

Reviews and Notices

National and State Banks (A Study of Their Origins). By
LEONARD C. HELDERMAN. Boston, 1931 Pp. xi + 178.

Professor Helderman's study of origins of national and state banks was first submitted as a doctor's thesis at the University of Wisconsin. There it won the favor of the history faculty. Subsequently it was submitted in the Hart, Schaffner & Marx Prize Essays competition and there won the favor of a committee of distinguished economists. The volume is therefore unique in that it has been passed upon and approved by both historians and economists. Mr. Helderman's work might very well come within the purview of both groups for it covers a phase of American history which is of considerable economic importance. The treatment is frankly historical but it is all the more valuable for this very reason; the roots of our present financial structure are examined with care and in such a way as to throw light upon the trend of development of our financial institutions.

The scope of the work may be indicated by the words of the author for he points out that "Secretary Chase, in recommending the National Banking System, said that his proposal was not an 'untried theory', but that it was based on practical experience. This volume covers, in the main, the experience which Chase had in mind." Thus the author has made Chapter I cover the panic of 1837 in its international aspects, while Chapters II-V are devoted to the experience of selected states with banks and banking. Chapter VI considers the problem of immediate origins of the National Banking System during the Civil War period, Chapter VII is a summary of the origins of technical principles and Chapter VIII treats some of the later influence of early state experience.

In carrying on his research Professor Helderman has examined with care the primary sources from which his work is largely drawn. But he admits that he has not examined all primary sources for "several systems, notably those of Pennsylvania, Virginia, and Maryland, are omitted;" The volume does not purport to be a complete history of antebellum state banking nor is it intended as a manual for the

practical banker, though doubtless many bankers will find its contents of much practical value. But Professor Helderman appears to doubt the value of his work to economists for "The economist in reading an historical dissertation frequently feels that it is an antiquarian essay, bristling with formidable footnotes pointing toward and signifying nothing. Many historians would not only concede the point but applaud it. But many monographs, deadly as they are, must precede interpretation."

It is true that this volume is well documented and this will, in the opinion of most economists who study and teach economic history, add much to its value. Economists appear to be as fond of documentation as are historians, and Professor Helderman has performed a distinct service in re-examining the original sources with a minute care which will give scholars a feeling of confidence in his work. The writer cannot agree that many economists will consider this and similar monographs "deadly". There is a very considerable group of economists both teaching and investigating in the field of economic history which welcomes a contribution from historians. Indeed, it is the feeling of the writer that economists in general will regard Professor Helderman's work as a contribution.

This volume traces with care the origins of the distinctive features which found their way into our earliest banking institutions. The author has followed the main currents which account for our present banking organization from the earliest beginnings down to the establishment of the National Banking System. He makes it clear that our present system is composed of elements taken from a variety of sources. "Under the lash of economic distress (following the panic of 1837) two clear tendencies emerged: one, a reform movement; the other, a sharp anti-bank reaction." Out of the reform movement came the free banking system of New York and this, as perfected and imitated by other states, became the model of the National system. Both the reform movement and the anti-bank movement are traced in such a way as to show their contribution to the present banking system. But Professor Helderman does not attempt to appraise these contributions. Rather, he confines himself to the business of historical analysis. Thus one is left to determine for himself whether the impingement of democracy upon the Safety-Fund System with

the resulting Free Banking System is a good or bad thing from a social point of view. In any event it is evident that the great stirrings of democracy of the Jacksonian era gave our banking structure a twist from which it has not yet *recovered*, shall one say?

The politicians of various states found the free banking system a convenient device. (a) It could be made the basis of an appeal to the masses, who were only a little more ignorant of economic principles than they themselves, disguised as an attack upon monopoly and (b) it could be made the means of providing a market for state bonds the proceeds of which could be used for public works. At any rate examination of the source material which still survives in Virginia indicates that the introduction of free banking into Virginia, if not in other states, can partly be accounted for in this manner. Professor Helderman's work makes it quite clear that when democracy and sound economic policy come into contact, the latter is more than likely to be modified. The masses won the victory against monopoly—against banks created by special charters—but they delayed the establishment of an adequate banking system until 1913. On the other hand, a market for questionable state bonds was found and the "friends" of the people profited greatly through the so-called public works. Out of the mess there arose some excellent banking systems—in Indiana, Ohio, Louisiana and elsewhere from which certain features, permanently valuable, emerged. Thus it may be said that, in a sense, democracy muddled through.

If one were looking for a sub-title for this study "An analysis of the experience of a democratic society in its efforts to fathom the economics of banking and bank-note currency" might be suggested. The fruit of the effort to adapt democratic conceptions to banking practice is, according to Professor Helderman, the National Banking System. The latter, he holds, "will be seen to emerge from the experience covered". In this contention he is correct and his work makes it evident that the National Banking System was the main stream into which many small ones poured their contributions. These small streams have been examined with care and their relation to the final result is clearly established. Thus we have at present one national banking system and forty-eight state systems with independent unit banks as the main though not ex-

clusive characteristic. The power of concentrated wealth was diluted at least for a time; this was the result of the impingement of democratic forces upon economic forces. Thus we have the essential nature of the study.

It is evident that there can be no clear understanding of the present banking situation with its clash between forces making for the continuance of a democratic system and those which look to greater concentration of power without careful consideration of the work which Professor Helderman has done.

ELBERT A. KINCAID

The John Askin Papers, II. Edited by MILO M. QUAIFFE. The Detroit Commission, Detroit, 1931. Pp. 829, illustrated.

For many years Clarence M. Burton has devoted time and money to the accumulation of a mass of books, other printed records and manuscripts pertaining to the history of Detroit. When it was determined to take up the task of publishing the manuscripts in the extensive and valuable Burton Collection, the Directors of the Detroit Public Library decided to begin with the *John Askin Papers*. The first volume appeared in 1928, being also the first in a series known as the *Burton Historical Records*. A brief review of volume I appeared in this quarterly in June, 1928. Attention was then called to the durable quality of the handsome volume and to the fine craftsmanship and general excellence of its make-up. In this respect, the new volume, which completes the *Askin Papers*, duplicates the fine qualities of Volume I. The earlier volume includes documents falling within the years 1747-1795. The present volume presents those of Askin's later career, the period embracing the years 1796-1820.

The letters of Askin and his correspondents published in the two large volumes furnish a vast amount of original information relative to the history of Detroit. Indeed the great array of course matter presented places all students of the history of the Old Northwest and of the states formed from that area under deep obligations to Dr. QuaiFFE and the Detroit Public Library. While the letters vary much in content, throwing light on a multitude of things related to the period, they furnish extensive information in regard to the business activities