressives sought to demonstrate that the 'money trust' had reached all sections of the country and had drawn in banks of varying kinds, even including savings banks, mutual and stock. The real or imagined financial interconnectivity between banks thus made it difficult to assess which institutions were involved in these networks. In any case, even if people did differentiate, these criticisms were still applied to thousands of the nation's bankers. Such ideas were transmitted to millions of people via political tracts, the press, and Presidential campaigns. Ultimately, this 'othering' represents an extreme kind of distrust: many people lacked confidence in bankers to the extent that they saw them as a threat to their very existence. It is thus not at all implausible that such animosity helped to keep many people away from banks. To demonstrate this, rather than offer a detailed narrative of these movements, this chapter will instead provide a succinct overview, followed by an exploration of their major tropes and concepts.

* * *

Gilded Age and Progressive Era notions of banker-controlled money monopolies persisted for at least forty years. Prior to the twentieth century, such a belief was exhibited primarily within the currency conflicts that emerged following the 1873 panic and lasted until the official establishment of the gold standard in 1900. During the Civil War, the Federal Government established a national currency in the form of fiat paper notes, or 'Greenbacks'.⁵ Although these notes were not redeemable for specie, gold and silver remained to be legal tender. After 1863, so too did the notes issued by national banks. State bank notes remained but were gradually taxed out of existence. Still, there were various forms of currency circulating. Later, to curb inflation, silver was demonetised in 1873 and Greenbacks could be

⁵ Greenbacks refer both to the original demand notes issued during 1861 and the 'United States Notes' which were printed following the Government's decision to establish the notes as full legal tender in 1862. For more, see Robert P. Sharkey, *Money, Class, and Party: An Economic Study of Civil War and Reconstruction*, paperback edition (Baltimore: The Johns Hopkins Press, 1967), 15-55, esp. 28 and 46.

redeemed for gold in 1879 and onwards as a result of the Specie Payment Resumption Act of 1875. Both were intended to contract the money supply. Money was to be reduced to gold-based national bank notes, thus removing a federally issued currency in favour of a quasi-public one largely controlled by private interests – namely, national bankers. In response, many agrarians from the South and West reacted promptly, believing deflationary policies to be against their interests, and favourable only to creditors. This, they believed, was to the detriment of producers who relied upon credit, as it would be harder to repay debts and more interest would need to be paid due to an artificially scarce money supply. It did not help that there were relatively few national banks in the South and West.⁶ Resultantly, such bankers came to be seen as monopolists attempting to exert control over the nation's money supply – a particularly pertinent issue given that farmers were already facing ever-increasing levels of debt and declining incomes.⁷

Though organisations such as the National Labor Union and the Labor Reform parties had formed in the late 1860s and early 1870s to address financial issues, the Greenback party was the first significant party to emerge in response to deflationary policies. Inspired by the pre-Civil War ideas of Edward Kellogg concerning governmental currency, ‘Greenbackers’ sought to retain Government-issued fiat money precisely to ensure that those that relied upon credit would not be extorted through a contracted currency. The inflation of greenbacks, they believed, would also prevent declining prices. Forming in 1874 and contesting in the 1876 presidential elections, the party persisted into the 1880s.⁸ Following their demise, the inflationist cause was taken up by the likes of the ‘silverites’, the Agrarian Movement, and subsequently by the People's Party, or the ‘Populists’, in 1891. By the 1890s, even Democrats sought to inflate the currency by proposing to repeal the tax imposed upon state bank notes.⁹ Various pro-silver advocates believed that silver had been demonetised in the ‘crime of '73’,

⁶ See Benjamin J. Klebaner, *American Commercial Banking: A History* (Boston: Twayne Publishers, 1990), 67-9.

⁷ See Douglas O. Steeples and David Whitten, *Democracy in Desperation: The Depression of 1893* (Westport: Greenwood Press, 1998), 29, and Milton Friedman and Anna Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press, 1963), 7-8, 44-50, and 113-9.

⁸ See Irwin Unger, *The Greenback Era: A Social and Political History of American Finance, 1865-1879* (Princeton: Princeton University Press, 1964), and Gretchen Ritter, *Goldbugs and Greenbacks: The Antimonopoly Tradition and the Politics of Finance in America* (Cambridge: The University of Cambridge Press, 1997), 48-52.

⁹ Fritz Redlich, *The Molding of American Banking: Men and Ideas*, combined reprint of 1947 and 1951 volumes (New York; London: Johnson Reprint Corporation, 1968), Part 2, 122.

and subsequently sought to ensure that American currency was based upon a bi-metallic silver and gold standard of sixteen-to-one. In both cases, in their bid to retain or inflate the national currency, Greenbackers and silverites accused bankers – primarily national bankers and those of Wall Street – of deliberately manipulating the money supply in order to extract high interest rates and to maintain the value of their financial assets, primarily their bonds. This, they argued, was exploiting the ‘producing’ classes.¹⁰

These bankers, then, became national villains intent upon establishing a kind of aristocratic society, as represented within a plethora of artefacts, from political tracts to novels, which expressed dismay and often extreme hostility, especially during the 1890s. After various legislative conflicts, which included pro-silver enactments such as the Bland-Allison Act of 1878 and the Sherman Silver Purchase Act of 1890, the currency battle came to a head during the 1896 presidential elections. Democratic and Populist candidate William Jennings Bryan took on the silver cause, declaring that gold advocates would not ‘crucify mankind upon a cross of gold’. He subsequently lost to Republican William McKinley, who went on to instate the Gold Standard Act in 1900. In conjunction with an economic upswing and high farm prices, the inflationist cause and the currency battle had by and large dissipated.¹¹

With the currency question ‘settled’, urban progressives took over the mantle as the foremost critics of financial monopolisation during the 1900s and 1910s, especially after the 1907 panic. Their chief concern was for ‘other people's money’, mainly in the form of bank deposits though also insurance funds, and how it was being misused by a ‘money trust’ to bolster its financial and commercial hegemony. This was in large part a reaction to the consolidation of ‘financial capitalism’ and the tremendous degree of corporate mergers and acquisitions occurring at the time. During the ‘Great Merger Movement’ between 1895 and 1904, some 1,800 independent businesses were consolidated into 157 ‘trusts’ or gigantic corporate enterprises which generally controlled significant market shares.¹² Capital was being concentrated in fewer and fewer hands, and industry was consequently owned largely by a

¹⁰ See Charles Postel, *The Populist Vision* (Oxford: Oxford University Press, 2007), 150-3, and Ritter, *Goldbugs and Greenbacks*, 52-8, 66-73, 90-104, and 194-200, and Milton Friedman and Anna Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press, 1963), 113-9.

¹¹ Postel, *The Populist Vision*, 269-89.

¹² Naomi R. Lamoreaux, *The Great Merger Movement in American Business, 1895-1904* (Cambridge: Cambridge University Press, 1985), 2.

small financial elite. Within this elite, a tiny network of big bankers was believed to be at the helm of the 'money trust', who, through their influence over vast financial and commercial enterprises, had access to an enormous portion of the nation's capital reserves, which was thence used to monopolise industry, inflate stock prices, extract exorbitant commissions, or sure-up the position of allies (or, conversely, destroy rivals).¹³

Though progressives and muckraking journalists had been criticising big bankers and Wall Street fairly extensively since the turn of the century, the Pujo Committee or Money Trust Investigation of 1912-13 was the culmination and climax of the Progressive Era's critique of financial monopolisation.¹⁴ It, along with its popularisers, also reflected the more temperate and objective approach which characterised the progressive critique – legal and 'social scientific' investigation had displaced the hostile and epithet-laden diatribe.¹⁵ Following Charles Lindbergh's congressional motion to investigate capital concentration within Wall Street, Congressman Arsène Pujo, with approval from Congress, established a subcommittee of the House Committee on Banking and Currency to determine the existence and extent of a money trust. The subsequent investigation, headed by lawyer Samuel Untermyer, famously brought forth some of the country's largest and most powerful bankers for questioning, including J. P. Morgan and George F. Baker. In the process, lawyer and progressive activist Louis Brandeis documented and utilised the investigation's findings within his *Harper's Weekly* expository articles (1912-13), which were later revised and collated in his book, *Other People's Money: And How the Bankers Use It* (1914).

Both the investigation and Brandeis concluded that while the findings were limited and did not reveal the full extent of the money trust, in part due to a lack of power, time, and resources, it nevertheless demonstrated that a tiny network of elite financiers had control over vast portions of other people's money via interlocking directorships in major banks, insurance

¹³ See Committee Appointed Pursuant to House Resolutions 429 and 504 to Investigate the Concentration of Control of Money and Credit, H. R. Rep., No. 1593 (1913), 26-9, 42-50, 55-113, 155-8, and 163-5, and Brandeis, *Other People's Money*, 3-27, 46-50, and 135-61.

¹⁴ Bruner and Carr claim that the Pujo hearings 'represented the high-watermark of the Progressives' distrust of high finance', though they do state that this is arguable rather than indisputable. Robert F. Bruner and Sean D. Carr, *The Panic of 1907: Lessons Learned from the Market's Perfect Storm* (Hoboken: John Wiley and Sons, 2007), 148.

¹⁵ Fraser, *Everyman a Speculator*, 296-7.

companies, and corporations.¹⁶ Brandeis reported that the Committee had discovered that Baker and the First National Bank of New York (which he controlled) were ‘represented in nineteen corporations, with aggregate resources or capitalization of \$11,542,000,000’,¹⁷ while Morgan and his associates ‘directly controlled’ thirty-four ‘banks and trust companies’ which ‘held \$1,983,000,000 in deposits’. The latter also held ‘72 [board] directorships in 47 of the largest corporations of the country’.¹⁸ For Brandeis and the Committee, this was ultimately enough to prove that such a trust existed.

While both of these movements took on different forms and had differing preoccupations, they both believed that a financial monopoly existed. For inflationists, the concern was over who controlled the currency and the money supply. For progressives, the concern was over the domination and exploitation of other people's money. In both instances, an elite group of financiers and bankers were understood to be securing for themselves the nation's capital resources. Resultantly, these critics believed that elite bankers figures were working against the interests of the broader American public, or ‘the People’.

* * *

Historically, who ‘the People’ has actually entailed has been complex and ideologically relative. As noted earlier, many people have been excluded by virtue of their race, ethnicity, class, gender, or other attributes. Additionally, the meaning of ‘the People’ has changed over time. Nevertheless, ‘the People’ in traditional American lore has generally meant the ‘demos’ – the body of citizens – or, more generally, the common folk. The demos idea was foundational, and pertained to notions of democracy and equal political rights. Such ideas were in direct opposition to monarchism and aristocracy, both believed to be based upon arbitrary and unearned distinctions and privileges. Instead, as all were equal, they were all entitled to participate within the nation's political affairs. The People themselves were to rule through a representative and elected Government. While the franchise was at first restricted to property-owning males, over time it was extended to others (all white male citizens and, after the Civil

¹⁶ H. R. Rep., No. 1593 (1913), 14-7 and 129-33, and Brandeis, *Other People's Money*, 3-6 and 40.

¹⁷ Brandeis, *Other People's Money*, 30-1.

¹⁸ Brandeis, *Other People's Money*, 19.

War, all male citizens) and ‘the People’ came to incorporate the ‘common’ folk, or the ‘average’ American, particularly during the Presidencies of Thomas Jefferson, Andrew Jackson, and Abraham Lincoln. These commoners typically incorporated labourers, farmers, and even middle-class professionals. By the mid-1860s, America was ideologically ‘Of the People, By the People, and For the People’. While who counted among ‘the People’ continued to be contested politically and socially (the franchise was not extended to women until 1920, and Jim Crow bolstered racial distinctions in the South, for instance) there was by this stage at least a core meaning and mythology, even if it was vague enough to allow for varied interpretations. America was a nation of, by, and for the commoner.¹⁹

On various occasions during the nation's past, bankers had been identified as being different and threatening to these commoners. Often bankers were set in direct opposition to them. Thomas Jefferson opposed the establishment of the Bank of the United States on the grounds that it was both unconstitutional and wrongly privileged a select and minute group of people. Later, he remarked in 1816 that ‘banking establishments’ were ‘more dangerous than standing armies’ and claimed in 1819 that banks had the ‘regulation of the safety-valves of *our* fortunes, and ... condense and explode them at *their* will [emphases added]’. Bankers, then, were perceived by Jefferson to be a potential threat to democracy and to the prosperity of all. It was thus imperative to limit their size and their abilities.²⁰

Later, Andrew Jackson's bitter conflict or ‘war’ with Nicholas Biddle and the Second Bank of the United States rhetorically cast the People against a monstrous and tyrannical institution. Within his ‘Veto Message’ to the Senate in 1832, which explained why he was vetoing the re-chartering of the bank, Jackson announced that while a central, national bank could in various ways be beneficial for ‘the Government’ and ‘the people’, the ‘powers and privileges possessed by the existing bank’ were ‘unauthorized by the Constitution, subversive to the rights of the States, and dangerous to the liberties of the people’. It was monopolistic, extremely powerful, largely owned by a ‘favored class of men’ along with foreign ‘aliens’, and

¹⁹ See Sean Wilentz, *The Rise of American Democracy: Jefferson to Lincoln* (New York; London: W. W. Norton and Company 2005), esp. 13-39, 281-311, 790-6. Also see Nugent, *The Tolerant Populists*, 236-7.

²⁰ See Thomas Jefferson, Letter to John Taylor, 28 May, 1816 in Paul Leicester Ford (Ed.), *The Works of Thomas Jefferson in Twelve Volumes*, vol. 11 (New York; London: The Knickerbocker Press, 1905), 527-33, and Jefferson, Letter to John Adams, 7 November, 1819 in Leicester (Ed.), *The Works of Thomas Jefferson in Twelve Volumes*, vol. 12 (New York; London: The Knickerbocker Press, 1905), 144-6.

arbitrarily privileged. Moreover, it was so powerful that it had established a ‘bond of union among the banking establishments of the nation, *erecting them into an interest separate from that of the people* [emphasis added]’. An enormous, unchecked, essentially private banking power had, according to Jackson, become a menace to American society, and thus had to be broken up. Like Jefferson, Jackson believed that banks had to be constrained.²¹ Even with its dissolution in 1836, and the emergence of the ‘free banking’ era of independent state banks, problems persisted. Frontier society was plagued with fraudulent ‘Wild-Cat’ banks, there were major panics (1837, 1857), and the value of bank-notes could vary wildly as there lacked a federal currency. All no doubt continued to create a distance between bankers and the People, observable both within the political and broader cultural spheres.²²

By the time of the Gilded Age and Progressive Era, this mentality had been firmly engrained. Further, over this period, such splitting had become pervasive, and large segments of the public shared and expressed such a view. Whether inspired by the ‘producer ethic’, which posited that wealth was entirely the product of labour and that therefore producers were the most vital and valuable economic actors,²³ or by the progressive concern with financial consolidation, critics frequently divorced ‘bankers’ from ‘the people’. Within his 1896 pro-silver and anti-banking novel, *The Modern Banker*, James B. Goode called upon ‘the business man, machinist, carpenter, laboring man’, and the ‘farmer’ to wake up to the evil machinations of bankers.²⁴ Capt. S. Nicoletti of Los Angeles sought to make it clear within his 1896 tract, *Gold Conspiracy*, that everyone, ‘NORTH AND SOUTH’, ‘Blacks and Whites’, were affected by ‘King Gold’ and what he later described as ‘banking brigands’ [See Figure 5].²⁵ Later, muckraker Upton Sinclair depicted the actions of big bankers to be adverse to the ‘vast public’,

²¹ Andrew Jackson, ‘Veto Message’, 10 July, 1832 in Francis Newton Thorpe (Ed.), *The Statesmanship of Andrew Jackson: and Told in his Writings and Speeches* (New York: The Tandy-Thomas Company, 1909), 154-76, esp. 155, 157, 158-9, and 160-1.

²² For more on the politics and culture of the era, see David Anthony, *Paper Money Men: Commerce, Manhood, and the Sensational Public Sphere in Antebellum America* (Columbus: Ohio State University Press, 2009), 102-22; Stephen Mihm, *A Nation of Counterfeiters: Capitalists, Con Men and the Making of the United States* (Cambridge, Mass.: Harvard University Press, 2007), 179-208, and Klebaner, *American Commercial Banking*, 49-55.

²³ See Lears, *Rebirth of a Nation*, 74-5, and Painter, *Standing at Armageddon*, 28-9.

²⁴ Goode, *The Modern Banker*, 141.

²⁵ Capt. S. Nicoletti, *A Gold Conspiracy: The Worst Financial System in the World* (New York: The Progressive American Company of New York, 1896), 16 and 27.

including 'business men', 'working-men', and even 'helpless widows and orphans', within his 1908 novel, *The Moneychangers*.²⁶ During the Progressive Era's focus upon the antics of the Money Trust, Charles Lindbergh claimed in 1913 that a system dominated by bankers was inhibiting opportunities for 'the vast majority of farmers, wage earners, and others employed in different pursuits of life'. Indeed, bankers were, according to Lindbergh, a distinct class. Regarding how they used deposits, Lindbergh charged that bankers, 'as a class', were 'rich' and were 'made rich by the use of the credit' that was 'supported by us'.²⁷ Wealth, by this view, was being extracted from society and was bolstering a particular class of people.

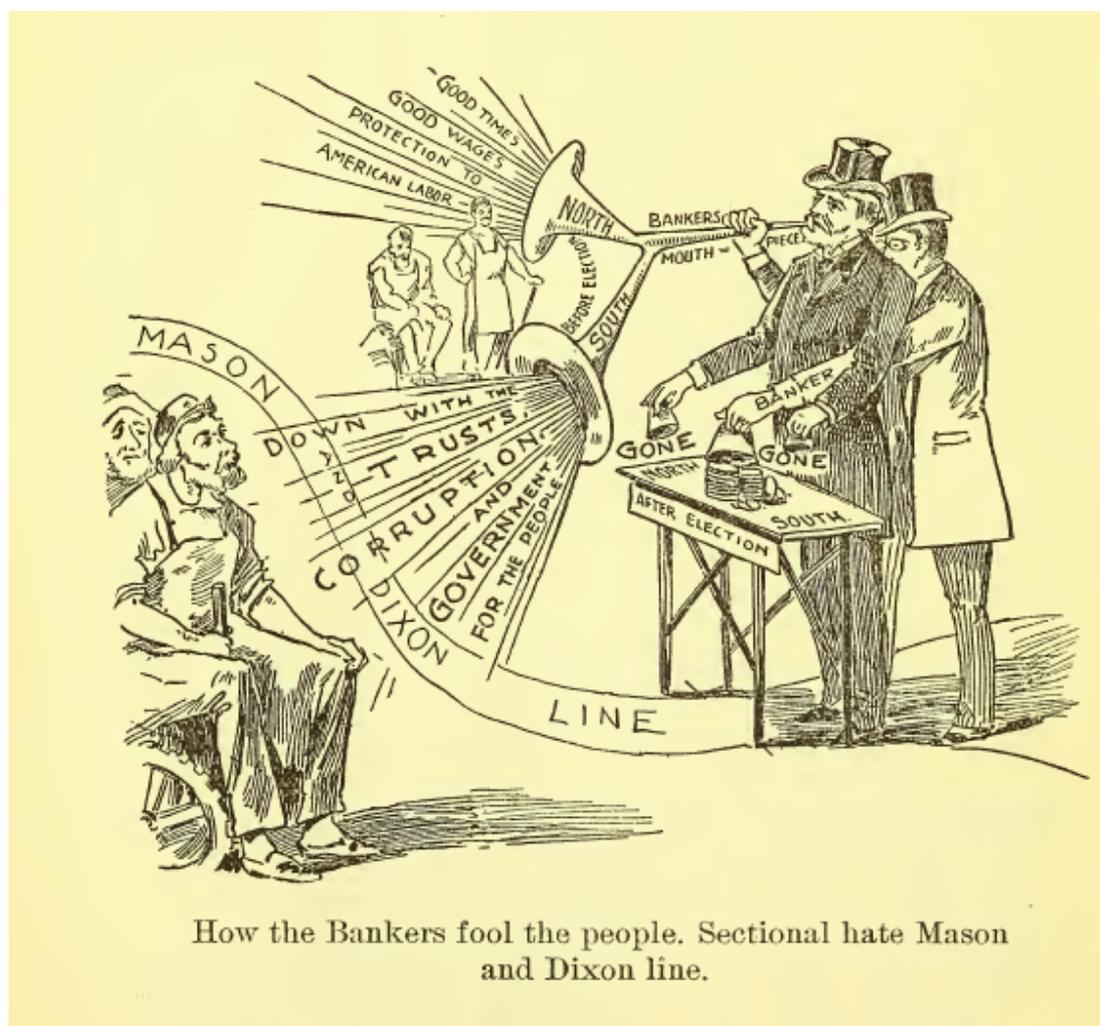


Figure 5. Image from Nicoletti's *A Gold Conspiracy*, 1896. From the Internet Archive's collection of digitised books.

Lindbergh was not alone in depicting bankers as a separate and privileged class. Other

²⁶ Upton Sinclair, *The Moneychangers* (New York: B. W. Dodge and Company, 1908), 298.

²⁷ Lindbergh, *Banking and Currency*, 59-62.

critics shared this belief, and often expressed it in much harsher terms. Bankers were sometimes considered not only to belong to a distinct class but to a ruling elite. They were described as aristocrats, oligarchs, kings, despots, and plutocrats – all terms representing figures considered anathema to an egalitarian and democratic society. Nicoletti, for instance, reflected this sentiment by arguing that the American financial system was dominated by an ‘aristocracy’. Ultimately, America was allowing for the inadvertent establishment of a powerful elite that was equivalent to and even connected to those of the Old World.²⁸ For a nation that valued independence and democracy and abhorred domination and arbitrary elevation, this was particularly troubling. Nothing could be further removed from the People than a moneyed elite taking the form of an aristocracy or a plutocracy.

Beliefs in the existence of such an elite tied into fears that such a class jeopardised the Republic itself. According to national mythology, America was a nation founded upon the premise that all citizens were equal, independent, and entitled to participate politically. They were also entitled to reap the material rewards of their individual labours. The establishment of an aristocracy or a plutocracy threatened to compromise these values. Bankers (or at least some bankers) were often believed to be a socially and politically favoured class that arbitrarily received special privileges. Due to these privileges, they had acquired the capacity to dominate the nation's economic affairs on a macro level, and to determine the prospects of independent businesses and labourers on a micro level. The latter jeopardised the ideal of the entrepreneur or the self-made man. Further still, bankers were often charged with controlling the government itself, either by actually entering it or by forming nepotistic relations with senators and congressmen. A 1903 tract charged that the money power mandated ‘the legislatures’ and that ‘the judiciary and executive authorities of the government obey’.²⁹ All of this meant that the People had lost control over their own republican and democratic institutions. Goode asserted in his novel that national banks were a ‘menace to our very existence’. His entire narrative was framed around a conflict between a virtuous, traditional America that valued its Revolutionary ideals and a sinful, perverted America rife with

²⁸ Nicoletti, *A Gold Conspiracy*, 76, 80, and 81.

²⁹ J. C. Cooper, *Handwriting on the Wall: Or, Revolution in 1907* (St. Louis: P. H. Roberts Publishing Co., 1903), 308. Also see Robert Addison Dague, *A Postal Savings System Proposed to Prevent Bank Panics* (Chicago: Charles H. Kerr and Company, 1899), 7.

domination, greed, connivance, and corruption.³⁰ Brandeis charged that the money trust threatened to undermine republican independence or ‘manhood’ by creating conditions of mass dependence. It had a ‘blighting and numbing effect’ that extended to the ‘small and seemingly independent business man, to the vast army of professional men and others directly dependent upon ‘Big Business’, and to many another’.³¹ In one way or another, America itself, and everything it stood for, was thus under attack.

It is true that some were careful to make concessions to bankers and to mark a distinction between their profession and their persons. Lindbergh considered them to be ‘well-informed and enterprising business men’ and also as ‘generally good people’ who took a ‘great interest in the communities in which they [lived]’. Additionally, they were ‘acquaintances’ and were just like all other people.³² Lindbergh of course had an interest in saying so. As historian Richard McCulley highlights, Lindbergh *himself* was a bank director and stockholder.³³ Similarly, former state-senator Robert Addison Dague of Los Angeles made it clear within his pamphlet advocating a nationalised banking system that he was making ‘no war upon bankers as individuals’, who he considered ‘as honest as the average citizen’.³⁴ Even the outspoken critic and novelist Alfred Crozier, best known as the author of *The Magnet* (1908), conceded that there were many ‘patriotic’ bankers intent upon serving their communities and their nation.³⁵ Instead, this was, at least to Lindbergh and Dague, a structural issue. According to Dague, it was the ‘radically defective system’ that was ‘to blame’ rather than ‘the banker personally’.³⁶

Both believed that while bankers were just people, they were granted certain privileges by law which allowed them the capacity to prosper at the expense of others. For Dague, this was their ability to take deposits from people and to issue out that same money as interest-

³⁰ Goode, *The Modern Banker*, esp. 167-80 (quote from 174).

³¹ Brandeis, *Other People's Money*, 48-9.

³² Lindbergh, *Banking and Currency*, 34.

³³ McCulley notes that Lindbergh was an ‘organizer and director of the First National Bank of Little Falls’ and was on the German-American National Bank’s board of directors. Richard T. McCulley, *Banks and Politics During the Progressive Era: The Origins of the Federal Reserve System, 1897-1913*, second edition (Oxon: Routledge, 2012), 257.

³⁴ Dague, *A Postal Savings System*, 6.

³⁵ Alfred O. Crozier, *U.S. Money Vs. Corporation Currency: ‘Aldrich Plan’, Wall Street Confessions, Great Banks Combine* (Cincinnati: The Magnet Company, 1912), 15-9.

³⁶ Dague, *Postal Savings System*, 6.

bearing loans. For Lindbergh, this was their practice of pouring surplus reserve deposits into other larger banks within major financial centres, particularly Wall Street, which were then used for speculative purposes. Either way, this access to money allowed bankers the ability to accrue both wealth and power. As such, their apparent concessions were actually a premise to their broader critiques: it was true that bankers were people like everyone else, yet, due to the structure of the financial system, they had been granted the ability to determine the prospects of others via their control of money.³⁷ Thus, while bankers may have been morally and legally equal, they were nevertheless participating or caught up within a system that was removing and elevating them from the rest of society.

* * *

In addition to rather crudely separating bankers from the People within rhetoric, critics also relied upon various other tropes to conceptually remove and ‘other’ them. These included the construction of stereotype, the reliance upon Wall Street as a physical and mental entity, the erection of elaborate conspiracy theories, the scapegoating of foreign and ethnic figures, and the use of anthropomorphic imagery. It is of course true the utilisation of these methods varied over time and space. As historian Steve Fraser has demonstrated, there is a marked difference, for instance, between how progressive activists approached the issue of financial monopoly compared to how their predecessors did. Unlike the latter, which relied upon morally charged language and imagery, the former sought to adhere to an empirical and ‘social scientific’ approach.³⁸ Such differences will be noted. However, there remained similarities between the agrarian and the progressive critiques. Generally, progressives sanitised the language, though still relied upon at least some of these tropes. Either way, both relied upon rhetoric and imagery that reinforced conceptual divisions between bankers and people.

The standard image of a banker was of a powerful, serious, opulent, high-society figure. This was actually a rather neutral image shared by both the friend and foe of the banker. Added to this, many people, particularly from the middle and upper classes, saw bankers as

³⁷ Lindbergh, *Banking and Currency*, 34-5 and 54-60; Dague, *A Postal Savings System*, 4-7.

³⁸ Fraser, *Everyman a Speculator*, 296-7.

respectable and well-regarded people. They were prominent citizens, and were also church going and philanthropic. James B. Forgan, Chicago's most pre-eminent banker, was described later in 1917 as one of the city's 'foremost citizens, a great moral force and director of charitable movements'.³⁹ J. P. Morgan was an active devotee of St. George's Protestant Episcopal Church and donated money to a range of projects, including museums, universities, and hospitals.⁴⁰ Upon his visit to San Francisco in 1901, the *San Francisco Call* reported that a bishop declared that Morgan possessed the necessary characteristics needed to lay the 'foundations of a great estate and a great civilization'.⁴¹ Moreover, many hailed Morgan as a hero following the depression of the 1890s and the panic of 1907. In both instances, Morgan had essentially bailed out the country by raising capital and thus bolstering liquidity within the national economy.⁴² The banker, then, could be and certainly was perceived by many to be an honourable figure. Indeed, as we have seen, this was what made wrecking scandals particularly shocking. A sizeable amount of people had to see bankers as respectable enough in order to do business with them in the very first place.

Critics, however, rejected this more positive interpretation and instead forged their own. This was the first-step in erecting a division between bankers and the rest of society. While they recognised that bankers could be leading social figures, this was not taken to be an admirable characteristic. This was almost like a Jekyll and Hyde feature, though critics saw this more as a front than a split personality. The *Manufacturer and Builder* perfectly illustrated this within an 1874 article titled 'Agriculturalists Vs. Bankers'. It noted that the banker or 'money-lender' was 'opulent, wealthy, and fastidious' and a 'leader of society'. He was also, however, a 'manager of legislation, and general absorber of the substance of industry'.⁴³ So although the banker may have been at the top of the social hierarchy, he was also a kind of parasite that expropriated the wealth generated by producers. This way, his high-status was built upon legalised theft. In order to emphasise their elitist and aristocratic tendencies, critics

³⁹ B. C. Forbes, *Men Who Are Making America* (New York: B. C. Forbes Publishing Co., 1917), 129.

⁴⁰ Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York: The Atlantic Monthly Press, 1990), 50-2.

⁴¹ *San Francisco Call*, 12 October, 1901, 1.

⁴² Chernow, *The House of Morgan*, 77 and 122-9. Also see Fraser, *Wall Street: America's Dream Palace* (New Haven: Yale University Press, 2008), 115-24, and David A. Zimmerman, *Panic!: Markets, Crises, and Crowds in American Fiction* (Chapel Hill: The University of North Carolina Press, 2006), 154-5.

⁴³ M. Boucher, 'Agriculturalists Vs. Bankers', *The Manufacturer and Builder*, vol. 6, no. 2 (1874), 39-40.

depicted the banker as plump, ornate, well-dressed, and smugly confident.⁴⁴ Even Mr. Dooley, the wisecracking Irish caricature of Finley Peter Dunne's popular satirical columns, described a banker he knew as 'solid' in physique and ornamented with a 'gould watch' which would clank against 'th' pear buttons iv his vest'. This banker would never give Mr. Dooley 'much more thin a nod out iv th' north-east corner iv his left eyebrow'.⁴⁵ Such imagery of wealth, power, and indifference thus removed bankers from ordinary folk. They were elite figures within a nation that celebrated anti-elitism, and their wealth represented the product of other people's labour. Some even depicted them to be completely incapable of identifying with the broader public. Their self-interestedness was all-encompassing and blinding. William 'Coin' Harvey charged in *Coin's Financial School* (1894) – a best-selling pro-silver tract – that 'specialists' such as bankers had 'little regard for the interests of producers' and that their 'selfishness and greed' blinded them. Harvey considered this to be the result of a faulty thought process rather than deliberate connivance – their 'minds' were 'running in a groove' and they could not 'see the rights of others'.⁴⁶ This was generous compared to others like Nicoletti who considered them to be 'shrewd and cunning'⁴⁷ and Sinclair who depicted his villainous antagonist, Dan Waterman, an obvious surrogate for Morgan, as a vicious sociopath that would stop at nothing to get what he wanted.⁴⁸ Whatever the case, critics had drawn upon an image which set 'the banker' apart from 'the People'.

Typically, this imagery was of the city dwelling big banker rather than the small banker of the town or county. Lindbergh marked this distinction, noting that '[m]any of them [small bankers], and more especially those from the country districts' were 'not opposed' to breaking up the money trust and knew 'that they [had] special privileges that they ought not to have [had]'.⁴⁹ Additionally, Brandeis' critique primarily centred upon large investment bankers, and

⁴⁴ An excellent example is Crozier's depiction of a 'Big National Banker'. See Crozier, *U.S. Money*, 214.

⁴⁵ Finley P. Dunne, 'Mr. Dooley on Finances', *Times Dispatch*, 3 November, 1907, 3. Also see John D. McCutcheon's illustrations of bankers which accompany Dunne's article within the February 1908 edition of the *American Magazine*. McCutcheon, illustrations of bankers in Dunne, 'Mr. Dooley on Hard Times', *American Magazine*, vol. 65, no. 4 (February, 1908), 338-44, esp. 341.

⁴⁶ William H. Harvey, *Coin's Financial School* (Chicago: Coin Publishing Company, 1894), 26-7.

⁴⁷ Nicoletti, *Gold Conspiracy*, 11.

⁴⁸ Sinclair, *The Moneychangers*, esp. 64-75 and 252-308. Also see James Grant, *Money of the Mind: Borrowing and Lending in America from the Civil War to Michael Milken* (New York: Farrar Straus Giroux, 1992), 119, and Zimmerman, *Panic!*, 157-8.

⁴⁹ Lindbergh, *Banking and Currency*, 13.

the Pujo Committee's most sensational moment was when Untermeyer challenged Morgan on the stand.⁵⁰ Nevertheless, the 'big banker' was the ultimate abstraction of a banker; he was the quintessential figure that set the stereotype. This is plainly observable through the images of the stereotypical banker – abundantly wealthy and socially and politically powerful. Illustrations of national bankers within Nicoletti's tract certainly adhered to this image,⁵¹ and so too did the descriptions provided by the *Manufacturer and Builder* and Mr. Dooley.⁵² And while Lindbergh made concessions, it remained that he considered contemporary bankers to generally belong to a rich 'class' unto themselves.

Furthermore, it is of course true that Wall Street had been a primary target for critics. Wall Street had been America's financial centre since the late 1830s.⁵³ From that time, it had consistently aroused popular fascination and suspicion, a trend that continued throughout the Gilded Age and Progressive Era. Innumerable references to Wall Street and its cast of characters – Vanderbilt, Gould, Fisk, Morgan – were made within the press and general media, both positive and negative. Their alleged acts of heroism and villainy were followed closely.⁵⁴ Moreover, most critics, including agrarians, labour agitators, and progressives, narrowed their sights upon the Street. Terence Powderly of the Knights of Labor, for instance, claimed that the 'currency question' was 'the history of favoritism to Wall Street, New York'. It was 'high time', he pronounced, that the 'vast territory embraced within the boundaries of the United States, and situated beyond the limits of Wall Street, New York, should enter its protest against a policy which, has for years ignored the best interests of the people'.⁵⁵ Wall Street, then, was ground-zero for financial monopolisation and at the epicentre of American banking.

Where Wall Street actually was and where it was imagined to be, however, could be at odds. In reality, it was a relatively short street located in Lower Manhattan. In the popular imagination, it was a figurative entity that constituted and spanned the nation's financial

⁵⁰ See Chernow, *The House of Morgan*, 149-56.

⁵¹ Nicoletti, *Gold Conspiracy*, 23, 30, and 97.

⁵² Nicoletti and the *Manufacturer* were referring to national bankers, though both still depicted their struggle as a split between bankers on the one hand and the people on the other. Those bankers adhered to the stereotype.

⁵³ Robert E. Wright locates the transition from Chestnut Street to Wall Street in 1836. Wright, *The First Wall Street: Chestnut Street, Philadelphia, and the Birth of American Finance* (Chicago: University of Chicago Press, 2005), 162 and 182.

⁵⁴ See Fraser, *Wall Street*.

⁵⁵ Terence Powderly, *Thirty Years of Labor, 1859-1889* (Columbus: Excelsior Publishing House, 1889), 404-6.

system. Regarding the banking system specifically, Wall Street was at once its hub and a rhetorical stand-in. Lindbergh made this explicit, stating that when he used the phrase ‘Wall Streeters’ he did not ‘confine it to those having offices in Wall Street’. Instead, the ‘Wall Street system’ was ‘maintained in all the large cities’ and he included ‘within the term Wall Streeters all those supporting the Wall Street system, wherever they may be’.⁵⁶ Likewise, banks and Wall Street, to anti-monopolists, were close to synonymous. Agrarians depicted the national banking system as largely an offspring of ‘eastern’ – New York – financiers.⁵⁷ Progressives depicted banks as either being dominated or subservient to the Street.⁵⁸ A 1911 cartoon in *Puck* encapsulated such thinking. It depicted a worker, dubbed ‘American citizen’, shovelling his savings into a ‘Syndicate Bank’ boiler powering Wall Street’s ‘Public Service’ Machine’. This machine, oiled by Morgan and driven by a belt inscribed ‘Control of “Other People’s Money”’, operates precisely to boot the worker into handing over his savings [See Figure 6].⁵⁹ This was clearly a metaphor for Wall Street’s domination of the banking system. Wall Street was, then, where the trail started and ended. It was a kind of omnipresent entity. Overall, it was a metaphor as much as a place.⁶⁰

Even with Wall Street as the financial headquarters, however, several critics sought to emphasise the expansiveness of their critiques. Coin Harvey challenged fictionalised versions of prominent Chicagoan bankers: Lyman Gage of the First National Bank of Chicago and John R. Walsh of the Chicago National Bank (before he was a disgraced bank wrecker).⁶¹ Goode’s diatribe appears to be directed towards all bankers, not just those of Wall Street or the national banks.⁶² And although Brandeis’ chief subjects were those of Wall Street, he also made it clear

⁵⁶ Lindbergh, *Banking and Currency*, 45.

⁵⁷ For example, see Sarah E. V. Emery, *Seven Financial Conspiracies which have Enslaved the American People* (Lansing: Robert Smith and Co., 1893), esp. 12.

⁵⁸ Brandeis, for instance, considered New York’s National City Bank and First National Bank to be at the core of the ‘Money Trust’. Brandeis, *Other People’s Money*, 28.

⁵⁹ Albert Levering, *The Stoker: Around and Around and Around!*, cartoon in *Puck*, vol. 69, no. 1770, 1 February, 1911, centre. Image. Retrieved from the Library of Congress.

<URL: <https://www.loc.gov/item/2011648864/>>. Accessed 5 September, 2016.

⁶⁰ The idea of Wall Street being a metaphor is borrowed from Fraser, though is reapplied. See Fraser, *Wall Street*, 1 and 9.

⁶¹ Harvey, *Coin’s Financial School*, 25-9 (Gage) and 47-8, 54, and 67 (Walsh).

⁶² Though Goode made rare exceptions, for the most part he frequently referred to ‘the bankers’ as a collective whole. For instance, see Goode, *The Modern Banker*, 22, 72, 84, 129, 133, 149, 156, 163, 170, 176, and 179. For the exceptions, see 30 and 104.

that the trust extended to other money centres, particularly Boston and Chicago. He went on to predict that 'similar relations would doubtless be found to exist with the leading bankers of the other important financial centres of America'.⁶³ So while Wall Street may have been the big bankers' primary location, and while it may have figuratively spanned the nation, it was not as if it was construed to be the only actual, physical site of financial monopolisation.



Figure 6. Alfred Levering's image of *The Stoker*, featured in *Puck* magazine, 1911. From the Library of Congress' digital collections.

Wherever the big banker may have been situated physically or mentally, many believed that his machinations had cornered the entire financial system, and that other banks either were acting in concert with him or were under his control. In other words, various critics, as we shall see, charged that banks across the nation were actively colluding with financial elites or were caught in their web. Cooperation was secured by consent, coercion, or,

⁶³ Brandeis, *Other People's Money*, 37-40.

more benignly, structure. Theories and accounts of conspiracy or of domination, formal or informal, were utilised to draw connections between institutions and to explain how a banking system of thousands of supposedly independent banks had been monopolised.

Agrarian inflationists accused national bankers of being among the architects of both a discriminatory system and deflationary policies. The system's very inception was believed to have stemmed from favouritism and the bidding of an organised class of bankers who sought to control the money supply. The *Manufacturer and Builder* considered the system to be one established upon 'favor and fraud' and the 'most brazen and outrageous class-legislation' the nation had ever seen.⁶⁴ This was rather tame. Others went much further. Bankers were accused of intentionally initiating the 1893 panic in order to instate a gold standard.⁶⁵ Sarah Emery also accused Wall Street of opportunistically exploiting the Civil War to usher in the system.⁶⁶ Even highly fantastical claims were not off limits. Nicoletti strongly suggested that bankers had been responsible for Lincoln's assassination.⁶⁷ Conspiracy theories were openly embraced and these critics were not afraid to use the term itself, as reflected by titles like Emery's *Seven Financial Conspiracies Which Have Enslaved the American People* (1894) and Nicoletti's *Gold Conspiracy*. Some also sought to utilise hard, documentary evidence. Emery, for instance quoted in full a 'private circular' allegedly distributed by bankers prior to the creation of the national banking system, stating that '[t]o repeal the law creating national banks, or to restore to circulation the government issue of money, will be to provide the people with money, and will therefore seriously affect your individual profits as banker and lender'.⁶⁸ This supposed circular was hence utilised as both clear evidence that bankers had devised a system intent upon 'robbing the people' and, thus as a means to demonstrate that bankers *themselves* had aligned against them. However, it was reported as early as 1878 that the circular was fake. James Buell, its alleged author, described it as a 'forgery' and 'warp and woof'.⁶⁹ Despite this

⁶⁴ Boucher, 'Agriculturalists Vs. Bankers', 39.

⁶⁵ See M. W. Walbert, *The Coming Battle: A Complete History of the National Banking Money Power in the United States* (Chicago: W. B. Conkey Company, 1899), 325-61.

⁶⁶ Emery, *Seven Financial Conspiracies*, 7-17.

⁶⁷ Nicoletti, *Gold Conspiracy*, 34-8.

⁶⁸ 'NATIONAL BANKERS' CIRCULAR' in Emery, *Seven Financial Conspiracies*, 30-1. This 'circular' was featured elsewhere and was a recurring 'document' within agrarian anti-banking lore. For instance, also see Walbert, *The Coming Battle*, 65, and Goode, *The Modern Banker*, 75-6.

⁶⁹ 'Another Forged Circular', *New York Times* [originally from the *Boston Transcript*], 3 September, 1878, page unspecified.

discrepancy, Emery ignored the document's potentially dubious nature and used it anyway. Taken together, conspiratorial thinking was clearly a facet of the inflationist critique of national banks and the 'money power'.

Subsequent critics throughout the 1900s also had their share of conspiracy theories. The panic of 1907 in particular was singled out to be the result of an instance of deliberate financial manipulation. Sinclair's *The Moneychangers* was a fictionalised account of the panic. In it, the Morgan-like character orchestrates a series of bank runs in order to discipline uncooperative financiers and to initiate the acquisition of corporate enterprises. While the wholesale panic that followed was an inadvertent by-product, it was nevertheless the result of this underlying conspiracy.⁷⁰ Sharing this view, Peter Kinnear sought to provide a factual account of the events behind the panic within his 1908 pamphlet, *Wrecking the Nation: The Crime of 1907-8*. Like Sinclair, Kinnear saw the panic as the direct result of financiers seeking to undermine their competitors and usurp their businesses.⁷¹ Republican Senator Robert La Follette from Wisconsin charged in 1908 that the panic *itself* was deliberate.⁷² Crozier also made this accusation in 1912. He accused Wall Street and big bankers of orchestrating it in order to advocate a banker-controlled central bank.⁷³ Furthermore, Chicago's the *Day Book*, an 'adless' daily for working people, covered the bank wrecking scandal involving former Senator William Lorimer and his bank. The newspaper paid close attention to the claims that this was the result of a financial conspiracy involving a syndicate of elite bankers attempting to put a new rival out of business. James Forgan, connected to Morgan, was suggested to be an arm of a plutocracy attempting to monopolise the capital of the nation. The assault upon the LaSalle Street Trust and Savings Bank was thus tied to the money trust. For the *Day Book*, here was an instance of that trust destroying a threat to its hegemony, in turn stifling competition and bolstering control over the supply of capital.⁷⁴

It was sometimes the case that critics believed that English Jews were at the helm of a

⁷⁰ Sinclair, *The Moneychangers*, esp. 222-308. For a comprehensive analysis of the *Moneychangers* and conspiratorial narratives, see Zimmerman, *Panic!*, 151-90.

⁷¹ Peter Kinnear, *Wrecking the Nation: The Crime of 1907-8* (Columbus: Co-operative Publishing Co., 1908).

⁷² Robert La Follette, 'Centralization and Community of Control in Industry, Franchise, Transportation, and Finance: The Panic of 1907, and Its Lesson' (Presentation, United States Senate, 17, 19 and 24 March, 1908), 17-24, esp. 22.

⁷³ Crozier, *U.S. Money*, 205-6.

⁷⁴ See *The Day Book* (Illinois), 7 July 1914, 1-2; 16 June 1914, 1-2; and 25 March 1916, 1-2.

conspiracy. The Rothschild banking family had been the world's prevailing financier throughout much of the nineteenth century. Their close relationship with American finance, particularly with Wall Street and J. P. Morgan, warranted cause for alarm for some, and thus aroused deep suspicions and animosity. Such sentiment tapped into Anglophobic and anti-Semitic sentiments. Often the two were combined, especially given that the Rothschilds were both English and Jewish.⁷⁵ Whether merely anti-British or anti-Semitic, in both cases financial woes could be reduced to the intrusions of a foreign parasite, which was killing the host organism by leeching off its vitality. In this instance, the quintessential banker was so unlike the American people that he was not American at all. Outsiders, then, were responsible for undermining the Republic.

Anti-British sentiment reflected a long-standing Anglophobia shared by many Americans. America had, after all, established itself by not only gaining independence from England, but also as its antithesis. England was monarchistic and aristocratic. America was not. England was of the 'Old World'. America was of the 'New'.⁷⁶ By allowing powerful English financiers to permeate America's financial system, this threatened America's very independence. America was, after all, a debtor nation largely to Britain until the First World War. During the silver conflict, these bankers were accused of being chief advocates of the gold standard, which would only bolster their power as creditors.⁷⁷ Nicoletti lambasted President Grover Cleveland, accusing him of surrendering to the English by seeking a gold standard. He charged that Cleveland differed from Thomas Jefferson, 'the founder of democracy and the author of that sacred document, the Declaration of Independence, which freed us from England'. Now, unlike Jefferson, Cleveland was seeking to 'annul' the Declaration 'by enslaving the people to the gold lords of England with an intent to perpetuate the debt'.⁷⁸ Here, through the establishment of a Gold Standard, the American people not only faced conflict with creditors – their very nation faced an existential threat.

⁷⁵ Richard Hoftstadter argued that 'anti-Semitism and anglophobia went hand in hand'. Hoftstadter, *The Age of Reform*, 78. For an alternative view, see Nugent, *The Tolerant Populists*, 109-21.

⁷⁶ See Sam W. Haynes, *Unfinished Revolution: The Early Republic in a British World* (Charlottesville; London: University of Virginia Press, 2010), and Stephen Tuffnell, "'Uncle Sam is to be Sacrificed": Anglophobia in Late Nineteenth-Century Politics and Culture', *American Nineteenth Century History*, vol. 12, no. 1 (2011): 77-99.

⁷⁷ For instance, see Walbert, *The Coming Battle*, 109-57 and 304-24.

⁷⁸ Nicoletti, *Gold Conspiracy*, 84.

Likewise, anti-Semitic ideas and imagery could be drawn upon. While the prevalence of anti-Semitism within the agrarian movements has been long debated, historians now tend to agree that while it may not have necessarily been pervasive and was certainly not the primary motivator, pitting the blame upon Jewish people nevertheless occurred.⁷⁹ Goode, for example, made it entirely clear who he believed controlled the world's finances. He asserted that:

By a concerted cunning, peculiar to themselves, the Jews have contrived to get all the people of the world to adopt a banking system that allows the Jews to receive the money of the world as deposits, and then loan it out to the world at a good interest, on their own accounts, which interest goes into the Jews' vaults as clear profits. Every man who deposits money in a bank regularly, is sure to want to borrow some from the bank at times, and here is where the Jew catches his victim.⁸⁰

The stereotype of the avaricious, amoral, predatory, and parasitic Jew was on full display here. Jews, Goode argued, had tricked everyone else into accepting a system of usury. Others often relied upon references to Shylock, the infamous Jewish moneylender from Shakespeare's *The Merchant of Venice* (1600). Emery, for instance, framed her anti-banking tract around the various ways she believed that 'Shylock' had defrauded the American people.⁸¹ So too did Gordon Clark in his anti-banking treatise, *Shylock: As Banker, Bondholder, Corruptionist, Conspirator* (1894).⁸² Shylock was certainly not a new figure within the popular imagination. The character has had a long presence within European and American cultures.⁸³ And as David Anthony has demonstrated, the figure was common within antebellum America.⁸⁴ Its application to bankers, then, was unoriginal, but it persisted nonetheless. Additionally, while its usage may not have always been intended as an ethnic slur but rather a reference to

⁷⁹ See Leonard Dinnerstein, *Antisemitism in America* (Cary: Oxford University Press, 1995), 64-6, Fraser, *Everyman a Speculator*, 221-4, Lears, *Rebirth of a Nation*, 89, Nugent, *The Tolerant Populists*, 109-21, Postel, *The Populist Vision*, 152-3, Steeples and Whitten, *Democracy in Desperation*, 99, and Unger, *The Greenback Era*, 210-2.

⁸⁰ Goode, *The Modern Banker*, 126.

⁸¹ Emery, *Seven Financial Conspiracies*.

⁸² Gordon Clark, *Shylock: As Banker, Bondholder, Corruptionist, Conspirator* (Washington: American Bi-Metallic League, 1894).

⁸³ See John Gross, *Shylock: Four Hundred Years in the Life of a Legend* (London: Chatto and Windus, 1992), esp. 288-90.

⁸⁴ Anthony, *Paper Money Men*, 70-101.

Shylock's character rather than his Jewishness,⁸⁵ it remained a word with strong ethnic connotations. When applied to the Rothschilds, the connection was obvious.⁸⁶

Anti-Semitic imagery usually came from inflationist critics, though it did linger. Crozier, for instance, later offered a 'Warning to American Jews' in 1912. Though he declared that he had 'no prejudice against the Jewish race', he advised America's 'Hebrews' to vote against legislation favourable to Wall Street to disassociate with major Jewish financiers and prevent 'that dreaded cry, "Down with the Jews!"' However well-intentioned Crozier may have believed this to be, he was clearly lumping Jewish-Americans into a homogenous group and was instructing them to vote as Americans, not as a united class of Jews.⁸⁷ Whatever form Anti-Semitism took, it, like anglophobic criticisms, was ultimately a means to distance the banking power from the American people. Their foreignness represented just how far removed they were.

Anthropomorphic metaphors were also common. Bankers were depicted as a range of dreaded animals, usually serpents, sharks, and octopuses. Seeing bankers as monstrous beasts did not originate over this period. Jackson, for instance, had waged war against a 'monster' and a 'hydra' which had been intent upon devouring the Republic.⁸⁸ Such imagery went on to pervade the Gilded Age and Progressive Era. The octopus was a favourite, seen as an apt metaphor for financial and corporate monopolisation. Its application drew upon common, transnational imagery of the time, and likely upon traditional folklore such as the Kraken, the squid-like mythological beast that would imperil sailors by entangling and destroying their ships. Instead of attacking ships, the industrial octopus strangled independent proprietors and society at large.⁸⁹ Though broadly applicable, bankers were the ultimate octopus due to their

⁸⁵ Nugent makes this argument. See Nugent, *The Tolerant Populists*, 109-21.

⁸⁶ See Hofstadter, *Age of Reform*, 80 and Robert Michael, *A Concise History of American Antisemitism* (Lanham: Rowman & Littlefield Publishers, 2005), 93.

⁸⁷ Crozier, *U.S. Money*, 233-42.

⁸⁸ See Mihm, *A Nation of Counterfeiters*, 127.

⁸⁹ Frank Norris' 1901 novel, *The Octopus*, is probably the best example, which concerns railroad monopolisation. Norris, *The Octopus: A Story of California* (New York: Doubleday and Company, 1901). For contemporary studies of the Octopus and Kraken, see Henry Lee, *The Octopus: Or, the 'Devil-Fish' of Fact and Fiction* (London: Chapman and Hall, 1875), 12-36, Lee, *Sea Monsters Unmasked* (London: William Clowes and Sons, 1883), 1-51. Also see Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York; London: W. W. Norton and Company, 2011), 168-73 and 230-69 and Michael Farren's blog on the broader historical phenomenon, *Octopus in Propaganda and Political Cartoons, Vulgar Army* <URL: <http://vulgararmy.com>>. Accessed 26 March, 2015.

centrality within a capitalist socio-economic system – they had a firm grasp over the nation's capital and could thus wrap their tentacles where they pleased.

Though this imagery was figurative, relying on such metaphors nevertheless associated bankers with inhuman monsters. As such, this represented an extreme kind of othering. They were not like everyone else, and were viewed as extremely dangerous and threatening. Agrarians and progressives alike depicted them as these menacing and tentacled creatures. Silverites certainly utilised and disseminated the image. The very title of F. M. Fogg's 1896 tract was *The Banking Octopus and the Silver Question*, in which he described the national banking system 'as the greatest living octopus of all'. This octopus had 'thrown its tentacles around the nation' and was 'devouring it by suction'.⁹⁰ Beyond American bankers, English bankers were conveyed as such. A famous image featured within *Coin's Financial School* depicts the Rothschilds as 'THE ENGLISH OCTOPUS', which has wrapped its tentacles around every continent bar Antarctica [See Figure 7].⁹¹ Progressive Era critics retained the imagery. One of Brandeis' money-trust articles in *Harper's* included a cartoon by Walter J. Enright of an enormous, portly, and grimacing man with eight arms extending out and grasping onto banks.⁹² This was a tamer depiction, perhaps, but it was clearly drawing upon the metaphor. The idea, then, remained, even if it was sanitised by a slightly tamer middle-class decorum [See Figure 8]. Crozier, however, rejected this approach and instead utilised the standard bestial version within his critique of the 'Aldrich Plan', which proposed to instate a national reserve association owned and operated by bankers (this will be discussed in Chapter VII). Crozier's octopus represented the 'COMING MONEY TRUST'. It has wrapped its tentacles around the Treasury, the Capitol, the White House, a bank, a farm, and a factory, and is busy spewing money into the New York Stock Exchange. For good measure, Crozier also gave his octopus horns, sharp teeth, frowning brow ridges, dollar-sign pupils, and barbed-tipped tentacles. Unlike others, Crozier's image was a premonition intended to raise alarm [See Figure 9].⁹³ Nevertheless, he had drawn upon what had become a stock and standard metaphor for

⁹⁰ F. M. Hogg, *The Banking Octopus and the Silver Question: An American Financial History* (Lansing: Lansing Review Co., 1896), 16 and 75.

⁹¹ Harvey, *Coin's Financial School*, 124.

⁹² Walter J. Enright, Cartoon of Octopus-like Banker in Brandeis, 'Serve Only One Master!', *Harper's Weekly*, vol. 58, 13 December, 1913, 12.

⁹³ Crozier, *U.S. Money*, frontispiece.

organised bankers and financial monopoly.

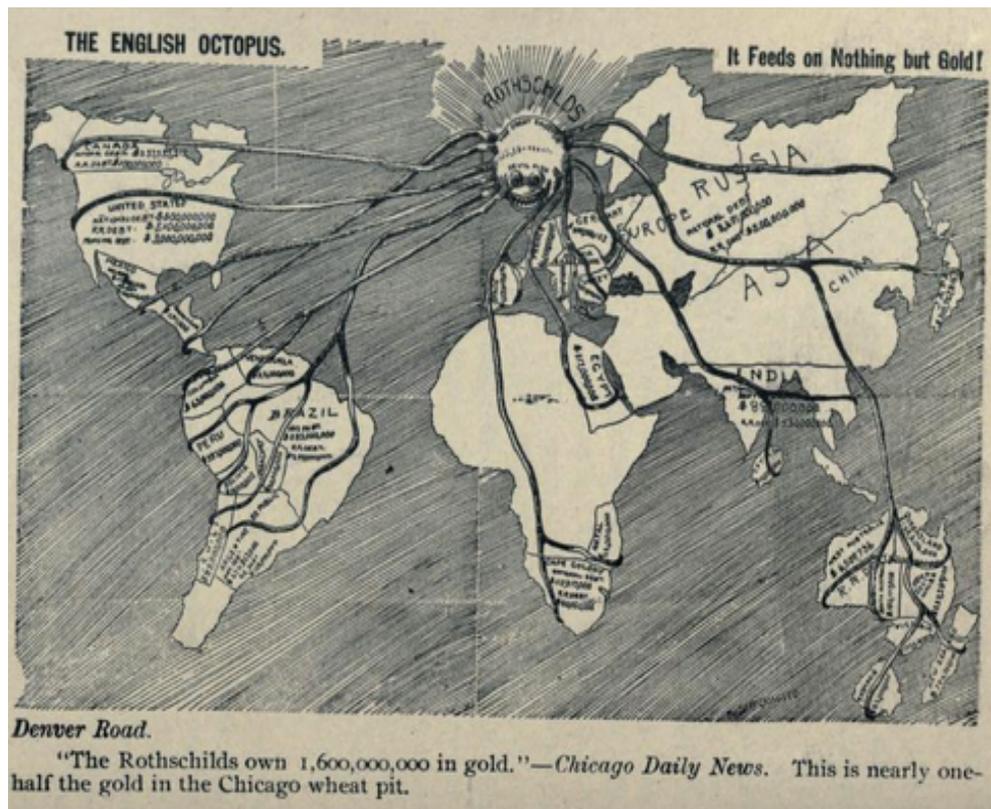


Figure 7. The 'English Octopus' featured within *Coin's Financial School*, 1896. From the Internet Archive's collection of digitised books.



Figure 8. Walter J. Enright's illustration of an octopus-like banker accompanying one of Louis Brandeis' articles in *Harper's Weekly*, 1913. From the Hathi Trust Digital Library.

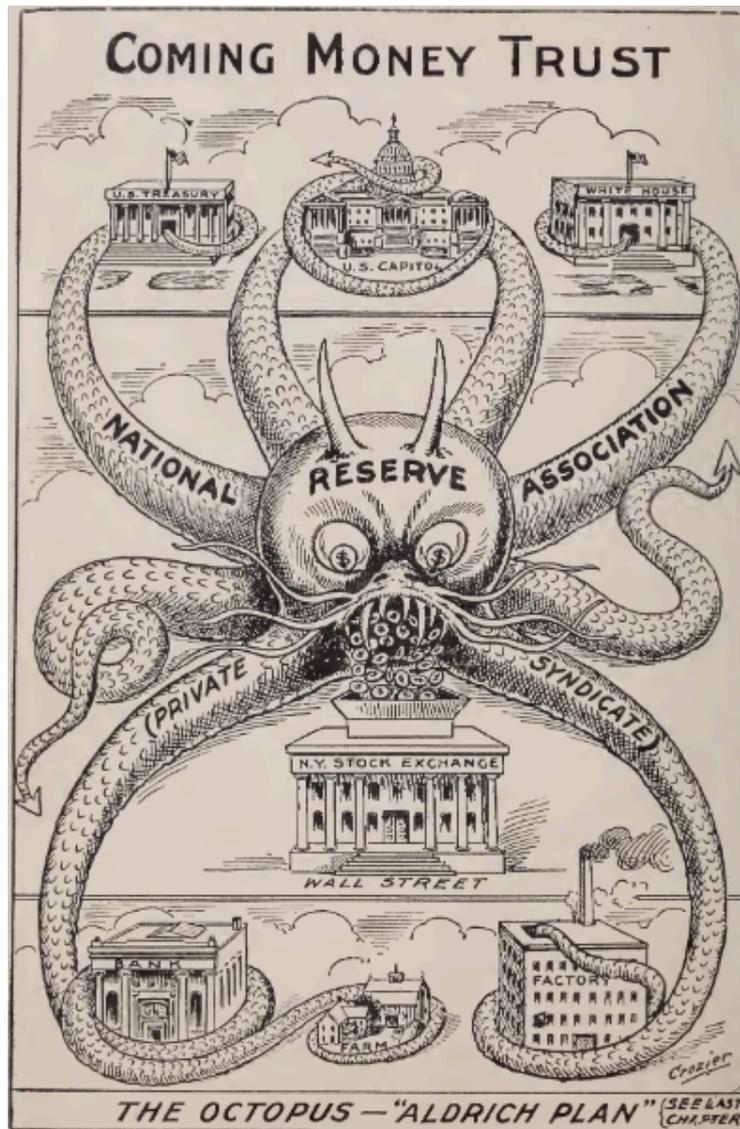


Figure 9. Crozier's 'National Reserve Association' Octopus, 1912. From the Internet Archive's collection of digitised books.

Standard conspiratorial thinking aside, prominent progressive accounts like those advanced by the Pujos Committee, Lindbergh, and Brandeis, were generally more subdued. Though they retained elements of collusion, they discarded with the vitriol and downplayed notions of wickedness, and incorporated more nuanced notions like those of structure and inadvertent consequences. They sought to expose the money trust via temperate, professional, and objective means. The Pujos Committee premised its investigation upon finding breaches of and weaknesses within the Federal anti-trust law and the Interstate Commerce Commission. Doing so gave the investigation a legal basis, which thus allowed it to explore how a 'group of financiers' had come to wield 'a power over the business, commerce, credits, and finances of the country' that was 'despotic and perilous' and was 'daily becoming more perilous to the

public welfare'.⁹⁴ Looking at how banks were embroiled in the trust, it claimed that:

National banks and other moneyed and other institutions are directly or indirectly owned, dominated, or controlled through their directors through stock ownership, official management, patronage, or otherwise by the same persons, interests, groups of individuals, or corporations located in the same city and in interstate corporations that are customers of said national banks and other moneyed corporations.⁹⁵

Their involvement was, then, the result of an intricate network based upon the consent or coercion of its individual units. Similarly, Brandeis charged that investment and commercial bankers had 'invaded' each other's spheres, though this 'was not a hostile invasion'. Instead, they became 'allies' and developed a system of 'cooperation' which then allowed for 'more railroads, public service corporations, and industrial concerns' to be 'brought into complete subjection'.⁹⁶ This was established upon a 'pseudo' ethic – one that facilitated a kind of gentlemen's agreement to avoid intruding upon each other's financial and commercial interests. The 'basis' of this 'rule' was that 'the interests of the combined bankers' were 'superior to the interests of the rest of the community'.⁹⁷ Thus though collusion was involved, it was informal rather than formal. Brandeis even included stock and mutual savings banks within this vast financial web and advised people to avoid them.⁹⁸ And finally, Lindbergh stated that the banks utilised by the public served 'as supply stations for the larger city banks'. They were 'not designed for that purpose' but this was 'the result of the system under which they operated'.⁹⁹ Here, Lindbergh was suggesting that the prevailing banking infrastructure had facilitated the inadvertent construction of a vast financial web that had entangled the nation's banks, intentionally or otherwise. This was therefore not a simple case of deliberate and controlled conspiracy orchestrated by all bankers but rather a consequence of consent, coercion, or, more generally, structure.

At the same time, however, Linbergh, Brandeis, and the Committee were still responsible for helping to disseminate the idea that people's money was going into the coffers

⁹⁴ II. Res. 504, Sixty-second Congress, second session. 'Money Trust Investigation', Subcommittee of the Committee on Banking and Currency, House of Representatives, Washington, D.C., 16 May, 1912, 4.

⁹⁵ II. Res. 504, Sixty-second Congress, 4.

⁹⁶ Brandeis, *Other People's Money*, 26-7.

⁹⁷ Brandeis, *Other People's Money*, 44-6

⁹⁸ Brandeis, *Other People's Money*, 216-23.

⁹⁹ Lindbergh, *Banking and Currency*, 60.

of a gigantic financial monopoly. Linbergh had brought the idea to the Committee. Brandeis' articles appeared within *Harper's Weekly*, a publication with a large middle-class audience. Furthermore, the Committee was a direct influence upon Woodrow Wilson's 'New Freedom', which sought to increase governmental intervention and thwart financial and commercial monopolies in order to bolster individual liberties and opportunities.¹⁰⁰ Wilson made allusions to the Committee's findings during his 1912 presidential campaign, observable through his references to the big banks. He noted their interconnectedness and how they utilised other people's money to invest in their own securities to manipulate or control their market values.¹⁰¹ Resultantly, Wilson further transmitted the idea across the country.

* * *

The banker as 'other' had persisted over the Gilded Age and Progressive Era, and continued to serve as a potent means to separate the banker from 'the People', intentionally or otherwise. Bankers, primarily national and Wall Street bankers, were taken by both agrarians and progressives to be at the helm of or caught up in a financial monopoly engulfing the entire nation. This did not necessarily entail all bankers, and nor were such views universal. Yet the big banker stereotype represented to many the quintessential banker. Additionally, critics stressed the expansiveness of the big banker's grasp, which had drawn in other bankers through collusion or coercion. In any case, beliefs and depictions of a money power or a money trust reflected yet another way that people could distrust bankers and how passionately they could do so. If bankers were not out to swindle people on their own, then they could be out to do so collectively, purposefully or otherwise.

Richard Hoftstadter has dismissed this kind of conspiratorial thinking, particularly by agrarians, as paranoiac and desperate; as little more than a means to provide a scapegoat for the issues that reform advocates faced within a changing society.¹⁰² It was certainly true that many critics offered simplistic and frankly ridiculous accounts. Worse still, others could rely

¹⁰⁰ Woodrow Wilson, *The New Freedom: A Call for the Emancipation of the Generous Energies of a People* (New York: Doubleday, Page and Company, 1918), esp. 294.

¹⁰¹ Wilson, *The New Freedom*, 165-91, esp. 182-6.

¹⁰² Hoftstadter, *Age of Reform*, 73-81.

upon racial and ethnic stereotypes to explain their grievances. However, no matter how wrong they were, such accounts were means to explain underlying problems.¹⁰³ For agrarians, this was debt, declining prices, and their lack of credit. For progressives, this was the establishment of a tremendously powerful financial elite. Both were legitimate concerns. Banking was tied up with them in some capacity, through structure or even collusion. Whatever the cause, whether seen as valid or not, banks were related to the problems that people faced. Many thus identified bankers as different and threatening, who were either colluding or entangled within a system operating in a manner that conflicted with the interests of 'the People'. It is hard to demonstrate precisely how this may have affected the behaviour of depositors, actual or potential, though it is probable that these intensely negative and hostile notions made a lot of people reluctant to trust and deal with banks.

Through these conflicts we can begin to observe reformist sentiment and the turn to the state. This is especially evident through the currency conflicts of the late nineteenth century. Agrarians in particular wanted the Federal Government to fundamentally transform the currency system so as to accord with popular interests. Ultimately, they wanted to democratise money and credit and were fixated upon people's lack of both. Later into the Gilded Age, however, in the wake of recurring runs, panics, and frauds, many people also began to turn towards the Federal Government to democratise banking in one way or another. As shall be explained in the next chapter, due to the broad, underlying confidence issue, they sought to transform banking to make it amenable to the interests of the people.

¹⁰³ Unger makes a similar point regarding Agrarians. See Unger, *The Greenback Era*, 209.

V.

Making Banks Fit for the People:**Confidence, Democracy, and People-Oriented Banking Alternatives**

We have seen that everybody will trust the bank that is guaranteed by the Government. It is clearly evident therefore, that all is necessary then, is for the Government to guarantee the depositors that the money which shall be left at the bank shall be given to them when they ask for it. ... The easiest method to accomplish that, will be for the Government to establish and own the bank.

- Thomas E. Hill, 1894.¹

Within his tract on money and banking, *Money Found*, Thomas E. Hill, an author of popular self-help and success manuals, charged that the American banking system was ill and was infecting the nation.² ‘Through bad management and failure to pay back the money which is given the bank’, Hill asserted, ‘the people’ had ‘lost confidence’. They had ‘withdrawn their money and hidden it’. Confidence had been so undermined that people would not trust bankers to ensure the safety of their money. Money was thus taken out of circulation and was stifling commerce. There was only one remedy. In order to reinstate the public's confidence and their deposits, and thus circulation, people had to instate popular control over banking functions, which for Hill entailed turning them over to the Government.³

Hill's call to place banking under popular control reflected ideas that had been developing in the late Gilded Age and early Progressive Era, particularly following the financial crises of the 1890s and the panic of 1907. At the turn of the century, expressions of dissatisfaction and the need for alternatives appeared regularly within the public sphere. Socially oriented reformers from various backgrounds, from Populists to progressives, all offered ideas on how to repair or even overhaul any unreliable, inequitable, or plutocratic features they saw within banking, in commercial or savings banks, or in chartered or private

¹ Hill's tract was originally published in 1893, though this chapter uses the revised 1894 edition. Thomas E. Hill, *Money Found: Recovered From its Hiding Places, and Put into Circulation Through Confidence in Government Banks*, revised edition (Chicago: Charles H. Kerr and Company, 1894), 29.

² His *Hill's Manual of Social and Business Forms* allegedly sold a quarter of a million copies. See Hill, *Hill's Manual of Social and Business Forms: A Guide to Correct Writing*, 10th ed. (Chicago: Hill Standard Book Co., 1887), 5.

³ Hill, *Money Found*, esp. 18-9, and 29.

banks. Such ideas were diverse, ranging from the establishment of government owned and operated banks, to the introduction of strong regulatory measures, and even to the creation of popularly owned ones. Government banks, postal savings banks, mandatory deposit guarantees, and cooperative banks were all proposed, and were enacted in one way or another. Despite this variety of approaches, they all perceived that there existed various faults within American banking – faults that were generating a widespread lack of confidence in the nation's banks and bankers. Whether based upon a fear of losing deposits, being denied credit from one's depository, or of those deposits being used by magnates to finance their private business empires, each proposal reflected, reinforced, and possibly helped instil a general distrust.

Unlike many other businesses, banking came to be considered special due to its direct and central role in the circulation of the exchange medium. Thus, it was popularly accepted that a capitalist society, composed of businesses and individuals, depended upon banks, either for depositing or loaning. They were the linchpin of such a socio-economic structure and were thus a kind of 'public service' that could not be done away with. Democratising banking by ensuring some degree of popular control, through the Federal Government or otherwise, would, reformers believed, ensure a cooperative and fairer kind of capitalism – a kind that ensured access, participation, and security to all. As such, through these calls for reform we can observe how people were realising the malleability of financial institutions, and were rejecting notions of inevitability or naturalness. Such institutions could be moulded into more democratic and equitable forms. Rather than leaving bankers largely to their own devices, 'the people' were to play a significantly larger role within banking. The reformers' ideas were at least partly realised in the enactment of the postal-savings system, deposit-guarantees, and cooperatives. While this is not to suggest that *all* people agreed with such sentiment or that there was ever a likelihood of 'banking' as a whole being outright socialised, the circulation of such ideas nevertheless challenged the authority of privately owned or operated banks.

* * *

Amidst the era's general agitation for social, political, and economic reform and democratisation, banking was high on the agenda. Indeed, it had been from an early stage, as reflected by the currency conflicts that emerged shortly following the Civil War. As we have

seen, whether advocates of fiat paper or gold and silver backed currency, such movements called for the Government to print and issue the 'people's money'. Seeking to reform the nation's currency system implied the reformation of the national banking system. This also demonstrated the development of a mass movement – albeit a disjointed one – devoted to increasing the Government's role within finance and banking.

Beyond this issue, occurring simultaneously and often in tandem, many people began to focus upon 'banking' in its own right and upon ensuring the safety of the money that people *did* have rather than what they did not have. This applied to both those that had money in banks and those that did not, of whom there were many. Getting people to place whatever money they had into trustworthy banking facilities became a chief concern. Though having roots in the 1870s, in the wake of numerous calamities, including systemic bank panics, failures, runs, frauds, payment suspensions, and loan contractions, this focus, as we shall see, gained traction during the depression of the 1890s and became unavoidable following the panic of 1907. It was this concern in particular that drove the idea that banking was a kind of 'public service'.

It is true that some banks had long been accepted as public-spirited institutions, and that these had existed for much of the nineteenth century. Historian Daniel Wadhvani has demonstrated how socially elite philanthropists in the Northeast established mutual savings banks in order to inculcate thrift and self-sufficiency among wage-earners. They also sought to ensure the safety of these banks, typically through legislative measures that limited loaning only to gilt-edged securities and real estate. Thus, the belief that certain banks could be people-oriented already existed, and so too did the notion that the state was in some way required to protect their users.⁴ It is also true, however, that by the end of the century deposit banking had become the prevailing business model for privately owned, for-profit institutions, both for commercial and stock-savings banks alike – deposits, rather than capital stock, became the primary means to finance loans. As a result, reformers and depositors began to focus upon the actual or perceived safety or usage of deposits – of other people's money – and how security and popular participation could be maximised. Deposit banking thus came to be seen as an

⁴ See Daniel Wadhvani, 'Protecting Small Savers: The Political Economy of Economic Security', *Journal of Policy History*, vol. 18 (2006): 126-45; and Wadhvani, 'Citizen Savers: Family Economy, Financial Institutions, and Public Policy in the Northeastern United States', *Enterprise and Society*, vol. 5 (December, 2004), 617-24.

indispensable public service which the strength and virtue of the nation very much relied upon, and thus required significantly more public engagement and intervention in one way or another. This even included mutual savings banks.

Historian Elizabeth Sanders has considered financial reform proposals as a part of a broader movement, though she identifies this movement as an agrarian push towards greater 'statist' intervention.⁵ Admittedly, many of the reforms addressed in this chapter were supported by agrarians. Regardless, this chapter aims to show that such thinking was neither exclusive to the South and West, nor to agrarians. It became clear to many that the existing banks were not serving their interests. The necessity for a fair and functioning financial system that worked for 'the people' became a primary concern for reformers and society at large. Who counted as 'the people' was, of course, highly contentious. Women, African Americans, Native Americans, and immigrants were either included or excluded as civic members depending on the discourse.⁶ Nevertheless, 'the people' were, as we shall observe in the rhetoric, often construed to mean either the democratic body of the nation's citizens or, more generally, common people, incorporating labourers, farmers, and even middle-class people. Agrarians, urban reformers, laborers, immigrants, and others turned to the state or cooperative organizations, as democratic institutions theoretically owned by their constituent body of common subjects ('the people'), in order to facilitate some degree of popular control.

Robert Addison Dague thought as much. Dague, a former state senator from Los Angeles, asserted in 1899 that banking was a 'public business' like other institutions 'cooperative, nationalistic and socialistic in their nature', like public schools, public hospitals, police and fire departments, and courts.⁷ So too did Thomas Hill. Hill explained the importance of banking through an analogy to the circulatory system (and also, for good measure, the 'planetary system, juices in the plant, sap in the tree, [and] water in the body'). A nation's money, Hill argued, 'is the blood of commerce' whereas its 'heart is the bank'. Money, like

⁵ Elizabeth Sanders, *The Roots of Reform: Farmers, Workers, and the American State, 1877-1917* (Chicago: The University of Chicago Press, 1999), 1-9 and 217-66.

⁶ See Jackson Lears, *Rebirth of a Nation: The Making of Modern America, 1877-1920* (New York: Harper, 2009), esp. 92-132, and Nell Irvin Painter, *Standing at Armageddon: The United States, 1877-1919*, second edition (New York: W. W. Norton and Company, 2008), esp. 216-30 and 231-52.

⁷ Robert Addison Dague, *A Postal Savings System Proposed to Prevent Bank Panics* (Chicago: Charles H. Kerr and Company, 1899), 13-4.

blood, circulates throughout the economy, like the organism, by being pumped to and from banks, like the heart. The bank was thus an 'indispensable institution', and should it fail to send and receive money, then 'sickness begins in commercial affairs, and death to the nation may be the result', like it would for an organism whose heart stopped circulating blood.⁸

* * *

Hill's prescription to nationalise banking came during the depression of the 1890s and amid its waves of bank failures. Countless people had withdrawn and hoarded their money in response. Nevertheless, he was not alone in calling for the state to assume banking functions in order to inspire confidence and to solve the nation's financial woes. Such calls were also more than knee-jerk reactions to immediate circumstances. Many others called for 'Uncle Sam' to become a banker to solve deep-seated issues which had persisted throughout the era. Various reformers, including Populists, progressives, labour agitators, depositors, workers, economists and even prominent governmental figures, were attracted to the idea of supplementing or doing away with private banking by turning to the Government. In either case, these reformers saw state-owned banks to be solutions.

This is observable within reform and progressive oriented publications. A Duluth and Superior newspaper, the *Labor World*, charged in 1898 that the 'majority of the people, after a series of bank failures, never bring their money back to the bank'. People had lost confidence and would not trust bankers. This, in effect, was causing currency stringency. The only possible way to regain their trust would be for the Government to own and operate 'all banks'. Bankers ought not to have feared this arrangement, it argued, as they would become employees of the state.⁹ In the *Arena*, G. Cooke Adams proclaimed in 1906 that '[o]ne of the most urgent reforms necessary in the direction of state or municipal-ownership of public utilities ... is that of the people's savings banks'. After outlining the typical features of a bank run, and assessing state-owned banks in Australia and New Zealand, which he considered highly successful, Adams asked whether American workers would 'force' their governments 'to take immediate

⁸ Hill, *Money Found*, 11-20.

⁹ *Labor World* (Minnesota), 10 September, 1898, 1.

action by returning to power only those representatives sworn to carry out that most vital of all reforms - state protection of the people's savings and trust-funds'. Rather than continuing to rely on private individuals, governments, as institutions expected to preserve the interests of those they represented, were to become the proper custodians of the people's savings.¹⁰ Another *Arena* article sought in 1909 to challenge the idea that Andrew Jackson was vehemently against a central bank, arguing that he was against a *private* central bank. Overturning this myth was essential in order to facilitate the creation of a bank owned and operated by the Federal Government.¹¹ Though all referred to different kinds of banks, each made it clear that the Government ought to own and operate some kind of banking institution.

In addition to literature limited to special audiences, like radical reformers and labourers, this idea was also present within works published and exposed to mass audiences, suggesting just how much this idea had permeated the popular consciousness. Edward Bellamy's best-selling 1888 novel, *Looking Backward*, and its 1897 sequel, *Equality*, depicted a utopian future society which had no need for bankers (nor merchants), and featured a 'national bank' owned by society that supplied equal funding to all.¹² Furthermore, Selden R. Hopkins' guide to money and banking, aptly titled 'Money!', also reflects this. Featured within P. T. Barnum's 1890 self-help book *Dollars and Sense*, the guide is framed around a fictional conversation held between participants within the 'Industry Club', consisting of various public figures from the professor to the common man, who assemble to discuss the virtues and vices of the 'dollar'. Within his three chapters devoted to answering the question 'Are Banks Beneficial?', Hopkins has one participant, 'Mr. Opposite', object to the argument that they are beneficial. Citing the extensive 'list' of bank 'defalcations, frauds and wrecking schemes', the character argues that in a society without banks 'the perpetration of such frauds would be impossible' and that 'there would be no defalcations of bank employés [*sic*].¹³ An absence of private banks would not be a problem, as the 'Government would establish a financial system

¹⁰ Adams, 'State-Owned Savings-Banks', 590-2.

¹¹ Ellis O. Jones, 'The Central Bank Idea', *Arena*, vol. 41, no. 229 (January, 1909): 323-7, esp. 324 and 326-7.

¹² Edward Bellamy, *Looking Backward*, reprint of 1888 edition (New York: Dover Thrift Editions, 1996), 155-6 and Bellamy, *Equality* (New York: D. Appleton and Company, 1897), 24-34.

¹³ Selden R. Hopkins, 'Money!: Where it Comes from and Where it Goes, Being a Concise History of Money, Banks and Banking' in P. T. Barnum, *Dollars and Sense; Or, How to Get on* (Chicago: People's Publishing Co., 1890), 452-71, esp. 467-9.

perfectly adequate to meet the demands, the needs and convenience of every person in the land'. Though this does not explicitly state that the Government would take on banking functions, it is implied. Such a claim was then rejected as a mere 'opinion'.¹⁴ Nevertheless, that it was included not only within the narrative but also within a Barnum book again suggests that such a view was common.

Nowhere, however, was the government or 'Uncle Sam' bank idea more pronounced than within the push for postal savings banks. Unlike the more radical ideas detailed above, these banks were generally intended to be complementary to the nation's banks rather than substitutive. Inspired by the postal savings systems established mid-century within the United Kingdom and various European states, agitation for an American system gained momentum in the early 1870s and persisted until 1910 when such a system was enacted. Although proposals varied on specific details, like what channels the deposits were to be redistributed into (that is, whether governmental or commercial), the basic idea was that these banks would be owned by the Federal Government through the postal system. Individual post-offices would assume depository functions in order to accept the savings of low-income earners, incorporating labourers, rural folk, migrants, women, and children as young as ten.¹⁵ Such people, reformers argued, either did not trust private banks or lacked access to them. Either way, the vast majority of Americans were not utilising banks. It was the Government's duty, then, to ensure that all American people were provided with safe and easily accessible savings facilities. This was both to restore currency to circulation – it was repeatedly asserted that hundreds of millions of dollars were 'unaccounted for by the banks, clearing houses and other depositories'¹⁶ – and to encourage thrift, the 'mother of Prosperity', as a capitalist virtue.¹⁷

The idea of such an institution was tremendously popular and resonated widely. From East to West, North to South, it was a national phenomenon, engulfing urban and rural people. The idea of assigning the Federal Government (or 'Uncle Sam') as a banker featured within

¹⁴ Hopkins, 'Money!', 471.

¹⁵ See George V. L. Meyer, 'Postal Savings Banks', *North American Review*, vol. 188, no. 633 (August, 1908): 248-53. For a comprehensive examination, see Donald Bruce Schewe, 'A History of the Postal Savings System in America, 1910-1970' (PhD diss., Ohio State University, 1971), 1-94.

¹⁶ F. E. McMillan quoted in Leonard Fowler, 'For Safer Deposits', *The Ranch* (Washington), 1 September, 1908, 5. Also see Meyer, 'Postal Savings Banks', 248 and 250.

¹⁷ Theodore L. Weed, 'The Poor Man's Bank', *New York Tribune*, 2 October, 1910, 29.

newspapers articles across the country [See Figure 10].¹⁸ Moreover, Populists, socialists, organised labour, and even governmental figures and politicians advocated these banks. The People's Party, better known as the Populists, embraced the idea, and so too did the Knights of Labor, various Postmasters General from the 1870s onwards, and, eventually, President William Taft.¹⁹ These figures played a key role in transmitting the concept.



Figure 10. 'Uncle Sam Turns Banker'. This article appeared in the *San Francisco Call*, 20 August, 1911, the year after the Postal Savings System began operating. From the Library of Congress' *Chronicling America* digital collection.

The Populists' advocacy of such banks is well known. Within their financial platform, in addition to calling for the free-coinage of silver, the Populists advocated postal banks 'to be established by the government for the safe deposit of the earnings of the people and to facilitate exchange'.²⁰ Much of this proposal related directly to the currency debate. It was believed that

¹⁸ Thousands of articles or reports on postal banks were published across the country. The Library of Congress's 'Cataloguing America' digital archive returns 41,986 search results for 'postal savings'. This is, of course, an imprecise result, but should suffice to offer some indication as to the amount of coverage the idea and policy received. In terms of references to 'Uncle Sam', several articles were written by authoritative figures upon the inception of the system, or immediately following. See, for example, Frank G. Carpenter, 'Uncle Sam Turns Banker', *San Francisco Call*, 20 August, 1911; and Weed, 'The Poor Man's Bank', 29.

¹⁹ See Sheldon Garon, *Beyond Our Means: Why America Spends While the World Saves* (Princeton: Princeton University Press, 2012), 105-15.

²⁰ Ignatius Donnelly, *The Omaha Platform*, 1896 in *The World Almanac*, 1893, 83-5. Reproduced in George B. Tindall [ed.]. *A Populist Reader: Selections from the Works of American Populist Leaders* (New York: Harper Torchbooks, 1966), 90-6.

postal banks could assist to restore money to circulation, which would thus actually bring about a means to 'facilitate exchange'. Still, this suggested that governmental institutions were best suited towards achieving this end. It was implied that people would undoubtedly trust the government to assure the safety of their money, *and* that they desired a facility to do so. Some Populists even considered postal banks to be the first step towards nationalising banking completely. These were not only to be alternative depository institutions but replacement ones. Only popularly owned banks, via the government, could be trusted.²¹ While it is true that agrarians were especially critical of national banks, for these more radical Populists (the kind that would later veer towards socialism), this was an issue, then, with *all* banks. Whatever the case, Populists were responsible for helping disseminate the idea that a government bank of some kind was not only desirable but necessary. This also demonstrates the overlap between the currency and banking issues.

Public figures also had a role in disseminating this idea. Upon highlighting that public sentiment – as 'voiced through the press' – was 'almost unanimous' in its support for 'savings banks under the patronage of the Government', John Wanamaker, merchant and Postmaster General between 1889 and 1893, declared to Congress in 1891 that 'private savings banks do not meet the wants of all the people'.²² They were demonstrably unsafe, as evidenced by their record of failures, and inaccessible to large numbers of people. Regarding the former, these banks were characterised by 'mismanagement' and 'recklessness'.²³ To be clear, Wanamaker was referring to banks which were *not* chartered by the Federal or state governments. National and state banks were acceptable institutions, and he proposed that postal deposits be redirected into national banks nearest to the receiving post offices.²⁴ Regardless, this was a clear denunciation of bankers that eschewed governmental oversight and regulation. This critique also implied that bankers could not be trusted to act entirely on their own accord and that state intervention was thus crucial to ensuring that minimal standards of security were met. In this way, postal banks would then be an extension of the state's capacity to provide security

²¹ See *Louisiana Populist*, 30 November, 1894, 1 and *Natchitoches Populist* (Louisiana), 9 December, 1898, 1.

²² John Wanamaker, *Postal Savings Banks: An Argument in their Favor* (Washington: Government Printing Office, 1891), 3 and 7.

²³ Wanamaker, *Postal Savings Banks*, 8-10.

²⁴ Wanamaker, *Postal Savings Banks*, 14.

within banking.

Others went further. Within his proposal for postal banks to the Union Reform League in 1899, Dague, the former state senator, made it clear that he aimed to overhaul what he considered a ‘fatally defective and unsound’ monetary system. Not only were banks unreliable, evidenced by ‘bank suspensions’ and the ‘loss of millions’, but also amassed their fortunes via ‘other people’s money’. Banks would loan this money back to the people at a high rate of interest, and would thus profit from the latter’s money and simultaneously put them in debt.²⁵ The unreliability and profiteering nature of banks were here connected, as the interest amassed would create financial bubbles that would inevitably burst.²⁶ To Dague, a financial system like this, that privileged a few at the expense of many, was unacceptable. It was ‘one of the most mischievous and fallacious errors of the age’, Dague charged, ‘that money should be issued, owned and controlled by private individuals or corporations for their own benefit, *instead of by and for the government which is composed of all the people* [emphasis added]’.²⁷ Government banks were, again, the solution. Dague’s postal banks were to be more than complementary to the existing banking system – they were to become a major component of a new system. While he made it clear that it was the system he was attacking and not individual bankers, and conceded that privately owned banks could still exist, he nevertheless made it absolutely clear that their power would be significantly reduced, and would be secondary to the banks owned by the people.²⁸

Prominent and visible actors were not alone. Demonstrating their broad appeal and just how extensively the idea of them had been transmitted, working class people also expressed support for them. One can observe this even at a relatively early stage. Within the *Atlantic Monthly’s* 1879 article on ‘Workingmen’s Wives’, which sought to capture the experience of working class life generally and married women particularly, a mechanic and his wife who lived together in ‘a village not far from the city’, expressed excitement for the idea. The wife claimed that working people recognised the importance of money and savings, but, referring to the perceived fragility of savings banks, ‘the uncertainty about receiving their money’ did

²⁵ Dague, *A Postal Savings System*, 3-6 and 7-8.

²⁶ Dague, *A Postal Savings System*, 9-10.

²⁷ Dague, *A Postal Savings System*, 13.

²⁸ Dague, *A Postal Savings System*, 13-14.

'more than anything else to discourage' them 'from trying to save'. Something must have been 'very imperfect in our civilization, or the organization of society', claimed the wife, 'when all the wisdom of this great country and *all the power of the government* cannot give a laboring man who saves fifty dollars any security that he shall have it returned to him when he needs it [emphasis added]'.²⁹ Her solution was for the 'national government to receive money from the people at the post-offices everywhere, and give them certificates of deposit, charging a small fee to pay for the clerical labor involved'. Not only would this provide a safe medium for people to deposit their savings, it would also empower them, rather than the directors and stockholders of savings banks (and also life-insurance companies), to 'organize and direct' their own affairs.³⁰ Although this is a lone example, it demonstrates that the idea had reached and been embraced by working folk. It also captures the lack of confidence in private institutions, and the desire for governmental intervention.

Additionally, it was claimed that European immigrants, particularly Southern and Eastern Europeans, held 'little confidence in any depository for savings which [was] not vouched for by the Government'.³¹ This was evidenced by the fact that many were sending millions of dollars to their trusted overseas postal banks via money orders (effectively removing money from domestic circulation). Money orders were also being used domestically as an informal means to save. Postmaster General George Meyer observed that between the first of March, 1907, and the first of March, 1908, 'no less than 128,146 moneyorders' had been issued through the post offices, 'aggregating to the amount of \$8,104,447'. Many of these had been arranged to keep money with the post office until the orders were redeemed by their holders.³² This demonstrated, according to the Chief Clerk of the Post-office Department, that a 'real demand' for postal banks had been created from below, or by the people themselves.³³ It is problematic to consider 128,146 money orders to be representative of a kind of mass grassroots movement and it is unlikely that every money order was issued for this purpose.

²⁹ 'Workingmen's Wives', *Atlantic Monthly*, vol. 43, no. 255 (January, 1879): 65. Lears also uses this source. See Lears, *Rebirth of a Nation*, 78-9.

³⁰ 'Workingmen's Wives', 65.

³¹ According to Theodore L. Weed, 'Italian and Slav' people were most inclined to think this way. See Weed, 'The Poor Man's Bank', 29. The quote comes from Meyer, 'Postal Savings-Banks', 251.

³² Meyer quoted in Weed, 'The Poor Man's Bank', 29. Also see Meyer, 'Postal Savings Banks', 250-2.

³³ Weed, 'The Poor Man's Bank', 29.

Still, accepting such figures, this does at least suggest that there were many ordinary people pushing for postal banks in a rather ingenious way.

In the wake of the 1907 panic, the push intensified for postal banks, and warnings were issued to bankers about the impact of rejecting them. Most bankers, particularly through the American Bankers' Association (ABA), had done so over the span of the proposal's legislative history, largely due to their concern about losing business to an apparently paternalistic government.³⁴ In his 1909 argument 'Addressed to Bankers', Charles Hall Davis, a Virginian lawyer, warned bankers that by opposing the creation of these tremendously popular banks, they were also 'opposing the will of the people', and would thus 'intensify the feeling' that the 'Banking Fraternity [was] selfishly seeking to promote its own interests without regard for, and often in antagonism to, the interests of the people'.³⁵ Similarly, a 1909 editorial within the *Chicago Tribune*, entitled 'BANKERS! WARNING!', advised that it was 'not the part of wisdom for the American Bankers' Association to array itself against the demand for postal savings banks'. After outlining three major benefits of such banks – their accessibility, their capacity to draw out currency hidden within 'stockings and buried kettles', and their ability to 'breed thrift' – the editorial warned the Association that its 'opposition [would] not increase the confidence of thousands of people in the banks'. Instead, it would 'prejudice public opinion against banking opinion when the problem of currency reform [was] laid before the country for its consideration'. It was counterproductive to oppose a much desired institution, as doing so was alienating bankers from the rest of society. Not only did this maintain suspicions, it also risked making the reform proposals pitched by bankers themselves seem to be class oriented and adverse to popular interests.³⁶ Edwin Kemmerer, a prominent economist, believed that this had happened. He claimed in 1911, the year the postal savings system began operating, that the near unanimous opposition by the 'banking fraternity' appeared to many that their interests conflicted with those of the public.³⁷ Seeking to thwart postal banks, then, may well have reinforced popular distrusts and, ironically, increased their appeal.

³⁴ See Garon, *Beyond Our Means*, 110-2.

³⁵ Charles Hall Davis, *An Argument in Favor of Postal Savings Banks: Addressed to Bankers* (Petersburg: [publisher not specified], c. 1909), 29.

³⁶ *Chicago Tribune*, 14 September, 1909, 12.

³⁷ E. W. Kemmerer, 'Some Public Aspects of the Aldrich Plan', *Journal of Political Economy*, vol. 19, no. 10 (December, 1911): 827-8.

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Not all reformers preferred the idea of government banks, however. Many favoured strong regulatory measures over state ownership in order to make banks safer, to secure confidence, and to restore currency to circulation. The clearest example of this was the proposal to instate a deposit insurance program, which would oblige banks to contribute to a fund to cover losses to *all* depositors, commercial and savings, usually consisting of about one percent of all deposits received. Though not exactly a new idea (New York had established a ‘Safety Fund’ in 1829 and the idea had been debated within Congress and banking circles),³⁸ it gained traction during the early 1900s, and again represented a popular distrust in banks. It was a different means to a similar end – to establish an equitable or at least safer banking system amenable to the interests of ‘the people’.

Immediately following the 1907 panic, mandatory deposit guarantees were established in Oklahoma, followed by other Midwestern states – states that had been historically hard hit by panic-induced bank failures.³⁹ Subsequently, William Jennings Bryan promised to instate such a system at a national level (that is, upon the federally governed national banks) during the 1908 Presidential campaign. Bryan criticised Taft's postal savings proposal due to its plan to place deposits within national banks. This, he argued, would only add to the coffers of Wall Street.⁴⁰ Furthermore, the Democratic platform sought to remove an inconsistency in how the Government valued the safety of its own deposits and how it valued the safety of the general public's deposits. ‘The Government’, the platform declared, demanded ‘security for every dollar it [deposited] in national banks’. It then asked whether the ‘bank deposits of the people’ would ‘also be secured against loss by bank failures’. Enacting a deposit insurance program

³⁸ Richard T. McCulley, *Banks and Politics During the Progressive Era: The Origins of the Federal Reserve System, 1897-1913*, second edition (Oxon: Routledge, 2012), 156.

³⁹ See William H. Price, ‘Bank Depositors' Guaranty Funds’, *The American Political Science Review*, Vol. 3, No. 2 (May, 1909): 212-3, and McCulley, *Banks and Politics*, 155-62. By 1917 eight states had deposit insurance systems: Oklahoma, Kansas, Nebraska, Texas, Mississippi, North Dakota, South Dakota, and Washington. See Randal S. Kroszner and William R. Melick, ‘Lessons from the U.S. Experience with Deposit Insurance’ in Ash Demirgüç-Kunt, Edward James Kane, and Luc Laeven [Eds.], *Deposit Insurance Around the World: Issues of Design and Implementation* (Cambridge, Mass.: MIT Press, 2008), 196.

⁴⁰ ‘Democratic Party Platform of 1908’, July 7, 1908. in <URL: <http://www.presidency.ucsb.edu/ws/?Pid=29589>>. Accessed 9 February, 2015.

would thus undermine this double standard, and henceforth ensure that depositors were protected against loss the same way the Government itself was. With this knowledge instilled, popular confidence in banking would be secured, and money would remain in circulation via the banks.⁴¹

Bryan and Democratic Midwestern legislators were not alone. Even before the panic, Elliot Flower, a novelist and writer for magazines such as the *Saturday Evening Post*, argued in favour of such a measure within a May 1907 issue of the *New York Tribune's Sunday Magazine*, albeit upon a state rather than national basis. He observed that although actual losses had been statistically minute, depositors were still inconvenienced and faced hardship by being deprived immediate access to their money. Clearing houses were not the solution, as they could determine which banks received support, subsequently allowing some banks to fall. This thus made them incapable of eliminating runs and panics. Runs were bad for *all* banks as the public did not discriminate between solvent and insolvent institutions, Flower contended. Thus, *all* banks needed to support any measure that would 'give the public abiding faith in banking institutions generally'.⁴² In a letter to the editor of the *New York Times*, a George M. Coffin insisted that the idea be 'thoroughly discussed' instead of being lambasted and dismissed outright.⁴³ Within another, a John E. Slawson of New York informed the *Times* that he and his brothers would be voting for Bryan and John Kern (Bryan's Vice Presidential running mate), as they 'believed fully in the bank guarantee plank in the Democratic platform'.⁴⁴ The *Times* also reported that Bryan had been applauded following an address in Brooklyn.⁴⁵ Furthermore, guarantee bills were subsequently introduced outside of Democratic strongholds, including Illinois, New York, and New Jersey.⁴⁶ Finally, while voting patterns do not tell us much about voter support for particular policies, they do demonstrate that even despite the regional divisions between Republicans and Democrats, sizeable amounts of voters within

⁴¹ 'Where do you Stand?', advertisement for the Democratic Party in *The Red Cloud Chief*, 30 October, 1908, 2. Also see William J. Bryan, 'Guaranteed Deposits' (Presentation, Campaign speech, Topeka, 27 August, 1908) in Bryan [ed.], *Speeches of William Jennings Bryan*, vol. 2 (New York: Funk and Wagnells Company, 1909), 143-63.

⁴² *Sunday Magazine*, 19 May, 1907, 4.

⁴³ *New York Times*, 21 August, 1908, page unspecified.

⁴⁴ *New York Times*, 27 August, 1908, page unspecified.

⁴⁵ *New York Times*, 28 October, 1908, page unspecified.

⁴⁶ See *New York Times*, 19 January, 1911, page unspecified; *New York Times*, 21 January, 1909, page unspecified; and *New York Times*, 19 January, 1909, page unspecified.

Republican states voted for Bryan.⁴⁷ This does not necessarily reflect support for guarantees, though it does at least suggest that many outside of Democratic states may have found the idea favourable.

There were, however, vocal opponents to guarantees. Bryan's advocacy of the measure had sparked a war of letters with James Forgan, Chicago's pre-eminent banker, which played out within the press. Editorials and open-letters were exchanged between the two in order to publicise each case. Forgan publicly accused Bryan of misquoting and misconstruing him, and claimed that the measure would unjustly 'make all banks equally good'.⁴⁸ Bryan accused Forgan of presenting 'selfish' arguments which put the 'the interest of the big banker above the welfare of the community and the country at large'.⁴⁹ Such charges were obviously intended for an audience beyond themselves – Forgan made it clear, for instance, that his response was an 'open letter' and that he would be giving copies of it to the press.⁵⁰

The feud pitted competing conceptions of democracy and capitalism against one another, and through this we can observe the intellectual foundations of a regulatory approach that prioritised the public-interest. On the one hand, self-determination and the free-market were espoused, whereas on the other intervention and public welfare were advanced. Forgan charged that making banks equally good unfairly removed the competitive advantage of those that were well managed and would thus level their status with the speculative and reckless. In effect it would then *encourage* reckless banking as there would be no incentive to be 'conservative' – establishing distinction would be unnecessary and riskier behaviour would be encouraged in knowing that other banks would cover losses.⁵¹ This tied into another danger. Guarantees would violate the liberal principle of exercising rational judgement. He saw depositors as investors that sought out banks based upon their reputations. By eliminating the distinction between good and bad banks, this would also diminish the investor's need to make sound financial decisions; it would undermine their ability to choose whether they wanted to

⁴⁷ See Peters and Woolley, 'Election of 1908', *The American Presidency Project*. <URL: <http://www.presidency.ucsb.edu/showelection.php?year=1908>>. Accessed 9 February, 2015.

⁴⁸ James B. Forgan, 'Mr. Forgan and Guaranteed Banks' [open letter to William Jennings Bryan], *The Commoner* (Nebraska), 28 February, 1908, 14-5.

⁴⁹ William J. Bryan, "Make All Banks Equally Good", *The Commoner*, 28 February, 1908, 1-3.

⁵⁰ Forgan, 'Guaranteed Banks', 15.

⁵¹ Forgan, 'Guaranteed Banks', 14-5.

do their business with reputable or disreputable firms. Ultimately, this kind of intervention would undermine their independence.⁵² Forgan later enunciated upon this idea to the Illinois Banker's Association, stating that it was 'not a good thing for the public that they should be treated as children or non-entities and relieved by their government the necessity of exercising ordinary judgment and discrimination in their personal affairs'. Indeed, this 'would certainly not tend to improve their business acumen or their social efficiency'. It therefore *was not* the role of government to intervene on the behalf of individuals.⁵³

Bryan saw banks instead as public service institutions that needed to be regulated in order to protect the interests of the depositing public. 'The bank', he argued, existed 'for the benefit of the people', and it was a 'mistake to assume that the people existed for the benefit of the bank'. Putting the private interests of the few above the interests of the many was wrong. Banks had to work for the people. Furthermore, depositors were vulnerable, and had 'no way of knowing' which banks were 'good' and which were 'bad'. Every bank, after all, presented itself as 'conservatively managed'. Therefore, Bryan argued, it was absurd to believe that depositors could make a sufficiently sound judgement.⁵⁴ Accordingly, Forgan's informed choice approach was conveyed to be fundamentally flawed. Rather, it *was* the duty of the government to intervene in order to protect depositors from dangers beyond their control. Private ownership would persist, but the people, via the state, would further govern the activities of bankers in order to ensure that the people's independence was not debased by the frailties of the institutions that they entrusted.

Despite the latter view's avoidance of advocating state-owned banks, Forgan described guarantees to be of a 'socialistic character'.⁵⁵ James Laurence Laughlin, an economics professor at the University of Chicago, expanded upon this charge. Laughlin first accused the proposals of being vague in their details, especially concerning whether they were intended to guarantee that people would have immediate access to their funds or would receive them after liquidation, and of wrongly conflating *savings banks* with *commercial banks*. Unlike those that

⁵² Forgan, 'Guaranteed Banks', 14-5.

⁵³ Forgan, 'Guarantee of National Bank Deposits' (Presentation, Illinois Banking Association convention, 11 June, 1908) in Rollo L. Lyman [ed.], *Government Insurance of Bank Deposits* (Minneapolis: The H. W. Wilson Company, 1908), 70-1.

⁵⁴ Bryan, "Make All Banks Equally Good", 2.

⁵⁵ Forgan, 'Guarantee of National Bank Deposits', 73.

utilised savings banks, who merely sought a safe place to keep their savings, those that utilised commercial banks were businessmen that strove to profit through their depositing and borrowing.⁵⁶ He then claimed that guarantees were ‘not supported by any theory of political expediency but the socialistic’, which he considered to be a ‘philosophy of failure’. Not only was appropriating the capital of innocent parties to repay the debts of others an assault upon property rights, it was also a means to absolve people of their personal responsibilities, especially when applied to commercial banking. ‘To be asked to be relieved from the ill success, or risk, of one's own business ventures’, Laughlin asserted, ‘is of the very essence of socialism’. The weak, or life's ‘failures’, were trying to have the State remove the risk from their transactions. This was antithetical to capitalist individualism, which rewarded the diligent, talented, and brave.⁵⁷

However, Bryan made it clear that he was seeking to secure *all* depositors, both commercial *and* savings. By advocating guarantees for national banks, Bryan claimed that this would subsequently force other banks, like state banks, to adopt them in order to remain competitive and to attract deposits.⁵⁸ Further, he charged that the Democrats were the champions of ‘the farmer, the laboring man, the business man, the professional man’ and even the banker.⁵⁹ And, outside of pushing for deposit guarantees, Bryan had rejected accusations that the Democrats were socialistic. He defined socialism as the wholesale government ownership of all the modes of production. ‘Cooperative’ government, conversely, took on only what was non-competitive and what people could not do on their own.⁶⁰ At least according to this definition, deposit guarantees were not socialistic. Although considered public service institutions, banks were to remain privately owned and operated. They were, however, to be further regulated, especially given that they existed to serve the public, rather than vice versa. As the public could not, according to Bryan, determine which banks were actually safe – something which was outside of their control – the Government had a responsibility to

⁵⁶ James Laurence Laughlin, *Latter Day Problems* (New York: Charles Scribner's Sons, 1909), 205-10.

⁵⁷ Laughlin, *Latter Day Problems*, 216-8.

⁵⁸ Bryan, ‘Government Guarantee of Deposits’, *The Commoner*, 3 February, 1908, 5.

⁵⁹ Bryan, ‘Guaranteed Deposits’, 162.

⁶⁰ Bryan, ‘Democracy and Socialism’, *The Commoner*, 27 May, 1904, and Bryan, ‘The Trust Question’ (Presentation, Campaign speech, Indianapolis, 25 August, 1908) in Bryan [ed.], *Speeches of William Jennings Bryan*, 140-2.

intervene. Thus, the government was to play an even greater role within the banking sector, even if only a limited one.

* * *

Still, other reformers preferred to minimise governmental interference. Thrift advocate Mary Wilcox Brown, for instance, considered hefty intervention, like Government ownership, to be too socialistic. Referring to postal banks, Brown stated within her 1899 treatise, *The Development of Thrift*, that '[t]he promoters of the system will do well to bear in mind that the absorption by the government of business enterprises leads to state socialism'. Establishing such banks would, according to Brown, be a step towards transforming the American economy from a capitalist form to a socialist form. This was, she believed, antithetical to treasured values such as individualism and self-sufficiency.⁶¹ Unlike other reformers that saw the state as an indivisible apparatus owned and operated of, by, and for the people as a collective whole, they maintained a conceptual division between the two – the Government and the people.

Despite this, they too assumed that banking was necessary to common people and thus also strove to increase popular control within banking. Rather than achieving this through the state, however, they sought to do so through the people themselves. Inspired by practical and theoretical developments overseas (from British and European cooperative banks to the ideas of Pierre-Joseph Proudhon) and the broader cooperative movement,⁶² the idea was that by forming democratic 'people's banks' or 'co-operative banks', ones directly owned and operated of, by, and for the people that utilised them, the banker would be eschewed altogether. Instead, people themselves were to become their own bankers – they, rather than anyone else, were best suited to direct their own financial affairs. Though this was slightly different to the immediate concern over the perceived security of deposits, it still exhibited a lack of faith in

⁶¹ Mary Wilcox Brown, *The Development of Thrift* (New York: The Macmillan Company, 1899), 43-4. Also see 4 and 128-9.

⁶² Proudhon's influence can be seen directly within William Batchelder Greene's 1850 pamphlet, *Mutual Banking*. This pamphlet was reproduced several times, including by Denver's Anti-Interest League in 1895, which sought to demonstrate its applicability to new circumstances. See William B. Greene, *Mutual Banking*, edited by Henry Cohen (Denver: The Anti-Interest League, 1895). For a general overview of cooperative businesses in America, see John Curl, *For All the People: Uncovering the Hidden History of Cooperation, Cooperative Movements, and Communalism in America* (Oakland: PM Press, 2009), 63-145.

outside actors, particularly bankers. Their underlying idea was that the safekeeping and loaning of the people's money was best left to the people themselves.

It is true that 'people's banks' like building and loan societies – also known as 'Co-operative Savings and Loan Associations, Co-operative Banks, Building Associations, ... Mutual Loan Associations, [and] Homestead Aid Associations' – were not exactly a new idea by the turn of the century.⁶³ Indeed, they had existed prior to the Civil War, with the first appearing in 1831. Moreover, their emphasis upon democratic ownership and operation was reflected within Pennsylvania's 1859 act to regulate them.⁶⁴ Further, their relation to 'democracy' was articulated shortly following the war, as reflected by Edmund Wrigley's guide to building and loan societies, *The Working Man's Way to Wealth*, first published in 1869. In it, their 'democratic' nature was made absolutely explicit. Savings banks, while good for teaching the 'working classes how to save', did not, he argued, inculcate self-sufficiency. They had a 'tendency to aristocracy' as they were managed by people from a 'different class'.⁶⁵ Instead, what was needed was a system that allowed the 'working man' to 'become his own capitalist'. This was the 'building association' - a 'perfectly democratic' institution. People formed such societies themselves, and could thus deposit to and borrow from themselves, particularly to finance home ownership. There were no middlemen here. This was a system 'of the people, by the people, and for the people'. Indeed, it was a 'People's banking system'.⁶⁶ As such, the idea of democratising banking had been developing decades earlier.

Such thinking had carried through to the turn of the century. Brown, a leading thrift advocate, later echoed Wrigley and acknowledged that there was little democracy within savings banks – they did not ask their 'depositors to concern themselves about [their] management'. This included mutual savings banks which, although lacking stockholders, were administered by trustees – typically wealthy people, including bankers. While Brown stated that it was good that such banks had instilled the thrift habit within many, she also claimed that they undermined the independence of the depositing public. Management determined

⁶³ Seymour Dexter, 'Co-Operative Savings and Loan Associations', *Quarterly Journal of Economics*, Vol. 3, no. 3 (April, 1889): 315.

⁶⁴ See Mason, *From Building and Loans to Bail-Outs*, 12, and Edmund Wrigley, *The Working Man's Way to Wealth: A Practical Treatise on Building Associations*, sixth edition (Philadelphia: James K. Simon, 1874), 5-6.

⁶⁵ Wrigley, *The Working Man's Way to Wealth*, 2-3 and 10-3.

⁶⁶ Wrigley, *The Working Man's Way to Wealth*, 5-6.

what was done with other people's money, not the owners themselves.⁶⁷ Her solution was to establish and encourage 'people's banks' which would empower people to save and manage their own capital in a cooperative manner. Brown looked at a range of models besides building and loans, such as German and Italian cooperative banks. Whatever the specific system, so long as it was cooperative, this would then allow for people themselves to become capitalists. Common ownership would thus greatly enhance everyone's opportunity for social mobility, individually *and* collectively.⁶⁸

Furthermore, such institutions started to proliferate in the 1880s. The *Manufacturer and Builder* noted in 1894 that while 'building and loan associations had their birth in the decade between 1840 and 1850' the Commission of Labor's ninth annual report demonstrated that the 'average age of all the associations is but 6.2 years, the local associations having an average age of 6.3 years, and the nationals an average of only 2.5 years'. There were '5,146 associations out of the whole number under 15 years of age', with only 433 'over 15 years of age'.⁶⁹ Historian David Mason has observed that '[w]hile the American thrift business grew slowly during the first forty years of its existence, growth accelerated in the 1880s, and soon thrifts were in operation across the country'.⁷⁰ Moreover, as historian David Tucker has highlighted, prior to the 1880s such institutions had been temporary. During the 1880s, however, they were legally entitled to exist on a permanent basis, and assumed standard banking functions. Subsequently, they 'won national popularity' and attracted 'seven percent of all personal savings by the end of the century'.⁷¹ While no doubt there may have been myriad reasons for this, a lack of accessible credit for private needs being one, it is clear that many were attracted to the idea of 'becoming their own capitalists' through popularly owned banks. Indeed, they had been so successful that a commentator noted at the end of the 1880s that 'no scheme has yet been devised and put into operation which combines safety of funds, cheapness in management, and good rates of interest in so great a degree as the Co-operative

⁶⁷ Brown, *The Development of Thrift*, 32-72, esp. 71-2.

⁶⁸ Brown, *The Development of Thrift*, 73-101 and 102-29.

⁶⁹ 'Report on Building and Loan Associations', *Manufacturer and Builder*, vol. 26, no. 9 (1894): 203.

⁷⁰ Mason, *From Building and Loans to Bail-Outs*, 12 and 22-4.

⁷¹ David M. Tucker, *The Decline of Thrift in America: Our Cultural Shift from Saving to Spending* (New York: Praeger Publishers, 1991), 50.

Savings and Loan Association'.⁷²

The idea behind the 'Negro bank' was ideologically similar to the cooperative ethic. Like the cooperative banks, the idea was for African Americans to become their own capitalists. Despite the Freedmen's bank disaster, and in the face of segregation and white society's attempts to depict African Americans as financially incompetent, various African Americans established their own banks. These banks were typically organised to accord with the 'black capitalism' ethic, which encouraged the uplift of the 'race' to middle-class respectability.⁷³ Thus, while privately owned and operated, they were nevertheless driven by a social prerogative. Rather than an end in itself, profit was a means to an end, and that end was community development. Furthermore, private ownership was to demonstrate that African American people could conduct financial affairs on their own without the assistance from others (such 'assistance', after all, had led to the downfall of the Freedmen's bank).⁷⁴ Maggie Lena Walker, an African American and America's first female president of a chartered bank, represented this ethos through her St Luke's Penny Savings Bank.⁷⁵ Further examples included African American bankers within Mississippi, who were reported to be successful.⁷⁶ Therefore, these were often 'people's banks' for those that had been and were being excluded from popular conceptions of 'the people'. Owners and patrons of these banks were in effect unified into a financial community that was built upon a shared identity and interpersonal trust.

The notion of a 'people's bank' took on a range of forms. They may have been building and loan associations or even 'Negro banks'. Still, they all featured an essential similarity: they all sought to democratise banking by maximising popular participation and control in such a

⁷² Dexter, 'Co-Operative Savings', 332.

⁷³ See Lila Ammons, 'The Evolution of Black-Owned Banks in the United States Between the 1880s and 1990s', *Journal of Black Studies*, Vol. 26, No. 4 (March, 1996): 467-89, and M. Sammie Miller, 'An Early Venture in Black Capitalism: The Capital Savings Bank in the District of Columbia, 1888-1902', *Records of the Columbia Historical Society*, Vol. 50 (1980): 359-66.

⁷⁴ See Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalism and Risk in American* (Cambridge, Mass.: Harvard University Press, 2012), 138-49.

⁷⁵ For more on Maggie Lena Walker, see Colita Nichols Fairfax, M. Sabrina Jackson, and Jerome H. Schiele, 'Maggie Lena Walker and African American Community Development', *Affilia* vol. 20, no. 21 (Spring, 2005): 21-38; Gertrude Woodruff Marlowe, *A Right Worthy Grand Mission: Maggie Lena Walker and the Quest for Black Economic Empowerment* (Washington: Howard University Press, 2003); and Candice Ransom, *Maggie L. Walker: Pioneering Banker and Community Leader* (Minneapolis: Twenty-First Century Books, 2009), esp. 57-68.

⁷⁶ Charles Banks, 'Negro Banks of Mississippi' in D. W. Woodard, *Negro Progress in a Mississippi Town: Being a Study of the Conditions of Jackson, Mississippi* (Cheyney: Committee of Twelve for the Advancement of the Interests of the Negro Race, c. 1909), 9-11.

way that avoided state-ownership or hefty intervention. Here they differed to the other plans which had embraced the state. Even then, however, they still sought to redistribute power from capital – and the banker – to ‘the people’. The means may have been different, but, again, the end was the same: popular control.

* * *

In one way or another, all such ideas and proposals were implemented. Postal banks, governmental guarantees, and cooperative banks had been established in some capacity by or at the end of the twentieth’s century’s first decade. Much of this was the result of persistent advocacy from reformers and the people behind them. This was particularly so regarding the postal savings system and the guarantees. William Taft’s Republican administration enacted postal savings in 1910, bringing about their creation the following year. This ended thirty-nine years of continuous congressional lobbying. Still, the bill that passed made concessions to bankers. Deposits would be redistributed into national banks, and it was pitched as a panic preventative – when currency was withdrawn from banks and placed within postal banks, that currency would then be placed back into the banks, thus maintaining their liquidity.⁷⁷ Governmental guarantees had been implemented within various Southern and Western states by the end of the decade. It is true that some bankers embraced the system,⁷⁸ though Bryan and the Democrats failed to implement such a system at a national level. Cooperative banks, on the other hand, managed to flourish. This may well have been because they eschewed the need for hefty intervention and hence could avoid protracted legislative battles. Resultantly, of the three forms examined here, cooperatives may have been the most successful.

Regardless, all three had managed to make the transition from idea to reality, even if their final form was imperfect or adulterated. All had accepted that banking was an essential ‘public service’ within a capitalist society, and all were responses to various issues within American banking. Many came to acknowledge that they had the capacity to create more

⁷⁷ See William H. Taft, ‘Postal Savings Banks Versus Enforced Insurance of Deposits’, Victor, 10’ phonograph record, 5 August, 1908. Reproduced in digital format for the Library of Congress’ National Jukebox collection. Available online. <URL: <http://www.loc.gov/jukebox/recordings/detail/id/1477>>. See also, Meyer, ‘Postal Savings Banks’, 250.

⁷⁸ See, for instance, *The Commoner*, 6 March, 1908, 4.

secure and equitable systems. This way, confidence could be bolstered and democracy increased. Ultimately, people did manage to implement some degree of either popular ownership or control in banking.

Moreover, by the early 1910s, the idea that banks were a kind of ‘public service’ institution had been established as something of a truism. In 1912, Herman Myrick, an editor and writer for popular magazines like *Good Housekeeping* and *Farm and Home*, described banking as ‘a quasi-public business, for it affects every branch of industry, and is vitally connected with the interests of employed and employer, producer and consumer’.⁷⁹ Brandeis claimed that ‘[r]eceiving deposits and making loans therefrom should be treated by the law not as a business, but as one of the public services’.⁸⁰ He also quoted Democratic Senator Robert Owen's pronouncement that ‘a bank is a public-utility institution’ which could not ‘be treated as a private affair, for the simple reason that the public is invited, under safeguards under the government, to deposit its money with the bank’. The public therefore had ‘a right to have its interests safeguarded through organized authorities’.⁸¹ Bankers were also exposed to this sentiment. Edmund Walker, the President of the Canadian Bank of Commerce, lectured New York's state bankers in 1912 on the ‘public service’ nature of banking.⁸² It is clear, then, that the notion that banks existed to serve the public, or ‘the people’, had come to circulate widely within the public sphere, reaching audiences spanning from the farmer to the urban middle-class professional, and even to bankers themselves. Banks were now conceptually obliged to serve ‘the people’.

⁷⁹ Herman Myrick, *Co-operative Finance: An American Method for the American People* (New York: Orange Judd Company, 1912), 57.

⁸⁰ Louis Brandeis, *Other People's Money: And How the Bankers Use It* (New York: Frederick A. Stokes Company, 1914), 63.

⁸¹ Robert Owen quoted in Brandeis, *Other People's Money*, 64.

⁸² Edmund Walker, ‘Banking as a Public Service’ (Presentation, New York State Bankers Association, Buffalo, 14 June, 1912).

VI.

Promoting Confidence:**Responding to Distrust through Advertising**

To promote public confidence in the bank ... is the first step in an advertising campaign. The majority of small business men and wage-earners are unfamiliar with banks and banking methods, and the institution which tells them frankly, in simple terms, what security their deposits will have goes a long way toward securing their accounts. All the more is this necessary and expedient now, when the 'muck-rake' has shattered confidence in some business concerns.

- Daniel Vincent Casey, *How to Increase a Bank's Deposits*, 1908.¹

Speaking before the American Bankers' Association (ABA) at their 1908 convention, Woodrow Wilson, then President of Princeton University, remarked that 'the bank' was 'the most jealously regarded and least liked instrument of business in this country'. America's banks were, according to Wilson, 'remote from the people and the people [regarded] them as not belonging to them but belonging to some power hostile to them'. Common American people, or the 'average man', saw the banker as both a distinct and threatening figure who pursued their self-interest while remaining oblivious to the welfare of others. Though he made it clear that he disagreed with this attitude, stating that bankers were generally decent and productive people, he insisted that his audience accept the attitude's existence as 'fact'. After evaluating what was being done by bankers to address this, he went on to announce that 'the banks have turned away from their old time modesty and reserve and have now gone out into advertising' and were 'drumming the country up and down for business and sending out the most attractive, even deceptive circulars'. Upon receiving laughter for this remark, one presumably made in jest, he rephrased this by stating that bankers were 'falling over themselves and each other to get into communication with the general body of people in this country'.²

Although Wilson believed that this method was ineffective and wondered how else

¹ Daniel Vincent Casey, *How to Increase a Bank's Deposits*, second edition (Chicago; New York: The System Company, 1908), 15.

² Woodrow Wilson, 'Address of Woodrow Wilson, President of Princeton University, Princeton, N. J.' in *Proceedings of the Thirty-Fourth Annual Convention of the American Bankers' Association* (New York: American Bankers' Association, 1908), 226-35.

bankers could ‘get in connection with the minds of this country’, he nevertheless accurately and elegantly conveyed the situation.³ By the turn of the century, bankers had become highly conscious of their generally poor public image. The recurrence of runs, panics, wreckers, and plutocrats – in reality and in representation – had taken their toll, and bankers knew this. As this chapter argues, in the wake of the depression of the 1890s and especially following the panic of 1907, many bankers came to acknowledge that they had to wrest control of their image and, towards this end, many of them began to see advertising as a remedy to their problems. Bankers turned to the medium in the belief that it could ‘educate’ the public and establish and maintain confidence. Put simply, advertising was beginning to be the primary medium for individual banks to convey themselves positively within the public-sphere.

While utilising publicly visible artefacts and symbols was not a new practice (a bank's architecture, vault, name, and directorate had long been utilised to symbolise strength, prosperity, and identity),⁴ what *was* new was that bankers began to consciously formalise ways of presenting themselves in the form of advertising, which came to entail almost anything, from bank statements within newspapers to people themselves. This was more than a bid merely to promote their individual institutions within markets glutted with competing banks. In order to acquire and sustain deposits, individual banks of all kinds – national, state, and private, and commercial and savings – sought to represent that they were reliable and that they were essential fixtures of their communities. Indeed, regarding the latter, they sought to demonstrate that they were ‘of, by, and for the people’. In this way, through advertising they believed that they could legitimate and naturalise their existence, a view which was especially poignant at a time when many were starting to advocate banking alternatives. This was ultimately to convince people that they were and always had been society's appropriate financial and depository institutions. In turn, this would stimulate confidence. Therefore, through their embrace of advertising we can begin to observe the moment when bankers started to believe that taking to the public sphere *was* the best way to ‘get in connection with the minds’ of the American people.

³ Wilson, ‘Address’, 231.

⁴ See Charles Belfoure, *Monuments to Money: The Architecture of American Banks* (Jefferson; London: McFarland and Company, inc. Publishers, 2005), 9-124, esp. 17, 64, and 113.

By the turn of the twentieth century, if any class of people had come to know the social and commercial value of confidence, it was bankers. America's bankers – national, state, savings, trust, or otherwise – were by now acutely aware that it was just as important as taking deposits and making loans. Along these lines, J. M. Elliot, the president of the First National Bank of Los Angeles, commented in 1908 that the ‘confidence of its customers in any bank is as valuable as its capital stock’.⁵ Likewise, in a letter to Arsene Pujo, J. P. Morgan and Co. claimed that to ‘banking the confidence of the community is the breath from which it draws life’. They then noted how fickle confidence could be, stating that the past was ‘full of examples where the slightest suspicion as to the conservatism, or the methods of the bank's management, has destroyed confidence and drawn away its depositors overnight’.⁶ Bankers had evidently come to appreciate that without confidence there could be no banking.

Tellingly, the first ever article in the Chicagoan trade journal *The Bank Man* (1906) asserted that bolstering confidence was the quintessential requirement of a bank and a banker. Responding to an alleged tendency of the ‘uninformed’ to see bankers as stern and emotionally aloof, the article contended that bankers in fact were very conscious of sentimentality: a bank's ‘principal asset’, its most essential and most valuable feature, was a ‘sentiment’. As custodians of ‘other men's money’, based upon the implicit contract to return that money upon demand, inspiring and maintaining confidence was paramount. In the event that a bank did anything to ‘undermine’ that confidence, it would cease to exist. Ultimately, according to the article, this is what made bankers ‘unique’ compared to other business people.⁷ Confidence had thus become a kind of symbolic commodity which could be exchanged within the market. Bankers figured that those that could manufacture it in the greatest quantities could and would garner the largest deposits.

This notion emerged within in an environment where banking issues were all too

⁵ J. M. Elliot, ‘A National Clearing House as a Safeguard Against Panics’, *Annals of the American Academy of Political and Social Science*, vol. 31 no. 2 (1908): 160-2.

⁶ J. P. Morgan and Co., *Letter from Messrs. J. P. Morgan and Co., in Response to the Invitation of the Subcommittee (Hon. A. P. Pujo, Chairman) of the Committee on Currency and Banking of the House of Representatives* (New York: self-published, 1913), 26-7.

⁷ Malcolm McDowell, ‘The Bank Man – A Unique Personality’, *The Bank Man*, vol. 1, no. 1 (1906): 1-2.

familiar to patrons and to a newspaper reading public. Bankers were not detached or isolated from the various doubts and suspicions held against them. While it would have been simple enough to have noticed reports and criticisms within the media and elsewhere, they could also *directly* encounter public commentary and were thus very aware of how seriously the issue was considered. Wilson's address was one such instance, and it elicited a response from I. B. Tigrett, the president of the Tennessee Bankers' Association. Within his 1908 address to the Jackson Chapter of the American Institute of Banking, subsequently reproduced within the *Bankers Magazine*, Tigrett quoted Wilson as stating that he was 'sure that many bankers must have become acutely and sensitively aware of the fact that the most isolated and the most criticized interest of all is banking'. The wording differed slightly to the ABA's transcription, and though this version was perhaps harsher, the same point was conveyed – the broader American public generally held an unfavourable view of the nation's bankers. Accepting this verdict, Tigrett asserted that this 'epitome of the popular sentiment' led bankers to 'seriously consider the profession of banking'. He then commented on 'Mistaken Public Opinion'. Tigrett identified general prejudices that he believed were tarnishing the image of bankers, including historical, age-old notions that characterised those in the business of dealing with money as 'rich, rapacious and greedy'.⁸

He was not alone in his acknowledgement of 'popular sentiment'. Various other observers identified more immediate and specific causes behind hostile public attitudes, especially causes they believed were actively undermining the general public's confidence. For instance, one such cause concerned how the general public interpreted the misdeeds of some banks and bankers to represent those of *all* banks and bankers. J. M. Elliot complained in 1908 that due to the volatility of the nation's fragile and disjointed banking infrastructure, bankers who conducted 'their business in [a] careful and honorable fashion' were 'compelled to keep silent while the speculative, the unfit, the unfair, and sometimes the fraudulent, competitor [was] following the road to ruin for himself and incidentally bringing trouble, anxiety and loss to all honestly engaged in the business'. They could generate a 'lack of confidence in the whole banking fabric which [had] been built up by years of honest dealing'. Confidence was extremely valuable to any bank, and it was thus 'unfair to allow it to be damaged by any one

⁸ I. B. Tigrett, 'Banking as a Profession: Being an Address Delivered by I. B. Tigrett, President of the Tennessee Bankers' Association, Before the Jackson Chapter, A. I. B.' in *The Bankers Magazine*, vol. 78 (1909): 482-4.

man or institution'. Elliot made this pronouncement in the wake of the 1907 panic, and may have been implicitly referring to the run against the Knickerbocker Trust Company and its connection to the disastrous attempt to corner the copper market. Regardless, he was alluding to the public's apparent inability to distinguish between good and bad banks, the latter including all those that would misuse and abuse their access to other people's money. In short, he asserted that the actions of one would tarnish the reputation of all others.⁹

Additionally, Frank Vanderlip, then Vice-President of the National City Bank of New York, drew attention to factors that he believed were undermining popular confidence. Also commenting in the aftermath of the 1907 panic, Vanderlip made explicit reference to major issues like banking panics and cash hoarding. Beyond this, however, he charged that it was vital to address what was actually driving these issues. The 'financial crisis' had 'by no means been altogether a matter of money'. Instead, it had 'been a matter of what was in men's minds'. In other words, Vanderlip claimed that the panic did not stem *merely* from financial conditions or from business cycles (these were still factors), but also from popular doubts and misconceptions. Vanderlip believed that the latter had been a product of the age's politics, particularly the progressive mission to expose and overcome injustices, stating that he 'would again go back a few years in search of the roots of our present difficulties and note that we have had a period of so called "muck raking"'. This was a period where there had been 'the most general criticism of leaders, both financial and political'. Though he conceded that some of their expositions were warranted, he observed that such muckraking had wrongly cast doubt upon *all* leaders and their capacity to protect and serve the interests of the public; thanks to 'muck raking', they were not popularly perceived to be trustworthy figures. This, combined with a concern over the risky investments of trust companies, was, according to Vanderlip, why people were so susceptible to panic in 1907; why panic 'found quick lodgement in the minds of the people and the depositors', and why these 'suspicions' were 'promptly felt by large withdrawals of deposits and a considerable hoarding of cash'.¹⁰

Here, Vanderlip clearly recognised that certain ideas and materials distributed throughout the public sphere could be detrimental to bankers. The public sphere's capacity to

⁹ Elliot, 'A National Clearing House', 160-2.

¹⁰ Frank Vanderlip, 'Panic as a World Phenomenon', *Annals of the American Academy of Political and Social Science*, vol. 31 no. 2 (1908): 1-7.

transmit unfavourable content and to apparently shape public opinion attested to its power. Conversely, it also attested to its potential. The solution was obvious. In order to counter any and all negativity, bankers themselves had to take to the public sphere. This was to be achieved through ‘education’. Vanderlip was convinced that ‘there was never a time when education of the people in the principles of banking and currency was more seriously needed’.¹¹ Therefore, the public simply had to know more about banks and banking. Once they had been educated, they would be more confident in their utilisation of them. By the time of the panic, and especially after it, many bankers shared this view. Many had also started to accept that the best way to ‘educate’ the public was through advertising, a medium considered to be ‘nothing but teaching – teaching people to think about a particular thing and act, as you want them to think and act about it’.¹²

* * *

Compared to other businesses, particularly those selling consumer goods, banks were slower to begin embracing ‘modern’ advertising practices. One observer even claimed they were ‘among the last of established lines to enter the advertising field’.¹³ Consumer advertising and its corresponding industry had been developing gradually over the late nineteenth century. The new method sought to arouse desire by conveying that the advertised product would facilitate personal transformation and progress. The depression of the 1890s dramatically stimulated consumer advertising’s growth, as many merchants came to accept the idea that it would generate demand, which was sorely needed in what was understood to be a crisis of over-production. Advertising agencies began to convince businesses that they alone were capable of achieving this and subsequently went on to initiate mass, nationwide campaigns on behalf of their clients.¹⁴ Various banks did start to follow new advertising trends in the early

¹¹ Vanderlip, ‘Panic as a World Phenomenon’, 1 and 6.

¹² E. St. Elmo Lewis, *Financial Advertising: For Commercial and Savings Banks, Trust, Title Insurance, and Safe Deposit Companies, Investment Houses* (Indianapolis: Levey Bros. And Company, 1908), 66.

¹³ ‘Bank Advertising in the Past’, *The Bank Advertiser*, vol. 1, no. 12 (1908): 13.

¹⁴ See Pamela Walker Laird, *Advertising Progress: American Business and the Rise of Consumer Marketing* (Baltimore; London: Johns Hopkins University Press, 1998), esp. 210-361, and *Fables of Abundances: A Cultural History of Advertising in America* (New York: Basic Books, 1994), esp. 198-234.

1890s. Even prior to the decade, many banks had been advertising in some capacity, typically through their statements within local newspapers. However, the former were exceptional and the latter typically limited their content to their name, their financial details (like their capital input), and the names of their directors and staff, all in the space of a small rectangular column. Such content was to instil confidence, though often it was also required by law (as was the case with national banks). For the most part though, they were technical and minimalistic when compared to other advertisements of the time, and resembled classifieds.¹⁵ O. Howard Wolfe, author of *Practical Banking*, later described this style as ‘tombstone’ advertising in 1917.¹⁶ Bankers adhered to this approach apparently because they generally believed that to actively solicit business was to be undignified, and believed it unsuitable for a financial institution to flaunt itself to the public.¹⁷ This is what Wilson meant by their ‘Old time modesty’.

In the immediate aftermath of the depression, however, many bankers swiftly began to forego such modesty. Beginning in the late 1890s and carrying on into the 1900s, they realised that they could not afford to ignore the medium, especially in its ‘modern’ form which promised the capacity to persuade. Reflecting this almost instantaneous fascination and embrace of advertising, various discussions and guides emerged which sought to explore and advance the medium. Specialised advertising manuals started to proliferate, including *Practical Bank Advertising* (1900), *Banking Publicity* (1904), *Pushing Your Business* (1908), *Financial Advertising* (1908), *How to Increase a Bank's Deposits* (1908), *Bank Advertising* (1912), and *Bank Advertising Plans* (1913).¹⁸ Banks started to delegate staff members to specialise in

¹⁵ See Edwards, ‘Banking and Public Opinion’, 18, and Richard N. Germain, *Dollars Through the Doors: A Pre-1930 History of Bank Marketing in America* (Westport; London: Greenwood Press, 1996), 13.

¹⁶ O. Howard Wolfe, *Practical Banking* (Chicago: LaSalle Extension University, 1917), 228.

¹⁷ This was the view of C. L. Chamberlin. See Chamberlin, ‘Studies in Bank Advertising’, *The Bankers Magazine*, vol. 76 (1908): 873.

¹⁸ A. E. Rice, *Practical Bank Advertising: A Cyclopedic of Advertising Information for Financial Institutions* (Freemont: Freemont Publishing Company, 1900); Francis R. Morison, *Banking Publicity: A Manual on the Art of Advertising the Business of Financial Institutions* (New York: Moody Publishing Co., 1904); Theodore McGregor, *Pushing Your Business: A Book of Practical Advice on Advertising for Banks, Trust Companies, Investment Brokers, Real Estate Dealers, and all Interested in Promoting their Business by Judicious Advertising* (New York: The Bankers Publishing Co., 1908); Lewis, *Financial Advertising* (1908); Casey, *How to Increase a Bank's Deposits*; Maurice Milton Rothschild, *Bank Advertising* (Chicago: The Goodspeed Press, 1912); and Theodore McGregor, *Bank Advertising Plans: A Book of Practical Suggestions* (New York: The Bankers Publishing Co., 1913).

publicity and created special departments.¹⁹ Experts emerged, like Theodore McGregor, who became a leading figure and an author of multiple definitive guides, including *Pushing Your Business* and *Bank Advertising Plans*. The *Bankers' Magazine* started to feature a section devoted to advertising in 1906, overseen by McGregor. Also in 1906, the *Bank Advertiser*, a 'Monthly Journal Devoted to Bank Advertising' entered circulation. In its second edition, the journal claimed that 'the initial number ... was received enthusiastically by bankers over the country'.²⁰ It went on to take its subject so seriously that in 1908 it explicitly outlined what a bank's promotional duties entailed, taking the form of 'The Banker's Ten Commandments'.²¹ The biblical reference attests to how devoted some were to the subject. Getting it right teetered on being a religious creed.

In time, anything to do with a bank's public presentation came to constitute 'advertising'. McGregor noted that bankers had already been advertising through the likes of the 'individuality of the banker', 'civic and social activities', and 'massively and conspicuously located buildings'.²² In a way, this was true, though these presentations only came to be widely considered as such retrospectively (with the exception of bank architecture).²³ McGregor's observation thus reflected a new way of categorising these behaviours and objects – they were now seen as advertising. He also highlighted that banks had started to rely upon a range of materials to reach out to the public. Newspaper advertisements, booklets, and circulars were, of course, typical. However, many other mediums were embraced, including window displays, cookbooks, 'tactful employes [*sic*]', Sunday school prizes, aeroplanes, personal rewards for savings achievements, electric signs, billboards, and postcards.²⁴ Satisfied customers and even children could also be advertisements for a bank.²⁵ In a 1907 article within the *Bank Advertiser*,

¹⁹ See Germain, *Dollars Through the Doors*, 191-202.

²⁰ C. E. Aubracher, 'Editorial', *The Bank Advertiser*, vol. 1, no. 2 (1907): 1.

²¹ 'The Banker's Ten Commandments', *The Bank Advertiser*, vol. 1, no. 8 (1908): 1.

²² Theodore McGregor, 'Advertising Results: Address Delivered by T. D. McGregor, of the *Bankers Magazine*, Before the Philadelphia Chapter, American Institute of Banking, February 5, 1909', *The Bankers Magazine*, vol. 78 (1909): 499.

²³ Germain notes that bank buildings were considered to have a 'standing advertisement effect ... as early the 1860s'. Germain, *Dollars Through the Doors*, 12-3. Regarding the other methods, McGregor identified them as kinds of early, unrecognised kinds of advertising. See McGregor, 'Advertising Results', 499.

²⁴ See McGregor, *Bank Advertising Plans*, 1-58. Also see Germain, *Dollars Through the Doors*, 208.

²⁵ For satisfied customers as advertisements, see Casey, *How to Increase a Bank's Deposits*, 122; for children, see McGregor, *Pushing Your Business*, 78.

F. W. Ellsworth, the manager of the First National Bank of Chicago's Advertising and New Business department, divided all such mediums into two categories: 'general' and 'specific, or direct'. The former entailed 'newspapers, financial and commercial journals, magazines, booklets, street car cards, billboards and novelties', whereas the latter entailed 'personal letters, circulars and personal contact'.²⁶ Materials were thus tailored both for the group and the individual; they could be impersonal or personal. Moreover, Germain has demonstrated how 'service' became integral to a bank's promotional repertoire. He highlights that 'transaction velocity', 'accessibility', 'clean money', 'noise', 'check security', and 'accuracy' were all utilised towards this end.²⁷ Ultimately, whatever a bank displayed to the public (or even whatever a bank did in front of the public) could be a kind of advertising.

Nevertheless, newspaper advertising took pride of place. This was primarily because newspapers, particularly daily editions, were distributed considerable distances and to vast amounts of people. Francis Morison noted in *Banking Publicity* that the 'daily newspapers' were 'undoubtedly the most profitable and at the same time most economical mediums for financial advertising'. This was because they were 'constantly in touch with the affairs of their immediate neighborhood' and because they circulated 'far and wide reaching alike the homes of the rich and the poor'.²⁸ Likewise, McGregor later asserted that there was 'a great deal to be said for the daily newspaper as an advertising medium'. A daily newspaper, he remarked, 'goes everywhere', '[e]verybody reads it', and '[e]very day it comes entirely fresh and new'. While the newspaper and the advertisements within it lacked 'permanency', it made up for this through the 'frequency of its appearance'. Thus, due to its power, '[c]onsiderably more than half of an advertising appropriation for any financial institution or investment house' could 'be safely expended in the newspapers'.²⁹ Bankers agreed, at least according to William Borsodi, author of *Financial Advertising*. He claimed that the 'awakening [to advertising] has come, and there is hardly a newspaper in which the bankers are not telling their story in a most up-to-date way, illustrated and finely displayed, typographically'. Indeed, almost 'every country newspaper carries bank advertisements of persuasive art, asking the great non-banking public

²⁶ F. W. Ellsworth, 'Advertising a Bank', *The Bank Advertiser*, vol. 1, no. 6 (1907): 6.

²⁷ Germain, *Dollars Through the Doors*, 19-44.

²⁸ Morison, *Banking Publicity*, 35.

²⁹ McGregor, *Pushing Your Business*, 17.

to come in and sample their line of goods'.³⁰ Newspapers, then, were accepted to be the best means to get into 'communication with the general body of people'.

There was an underlying purpose driving this turn to advertising. On the surface, the immediate goal, of course, was to sell the services of a particular bank. By the turn of the century, banks of all kinds were attempting to attract time or demand deposits. On a deeper level, though, bank advertising was embraced due to the shared belief that the medium had the capacity to 'educate' the public about banking and to bolster popular confidence. It was such a belief that prompted the *Bank Advertiser* to note in its first edition that bank advertising was 'growing better every day; the people are being educated to use the banks more and more'. It then asked '[i]s it not possible to hasten the day when the people and the banks will be brought into a closer confidence?' The answer: '[w]e think it is'.³¹ Through advertising, then, banks could communicate to the broader public – apparently uneducated and distant from banks – precisely what it was that they could do for them. After emphasising that bank advertisements had to be 'educational in character', C. L. Chamberlain explained in the *Bankers' Magazine* that this education was to both promote banking generally and the advertising bank specifically. He asserted that advertisements 'ought to enlighten the reader concerning both the advantages offered by a good bank and the benefits offered by the particular bank advertised'.³² This education, then, was as much about selling *banking* as it was about selling *a bank*.

Their 'educating' reached out to nearly all classes and categories of people in America. Advertisements were tailored to particular audiences and could therefore vary greatly in terms of who they appealed to and how they crafted their messages. Germain has highlighted that banks oriented their promotions to appeal to target 'markets', segmented into categories such as age, gender, ethnicity, race, and class. Banks were clearly attempting to get in touch with everyone, including adults and children, men and women, white people and black people, old residents and new immigrants, capital and labour, and white and blue collar workers.³³ A 1907

³⁰ William Borsodi, *Financial Advertising: A Collection of Words, Phrases, Illustrated Advertisements and Financial Talks as Successfully Used by Banks, Trust Companies and Other Financial Institutions* (New York: Borsodi Advertising Service, 1909), 6.

³¹ Aubracher, 'Editorial', *The Bank Advertiser*, vol. 1, no. 1 (1907): 1.

³² Chamberlin, 'Studies in Bank Advertising', 875.

³³ Germain, *Dollars Through the Doors*, 61-76 ('Age'), 77-96 ('Gender'), 97-115 ('Nationality and Race'), and 155-

advertisement for the Planters National Bank of Richmond, Virginia, captures this well. Titled 'A PAGE TO BANK ON', the full-page advertisement is composed of a collection of individual advertisements promoting a range of services and appealing to different people, including business people, workers, women, and children (or their parents) [See Figure 11].³⁴ Overall, such advertising was a concerted effort to educate a 'segmented' public and in turn create a class of depositors and patrons of America's various banking institutions.

Differences aside, then, the ultimate goal of this education was to gain the public's confidence (meaning also their patronage). Indeed, inspiring and maintaining confidence was paramount and was something of a golden rule. This was considered foundational for *all* advertising. Daniel Casey argued in *How to Increase a Bank's Deposits* that to 'promote public confidence in the bank' was the 'first step in an advertising campaign'.³⁵ McGregor charged that commercial depositors would 'not come to a bank or remain with it' unless they had 'absolute confidence in it'. He followed this by claiming that '[n]ine times out of ten, when a man does not use the facilities a bank offers it is because he distrusts the institution' or did not 'know what it could do for him'. Therefore, the first rule for commercial bank advertising was to '[i]nspire and maintain popular confidence'.³⁶ Savings banks, according to McGregor, had a larger and more diverse clientele, and appealed to people on a personal, rather than a commercial, basis. Therefore, they had to 'preach' the idea that '[e]verybody who earns money should save some of it and deposit his earnings in a strong bank'. In other words, savings banks had to promote thrift. Still, it appears that McGregor was building an additional layer upon the confidence premise, observable through the inclusion of the term 'strong bank'.³⁷ *Practical Bank Advertising* made no such distinction when offering its two vital 'requisites' for effective bank advertising. It advised its readers that the first 'requisite' was to 'convince yourself that your business is all that, and exactly what, you would have folks believe it to be'. Banks actually had to believe what they were saying. The second requisite, or the 'next great thing', was to 'create public confidence in the stability of your institution; to convince people thoroughly

164 ('Socioeconomic and Credit End-Use').

³⁴ 'A PAGE TO BANK ON', advertisement for the Planters National Bank of Richmond, Virginia, in *The Times Dispatch* (Virginia), 27 April, 1907, 38.

³⁵ Casey, *How to Increase a Bank's Deposits*, 15.

³⁶ McGregor, *Pushing Your Business*, 43.

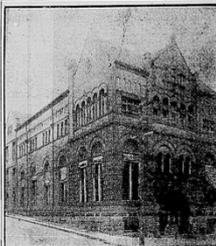
³⁷ McGregor, *Pushing Your Business*, 63.

that you are sound to the core'.³⁸ Either way, coming in first or second place, the need to arouse confidence was a core, indispensable principle.

A PAGE TO BANK ON

Founded over forty years ago, and with a record of rapid and successful growth, **The Planters National Bank** has attained its present position of prominence in financial circles only through judicious and conservative handling of funds entrusted to its care. It is with the assurance of a continuation of past policies that this bank offers its services to those seeking a strong, reliable and safe banking house.

A bank is what its directors make it—its strength depends largely upon their experience, judgment and responsibility—its growth upon the time, thought and effort they devote to it. The directors of **The Planters National Bank** are well known business men of this city, large holders of the bank's stock, therefore deeply interested in its stability and progress. They keep in constant touch with its affairs by constant meetings. This is a very important point to be considered in selecting a banking house.



Why You Should Bank Here

The above fine view is the view of the Planters National Bank, which has a record of rapid and successful growth, and is with the assurance of a continuation of past policies that this bank offers its services to those seeking a strong, reliable and safe banking house.

Planters National Bank
12th and Main Streets
Richmond, Virginia



Millions of Dollars Worth of Securities and Valuables

Are saved in every great conflagration by being in Safety Deposit Vaults. Millions more might have been saved for a few dollars a year rental.

Planters National Bank
12th and Main Streets
Richmond, Virginia



FALL TRIPS ABROAD

LETTERS OF CREDIT will prove a source of convenience and satisfaction to you. They give you safety beyond question, and identification is perfectly easy. We issue LETTERS OF CREDIT, and are in excellent position to offer you every banking service.

Planters National Bank
12th and Main Streets
Richmond, Virginia



ON DEPOSIT IN THE U.S. TREASURY

Government Protection

Mail Your Deposit

It is a very simple matter for out-of-town depositors to conduct their banking by mail.

Planters National Bank
12th and Main St., Richmond, Va.



The Facilities of this Bank

As an institution by our bank in this community, and are at your service upon the most favorable and equitable terms as they are extended to other depositors and customers.

Planters National Bank
12th and Main Sts., Richmond, Virginia



REMEMBER

A Reserve Fund for Every Man

You can't Work All the Time.

Planters National Bank
Savings Department
Twelfth and Main,
Richmond - Virginia



Good Service.

Our rapid and continued increase in deposits is the best argument we can offer in proof that BANKING BY MAIL is safe, convenient and satisfactory to our depositors in all parts of the world.

Planters National Bank
12th and Main St., Richmond, Va.



These Prosperous Times We Want

Are having effect upon the business of this bank. More and more people are making use of its facilities. But its facilities are equal to any of the requirements of an increasing number of depositors.

Planters National Bank
12th and Main Sts., Richmond, Va.



Children Should Save

Teach the children early to save. If it doesn't start, will never be acquired. Parents should give them a start.

Planters National Bank
12th and Main St., Richmond, Va.



PLANTERS NATIONAL BANK SAVINGS DEPARTMENT RICHMOND, VA.

DEPOSIT YOUR MONEY IN A STRONG BANK

3 PER CENT. INTEREST—Compounded Twice Each Year

Planters National Bank, Savings Dept., Richmond, Va.
Capital, \$300,000.00. Surplus and Profits, \$1,000,000.00

PLANTERS NATIONAL BANK

12th and Main Sts., Richmond, Va.

Capital, - - - - - \$300,000.00 ORGANIZED 1865 Surplus and Profits, \$1,000,000.00

Figure 11. Advertisement for the Planters National Bank of Richmond, Virginia, appealing to a broad range people, 1906. From the Library of Congress' *Chronicling America* digital collection.

The perceived need to do so was not based upon abstract assumptions but instead actual observations. Stimulating confidence was considered necessary due to the age's social, economic, and political environment. Advertising specialists were well aware that there was an issue with popular confidence. Hoarding, runs, and panics, for instance, were all acknowledged to be actual problems. Borsodi noted in *Financial Advertising* (1909) that '[a]ccording to official statistics ... 5,000,000 people are keeping their savings in stockings, in

³⁸ Rice, *Practical Bank Advertising*, 16.

nooks and corners, and in hiding places of diverse sorts'.³⁹ E. St. Elmo Lewis, author of the identically named *Financial Advertising* (1908), asserted that 'if people knew more about banks and banking there would not be the same danger of panics and runs'.⁴⁰ The *Bank Advertiser* agreed, stating in mid-1907 that a bank that kept its customers 'informed' through publicity was 'less liable to suffer from untrue reports of its condition, which sometimes lead to a run on the Bank'.⁴¹ *The Bankers' Magazine* advised that '[w]hen confidence is lacking' during times of panic, the banker 'should stimulate confidence' through advertising, and that when 'people hoard their money', the banker 'should educate them to the point of bringing it forth to the daylight, where, in performing its functions, it will benefit all alike'.⁴² Taken together, bank advertising was clearly intended to arouse the confidence of those not using banks as well as those that were.

They were also aware of how banks were being depicted within the public sphere. The media was blamed for disseminating unfavourable information and, consequently, perpetuating distrust. Lewis attacked the 'yellow press' for doing so, and called for it to be 'curbed'. Due to its popularity, he asked if it was 'any wonder that a lot of the savings stay in the tea caddies, the unused stove, the old stocking in a corner of the closet?'⁴³ Similarly, Casey instructed his readers that the need to arouse confidence through advertising had become vital as the 'muck-rake' had 'shattered confidence in some business concerns'.⁴⁴ Furthermore, the *Bankers' Magazine* asserted that the 'Postal Savings Bank idea' appealed 'so strongly to the popular fancy' because people had been sold the notion that the government was absolutely stable. The implication was that the government was being construed to be far stronger and more reliable than banking institutions. This had become 'part of the public consciousness through a species of advertising'. It was up to banks, then, to convince the public through their own advertising that they were just as secure. This had to continue until the phrase 'Strong as the bank' was as common as 'Strong as the government'. Thus, there would be no need for

³⁹ Borsodi, *Financial Advertising* (1909), 13.

⁴⁰ Lewis, *Financial Advertising* (1908), 65.

⁴¹ Aubracher, 'Editorial', *The Bank Advertiser*, vol. 1, no. 2 (1907): 1.

⁴² Harvey A. Blodgett, 'The Education of Bank Depositors – The Need of Instructing the Public in what the Bank Offers', *The Bankers Magazine*, vol. 78 (1909): 705-6.

⁴³ Lewis, *Financial Advertising* (1908), 68.

⁴⁴ Casey, *How to Increase a Bank's Deposits*, 15.

something like a postal savings system.⁴⁵ Evidently, ideas concerning bank advertising were not only inspired by their social, economic, and political context, but they were also responsive to it.

This was especially so in the wake of the 1907 panic. These experts saw the panic as a kind of turning point for bank advertising. It had been so cataclysmic and had depleted confidence so abruptly and pervasively that it proved beyond reasonable doubt the need to educate an apparently wild and ignorant public. Put another way, it forced bankers to accept that there was a deep-seated confidence problem and that it was their duty to dispel any and all doubts and suspicions. The *Bankers' Magazine* stressed that the panic 'brought home to bankers' the need to create 'in the public mind a feeling of greater confidence and trust in financial institutions, and a better knowledge of what banks exist for'.⁴⁶ Within *Bank Advertising*, Maurice Rothschild expressed consternation as to why banks had not engaged in 'more persistent advertising to offset the panic tendencies and retrogressive periods'. He blamed the panic on the press, which, he argued, overemphasised bank failures and resultantly created the impression that 'the safest place' to keep one's money was in 'a broken crockery cup on the top of the pantry shelf'. The lesson was that bankers could no longer allow such reporting to go unchallenged, and thus had to do all they could to bolster confidence in times of distress.⁴⁷ Lewis had a different take on things. He concluded that various banks had in fact been busy advertising and through doing so had successfully restored confidence. They had achieved this by calmly emphasising that they were solvent and that conditions were improving. His lesson was that newspaper advertising was a tremendously powerful instrument, and, therefore, all banks had to take advantage of it. He remarked wryly (and using a racial slur) that '[a]ny banker who went through the money stringency of 1907-8 and did not come out of it with a higher opinion of printers' ink, no matter his individual experience, has little brains or is lacking in the comprehension of a Hottentot'.⁴⁸ While Rothschild's and Lewis' interpretations differed, both agreed that the 1907 panic demonstrated the importance of taking to the press through advertising. Doing so was vital in order to sustain confidence,

⁴⁵ 'A Broad View of Bank Advertising', *The Bankers Magazine*, vol. 91 (1910): 103-5. The *Bank Advertiser* also made this point in 1908. See 'A Loss of Confidence', *The Bank Advertiser*, vol. 1, no. 7 (1908): 5.

⁴⁶ Blodgett, 'The Education of Bank Depositors', 705.

⁴⁷ Rothschild, *Bank Advertising*, 267.

⁴⁸ Lewis, *Financial Advertising* (1908), 938.

both in and outside times of panic.

* * *

Most of the aforementioned observations and suggestions came from bank advertising specialists. Their field and their role within it were new, and both had emerged almost exactly at the turn of the century. Thus, it is of course true that they had an interest in conveying the effectiveness of advertising – they were simultaneously attempting to legitimate the medium and their status as experts. Nevertheless, they were not isolated. Their content reached bankers through the *Bankers Magazine* and through conference presentations. Additionally, some of these experts were bankers themselves. For instance, A. E. Rice, author of *Practical Bank Advertising*, was the President of the Croghan Bank of Fremont, Ohio, and Francis R. Morison, author of *Banking Publicity*, was the assistant secretary and treasurer of the Equitable Guarantee and Trust Company of Wilmington, Delaware. Beyond these specialists, however, it is clear that many bankers not only agreed about the efficacy of advertising but were indeed beginning to embrace the medium, precisely for the reasons outlined by the experts. This is observable by looking at advertisements themselves.

Immediately, the confidence theme was manifested through repeated emphases upon the strength, security, and reliability of the advertising bank. As Germain has shown, this was typically represented through ‘tangibles’ such as emblems, logos, or images. Banks would incorporate imagery featuring ‘bank buildings, eagles, lions, dogs, mountains, vaults, and well recognised antiquities such as the Tower of Babel’. All were ‘in regular use’ by 1910. Clearly, doing so was to associate these icons of strength to the bank itself. Also towards this end, Germain highlights that advertisements typically included details regarding a bank’s ‘growth’, ‘director and management integrity’, ‘size’, and ‘longevity’. Again, all these ‘themes’ were to stress the reliability and permanency of the particular bank’s strength and integrity.⁴⁹ This was, without doubt, the most popular theme. In order to acquire and maintain accounts, banks had to convey that they were trustworthy institutions.

W. F. Woods’ 1907 book, *Bank Advertisements*, offers an important and illustrative

⁴⁹ Germain, *Dollars Through the Doors*, 11-19.

insight into the turn to advertising and the promotion of strength and stability. The book features over 2,700 'advertisements', all submitted by bankers from across the entire country, and from 'every class', including 'National Banks, State Banks, Private Banks, Savings Banks and Trust Companies'. Though the book appears to have been published prior to the 1907 panic, it nicely captures the emergence and development of what was becoming a trend, one that would be further developed following the panic. In other words, it captures a moment of transition. Moreover, something especially fascinating about the book is that these advertisements were not necessarily real, as if they were actually presented to the reading public. Instead, Woods, a cashier for Woods National Bank in San Antonio, Texas, had asked bankers to prepare what they believed to be a good advertisement. He noted in his introduction that every advertisement within the book was 'prepared by a banker and submitted as an embodiment of his idea of what constitutes an appropriate and at the same time a productive advertisement of his particular institution'.⁵⁰ In effect, this book provides us with a relatively large sample of what bankers at this time believed to be suitable and effective advertising.

Rather than offer a detailed analysis of these advertisements, Woods insisted upon letting them speak for themselves. Nevertheless, he offered the observation that they generally possessed a 'tendency to educate the public respecting the nature and forms of banking'. Various advertisements sought to explain the benefits and functions of banking. In this way, it was accepted that advertisements were didactic. Additionally, if we accept that information detailing capital input, deposit rates, director names, and growth count as 'confidence themes', then this constitutes virtually every advertisement. This may have been implicit. On the other hand, a fair amount of submissions also featured explicit confidence themes, which can be observed by some of the terms used within the advertisements. For instance, the entries for national and state banks produced the following: 313 national banks and 238 state banks featured at least one of the following terms pertaining to institutional integrity and the security of deposits: 'safe', 'safety', 'strength', 'security', 'stability', 'protection', and 'insured'; 147 national banks and 107 state banks mentioned the term 'conservative'; 100 national banks and 82 state banks utilised the terms 'trust', 'entrust', and 'confidence'; 118 national banks and 112

⁵⁰ W. F. Woods, *Bank Advertisements* (San Antonio: Woods National Bank, 1907), ix-xii.

state banks featured fairly extensive passages outlining the benefits of banks. It must also be noted that many of these advertisements used a variety of these terms. Other banks alluded to some or all these themes, or used different terms, like care, guard, and guarantee, to describe identical or similar aspects. We can also observe appeals to many different types of depositors, whether commercial or savings, or large or small. The advertisements for savings banks, private banks, and trust companies are much the same, though it is true that savings banks in particular tend to be more informative and argumentative, likely because they were appealing to people that were the least inclined to use or trust banking institutions (such as workers and immigrants).⁵¹ Regardless of their differences, however, the book demonstrates that many bankers of different kinds from different sections of the country were beginning to appreciate the importance of conveying strength through advertising, if not explicitly, then at least implicitly.

Along with relying upon particular words and phrases, the content within advertisements could include argumentative statements that stressed institutional strength and integrity. These statements could be quite explicit and they demonstrate that some banks clearly acknowledged the need to convey that they were trustworthy. It is here that we can really see that these banks were responding to their broader cultural context, an aspect which Germain neglects. Such statements were presented in a number of ways, which can be observed within advertisements that were actually published. One way was to detail precisely what it was that made the particular bank a safe one. A 1911 advertisement for the Bank of Colville, Washington, listed three reasons in as to why it was safe. It highlighted that it was ‘carefully’ examined by state bank authorities at ‘regular intervals’, that the interest of depositors were ‘protected first, before anybody or anything else’, and that the directors were men of ‘unquestionable integrity’.⁵² Another way was to emphasise that a bank was, *as a matter of fact*, the safest place to keep one's money. The First National Bank of Clovis did this by

⁵¹ For terms relating to safety, private banks produce 90 results, savings banks 59, and trust companies 40; for terms relating to conservative, private banks produce 38 results, savings banks 21, and trust companies 12; for terms relating to trust, private banks produce 27 results, savings banks 10, and trust companies 8; and for passages detailing the benefits of banking services, private banks produce 25 results, savings banks 72, and trust companies 20. Again, many of these terms are featured within the same advertisement. It should also be noted that interest rates for savings accounts are featured prominently.

⁵² ‘Why the Bank of Colville is Safe’, advertisement for the Bank of Colville, Washington, in *The Colville Examiner* (Washington), 25 March, 1911, 5.

featuring an image of a man finding that the money he had stored within a hole in the ground had disappeared. It then claimed that the ‘papers’ contained ‘accounts almost daily of where people lose their money by hiding it in unsafe places’. To prevent this from occurring, it instructed its readers to ‘hide’ their money behind the bank's ‘thick walls and strong locks where it will be SAFE’ [See Figure 12].⁵³



Figure 12. Advertisement for the First National Bank of Clovis, New Mexico, 1913. From the Library of Congress' *Chronicling America* digital collection.

Banks could also stress the legal privileges and advantages afforded to particular banks and their patrons. National banks could highlight that they were under ‘Government Supervision’, which guaranteed ‘safety to every depositor’.⁵⁴ The American National Bank of

⁵³ ‘He Hid His Money in the Ground’, advertisement for the First National Bank of Clovis, New Mexico, in *The Clovis News* (New Mexico), 28 August, 1913, 6.

⁵⁴ ‘WHEN YOUR MONEY IS IN A NATIONAL BANK ITS SAFE’, advertisement for the First National Bank of

Pendleton, Oregon, did so by featuring an imagine of Uncle Sam leaning over a national bank, surrounded by the headline, ‘THIS IS WHO GUARDS MONEY THAT IS IN A NATIONAL BANK’.⁵⁵ After deposit guarantees were introduced in certain states, banks chartered within them advertised that they were covered by these systems. The State Bank of Ardmore, Oklahoma, did this by claiming that should a depositor lose their savings after having placed them within another, non-guaranteed bank, then ‘HE HAS BUT HIMSELF TO BLAME’. Instead, they should have been adhering to the ‘SAFETY FIRST’ principle, which would have resulted in them depositing their money within their bank [See Figure 13].⁵⁶ Whatever form the message took, many banks evidently were keen to argue that they were absolutely safe and secure.

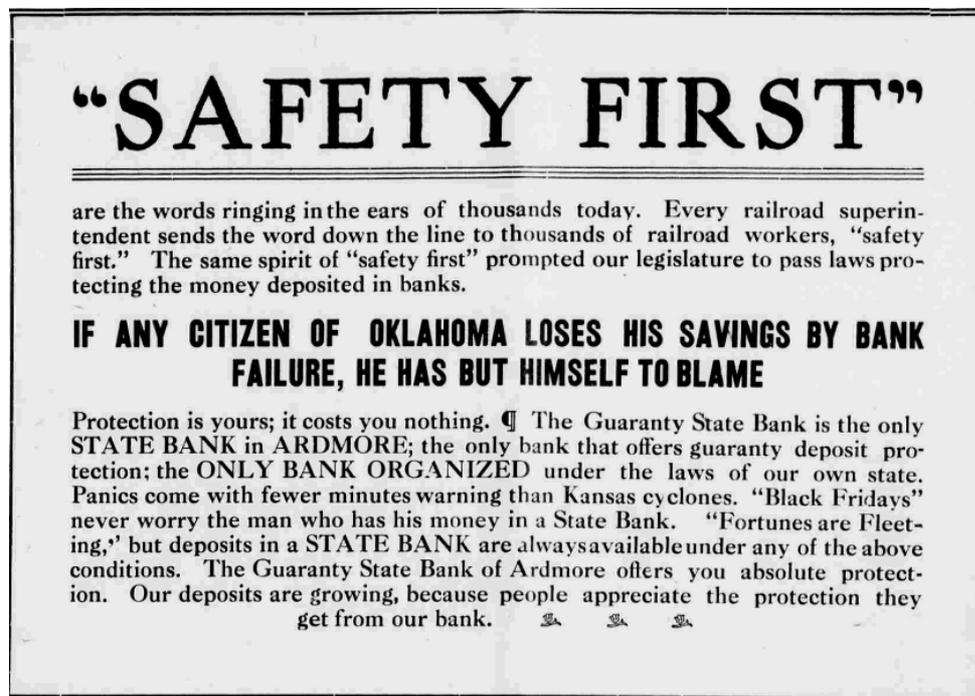


Figure 13. Advertisement for the Guaranty State Bank of Ardmore, Oklahoma, 1911. From the Library of Congress’ *Chronicling America* digital collection.

Furthermore, banks commonly asserted their ‘conservatism’ and their ‘progressivism’, often simultaneously. Though these terms appear to be at odds, banks that utilised them sought

Camden, Tennessee, in the *Camden Chronicle* (Tennessee), 27 October, 1911, 3.

⁵⁵ ‘THIS IS WHO GUARDS MONEY THAT IS IN A NATIONAL BANK’, advertisement for the American National Bank of Pendleton, Oregon, in the *East Oregonian* (Oregon), 17 January, 1911, 4.

⁵⁶ ‘SAFETY FIRST’, advertisement for the Guaranty State Bank of Ardmore, Oklahoma, in the *Daily Ardmore* (Oklahoma), 8 June, 1913, 7.

to explain their meaning and how they could be reconciled. Conservatism referred to the bank's careful and cautious nature. This is what was expected of a banker – it was their duty to manage and loan the funds held in their custody in a sensible manner, not in a reckless or speculative manner. Progressivism referred to the bank's willingness to keep abreast of new advances in banking methods and technologies. A mock advertisement featured within *Bank Advertisements* demonstrates this well. The First National Bank of Santa Maria, California, asserted that its 'cornerstone' was 'CONSERVATISM' and its 'motto' was 'PROGRESSION'. Together, it claimed, these were the 'best working team a bank can have [underlining in original]'. It then went on to explain that conservatism was 'the necessary safeguard for our customers', but noted that 'that alone can mean only old, antiquated methods and inadequate facilities for the holding of business under present conditions'. Progression, on the other hand, 'stands for constant watchfulness on the part of our officials for the latest and best methods of transacting business appertaining to banking, and the keeping of our facilities and equipment up to date in every respect'. Thus, combining the two resulted in 'Strength, Safety, Promptness and Accuracy'.⁵⁷ For a bank to be sound, then, it had to conduct its business in a diligent manner while also keeping with the times.

Although all such content may have been merely alluding to confidence issues, advertisements, much like the specialists, could also explicitly identify and respond to issues. They could demonstrate a thorough understanding of very specific problems. The harm inflicted by individual banking malfeasances upon other banks could be addressed. A mock advertisement for the First National Bank of Napa, California, for instance, addressed how news of a troubled bank would be amplified by the press and disseminated across the nation, in turn arousing suspicions everywhere. It observed that '[o]nce in a while one of the twenty thousand banks in the United States falls into dishonest hands, or goes wrong in some way'. In response, 'newspapers from Maine to California give it big headlines, and some timid depositor wonders if his home bank is alright'.⁵⁸ Within its large Christmas message, the Citizens National Bank of Great Bend, Kansas, sought to tackle the issue of bank wrecking and its

⁵⁷ 'Conservatism with Progression is the best working team a bank can have', mock advertisement for the First National Bank of Santa Maria, California, in Woods, *Bank Advertisements*, 8.

⁵⁸ 'By their fruits ye shall know them', mock advertisement for the First National Bank of Napa, California, in Woods, *Bank Advertisements*, 7.

resonance within the popular imagination. It opened by outlining a major reason why ‘quite a number of people’ were afraid to deposit their money within a bank. Assuming the voice of one of these people, it claimed that they were afraid because it appeared that there were ‘so many bank failures, so many officers robbing the bank and skipping to Canada or Mexico’. It then acknowledged that this was a legitimate observation, though went on to detail how the Citizens National Bank was immune from such problems.⁵⁹

Systemic problems were also mentioned. Panics, for example, were addressed within advertisements. The First National Bank of Alliance, Nebraska, highlighted how it had ‘stood the strain of the panic of 1893 without a dollar of loss to any depositor’ and how ‘[d]uring the panic of 1907’ it ‘met the Burlington pay days with cash and all checks were paid in full upon request’. This was evidence enough that one could not ‘find a safer place for your money or a better bank for your business needs’.⁶⁰ Further, banks saw advertisements as a means to disassociate themselves from popular notions that they were reckless and unduly powerful; that they were engaging in ‘Frenzied Financing’ (a reference to muckraker Thomas Lawson’s famous expose of financial mischief on Wall Street) or a part of ‘The Money Power’.⁶¹ Advertisements like these demonstrate that bankers could be highly conscious of specific confidence issues and that they recognised that they had to respond to them.

* * *

In addition to using advertising to convey strength and reliability, the medium was also used to present banks as community oriented institutions. This was another way of dispelling popular suspicions and, in turn, gaining confidence. By stressing that they were local institutions that were owned, operated, and run by respected local people with a concern for and a stake in their communities, banks sought to challenge any notions that they were distant to the people and were acting against their interests, or that they at least were indifferent to

⁵⁹ ‘A Merry Christmas’, advertisement for the Citizens National Bank of Great Bend, Kansas, in the *Barton County Democrat* (Kansas), 21 December, 1906, 5.

⁶⁰ ‘Why is 1913 the Best Year of Our History?’, advertisement for the First National Bank of Alliance, Nebraska, in *The Alliance Herald* (Nebraska), 11 December, 1913, 28.

⁶¹ For ‘frenzied financing’, see ‘Modern Methods’, mock advertisement for the Farmers State Bank of Milaca, Minnesota, in Woods, *Bank Advertisements*, 243, and for the ‘Money Power’, see ‘Do You Keep a Bank Account?’, mock advertisement for the Citizens State Bank of Okeene, Oklahoma, in Woods, *Bank Advertisements*, 296.

them. Instead, these banks were a part of the people and were working with them; they were 'of, by, and for the' people. This was so much so that they sought to highlight that they were pillars of their communities. They utilised advertisements to emphasise that they were driving the progress, vitality, and even existence of their locales. In doing so, this conveyed that they were indispensable institutions that could not be done away with. Banks were presented as permanent, essential fixtures of their communities, which was ultimately an attempt to legitimate and naturalise their existence.

Banker Harvey J. Hollister asserted during an 1897 speech to the ABA titled 'Privileges and Duties of Organized Capital' that the public did not realise the importance of banks to their general welfare. Contrary to popular opinion, responsible and dignified bankers acted out of the 'principles of the Good Samaritan', and were benevolent capitalists concerned with the overall state of their communities. According to Hollister, bankers thus had to publicise that they were 'keenly alive to everything that bears upon the welfare of society, acting as a unit for its highest integrity!' The importance of doing so was reflected by the 'fact' that:

The favourite bank in the community may be no stronger, or as strong as its neighbours, and yet it be generally known that in some way it does have some of the 'milk of human kindness,' that it is a helper and not a wrecker, that it desires to give as well as get, and its continued prosperity is assured.⁶²

By this view, the best thing a bank could do to win over the public was to demonstrate that it was deeply involved with their affairs, and was very much concerned with the general welfare. Though acknowledging that the bank was still a business that expected to receive something in return for its efforts, its relationship to the community was reciprocal. The bank did not operate to parasitically extract wealth and drain the vitality of its surrounding community. It did precisely the opposite – it bolstered the prosperity of that community.⁶³

In order to convey this message, bankers themselves acknowledged that they needed to inculcate civic mindfulness firstly amongst themselves, which was to be achieved through internal education programs. In other words, they needed to be properly taught appropriate values and behaviours. This was a part of the drive to 'professionalise' banking which sought

⁶² Harvey J. Hollister, 'Organized Capital: Its Privileges and Duties' in *Proceedings of the Twenty-Third Annual Convention of the American Bankers' Association* (New York: American Bankers' Association, 1897), 98.

⁶³ Hollister, 'Organized Capital', 98.

to standardise ideas and behaviours and to ensure that their industry was (and was seen to be) operated by suitably qualified ‘experts’, rather than potentially ignorant and insecure amateurs.⁶⁴ In order to be such an expert, one had to be aware of their social function and thus had to have a benevolent streak. Within his address on the ‘Scope of Banking Education’ before the New York Chapter of the American Institute of Bank Clerks, C. W. Haskins claimed that such education entailed everything from economics, accountancy, and administration to history, relationships, and patriotism.⁶⁵ Moreover, the ABA established the American Institute of Banking in 1907. I. B. Tigrett’s presentation before their Jackson chapter in 1908 asserted that the ‘educated, charitable, sacrificing banker of sound judgment’ was ‘entitled to as much credit for the construction of this American commonwealth as belongs to any profession’. After briefly detailing the historic contributions of leading bankers, he later extrapolated from this the essential virtues of banking, stating that ‘[h]onesty, virtue, intellect, patriotism, [and] charity’ were all ‘required’. Such characteristics were necessary as ‘commerce, agriculture and manufacturing’ depended upon banking, and so too did ‘the extension of education and the maintenance of national integrity’.⁶⁶ Bankers thus needed to understand both the role that they played within their communities, local or national, and the particular values needed to fulfil that role.

In terms of their education directed outwardly towards the public, various banks were keen to assert their local nature, their civic contributions, and their economic importance through their advertising. Through these advertisements, they sought to convey that they were a vital, inseparable, and core component of their communities that had not only grown with them, but had and were enabling that growth. The First National Bank of Canton, Ohio, for instance, claimed that it itself was a ‘convincing advertisement for Canton’, stating that its ‘amount of deposits, its capital and its surplus’ represented not only the strength of the bank but also the ‘prosperity of the city’. The bank and Canton, then, were inseparable.⁶⁷ The Utah

⁶⁴ For more on professionalisation, see historian Mansel G. Blackford’s study of turn-of-the-century banking within California. Blackford, ‘Banking and Bank Legislation in California, 1890-1915’, *The Business History Review*, vol. 47, no. 4 (1973): 503-4.

⁶⁵ C. W. Haskins, *The Scope of Banking Education: An Address Before the New York Chapter American Institute of Bank Clerks, New York, December 21, 1901* (New York: Bradford Rhodes and Co., 1901), 8-9.

⁶⁶ Tigrett, ‘Banking as a Profession’, 483-4.

⁶⁷ ‘A Strong Bank is a Convincing Argument for a City’s Prosperity’, advertisement for the First National Bank of Canton, Ohio, in *The Stark County Democrat* (Ohio), 22 May, 1908, 6.

State National Bank claimed that it was ‘vitaly interested in the upbuilding and development of the success of this state of Utah and the West, and realizes that this can be best accomplished by protecting the business interests of its citizens’. It was thus identifying with the interests of not only the state but the entire region, and was suggesting that it was a, if not the driving force of the region's economic development.⁶⁸ Likewise, the Ronan State Bank declared that it had ‘grown with the country’ and that its deposits had ‘been utilized to aid in the development of the reservation region’. Through its ‘conservative’ loaning policies, it made it ‘possible for settlers to continue their development’.⁶⁹ Further, banks could also stress that they were directed by local people that were esteemed citizens with an interest in their communities. The Bank for Savings in Seattle claimed that its directors were ‘enormously interested in the upbuilding of the entire commonwealth’ and that they were ‘men of large affairs’ whose ‘own welfare’ was ‘best cared for through the betterment of each and every town, village and hamlet throughout the entire Northwest’.⁷⁰ In their various ways, these banks were all emphasising their local nature, their regard for their communities, and their importance to them. They were also suggesting that a bank, by its nature, could continue to thrive only if their communities did too – this was a symbiotic relationship.

Moreover, scores of banks began emphasising that they were institutions that were run for ‘the people’ and that they welcomed patrons from various backgrounds and of various means. They attempted to convey that they were *inclusive* institutions that could offer something for everyone. Segmentation was, of course, one way of demonstrating this, as it enabled them to highlight what services they could provide to very specific people. If a bank had a ‘ladies room’, then it would advertise to women, if it had a savings department, then it would advertise to middle and working class people, if it accepted school savings, then it would advertise to parents, and so on.⁷¹ Other times, banks would attempt to convey that they were open to all people within a single advertisement. For instance, the Union Bank of Savings of

⁶⁸ ‘Utah State National Bank’, statement/advertisement for the Utah State National Bank, Utah, in *The Salt Lake Tribune* [‘Combined Annual Edition’], 29 December, 1912, 2.

⁶⁹ ‘Ronan State Bank’, advertisement for the Ronan State Bank, Montana, in *The Missoulian*, 15 December, 1912, 2.

⁷⁰ ‘ANNOUNCEMENT’, advertisement for the Bank for Savings in Seattle, Washington, in *The Ranch* (Washington), 1 April, 1907, 9.

⁷¹ For more, see Germain, *Dollars Through the Doors*, 61-164.

Los Angeles stated that the ‘mechanic, the office man, the school child, and the little newsboy’ all deposited there and then charged that it was ‘wise’ for others to do so too.⁷² Similarly, the Munsey Trust Company of Washington, D.C., announced within an advertisement that its ‘policy’ would be a ‘human policy’, meaning that it ‘would give to the small man, according to his means, every advantage it gives to the big man, according to his means’.⁷³ They could also stress their social role, positing that the banker was the appropriate expert for people to consult concerning their financial matters. After claiming that it was ‘AS SOLID AS A ROCK’, the First National Bank of Cheraw, South Carolina, declared that it was ‘here to serve our patrons’ and was ‘willing, at any time, to advise those who need our advice’. It then stated that ‘You go to the doctor when you are ill, you go to the lawyer to straighten out your legal difficulties; when you are in financial perplexity why not go to the BANK? The banker is the one man who gives his advice free and cheerfully’.⁷⁴ The banker, then, was a friendly professional that was intent upon helping others. They were concerned about their clients and their communities and together they could all prosper.

There were a variety of other ways that banks could represent that they went hand-in-hand with their communities and with the people. McGregor highlighted that ‘community boosting’ was a popular method. Anything a bank could do to ‘boost’ or support the city in which it was located would ultimately benefit the bank. He subsequently noted that bankers ‘realized this’ and were thus ‘active in efforts to promote the growth and best interests of their communities’.⁷⁵ Another method was the ‘bank historical’, or an authorised history of a bank. McGregor commented that any ‘financial institution’ was ‘fortunate’ when it was ‘in a position to call attention to its long and successful service to the community’. Historicals became a popular way to do so. Through them, banks could demonstrate their permanency within and utility to their communities.⁷⁶ One more approach was through the ‘Geographical Idea’. Advertisements could sometimes feature maps which outlined a bank's geographical span and

⁷² ‘5% Interest Paid on Term Deposits’, advertisement for the Union Bank of Savings, Los Angeles, in the *Los Angeles Herald*, 1 August, 1897, 10.

⁷³ ‘A New Trust Company’, advertisement for the Munsey Trust Company, D.C., in the *Washington Times*, 14 May, 1913, 4.

⁷⁴ ‘We refer those who have not banked with us to those who have’, advertisement for the First National Bank of Cheraw, South Carolina, in *The Cheraw Chronicle* (South Carolina), 3 October, 1912, 4.

⁷⁵ McGregor, *Bank Advertising Plans*, 69.

⁷⁶ McGregor, *Bank Advertising Plans*, 107.

how far it rendered its services. An advertisement for the Planters National Bank of Richmond, for example, featured an image of its building above a map of the Southern states, claiming that through their 'Strength, Location and Facilities', they served the 'Entire South'. This was clearly an attempt to instate themselves as not only financial bastions of the entire region, but as a natural part of it [See Figure 14].⁷⁷

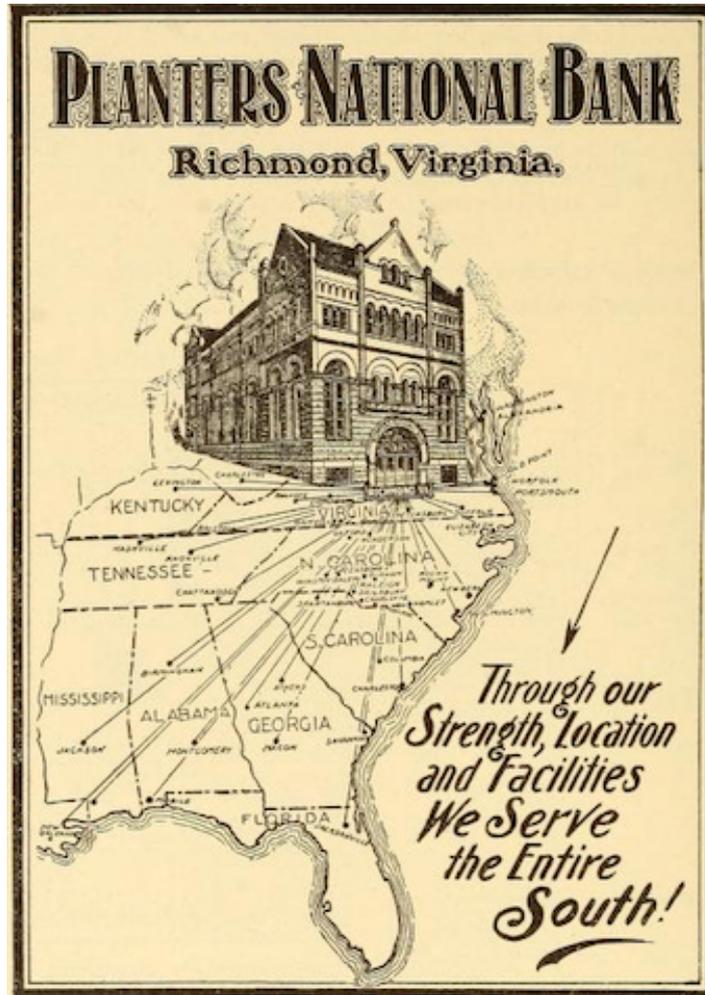


Figure 14. Advertisement for the Planters National Bank of Richmond featured within McGregor's *Bank Advertising Plans*, 1913. From the Internet Archive's collection of digitised books.

Whatever form this particular kind of advertising took, the goal was to establish and maintain popular confidence by representing the bank as a vital institution that was attune to common interests. Using advertising as an educative medium, banks were beginning to not only assert their strength and reliability but also to portray themselves as community oriented institutions. They were not distant from the people and were not out to exploit them. Instead,

⁷⁷ Advertisement for the Planters National Bank of Richmond, Virginia, featured in McGregor, *Bank Advertising Plans*, 54.

they were working with and for the people, and were very much a part of their communities, even bedrocks of them. In this way, they sought to establish they were necessary and indispensable social and economic institutions; that they were the appropriate authorities to manage financial matters. They were professionals that people could trust to bolster their interests.

* * *

These various approaches had been embraced by sizeable numbers of banks by the end of the twentieth century's first decade. Many more continued to do so into the 1910s. It is true that this occurred during the ascent of professionalised advertising and that the turn to the medium by banks was driven by the recognition that they had to compete for depositors, particularly given the individualistic and unitised nature of banking at the time. Regardless, deposit banks had turned to advertising at a rather late stage compared with other businesses. This turn occurred largely in the wake of the 1890s depression and escalated after the 1907 panic, therefore suggesting that heightened distrust and derision were influential. Moreover, the discussions and ideas presented by bankers and others interested in bank marketing are illustrative, demonstrating a fixation with arousing and sustaining 'confidence', and so too are advertisements themselves. Both make it abundantly clear that the timing was not merely coincidental. Bankers knew that they had to inspire confidence, as it was not a given – far from it. They knew that it had to be acquired and sustained. Advertising was the response of individual banks, which was beginning to aggregate into a trend. It was increasingly considered a means to 'educate' the public as to why banks were essential institutions and why it was safe for people to deal with them. This is not to suggest that the advertisements necessarily worked. Rather, they demonstrate that bankers were aware of their poor public image and the broader confidence issue, and that they thus sought to wrest control of that image by taking to the public-sphere.

The fixation with 'confidence' as both an explanation and solution for banking issues did attract criticism. In 1908, scholar Frederick A. Cleveland criticised what he saw as a 'Hopeless Philosophy of Panics'. He saw the obsession with arousing and sustaining confidence as vague and as an inadequate remedy, in and of itself. He asked, 'May we hope to correct a

financial disease that is diagnosed as the result of a mental attitude of persons who may not be located and specifically treated?' He also wondered whether 'such an analysis' suggested that the 'philosophy of banking' was 'still surrounded by the ignorance and mysticism of the dark ages' and whether public inquiry was 'still lacking in method of scientific research'. According to Cleveland, then, attributing the health of the banking system merely to mental states was superficial and unacceptable. There had to be something more substantial, like the reformation of the nation's banking system.⁷⁸

In all of this, Cleveland was, of course, referring to the way *panics* were perceived (particularly the 1907 Panic), but the charge could easily apply to any notions or measures which merely sought to boost confidence without addressing underlying issues and without offering more concrete solutions. This includes the turn to advertising. Again, however, advertising was the response of individual banks. Especially in the wake of the 1907 panic, the majority of bankers acknowledged that fundamental structural transformations were not only required but were unavoidable. They knew that in order to prevent panics and sustain systemic confidence, there had to be some kind of mechanism that could unite them and ensure their collective liquidity. A reserve association of some kind that could centralise reserves and provide an 'elastic' currency – an exchange medium that could expand and contract according to economic conditions – came to be seen as the solution. Those that embraced such an association, however, had to sell this to an apprehensive public. In attempting to do so, the nation's leading bankers turned to propaganda.

⁷⁸ Frederick A. Cleveland, 'Neglected Aspects of Currency and Banking', *Annals of the American Academy of Political and Social Science*, vol. 31 no. 2 (1908): 128-9.

VII.

Concerned Citizens:

Promoting a Reserve Association as a People's Banking System and the End of the 'National Banking Era'

In these days when the 'Progressive' is much in evidence, it may not be amiss to indicate that the cause of the common people is one which should be kept in mind in all our discussions.

- J. Laurence Laughlin, *Banking Reform and the National Reserve Association*, 1911.¹

According to the National Citizens' League for the Promotion of a Sound Banking System, the 'national reserve association' advanced by Senator Nelson Aldrich was thoroughly democratic and was the outcome of a broad, nationwide discussion. This was, the League asserted in 1911, a banking system tailored to meet the interests of *all* people, bankers and non-bankers alike. In a bid to demonstrate this, the League included an address by A. C. Bartlett within its series of pamphlets advocating its brand of banking reform. Spoken in Chicago before the Western Economic Society in late 1911, Bartlett, of the hardware company Hibbert, Spencer, Bartlett and Co., supposedly represented the nation's 'commercial interests'. Bartlett, also the League's treasurer, praised the Aldrich plan's civic engagement, declaring that following its initial release for public consultation in January 1911, it had since been 'promptly nationalized' and went on to become a 'product of a national mind'. It had come to incorporate the ideas and interests of not only bankers, economists, publicists, and the press, but also 'large numbers of intelligent men and women who belong to none of these classes'. All had 'given their minds to this important subject to a degree scarcely anyone would have thought possible'. Such broad input demonstrated to Bartlett that the plan had been 'democratized' and had been 'made the interest and affair of everybody'. That those outside of banks apparently supported the plan was enough evidence for Bartlett and the League to conclude that a national reserve association

¹ J. Laurence Laughlin, *Banking Reform and the National Reserve Association* (Chicago: National Citizens' League for the Promotion of a Sound Banking System, 1911), 1.

would be a people's banking system.²

The League was established in 1911 to promote and advocate a new, confidence-inspiring banking system in an environment where many Americans were suspicious of bankers. Though it did not necessarily advocate the Aldrich Plan explicitly (and later even tried to distance itself from it), the League agitated for a reserve association that contained the Plan's key features. In the aftermath of the 1907 panic, bankers, commercial interests, politicians, and society at large came to see the need to reform the nation's banking system as necessary and unavoidable. The Federal Government established the National Monetary Commission in 1908, headed by Aldrich, which was tasked with studying and remedying the faults of the national banking system. After several years of intensive domestic and international research, the Commission identified seventeen major problems and concluded in 1911 that a national reserve association was the best overall solution. Such an association would centralise the reserves of member banks, would act as a lender of last resort when solvent but temporarily illiquid members faced demands for currency and credit, and would issue an 'elastic' currency that could expand and contract according to trade conditions. This, advocates believed, would thwart banking panics. Thus, a reserve association would function as a device that could inspire and sustain systemic confidence. By 1911, most of the nation's bankers agreed that such a system was needed. In order to bring about its creation, however, supporters had to sell their reform platform, including even to other bankers that were sceptical or concerned about the idea. Therefore, to bring about a confidence-inspiring banking system, they first had to arouse confidence in the idea of a reserve association itself - confidence that it would in fact prevent panics and that it would actually be consistent with the public interest. The League was organised to achieve this end.

The League marks a significant and foundational moment in the history of banking related propaganda efforts. This chapter argues that it was the first sophisticated and intensive campaign supported by bankers that explicitly concerned *banking* reform, and was among the first that sought to systematically portray itself as a 'people's' movement.³ Through this

² A. C. Bartlett, *Banking Reform as Seen by the Commercial Interests* (Chicago: National Citizens' League for the Promotion of a Sound Banking System, 1911), 7.

³ Murray Rothbard has noted that central bank advocates sought to convey their push for such an institution as a 'grassroots' movement, though does not expand upon this claim in any great detail. Murray Rothbard, 'The Origins of the Federal Reserve', *The Quarterly Journal of Austrian Economics*, vol. 2, no. 3 (Fall 1999): 48.

movement, we can again see that bankers were aware of their poor public image, here so much so that they had to downplay their involvement in their push for reforms considered ‘sound’, particularly those that limited state intervention. They sought to convey this movement as one advanced by the people, and that banker involvement was at most ancillary; that it was supportive, though far from directive. Towards this objective, the League stressed not only the merits of a national reserve association, but also persistently asserted that such a system would be democratic and independent from domination, especially from Wall Street, observable through repeated emphasises upon notions of ‘Democracy’, ‘Co-operation’, and ‘Decentralization’. This was of course necessary due to the politics of the Progressive Era and the general suspicions held towards banks, both historic and contemporary – the ‘Money Trust’ investigation, for instance, was occurring simultaneously.

Eventually, Aldrich's plan was rejected. The idea of a banker-controlled system proved to be far too unpopular. Nevertheless, the Wilson administration accepted the general idea and subsequently revised the plan to bolster Federal oversight and direction. Consequently, the administration democratised the plan in a way that was vastly different to the League's conception of democracy, one which minimised the role of the state. The administration's efforts culminated in the creation of the Federal Reserve System, the apex of Progressive Era banking reform and what brought about the end of the national banking era. Still, the League's ultimate goal of ensuring the creation of a reserve association was fulfilled. As historian Laurence J. Broz has argued, this suggests that it was at least partly successful in selling the idea.⁴ Key progressive reformers bought that such an institution could in some way serve ‘the People’.

* * *

Prior to the creation of the National Citizen's League, there had been banking related propaganda efforts. The pro-gold, single-standard currency campaign of the 1890s and early 1900s was likely the first significant, nation-wide campaign supported by major banking interests. The movement's mouthpiece was the Reform Club, a lobby group that advanced a

⁴ J. Lawrence Broz, *The International Origins of the Federal Reserve System* (Ithaca; London: The University of Cornell Press, 1997), 190 and 204.

gold standard and opposed the free-coinage of silver. In 1891, the Club claimed that it had been ‘called upon to undertake an educational campaign throughout the country in behalf of a sound currency’.⁵ This ‘educational campaign’ began with the establishment of a ‘semi-monthly’ journal in 1891 entitled *Sound Currency*, which was sent to members and the press, and continued to be published until 1905 (changing to a monthly and later a quarterly publication). The Club also published a book in 1896 based upon materials within the journal, entitled *Sound Currency 1896: A Compendium of Accurate and Timely information on Currency Questions intended for Writers, Speakers and Students*. A contemporary observer noted that the campaign’s efforts in 1895 constituted ‘the most complete system of distribution of pamphlets, leaflets, broadsides, plate matter, and the like that has ever been witnessed in this country’.⁶

Additionally, the American Bankers’ Association (ABA) established a Public Education Committee in 1898, which was ‘appointed for the purpose of endeavoring to dissipate the prejudice existing against banks’ and also to ‘distribute information which would, as far as possible, educate those who were uninformed or misinformed as to what a bank did in the community, in order to do away with the hostility which we all know exists in this country’. The Committee immediately sent out a pamphlet intended for the public to 10,000 of the nation’s banks. It was received so well that 1,250,000 copies allegedly were ordered by these banks for popular distribution. One banker even playfully dubbed it ‘The Prejudice Killer’. As a result, the Committee concluded that this demonstrated that ‘the bankers of this country’ believed that ‘the people did not understand’ what banks were, though at the same time also demonstrated that they believed that ‘the people’ could be ‘made to understand’ what they were. It then asserted that the ‘sooner’ an educational campaign was conducted, the ‘sooner’ people would know that they were not ‘monopolists or oppressors, but that a bank is a machine and is operated by brains, for the benefit of the community’.⁷ Quite clearly, bankers had

⁵ Editorial in *Sound Currency*, vol. 1, no. 1 (1891), 1.

⁶ Edward Atkinson quoted in James Livingston, *Origins of the Federal Reserve System: Money, Class, and Corporate Capitalism* (Ithaca; London: Cornell University Press, 1986), 96.

⁷ ‘Report of the Bureau of Education’ in the American Bankers’ Association, *Proceedings of the Twenty-Fourth Convention of the American Bankers’ Association* (New York: Self-Published, 1898), 56-8. Also see Wilbert M. Schneider, *The American Bankers’ Association: Its Past and Present* (Washington, D.C.: Public Affairs Press, 1956), 67.

supported and advanced propaganda campaigns intended to ‘educate’ the public as early as the 1890s.

However, regarding the currency campaign, this was a movement chiefly concerning currency reform. Undoubtedly, this entailed banking, especially the national banking system, and much was said about the role of banks and banking within *Sound Currency*.⁸ Nevertheless, the issue of banking reform in itself was secondary – this was a campaign explicitly about ‘sound money’ instead of ‘sound banking’. Furthermore, while the content was intended to be educative, it was technical and inaccessible, at least at first. This fact was recognised by the Reform Club itself, which issued an illustrated edition of *Sound Currency* in 1895 (which was later included as a chapter within the book of the same name). The illustrations were a response to the hugely popular pro-silver tract, *Coin’s Financial School*. An earlier attempt had been made to attack the book in the form of a textual rebuttal entitled *Coin’s Financial Fool*. Campaigners decided, though, that the best way to fight Coin Harvey and his pro-silver illustrations was through their own anti-silver imagery.⁹ Nonetheless, these images did not constitute the bulk of their efforts and they were essentially supplementary. And finally, while the movement did attempt to appeal to ‘the people’ and demonstrate why a gold-standard was in their best interest, the campaign did not attempt to depict itself as a grassroots movement that reflected a broad popular consensus. Instead, it was blatantly adversarial and openly sought to putdown a popular movement.

It is true that currency reformers continued their efforts following the 1896 election and through to the establishment of the gold standard in 1900. As Historian James Livingston has demonstrated, through the National Sound Money League and the Indianapolis Monetary Convention, they had engaged in intensive lobbying and educative efforts to secure a gold standard and also to reform the banking system.¹⁰ Further, Murray Rothbard has claimed that in doing so, these reformers sought to convey their movement as one stemming from the

⁸ Looking at *Sound Currency 1896*, for instance, large sections concern banking in their own right. For example, see Reform Club, *Sound Currency 1896: A Compendium of Accurate and Timely information on Currency Questions intended for Writers, Speakers and Students* (New York: Reform Club Sound Currency Committee, 1896), 206-20.

⁹ Livingston, *Origins of the Federal Reserve*, 90-5.

¹⁰ Livingston, *Origins of the Federal Reserve*, 103-25.

grassroots, by which he means anywhere other than Wall Street.¹¹ Both of these facts are important and show that the League was not totally unprecedented in its approach. It no doubt based its strategy upon this campaign. The League was, however, a highly sophisticated campaign that stressed explicitly that it was about *banking* reform over currency reform (though it was both), and was from start to finish portrayed as a grassroots movement in the sense that it had popular support and consisted of ‘the people’.

Regarding the Public Education Committee, the ABA’s efforts here did constitute an early attempt to conduct a broad public-relations campaign which directly related to banking. As historian Wilbert Schneider has demonstrated, however, the Committee and its activities fizzled early into the 1900s, as the ABA decided to instead focus its efforts upon internal education programs.¹² These campaigns were no doubt formative, though were indirect or incomplete. As we shall see, this was in stark contrast to the League, which was directly concerned with banking reform and continued to operate until it was satisfied that its mission had been achieved.

The League owed its origins to the intensified reform sentiment that followed the panic of 1907. As we have seen, the panic spurred popular agitation for particular reforms, resulting in the creation of the postal savings system and the various state deposit insurance schemes. Simultaneously, the panic also drove politicians, bankers, economists, and commercial elites to seriously consider systemic reform. These figures had of course previously debated and agitated for reforms since the early 1890s, particularly over the prospect of an asset based currency (which would allow banks to issue their own currency based upon their financial assets),¹³ though now they recognised that the system was undeniably broken and that reform was unavoidable. Measures had to be taken in order to prevent the entire banking infrastructure from periodically breaking down and halting the entire economy. The government’s immediate response was to pass the Aldrich-Vreeland Act of 1908. The Act created the National Monetary Commission and enacted a temporary provision that authorised national banks to issue an emergency currency in case another crisis erupted before the

¹¹ Rothbard, ‘The Origins of the Federal Reserve’, 7-9.

¹² Schneider, *The American Bankers’ Association*, 67.

¹³ Elmus Wicker, *The Great Debate on Banking Reform: Nelson Aldrich and the Origins of the Fed* (Ohio: The Ohio State University, 2005), 54.

Commission could release and implement its findings. While the Commission was investigating the nation's monetary and banking woes and potential remedies, various bankers started to entertain the idea of establishing a central bank of some kind. Paul Warburg, a partner of the private investment bank Kuhn, Loeb, and Co., had even advanced the idea publically in January 1907, months prior to the panic. The appeal of such an institution proliferated in its aftermath.¹⁴

The idea took on a range of forms, though a national system that functioned in a manner similar to a clearing house received broad support from bankers. Through such a system, independent banks could be unified through their membership of a central financial body. This collectively owned institution could hold their reserves and could mobilise them when members were faced with increased demands for currency and credit; the institution could loan to members in need of currency and could act as a lender of last resort when required. In a national system, this would prevent banks from running on each other, like they did under the national banking system, and in turn would prevent the broader banking public from assuming that their deposits were in jeopardy. Furthermore, this would prevent the suspension of cash payments and credit issuance, and would thus prevent sudden interest-rate hikes and the overall paralysis of trade. It would thus prevent a systemic banking panic. Though such a system involved commercial banks rather than savings banks, it is fair to assume that by panic-proofing the system all banks were expected to be theoretically protected. The central bank would ultimately ensure that the financial system remained liquid and functional.¹⁵ While various banks at first advocated instead for an asset based currency, an idea particularly strong in Chicago, a majority of bankers eventually came to express support for such an institution. According to a survey conducted by the *Banking Law Journal* in 1909,

¹⁴ See Broz, *International Origins*, 165-78; Livingston, *Origins of the Federal Reserve*, 172-212; Richard T. McCulley, *Banks and Politics During the Progressive Era: The Origins of the Federal Reserve System, 1897-1913*, second edition (Oxon: Routledge, 2012), 143-76 and 221-53; and Wicker, *The Great Debate*, 42-51.

¹⁵ J. Laurence Laughlin, *Suggestions for Banking Reform* (Chicago: National Citizens' League for the Promotion of a Sound Banking System, 1911). Also see Gary Gorton and Andrew Metrick, 'The Federal Reserve and Panic Prevention: The Roles of Financial Regulation and Lender of Last Resort', *Journal of Economic Perspectives*, vol. 27, no. 4 (Fall, 2013): 47-9, and Allan H. Metzler, *History of the Federal Reserve, Volume 1: 1913-1951* (Chicago: The University of Chicago Press, 2003), 68-73. It is worth mentioning that the push for a reserve association was motivated by a range of reasons beyond systemic liquidity and panic prevention. Broz, for instance, has highlighted that elite bankers sought to create a system that better facilitated international financial transactions, or to internationalise the dollar. This is important to note, though this thesis is interested in the primary purpose of constructing a 'sound' banking system. Broz, *International Origins*.

sixty percent of the approximately 5,000 banks that responded supported the establishment of a central bank, so long as it was 'not controlled by Wall Street or any other Monopolistic element'.¹⁶ A majority of the nation's bankers, then, appeared to be in favour of a centralised institution so long as it could be established on agreeable terms.

After years of research and consultation, including with elite Wall Street bankers during a secret meeting held on Jekyll Island in 1910, Aldrich and the National Monetary Commission concluded in 1911 that a National Reserve Association was the best solution suited to American conditions. The Association would be owned by member banks, headquartered in D.C. and divided into fifteen branches that would be situated across the nation. The Commission charged in its 1912 report that its provisions, 'taken together', would 'enable the banks to adopt the policy of simultaneous strengthening of reserves and extension of credits', which had been 'successful in every instance for half a century in the prevention of panics or serious financial disturbances in the commercial nations of Europe'. It then added that its plan provided for not only the 'concentration and mobilization of cash reserves' but also for the 'decentralization of control by means of the powers over distribution granted to local and national associations'.¹⁷ Subsequently, most of the nation's bankers went on to support the proposal, which became popularly known as the 'Aldrich Plan'. As Broz highlights, by 'the end of 1911, a fragile consensus among all classes of bankers' had been forged in favour of the Plan. This included an endorsement from the ABA in November, and official approval from twenty-nine of the nation's forty-six state banking associations.¹⁸ Aldrich and a large portion of the nation's bankers, then, believed that they now had a plan that would put an end to financial stringencies and to banking panics.

Advocates were aware that such a system had to be sold to what they knew would be an apprehensive public. There was, as we have seen, an established tradition of distrusting large, privately-owned, and interstate banking institutions, and the politics of the Progressive Era ensured that any suggestion of financial consolidation was kept firmly in the spotlight. If any such proposal was to be introduced without explanation and was seen by the public to

¹⁶ *The Banking Law Journal* quoted in Broz, *International Origins*, 178.

¹⁷ National Monetary Commission, *Letter from the Secretary of the National Monetary Commission Transmitting, Pursuant to Law, the Report of the Committee* (Washington, D.C.: Government Printing Office, 1912), 27.

¹⁸ Broz, *International Origins*, 184. Also see Paul Warburg, *The Federal Reserve System: Its Origin and Growth*, vol. 1 (New York: The Macmillan Company, 1930), 74.

stem from the nation's banks, especially those of Wall Street, then it would be immediately rejected without hesitation. Thus, in order to win over the public, advocates took to the public sphere with a campaign that they believed would educate the masses on the importance and necessity of 'sound' banking reform. This was the National Citizens' League for the Promotion of a Sound Banking System.

* * *

The League began operating in April 1911, shortly after the National Board of Trade passed a resolution in favour of such an organisation, a move influenced by Warburg.¹⁹ The League declared that its function was 'to give organized expression to the growing public sentiment in favor of, and to carry on a campaign of education for an improved banking system for the United States of America'.²⁰ Claiming to be a 'Non-Partisan Association of men of All Occupations', the organisation was headquartered in Chicago and went on to have branches in forty-four states.²¹ It was *officially* directed and conducted by leading businessmen, economists, and respected citizens, such as merchant John V. Farwell Jr and economist James Laurence Laughlin. Warburg later commented that these 'officers constituted a strong group of independent and energetic men who assumed full responsibility for the League's activities', who 'immediately embarked upon a very ambitious program' that 'provided for the organization of local committees all over the country, for the dissemination of literature, and for the sending of speakers throughout the United States in order to awaken interest in, and to promote a general understanding of, the principles upon which a sound monetary reform would have to be based'.²² As Broz demonstrates, the campaign itself was strategised by lawyer and public-relations specialist George F. Parker and much of the content was produced by Laughlin.²³ The League produced 15,000 copies of a textbook entitled *Banking Reform* that

¹⁹ Broz, *International Origins*, 185-6.

²⁰ According to Harry A. Wheeler, this was Article 2 on the League's certificate of incorporation. See Harry A. Wheeler, 'The National Citizen's League: A Movement for a Sound Banking System', *The Annals of the American Academy of Political and Social Science*, vol. 99 (January, 1922): 27.

²¹ 'The National Citizens' League for the Promotion of a Sound Banking System', flier for the League reproduced in Warburg, *The Federal Reserve System*, 1: 72.

²² Warburg, *The Federal Reserve System*, 1: 70.

²³ Broz, *International Origins*, 186-7.

outlined the League's arguments and also distributed a semimonthly journal of the same name with a circulation of 25,000. Both were produced and edited by Laughlin. On top of this, 95,000 pamphlets were created, public addresses were organised, and letter-writing campaigns were conducted. All were directed at influential institutions and organisations, including the press, which went onto to reproduce much of the material verbatim. Major interest groups and members of Congress were also targeted.²⁴

Though the League of course was supported by various non-banking interests, it was essentially a movement devised, directed, and supported by elite bankers. For one, it was the brainchild of Warburg, who was behind the League's creation and continued to play a large role in directing its affairs, albeit unofficially and behind the scenes. He later considered himself to be a 'god-father' of the League.²⁵ For another, it was financed almost entirely by banks. Warburg noted, '[a]mong the most liberal contributors were the banks'.²⁶ This was an understatement. The campaign raised essentially *all* its funds by receiving contributions from several of the nation's largest clearing houses, especially the New York Clearing House, the largest contributor.²⁷ Furthermore, bankers were actively involved in the broader push for a reserve association. A. Barton Hepburn, chairman of the ABA's Currency Commission, noted in 1912 that all 'bankers throughout the country' were 'actively engaged in this campaign of education, manifesting their activity through boards of trade, merchant's associations, chambers of commerce, civic forums, economic clubs, and more especially through the National Citizens' League of Chicago'.²⁸

At the same time, in explaining why the ABA did not defend the idea as vehemently as it could have, Hepburn also acknowledged that the organisation had to downplay or conceal its involvement, stating that if it 'were to dominate the campaign, or predominate in it, it might create the impression that it was a movement altogether in the interest of bankers and prejudice to a certain extent the efforts being made'.²⁹ Here, Hepburn captured the precise

²⁴ Broz, *International Origins*, 189.

²⁵ Warburg, *The Federal Reserve System*, 1: 74.

²⁶ Warburg, *The Federal Reserve System*, 1: 70.

²⁷ Broz, *International Origins*, 188-9.

²⁸ A. Barton Hepburn quoted in 'What the Campaign for Banking Reform Has Done', *Banking Reform*, vol. 1, no. 15 (1 November, 1912), 1.

²⁹ Hepburn quoted in 'What the Campaign for Banking Reform Has Done', 1.

reason that the broader movement and the League itself could not be considered bankers' movements. Though this was a campaign driven primarily by bankers, it could not appear as such.

Towards this end, the League's promotional activities went far beyond disseminating educative materials to the press and the broader public. Knowing that the public would outright reject lessons given by bankers, the League sought to create the impression that it itself was a popular movement composed of and endorsed by 'the people'. In other words, the League promoted itself at all times as a grassroots movement, one *national* in scope and composed of *citizens*. Historians have stressed that the League sought to distance itself from the impression that it was a front for Wall Street. This explains why the League's headquarters were based in Chicago rather than New York and why it was directed by prominent Chicagoans.³⁰ However, it is also true that the League sought to distance itself from the impression that this was a front for bankers generally. Laughlin stressed that it 'should be distinctly understood that we are today looking to a fundamental reorganization of our banking system, *not because it will favour bankers*, but because it will favour the business public and the borrowers, whoever they may be, merchant or producers [emphasis added]'.³¹ Likewise, Farwell, the League's President, made it abundantly clear that he considered the League to be a people's movement, not a banker's movement. Addressing League delegates from 23 states, he asserted in early 1912 that:

The National Citizens' League, with organizations in forty-four States of the union, with its members drawn from all our agricultural, manufacturing and mercantile interests, is the strongest organization of its kind ever enlisted in a great public service. I know of no more important duty now before the people of this country than the reform of our banking and currency system. We have suffered too long from the weaknesses of our antiquated banking system. It is time for reform. The people of the country, the plain people who bear the burdens of money panics, have come to realize that the question of legislative

³⁰ Warburg himself commented that 'for obvious reasons, it would have been fatal to launch such an enterprise from New York; in order to succeed, it would have to originate in the West'. Warburg, *The Federal Reserve System*, 1: 68. Also see Lucy Chen, 'Banking Reform in a Hostile Climate: Paul M. Warburg and the National Citizens' League', working paper, Harvard University, 2010, 1-24; Livingston, *Origins of the Federal Reserve System*, 13; Rothbard, 'The Origins of the Federal Reserve', 48; and Elizabeth Sanders, *The Roots of Reform: Farmers, Workers, and the American State, 1877-1917* (Chicago: The University of Chicago Press, 1999), 241.

³¹ Laughlin, *Banking Reform and the National Reserve Association*, 1.

reform is not a banker's question so much as it is a business question.³²

He went on to remark that 'the people, *through this League*, are demanding that this legislation, so vital to the interests of every man who earns wages or who pays wages, must be provided in the early future by their representatives in Congress [emphasis added]'.³³ Thus, according to Farwell, the League was not only advancing the interests of 'the people', it was in fact driven by them. Bankers were not at the helm - the people were.

Having established itself as a 'people's movement', the League stressed that such a system would benefit society as a whole. It did so by appropriating reformist language and emphasised that a reserve association would be democratic and equitable, and thus consistent with popular interests and also with Progressive Era ideals. This was particularly pertinent after concerns regarding financial concentration erupted into the Money Trust Investigation beginning in 1912. Resultantly, the League needed to demonstrate that it was not advocating a system that would facilitate a gigantic money monopoly that would pit an elite group of financiers against the entire Republic. In order to convey this message, the League repeatedly emphasised the 'co-operative' and 'decentralized' nature of a reserve association. The League's very first goal was to advocate 'Co-operation, not dominant centralization, of all banks by an evolution of our clearing-house experience'. Its following two goals were to protect the credit-system from 'the domination of any-group of financial or political interests' and to ensure the 'Independence of the individual banks, national or state'.³⁴

Regarding 'co-operation', this meant creating a system that would encourage banks to work together through a collectively owned institution. This would repair the national banking system's tendency to encourage individual banks to compete for reserve deposits in times of panic. In this way it, it would end an era of 'individual self-preservation'.³⁵ Banks would remain independent, but would nevertheless gain strength through association. Banks would deposit to and borrow from each other through a single body. Regarding 'Decentralization', this meant ensuring that the system would be exactly that – decentralised. The

³² 'League Secretaries in an Enthusiastic Convention', *Banking Reform*, vol. 1, no. 4 (March, 1912), 1.

³³ 'League Secretaries in an Enthusiastic Convention', *Banking Reform*, 1.

³⁴ The League listed seven goals in all. See 'The National Citizens' League for the Promotion of a Sound Banking System', flier, 72.

³⁵ John V. Farwell, *The Importance of Monetary Reform to Business Men* (Chicago: National Citizens' League for the Promotion of a Sound Banking System, 1911), 5.

League persistently asserted that it was not advocating a central bank, which would centralise all the nation's reserves, but rather a system of reserve associations that were to operate in different regions. This would prevent money and credit flowing to and from financial centres, especially Wall Street, and would keep money within their respective regions. Consequently, the League argued that such a system would in fact *destroy* a 'money trust' rather than bolster one. It would actually free banks from vast financial webs so that they could be truly independent.³⁶ Considerable attention was given to addressing the issue, particularly observable within *Banking Reform*.³⁷ Taken together, according to the League it was thus apparently 'obvious that the National Reserve Agency [was] not a central bank, but simply a cooperatively-owned machine for rendering liquid the good current commercial paper of all banks'. Furthermore, 'through concentration of the reserves', the nation would be establishing 'a bulwark against any possibility of a lack of confidence in the system'.³⁸

However, a reserve association was democratic in so far as it was intended to be a banking system exclusively of, by, and for bankers. In other words, it was intended literally to be a bankers' bank, a bank owned and operated by bankers and for bankers. The League made this entirely clear. It asserted in a pamphlet addressed to 'small banks' that 'We now have before the country a proposal for a coöperative [*sic*] banking system', a system that was free from the 'features of branch banking and central banking objectionable to American democratic ideals'. At the 'head' of this system was the National Reserve Association, which was to be 'owned by all the banks of this country'.³⁹ This was, of course, appealing to bankers that remained sceptical or hostile to the plan, of which there were many, particularly in the South and West. It is also important to note that there were internal tensions within the League itself, particularly between 'La Salle Street' Chicagoan reformers and Wall Street

³⁶ Laughlin, *Suggestions for Banking Reform*, 3-7, and *Coöperation or Centralization?* (Chicago: National Citizens' League for the Promotion of a Sound Banking System, 1911), 7-30. Also see Broz, *International Origins*, 180, and Chen, 'Banking Reform in a Hostile Climate', 13-16.

³⁷ The very first article to appear within *Banking Reform*, for instance, addressed this issue. 'In Proving his Case Against "Money Trust," Lindbergh Would Prove Case for the National Reserve Association', *Banking Reform*, vol. 1, no. 1 (17 January, 1912), 1 and 7. For further examples, see "'Money Trust" and Banking Reform', *Banking Reform*, vol. 1, no. 3 (16 February, 1912), 4; and 'Would the Reserve Association Be Subject to Selfish Control as Senator Hitchcock Declares?', *Banking Reform*, vol. 1, no. 5 (16 March, 1912), 1 and 6.

³⁸ Farwell, *The Importance of Monetary Reform*, 8.

³⁹ *Small Banks and the National Reserve Association* (Chicago: National Citizens' League for the Promotion of a Sound Banking System, 1911), 2.

reformers.⁴⁰ Advocates stressed that the system would belong to all banks precisely because they needed to convince these doubtful or competing bankers that such a system would not dominate them. In doing so, however, Laughlin demonstrates that the League's lofty democratic ideals applied primarily to banks and banking. A reserve association may well have benefited the people, but the people would play no meaningful part in its management, beyond minimal governmental supervision.⁴¹ As such, a reserve association was democratic in a very limited sense – it was incidentally for the people, but it was not to be of or by them.

Still, in dealing with the broader public, the League emphasised the former and downplayed the latter. Apparently all that the people desired was a functioning and decentralised banking system, no more, no less. To the League, this alone was enough to qualify a reserve association as a kind of people's banking system. Ultimately, a reserve association would inspire confidence in the banking system, both in terms of its democratic credentials and its stability.

* * *

For all the emphasis the League placed upon 'the people' and upon notions of democracy, however, various critics were unconvinced that a system run by bankers could be consistent with the public interest and that it actually could be democratic. Fearing that the Aldrich Plan would bolster a money trust and thwart democracy, Alfred Crozier, critic and author of the *Magnet* (1908), described the Plan as the 'most daring and dangerous scheme ever introduced into Congress'. It was so menacing, Crozier asserted, that to 'a greater extent than during any national crisis since 1776 the republic is now in danger'.⁴² In a slightly soberer tone, Louis Freeland Post, who would become the Assistant Secretary of Labor in 1913, charged in March 1912 that the Aldrich Plan was proposing a system 'of Bankers and for Bankers'. He went on to criticise the Plan's alleged democratic nature, stating that to 'say that an organization of bankers to be given power over public interests is "democratic" because

⁴⁰ See Broz, *International Origins*, 178, and McCulley, *Banks and Politics*, 240-7.

⁴¹ Broz, *International Origins*, 182, and McCulley, *Banks and Politics*, 234-7.

⁴² Alfred O. Crozier, *U.S. Money Vs. Corporation Currency: 'Aldrich Plan'*, *Wall Street Confessions, Great Banks Combine* (Cincinnati: The Magnet Company, 1912), 8 and 11.

banks are federalized among themselves, or because individual banks are the voting units, or because the central body represents banks instead of overshadowing them, is to trifle with public interests in a play upon words'. While acknowledging that this may have been a democracy for the nation's banks, Post certainly did not consider this to be socially or politically democratic. Instead, this was a 'plutocracy'.⁴³ Even Edwin Kemmerer, an economist in favour of a reserve association, expressed astonishment over this aspect of the Plan. Noting that 'a large element in the country believes the interests of bankers to be in conflict with those of the general public on a great many vital questions', Kemmerer argued in late 1911 that advocating this kind of banker control was the surest way to kill the proposal. Any plan that involved placing 'control so largely to the banking fraternity' would face fierce resistance.⁴⁴ Evidently, the Plan's and the League's conception of democracy was not universally embraced.

Largely for this reason, the Aldrich Bill did not survive in Congress when it was introduced in early 1912. It was presented in an environment that was entirely unfavourable to the idea of gargantuan bankers' banks. For one, momentum had been gathering for a money trust investigation since mid-1911. By February 1912, such an investigation had been manifested in the form of the Pujo Committee. The question of financial concentration and monopolisation therefore was already under the political spotlight. For another, various politicians, including both Republicans and Democrats, saw through claims that the proposed National Reserve Association would be a people's banking system. The mere fact that it was proposed by Aldrich, who had connections with elite financiers, was enough to suggest that the Bill was a big bankers' bill generally and a Wall Street bill specifically. Aldrich's very name was a liability.⁴⁵ In such circumstances, the Bill had no chance of surviving.

The death of the Aldrich Plan did not deter the League from advocating a new banking system, though. The League continued to push for a reserve association, even after the Bill fell flat. Immediately, the League sought to distance itself from Aldrich, and stressed that it had never explicitly endorsed the Plan *itself*. Instead, it maintained that it had been advocating a

⁴³ Louis Freeland Post, 'A Trust "Of Bankers and for Bankers"' reproduced in the *Commoner*, 22 March, 1912, 6-7.

⁴⁴ E. W. Kemmerer, 'Some Public Aspects of the Aldrich Plan', *Journal of Political Economy*, vol. 19, no. 10 (December, 1911), 827-30.

⁴⁵ See Broz, *International Origins*, 204, and Nell Irvin Painter, *Standing at Armageddon: The United States, 1877-1919*, second edition (New York: W. W. Norton and Company, 2008), 273.

'sound' banking system which was built upon the general principles featured within the Plan. It subsequently pushed on with its mission to implement such a system.⁴⁶ This was especially important, given that 1912 was an election year. Throughout the year, the League attempted to ensure that the reserve association idea was not disbanded. It also monitored and responded to the financial policies advanced by the major Presidential candidates, particularly those of Woodrow Wilson and Theodore Roosevelt – progressive candidates with strong financial populist streaks.⁴⁷ Following Wilson's victory at the end of 1912, the League then embarked on an intensive letter writing campaign to urge the Wilson administration not to abandon a reserve association.⁴⁸ In its bid to popularise and legitimate the idea, the League indeed appears in this way to have been successful.

While the conception of democracy advanced by the League and the Plan had been thoroughly rebuffed, the idea of some kind of reserve association had been embraced by various populist and progressive reformers. Those in favour of such an institution were in turn tasked with demonstrating how a reserve association could be democratic. This was typically through governmental or popular intervention. *Collier's* magazine reflected this approach. Within a 1912 editorial, it announced that it was in their 'opinion that it would be far better if the American people would stop voting for Andrew Jackson, and accept the fact that they themselves, *through the Federal Government*, are the proper authorities to regulate banking [emphasis original]'. It then charged that the Aldrich Plan was 'in principle sound and the way to protect it from abuse' was to 'give the government a dominating representation in the directorate, or the power of regulation by a commission at least as powerful as the Interstate Commerce Commission'.⁴⁹ Herman Myrick, a popular author and magazine editor, proposed what he considered to be an 'American method to co-operative finance' in 1912. His plan included establishing an 'American Reserve Union' that would consist of representatives from forty-two 'leagues' or banking districts, all of who would have equal voting power. This facilitated a democracy among bankers. In order to facilitate social and economic democracy,

⁴⁶ Broz, *International Origins*, 192.

⁴⁷ See 'National Conventions Favor Monetary Reform', *Banking Reform*, vol. 1, no. 11 (3 July, 1912), 1, and 'The Issue of Currency is a Function of Banking, Not of the Government', *Banking Reform*, vol. 1, no. 13 (2 September, 1912), 6-7.

⁴⁸ See Broz, *International Origins*, 193-4.

⁴⁹ 'The Currency Problem', *Collier's*, vol. 48, no. 18 (20 January, 1912), 8.

however, the 'national government' would ultimately hold 'the balance of power therein' and the 'whole institution' would be 'subject to the Congress as representing all the people'.⁵⁰ Crozier surprisingly also believed that a reserve association could be democratic and insisted upon the establishment of a 'United States Monetary Council', which would be a 'responsible public institution' and 'Controlled by Congress'.⁵¹

Importantly, such thinking had also permeated Capitol Hill. In 1913, the likes of Woodrow Wilson and William Jennings Bryan came to accept that a reserve association was necessary and that it could be democratised. So too did Louis Brandeis, an advisor to Wilson.⁵² Prior to this embrace, it is true that several Republicans and Democrats had expressed support for the League and its ideals. Now with Bryan and Brandeis on board, however, the idea had the backing of a leading populist voice and a leading progressive voice. A reserve association could now appear to be cast legitimately as a kind of people's banking system. Subsequently, the Democrats introduced their own bills in 1913. To further drum up its democratic credentials, Wilson announced in June of that year that it was 'absolutely imperative that we should give the business men of this country a banking and currency system by means of which they can make use of the freedom of enterprise and of individual initiative which we are about to bestow upon them'. Echoing the rhetoric of Bryan, he then made it clear that the 'control of the system of banking and of issue which our new laws are to set up must be public, not be private, must be vested in the government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative'.⁵³ In July, Bryan claimed that when the Democratic bill was 'considered upon its merits', observers would 'at once [realise] that it [was] written from the standpoint of the people rather than from the standpoint of the financiers'.⁵⁴ True to his populist roots, Bryan was particularly focused upon ensuring that a Government controlled reserve association would be responsible for issuing money, rather than banking institutions.⁵⁵ Whatever their particular objectives, powerful populist and

⁵⁰ Myrick, *Co-operative Finance*, xvi and 75-106.

⁵¹ Crozier, *U.S. Money*, 336-49.

⁵² See Sanders, *Roots of Reform*, 236-59, and Melvin I. Urofsky, *Louis D. Brandeis: A Life* (New York: Pantheon Books, 2009), 381-4.

⁵³ Woodrow Wilson, 'President Wilson's Message on Currency Reform', reproduced in the *Commoner*, 27 June, 1913, 1.

⁵⁴ William Jennings Bryan, 'Mr. Bryan on the Currency Bill', reproduced in the *Commoner*, 4 July, 1913, 1.

⁵⁵ See Broz, *International Origins*, 198, and Painter, *Standing at Armageddon*, 274.

progressive political figures had clearly been sold on the idea of a reserve association. One can see that these ideas had been popularised inside and outside of the legislative sphere. Given its efforts, the League was probably in part responsible for this.

Following months of intraparty debating and after undergoing various revisions, the Democratic version of a reserve association – the Federal Reserve System – was enacted into law by President Wilson on the 23rd of December, 1913. When first introduced, the Act strongly resembled the Aldrich Plan.⁵⁶ Dissatisfied with the level of banker control, major populist and progressive Democrats sought to increase governmental control. At one point, the Act even included a national deposit insurance scheme, though this was eventually scrapped. By this point, however, the debate centred upon the extent of governmental intervention rather than whether a reserve association should actually exist.⁵⁷ Reflecting this, the League's attention turned towards attacking any revisions or amendments it considered unfavourable or onerous, such as deposit guarantees. Ultimately, it sought to minimise the role of the State.⁵⁸ In the end though, and much to the chagrin of major banking interests who considered that the reforms had been hijacked by Bryan,⁵⁹ the final version of the Act established a Federal Reserve Board that would oversee twelve individual reserve banks that were to be situated across the country. The Board, to be based in Washington D.C., consisted solely of governmental figures, like the Treasurer and the Comptroller, and other members selected by the President. No positions were reserved for bankers. The individual reserve banks were to be governed by nine directors. Bankers could assume no more than three of these positions, as three were reserved for business people and another three for 'public' figures selected by the central Federal Reserve Board.⁶⁰

Historians Laurence Broz, James Livingston, and Allan Metzler describe this outcome as a compromise – elite bankers got a reserve association and populists and progressives got governmental oversight.⁶¹ While true, this understates the extent to which the latter believed

⁵⁶ See Wicker, *The Great Debate*, 84-94.

⁵⁷ Wicker, *The Great Debate*, 70 and 84.

⁵⁸ See 'Will Congress Guarantee Bank Deposits?', *Banking Reform*, vol. 2, no. 4 (1 April, 1913), 12-3; 'Review of Glass-Owen Banking Reform Measure', *Banking Reform*, vol. 2, no. 7 (1 July, 1913), 1-6; and 'Bill Will Pass in the Form Approved by Caucus', *Banking Reform*, vol 2., no. 9 (1 September, 1913), 3-9.

⁵⁹ See Broz, *International Origins*, 198-9, and McCulley, *Banks and Politics*, 298-300.

⁶⁰ Sanders, *Roots of Reform*, 257, and Wicker, *The Great Debate*, 90.

⁶¹ Broz, *International Origins*, 204-5 and Livingston, *Origins of the Federal Reserve*, 221, and Metzler, *History of*

they had actually created a banking system that would end panics and bolster financial democracy. They were convinced that the Federal Reserve could be a people's banking system.

Tellingly, after the Act was signed into law, key governmental figures went on to celebrate the enactment as a grand triumph for financial stability and economic democracy. The age of panics would now be over, the money trust weakened, if not vanquished, and the people, through the Government, would have control over the banking system. John Skelton Williams, the Comptroller of the Currency, declared in 1914 that the Federal Reserve was 'democratic essentially'. It looked to 'decentralization of distinct financial control, to FINANCIAL LOCAL SELF-GOVERNMENT so far as is consistent with stability and the general safety'. Furthermore, its provision for an elastic currency would create a 'system fitted for any emergency' and would move 'smoothly and noiselessly for the ordinary uses of business in tranquil times'.⁶² Likewise, Democrat William McAdoo, who had been instrumental in the System's creation, asserted that 'Assuming wise administration, and that, I think, is certain, the new system ought to prove a successful preventive of financial panics'. Confident that the system would operate as intended, he then stated that he looked 'forward to a wonderful period of financial stability, *with its inevitable complement of undisturbed confidence*, and to an era of unequalled prosperity for this country under the new federal reserve system [emphasis added]'.⁶³ By 1916, the Federal Reserve had become political capital for the Democrats. Their party platform for the 1916 Presidential elections stressed that the Federal Reserve was their creation and that they had ended the National Banking Era – an 'archaic banking and currency system, prolific of panic and disaster under Republican administrations' and one that was 'long the refuge of the money trust'. They had therefore provided a 'true democracy of credit *under government control*' and had made *a currency panic impossible* [emphases added].⁶⁴ It appeared that advocates of stability and democracy had prevailed and they wanted the public to know it.

These governmental figures were not alone in celebrating the enactment of a reserve

the Federal Reserve, 65.

⁶² John Skelton Williams, 'Democracy in Banking', reproduced in the *Commoner*, 1 July, 1914, 10.

⁶³ William Gibbs McAdoo interviewed by S.S. Fontaine in the *New York World*, 13 July, 1914, reproduced in the *Commoner*, 1 August, 1914, 10.

⁶⁴ '1916 Democratic Party Platform', 14 June, 1916. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. <URL: <http://www.presidency.ucsb.edu/ws/?pid=29591>>. Accessed 28 July, 2016.

association, however. The League also considered this a triumph and was satisfied with its efforts. Indeed, the League was so sure of its efficacy that it effectively wrapped up its operations *before* the Federal Reserve Act was even passed. In the final edition of *Banking Reform*, released in November 1913, the League informed its readers that its work had been ‘completed’. It went on to note that although an ‘acceptable banking law [had] not yet been passed’, enough ‘legislative progress [had] been made that there [was] no shadow of doubt that legislation [was] certain’. There was now, according to the League, a ‘unanimous opinion that there must be a reform and that it must be comprehensive, effective and satisfactory’. The League conceded that there remained the ‘issue of the extent of the government’s participation in banking and control over the banking system’. In this way, the League was admitting that it had not satisfactorily convinced legislators that governmental intervention should be minimal. Its version of democracy had not been accepted. Nevertheless, it remarked that there was ‘seldom even a hint that the object outlined by the League as those to be attained [were] not the essence of soundness’. This therefore was enough for the League to consider that its ultimate objective of establishing a reserve association had been successful. It had convinced legislators that such a system did have a place within a democratic nation.⁶⁵ Later reflecting upon the League’s efforts, Warburg commented in 1930 that there was ‘no doubt that its campaign enjoyed a high measure of success’. It had ‘converted’ most of the nation’s bankers, businesspeople, and the press to ‘the thought’ that the ‘principles of the Aldrich Plan should be embodied in legislation’.⁶⁶ Thanks to its efforts, America, so it went, would now have a ‘sound’ banking system, one that was consistent with the public interest. The League and its backers believed their work had been done.

* * *

The Federal Reserve System, with its enactment in December 1913 and its eventual establishment in November 1914, was both a landmark reform of the Progressive Era and a watershed moment in the history of American banking. Historians mark the Federal Reserve’s

⁶⁵ ‘The National Citizens’ League Suspends Operations’, *Banking Reform*, vol. 2, no. 11 (1 November, 1913), 1-2.

⁶⁶ Warburg, *The Federal Reserve System*, 76.

establishment as one of, if not the most profound reform of the Wilson Administration.⁶⁷ As we have seen, various progressive contemporaries thought so too. The System, they believed, would supplant an ‘antiquated banking and currency system’, would make panics a thing of the past, and would thwart financial monopolisation. It would therefore put an end to two of the age’s major banking issues, ones that had been undermining popular confidence in banks and bankers. The ‘National Banking Era’ was now over.

In this way, given its significance, the System contributed to what historian Robert Wiebe has described as the ‘illusion of progressive fulfilment’: progressives incorrectly saw such reforms as final and triumphant.⁶⁸ Of course, the Federal Reserve was not the last financial reform of the era. The Federal Farm Loan Act was signed in 1916 which aimed to provide credit to agrarians through a system resembling the Federal Reserve, and states continued to implement their own reforms, such as Illinois which abolished private, unchartered banking in 1917.⁶⁹ Furthermore, it is important to highlight that not all critics were convinced. Republicans Elihu Root and Charles Lindbergh remained deeply sceptical and critical of the Federal Reserve.⁷⁰ Moreover, while national banks were obliged to join, other banks were not. As a result, non-national banks did not immediately get on board with the System.⁷¹ At the very least, though, major populist and progressive figures, like William Jennings Bryan and Louis Brandeis, had been satiated. To them, the creation of the Federal Reserve System was a progressive triumph.

These figures believed that they had successfully democratised the reserve association idea. Their emphasis upon governmental intervention contrasted sharply to the conceptions of democracy advanced by the Aldrich Plan and the National Citizens' League for the

⁶⁷ McCulley, for instance, asserts that the ‘Federal Reserve Act ... was the most significant and enduring legislative legacy of [Woodrow Wilson’s] presidency’. McCulley, *Banks and Politics*, 291. Similarly, Nell Painter claims that the ‘Federal Reserve Act was the most important legislation of Wilson’s administration’. Painter, *Standing at Armageddon*, 276.

⁶⁸ Robert H. Wiebe, *The Search for Order, 1877-1920* (London; Melbourne: Macmillan, 1967), 196-223, esp. 222.

⁶⁹ For more on the Federal Farm Loan Act, see Public Law 64-158, 64th Congress, S. 2986, 17 July, 1916, and George E. Putnam, ‘The Federal Farm Loan Act’, *The American Economic Review*, vol. 6, no. 4 (December, 1916), 770-789. For Illinois, see Lizabeth Cohen, *Making a New Deal: Industrial Workers in Chicago, 1919-1939*, second edition (Cambridge: Cambridge University Press, 2014), 79.

⁷⁰ For Elihu Root, see Grant, *Money of the Mind*, 142-4. For Lindbergh, see Charles Lindbergh speaking on the Federal Reserve System, 63rd Cong., 3rd Session, 20 January, 1915, *Congressional Record-House* 52, pt. 2, 1978-96.

⁷¹ Metzler, *History of the Federal Reserve*, 78.

Promotion of a Sound Banking System. At the same time, they had been won over to the idea of a reserve association of some kind. This chapter has in part sought to advance Broz's claim that there is reason to believe that the League may well have been influential. Its conception of democracy was rejected, but a reserve association was not. It had inspired confidence in the notion that such a system did have a place within a democratic nation and that it could be amenable to the people. The League's mission, then, was at least somewhat fulfilled.⁷² Beyond this, however, this chapter has sought to demonstrate that the League ultimately represents a foundational moment in the history of banking-related propaganda efforts. It was the first sophisticated campaign supported by bankers that explicitly emphasised *banking* reform, and was among the first that systematically portrayed itself as a grassroots movement comprised of 'the people'. The downplaying of banker involvement shows again that bankers were aware of their generally poor public-image. The stakes were too high to portray this as a bankers' movement.

This was not the case for other major propaganda efforts that began throughout the decade, though. Bankers started to initiate or participate within campaigns that did not involve them having to hide their involvement. Instead, these other efforts allowed them to situate themselves in the foreground and to demonstrate their civic and economic value. As will be seen in the next chapter, the Liberty Bond and War Savings campaigns of the First World War were the most profound of these efforts.

⁷² Broz, *International Origins*, 190 and 204.

VIII.

Bonding:

War, Banking Patriots, and Connecting with the People

The War was a stimulus to bank advertising. The banks and the trust companies co-operated very efficiently with the government in financing our share in it. The Liberty Loan and the War Savings campaigns opened the eyes of many bankers to the possibilities of advertising.

- Theodore D. McGregor, 1921.¹

America's bankers fought on the financial front line during the First World War. In order to finance America's participation in the conflict between April 1917 and November 1918, the US Treasury sold financial securities to the American public in the form of four Liberty Bond issues and War Savings Stamps.² The nation's deposit banks - national, state, savings, and trusts - played a large part in buying and retailing these securities to the American public. Following the Armistice in November 1918, various prominent figures not only recognised this fact but celebrated it. Referring to bankers, Irving Fisher, a then respected Yale economist, declared during the American Bankers' Association's (ABA) 1919 convention that no 'class of business men [had] tried more conscientiously, during the war, to render patriotic service and few if any other classes in civil life [had] played a more indispensable part in winning the war'.³ Likewise, John Skelton Williams, the Comptroller of the Currency, announced during the convention that '[w]ithout the prompt, the resourceful and self-sacrificing aid which was given by the bankers of this country from that fateful day in April, 1917, when we declared war, until after the signing of the armistice on November 11 last year, our victory would have been impossible'.⁴ While the troops and sailors had done their part in winning the war on the battlefield, the banks, by this view, had done their part on the home-front. America's banking

¹ Theodore McGregor, *McGreggor's Book of Bank Advertising* (New York: Bankers Publishing Company, 1921), iii.

² The Treasury floated a further 'Victory Loan' in 1919 and continued to sell Stamps until 1924.

³ Irving Fisher, 'A Monetary Remedy for the High Cost of Living' in *Proceedings of the Forty-Fifth Annual Convention of the American Bankers' Association* (New York: American Bankers Association, 1919), 147.

⁴ John Skelton Williams, 'America as Atlas' in *Proceedings of the Forty-Fifth Annual Convention of the American Bankers' Association* (New York: American Bankers Association, 1919), 553.

patriots had helped make the world 'safe for democracy'.

The War, this chapter argues, provided bankers with an opportune moment to develop such an impression, to acquaint many Americans with banking institutions, and to fully appreciate the power of advertising and propaganda. By taking a leading, vital role within the domestic war effort, banks were thus connected to the Government's propaganda efforts to popularise and support the nation's involvement within the conflict, amounting to one of the largest publicity campaigns in the nation's history. Regarding finances, the Government not only promoted the sale of Liberty Bonds and War Savings Stamps (WSS), but also advanced the value and practice of thrift as a civic and patriotic obligation. Being thrifty during the war largely meant purchasing these securities. Banks were not the only institutions involved (post offices, for instance, were also vitally important to the WSS campaign), though they were highly active and probably the most important. Through their participation, they were given an opportunity to demonstrate their utility and their worth to the American people, including to many individuals that had never before utilised banking facilities.

As a result of the Governmental campaign and of banking efforts, many American people did come to see America's banks differently and began to utilise them. Ultimately, America's war effort brought the people and the banks closer together and helped to create a public more receptive to banking. It also consolidated the importance of advertising and propaganda. Taken together, it helped dismantle the barriers between bankers and the general public and confirmed to the former that publicity was an effective means to continue this process. In this way, the War therefore helped to pave the way for a new age of improved relations and increased confidence between bankers and the public.

* * *

Before the US declared war on Germany, bankers had been active in collective endeavours to connect with the public. Beyond the National Citizens' League, bankers made several other forays into propaganda campaigns during the 1910s and prior to America's entry to the War. Various initiatives were established and undertaken between 1911 and 1917. Unlike the League, however, these campaigns did not downplay the role of bankers. Instead, they brought them to the foreground. Advertising, for instance, not only continued to be embraced by

individual institutions, but also culminated in the establishment of the Financial Advertisers' Association in 1916, which was a professional organisation that sought to advance the medium and to improve relations between bankers and the public. The Association was apparently so effective that Fred Ellsworth, a New Orleans banker, asserted later in 1920 that the Association's activities were 'producing definite results in acquainting Mr. Average Man with the essential part that the banker plays in the commercial and industrial and agricultural program of the community'.⁵ Additionally, the ABA, through its Savings Bank Section, had started to insert itself within the thrift movement. As historian Andrew Yarrow has demonstrated, the ABA established a specialised thrift department in 1912, initiated a campaign in 1913, and intensified this campaign in 1916 to coincide with and to celebrate the hundredth anniversary of savings banking in America. Yarrow has shown that this was a national campaign held within forty cities and entailed 'speakers and presentations including lantern slides and films, a Monday thrift luncheon, a thrift exhibit, children's programs, and rallies with bands'.⁶ Such a campaign was obviously intended to encourage people to enter banking institutions and to deposit their money within them.

Another major effort conducted by the ABA was the establishment of the *Banker-Farmer* magazine in December 1913. As the title suggests, this was a periodical that sought to improve relations between bankers and farmers and was distributed to banks who were in turn expected to then pass copies on to patrons and the local presses. The *Banker-Farmer* was produced by the ABA's Agricultural Commission, and reviewed 'the Banker's Activities for a Better Agriculture and Rural Life' by featuring articles that demonstrated what bankers were doing for rural people.⁷ At the end of its first year, the magazine declared that it had 'worked for the big, broad, human side of things' and had sought to prove that bankers were 'vastly more human and public spirited than some persons would have you believe'. It had 'tried to drive home the idea that the real banker should be as well and as favourably known in front of his counter as he is behind it'. Accordingly, it then declared that through continued efforts,

⁵ Fred Ellsworth, 'The Banker's Relation to the Public', *Journal of the American Bankers Association*, (November, 1920), 258.

⁶ Andrew Yarrow, *Thrift: The History of a Social Movement* (Amherst; Boston: University of Massachusetts Press, 2014), 38.

⁷ 'Why and Wherefore', *The Banker-Farmer*, vol. 1, no. 1 (December, 1913), 1. Richard Hoftstadter has also made note of the creation of the Agricultural Commission and the *Banker-Farmer*. See Hoftstadter, *The Age of Reform: From Bryan to F. D. R.* (New York: Vintage Books, 1955), 123.

relations could be further improved.⁸ All such measures sought to achieve this end – to transform how people saw banks and to win over their confidence. However, it took the War and the governmental campaign to stimulate this process.

When the War broke out in Europe in 1914, it affected the United States in a number of ways and came to dominate the public's attention. Immediately, the outbreak almost triggered a stock panic. However, a generalised banking panic was thwarted by the issuance of emergency currency, allowing the national banks to remain liquid in the face of an increased demand for cash. In turn, the entire banking system was secured. The War also came to dominate the public sphere, pushing most other matters aside. Regarding the media, historian Leonard Ray Teel has noted that '[a]lthough the press devoted extensive space to domestic reforms during Wilson's first term, troubles in Europe gradually stole attention from domestic affairs'.⁹ Moreover, by this point, the era of muckraking was by and large over, having been at its height between 1902 and 1912. The subsequent decline represented the changing social and political environment – general business malfeasances were increasingly out of the spotlight. There were several reasons for this, including declining interest due to overexposure, advertising pressures, the corporate buyout of magazines, and possibly even banker influence. The war helped to finalise this process.¹⁰

Indeed, between 1914 and 1917, politics and discussion were fixed largely upon what role America was to play within the conflict. America was officially neutral at first, and favoured isolation rather than involvement (though commitment to both was questionable). Most people at this time considered this a European War and wanted no part in it. Woodrow Wilson even contested and won the 1916 presidential election in part on the grounds that he had kept America out of the conflict. However, from as early as 1914, prominent figures like Theodore Roosevelt began agitating for America to prepare for conflict, and after the sinking of the *Lusitania* in 1915 it started to become clear to leaders, including Wilson, that the nation

⁸ 'Looking Forward – and Back', *The Banker-Farmer*, vol. 1, no. 12 (November, 1914), 1.

⁹ Leonard Ray Teel, *The Public Press, 1900-1945: The History of American Journalism* (Westport: Praeger, 2006), 50.

¹⁰ See Fred J. Cook, *The Muckrakers: Crusading Journalists Who Changed America* (New York: Doubleday and Company, 1972), 177-81; Hoftstadter, *The Age of Reform*, 195-6; David Protess, Fay Lomax Cook, Jack C. Doppelt, et al., *The Journalism of Outrage: Investigative Reporting and Agenda Building in America* (New York; London: The Guilford Press, 1991), 42-5; and Matthew Schneirov, *The Dream of a New Social Order: Popular Magazines in America, 1893-1914* (New York: Columbia University Press, 1994), 252-5.

would likely be drawn into the War on the side of Britain and the Allies. They subsequently sought to prepare materially and mentally for doing so, under the banner of 'Preparedness'. In mid 1916, Congress passed the National Defence Act, which authorised the expansion of the nation's military. America was readying for conflict (though Wilson still pressed for a diplomatic solution). On 6 April, 1917, Congress declared war on Germany. As Wilson put it, America was entering the conflict in order to 'make the world safe for democracy'. America, so it went, was setting out on a mission to smash autocracy and to secure liberty and democracy on a continental, if not global scale. War, then, was on the American mind.

Enthusiasm and support for the war, however, had to be manufactured. Despite Wilson's grand proclamation, America's entry was controversial and not everyone at first bought the message. Even before the declaration, the prospect of American participation offended isolationists and neutralists, and even resulted in an antiwar bombing attack in San Francisco in July, 1916. Moreover, the radical left accused Wall Street of pushing the nation into the conflict in order to protect their financial interests.¹¹ American participation, then, was polarising and dominated the public sphere. Recognising this, the Government knew that the War had to be sold to the American public, or at least significant portions of it. In order to do so, Wilson created the Committee on Public Information (CPI) on 14 April, eight days after declaring war. The Committee was chaired by George Creel, a journalist and public relations expert, and sought to arouse popular support for the war.

In doing so, Creel and the Committee stressed that America was not just fighting a war *for* democracy, but fighting a war *as* a democracy. According to Creel, they had to secure the 'conviction that the war was not the war of an administration, but the war of one hundred million people'.¹² In other words, this was a war fought by the people. This message was subsequently delivered to the American public through a publicity blitz that included the feeding of pro-war content and articles to the press, the production of posters, the staging of parades, and the deliverance of speeches given by celebrities and respected citizens at cinemas and theatres, known as 'four-minute men'. Such content came to saturate the public-sphere

¹¹ See Julia Ott, *When Wall Street Met Main Street: The Quest for an Investors' Democracy* (Cambridge, Mass.: Harvard University Press, 2011), 59.

¹² George Creel quoted in Alan Axelrod, *Selling the Great War: The Making of American Propaganda* (New York: Palgrave Macmillan, 2009), 63.

and quickly went on to constitute the largest publicity campaign that had been conducted up to that point in the nation's history.¹³

For this to be a people's war, it had to be financed by the people. Conducting America's war effort required an unprecedented amount of resources and thus the government was faced with expenses in excess of its capacity to immediately pay for them. In order to raise the necessary funds, debate emerged between politicians, financiers, and commercial leaders as to whether taxation or borrowing was the best means to finance the war.¹⁴ Either way, through force or encouragement, Adolph C. Miller, a member of the Federal Reserve Board, noted that it was clear that 'saving on a scale of unprecedented intensity' would be 'an essential preliminary under any effective scheme of national finance we may adopt'.¹⁵ American people, in others words, would have to pay for the war and this could be achieved either through the government taking their money or borrowing their money. Though a combination of the two was settled upon, the primary means to finance the war came to be from domestic borrowing in the form of the four interest-bearing Liberty Bonds and the War Savings Stamps and Certificates, both of which were issued by the Treasury, and sold to banks and other purchasers and distributors.¹⁶ Referring to the Liberty Bonds, which were facilitated by the Federal Reserve banks and by far the greatest source of funds, campaigner J. Herbert Case later asserted in 1922 that their floating was the 'paramount financial undertaking of the War'.¹⁷

Beginning in May 1917, the sale of Liberty Bonds, inspired by the bond drives of the Civil War and Spanish-American War, were designed to raise funds from wealthy institutions, like banks and businesses, and from upper and middle-class people. Issue were as low as \$50

¹³ See Axelrod, *Selling the Great War*, 33-187.

¹⁴ See Charles Gilbert, *American Financing of World War One* (Westport: Greenwood Publishing Corporation, 1970), 75-116.

¹⁵ Adolph C. Miller 'War Finance and the Federal Reserve Banks' in Edwin R. A. Seligman, E. Dana Durand, Harold G. Moulton, *et al.*, *Financial Mobilization for War: Papers Presented at a Joint Conference of the Western Economic Society and the City Club of Chicago, June 21 and 22, 1917* (Chicago: University of Chicago Press, 1917), 145.

¹⁶ The Fed also lent to member banks so that those banks could afford to purchase bonds. Furthermore, the treasury also floated Certificates of Indebtedness, which were short-term bonds sold exclusively to financial institutions and were intended to cover short-term war costs and to assist finance the Liberty Bond campaigns. See Gilbert, *American Financing of World War One*, 145-70.

¹⁷ See J. Herbert Case, 'Preparation for War and the Liberty Loans', *The Annals of the American Academy of Political and Social Science*, Vol. 99 (January, 1922): 124.

and as high as \$100,000. Beginning in December 1917, the Stamps, inspired by Britain's experience with them, were issued to raise funds from lower middle-class and working-class people, either through 25c Thrift Stamps, or through \$5 Certificate Stamps that were sold for \$4.12 and later \$4.23 (the Thrift Stamps were designed to be built up into Certificate Stamps). Individuals could own no more than \$1000 worth of Stamps, a restriction implemented to prevent these securities from being purchased by those that could afford Liberty Bonds. Together, both were designed to foster patriotism by giving all people, whether rich or poor, man or woman, black or white, citizen or immigrant, an opportunity to not only contribute to the war effort, but to have a stake in it. Moreover, it was designed to instil the impression that, through their contributions, this was indeed a war supported by all American people, not just the nation's elite.¹⁸

Furthermore, the securities aimed at middle and working-class peoples were also intended to instil thrift, both to support the war effort and to inculcate the savings habit generally. Thrift education was not, of course, directed towards wealthy investors, but instead towards small investors. The WSS campaign in particular was tasked with preaching the ethic, given its focus upon lower middle-class people, workers, immigrants, and children. Frank Vanderlip, the director of the Treasury's War Savings Division, insisted in 1917 that this was the best thing about it, superseding even its role in raising funds for the war effort. Vanderlip charged that the campaign was 'going to teach Thrift to America', which was 'the great thing'. America, according to Vanderlip, was a nation of spendthrifts. The WSS campaign would rectify this by instead creating a nation of savers. Consequently, unnecessary purchasing would be curtailed.¹⁹

There was, of course, resistance to the emphasis placed upon saving and reduced purchasing. Manufacturers and retailers of consumer goods protested that the campaign was diminishing their sales, which in turn was harming the national economy. They responded by insisting that people go about their 'business as usual' and continue to freely consume as they had before the war.²⁰

¹⁸ See Case, 'Preparation for War and the Liberty Loans', 121-129; Gilbert, *American Financing of World War One*, 117; and Ott, *When Wall Street*, 55-100.

¹⁹ Frank Vanderlip, *How to Win the War* (New York: National City Bank of New York, 1917), 11-12. Also see Ott, *When Wall Street*, 63-4.

²⁰ See Ott, *When Wall Street*, 68-70, and David M. Tucker, *The Decline of Thrift in America: Our Cultural Shift*

The WSS campaign, however, tied thrift to the war effort and thus conveyed the ideal as a grand patriotic gesture. Thrift, the campaign argued, facilitated the conservation of vital resources; it restricted the consumption of unnecessary goods that were needed to fight the war. A WSS pamphlet from 1918 intended for school children made this clear by instructing that '[i]f we go on buying as we did before the war, our Government will not be able to get enough material to provide clothes, ammunition, guns, ships, food, and other necessary supplies for our Army and Navy'.²¹ Thus according to thrift advocates, people had to stop spending and start saving in order to win the war, and the best way to save was by investing in war bonds.²²

For the campaigns to work, the Treasurer and the directors had to secure institutions that would first purchase these securities and then retail them to the masses. As mentioned, the Treasury had the Federal Reserve Banks to purchase its Liberty Bonds. However, to raise more funds and to facilitate broad participation, directors and campaigners had to encourage commercial and savings banks to participate. In order to do so, they stressed the potential benefits of engaging in the campaigns. This is particularly evident in the WSS drive. A WSS pamphlet asserted in 1918 that the 'national development of thrift and savings' would mobilise 'financial resources heretofore untouched by the American banker'. The pamphlet then insisted that the 'incorporated banking institution, whether National or state, [was] a most effective agency for furthering the Government's campaign for thrift and economy', and thus hoped that 'every banking institution' would 'become an agent for the sale of War-Savings Stamps'.²³ Vanderlip also made this point. He highlighted that the campaign would be particularly relevant to the nation's savings banks. While he believed that the campaign would 'somewhat decrease new deposits', as funds would be redirected into the securities, it would nevertheless teach 'thrift to the community', which would be ultimately beneficial to savings banks - they would be the 'greatest gainers of all in the end'.²⁴ Though the campaign attributed

from *Saving to Spending* (New York: Praeger Publishers, 1991), 87-8.

²¹ National War-Savings Committee, *Learning How to Save* (Washington, D.C.: Government Printing Office, 1918), 4.

²² Tucker, *The Decline of Thrift*, 88.

²³ National War-Savings Committee, *United States Government War-Savings Stamps: Handbook for Banking, Educational, Industrial and Other Interests* (Washington, D.C.: Government Printing Office, 1917), 7-8.

²⁴ Vanderlip, *How to Win the War*, 15.

the lack of a savings habit to needless spending rather than an underlying confidence problem, it still acknowledged that many people were not in fact depositing their funds within banks. Therefore, to encourage banks, the campaign promised it would get these people into the banks and convert them into depositors.

* * *

It is hard to measure how effective these specific appeals were. However, it is clear that banks were highly active within both campaigns. Banks of all kinds signed on to buy and sell Bonds, Stamps, or both to the general public.²⁵ The ABA also vowed to offer its full cooperation. Upon doing so, it immediately established a committee to advance the war effort consisting of 1,000 bankers. The committee subsequently sent out some 30,000 circulars to banks and trust companies advising them on all things to do with the first Liberty Bond issue, which occasionally also included 'model advertisements, sermons for preachers, editorials for newspapers, talks for employers, and other valuable information and data'.²⁶ It continued to do so thereafter for the other bonds, and, through its various committees, also went on to endorse the WSS campaign.

Beyond purchasing and selling the securities, bankers also literally took a leading role in directing the campaigns themselves. The Central Liberty Loan Committee of the Second Federal Reserve District, for example, featured among its directors not only the Governor of the Federal Reserve Bank of New York, but also several of the nation's leading bankers.²⁷ As Case noted, the Committee was, among various other things, responsible for organising the publicity department that campaigned to promote the Bonds and the war effort. Their message was featured in 'newspapers and magazines, on the billboards, houses, lamp-posts, vehicles, flagstuffs, and in the store and the householder's window'. Moreover, '[f]requent Liberty Loan

²⁵ Henry Hsu, 'War Services of American Banks' (MA thesis, State University of Iowa, 1920), 11.

²⁶ Hsu, 'War Services of American Banks', 16-7.

²⁷ These included the Presidents of the National Bank of Commerce (James S. Alexander), the First National Bank (George F. Baker), the Corn Exchange Bank (Walter E. Frew), the Mechanics and Metals National Bank (Gates W. McGarrah), the Bankers Trust Company (Seward Prosser), the Guarantee Trust Company (Charles H. Sabin), the Central Trust Company (James S. Wallace), Chase National Bank (Albert H. Wiggin), and the Hanover National Bank (William Woodward). This was in addition to the elite investment bankers J. P. Morgan Jr. and Jacob Schiff.

meetings were held and many hundred men and women delivered the message in public addresses'.²⁸

Furthermore, the War Savings Organization, the agency responsible for the sale and dissemination of the Stamps, was directed by Vanderlip, the former President of the National City Bank of New York City who stood down to assume the role. Similarly, bank directors, presidents, and senior employees directed twenty-seven of the WSO's fifty-two state-based branches (D.C. had a branch and California, New York, and Pennsylvania each had two).²⁹ Bankers, then, were to a large degree the war effort's financial leaders and in this way they became facilitators of patriotism – if the securities were expressions of patriotism, then the banks were its agents. The Secretary of the Navy, Josephus Daniels, even described them as 'clearing houses of patriotism' in 1918.³⁰

In addition to having a strong presence within leadership positions and organising campaign efforts, various banks ensured that the public knew about their contributions. Generally, banks no doubt benefitted from the broader publicity campaigns which extensively promoted Liberty Bonds. Posters, for instance, encouraged people to 'SEE YOUR BANK TODAY', 'SUBSCRIBE AT YOUR BANK TODAY', and to sign up to bond payment instalment plans 'AT ANY BANK'.³¹ Advertisements for the War Savings Stamps also routinely informed people that they could purchase them at 'Banks, Trust Companies, Post-Offices and Other Authorized Agencies'.³² Specifically, banks sought to link themselves directly to the campaigns. This was both to inform people which banks were offering their services and to highlight that those banks were supportive of the war effort. As Henry Hsu noted in his 1920 study into the

²⁸ Case, 'Preparation for War and the Liberty Loans', 125. Also see Committee on Distribution, *Plan Book: Suggestions for the Organization and Operation of Liberty Loan Committees* (New York: Liberty Loan Committee, 1917), 3-11.

²⁹ See Appendix Two.

³⁰ Josephus Daniels, 'Address by Secretary Daniels' in *Proceedings of the Forty-Fourth Annual Convention of the American Bankers' Association* (New York: American Bankers Association, 1918), 334.

³¹ See *If You Can't Enlist – Save*, poster, 1917, Library of Congress Prints and Photographs Division, digital reproduction <URL: <http://hdl.loc.gov/loc.pnp/cph.3g09057>>. Accessed 21 June, 2016; *Liberty Loan – Become a Patriotic Bond Holder*, poster, 1917, Library of Congress Prints and Photographs Division, digital reproduction <URL: <http://hdl.loc.gov/loc.pnp/cph.3g08022>>. Accessed 21 June, 2016; and *Uncle Sam Needs Money as Well as Men*, poster, 1917, Library of Congress Prints and Photographs Division, digital reproduction <URL: <http://hdl.loc.gov/loc.pnp/cph.3g08040>>. Accessed 21 June, 2016.

³² See for instance War Savings Committee of the District of Columbia, 'Where's Your Little Iron Bank?', advertisement for WSS campaign in *Evening Star* (D.C.), 30 December, 1917, 13.

war services of American banks, '[p]age advertisements jointly or severally put up by banks located in the same community were to be found in practically every newspaper in the country'. Banks also sent out letters to 'depositors and customers appealing to them to do their bit' and 'in general' they were 'very active in spreading the propaganda in behalf of government loans by sending out literatures, furnishing liberty loan speakers, and by giving personal information and advice to prospective buyers'.³³

The 'page advertisements' encouraging the sale of Bonds and Stamps not only included lists of donors that had paid for their appearance, which frequently included banks, but often instructed readers to purchase the securities from banks. One advertisement encouraged readers to 'Make the World Safe for Democracy' by filing for bond subscriptions 'at one of These Banks TODAY', including the Boone County National Bank, the Central Bank, the Columbia Savings bank, the Boone County Trust Company, and the Exchange National Bank.³⁴ Another advertisement, featuring the headline 'What the Banks Will Do to Help You Buy Bonds', asserted that 'THE UNDERSIGNED BANKS PLEDGE THEMSELVES' to help people (or 'clients') to purchase Bonds, which included allowing them to borrow from the bank in order to do so. It then listed twelve banks that had made that pledge, including national and savings banks and trust companies.³⁵ Similarly, one other advertisement that encouraged the public to borrow from banks to finance bond purchases, this time for the Fourth Liberty Bond, commanded readers to 'GO TO YOUR BANK AND BORROW!'. It then notified prospective purchases that there were '355 banks and branches conveniently located in all sections of this city', all of which were 'open to you for Liberty Loan purposes [underlining in original]'. It went on to charge that:

It is your duty to avail yourself of the borrowing facilities freely offered. This applies to men and women all over New York, whether they are of large means or small. It applies to you, whether you have ever borrowed from a bank or not. This is no time for hesitation. If you act promptly this loan will be a success. GO INTO A BANK AND ASK – THEN ACT!³⁶

³³ Hsu, 'War Services of American Banks', 22-3.

³⁴ 'Make the World Safe for Democracy', advertisement for Liberty Bonds in *Daily Missourian*, 1 June, 1917, 4.

³⁵ Liberty Loan Committee of the Second Federal Reserve District, 'What the Banks Will Do to Help You Buy Bonds', advertisement for Liberty Bonds in *New York Tribune*, 6 October, 1918, 9.

³⁶ Liberty Loan Committee of the Second Federal Reserve District, 'GO TO YOUR BANK AND BORROW!', advertisement for the Fourth Liberty Loan in the *Sun* (New York), 17 October, 1918, 4.

The advertisement subsequently ended by listing the eighty-six banks that had 'contributed to winning the war' by paying for the advertising space [See Figure 15].³⁷ These banks, and many others like them, made it clear that they were the avenues through which people on the home front could fulfil their civic and national duty to assist those on the battlefield.

What you MUST do
to take your full share of
Fourth Liberty Loan Bonds:

**THREE
DAYS
MORE**

**GO TO YOUR BANK
AND BORROW!**

There are 355 banks and branches conveniently located in all sections of this city. They are all open to you for Liberty Loan purposes. It is your duty to avail yourself of the borrowing facilities freely offered. This applies to men and women all over New York, whether they are of large means or small. It applies to you, whether you have ever borrowed from a bank or not. This is no time for hesitation. If you act promptly this loan will be a success.

GO INTO A BANK AND ASK—THEN ACT!

AMERICAN EXCHANGE NATIONAL BANK
ATLANTIC NATIONAL BANK OF THE CITY OF NEW YORK
BANK OF AMERICA
BANK OF CUBA IN NEW YORK
BANK OF EUROPE
BANK OF THE MANHATTAN CO.
BANK OF NEW YORK, NATIONAL BANKING ASSOCIATION
BANK OF THE UNITED STATES
BANKERS TRUST COMPANY
BANK OF WASHINGTON HEIGHTS
BATTERY PARK NATIONAL BANK OF NEW YORK
BOWERY BANK OF NEW YORK
BROADWAY CENTRAL BANK
BROOKLYN TRUST CO.
BRYANT PARK BANK
CENTRAL MERCANTILE BANK OF NEW YORK
CENTRAL UNION TRUST CO. OF NEW YORK
CHASE NATIONAL BANK
CHESHAM & PRINCE NATIONAL BANK OF NEW YORK
CHELSEA EXCHANGE BANK
CHEMICAL NATIONAL BANK
CITIZENS NATIONAL BANK OF NEW YORK
COL & HORN NATIONAL BANK OF THE CITY OF NEW YORK
COLONIAL BANK
COLUMBIA BANK
COLUMBIA TRUST CO.

This space contributed to winning the war by

COMMERCIAL EXCHANGE BANK
COMMERCIAL TRUST CO. OF NEW YORK
COMMONWEALTH BANK, NEW YORK CITY
CONTINENTAL BANK
CORN EXCHANGE BANK
EAST RIVER NATIONAL BANK
EMPIRE TRUST CO.
EQUITABLE TRUST CO. OF NEW YORK
FARMERS LOAN & TRUST CO.
FIDELITY TRUST CO.
FIFTH AVENUE BANK OF NEW YORK
FIFTH NATIONAL BANK
FIRST NATIONAL BANK
FRANKLIN TRUST CO.
FULTON TRUST COMPANY OF NEW YORK
GARFIELD NATIONAL BANK
GOTHAM NATIONAL BANK OF NEW YORK
GREENWICH BANK OF THE CITY OF NEW YORK
GUARANTY TRUST COMPANY OF NEW YORK
HANOVER NATIONAL BANK OF THE CITY OF NEW YORK
HARRISMAN NATIONAL BANK
HENRY J. SCHMITZER STATE BANK
HUDGON TRUST CO.
IMPORTERS AND TRADERS NATIONAL BANK OF NEW YORK
INTERNATIONAL BANK
IRVING NATIONAL BANK
IRVING TRUST CO.
LAWYERS' TITLE & TRUST CO.
LIBERTY NATIONAL BANK OF NEW YORK
LINCOLN NATIONAL BANK OF THE CITY OF NEW YORK
LINCOLN TRUST CO.
MANUFACTURERS TRUST CO.
MECHANIC AND METALS NATIONAL BANK OF NEW YORK
MERCANTILE TRUST & DEPOSIT CO.
MERCHANTS NATIONAL BANK OF THE CITY OF NEW YORK
METROPOLITAN TRUST CO. OF THE CITY OF NEW YORK

METROPOLITAN BANK
MUTUAL BANK
NATIONAL BANK OF COMMERCE IN N. Y.
NATIONAL BUTCHERS & DROVERS BANK
NATIONAL CITY BANK OF NEW YORK
NATIONAL PARK BANK OF NEW YORK
NEW NETHERLAND BANK OF NEW YORK
NEW YORK COUNTY NATIONAL BANK
NEW YORK PRODUCE EXCHANGE BANK
NEW YORK TRUST COMPANY
PACIFIC BANK
PHILIPPINE NATIONAL BANK
PUBLIC NATIONAL BANK OF NEW YORK
SCANDINAVIAN TRUST CO.
SEABOARD NATIONAL BANK
SECOND NATIONAL BANK OF THE CITY OF NEW YORK
SHERMAN NATIONAL BANK
STATE BANK
TITLE GUARANTEE & TRUST CO.
UNION EXCHANGE NATIONAL BANK OF NEW YORK
UNITED STATES MORTGAGE & TRUST CO.
UNITED STATES TRUST COMPANY OF NEW YORK
YORKVILLE BANK
W. R. GRACE & CO.'S BANK




LIBERTY LOAN COMMITTEE
3902 Federal Reserve Bldg.
119 BROADWAY, NEW YORK CITY

Figure 15. Advertisement for the Fourth Liberty Loan, October 1918. From the Library of Congress' *Chronicling America* digital collection.

Banks also connected themselves to the WSS' crusade for thrift, particularly by emphasising the link between the war effort, the ethic, and their role in advancing both.

³⁷ Liberty Loan Committee, 'GO TO YOUR BANK AND BORROW!', 4.

Financing a victorious war required not only monetary contributions, but also fiscal and moral restraint. Citizens could achieve both by purchasing Stamps, which could be purchased at ‘any bank’. After declaring that ‘LIBERTY CALLS’, an advertisement paid for by the ‘Banks of Bridgeport’ stated that the ‘only answer for the patriotic American to make’ was ‘a pledge, not only to SAVE for the duration of the war but to loan such savings to your government’. It also announced that ‘THRIFT WILL WIN THE WAR’, that a ‘DOLLAR WASTED IS A DOLLAR SPENT for the KAISER’, and that the ‘BEST WAY TO BE THRIFTY’ was to ‘Buy War Savings Stamps’.³⁸ Other advertisements targeted particular demographics, such as women. One such advertisement, contributed by five major Virginian banks in conjunction with ‘the Woman’s Committee of the Richmond War Savings Campaign’, insisted that it was a ‘WOMAN’S DUTY’ to ‘Preach Patriotism’ and ‘Practice Thrift’. Again, this could be achieved by purchasing Stamps.³⁹

Moreover, a 1917 advertisement within the *Evening World*, sponsored by 120 New York banking institutions, stressed the importance of thrift generally. The ad, featuring the headline ‘Save and Have’ and accompanied by an image of Benjamin Franklin, proposed that thrift was essential to winning the war, though also stressed that it was equally important to post-war America. It claimed that the ‘future of the United States, after the war, [would] be more secure if every American [would] spend carefully, save carefully and invest carefully’. It went on to claim that ‘[i]nvestment follows saving’ and that ‘Banks, trust companies, and savings banks have made it easy to invest’ [See Figure 16].⁴⁰ By this view, America’s banks would assist the American public to pour their savings into securities, which would bolster the nation and the general welfare. It is unclear whether the War Savings Organisation officially endorsed this particular advertisement. It makes no specific mention of the Stamps and does not feature the official WSS logo. The advertisement thus represents an instance of banks actively attempting to insert themselves to the broader thrift campaign. In either case, whether through the WSS or through unofficial, independent advertising, banks clearly saw the benefits to advocating thrift and to connecting themselves to the war effort.

³⁸ War Savings Organization, ‘Again! LIBERTY CALLS’, advertisement for WSS in *Times*, 17 June, 1918, 4.

³⁹ War Savings Organization, ‘WOMAN’S DUTY’, advertisement for WSS in *Richmond Times-Dispatch* (Virginia), 13 January, 1918, 3.

⁴⁰ ‘Save and Have’, advertisement for saving in *Evening World* (D.C.), 28 September, 1917, 18.



Save & have
Benjamin Franklin.

THE purpose of this advertisement is to bring the importance of saving to the attention of the public. Never before has saving been so necessary. Our soldiers and sailors alone cannot win the war. Our soldiers and sailors backed by thrifty people at home are an invincible force for victory and peace. The future of the United States, after the war, will be more secure if every American will spend carefully, save carefully and invest carefully.

Saving requires no technical knowledge, no large capital. It requires only *the will to save* and the character to keep at it.

Investment follows saving. Banks, trust companies, and savings banks have made it easy to invest.

Thrift is essential to individual success. It is the foundation of the power of nations. It is today absolutely vital to the welfare of the American people.

Save & serve.

American Exchange National Bank	Chemical National Bank	Greswold Savings Bank of Kings	National City Bank
Atlantic National Bank of the City of New York	Citizens National Bank	Greenwich Savings Bank	National City Bank of Brooklyn
Bank of America	Citizens Savings Bank	Guaranty National Bank	National Park Bank
Bank of California in New York	City Savings Bank, Brooklyn	Harlem National Bank	New York Produce Exchange Bank
Bank of Europe	Coal & Iron National Bank	Hudson Savings Bank	New York Trust Company
Bank of Flatbush	Colonial Bank	Hudson Trust Company	North Side Bank of Brooklyn
Bank of New York National Banking Assn.	Columbia Trust Company	Imparone & Trufan National Bank	Pacific Bank
Bank of the Manhattan Company	Conn. Exchange Bank	International Banking Corporation	Peoples Bank
Bank of the Metropolis	Dime Savings Bank, Brooklyn	Irving Savings Institution	Peoples National Bank, Brooklyn
Bank of United States	Dollar Savings Bank	King County Trust Co., Brooklyn	Peoples Trust Company, Brooklyn
Bank of Washington Heights	Dry Dock Savings Institution	Lawyer Title & Trust Company	Public National Bank of N. Y.
Bankers Trust Company	East Brooklyn Savings Bank	Liberty National Bank	Reed & Levin Trust Company
Barnes Park National Bank	East River National Bank	Lowell National Bank	Seaboard National Bank
Beverly Bank	Eastern District Savings Bank, Brooklyn	Lucas Trust Company	Second National Bank
Beverly Savings Bank	Emigrant Industrial Savings Bank	Manhattan Savings Institution	Sherman National Bank
Bremont Savings Bank, Brooklyn	Empire City Savings Bank	Market & Fulton National Bank	South Brooklyn Savings Institution
Broadway Trust Company	Empire Trust Company	Mechanics' Bank of Brooklyn	Star Bank, The
Brooklyn Savings Bank	Equitable Trust Company	Mercantile Trust & Deposit Co.	Title Guaranty & Trust Company
Brooklyn National Bank	Excelsior Savings Bank	Mercantile National Bank	Trust Guaranty & Trust Company
Brooklyn Trust Company	Farmers Loan & Trust Company	Mercantile Trust & Deposit Co.	Twenty-third Ward Bank
Brooklyn Savings Bank	Federal Reserve Bank	Mercantile Trust & Deposit Co.	Union Exchange National Bank
Brooklyn Savings Bank	Fidelity Trust Company	Mercantile Trust & Deposit Co.	Union Square Savings Bank
Brooklyn Savings Bank	Fifth Avenue Bank	Mercantile Trust & Deposit Co.	Union Trust Company of New York
Central Trust Company	Fish National Bank	Mercantile Trust & Deposit Co.	United States Mortgage & Trust Co.
Chase National Bank	Fine National Bank	Mercantile Trust & Deposit Co.	United States Trust Company of New York
Chatham & Platts National Bank of the City of New York	Fine National Bank of Brooklyn	Mercantile Trust & Deposit Co.	Williamsburgh Savings Bank
Chimes Exchange Bank	Franklin Trust Company	Mercantile Trust & Deposit Co.	Yorkville Bank
	Fulton Trust Company of New York	Mercantile Trust & Deposit Co.	
	Garfield National Bank	Mercantile Trust & Deposit Co.	
	German American Bank	Mercantile Trust & Deposit Co.	
	German Exchange Bank	Mercantile Trust & Deposit Co.	
	German Savings Bank	Mercantile Trust & Deposit Co.	
	German Savings Bank of Brooklyn	Mercantile Trust & Deposit Co.	
	Greswold Bank	Mercantile Trust & Deposit Co.	

Figure 16. Advertisement encouraging Americans to 'Save and Serve', 1917. From the Library of Congress' *Chronicling America* digital collection.

There were various other social and political influences driving people to purchase securities that likely benefited banks. Religion was one such influence. America's participation in the war was sometimes conveyed as a moral and a divine cause. In 1918, for instance, Reverend Walter Laidlaw, the Executive Secretary of the New York Federation of Churches (NYFC), claimed that following reports of German atrocities, many Americans, including himself, 'realized that this was a crusade to save Christian civilization'. In turn, various church

authorities began to sermonise against anti-war sentiment and pacifism. Upon America's entrance and participation within the war, these authorities, organised through the NYFC and the National Committee on the Churches, actively sermonised in support of the Liberty Loan campaigns, likely encouraging sales.⁴¹

An additional measure of support came from the Sedition Act of 1918. The Act prohibited the expression of any sentiment deemed hostile to the war effort, including statements or efforts made against the bond drives. In other words, among other things, the Act criminalised the critique or discouragement of bond purchasing. In at least one case, a Washington labourer named Rudolph Peterson received a three-year prison sentence for attempting to discourage his colleagues from buying a Liberty Bond.⁴² The Government thus sought to ensure the success of the campaigns by repressing attitudes that could potentially inhibit sales. Put another way, the campaigns did not have to openly compete with antagonistic views. They had a monopoly over the public sphere.

The Government could not, however, prosecute people for failing to purchase securities. It could seek to stigmatise such people, however. Those that did not purchase securities or contribute their savings were labelled as 'slackers' or even traitors. According to campaign managers, slackers shirked their citizenry duty to support America in times of need, whereas traitors actively worked against America. Vanderlip made it clear how both applied to the WSS campaign. 'An idle dollar', he claimed, was a 'slacker'. Such a dollar, and by implication its holder, was contributing nothing to the war effort. Conversely, a dollar that was spent 'needlessly', one that was used to consume unnecessary and nonessential goods and services, competed with the Government and was therefore 'an ally of the enemy' and a 'traitor dollar'. Money used for purchasing anything beyond essentials and Stamps was treachery.⁴³ This theme was featured within the campaigns, including within bank-sponsored advertisements.⁴⁴ Combined, the positive and negative support for the bonds created a national fervour that

⁴¹ Walter Laidlaw, 'Preface', in Laidlaw [ed.], *The Moral Aims of War* (New York; Chicago; London; Edinburgh: Fleming H. Revell Company, 1918), 4-6.

⁴² See Stephen Martin Kohn, *American Political Prisoners: Prosecutions Under the Espionage and Sedition Acts* (Westport; London: Praeger, 1994), 124.

⁴³ Vanderlip, *How to Win the War*, 7-8.

⁴⁴ For instance, see 'SMOKE OUT BOND SLACKERS!', advertisement for Liberty Bonds in *Washington Standard*, 18 October, 1918, 4 and 'SAMMIES START GREAT DRIVE IN ALBUQUERQUE FOR VOLUNTEERS', advertisement for presentation on 'What Constitutes a Slacker' in *Evening World*, 23 July 1918, 6.

identified their issuance and purchase as a grand patriotic gesture and also identified resistance or even indifference to them as un-American. Americans were now duty-bound to purchase Liberty Bonds and Stamps. Banks could help them do so.

* * *

Between May 1917 and November 1918, millions of Americans purchased these securities. Combined, the four Liberty Bonds raised close to \$19 billion. The Third and Fourth Bonds were by far the most popular, with 18,376,815 and 22,777,680 individual subscriptions respectively. Adding the Victory Loan of 1919, a total of 66,358,360 bonds were purchased, amounting to \$24 billion.⁴⁵ This is not to suggest that sixty-six million people purchased bonds. Individuals could, for instance, update their old bonds for new bonds and more than one could be purchased. In reality, some twenty million Americans purchased bonds, which, as historian Julia Ott notes, made up for about twenty percent of the total population. Simultaneously, the WSS raised around \$1 billion. This fell short of the Treasury's \$2 billion target. Nevertheless, between twenty and thirty-four million people purchased a War Savings Stamp of some kind during and just after the conflict. It is thus possible that up to a third of all Americans did so.⁴⁶ Combined, the campaigns clearly succeeded at getting millions of ordinary American people to financially contribute to the war effort. It is very probable that they also played no small part in pushing many people through the doors of a bank for the first time, given that the banks were major retailers.

Recognising the success of the campaigns and the financial and moral benefits they could supposedly generate, the Government sought to continue selling securities to the American public following the Armistice. As mentioned, the Government issued the Victory Loan in May 1919, which was intended to finance ongoing expenses resulting from the war effort and to rebuild a peace-time economy. The Government also continued to operate the WSS campaign, which was to eventually become a National Thrift Campaign. In the process, War Savings Stamps became Thrift Stamps. Like their predecessors, both campaigns were

⁴⁵ Gilbert, *American Financing of World War One*, 140.

⁴⁶ See Ott, *When Wall Street*, 56-7. Tucker also offers the estimate of 34 million. Tucker, *The Decline of Thrift*, 91.

initiated and supported by the Federal Government.

At the same time, the Government and the campaign directors knew that they needed to ensure the continued cooperation of independent and private institutions, with banks being vital. Acknowledging both the importance of banks to the former campaigns as much as to the new ones, campaigners sought to maintain their involvement. In their bid to do so, frequent appeals were made to banks, which stressed the benefits that they could accrue through their continued participation. This was particularly so regarding the Savings campaign. A 1919 message intended for banks, for example, addressed the question, 'How does the Government's Thrift Campaign Help the Banks?' It considered this a 'fair' question for 'any banker to ask', as it recognised that it took 'time and expense for a bank to sell W.S.S. and to look after the duties occasioned by the holding of those securities'. The message then sought to outline what banks would 'receive in return for this labor and expense'.⁴⁷ Another included testimony from an unnamed banker, who claimed they were in favour of the 'government savings campaign and the WSS', as the 'more thrifty and prosperous the government helps to make the people of [their] city, the more [they] will flourish'. The banker then added that participation was a good thing simply because everyone held 'kindly feelings towards Uncle Sam'.⁴⁸ Such appeals thus demonstrate that although these were Governmental campaigns, banks had been and were indispensable to their success.

Bankers hardly needed to be reminded of their importance. They were well aware of how significant their war-time efforts were. They themselves had come to celebrate their activities. Speaking before the ABA during the 1919 convention, George M. Reynolds declared that 'I am glad that I am a banker'. He then congratulated his audience for 'being members of this profession' as it could be 'found' that the 'conduct of the average banker during the war, and the willingness with which he has gone to sacrifice and the patriotic endeavour which he has put forth to help the government in every possible way was no small factor in the wonderful achievements of this country'.⁴⁹

⁴⁷ Savings Division, 'Suggested Editorial: For Bankers' Magazines', 18 June, 1919, 159 T, in *USA World War Loans, Vol. 9: Press Releases Issued During Publicity Campaigns, June 9, 1919 to June 30, 1919* (Washington D.C.: Treasury Department, 1919) 273-4.

⁴⁸ Dr. Blakey, untitled testimonial from a banker, 14 February, 1919, War Savings Campaign, 1919 Aims, Section on Subject Matter, National Archives, Records of the Bureau of the Public Debt, Records of the War Loan Organization and the Savings Division, Public Debt Service 1914-25, 53.6, Box 12.

⁴⁹ George M. Reynolds, 'Domestic Reconstruction Problems', in *Proceedings of the Forty-Fifth Annual*

Outside actors praised bankers too. As highlighted at the beginning of this chapter, Irving Fisher and John Skelton Williams lauded their efforts. Moreover, even during the conflict, Woodrow Wilson commended ‘the splendid spirit and efficiency with which the bankers of the country were assisting the Government in the all-important matters of the loans’ and Josephus Daniels, Secretary of the Navy, expressed what he knew to be the ‘thought of the country’ and asserted that were it not for the ‘efficiency and unselfish patriotism of the bankers of America’, then the Government ‘could not have financed the Liberty loans’.⁵⁰ Daniels subsequently thanked bankers for their ‘great sacrifices’ and proceeded to ‘congratulate’ them.⁵¹ Bankers, so it went, had done their bit, and both people inside and outside the profession knew this.

There was also a general awareness that the campaigns had quite drastically helped to improve relations between bankers and the public, both in terms of getting people into banks and in reconfiguring how people saw them. The war, in other words, brought many people closer to banking institutions and various figures recognised this fact. In 1921, Alexander Dunbar, a banker from Pittsburgh, asserted that the war had ‘guided the footsteps of millions of people through the front doors of American banks who otherwise never would have thought of a bank’. These millions of people had ‘discovered, by the accident of the great catastrophe, the need and protection of a banking institution in their daily activities’.⁵² Moreover, in attempting to highlight ‘What the New Savings Habit Has Done for the Banks’, the War Loan Organization of the Fifth Federal Reserve District stressed that deposits had grown dramatically between December 1916 and December 1918. Total deposits within the district, including demand and savings deposits, had grown by \$428,950,000 (or 43.33%), which the Organization considered ‘nothing less than remarkable’. This growth no doubt had resulted largely from war-time inflation and higher wages, a fact the Organization recognised. Nevertheless, it maintained that the ‘newly acquired habit of saving’ was still a principal

Convention of the American Bankers' Association (New York: American Bankers Association, 1919), 469.

⁵⁰ Woodrow Wilson quoted in Robert F. Maddox, ‘Annual Address of President Robert F. Maddox’, *The Bankers Magazine*, vol. 99, no. 4 (October, 1919), 501, and Daniels, ‘Address by Secretary Daniels’, 335.

⁵¹ Daniels, ‘Address by Secretary Daniels’, 335.

⁵² Alexander Dunbar, ‘The Slogan of Today’, *Journal of the American Bankers Association*, vol. 14, no. 5 (November, 1921), 363.

factor.⁵³

Furthermore, Hsu observed that the war had indeed transformed popular attitudes, commenting that '[w]ith the return of peace there comes to the American people a new vision'.

Hsu detailed this vision as follows:

A more generous recognition of the importance of bankers and banking institutions to society has come as a result of our war experiences. People begin to appreciate more and more the services rendered and the sacrifices made by banks. The educational campaigns for the liberty loans has produced, among many others, one important result in transforming the public's former questioning attitude toward the banking profession to its present favorable opinion of them.⁵⁴

Here Hsu captured the impact that war had upon the relationship between ordinary people and banks. This was more than a matter of an increased appreciation towards the services and contributions provided by banks. Instead, the War cast bankers in an entirely new light, one that displaced the negativity that prevailed before the War. Hsu backed this view with an anonymously quoted person who charged that people had 'now entirely reversed their opinion of the banker' and had 'become convinced that they were not apart and aloof from the community, but were part and parcel of it, and that they were living, human patriotic institutions'. This demonstrates that contemporaries seriously believed that war had 'reversed' popular opinion, so much so that people were now starting to see banks as essential institutions that were on board with common interests.⁵⁵

This is not to suggest that this transition was whole or complete. Those newly acquainted with banks and those that had come to appreciate their services could just have easily changed their minds and reverted to previous habits and ways of thinking. Further, many people remained detached from banks. There thus came an acceptance that banks had to take advantage of their improved status and had to ensure that people continued to utilise them. William Morehouse, a leading specialist in financial advertising, claimed that he was 'beginning to think that, as a result of the war, the bank idea [was] half sold to the great American public'. By this view, banks had not yet entirely closed the sale. However, he

⁵³ War Loan Organization Fifth Federal Reserve District, 'What the New Savings Habit Has Done for the Banks' in *Annals of the American Academy of Political and Social Science*, vol. 87 (January, 1920), 240-42.

⁵⁴ Hsu, 'War Services of American Banks', 4-5.

⁵⁵ Hsu, 'War Services of American Banks', 4-5.

stressed that they could do so by continuing to court their new patrons. There was not the 'least doubt' in Morehouse's mind that if 'these war-savers [were] shown every courtesy, they [would] eventually become bank depositors'. It was thus up to banks to ensure that they did so.⁵⁶ Dunbar agreed, charging that bankers were responsible for sustaining relations with the public. By their 'act of coming to the banker', the people had indicated that they were 'potentially desirable'. As such, Dunbar advised that '[n]o short-sighted policy should guide the banker in the handling of this important situation'. Avoiding such policies was vital, as the handling of this 'new crop of bank depositors' would shape America's future economic development.⁵⁷ Banks therefore had to carefully manage their behaviours in order to sustain their newfound clientele and to continue attracting new depositors.

Advertising would play no small part in their attempts to achieve this end. Whatever doubts remained regarding the effectiveness of the medium prior to the War, these were swiftly put to rest upon its conclusion. Morehouse considered advertising so effective and powerful that he claimed that the 'history of the war' would be 'incomplete without due recognition of the part financial advertising played in the great struggle'. Upon observing its power, financial advertising would in turn 'be very popular from now on, and the man who opposes its use because he regards it as undignified' would be 'out of harmony with the scheme of things'.⁵⁸ Theodore McGreggor similarly noted in 1921 that the War 'was a stimulus to bank advertising' and that the 'Liberty Loan and the War Savings Campaigns opened the eyes of many bankers to the possibilities of advertising'.⁵⁹ Most banks, at least according to these specialists, had come to appreciate this as a matter of fact and had almost universally embraced the medium. Bankers had by now fully established and adopted a medium which they believed or at least hoped would continue to acquaint people with banks.

* * *

In the immediate aftermath of the War, participating banks were convinced that they

⁵⁶ William Morehouse, 'Relating Financial Advertising to the War', *The Bankers Magazine*, vol. 98, no. 1 (January, 1919), 55.

⁵⁷ Dunbar, 'The Slogan of Today', 363.

⁵⁸ Morehouse, 'Relating Financial Advertising to the War', 53.

⁵⁹ McGreggor, *McGreggor's Book of Bank Advertising*, iii.

had done their bit to help make the world safe for democracy. They had played a large role in financing America's war effort, both by buying and selling Government securities. Bond purchasing was conveyed as a grand patriotic gesture and, as distributors of those bonds, banks were by extension directly associated with this gesture. In this way, they were facilitators and even bastions of patriotism. The campaigns were, of course, primarily Governmental. Thus, it took the War and the Government to create conditions that would bring people and the banks closer together, or at least drastically stimulate this process. The Government even continued to sell securities following the war, both in the form of a final Victory Loan in 1919 and the continuation of the WSS campaigns until 1924. In doing so, it sought to keep private institutions involved, especially banks.

However, with the war over, the impetus to participate dwindled. The general population started to lose interest and so too did the banks. Undoubtedly, many banks did stay on board for both campaigns, and the Savings Division of the ABA pledged their continued cooperation with the Treasury's thrift campaign in 1919.⁶⁰ Nevertheless, banks and the people started to move on.⁶¹ For the banks, this involved continued efforts to independently connect with the broader public, particularly through advertising and propaganda that had now been consolidated. Banks, along with the YMCA, also gradually became leaders of the thrift movement, displacing the Government.⁶² In a way, the movement had been privatised. Thanks to the War, banks were now in a favourable position to acquire and sustain popular confidence on their own terms.

At the same time, post-war conditions were by no means perfect. In fact, they were highly volatile. With the return of peace, American society faced a host of social, political, and economic challenges. Generally, labour strife erupted, anarchists committed acts of terrorism, and racial tensions flared. Major strikes occurred across the nation in 1919, particularly in Seattle; militant anarchists bombed the residences and buildings of various governmental and business figures, likely including Wall Street in 1920; and race riots occurred, like they did in Chicago in 1919. Additionally, economic and financial conditions were fraught with

⁶⁰ John Jay Pulleyn, 'Report of Committee on Savings' in *Proceedings of the Forty-Fifth Annual Convention of the American Bankers' Association* (New York: American Bankers Association, 1919), 419.

⁶¹ See Gilbert, *American Financing of World War One*, 167, Ott, *When Wall Street*, 110, and Tucker, *The Decline of Thrift*, 95-7.

⁶² See Ott, *When Wall Street*, 110-3 and Yarrow, *Thrift*, 39.

complications. Industry had to be totally reconfigured for post-war needs. Inflation had also soared between 1917 and 1919 due to the expansion of credit. Fearing that continued inflation would eventually undermine the national economy, the Federal Reserve Bank of New York sharply increased interest rates in 1919, subsequently pushing its regional counterparts to do the same. Such a measure arguably contributed to the recession that followed between early 1920 and mid-1921.⁶³ As a result, the Federal Reserve system was attacked by a number of actors, including Senator Robert Owen, who had been instrumental in its creation. In 1921, Owen accused it of advancing the interests of bankers over those of ‘all the people’.⁶⁴ It was also the subject of sharply critical diatribes, such as those authored by Henry Cutting in 1921, ‘Jim Jam Jems’ in 1922, and Charles Lindbergh in 1923.⁶⁵ Moreover, conditions also inspired renewed reform efforts. The Comptroller of the Currency recommended the introduction of a deposit insurance system for national banks within his 1920 report.⁶⁶ The Postmaster General sought to improve the postal savings system in 1921 in order to draw out even more hoarded money.⁶⁷ Additionally, the Federal Reserve Board was altered in early 1922 to include a member that represented agricultural interests.⁶⁸ Clearly then, the post-war environment was turbulent, including for banks.

Still, various bankers were confident that better times were ahead. Craig Hazlewood, President of the ABA’s State Bank Section, thought so. Although noting that ‘our present economic and financial position is fraught with danger’ and that he would ordinarily be ‘somewhat pessimistic’ in such circumstances, Hazlewood announced in front of the ABA in 1919 that he was confident that the people and the banks would prevail. He had ‘confidence in the resourcefulness of the American people, confidence in the sound position of our banks,

⁶³ Friedman and Schwartz take this position. See Milton Friedman and Anna Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press, 1963), esp. 237-9. Also see Allan H. Metzler, *History of the Federal Reserve, Volume 1: 1913-1951* (Chicago: The University of Chicago Press, 2003), 109-17.

⁶⁴ Robert Owen quoted in the *New York Times*, 25 July, 1921, page unspecified.

⁶⁵ See Henry C. Cutting, *The Stranglehold* (Chicago: M. A. Donohue and Co., 1921), Jim Jam Jems [Sam H. Clark and Wallace Campbell], *The Federal Reserve Monster* (Bismarck: Self-Published, 1922), and Charles Lindbergh, *The Economic Pinch*, reprint of 1923 edition (Costa Mesa: Noontide Press, 1989).

⁶⁶ Comptroller, *1920 Annual Report*, 20-1.

⁶⁷ See Mehrsa Baradaran, *How the Other Half Banks: Exclusion, Exploitation, and the Threat to Democracy* (Cambridge, Mass.: Harvard University Press, 2015), 203-4, and Alvan Markle, ‘Address on Postal Savings’, *Journal of the American Bankers Association*, vol. 14, no. 5 (November, 1921), 353-5, esp. 354.

⁶⁸ Metzler, *History of the Federal Reserve, Volume 1*, 129.

both national and state, and confidence in the proven ability of the Federal Reserve ... to take up the slack or absorb the shock of a great financial reaction'. Indeed, he was so confident that he believed that there would never be 'another currency panic' and that it was 'perfectly safe to say that the banks in our country of all classes are in better condition than ever before'.⁶⁹ For Hazelwood, even in the face of 'danger', America's banks would safely weather any storm. Within his 1920 article on 'Bank Advertising' within the *Bankers Magazine*, Frederick Gehle similarly observed that America's bankers were in a favourable position, even though '[p]ublic thought' was in need of 'capable guidance' and though '[e]conomic and social conditions' were 'confused'. In this instance, Gehle was referring to the newfound respectability of bankers and their capacity to guide public opinion. According to Gehle, people were now confident in the banker's 'fundamental integrity and strength', so much so that they were 'turning to the banker'. The banker was 'looked to continue his leadership, and he [was] now, *more than any time before*, qualified to assume it [emphasis added]'.⁷⁰ Thus, while conditions may not have been perfect, these bankers accepted that the public was now generally more receptive to them. With their new status and their near universal embrace of advertising and propaganda, the path was paved for bankers to continue connecting with the people into the 1920s.

⁶⁹ Craig B. Hazlewood, 'Address of the President', in *Proceedings of the Forty-Fifth Annual Convention of the American Bankers' Association* (New York: American Bankers Association, 1919), 612.

⁷⁰ Frederick Gehle, 'Bank Advertising', *Bankers Magazine*, vol. 101 (1920), 246.

Epilogue:

Into the 1920s and Beyond

There is need of a more sympathetic attitude and co-operation between the banks and the people. ... This condition has not yet been universally established, but it is being established.

- Calvin Coolidge, 1921.¹

The money changers have fled from their high seats in the temple of our civilization.

- Franklin D. Roosevelt, 1933.²

Entertainer and comedian Will Rogers likely spoke as an after dinner speaker at the American Bankers' Association's (ABA) annual convention held in New York City in late 1922. If he did, this was presumably to create a spirited and jovial atmosphere. Within a recording of his monologue recorded for Victor in 1923, Rogers opens by greeting his audience of 'Loan sharks and interest hounds' – apparently the 'most disgustingly rich audience' he had ever addressed – and proceeds to poke fun at not only himself but also the banking profession. He jokes that bankers are frauds, usurers, corrupt, and evil. The clergyman that opened the convention with a prayer, quipped Rogers, did not need to inform the Devil of their presence, as he had done for the 'Almighty'. This was because the priest must have known that the devil knew where bankers 'were all the time anyhow'. He also wonders where 'depositors held their meeting'. Later, he remarks that with the '10,000' attendees apparently in attendance, their membership, when accounting for what they had in 'federal prisons', had to be 'around 30,000'. He subsequently closes his speech by saying goodbye to these 'paupers', who he declares are the 'finest bunch of Shylocks that ever foreclosed a mortgage on a widow's home'.³

¹ Calvin Coolidge, 'The People and the Banks', 1921 in Coolidge, *The Price of Freedom: Speeches and Addresses*, second edition (New York: C. Scribner's Sons, 1927), 52.

² Franklin D. Roosevelt, Inaugural Address of the President (Presentation, Washington D.C., 4 March 1933). Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. <URL: <http://www.presidency.ucsb.edu/ws/?pid=14473>>. Accessed 22 January, 2016.

³ Will Rogers, 'Will Rogers Talks to the Bankers', Victor, 10' phonograph record, 31 May, 1923. Reproduced in digital format for the Library of Congress' National Jukebox collection. Available online. URL: <<http://www.loc.gov/jukebox/recordings/detail/id/9318>>. Accessed 18 January, 2016. *Harper's Magazine* reproduced the monologue within its December 2008 edition. It notes that the 'origins of the speech are unknown' and that Rogers 'may have been speaking before the annual convention of the American Bankers Association in 1922, in New York City'. Will Rogers, 'The Men He Didn't Like', *Harper's Magazine*, December, 2008, 16. This

Here Rogers drew upon most of the epithets and tropes that had been levelled at bankers over the past fifty years. In this way, the monologue serves as a nice summary of popular attitudes. Nevertheless, if Rogers did in fact present this monologue to the ABA, then it is noteworthy that it was made within the safe confines of a bankers' convention. Perhaps Rogers had double-crossed his audience and was harsher than anyone realistically could have anticipated. Maybe they had been set-up by whoever booked him. Still, bankers must have known that having a comedian speak before them, especially Rogers, would invoke at least some barbs.⁴ Although few background details are available on the speech, and although it is impossible to know precisely how his audience reacted, that it was allowed to occur in the first place suggests a change in outlook. After many years of being subject to popular distrust and derision, bankers may have been willing to now literally face a joke made at their expense. What was once serious was now a laughing matter. This incident, then, can be seen to be reflective of a turning point for America's banks and bankers. Anti-banking sentiment and popular suspicion had lost their potency.

By 1922, the Progressive Era was by and large over. The intense conflicts and the push for reform that had characterized the previous five decades had lapsed, or had at least been driven from the foreground. At a national level, conservative, pro-business presidencies reigned from 1921 to 1933 under Warren Harding, Calvin Coolidge, and Herbert Hoover respectively (conservative Republicans had taken over Congress earlier in 1918). Further, economic prosperity swept much of the nation between 1922 and 1929, as America embraced its new role as a creditor nation, production boomed, and consumer culture blossomed - cars and radios became the must-have items and their sales exploded, financed by an emerging consumer credit industry. This is not to suggest that America transitioned smoothly into prosperity. Getting to this new age had been rather turbulent. Major strikes occurred in 1919, in 1920 a cart carrying dynamite exploded on Wall Street, and the nation fell into a recession between 1920 and 1921. Taken together, however, these events amounted to something of a

is a fair guess, given that the ABA's convention was held in NYC in 1922, that the recording was made before the ABA's next convention, and that its alternate title is 'After dinner speech – made at a banquet of bankers from all over the world, gathered at New York'.

⁴ Rogers had earlier poked fun at social and political issues through the Friars Club, famously including a performance in front of Woodrow Wilson. See Will Rogers' 1924 eulogy to Wilson in B. Sterling and Frances N. Sterling, *Will Rogers' World: America's Foremost Political Humorist Comments on the Twenties and Thirties – and Eighties and Nineties* (New York: M. Evans and Company, 1989), 122-8.

grand finale for the Progressive Era. By this stage, radical movements had been repressed during the War and the First Red Scare, many of the Era's reform goals appeared to have been achieved, muckraking was over, and economically 'good times' eventually took off in the 1920s. Ultimately, the problems of yesteryear seemed to have been resolved. This may have been the 'roaring twenties', but the vehicle for reform was quiet. America, so it appeared, had entered an age of prosperity.⁵

This was equally true for most of the nation's banks and bankers. By the mid-1920s, widespread public attention and criticism had waned. The popular fascination with runs, panics, wreckers, and plutocrats appears to have largely subsided. As historian Charles Geisst observes, 'While the public and the government alike were often cynical of bankers' motives before the war, the tension subsided and the bankers again began to tighten their grip on the credit system, despite the presence of the Federal Reserve. Prosperity in the 1920s brought with it a tolerance of bankers' actions that had not been witnessed before'. Geisst is referring to the nation's elite Wall Street banks, though this still captures the general situation.⁶ Runs and panics no longer had the same cultural presence, the sensation surrounding 'wreckers' declined, the currency debates were long since over, the 'money trust' had faded from view, and popular reforms had been instated.⁷ This is not to say that these disappeared entirely. It is

⁵ See Robert F. Bruner and Sean D. Carr, *The Panic of 1907: Lessons Learned from the Market's Perfect Storm* (Hoboken: John Wiley and Sons, 2007), 149-50; Beverly Gage, *The Day Wall Street Exploded: A Story of America in its First Age of Terror* (Oxford: Oxford University Press, 2009), esp. 314-7; Jackson Lears, *Rebirth of a Nation: The Making of Modern America, 1877-1920* (New York: Harper, 2009), 327-55; Nell Irvin Painter, *Standing at Armageddon: The United States, 1877-1919*, second edition (New York: W. W. Norton and Company, 2008), 381-90; and Robert H. Wiebe, *The Search for Order, 1877-1920* (London; Melbourne: Macmillan, 1967), 286-92.

⁶ Charles R. Geisst, *Wall Street: A History* (New York; Oxford: Oxford University Press, 1997), 151. Also see Beverly Gage, *The Day Wall Street Exploded*, 314-7.

⁷ Search results from Newspapers.com are fairly illustrative, as they demonstrate consistent patterns that strongly correlate with the changing social, political, and economic environment. Results for particular terms without quotation marks (to allow words to be appear independently) produced these results: 'Frightened depositors' - 1890-1899: 10,311; 1900-1909: 10,790; 1910-1919: 6,640; 1920-1929: 2,639; 'scared depositors' - 1890-1899: 3,561; 1900-1909: 4,105; 1910-1919: 2,690; 1920-1929: 1,156; and 'banks distrust' - 1890-1899: 20,695; 1900-1909: 13,491; 1910-1919: 8,351; 1920-1929: 4,753. Results for certain terms within quotation marks (to search for specific terms) produced these results: 'bank wreckers' - 1890-1899: 4,840 matches; 1900-1909: 4,388; 1910-1919: 1,878; 1920-1929: 758; 'bank panic' - 1890-1899: 419; 1900-1909: 392 1910-1919: 198; 1920-1929: 86; 'money power' - 1890-1899: 27,526; 1900-1910: 8,421; 1910-1919: 6,794; 1920-1929: 2,831; and 'money trust' - 1910-1919 (beginning with this decade as it is when the term proliferated): 22, 556; 1920-1929: 972. All these search terms dip no later than 1922. The term 'bank failure' is an exception, which one would expect given the unprecedented amount of failures during the 1920s (there were 8,367 matches). Even then, however, this term generates less results than between 1890-1899 (18,919 matches) and 1900-1909 (13,768 matches), and is only slightly higher than 1910-1919 (7,301 matches). Once again, these results must be taken cautiously. They may be the result of several factors, like there being more newspapers before the 1920s, or variations between what resources are available for each

undoubtedly true that commentary and critics remained in the 1920s. This can be observed through various films (Western melodramas featured bankers as villains, such as the 1925 films *The Trail Rider* and *Flying Hooks*, and bank embezzlement featured in some form within several films, such as *The Shock* (1923), *Not a Drum Was Heard* (1924), and *The Man Who Found Himself* (1925)); through Henry Ford's denunciations of Wall Street financiers (1922); through criticisms of the Federal Reserve during and immediately following the 1920-1921 recession; and through the debates surrounding the McFadden Act of 1927, which largely concerned branching. For the most part, though, these were lingering remnants of a fading era, marginalised, or concerned with technical matters. Cultural materials such as these films appear to have lacked the specificity and directness characteristic of Gilded Age and Progressive Era materials, like *The Modern Banker*, *The Bank Defaulter*, and *The Teller's Tale*; Henry Ford eventually withdrew his attacks due to popular backlash and commercial and political pressures; and the politics largely concerned issues with existing legislation and institutions instead of implementing entirely new systems.⁸

The most significant national issue and legislation regarded branching, as reflected by the McFadden Act. Though the Act restricted nationwide, interstate branching, it nevertheless permitted national banks to branch within states that allowed their chartered banks to do so (albeit only within the cities they were located within). It thus sought parity between national and state banks.⁹ Additionally, the Act also gave Federal Reserve member banks greater powers, like expanding their loaning abilities, and it rechartered the Federal Reserve, this time permanently. Compared to the reform proposals and enactments of the late Gilded Age and the Progressive Era, the Act *increased* the power of banks (even if this was not to the extent desired by advocates of branching). And though still controversial at the time, particularly

period. They may also be imprecise. However, they do offer *some* indication that these topics and concerns were less prominent in the 1920s. Searches were conducted on the 22nd of January, 2016.

⁸ For concise summaries of these films (and more), see American Film Institute, *The American Film Institute Catalog of Motion Pictures Made in the United States, Part 3* (Berkeley: University of California Press, 1997), esp. 256-7 (*Flying Hooks*), 486 (*The Man Who Found Himself*), 533 (*Not a Drum Was Heard*), 710 (*The Shock*), and 826 (*The Trail Rider*); for Henry Ford and Wall Street, see Steve Fraser, *Everyman a Speculator: A History of Wall Street in American Life* (New York: Harper Collins, 2005), 367-71; for the debates over the McFadden Act, see note 10.

⁹ See Alfred M. Pollard, Joseph P. Dal, *Banking Law in the United States*, Fourth Edition, Vol. 1 (Huntington, NY: Juris, 2014), 2-21, and Eugene Nelson White, *The Regulation and Reform of the American Banking System, 1900-1929* (Princeton: Princeton University Press, 1983), 226.

among competing interests including bankers and populist politicians, it was also relatively tame.¹⁰ The Act amounted to a series of amendments rather than the creation of new systems. With the establishment of the Fed, and also the creation of the postal savings system and state-specific deposit guarantees, the most profound and sweeping reforms had been already devised and implemented by the start of the 1920s. It is true that the Postmaster General sought to improve the postal savings system in 1921, that there was a drive to reform the Federal Reserve in 1922, and that bills for national deposit insurance schemes continued to be introduced to Congress during the 1920s.¹¹ These, however, were products of the Gilded Age and Progressive Era, and it appears that they did not receive the kind of popular attention they did previously. The former two occurred just as the Progressive Era was ending, and after 1922 all were now minor, background concerns, rather than national crusades or election platforms. Wholesale banking reform was out of the spotlight.

Further, not only had commentary declined, bankers had emerged from the War as respectable citizens. They had assumed financial leadership during America's war to make the World 'safe for democracy' and had become highly involved with the thrift movement. Historian Julia Ott notes that the 'financial industry' had an 'enhanced image' following the war. Like Geisst, Ott is primarily referring to Wall Street. Nonetheless, given that banks all over the nation were involved in this effort, it seems fair to extend this observation to include them.¹² They had thus come out of the war, and indeed the Progressive Era, in a favourable position to convey their social and economic worth to the broader public. Klebaner highlights that by '1920 a bank director enjoyed as much prestige as a member of the local school board or a 32d degree Mason'.¹³ Subsequently, many people that had avoided banks previously came to utilise them for the first time during the 1920s, and deposits grew. This is not to suggest that

¹⁰ Nicholas Economides, R. Glenn Hubbard, and Darius Palia, 'The Political Economy of Branching Restrictions and Deposit Insurance: A Model of Monopolistic Competition Among Small and Large Banks' (working paper, NBER Working Paper Series, National Bureau of Economic Research, Cambridge, Mass., 1995); Rodney Ramcharan and Rajan G. Raghuram, 'Constituencies and Legislation: The Fight over the McFadden Act of 1927' (working paper, NBER Working Paper Series, National Bureau of Economic Research, Cambridge, Mass., 2011).

¹¹ See Mehrsa Baradaran, *How the Other Half Banks: Exclusion, Exploitation, and the Threat to Democracy* (Cambridge, Mass.: Harvard University Press, 2015), 64-70, and Carter H. Golembe, 'The Deposit Insurance Legislation of 1933: An Examination of its Antecedents and its Purposes', *Political Science Quarterly*, vol. 76 (1960): 188.

¹² Julia Ott, *When Wall Street Met Main Street: The Quest for an Investors' Democracy* (Cambridge, Mass.: Harvard University Press, 2011), 168-90, esp. 171.

¹³ Benjamin J. Klebaner, *American Commercial Banking: A History* (Boston: Twayne Publishers, 1990), 171.

everyone instantaneously entrusted bankers and started depositing. Garon has noted that the majority of Americans did not have a savings account even until after the Second World War.¹⁴ Still, deposit banking increased in popularity during the decade.¹⁵ Looking at savings depositors, by 1929 there were 52,226,115 individual accounts. With a population of now roughly 121.8 million, this meant that up to 42.8 percent of the population now had an account. Though this was still not a majority, this was a significant improvement from 1913's 18 percent.¹⁶ Beyond depositing, banks also eventually became extremely active in brokering stocks and bonds for upper and middle-class people (and, of course, underwriting them for themselves). Taken together, it was during the 1920s that banks, primarily of the commercial variety, consolidated themselves as 'department stores of finance', with something for everyone, from savings departments to brokerage services.¹⁷ On the surface, things were looking upwards for a large amount of bankers and those using them.

Simultaneously, bankers also continued to embrace advertising and propaganda to 'educate' the public and to bolster confidence, and both were in full swing. Drawing from their earlier experiences from the Progressive Era, the effectiveness and necessity for such mediums were by now generally accepted. Even by 1918, William Morehouse, author of *Bank Deposit Building*, noted that through 'continuous newspaper advertising' banks had 'corrected to a large degree the mistaken notion that there is a great mystery about them, and that they are in business "just to make money"'. Indeed, people had 'been convinced that banks are not unfriendly to them because they may have a few dollars to deposit'. This was beneficial, as 'wherever the people have been enlightened on the subject of banking, confidence is strengthened, and the result is an era of better business'.¹⁸ Many banks had also outsourced their advertising to agencies in order to take advantage of their professional

¹⁴ Sheldon Garon, *Beyond Our Means: Why America Spends While the World Saves* (Princeton: Princeton University Press, 2012), 204-10.

¹⁵ See Garon, *Beyond Our Means*, 191; Klebaner, *American Commercial Banking*, 128; Lizabeth Cohen, *Making a New Deal*, 75-83.

¹⁶ The figure of 52,226,115 comes from the Comptroller's 1929 report. Comptroller of the Currency, *1929 Annual Report* (Washington, D.C.: Government Printing Office, 1930), 54-5.

¹⁷ As Klebaner highlights, this had started developing prior to the 1920s, though it was 'after 1920 that the practice became widespread'. Klebaner, *American Commercial Banking*, 127.

¹⁸ William Morehouse, *Bank Deposit Building: Practical and Proved Methods of Increasing Your Business and Holding It* (New York: Bankers Publishing Co., 1918), 36.

expertise.¹⁹ Additionally, the turn to propaganda activities culminated in the official establishment of the ABA's public relations department in the year immediately following the War. The department sought to 'popularize the profession of banking, making known to the average man just how necessary are the banker and his activities to the firm, the corporation, the community, and the nation'.²⁰

Clearly, it was and is premature to consider promotional efforts as triumphant or even fully established. Bankers acknowledged that they still had a large amount of work to do. Suspicions and doubts did of course linger. Addressing New England bankers, Calvin Coolidge, then Vice President, declared in 1921 that there was 'need of a more sympathetic attitude and co-operation between the banks and the people'. Regardless, he also noted that though this 'condition' had not yet 'been universally established', it was 'being established'.²¹ Bankers continued to believe that advertising and propaganda were the best way to achieve this, and so they pushed on with their efforts into the 1920s. Full page advertisements appeared within major newspapers which featured extensive argumentation as to why banks were safe and why people should utilise them. In 1921, the *New York Tribune* published an advertisement for the National City Bank which sought to inform readers on 'Some things about Banking you should understand'.²² Likewise, in 1922 the *Evening World* published an advertisement for the Corn Exchange Bank which detailed 'How a Bank is Managed and Examined'.²³ Regarding propaganda, or what was increasingly being called public relations, the ABA's Public Education Committee sought to engage with the broader public, as reflected by their plans to present 'Talks on Banking and Elementary Economics' in 1922 and 1923. These talks were to be 'delivered by the banker' before not only the 'higher grades of grammar schools, high school colleges and universities', but also 'parents' associations, teachers' institutes, farmers' institutes, chambers of commerce, boards of trade, men's and women's clubs, Kiwanis clubs, Lions clubs,

¹⁹ Richard N. Germain, *Dollars Through the Doors: A Pre-1930 History of Bank Marketing in America* (Westport; London: Greenwood Press, 1996), 189-91.

²⁰ Ellsworth, 'The Banker's Relation to the Public', 56.

²¹ Coolidge, 'The People and the Banks', 52.

²² 'Some things about Banking that you Should Understand', advertisement for the National City Bank in *New York Tribune*, 23 June, 1921, 22.

²³ 'How a Bank is Managed and Examined', advertisement for the Corn Exchange Bank in *The Evening World* (New York), 6 October, 1922, 17.

Civitas clubs, and so forth'.²⁴ The *Banker-Farmer* continued to be produced until 1927, and thrift activities carried on.²⁵ Evidently, bankers were attempting to get in touch with everyone, and were doing so by continuing to apply the lessons and practices that had emerged and developed earlier. They were not starting from scratch and were now in a good position to maintain their efforts.

Despite this, all was not entirely well. Though America had started to prosper and though major progressive reforms had been implemented, it had certainly not overcome many of its significant social and economic problems. The belief that they had done so amounted to what Historian Robert Wiebe calls an 'illusion of fulfilment'.²⁶ Of course, businesses had been regulated, redistributive policies had been introduced, women had been enfranchised, and greater democratic measures had been instated within the Federal Government by the end of the Era. At the same time, little had been done to curb racial inequalities (especially regarding Jim Crow), xenophobia proliferated (culminating in the growth of the Ku Klux Klan and the anti-immigration acts of 1921 and 1924), economic inequality endured, and vast sectors of the economy were left vulnerable – agriculture, for instance, was devastated by the early 1920s. Prosperity was not universal.²⁷

The 'illusion of fulfilment' and the continuation of problems also applied to banks. True, America had a new banking system that was supposed to end systemic banking problems. Various states also had deposit insurance systems. However, the 1920s went on to experience an enormous amount of bank failures. Indeed, more banks failed during the 1920s than they had in the previous fifty years, coming to average over 600 a year. Consequently, state-based deposit insurance schemes collapsed as their funding was exhausted. Florida and Georgia also began to experience a banking collapse in 1926. Banks, then, were still vulnerable institutions.²⁸

²⁴ Public Education Committee, *Talks on Banking and Elementary Economics, 1922-1923* (New York: American Bankers Association, c. 1922).

²⁵ For more on thrift, see Andrew Yarrow, *Thrift: The History of a Social Movement* (Amherst; Boston: University of Massachusetts Press, 2014), esp. 30-51.

²⁶ Wiebe, *The Search for Order*, 196-223, esp. 222.

²⁷ Again, see Lears, *Rebirth of a Nation*, 327-55; Painter, *Standing at Armageddon*, 381-90; and Wiebe, *The Search for Order*, 286-92.

²⁸ See Lee K. Davison and Carlos D. Ramirez, 'Local Banking Panics of the 1920s: Identification and Determinants', *Journal of Monetary Economics*, Vol. 66 (2014): 164-177. For Florida and Georgia, see Raymond B. Vickers, *Panic in Paradise: Florida's Banking Crash of 1926* (Tuscaloosa; London: University of Alabama Press, 1994).

Yet, bizarrely, other than those directly affected by these failures (and those in their immediate vicinity), few else appear to have paid attention. These banks were overwhelmingly small country institutions in the South and West that had mushroomed over the past decade due to lax entry requirements, and they were failing largely due to the agricultural crisis – they had made loans to farmers, for land and equipment, who could not pay them back – and because there was simply too many of them.²⁹ Regarding national banks, the Comptroller stated in his 1925 report that ‘It will be observed that a large majority of these failures were small banks and that the total assets of all were materially less than assets of any one of many of the urban national banks’.³⁰ Instead of inducing nationwide distress and arousing concern, these failures were actually seen to be a good thing by some observers – the ‘market’ was purging itself of excessive and unproductive institutions.³¹ Given they were in rural areas (as Lee Alston, Wayne Grove, and David Wheelock have shown, 79 percent of these failures occurred within towns with populations of less than 2,500 people),³² their failure does not seem to have resonated within urban areas, where most people now lived.³³ This is reflected partly by the fact that there was no nationwide banking panic during the 1920s. Indeed, this had not occurred since 1907. Any panics that did occur were minor and were local in nature.³⁴ The banking system survived even during the decade’s economic downturns (1923-1924, 1926-1927). Wholesale panics were a phenomenon by now apparently considered a thing of the past. Moreover, the low resonance is further reflected by the decline of popular discussions and movements explicitly pertaining to banking problems. For much of the population outside of rural areas, banking problems were remote and unimportant; they were out of sight and out of mind. Banking simply was no longer a popular issue, at least not to the extent it had been during the Gilded Age and Progressive Era. For the moment, the heat was off banks and bankers.³⁵

²⁹ See George G. Kaufman, ‘Bank Runs: Causes, Benefits, and Costs’, *Cato Journal*, vol. 7, no. 3 (1988): 567.

³⁰ Comptroller of the Currency, *1925 Annual Report* (Washington, D.C.: Government Printing Office, 1926), 5.

³¹ Klebaner, *American Commercial Banks*, 136-7.

³² Lee Alston, Wayne Grove, and David Wheelock, ‘Why do banks fail? Evidence from the 1920s’, *Explorations in Economic History*, vol. 31 (1994): 411.

³³ See Kaufman, ‘Bank Runs’, 567.

³⁴ Davison and Ramirez, ‘Local Banking Panics’, 164-177.

³⁵ See Richard K. Vedder, ‘The Impact of the Federal Deposit Insurance Corporation on Banking Stability’, *Proceedings of the Fifteenth Annual Meetings of the Business History Conference* (Bloomington: Bureau of

This was all to change after the 29th of October, 1929. The Wall Street crash abruptly ended the roaring twenties, and marked the beginning of hard times that would quickly develop into the Great Depression, at home and abroad. The crash had occurred in large part due to the fact that commercial banks had been fuelling a speculative bubble in securities and real estate, which the Fed facilitated by keeping interest rates low. Shortly after that bubble burst, beginning in 1930, America experienced its worst ever banking crisis. Between 1930 and 1933, the nation underwent four waves of banking panics, and over 9,000 banks failed over this time, including national and state banks and even savings and loans. Additionally, the Fed failed to fulfil its function as a lender of last resort. By 1933, confidence had collapsed and, unlike during the 1920s, major cities had been affected, including New York and Chicago.³⁶ Hoarding increased and the postal savings system became more popular than ever as many people redeposited within them (it should also be noted that many people in the East also turned to mutual savings banks, which they generally considered safer).³⁷ Bank runs, failures, panics, frauds, and villainy were no longer peripheral problems affecting people in faraway places. They were now very close to home. This was both in reality and in representation – banks had a strong cultural presence, as represented by Frank Capra's 1932 film, *American Madness*, Archibald MacLeish's 1935 play, *Panic*, and, later, John Steinbeck's 1939 bestselling novel, *The Grapes of Wrath*. Banking was now once again a popular issue and people were redirected to banking problems. Whatever gains bankers had made earlier in winning over the public, their efforts were by now completely undermined.

President Franklin Roosevelt's very first 'fireside chat' in March 1933 concerned America's 'bad banking situation'. He used it to explain the rationale behind the 1933 'bank holiday' and to address the 'undermined confidence on behalf of the general public'. This lapse

Business Research, Indiana University, 1968), 86-7; and Elmus Wicker, *The Banking Panics of the Great Depression* (Cambridge: Cambridge University Press, 1996), 1-8 and 19.

³⁶ See Charles W. Calomiris and Joseph R. Mason, 'Contagion and Bank Failures During the Great Depression: The June 1932 Chicago Banking Panic', *The American Economic Review*, Vol.87, No. 7 (1997): 863-883; Milton Friedman and Anna Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton: Princeton University Press, 1963), 299-419; Klebaner, *American Commercial Banking*, 138-48; Anthony Patrick O'Brien and Paul B. Trescott, 'The Failure of the Bank of United States, 1930: Note', *Journal of Money, Credit and Banking*, Vol. 24, No. 3 (1992), 384-399; and Wicker, *The Banking Panics*, esp. 19-23.

³⁷ See Friedman and Schwartz, *A Monetary History*, 173, and Klebaner, *American Commercial Banking*, 143. For mutual savings banks, see Franklin H. Ornstein, *Savings Banking: An Industry in Change* (Reston: Reston Publishing Co., 1985), 154-6, and Daniel Wadhvani, 'Why does the US have a weak mutual savings banks sector?', *ESBG Perspectives*, no. 63 (March, 2011), 77.

of confidence, Roosevelt asserted, stemmed from the activities of a minority of 'incompetent' or 'dishonest' bankers and the public's failure to discriminate between them and the majority of good banks. As a result, it became the 'Government's job to straighten out this situation and do it as quickly as possible'.³⁸ The governmental response was manifested in several ways beyond the bank holiday. The villainous money trust again came under the spotlight, as represented by the Pecora Commission (1932-1934), which sought to expose its misdeeds, and by the republication of Brandeis' *Other People's Money* in 1932 for a contemporary audience.³⁹ Moreover, the Glass-Steagal Act was introduced in 1933. This was a landmark Act that fundamentally transformed the banking system. It instated measures both to prevent another depression and to attempt to restore popular faith in the nation's banks and bankers. Regarding the former, banks were restricted from engaging in both commercial *and* investment activities. Commercial banks could no longer be investment banks and *vice versa*. Regarding the latter, the Federal Deposit Insurance Corporation (FDIC) was established. The FDIC guaranteed depositors within commercial banks that they would not lose their funds in the event that their bank failed (the Federal Savings and Loan Insurance Corporation (FSLIC) was created a year later in 1934 to guarantee deposits within savings and loans). There was resistance to this measure from bankers, conservatives, and also those that had experienced the implosions of state-based insurance schemes. The president himself even rejected deposit insurance. However, it differed to the state-based schemes in that the Federal Government *itself* guaranteed to cover losses, rather than merely enforcing or encouraging banks to do so through an insurance fund (the FDIC still requires banks to contribute to such a fund). Due to this, the scheme was a tremendously popular reform that went a long way in regaining the public's confidence.⁴⁰ In all instances, the state had to intervene to expose and thwart the nation's financial villains, resolve the calamity, and to prevent it happening again. What had not been

³⁸ Franklin D. Roosevelt, 'Fireside Chat on Banking', 12 March, 1933. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. URL: <<http://www.presidency.ucsb.edu/ws/?pid=14540>>. Accessed 22 January, 2016.

³⁹ See Susie J. Pak, *Gentlemen Bankers: The World of J. P. Morgan* (Cambridge Mass.: Harvard University Press, 2013), 203-8.

⁴⁰ This is not to suggest that deposit insurance alone was responsible for restoring confidence nor that confidence returned immediately after it was instated. However, it was a popular reform outside of banking and conservative circles and did go a long way toward restoring confidence. For more, see Helen M. Burns, *The American Banking Community and New Deal Banking Reforms, 1933-1935* (Westport: Greenwood Publishing, 1974), esp. 5-6, and 85-93.

fulfilled during the Progressive Era had now been fulfilled during the New Deal.

Bankers and their marketing specialists also realised that their work had been incomplete and that they had to reconsider their approaches. In the wake of such renewed public agitation, authorities on advertising and propaganda (or public relations) called for the nation's bankers to increase and strengthen their promotional activities, both individually and collectively. In their 1933 book, *Constructive Public Relations: For the Banker Who Meets the Public*, the ABA's Public Education Committee noted that although 'Bank advertising has made progress in productiveness and in its informative value to the general mass of people during the past twenty years', that 'evolution' was 'still far from complete'.⁴¹ Gurden Edwards, the ABA's director of Public Relations, concurred and remarked in 1937 that 'Public relations policies of banks, to be effective, must go much deeper than publicity, propaganda, and advertising'. Both agreed that bankers had embraced advertising and public relations, though asserted that banks had to go further. They had to convey their sympathies with the broader public and demonstrate their utility to them.⁴² The Public Education Committee stated that as depressions gave 'ruthless proof of how invaluable prestige is for any bank, and how desirable it is to foster sound public opinion through a carefully directed and articulate public policy', bankers needed to control their image and their message at every level, from the 'relations of employee and customer across the counter' to 'the broader fields of publicity and advertising'.⁴³ Edwards recognised that banking practices could vary widely between banks and between regions, and that the relations between banks and their local communities could also differ. He thus called for individual banks to respond in a manner that was appropriate to their own conditions. This, however, had to occur nationwide.⁴⁴ Despite their differences, all banks had to step up their bid to regain the public's confidence, which had been obliterated during what remains the nation's worst economic catastrophe.

As this thesis has shown, though, it was during the late Gilded Age and Progressive Era when such a scenario first emerged. As outlined in Chapter I, this thesis has sought to

⁴¹ Public Education Committee, *Constructive Public Relations: For the Banker Who Meets the Public* (New York: American Bankers Association, 1933), 230-1.

⁴² Gurden Edwards, 'Banking and Public Opinion', *The Public Opinion Journal Quarterly*, vol. 1, no. 2 (April, 1937), 5.

⁴³ Public Education Committee, *Constructive Public Relations*, 233.

⁴⁴ Edwards, 'Banking and Public Opinion', 21-3.

contribute to the broader discussion on economic confidence by comprehensively exploring popular confidence issues in American banking over this period. It has argued that by taking a social and cultural approach that favours qualitative analyses we can begin to see that there existed a pervasive and persistent popular distrust of banks and bankers, which began to escalate in the 1870s and became endemic by the turn of the century. This distrust was caused by actual problems in banking, though it was amplified by the development of a 'mass media' that could disseminate bad news and criticisms all over the country. In turn, banking issues resonated within the popular imagination, and large amounts of people lacked confidence in the nation's banks, including national, state, savings, and private banks. This was reflected, reinforced, and even instilled via the public sphere. In response, bankers also took to the public sphere and turned to advertising and propaganda in a bid to challenge negative views, to represent themselves favourably within the public sphere, or to advance reforms that they believed would bolster confidence.

Regarding popular confidence, Chapter II has shown how despite the growth of banks and deposits, confidence could be fragile, which was reflected within and reinforced by cultural mediums that conveyed runs and panics to be normal; Chapter III has shown how 'bank wreckers' aroused intrigue and outrage inside and outside times of panic, which in turn helped to undermine confidence; Chapter IV has shown how some bankers could be 'othered' and seen as actively or inadvertently working against the interests of 'the people', thus creating a theoretical and likely physical distance between the two; and Chapter V has shown how popular reform movements sought to wrest control of banking from bankers in one way or another, ultimately representing a lack of faith. Regarding the banking response, Chapter VI has shown how individual banks turned to advertising in a bid to convey security and civic-mindedness; Chapter VII has shown how elite bankers turned to propaganda in order to inspire confidence in a reserve association that was itself intended to sustain systemic confidence; and Chapter VIII has shown how bankers participated within America's domestic War effort which subsequently reconfigured how many Americans saw banks. Taken together, all of this demonstrates that a broad, overarching confidence issue existed within American banking – a fact that bankers themselves eventually came to recognise. By the end of the Progressive Era, the popular fascination with banking had waned and banks had embraced strategies that they believed could win over the hearts and minds of 'the people'.

Again, this is not to suggest that they had completely achieved this. Nonetheless, they were in a favourable position to carry on with their efforts. In reality, this was in large part due to governmental intervention and the bond and savings drives of the First World War. Bankers, though, focussed instead upon advertising and propaganda, and would proceed to take the lessons they had learned into the 1920s and the 1930s. The former carried on these efforts, whereas the latter sought to expand and revise them. Either way, it was believed that confidence was something that could and would be gained by crafting the right message.

Today, the nation's banking system exhibits serious flaws and we can observe quite a significant degree of popular distrust and disdain directed towards American banks. Of course, banking conditions are very different now and many of the confidence issues are unlike those of the Gilded Age and Progressive Era. For instance, thanks to the FDIC, traditional bank runs and panics are a thing of the past, and people no longer fear losing their deposits. Nevertheless, there is some form of popular outrage and suspicion. This is particularly evident following the Sub-Prime Mortgage collapse and the Global Financial Crisis that followed. The latter was the largest international economic calamity since the Great Depression, and American banks played a large part in its onset. Despite this, executives generally avoided prosecution, and reckless banks were bailed-out by taxpayers.⁴⁵ In turn, confidence has plummeted. A 2016 Gallup poll reveals that those expressing 'a great deal' or 'quite a lot' of confidence in banks has declined from 49 percent in 2006 to 27 percent in 2016.⁴⁶ American bankers have also again become pariahs, as seen through the emergence of popular movements like Occupy Wall Street, the popularity of outspoken progressive politicians Elizabeth Warren and Bernie Sanders, and the increasing presence of banking issues within popular culture, including within films and television programs like *Capitalism: A Love Story* (2009), *Inside Job* (2010), *Too Big To Fail* (2011), and *The Big Short* (2015).

⁴⁵ See Anat Admati and Martin Hellwig, *The Bankers' New Clothes: What's Wrong with Banking and What to Do About It* (Princeton: Princeton University Press, 2013), esp. 1-14, 46-78, 203-7, and 208-28; Thomas Frank, *Pity the Billionaire: The Hard-Times Swindle and the Unlikely Comeback of the Right* (New York: Metropolitan Books, 2012), 26-43; and Mark Blyth, *Austerity: The History of a Dangerous Idea*, paperback edition (Oxford: Oxford University Press, 2015), 21-50.

⁴⁶ Most respondents reported at least 'some' confidence, suggesting that it had not been totally obliterated. Still, this also suggests that they also had some doubts. 'America's Confidence in Institutions Remains Low', Gallup, 13 June, 2016. <URL: <http://www.gallup.com/poll/192581/americans-confidence-institutions-stays-low.aspx>> Accessed 6 July, 2016.

Amidst this, a dismayed Jamie Dimon, CEO of JP Morgan-Chase, has complained about a 'blanket blame of all banks', which he has considered a form of 'discrimination'.⁴⁷ By this view, people needed to know the difference between the good apples and the bad. Various banks tried to convince the public that they were among the former. In order to inform the public that they were dutiful corporate citizens, many turned to advertising and propaganda campaigns as if by default. They hoped to steer through the mess by promising the public that they were not like those other bad banks and that they could successfully provide all the services expected of them.⁴⁸ US Bank initiated a campaign that sought to demonstrate that they were cruising safely above the storm clouds.⁴⁹ Bank of America, a particularly troubled institution, launched a campaign that sought to emphasise its contributions to society. They may have been involved in wrecking the global economy, but now they were back to being community oriented.⁵⁰

This approach will continue to be relied upon so long as banking problems occur and appropriate regulatory measures are avoided. Detailing what those measures may be exactly is beyond the purpose of this thesis. However, many American people of the past did not fully trust private actors, whereas they did trust the state, or at least recognised its democratic and regulatory potentials. Rather than continue with deregulation and with blaming the state, as many now insist upon doing,⁵¹ perhaps a page needs to be taken from these Americans of yesteryear and present day Americans must realise that making banks accord with the public interest requires active popular and democratic involvement. Americans must also ensure that

⁴⁷ Jamie Dimon quoted in Alexander Eichler, 'JP Morgan Chase's Jamie Dimon: Anti-Banking Sentiment "A Form of Discrimination"', *Huffington Post*, 26 January, 2012. Online. URL: <http://www.huffingtonpost.com.au/2012/01/25/jamie-dimon-discrimination_n_1232323.html?ir=Australia>. Accessed 22 January, 2016.

⁴⁸ Taejun Lee, Ronald Taylor and Wonjun Chung have observed how the financial industry, including banks, generally altered their advertising to cater for unfavourable conditions. Taejun Lee, Ronald Taylor and Wonjun Chung, 'Changes in Advertising Strategies During a Financial Crisis: An Application of Taylor's Six-Segment Message Strategy Wheel', *Journal of Applied Communication Research*, vol. 39, no. 1 (2011): 75-91.

⁴⁹ US Bank, 'New Ad Campaign Focuses on U.S. Bank's Strength and Stability', *Consultant Connection*, (2008), 3.

⁵⁰ 'Bank of America Aims to Change Image With New Ads', *Huffington Post* (via *Reuters*), 12 October, 2011. Online. <URL: http://www.huffingtonpost.com/2011/10/12/bank-of-america-aims-to-change-image-with-ads_n_1006649.html>. Accessed 25 January, 2016.

⁵¹ Thomas Frank has observed the populist calls for banking deregulation, particularly through the Tea Party. Frank, *Pity the Billionaire*. The notion also has academic support. Eugene Nelson White states that 'The key to strengthening the banking system is to be found in deregulation of the banking industry rather than in the creation of new government agencies or regulations'. White, *Regulation and Reform*, 227.

they commit fully to reforms and avoid succumbing to an ‘illusion of fulfilment’, or, worse, tolerate the undermining of even mild measures, as observed by the attacks upon the post-GFC Dodd-Frank Act, which imposes restraints upon the activities of Wall Street and the big banks.⁵² Ultimately, steady and meaningful popular confidence within banking depends upon adequate social input, supervision, and control. It does not alone depend upon convincing imagery or assuring phrases.

⁵² See Steve Denning, ‘With Dodd-Frank Rollback, The Big Bad Banks are Back’, *Forbes*, 12 December, 2014. Online. URL: <<http://www.forbes.com/sites/stevedenning/2014/12/12/with-dodd-frank-rollback-the-big-bad-banks-are-back/#2715e4857a0b42b2ff5b100f>>. Accessed 28 June, 2016.

Appendix One

Newspaper Coverage of Major Banking Panics

Newspapers from essentially every region, city, and town covered events. To illustrate this with examples:

The 1873 panic was covered by major newspapers including the *New York Times* (19 September, 1873, page unspecified) and the *Chicago Tribune* (21 September, 1873, 2), along with various other newspapers such as Texas' *Dallas Daily Herald* (23 September, 1873, 1), Montana's *Helena Weekly Herald* (2 October, 1873, 5), South Carolina's *Daily Phoenix* (28 September, 1873, 2), Vermont's *Rutland Daily Globe* (27 September, 1873, 3), and Washington's *Washington Standard* (27 September, 1873, 2).

The 1893 panic was covered by major newspapers including the *New York Tribune* (30 June, 1893, 1) and the Los Angeles *Herald* (30 June, 1893, 1), along with various other newspapers such as Kansas' *Kinsley Graphic* (23 June, 1893, 2), North Dakota's *Jamestown Weekly Alert* (20 July, 1893, 8), North Carolina's *Progressive Farmer* (22 August, 1893, 3), Michigan's *Weekly Expositor* (25 August, 1893, 4), and Oregon's *Daily Morning Astorian* (27 July, 1893, 1).

The 1907 panic was covered by major newspapers including the *New York Sun* (23 October, 1907, 1) and the *Boston Daily Globe* (23 October, 1907, 1-3), along with various other newspapers such as Missouri's *Butler Weekly Times* (24 October, 1907, 5), Utah's *Salt Lake Herald* (23 October, 1907, 1), Florida's *Live Oak Daily Democrat* (26 October, 1907, 1), Pennsylvania's *Cameron County Press* (3 October, 1907, 3), and Arizona's *Daily Arizona Silver Belt* (30 October, 1907, 1).

This is, of course, a very limited sample and is *far* from being exhaustive, but does serve to demonstrate that press coverage was extensive and expansive. It does not seem unreasonable to assume that such news spread everywhere.

Appendix Two

State Directors of the National War Savings Committee that were bankers or had direct connections to banking institutions.

State	State Director	Connection to Banks/Bankers
California (north)	John S. Drum	President of the Savings Union Bank and Trust Company. Later became President of the ABA (1920) and the American Trust Company (1927).
California (south)	G. A. Davidson	President of the Southern Trust and Commerce Bank.
Utah	Geo. T. Odell	Directorships in the First National Bank of Montpelier and Bank of Garland.
Washington	Daniel Kelleher	Director of the Bank for Savings in Seattle; Chairman of the Seattle National Bank.
Arkansas	Moorehead Wright	Union and Mercantile Trust.
Colorado	John Evans	President of the International Trust Company.
Kansas	P. W. Goebal	President of the ABA, 1916.
Missouri	Festus J. Wade	Mercantile Trust Company.
New Mexico	Hallett Reynolds	Secretary of New Mexico Bankers Association.
Oklahoma	Asa E. Ramsey	Former cashier for the National Bank of Commerce.
New Jersey	Dwight Morrow	Investment Banker.
New York (Greater)	Frederic W. Allen	Lee, Higginson, and Co.
Delaware	Henry P. Scott	Scott and Company.
Kentucky	Jas. B. Brown	President of the Bank of Commerce.

Pennsylvania (east)	Robert K. Cassatt	Investment Banker.
West Virginia	Robert L. Archer	First National Bank of Huntington.
Mississippi	J. T. Thomas	President of the Grenada National Bank.
South Carolina	Robert G. Rhett	People's National Bank of Charleston.
Tennessee	Thomas R. Preston	Hamilton National Bank of Chattanooga.
Virginia	Thomas B. McAdams	Merchants' National Bank.
Illinois	Martin A. Ryerson	Director of Continental Illinois National Bank and Trust Company.
Iowa	Homer A. Miller	Iowa National Bank.
Michigan	Frank W. Hubbard	Vice-President of Bankers' Trust Company of Detroit.
Minnesota	Arthur R. Rogers	Director of Northwestern National Bank.
North Dakota	George H. Hollister	Northern Trust Company.
Wisconsin	J. H. Puelicher	Marshall and Isley Bank.
Maine	Herbert J. Brown	President of Maine Savings Banks and the First National Bank of Maine.

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Chicago Daily Tribune (Illinois)
Commoner (Nebraska)
Daily Missoulian (Montana)
Daily State Journal (Virginia)
Day Book (Illinois)
Donaldsonville Chief (Louisiana)
Evening World (New York)
Guthrie Daily Leader (Oklahoma)
Hawaiian Star (Hawaii)
Herald (Louisiana)
Iron County Register (Missouri)
Jackson Herald (Missouri)
Labor World (Minnesota)
Los Angeles Herald (California)
Louisiana Populist (Louisiana)
Morning Call (California)
Mt. Sterling Advocate (Kentucky)
Natchitoches Populist (Louisiana)
New York Evening World (New York)
New York Daily Tribune (New York)
New York Times (New York)
New York Tribune Sunday Magazine (New York)
Omaha Daily Bee (Nebraska)
Pensacola Journal (Florida)
Perrysburg Journal (Ohio)
Ranch (Washington)
Rising Son (Missouri)
Roanoke Times (Virginia)
Salt Lake Tribune (Utah)
San Francisco Call (California)
Seattle Star (Washington)

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Sound Currency
Women's Home Companion

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