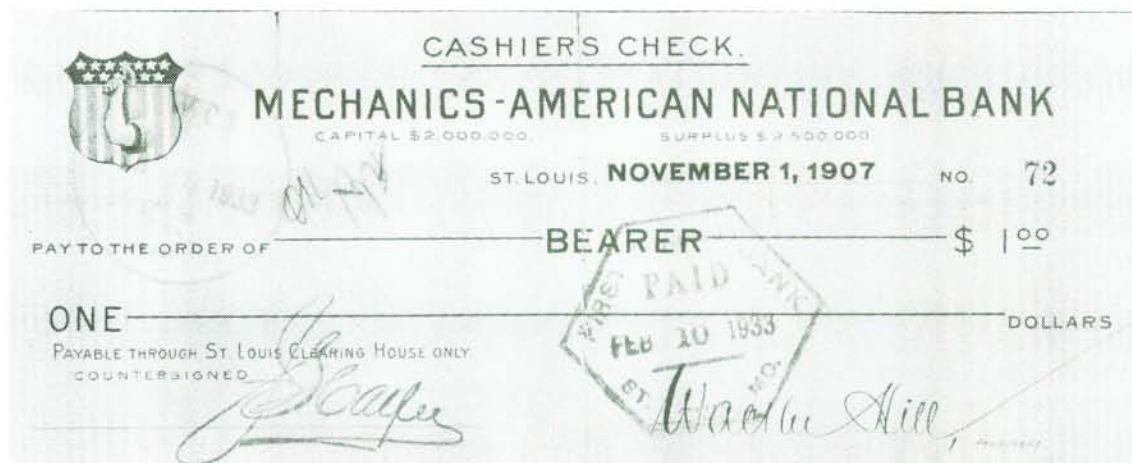# A Remembrance of Hard Times Past

by RONALD L. HORSTMAN

THE autumn of 1907 brought to this nation one of the most startling catastrophes ever to befall its banking system. Beginning on October 26, 1907 and lasting until January 4, 1908, nearly half of America's banks were forced to suspend cash payments and resort to other means of debt settlement. In order to continue daily operations, more than $250,000,000 of various forms of temporary currency were issued by banks and clearing houses.
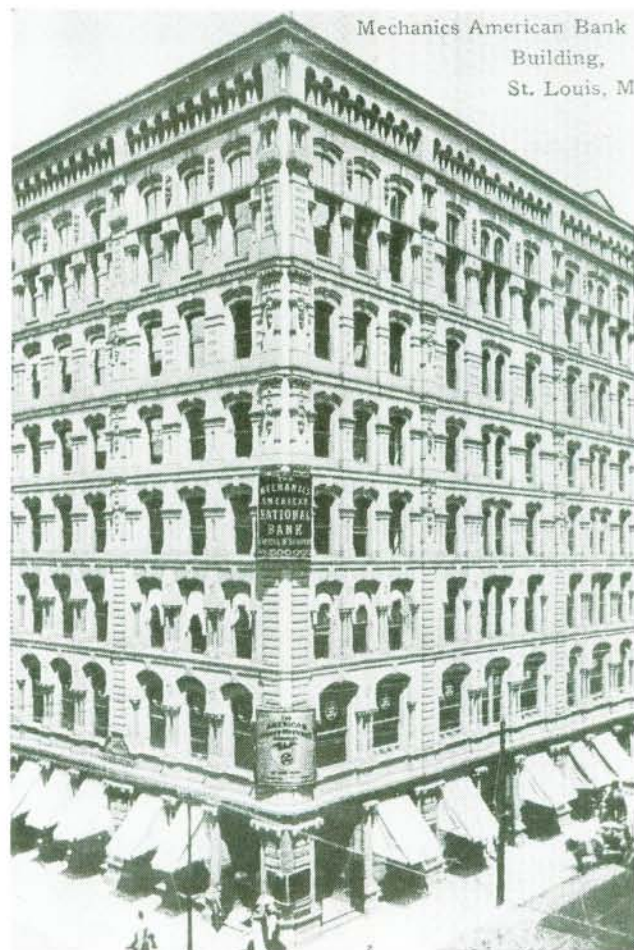
The inability of the banks to readily convert their fixed assets into cash and hoarding of currency by the public created this financial panic. The passage of the Federal Reserve Act of 1913 provided means to prevent a future recurrence of this type of incident by providing for an expandable currency responsive to public and business needs.

In the St. Louis area four national banks issued a combined total of $5,000,000 worth of cashiers checks. These checks were prepared in fixed denominations of $1, $5 and $10 and made out to various individuals or bearer and payable only through the St. Louis Clearing House. In spite of their obvious violation of the National Banking Act, these cashiers checks were circulated and accepted without government hindrance. After serving their purpose, most of the currency substitutes were retired by the spring of 1908.

The illustrated example was issued by the Mechanics American National Bank on November 1, 1907 and held until the great depression necessitated its redemption on February 10, 1933. By this date the issuing bank had merged with several others and was succeeded by the First National Bank in St. Louis, which honored this cashiers check. Only by an unusual chain of events has this specimen survived as a reminder of hard times past.

Headquarters of the Mechanics American National Bank.

REFERENCES

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Substitutes for Cash in the Panic of 1907, A. Piatt Andrew, 1908.