

# REPORT

## OF

### THE COMPTROLLER OF THE CURRENCY.

OFFICE OF THE COMPTROLLER OF THE CURRENCY,  
*Washington, November 7, 1870.*

SIR: In compliance with the provisions of section 61 of the national currency act, I have the honor to present, through you, to the Congress of the United States the following report:

Since my last annual report thirty-seven national banks have been organized, making the total number organized up to date, seventeen hundred and thirty-one. Of this number, five banks, to wit:

The First National Bank of Utah, at Salt Lake City ;  
The First National Bank of Leon, Iowa ;  
The First National Bank of Port Henry, New York ;  
The Howard National Bank of Burlington, Vermont ;  
The Baxter National Bank of Rutland, Vermont ;

were organized by the surrender of circulating notes for that purpose by existing national banks, and did not increase the aggregate of bank circulation.

Thirty-one banks have been organized under the act approved July 12, 1870, providing for the issue of fifty-four millions of additional national bank circulation.

#### THE NAMES OF THE NEW BANKS ARE AS FOLLOWS :

|  | Capital.  |
|--|-----------|
| The National Bank of Springfield, Missouri,.....           | \$100,000 |
| The National Bank of Maysville, Kentucky.....              | 300,000   |
| The Merchants and Planters' National Bank of Augusta, Ga.. | 100,000   |
| The People's National Bank of Norfolk, Virginia.....       | 100,000   |
| The Farmers' National Bank of Stanford, Kentucky.....      | 100,000   |
| The Monmouth National Bank, Illinois.....                  | 100,000   |
| The First National Bank of Gallatin, Tennessee.....        | 51,000    |
| The Second National Bank of Lebanon, Tennessee.....        | 50,000    |
| The Corn Exchange National Bank of Chicago, Illinois.....  | 250,000   |
| The First National Bank of Brodhead, Wisconsin.....        | 50,000    |
| The First National Bank of Shelbina, Missouri.....         | 100,000   |
| The Moniteau National Bank of California, Missouri.....    | 50,000    |
| The First National Bank of Columbia, Tennessee.....        | 100,000   |

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|  | Capital. |
|--|----------|
| The National Bank of Menasha, Wisconsin.....             | 50,000   |
| The Salem National Bank, Illinois.....                   | 50,000   |
| The Citizens' National Bank of Alexandria, Virginia..... | 125,000  |
| The First National Bank of Sterling, Illinois.....       | 100,000  |
| The First National Bank of Ottawa, Kansas.....           | 50,000   |
| The Jacksonville National Bank, Illinois.....            | 200,000  |
| The Fayette National Bank of Lexington, Kentucky.....    | 200,000  |
| The First National Bank of Watseka, Illinois.....        | \$50,000 |
| The First National Bank of Decatur, Michigan.....        | 75,000   |
| The First National Bank of Tuscola, Illinois.....        | 113,000  |
| The First National Bank of Chariton, Iowa.....           | 50,000   |
| The First National Bank of Schoolcraft, Michigan.....    | 50,000   |
| The Iowa National Bank of Ottumwa, Iowa.....             | 100,000  |
| The National Bank of Pulaski, Tennessee.....             | 100,000  |
| The First National Bank of Richmond, Kentucky.....       | 250,000  |
| The First National Bank of Evansville, Wisconsin.....    | 50,000   |
| The Muskegon National Bank, Michigan.....                | 100,000  |
| The First National Bank of Lapeer, Michigan.....         | 75,000   |

The aggregate capital of the banks named is \$3,239,000, giving an average to each bank of about \$104,500, and distributed among the several States as follows :

|                         | Capital.   |
|-------------------------|------------|
| Illinois, 7 banks.....  | \$863, 000 |
| Michigan, 4 banks.....  | 300, 000   |
| Wisconsin, 3 banks..... | 150, 000   |
| Iowa, 2 banks.....      | 150, 000   |
| Missouri, 3 banks.....  | 250, 000   |
| Kansas, 1 bank.....     | 50, 000    |
| Kentucky, 4 banks.....  | 850, 000   |
| Tennessee, 4 banks..... | 301, 000   |
| Virginia, 2 banks.....  | 225, 000   |
| Georgia, 1 bank.....    | 100, 000   |

There are on file applications for banks in addition to those enumerated—

|                                     | Estimated capital. |
|-------------------------------------|--------------------|
| From Alabama, 14 applications.....  | \$2, 000, 000      |
| From Arkansas, 7 applications.....  | 550, 000           |
| From Colorado, 2 applications.....  | 200, 000           |
| From Dakota, 1 application.....     | 100, 000           |
| From Florida, 4 applications.....   | 400, 000           |
| From Georgia, 7 applications.....   | 1, 500, 000        |
| From Illinois, 23 applications..... | 2, 500, 000        |
| From Iowa, 21 applications.....     | 1, 300, 000        |
| From Indiana, 13 applications.....  | 1, 600, 000        |

|   | Estimated<br>Capital. |
|---|-----------------------|
| From Kansas, 13 applications .....        | 900,000               |
| From Kentucky, 20 applications .....      | 3,000,000             |
| From Louisiana, 10 applications .....     | 2,500,000             |
| From Missouri, 17 applications .....      | 1,500,000             |
| From Mississippi, 2 applications .....    | 150,000               |
| From Minnesota, 7 applications .....      | 500,000               |
| From Michigan, 18 applications .....      | 1,500,000             |
| From Montana, 2 applications .....        | 150,000               |
| From North Carolina, 3 applications ..... | 500,000               |
| From Nebraska, 3 applications .....       | 150,000               |
| From Nevada, 1 application .....          | 300,000               |
| From New Mexico, 1 application .....      | 150,000               |
| From Ohio, 13 applications .....          | 1,200,000             |
| From South Carolina, 2 applications ..... | 350,000               |
| From Tennessee, 9 applications .....      | 1,000,000             |
| From Texas, 4 applications .....          | 400,000               |
| From Utah, 1 application .....            | 50,000                |
| From Virginia, 7 applications .....       | \$800,000             |
| From West Virginia, 5 applications .....  | 300,000               |
| From Wyoming, 1 application .....         | 50,000                |
| From Wisconsin, 19 applications .....     | 1,400,000             |

The number of these applications is two hundred and fifty, and the amount of capital required to supply them all would be \$27,000,000. Experience has shown, however, that a large number of applications are placed on file as *caveats*, to occupy the ground and to deter other parties from moving. Very many are speculative, and some, intended to be *bona fide*, fail, because, when brought to the test, the capital is wanting. Probably, if all these applications should be granted, not more than half of them would be carried through to a complete organization. The amount of capital in the Western and Southern States, not permanently invested or actively employed in business of various kinds, but immediately available for the purpose of organizing national banks, cannot be very large, and the impression that many millions of cash capital were awaiting the opportunity of investment in national banking institutions has not been fully sustained. The provision made by the late act is undoubtedly ample for the supply of those States which have less than their proportion, and would probably suffice to supply all reasonable demands even if not restricted in its distribution. The propriety of providing for the removal of such restrictions after the expiration of one year from the date of the passage of the act is respectfully suggested.

Under the provisions of sections 3, 4, and 5 of the act approved July 12, 1870, authorizing the establishment of national banks for the issue of circulating notes redeemable in specie, but one bank has yet been estab-

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lished, the Kidder National Gold Bank, of Boston, Massachusetts, with a capital of \$300,000. Information has been received that several other institutions of this character are in process of organization, or in contemplation, two or three of which are in California. It was not anticipated that specie-paying banks would be established to any considerable extent, at present, in those sections of the country where a paper currency, based upon the legal tender issues of the Government, already prevails; although it was, and is still, supposed that one or more gold banks might be established and successfully conducted in each of those cities on the Atlantic seaboard where a considerable foreign trade is carried on, and in which a certain amount of business is necessarily transacted upon a specie basis. If all the business of this kind that is carried on in the cities of Boston, New York, Philadelphia, and Baltimore could be concentrated in one or two banking institutions in each of those cities, its extent would undoubtedly warrant the employment of a very respectable amount for its exclusive accommodation.

Under the operation of the act of Congress approved July 14, 1870, "to require national banks going into liquidation to retire their circulating notes," twenty banks, which had been nominally in liquidation for various periods of time, have deposited in the treasury of the United States legal-tender notes for the redemption of their outstanding circulation, and taken up the bonds pledged as security therefor. The amount of such deposits since the date of my last report is \$2,401,910, and the amount of bonds, at their par value, thereby released is \$2,756,000. All banks in liquidation except those in process of consolidation with other banks have now retired their circulation.

Carefully prepared tables will be found in the appendix, as follows:

- 1st. Statement of amount and different kinds of bonds held to secure circulation.
- 2d. Banks in the hands of receivers.
- 3d. The number and amount of each denomination of bank notes issued, redeemed, and outstanding.
- 4th. The number of banks, amount of capital, bonds, and circulation in each State and Territory.
- 5th. National banks in liquidation which have deposited lawful money to redeem their circulation, and taken up their bonds.
- 6th. National banks in liquidation for the purpose of consolidating with other banks.
- 7th. List of expenditures for the fiscal year ending June 30, 1870.
- 8th. List of clerks employed.
- 9th. Reserve tables.

Since the organization of this Bureau to the 1st day of October, ultimo, circulating notes more or less worn and mutilated have been returned by the banks, to be destroyed by burning, to the amount of \$30,597,518. Of this sum, \$17,048,119, or more than one-half the total amount, were re-

turned during the last year. The rapidity with which the national bank notes are becoming unfit for circulation, and are being returned for destruction in order that they may be replaced by new notes, is constantly increasing, requiring a constantly increasing force of clerks to attend properly and promptly to the assorting, counting, registration and final burning of the notes.

In the effort to protect the public from the impositions of counterfeiters, which is being made by the proper authorities, it would be well to throw every possible difficulty in the way of the circulation of counterfeit notes. For this purpose it is recommended that every national bank be required through its officers to stamp the word "counterfeit" upon every false, forged, or counterfeit national bank note that may be recognized as such on presentation at the counter of the bank.

When the capital of a bank becomes seriously impaired by losses or otherwise, it would be desirable for the Comptroller of the Currency to be clothed with sufficient power to require the bank to be wound up, or to have its capital made good, within a reasonable time. As the law stands, he can only prohibit the bank from declaring any dividends so long as the capital of the bank remains impaired, but the resources of a bank may be crippled and its usefulness destroyed beyond hope of repair, and yet it may continue to live a sickly existence for years. In such cases, the bank should be required to make up the losses by an assessment on its stockholders, or to go into liquidation and be closed.

The operations of the national banks throughout the country during the last year have been characterized by prudence and exemption from disaster to an unusual extent. The profits have not been so large as in former years, owing to various causes, among which may be noted the decline in the premium on gold, a reduction in the amount of transactions in government bonds and consequent falling off in commissions, and the fact that, owing to the general shrinkage in values which has taken place, the banks generally have realized their losses, and have charged off the bulk of their bad debts. The result, however, may be regarded as, upon the whole, satisfactory. Very thorough and rigid investigation has been made by skilled accountants, commissioned as examiners, into the mode of doing business, character of the management, and the value and condition of the assets of the banks during the year, and it has been ascertained that the bills and notes discounted are, to a remarkable extent, based upon *bona fide* transactions, while the accommodation loans are uniformly safe and well secured. The reserves required by law to be held, to secure the payment of circulation and deposits, are, as a rule, kept on hand, and the general average of such reserves is ordinarily considerably above the amount required.

The limitation of loans to one-tenth of the paid in capital, a most wholesome restriction, is, in a large majority of the banks, carefully

observed, and the loans are almost uniformly well distributed. In very few instances are the directors allowed to monopolize to any considerable extent the facilities offered.

Complaint is made from time to time, and from various localities, that borrowers are compelled to pay more than the legal rate of interest for money, and doubtless the complaint is well founded. On this subject there is a practical suggestion or two that may be profitably considered. If the interest on the bonds deposited to secure circulation, and the use of the circulation and deposits, at the legal rate of interest, will not enable banks to pay taxes, expenses, and dividends equal to at least the current value of money where the bank is doing business, the legal rate will be transcended, or the bank will wind up. This may safely be taken for granted. An attempt to compel the institution to keep within the limits, under such adverse circumstances, will result in forcing it into liquidation. In nine cases out of ten where these complaints are made, the evil complained of is caused by the high rate of taxation imposed by State authority. Taxes enter into the cost of production, and are paid by the consumer; this is just as true of money as of any other commodity. Formerly, when the bank circulation was issued and the business of the country was transacted by institutions incorporated by State legislatures, valuable immunities in the way of exemption from taxation were granted, *in order that* the banks might be able to furnish money to borrowers at reasonable rates, and in most of the States the legal rate of interest was fixed with direct reference to the privileges granted. Capital invested in banks was practically exempted from taxation, in return for which immunity the banks were expected and required to lend money at certain specified rates of interest, while very frequently individuals were allowed by law to lend money by special contract, at much higher rates. The rates established for banks, under the conditions referred to, still continue, and are sought to be enforced, but the immunities which enabled them to observe these rates have been taken away. The privilege of issuing circulating notes is no more valuable as a franchise, under federal authority, than it always has been under State authority. The profits derived from it are commonly overestimated. A fair estimate of the average percentage of profit on circulation will not much exceed five per cent., and this is just about the average rate of taxation paid by national banks; so that the profits derived from the business of banking depend mainly upon the amount of deposits, which after all constitute the true basis of banking. Circulation—that is, money or its representative, is the creature of the Government, and is to be relied on as a source of profit only in the rudimentary stages of banking. The history of banking in the older and wealthier countries of the world furnishes abundant evidence as to the truth of this statement.

The reports of 81 joint stock banks of Great Britain\* of their opera-

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\* Economist, May 21, 1870.

tions during a part of the year 1869, illustrate the fact stated. Leaving out the Bank of England, which furnishes the great bulk of the circulation used in the United Kingdom, the banks reported employ an aggregate capital exceeding £42,000,000, and their net profits for six months of the year 1869 were somewhat in excess of £3,700,000, or at the rate of about nine per cent. per annum. Reports of 62 banks for the six months succeeding the period embraced in the foregoing statement,\* show a capital of over £30,000,000, with dividends averaging five and three-quarters per cent., and net profits not divided equal to one per cent.; together, making the net profits of the 62 banks, whose reports are published, at the rate of thirteen and a half per cent. per annum.

In the United States the accumulation of cash capital is comparatively small. As in all new countries, nearly the entire capital is required for the transaction of active business and for the development of the resources of the country. The amount of deposits, therefore, or money at rest, is small in comparison with the actual material wealth of the country; but it is continually on the increase, and by its aid the national banks are enabled to bring their earnings up to an average that has hitherto proved satisfactory to their stockholders. In view of all the facts, however, it seems desirable that the old relation between the rate of interest and the rate of taxation, established and observed by nearly all the States in which banks of issue were authorized, should not be entirely ignored with regard to national banks, and inasmuch as the power of the States over the national banks, in these two important particulars, is exercised only with the consent of the General Government, it would be a wise precaution for Congress to fix such limitations as would prevent unwise, unfriendly, or otherwise damaging legislation.

Allusion has been made in former reports to the custom of paying interest on deposits by national banks. The practice existed long before any national banks had an existence, and they only continue to do what their predecessors did before them, and what bankers everywhere consider themselves compelled to do.

The use of other people's money in the shape of deposits, without interest, or at a low rate of interest, has come to be considered a cardinal necessity of modern banking. There will always be those ready to accept its custody, assume all the risks, and pay interest for its use, for a margin of profit ranging from one to three per cent. It is not always the strongest or wealthiest bank or banker who is willing to pay the highest rate for this use of other people's money. Ordinarily, judging of banks as of individuals, the one most in need of money offers the greatest inducements to depositors. In theory the custom is dangerous; in practice it is not always safe, but, nevertheless, it is so

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\* Economist, Oct. 15, 1870.

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thoroughly entrenched in its position by long observance, that any sweeping enactment prohibiting the payment of interest on deposits by national banks would be evaded in some way, or the banks would lose their deposits. There are scores of banks and bankers, not subject to the control of Congress, who would rejoice over such a prohibition as over the discomfiture of an enemy; yet there is one point that should be guarded. The reserves of the whole country are held to a large extent in Boston, New York, Philadelphia, and other large cities. These reserves should be protected. They should be placed under such restrictions as would obviate all necessity for their use by the depository bank. If the institutions owning these reserves cannot afford to allow them to remain unemployed, so that they may be in reality what they are in name, relief should be afforded in some other way. It is of vital importance to the country that no portion of the percentage, which the law requires banks to hold as a reserve on circulation and deposits, should be loaned out, subject to the vicissitudes and fluctuations of men and property. There may be prosperous and easy times for years; but there may come a day when upon the ability of a single bank in New York City to pay the deposits of its country bank correspondents—their reserves—will depend the safety of the whole country. The banks of New York City have paid as interest on deposits, during the year ending with the 30th of September, the sum of \$2,546,639 10; the Boston banks, \$588,272 58; the Philadelphia banks, \$119,001 47; while the aggregate sum paid by all the banks that allow interest on deposits is \$6,486,172 66.\* These large sums indicate the wide prevalence of the practice under consideration, and the difficulty that would be experienced in any attempt to effect its entire abrogation. If by any means, however, the moneys held in the large cities, constituting the reserves of the country banks, can be exempt from the operation of this custom, the main point, and the one in which, above all others, the entire public is interested, will be gained.

The further consideration of this subject is submitted to the wisdom of Congress.

The necessity for some arrangement by which the notes of national banks may be assorted and returned to the several banks of issue for redemption is becoming more and more apparent, as the difficulty of dealing with the worn and mutilated notes now in circulation is experienced. The arguments contained in former reports, in favor of a general redeeming agency in the city of New York, will not be repeated or extended on the present occasion. The conviction is expressed,

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\* 1,064 banks pay interest on deposits and have reported the amount.

540 banks pay no interest on deposits.

6 banks pay interest, but cannot report the amount.

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1,610 total number in active operation when report was called for.



however, that if the banks were authorized to establish an institution of their own for that purpose, owned, controlled, and managed in their interest, they would find it greatly to their profit to do so.

Such an institution would also serve as the custodian of the reserves kept in New York, thereby exempting them from the risks incident to funds deposited in the ordinary way and drawing interest, and would perhaps obviate the necessity of specific legislation upon the subject of the payment of interest on deposits; while the benefit to the whole country, arising from a fiscal agency so truly national in its character, regulating the currency, the exchanges, and the banking interests of the country, beyond the control of any ring or clique—because managed by all for the benefit of all—would be of the most substantial and enduring kind.

Respectfully submitted.

HILAND R. HULBURD,  
*Comptroller of the Currency.*

Hon. GEO. S. BOUTWELL,  
*Secretary of the Treasury.*

# REPORT

## OF

### THE COMPTROLLER OF THE CURRENCY.

OFFICE OF THE COMPTROLLER OF THE CURRENCY,  
*Washington, November 10, 1871.*

SIR: In compliance with the provisions of section 61 of the National Currency Act, I have the honor to present through you to the Congress of the United States the following report for the year ending September 30, 1871:

Since my last annual report, one hundred and fifty-five National Banks have been organized, making the total number to October 1, eighteen hundred and eighty-six. Of this number, ten banks, to-wit:

The Central National Bank of Baltimore, Maryland;  
The First National Bank of Hightstown, New Jersey;  
The National Security Bank of Philadelphia, Pennsylvania;  
The Keeseville National Bank, New York;  
The Central National Bank of Hightstown, New Jersey;  
The East Chester National Bank of Mount Vernon, New York;  
The Merchant's National Bank of Newark, New Jersey;  
The National Bank of the Commonwealth of Boston, Massachusetts;  
The National Bank of Kutztown, Pennsylvania;  
The Littleton National Bank, New Hampshire,

with an aggregate capital of \$1,960,000, were organized by the surrender and transfer of circulating notes for that purpose by existing National Banks, and did not increase the aggregate of bank circulation.

One hundred and forty-five banks have been organized during the year under the act approved July 12, 1870, providing for the issue of fifty-four millions of additional national bank circulation.

The names of the banks are as follows, to-wit,

|   | Capital.    |
|---|-------------|
| The Second National Bank of Lawrence, Kansas .....              | \$100, 000  |
| The State National Bank of Springfield, Illinois .....          | 150, 000    |
| The German National Bank of Chicago, Illinois .....             | 250, 000    |
| The First National Bank of Palmyra, Missouri .....              | 100, 000    |
| The City National Bank of Selma, Alabama .....                  | 100, 000    |
| The Loudoun National Bank of Leesburgh, Virginia .....          | 50, 000     |
| The South Bend National Bank, Indiana .....                     | 100, 000    |
| The First National Bank of Lake City, Minnesota .....           | 50, 000     |
| The First National Gold Bank of San Francisco, California ..... | 1, 000, 000 |
| The Citizen's National Bank of Charlottesville, Virginia .....  | 100, 000    |
| The Merchants' National Bank of Burlington, Iowa .....          | 100, 000    |
| The Hastings National Bank, Michigan .....                      | 50, 000     |
| The City National Bank of Chattanooga, Tennessee .....          | 100, 000    |
| The Teutonia National Bank of New Orleans, Louisiana .....      | 200, 000    |
| The National Bank of Somerset, Kentucky .....                   | 60, 000     |

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|   | Capital. |
|---|----------|
| The First National Bank of Appleton, Wisconsin.....                           | \$50,000 |
| The First National Bank of Santa Fé, New Mexico .....                         | 150,000  |
| The First National Bank of Pleasant Hill, Missouri.....                       | 100,000  |
| The First National Bank of Holly, Michigan .....                              | 50,000   |
| The Merchant's National Bank of Richmond, Virginia .....                      | 200,000  |
| The First National Bank of Lanark, Illinois .....                             | 50,000   |
| The Fayetteville National Bank, North Carolina.....                           | 50,000   |
| The First National Bank of Sioux City, Iowa .....                             | 100,000  |
| The First National Bank of Charlotte, Michigan .....                          | 50,000   |
| The First National Bank of Franklin, Kentucky.....                            | 100,000  |
| The First National Bank of Niles, Michigan .....                              | 100,000  |
| The Washington National Bank, Iowa .....                                      | 50,000   |
| The First National Bank of Fort Scott, Kansas.....                            | 50,000   |
| The First National Bank of Mason, Michigan .....                              | 80,000   |
| The Central National Bank of Columbia, South Carolina...                      | 100,000  |
| The Citizen's National Bank of Raleigh, North Carolina....                    | 100,000  |
| The First National Bank of Springfield, Kentucky.....                         | 150,000  |
| The First National Bank of Saginaw, Michigan.....                             | 100,000  |
| The Commercial National Bank of Petersburg, Virginia....                      | 120,000  |
| The Boone County National Bank of Columbia, Missouri...                       | 100,000  |
| The First National Bank of Boscobel, Wisconsin .....                          | 50,000   |
| The First National Bank of Seneca, Illinois .....                             | 50,000   |
| The State National Bank of New Orleans, Louisiana.....                        | 500,000  |
| The Gallatin National Bank of Shawneetown, Illinois.....                      | 250,000  |
| The First National Bank of Osceola, Iowa .....                                | 50,000   |
| The National Bank of Jefferson, Texas .....                                   | 100,000  |
| The New Orleans National Bank, Louisiana .....                                | 200,000  |
| The Farmers and Merchants' National Bank of Vandalia,<br>Illinois .....       | 100,000  |
| The Citizens' National Bank of Flint, Michigan .....                          | 50,000   |
| The Merchants and Farmers' National Bank of Charlotte,<br>North Carolina..... | 150,000  |
| The Winona Deposit National Bank, Minnesota.....                              | 100,000  |
| The Lumbermen's National Bank of Stillwater, Minnesota..                      | 50,000   |
| The Bellefontaine National Bank, Ohio .....                                   | 100,000  |
| The First National Bank of Kewanee, Illinois .....                            | 75,000   |
| The First National Bank of Sigourney, Iowa .....                              | 50,000   |
| The Union National Bank of Oshkosh, Wisconsin.....                            | 100,000  |
| The Merchants' National Bank of Dayton, Ohio .....                            | 200,000  |
| The First National Bank of St. Clair, Michigan .....                          | 100,000  |
| The Madison National Bank of Richmond, Kentucky .....                         | 200,000  |
| The Farmers' National Bank of Bushnell, Illinois.....                         | 50,000   |
| The Union National Bank of Aurora, Illinois .....                             | 125,000  |
| The First National Bank of Kankakee, Illinois .....                           | 50,000   |
| The First National Bank of Saint Peter, Minnesota.....                        | 50,000   |
| The First National Bank of Charleston, West Virginia....                      | 78,000   |
| The Union National Bank of New Orleans, Louisiana .....                       | 600,000  |
| The First National Bank of Lincoln, Nebraska .....                            | 50,000   |
| The First National Bank of Albia, Iowa .....                                  | 50,000   |
| The First National Bank of Cheyenne, Wyoming Territory..                      | 100,000  |
| The Commercial National Bank of Dubuque, Iowa.....                            | 100,000  |
| The Manufacturers' National Bank of Racine, Wisconsin...                      | 100,000  |
| The First National Bank of Paris, Missouri .....                              | 100,000  |
| The National Bank of Chester, South Carolina .....                            | 50,000   |
| The Farmers' National Bank of Keithsburg, Illinois.....                       | 50,000   |

|  | Capital. |
|--|----------|
| The Exchange National Bank of Polo, Illinois.....          | \$60,000 |
| The First National Bank of Harrodsburgh, Kentucky.....     | 100,000  |
| The First National Bank of Lewistown, Illinois.....        | 50,000   |
| The First National Bank of Jefferson City, Missouri.....   | 75,000   |
| The First National Bank of Charles City, Iowa.....         | 50,000   |
| The First National Bank of Indianola, Iowa.....            | 50,000   |
| The First National Bank of Cassopolis, Michigan.....       | 50,000   |
| The First National Bank of Anamosa, Iowa.....              | 50,000   |
| The First National Bank of Montgomery, Alabama.....        | 100,000  |
| The First National Bank of Elkader, Iowa.....              | 50,000   |
| The Rockford National Bank, Illinois.....                  | 100,000  |
| The National Commercial Bank of Mobile, Alabama.....       | 208,000  |
| The National Bank of Commerce of Green Bay, Wisconsin.     | 100,000  |
| The Manufacturers' National Bank of Appleton, Wisconsin.   | 50,000   |
| The People's National Bank of Winchester, Illinois.....    | 75,000   |
| The Gainesville National Bank, Alabama.....                | 100,000  |
| The First National Bank of South Haven, Michigan.....      | 50,000   |
| The Farmers' National Bank of Salem, Virginia.....         | 50,000   |
| The New Orleans National Banking Association, Louisiana.   | 600,000  |
| The Union City National Bank, Michigan.....                | 50,000   |
| The First National Bank of Olathe, Kansas.....             | 50,000   |
| The First National Bank of Allegan, Michigan.....          | 50,000   |
| The First National Bank of St. Anthony, Minnesota.....     | 50,000   |
| The First National Bank of Nicholasville, Kentucky.....    | 65,000   |
| The Northern National Bank of Big Rapids, Michigan.....    | 75,000   |
| The First National Bank of Pueblo, Colorado Territory..... | 75,000   |
| The National Bank of Franklin, Tennessee.....              | 60,000   |
| The Commercial National Bank of Versailles, Kentucky....   | 100,000  |
| The First National Bank of Atlantic, Iowa.....             | 50,000   |
| The Livingston County National Bank of Pontiac, Illinois.. | 50,000   |
| The First National Bank of Baxter Springs, Kansas.....     | 50,000   |
| The First National Bank of La Grange, Missouri.....        | 50,000   |
| The First National Bank of Wyandott, Kansas.....           | 50,000   |
| The First National Bank of Greenville, Illinois..          | 100,000  |
| The Second National Bank of Winona, Minnesota.....         | 100,000  |
| The Bates County National Bank of Butler, Missouri.....    | 50,000   |
| The National Bank of Newberry, South Carolina.....         | 50,000   |
| The Cook County National Bank of Chicago, Illinois.....    | 300,000  |
| The First National Bank of Brownville, Nebraska.....       | 100,000  |
| The German National Bank of Covington, Kentucky.....       | 250,000  |
| The National Bank of Spartanburgh, South Carolina.....     | 60,000   |
| The First National Bank of Grand Haven, Michigan.....      | 100,000  |
| The First National Bank of Mason City, Illinois.....       | 50,000   |
| The Second National Bank of Charleston, Illinois.....      | 100,000  |
| The First National Bank of Marseilles, Illinois.....       | 50,000   |
| The First National Bank of Tuscaloosa, Alabama.....        | 50,000   |
| The First National Bank of Frankfort, Indiana.....         | 100,000  |
| The Nebraska City National Bank, Nebraska.....             | 100,000  |
| The First National Bank of Warrensburgh, Missouri.....     | 50,000   |
| The First National Bank of Port Huron, Michigan.....       | 100,000  |
| The Valley National Bank of St. Louis, Missouri.....       | 250,000  |
| The Covington City National Bank, Kentucky.....            | 300,000  |
| The National Exchange Bank of Augusta, Georgia.....        | 250,000  |
| The First National Bank of Newnan, Georgia.....            | 125,000  |
| The Mills County National Bank of Glenwood, Iowa.....      | 65,000   |

## VI REPORT OF THE COMPTROLLER OF THE CURRENCY.

|  | Capital |
|--|---------|
| The Citizens' National Bank of Faribault, Minnesota.....                 | 80,000  |
| The First National Bank of Paola, Kansas.....                            | 50,000  |
| The National Bank of Rolla, Missouri.....                                | 100,000 |
| The First National Bank of St. Joseph, Michigan.....                     | 50,000  |
| The National Bank of Illinois, at Chicago, Illinois.....                 | 500,000 |
| The First National Bank of Jefferson, at Charlestown, West Virginia..... | 50,000  |
| The Rush County National Bank of Rushville, Indiana.....                 | 100,000 |
| The First National Bank of Marengo, Illinois.....                        | 50,000  |
| The Knoxville National Bank, Iowa.....                                   | 100,000 |
| The Union National Bank of Macomb, Illinois.....                         | 60,000  |
| The First National Bank of Vincennes, Indiana.....                       | 100,000 |
| The First National Bank of Webster City, Iowa.....                       | 50,000  |
| The First National Bank of Paxton, Illinois.....                         | 50,000  |
| The First National Bank of Knobnoster, Missouri.....                     | 50,000  |
| The Meridian National Bank of Indianapolis, Indiana.....                 | 200,000 |
| The Citizens' National Bank of Peru, Indiana.....                        | 100,000 |
| The First National Bank of Tama City, Iowa.....                          | 50,000  |
| The Dixon National Bank, Illinois.....                                   | 100,000 |
| The Will County National Bank of Joliet, Illinois.....                   | 100,000 |
| The National Bank of Piedmont, West Virginia.....                        | 50,000  |
| The Wellsburgh National Bank, West Virginia.....                         | 100,000 |
| The Citizens' National Bank of Niles, Michigan.....                      | 50,000  |

The aggregate capital of the banks named is \$15,996,000, and is distributed among the several States as follows:

|                                 | Capital.  |
|---------------------------------|-----------|
| Alabama, 5 banks.....           | \$558,000 |
| Colorado, 1 bank.....           | 50,000    |
| California, (gold,) 1 bank..... | 1,000,000 |
| Georgia, 2 banks.....           | 375,000   |
| Illinois, 27 banks.....         | 2,995,000 |
| Iowa, 16 banks.....             | 1,015,000 |
| Indiana, 6 banks.....           | 700,000   |
| Kansas, 6 banks.....            | 350,000   |
| Kentucky, 9 banks.....          | 1,325,000 |
| Louisiana, 5 banks.....         | 2,100,000 |
| Missouri, 11 banks.....         | 1,025,000 |
| Minnesota, 7 banks.....         | 480,000   |
| Michigan, 17 banks.....         | 1,155,000 |
| Nebraska, 3 banks.....          | 250,000   |
| North Carolina, 3 banks.....    | 300,000   |
| New Mexico, 1 bank.....         | 150,000   |
| Ohio, 2 banks.....              | 300,000   |
| South Carolina, 4 banks.....    | 260,000   |
| Tennessee, 2 banks.....         | 160,000   |
| Texas, 1 bank.....              | 100,000   |
| Virginia, 5 banks.....          | 520,000   |
| West Virginia, 3 banks.....     | 278,000   |
| Wyoming Territory, 1 bank.....  | 100,000   |
| Wisconsin, 6 banks.....         | 450,000   |

The total amount of currency issued under the act of July 12, 1870, to October 1, 1871, is \$22,333,990, some \$20,000,000 of which has been furnished to new banks, and the remainder to existing banks which had

not received their full quota, or which had increased their capital to meet the growing demands of business.

The condition of the Southern States since the passage of the act has been such as to preclude the possibility of their taking any considerable portion of the circulation provided, and consequently the number of banks organized in the South is small. This fact made it possible, after the expiration of the year specified in section one of the act of July 12, 1870, to organize additional banks in the Western States, and accordingly nearly all of the really meritorious applications in those States were granted. I estimate that the Western and Northwestern States can be fully supplied and still leave from \$20,000,000 to \$25,000,000 for the Southern States when they are in condition to take it.

In New Orleans a disposition has been manifested to adopt the national banking system generally, and while but two new banks have been organized there, three of the old banks have reorganized as national banks, and it is understood that several others are contemplating a similar change. One obstacle in the way of such changes is the limitation fixed by the act to the amount of circulation that can be furnished to any one bank, to wit, \$500,000. Quite a number of the New Orleans State banks employ a very much larger capital, and could advantageously employ a much larger circulation. The propriety of removing this restriction in certain cases is respectfully suggested.

Since my last report but one bank has been established on a gold basis—the First National Gold Bank of San Francisco—with a capital of \$1,000,000. It is presumed that the success of this institution is not so flattering as to induce the organization of others of a similar character, though, in view of the obstacles and the opposition which it meets, it holds its own and is gradually winning its way into public confidence.

The tenacity with which the Pacific States adhere to a gold currency is quite notable. Whether it is equally praiseworthy, is another thing. It is not clear that those States derive any substantial benefit from the course they have pursued, and it is beginning to be manifest that the United States are not at all benefited by it. The substitution of a paper currency in California and the other gold-producing States for their present hard money would probably set free for the use of the Government and the whole country some thirty or forty millions of gold, and at the same time provide those communities with a more economical, active, and accommodating circulating medium.

I recommend that provision be made for the establishment of national banks in California and the other Pacific States upon a legal-tender basis, and that the law be so modified as to enable them to cope successfully with other banking institutions at present doing business in those States.

There is nothing especial to note in the history or management of the banks during the year. A few cases of dishonesty have occurred, but none of any magnitude. The examinations made under the provisions of section 54 of the currency act have been instrumental in developing irregular and dishonest practices in time to prevent loss to the bank in quite a number of cases, and there is no doubt of their efficacy in securing judicious management and general compliance with all the important requirements of the act.

Occasional complaint is made that national banks are in the habit of charging higher rates of interest than the laws of the several States authorize, but as the law itself provides a remedy or a penalty for usury, and places it at the disposal of the complainant, I have not felt called upon to take any official action on the subject. While nothing

## VIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

will justify a bank for violating any provision of law, I desire, nevertheless, to call the attention of Congress again to the very high rates of taxation that are imposed on national banks in most of the States. It is asserted by bank officers, and admitted to be true, that local taxation is so high in some of the States as to make it impossible to lend money at legal rates without loss to the bank. It is probably true that, in some instances, the object of the legislature in imposing these burdens is a hostile one, intended to drive national banks out of existence, while, in other cases, onerous taxes are imposed under the impression that the banks are making enormous profits, and can afford to divide them with the State. I am of opinion that the public good would justify some limitation to the power of the States to tax the shares of national banks.

The average tax paid to the United States is  $2\frac{1}{2}$  per cent. on the capital of the banks, and it seems to me that the equivalent of this tax ought to be sufficient for the States in which the banks are located.

I recommend that the Comptroller of the Currency be clothed with power to act in cases where the capital of a bank has been seriously impaired by losses or otherwise, either by requiring the capital to be made whole by assessment of the shareholders, or by requiring the bank to wind up its affairs within a reasonable time if its capital is not made good. Also to wind up the affairs of any bank which is not engaged in the transaction of a legitimate and reputable business, or which has obtained an organization through false or fraudulent representations.

I think it would have a tendency to check the circulation of counterfeit notes, if national banks were required to stamp all such notes, when presented at the counter of the bank, with the word "counterfeit," and I suggest the expediency of legislative provision for that purpose.

The circulation furnished to national banks has now been outstanding for an average period of about five years, and it is being returned in constantly increasing amounts for new notes. Since the organization of the Bureau to September 30, the total amount returned for destruction is \$54,546,345, of which \$23,948,827 were returned during the last year. The handling of these notes involves much care and labor, and requires an addition to the present available force of the office.

Carefully prepared tables will be found in the appendix, as follows:

1st. The number of banks, amount of capital, bonds, and circulation in each State and Territory.

2d. The number and amount of each denomination of bank-notes issued, redeemed, and outstanding.

3d. The number and amount of each denomination of gold bank-notes issued and outstanding.

4th. Statement of amount and different kinds of bonds held to secure circulation.

5th. Banks in the hands of receivers.

6th. National banks in liquidation which have deposited lawful money to redeem their circulation, and taken up their bonds.

7th. National banks in liquidation for the purpose of consolidating with other banks.

8th. Reserve tables.

9th. List of clerks employed during the fiscal year ending June 30, 1871.

10th. Expenditures for the fiscal year ending June 30, 1871.

## SPECIE PAYMENTS.

The time when, and the means by which, specie payments may be resumed have for some years been the subject of much anxious consideration and of earnest public discussion. The problem is one of general and pervading interest, closely connected with the public welfare, and, like all questions of public importance, has called forth a great variety of opinions. Writers who have made a study of this and kindred branches of political economy, with few exceptions, agree that when in time of suspension of specie payments there has been a very considerable increase of paper money, there must be a corresponding decrease before specie payments can be safely resumed.

Assuming the paper currency to be redundant, or in excess of the normal demands of trade, the excess must be retired in order to bring the currency up to a specie standard. This redundancy has been attributed to the currency of the United States by a majority of those who have written and spoken on the subject since the year 1864, and the remedy prescribed has been "contraction."

So prevalent was this view of the case at one time that, in 1866, Congress, in obedience to what was regarded as a sound and correct principle of political economy, provided by law for a gradual withdrawal and cancellation of United States notes to the extent of four millions a month; but, owing to the funding operations of the Treasury, this provision was not carried into effect until the latter part of the year 1867, when the process of contraction was commenced. Just at this time, also, commenced a stringency in the money market, which increased in severity as contraction went on. To the people the stringency seemed to be produced by the contraction, though it is now evident that other causes conspired to aid in producing the result. The hard times, however, were generally attributed to the depletion of the money markets by the actual withdrawal of ten millions of currency in six months, and its continued reduction at the rate of four millions per month thereafter.

This opinion had all the force of conviction in the public mind, and found its appropriate expression in an act of Congress, which became a law, in February, 1868, prohibiting any further reduction of the currency, and so the matter now stands. If there is a superabundance of currency, which must be retired before a specie basis can be reached, the first step toward specie payments must be the repeal of the act of February, 1868. If public sentiment will not permit or sanction such action by Congress, it will be because the people do not wish for resumption at the expense of contraction. If this is the only road to specie payments, it remains closed by the mandate of the people.

In direct antagonism to the demand for specie payments at all hazards, and without regard to consequences, is the doctrine of a currency permanently divorced from a specie basis. It is argued, and with some degree of plausibility, that the convertibility of paper money into coin on demand, has always been an unsound element of currency, because it has never been practicable when actually required. Under any system of currency of which credit forms a part, convertibility is but little more than a name, satisfactory enough as long as the times are easy and confidence prevails, but exceedingly dangerous and mischievous when the money market is deranged, and distrust has taken the place of confidence. The conversion of paper is seldom demanded in any considerable amounts until credit is wavering, and everything is looked



upon with suspicion. Then, the demand is not limited to the 25 or 30 per cent. which the banks may have in reserve. Loss of confidence, and the knowledge that provision for payment is only partial, are precursors of panics, suspensions, failures, and all the disasters incident to such a state of affairs. It is a maxim in military science that a line of fortifications is just as strong as the weakest place in it, and no stronger. So, in finance, a system is never safe that is vulnerable at any point, or under any circumstances. Panics are the weak places in all theories or systems of convertible currencies, of which credit forms a constituent element.

Absolute convertibility can be secured only by locking up the specie; and for each dollar under lock and key, issuing a paper promise to pay a dollar on demand. In this case the note is only the title to the thing, and there should not be more titles than there are things; in other words, there must not be more paper dollars than there are specie dollars. The convertibility hobby has been ridden to death. The uniform failure of all attempts to secure it should admonish bankers and financiers that there may be such a thing as progress and improvement even in banking and currency. The Bank of England may be regarded as furnishing the conditions most favorable to the convertibility theory, yet in every time of real need its charter has been disregarded, and the bank has been obliged to suspend. The history of the banks in the United States is but a series of suspensions, occurring as often as conversion was demanded.

Ultimate solvency is of far greater importance to the community than convertibility, and the liberal and judicious use of credit is of far more value in the commercial world than the instant command of gold and silver. Credit is the great element of modern progress. Notwithstanding the abuses to which it has been subjected, it has rejuvenated the world. The prosperity of the United States is, in great measure, due to this life-giving power. Currency based on actual deposits of coin would have given no opportunity for enterprise, no room for growth. Heterogeneous as the currency of this country has been, false and delusive as its promises have proved, yet the element of credit which has entered so largely into its composition has proved an inestimable benefit. Specie has not been at the bottom of this prosperity, for we have had but little of it, comparatively, and whenever the demand has been made for the redemption of currency, the banks have been obliged to suspend. We owe our welfare and progress to the liberal, and not always judicious, use of credit, more than to anything else. And particularly is this true of the last six or eight years. During that period we have had a currency based exclusively upon credit. It has held out no false promise; and, as a consequence, we have been exempt from all currency panics or disturbances.

Those who favor the views herein expressed, maintain and believe that our currency system, as at present established, is the best and safest we have ever had. They believe that the premium on gold may be gradually reduced in the next few years, as it has been in the past, until it shall become practicable to obtain coin for paper, in such reasonable amounts as may be required in trade *by exchange* at rates merely nominal. They make a distinction between "convertibility by redemption," which is the generally accepted idea, and convertibility by exchange, which is their idea. This, they affirm, would bring all the benefits of resumption, without any of its attendant dangers. The plan involves the recognition of bullion dealers, who shall be entitled to regular and legitimate commissions, premiums, or profits. The assent of the

public to this proposition relieves the banks and the Government from the necessity and the burden of furnishing coin for nothing. Trade would soon adapt itself to this basis, would calculate and allow these premiums or commissions, and would take out of our system a dangerous, unnecessary, and delusive element.

A theory which has found much favor in the last few years, is embodied in the proposition that "the currency should be maintained at its present volume until the industrial and commercial interests of the country shall recover from the effects of the war, and until the natural growth in population and wealth, the revival of enterprise, the increased facilities of trade, and the expansion of our borders, shall create a legitimate use for the whole amount of currency now outstanding." Just how long this will take has not been stated, and probably is not susceptible of demonstration; but the idea is a plausible one, and commends itself to popular favor, as affording an easy and gradual transition to specie payments without any of the inconveniences and hardships associated in the public mind with contraction.

The fundamental idea underlying this theory is that the conditions necessary to growth exist already. It presupposes that the country may prosper; that trade, industry, and enterprise may flourish; that labor may have a bountiful reward; that individuals and communities may grow rich and increase in wealth and substance, notwithstanding a superabundant, irredeemable, depreciated currency. If this assumption is correct, it is hardly necessary to look forward to the time when natural growth shall absorb the surplus currency, and specie payments shall come in the course of nature.

If the currency, in its present condition, is so far conducive to prosperity as to make it probable that, at no distant day, the country will actually need all the paper currency now in circulation, the inference would go far toward destroying the force of the usual arguments in favor of early resumption, as it would establish the fact that specie payments are not essential to the growth and prosperity of the country. If the assumption is not correct, the whole proposition fails; for without growth and increase in resources and trade, the currency would forever remain in excess.

Granting, however, that the business of the country is likely to attain such dimensions as to require the entire present volume of currency for its accommodation, there is another aspect of the case to be considered. When the point is reached at which the currency ceases to be redundant, the supposition is that it will rapidly appreciate to par with gold, and that gold will then resume its functions as currency. When this takes place, one of two things is likely to occur: There must be a very considerable inflation, in consequence of the addition of gold and silver to the currency, or there must be a reduction in the volume of paper money. In other words, if there shall not be inflation, there must be contraction; but it will be contraction as a consequence, not as a cause; contraction brought about by natural and self-acting causes, not by act of Congress, nor by the exercise of arbitrary power in any quarter. This would be a legitimate result, and, if it should take place, would not be liable to the same objections that are urged against contraction now.

But whether the coin shall be added to the paper, and so swell the volume of currency and produce inflation, or whether a proportion of the paper shall be retired, as the coin comes forth to take its place as a constituent part of the currency, the probabilities seem to be that, with

## XII REPORT OF THE COMPTROLLER OF THE CURRENCY.

a wise administration of the finances, paper and specie will gradually and surely, though perhaps slowly, approximate to an equality in value.

If it were possible, in considering the practicability of resumption, to distinguish between circulation and deposits, making the former payable in specie, while the latter should be payable in kind, much of the difficulty and danger attendant on a return to specie payments would be removed.

Although the legal obligation to pay coin or lawful money for deposits, in the absence of any stipulation on the subject, is not disputed, yet it is probable that the banks, by concerted action, would have no difficulty in arranging with their customers to receive for their deposits the same kind of money deposited. This understanding is quite general between the banks and their customers, outside of two or three of the large eastern cities. If the banks in those cities would agree to settle their balances, through their clearing houses, in current funds, much of the difficulty of making deposits likewise payable in current funds would be obviated. Ordinarily those very banks pay all deposits in miscellaneous funds, and the obligation to pay specie or lawful money only recurs to plague them when they are least able to meet the demand.

It would be practicable to place the currency on a specie basis long before it would be possible to place the entire demand liabilities of the banks on a similar footing. In New York, provision could easily be made for thirty-four millions of bank notes; but, according to established usage there, specie payments would involve provision for over \$200,000,000 deposits. It is this practice which renders the finances of the country so unsteady and unreliable, to wit, the false principles which underlie the financial management of the great centers of money and trade.

If New York cannot maintain specie payments according to her own standard, they cannot be maintained successfully elsewhere for any length of time under any circumstances, and hence it is a matter of vital importance to the country at large to scrutinize carefully, not only the grounds upon which this assumed obligation is based, but also the ability of the parties to carry it into practical effect. During the last five years there have been no apprehensions in any quarter of a currency panic. That element of disaster has happily been wanting in the disturbances which have characterized the money market from time to time; and yet it is an admitted fact that we have more than once been upon the verge of a panic which threatened the most disastrous consequences. There have been not less than three occasions during the last five years in which, if the New York banks had been paying specie, according to their interpretation of specie payments, they would have been obliged to suspend from inability to pay, not their circulating notes, but their deposits; and this at a time when specie payments, if they had prevailed throughout the country, could have been maintained at every other point, as far as the currency was concerned.

To the people the establishment of the currency on a sound and solvent basis is the one important thing. It makes but little difference to them whether depositors in the large cities are entitled to receive specie for deposits made in currency. This is not a vital point in public estimation, and it may safely be left to private contract, as many other equally important questions are. The inquiry recurs, then, conceding the desirability of resuming specie payments, must all efforts in that direction be retarded and imperiled by the undertaking of a few banks, few in number, but powerful by virtue of their central position, to place

deposits upon the same basis? If any substantial interest were sacrificed, or any valuable principle violated, by the abandonment of this dogma, there might be some reason for taking the risk; but if deposits could be made payable in kind, that is, in current funds, lawful money, or gold, as the case might be, the depositor could have no just ground of complaint, while one great obstacle to the resumption and maintenance of specie payments would be removed.

In the solution of these questions lies one of the most important problems of the day; but, in view of the various theories advanced, it seems probable that the true solution will come only with time.

The doctrine of contraction as a means to an end for the purpose of hastening a return to specie payments, has been condemned by the people. It has been tried and rejected, and may be considered as abandoned.

The proposition to wait until the business of the country shall expand to such an extent as to require the whole volume of paper money in circulation, involves no immediate action, meets the views of the public more fully than any other plan, and is probably safer than any scheme which requires legislative interference.

It is also very evident that the undertaking, heretofore considered, to place the entire currency debt of the country on a specie basis, by the payment of deposits in coin, would be an unwise and mischievous thing, a vain and futile attempt, which would lead to panics and failures in the future as in the past. If specie payments are to be resumed, let the effort be concentrated upon the currency, and leave deposits and all other currency debts to be adjusted by private contract. As the first step in this direction, the associated banks in all cities should be required to settle balances, through their clearing-houses, in current funds.

The discrediting of national-bank currency, which is the consequence of their present regulations in this respect, is unwise and injurious, and creates a distinction between bank currency and lawful money which is unnecessary and which ought not to exist.

It would be a wise measure to provide for the extension of the national banking system wherever capital and trade may invite, withdrawing, if it should seem desirable, United States notes, as fast as bank-notes are issued.

A well-managed national bank, with a *bona fide* paid-up capital, is not a dangerous institution in any community. A deliberate, legitimate investment of capital in banking by men who, in a majority of cases, have had the sagacity, the enterprise, and the prudence to make their own money, men who are usually the most reliable members of society, can hardly be considered unwise, certainly not injurious to the interests of the people in whose midst it is made.

A national bank affords a safe place for the deposit of all the little hoards and savings which otherwise would be unemployed. It aggregates these into a fund which becomes useful and powerful in stimulating trade and enterprise.

There is reason to believe that the national banks organized during the last year in places previously without banking facilities have had no little instrumentality in helping to bear the strain that comes with every autumn. They have paid out in their several localities the currency furnished to them, while they have called out and utilized for the public good large sums of money previously distributed among and held by the people in small amounts; and in this they have

## XIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

contributed to the annual supply of money required in the West, and which otherwise would have been drawn from the eastern cities.

I therefore do not hesitate to recommend that provision be made for the organization of national banks wherever they may be needed.

If, with each million of bank-notes issued, a million of legal-tenders is withdrawn, the time will come when the circulation to be redeemed will be so much larger in proportion than the funds for its redemption, that the latter must appreciate in value, while the enhanced cost of redemption will be a wholesome check upon bank issues.

If free banking is made practicable upon the basis suggested, any further increase or inflation of the currency will be rendered impossible, and every hundred thousand dollars of bank-notes so issued will have a tendency to accelerate the resumption of specie payments, while, at the same time, it will make the process gradual, and throw the responsibility and the burden upon the banks and the capital of the countrys where they legitimately belong. These are agencies which can tell with unerring certainty when and how to act, and the precise moment when it will be safe and wise to re-establish the business and finance, of the country on a specie basis.

Respectfully submitted.

HILAND R. HULBURD,  
*Comptroller of the Currency.*

HON. GEO. S. BOUTWELL,  
*Secretary of the Treasury.*

# REPORT

## OF THE

### COMPTROLLER OF THE CURRENCY.

TREASURY DEPARTMENT,  
OFFICE OF THE COMPTROLLER OF THE CURRENCY,  
*Washington, November 20, 1872.*

SIR: I have the honor to submit for the consideration of Congress the following report:

The national currency act provides that it shall be the duty of the Comptroller of the Currency to report annually to Congress a summary of the state and condition of all the national banks, exhibiting their resources and liabilities, as returned in different reports during the preceding year; that he shall suggest amendments to the act by which the system may be improved, and present such other information with reference to the affairs of the national banks as may, in his judgment, be useful. The act also provides that the circulation shall be apportioned to associations in the States and Territories upon the basis of population, resources, business, and bank capital, and that a new apportionment of circulation not issued shall be made as soon as practicable, based upon the census of 1870.

The national currency act became a law on the 25th of February, 1863, and nearly ten years have therefore elapsed since the organization of the system. During this period the agricultural products, the manufactures, and the internal commerce of the country have increased beyond any former precedent; and notwithstanding the enormous waste of a protracted war, the reduction of nearly two thousand millions of dollars in the valuation of property by the abolition of slavery, (more than compensated, it is true, by the conversion of slaves to freemen,) and the collection of five thousand millions of dollars of taxes\* imposed by the National and State Governments, the census returns of 1870 show an increase of population for the ten years previous of more than seven millions of persons, and an increase in the total wealth of the Union, of nearly fourteen thousand millions of dollars.

Since the organization of the national banking system, two thousand and sixty-one national banks have been organized; twenty-one of these have failed, and ninety-six gone into voluntary liquidation, by a vote of two-thirds of the shareholders, under section 42 of the act, leaving nineteen hundred and forty-four banks in existence on November 1, 1872.

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\*The amount of national taxation, from 1863 to 1872, inclusive, is shown by the official returns to be as follows: From customs, \$1,573,460,608; from internal revenue, \$1,740,184,621; direct taxes, \$12,699,598.

The taxation not national, for the year 1870, is stated in the census returns at \$281,180,312. Assuming that the taxation "not national" was the same amount annually for the decade, the total taxation collected would be \$6,138,147,947.

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The following table\* will exhibit the progress of the system from October, 1863, to October, 1872:

|                                  | October, 1863. | October, 1864. | October, 1865. | October, 1866. | October, 1867. |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| RESOURCES.                       |                |                |                |                |                |
|                                  | 66 banks.      | 508 banks.     | 1513 banks.    | 1644 banks.    | 1642 banks.    |
| Loans and discounts.....         | \$5,466,088    | \$93,238,657   | \$487,170,136  | \$603,247,503  | \$609,675,214  |
| United States bonds.....         | 5,662,600      | 108,064,496    | 427,731,300    | 426,657,350    | 418,963,050    |
| Due from banks and bankers..     | 2,025,597      | 34,017,116     | 107,372,212    | 119,734,408    | 103,618,336    |
| Bills of national banks.....     | 764,725        | 4,687,727      | 16,247,241     | 17,437,699     | 11,841,104     |
| Specie.....                      |                |                | 18,072,012     | 9,220,483      | 12,798,044     |
| Lawful money.....                | 1,416,607      | 44,801,497     | 189,988,496    | 205,770,611    | 157,439,099    |
| LIABILITIES.                     |                |                |                |                |                |
| Capital stock.....               | 7,188,393      | 86,782,802     | 393,157,206    | 415,278,969    | 420,073,415    |
| Surplus.....                     |                | 2,010,286      | 38,713,380     | 53,559,277     | 66,695,587     |
| National bank-notes outstanding  |                | 45,260,504     | 171,321,903    | 280,129,558    | 293,887,941    |
| Deposits.....                    | 8,497,681      | 192,166,536    | 549,081,254    | 597,960,993    | 568,212,337    |
| Due to banks and bankers.....    | 981,178        | 31,862,384     | 174,199,998    | 137,483,456    | 112,756,181    |
|                                  | October, 1868. | October, 1869. | October, 1870. | October, 1871. | October, 1872. |
| RESOURCES.                       |                |                |                |                |                |
|                                  | 1644 banks.    | 1617 banks.    | 1615 banks.    | 1767 banks.    | 1919 banks.    |
| Loans and discounts.....         | \$657,668,847  | \$682,883,106  | \$715,928,080  | \$831,552,210  | \$872,520,104  |
| United States bonds.....         | 414,664,800    | 384,088,050    | 378,562,750    | 410,316,950    | 409,668,700    |
| Due from banks and bankers..     | 110,127,370    | 100,853,544    | 109,426,971    | 143,176,640    | 128,180,542    |
| Bills of national banks.....     | 11,842,974     | 10,776,023     | 12,512,927     | 14,197,653     | 15,734,098     |
| Specie.....                      | 17,749,442     | 23,002,406     | 18,460,011     | 13,252,998     | 10,229,756     |
| Lawful money.....                | 156,047,905    | 129,564,295    | 122,669,577    | 134,489,735    | 118,971,104    |
| LIABILITIES.                     |                |                |                |                |                |
| Capital stock.....               | 420,634,511    | 426,399,151    | 430,399,301    | 458,255,696    | 479,629,144    |
| Surplus.....                     | 77,995,761     | 86,165,334     | 94,061,439     | 101,112,671    | 110,257,516    |
| *National bank-notes outstanding | 295,769,489    | 293,593,645    | 291,798,640    | 315,519,117    | 333,495,027    |
| Deposits.....                    | 603,084,550    | 523,029,491    | 512,765,708    | 626,774,021    | 625,708,307    |
| Due to banks and bankers.....    | 123,135,226    | 118,917,264    | 130,042,203    | 171,942,684    | 143,836,431    |

\* The tables of which these values are an abstract are found in full on pages 2-9 of the appendix to this report.

† During the years 1863 and 1864 the items of specie and other lawful money were not separated in the bank reports.

‡ The whole amount of circulation issued and unredeemed on November 1, 1872, including circulation of banks which have ceased to do business, was \$342,593,470.

## DISTRIBUTION OF THE CURRENCY.

The act of June 3, 1864, limited the issue of notes of circulation to three hundred millions of dollars. The act of March 3, 1865, provided that one-half of this amount shall be apportioned according to "the representative population," and the remainder among associations formed in the different States, District of Columbia, and Territories, "having due regard to the existing banking capital resources and business of each State, District, and Territory." The three hundred millions of circulation authorized were not, however, distributed in accordance with the act of March 3, 1865, already quoted. At the date of the passage of that act, only about ninety-nine millions of dollars had been issued, but contemporary with its passage, an amendment to the internal-revenue law (act of June 30, 1864) was passed, providing "that every national banking association, State bank, or State banking association, shall pay a tax of ten per centum on the amount of notes of any State bank, or State banking association, paid out by them after the 1st day of July, 1866." But a subsequent section also provided that State banks

already organized, applying for authority to become national banks before the 1st day of July following, should receive such authority in preference to new associations applying for the same. Under this provision the State associations, whose circulation had been taxed out of existence, generally applied for authority to re-organize as national banks, and the result was that the banks in the Eastern and Middle States obtained a large excess of the amount to which they were entitled in the apportionment.

To remedy this inequality, the act of July 12, 1870, was passed, providing for an additional issue of circulating notes, amounting to fifty-four millions of dollars, to be distributed among those States having less than their proportion, and requiring the cancellation monthly of three per cent. certificates,\* not less than the amount of circulation issued, and a new apportionment of the increased circulation as soon as practicable, based upon the census of 1870.

This additional circulation has been distributed to associations already organized, or in process of organization, in the following States and Territories:

| States and Territories.    | Circulation al-<br>ready issued. | Amount due to<br>banks organized. | Amount due to<br>banks in process<br>of organization. | Total circulation<br>issued and au-<br>thorized. |
|----------------------------|----------------------------------|-----------------------------------|---|--|
| District of Columbia ..... | \$544,500                        | 229,700                           | .....   | \$574,200  |
| Virginia .....             | 1,607,520                        | 90,000                            | .....   | 1,967,520  |
| West Virginia .....        | 443,790                          | 19,800                            | \$270,000   | 463,590  |
| North Carolina .....       | 1,019,500                        | 129,000                           | .....   | 1,208,500  |
| South Carolina .....       | 1,544,760                        | 450,300                           | .....   | 2,031,060  |
| Georgia .....              | 970,500                          | 18,000                            | 27,000  | 1,123,500  |
| Alabama .....              | 793,180                          | 131,100                           | 297,000   | 1,521,280  |
| Louisiana .....            | 2,584,000                        | 575,000                           | 180,000   | 3,339,000  |
| Texas .....                | 230,975                          | 90,000                            | 157,500   | 467,475  |
| Arkansas .....             | 27,500                           | 22,500                            | 45,000  | 95,000   |
| Kentucky .....             | 4,357,450                        | 284,500                           | 720,000   | 5,361,950  |
| Tennessee .....            | 1,620,950                        | 116,400                           | 180,000   | 1,917,350  |
| Missouri .....             | 2,065,250                        | 614,400                           | 135,000   | 2,814,650  |
| Ohio .....                 | 4,268,780                        | 860,000                           | 410,000   | 5,539,580  |
| Indiana .....              | 3,309,890                        | 234,000                           | 459,000   | 4,002,890  |
| Illinois .....             | 6,251,740                        | 1,493,800                         | 683,500   | 8,429,040  |
| Michigan .....             | 2,753,425                        | 949,350                           | 135,000   | 3,837,775  |
| Wisconsin .....            | 766,900                          | 38,650                            | 247,500   | 1,053,050  |
| Iowa .....                 | 2,146,550                        | 311,400                           | 405,000   | 2,862,950  |
| Minnesota .....            | 1,161,320                        | 284,000                           | 435,000   | 1,880,320  |
| Kansas .....               | 1,027,000                        | 63,000                            | 450,000   | 1,540,000  |
| Nebraska .....             | 558,500                          | .....                             | 45,000  | 603,500  |
| Oregon .....               | 136,500                          | .....                             | .....   | 136,500  |
| Colorado .....             | 223,000                          | .....                             | .....   | 223,000  |
| Utah .....                 | 179,990                          | 180,000                           | .....   | 359,990  |
| Idaho .....                | 26,500                           | .....                             | .....   | 26,500   |
| Montana .....              | 157,500                          | 18,000                            | .....   | 175,500  |
| Dakota .....               | .....                            | .....                             | 45,000  | 45,000   |
| Wyoming .....              | 27,000                           | .....                             | .....   | 27,000   |
| New Mexico .....           | 180,600                          | 90,000                            | .....   | 270,000  |
|                            | 40,993,470                       | 7,481,900                         | 5,462,100   | 53,917,470                                       |

The census of 1870 does not furnish the banking capital of the country or sufficient data upon which an estimate can be made of the business of each State or Territory. If the statistics of the agriculture, the manufactures, and the commerce of every State of the Union were at hand, it would be necessary to estimate the proportion to which each branch of

\*The amount of three per cent. certificates outstanding on July 1, 1870, was \$45,545,000.



## VIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

industry would be entitled. No satisfactory basis for this purpose can be obtained, and, after consultation with the Secretary of the Treasury, it was decided that the distribution of the circulation, one-half upon population and one-half upon the resources or wealth\* of the country, would comply with both the letter and the spirit of the act more nearly than any estimate not derived from official data.

\* The following table contains an estimate of the ratio of circulation to population and wealth in the United States in 1860 and 1870; and a similar estimate for Great Britain and France in 1868:

| UNITED STATES, 1860.                            |                     | UNITED STATES, 1870.                |                     |
|---|---------------------|-------------------------------------|---------------------|
| Population, (census of 1860).....               | 31, 443, 321        | Population, (census of 1870) .....  | 38, 558, 371        |
| Wealth, (census of 1860).....                   | \$16, 159, 616, 068 | Wealth, (census of 1870).....       | \$30, 068, 918, 507 |
| Specie, 1862.....                               | \$200, 000, 000     | Legal-tenders authorized.....       | \$356, 000, 000     |
| Bank circulation, 1862.....                     | 238, 671, 218       | National bank notes authorized...   | 354, 000, 000       |
|   | 438, 671, 218       | Fractional currency.....            | 40, 000, 000        |
|   |                     | Specie in circulation.....          | 40, 000, 000        |
|   |                     |                                     | 790, 000, 000       |
| Ratio of circulation to wealth....              | 2.71 per cent.      | Ratio of circulation to wealth....  | 2.62 per cent.      |
| Circulation <i>per capita</i> .....             | 13.95 ¢             | Circulation <i>per capita</i> ..... | 20.48 ¢             |
| UNITED KINGDOM--ENGLAND, SCOTLAND, AND IRELAND. |                     | FRANCE.                             |                     |
| Population, (estimated, 1868) .....             | 31, 000, 000        | Population (1868) .....             | 38, 000, 000        |
| Wealth (1868).....                              | \$40, 000, 000, 000 | Wealth (1865) .....                 | \$40, 000, 000, 000 |
| Specie (August, 1868).....                      | \$400, 000, 000     | Specie (October 1, 1868).....       | \$700, 000, 000     |
| <sup>2</sup> Bank-notes, 1868 .....             | 196, 000, 000       | Bank-notes, 1868 .....              | 252, 000, 000       |
|   | 596, 000, 000       |                                     | 952, 000, 000       |
| Ratio of circulation to wealth....              | 1.49 per cent.      | Ratio of circulation to wealth....  | 2.38 per cent.      |
| Circulation <i>per capita</i> .....             | 19.48 ¢             | Circulation <i>per capita</i> ..... | 25.05 ¢             |

<sup>1</sup> Leone Levi, in his volume "On Taxation," page 5, estimates the wealth of Great Britain, in 1858, at six thousand millions of pounds. Paul Boiteau, in his work, "The Wealth and Finances of France," estimates the wealth of France, in 1865, at two thousand milliards of francs, or, say, four thousand millions of dollars. The estimates of the wealth and circulation of Great Britain and of the population and circulation of France, in 1868, are obtained from H. of R. Ex. Doc. No. 16, Fortieth Congress, third session, pp. 92-3-6.

<sup>2</sup>*Bank circulation of Great Britain and Ireland, October 1872.*

|   |               |
|---|---------------|
| Bank of England, average for four weeks, ending October 30.....   | £26, 437, 664 |
| Private banks, average for four weeks, ending October 26 .....    | 2, 853, 723   |
| Joint stock banks, average for four weeks, ending October 26..... | 2, 500, 815   |
| Total.....  | 31, 792, 202  |
| Scotch banks, average for month of October .....                  | 5, 472, 734   |
| Irish banks, average for month of October .....                   | 7, 593, 784   |
| Total for United Kingdom.....                                     | £44, 858, 720 |

The circulation of the Bank of France for week ending October 31, was 2, 618, 663, 011 francs.

[*London Economist*, November 9, 1872, pp. 1372 and 1373.]

The following table will exhibit the amount of circulation outstanding and authorized to be issued to each State, and the amount to which each State is entitled upon the basis of population and wealth.

| States and Territories.            | Apportionment on population. | Apportionment on wealth. | Aggregate apportionment. | Outstanding and authorized circulation. |
|------------------------------------|------------------------------|--------------------------|--------------------------|---|
| Maine .....                        | \$2,877,818                  | \$2,053,200              | \$4,931,018              | \$7,612,792                             |
| New Hampshire .....                | 1,461,138                    | 1,486,800                | 2,947,938                | 4,550,875                               |
| Vermont .....                      | 1,517,376                    | 1,380,600                | 2,897,976                | 6,642,170                               |
| Massachusetts .....                | 6,689,889                    | 13,549,300               | 19,239,189               | 58,506,686                              |
| Rhode Island .....                 | 997,747                      | 1,752,300                | 2,750,047                | 13,379,900                              |
| Connecticut .....                  | 2,467,152                    | 4,566,600                | 7,033,752                | 17,955,858                              |
| New York .....                     | 20,118,813                   | 38,267,400               | 58,386,213               | 61,719,254                              |
| New Jersey .....                   | 4,139,382                    | 5,540,100                | 9,699,482                | 10,663,320                              |
| Pennsylvania .....                 | 16,167,317                   | 22,425,900               | 38,593,217               | 41,479,049                              |
| Delaware .....                     | 573,873                      | 566,400                  | 1,140,273                | 1,239,005                               |
| Maryland .....                     | 3,584,651                    | 3,787,800                | 7,372,451                | 9,233,097                               |
| District of Columbia .....         | 604,500                      | 743,400                  | 1,347,900                | 1,577,996                               |
| Virginia .....                     | 5,624,042                    | 2,407,200                | 8,031,242                | 3,908,946                               |
| West Virginia .....                | 2,029,041                    | 1,115,100                | 3,144,141                | 2,393,907                               |
| North Carolina .....               | 4,918,022                    | 1,339,900                | 6,457,922                | 1,733,420                               |
| South Carolina .....               | 3,239,045                    | 1,221,300                | 4,460,345                | 2,315,580                               |
| Georgia .....                      | 5,435,587                    | 1,573,300                | 7,010,887                | 2,282,301                               |
| Florida .....                      | 861,846                      | 265,500                  | 1,127,346                | 1,806,983                               |
| Alabama .....                      | 4,576,616                    | 1,185,900                | 5,762,516                | 8,876                                   |
| Mississippi .....                  | 3,800,529                    | 1,239,000                | 5,039,529                | 4,409,824                               |
| Louisiana .....                    | 3,336,863                    | 1,893,900                | 5,230,763                | 849,229                                 |
| Texas .....                        | 3,757,640                    | 938,100                  | 4,695,740                | 304,750                                 |
| Arkansas .....                     | 2,223,936                    | 920,400                  | 3,144,336                | 7,574,333                               |
| Kentucky .....                     | 6,064,027                    | 3,557,700                | 9,621,727                | 3,094,851                               |
| Tennessee .....                    | 5,777,118                    | 2,938,200                | 8,715,318                | 24,063,947                              |
| Ohio .....                         | 12,234,726                   | 13,151,100               | 25,385,826               | 14,988,369                              |
| Indiana .....                      | 7,714,871                    | 7,469,400                | 15,184,271               | 18,175,352                              |
| Illinois .....                     | 11,659,230                   | 12,496,200               | 24,155,430               | 7,582,943                               |
| Michigan .....                     | 5,435,357                    | 4,230,300                | 9,665,657                | 3,283,793                               |
| Wisconsin .....                    | 4,841,403                    | 4,141,800                | 8,983,203                | 5,798,367                               |
| Iowa .....                         | 5,481,081                    | 4,230,300                | 9,711,381                | 3,407,470                               |
| Minnesota .....                    | 2,018,445                    | 1,345,200                | 3,363,645                | 6,835,926                               |
| Missouri .....                     | 7,901,509                    | 7,557,900                | 15,459,409               | 1,879,700                               |
| Kansas .....                       | 1,672,754                    | 1,115,100                | 2,787,854                | 796,400                                 |
| Nebraska .....                     | 564,592                      | 407,100                  | 971,692                  | 34,363                                  |
| Nevada .....                       | 195,052                      | 177,000                  | 372,052                  | 225,000                                 |
| Oregon .....                       | 417,377                      | 300,900                  | 718,277                  | 6,324,183                               |
| California .....                   | 2,571,783                    | 3,752,400                | 6,324,183                | 475,500                                 |
| Colorado .....                     | 182,993                      | 123,900                  | 306,893                  | 433,339                                 |
| Utah .....                         | 398,396                      | 88,500                   | 486,896                  | 81,000                                  |
| Idaho .....                        | 68,852                       | 35,400                   | 104,252                  | 210,500                                 |
| Montana .....                      | 94,540                       | 88,500                   | 183,040                  | 27,500                                  |
| Wyoming .....                      | 41,855                       | 35,400                   | 77,255                   | 45,000                                  |
| New Mexico .....                   | 421,742                      | 194,700                  | 616,442                  |   |
| Arizona .....                      | 44,334                       | 17,700                   | 62,034                   |   |
| Dakota .....                       | 65,096                       | 35,400                   | 100,496                  |   |
| Washington Territory .....         | 109,964                      | 88,500                   | 198,464                  |   |
| Fractional redemptions added ..... |                              |                          |                          | \$                                      |
|                                    | 177,000,000                  | 177,000,000              | 354,000,000              | 353,917,470                             |

The final distribution of the fifty-four millions will still leave a deficiency of forty millions in different States of the Union, which will require to be filled before the proportion among the several States will be equalized upon the basis of wealth and population. This deficiency arises from the fact that while fifty-four millions of new circulation were authorized, there was, at the time of the passage of the act, a deficiency existing of ninety-four millions of dollars.

Section 6 of the act of July 12, 1870, provides that, after the whole fifty-four millions of circulation shall have been distributed, twenty-five

millions additional shall be withdrawn from banking associations organized in States having an excess, and distributed among States having less than their proportion, first, by reducing, in such States, the circulation of all banks having more than one million of dollars, to that amount; and, secondly, by withdrawing from other banks having a circulation exceeding \$300,000 their circulation *pro rata* in excess of that amount. Under this act it will be the duty of the Comptroller, as soon as the amount of circulation authorized shall have been issued, to make requisition upon the banks indicated as prescribed. The twenty-five millions of circulation would be withdrawn from the following cities and States: From four banks in the city of New York, \$5,018,000; from thirty-six banks in the city of Boston, \$11,403,000; from fifty-three country banks of Massachusetts, \$2,894,000; from fifteen banks in Connecticut, \$2,997,000; from sixteen banks in the city of Providence, \$2,688,000. This would reduce the circulation of all the banks of Massachusetts, of Rhode Island, and of Connecticut to \$300,000, without reference to the business of each. If the banks do not respond to these requisitions—and, as their notes are scattered throughout the whole country, it will be impracticable for them to do so—the Comptroller is required at the end of one year to sell a sufficient amount of bonds and redeem their notes as they come into the Treasury, until the whole amount required shall have been returned. The notes will not come to the Treasury for redemption unless first assorted by the brokers and resold by them to new national banks about to be organized. This will encourage the objectionable practice of authorizing new national banks with circulation upon the condition that currency shall be purchased of brokers in the market at from four to six per cent. premium—a practice which should not be encouraged or authorized by law. The Comptroller therefore recommends the repeal of this section, and the authorization of the issue of five millions of dollars of additional circulation annually for the next five years, to be distributed among the States which are deficient.

This, with the fifty-four millions of circulation recently authorized, will probably furnish all the additional currency required during the next five years for the establishment of new national banks in the States which are deficient, and virtually inaugurate a free banking system.

The Comptroller also recommends that the law be so amended that national banks may be organized in accordance with its provisions, without circulation, upon the deposit of ten thousand dollars of United States bonds with the Treasurer, instead of the deposit of one-third of the capital paid up, as now required.

Three national gold-banks have been organized in California, under the act of July 12, 1870, with an aggregate capital of \$3,300,000, and circulation \$1,480,000, based upon United States bonds at the rate of 80 cents on the dollar. This currency is redeemable in coin, is more convenient than the coin itself in the transaction of business, and circulates freely at par upon the Pacific coast. Other applications have been received for the organization of similar institutions, and it is probable that this kind of circulation will be considerably increased during the coming year.

The following table will exhibit the number of banks organized, the number closed and closing, and the number in operation, with their capital, amount of bonds on deposit, and circulation, in each State and Territory, on the 1st day of November, 1872:

## REPORT OF THE COMPTROLLER OF THE CURRENCY.

XI

| States and Territories.   | Banks organized. | Closed and closing. | In operation. | Capital paid in. | Banks on deposit. | Circulation issued. | In actual circulation. |
|---------------------------|------------------|---------------------|---------------|------------------|-------------------|---------------------|------------------------|
| Maine.....                | 63               | 2                   | 61            | \$9,325,000 00   | \$8,499,250 00    | \$9,201,296 00      | \$7,612,792 25         |
| New Hampshire.....        | 43               | 1                   | 42            | 5,148,370 60     | 5,113,600 00      | 5,442,555 00        | 4,550,875 00           |
| Vermont.....              | 42               | 1                   | 41            | 8,010,012 50     | 7,413,500 00      | 7,930,900 00        | 6,642,170 00           |
| Massachusetts.....        | 214              | 3                   | 211           | 89,147,000 00    | 66,305,750 00     | 75,731,725 00       | 58,506,686 50          |
| Rhode Island.....         | 62               | 62                  | 62            | 20,464,800 00    | 14,972,400 00     | 16,545,930 00       | 13,379,900 00          |
| Connecticut.....          | 83               | 3                   | 80            | 25,291,820 00    | 20,256,800 00     | 22,440,240 00       | 17,955,858 50          |
| New York.....             | 320              | 31                  | 286           | 111,104,141 00   | 69,945,050 00     | 90,831,645 00       | 61,719,254 50          |
| New Jersey.....           | 61               | 1                   | 60            | 13,340,350 00    | 12,060,650 00     | 13,035,175 00       | 10,663,320 00          |
| Pennsylvania.....         | 212              | 10                  | 202           | 52,960,240 00    | 46,890,250 00     | 51,969,540 00       | 41,479,049 50          |
| Delaware.....             | 11               | 11                  | 11            | 1,528,185 00     | 1,453,200 00      | 1,612,345 00        | 1,299,005 00           |
| Maryland.....             | 34               | 1                   | 33            | 13,640,202 50    | 10,391,250 00     | 11,738,070 00       | 9,233,097 25           |
| District of Columbia..... | 8                | 3                   | 5             | 1,752,000 00     | 1,701,000 00      | 2,082,500 00        | 1,548,296 00           |
| Virginia.....             | 25               | 4                   | 24            | 3,835,000 00     | 3,876,000 00      | 4,669,450 00        | 3,548,946 75           |
| West Virginia.....        | 19               | 2                   | 17            | 2,596,000 00     | 2,552,750 00      | 2,928,000 00        | 2,374,107 00           |
| North Carolina.....       | 10               | 10                  | 10            | 1,952,500 00     | 1,740,100 00      | 1,605,500 00        | 1,544,420 00           |
| South Carolina.....       | 10               | 10                  | 10            | 3,036,000 00     | 2,083,000 00      | 1,846,180 00        | 1,829,280 00           |
| Georgia.....              | 13               | 2                   | 11            | 2,620,000 00     | 2,356,400 00      | 2,340,050 00        | 2,129,301 75           |
| Alabama.....              | 10               | 1                   | 9             | 1,296,000 00     | 1,133,000 00      | 1,225,400 00        | 1,078,883 25           |
| Mississippi.....          | 2                | 2                   | 2             | 66,000 00        | 66,000 00         | 66,000 00           | 8,876 25               |
| Louisiana.....            | 9                | 1                   | 8             | 4,850,000 00     | 4,074,000 00      | 4,014,320 00        | 3,654,824 50           |
| Texas.....                | 5                | 5                   | 5             | 725,000 00       | 725,000 00        | 792,270 00          | 601,720 00             |
| Arkansas.....             | 3                | 1                   | 2             | 205,000 00       | 180,000 00        | 281,750 00          | 237,250 00             |
| Kentucky.....             | 34               | 1                   | 33            | 7,676,000 00     | 7,127,150 00      | 7,260,020 00        | 6,569,833 00           |
| Tennessee.....            | 94               | 1                   | 23            | 3,246,300 00     | 3,133,650 00      | 3,152,450 00        | 2,798,451 25           |
| Ohio.....                 | 176              | 10                  | 166           | 27,312,645 00    | 25,262,850 00     | 28,462,970 00       | 22,793,347 60          |
| Indiana.....              | 91               | 3                   | 88            | 16,662,900 00    | 15,926,300 00     | 17,148,995 00       | 14,295,369 25          |
| Illinois.....             | 139              | 4                   | 135           | 19,843,371 97    | 17,702,500 00     | 18,782,405 00       | 15,998,052 70          |
| Michigan.....             | 76               | 3                   | 73            | 8,848,800 00     | 7,386,550 00      | 7,602,780 00        | 6,498,593 00           |
| Wisconsin.....            | 48               | 6                   | 42            | 3,300,000 00     | 3,221,050 00      | 3,886,310 00        | 2,997,643 60           |
| Iowa.....                 | 81               | 8                   | 73            | 5,752,000 00     | 5,568,000 00      | 6,347,825 00        | 5,081,967 40           |
| Minnesota.....            | 31               | 2                   | 29            | 3,162,600 00     | 3,008,150 00      | 3,147,190 00        | 2,668,470 00           |
| Missouri.....             | 41               | 4                   | 37            | 9,475,300 00     | 6,724,350 00      | 7,372,350 00        | 6,086,526 00           |
| Kansas.....               | 24               | 24                  | 24            | 1,625,000 00     | 1,590,000 00      | 1,596,400 00        | 1,366,700 00           |
| Nebraska.....             | 10               | 1                   | 9             | 850,000 00       | 850,000 00        | 796,800 00          | 751,400 00             |
| Nevada.....               | 1                | 1                   | 1             | 146,200 00       | 146,200 00        | 146,200 00          | 34,363 50              |
| Oregon.....               | 1                | 1                   | 1             | 250,000 00       | 250,000 00        | 231,500 00          | 225,000 00             |
| Colorado.....             | 6                | 6                   | 6             | 575,000 00       | 530,000 00        | 519,140 00          | 475,500 00             |
| Utah.....                 | 4                | 1                   | 3             | 350,000 00       | 350,000 00        | 356,610 00          | 253,339 00             |
| Idaho.....                | 1                | 1                   | 1             | 100,000 00       | 100,000 00        | 99,200 00           | 81,000 00              |
| Montana.....              | 4                | 4                   | 4             | 300,000 00       | 236,000 00        | 197,800 00          | 192,500 00             |
| Wyoming.....              | 1                | 1                   | 1             | 75,000 00        | 30,000 00         | 27,500 00           | 27,500 00              |
| New Mexico.....           | 2                | 2                   | 2             | 300,000 00       | 200,000 00        | 185,500 00          | 180,000 00             |
| Total.....                | 2,057            | 117                 | 1,940         | 482,432,538 57   | 382,968,900 00    | 434,460,786 00      | 340,993,470 30         |
| GOLD-BANKS.               |                  |                     |               |                  |                   |                     |                        |
| Massachusetts.....        | 1                | 1                   | 1             | 200,000 00       | 150,000 00        | 120,000 00          | 120,000 00             |
| California.....           | 3                | 3                   | 3             | 2,800,000 00     | 1,850,000 00      | 1,481,100 00        | 1,480,000 00           |
| Total.....                | 4                | 4                   | 4             | 3,100,000 00     | 2,000,000 00      | 1,601,100 00        | 1,600,000 00           |

The following comparative tables will exhibit the amount of circulation issued under State laws, previous to the establishment of the national banking system, and the amount authorized by Congress; the ratio of bank circulation issued in 1862 and now issued, to capital and to deposits; the per capita of circulation in 1862; and the per capita of circulation authorized by Congress:

## XII REPORT OF THE COMPTROLLER OF THE CURRENCY.

COMPARATIVE TABLE NO. 1.—*Exhibiting, by States, the \*bank circulation, the per capita, the ratio of circulation to wealth, to capital, and to deposits, previous to the organization (in 1862) of the national banking system.*

|   | Bank circulation,<br>1862. | Population,<br>1860. | Circulation per<br>capita. | Wealth, 1860.  | Ratio of circulation<br>to wealth. | Ratio of circulation<br>to capital. | Ratio of circulation<br>to deposits. |
|---|----------------------------|----------------------|----------------------------|----------------|------------------------------------|-------------------------------------|--------------------------------------|
| Maine .....                                       | \$6,488,478                | 628,279              | \$10 33                    | \$190,211,600  | <i>Pr. ct.</i> 3.4                 | <i>Pr. ct.</i> 81.3                 | <i>Pr. ct.</i> 198                   |
| New Hampshire .....                               | 4,192,034                  | 328,073              | 12 86                      | 156,310,860    | 2.6                                | 85.3                                | 243                                  |
| Vermont .....                                     | 5,621,851                  | 315,098              | 17 84                      | 122,477,170    | 4.6                                | 143.7                               | 607                                  |
| Massachusetts .....                               | 28,957,630                 | 1,231,066            | 23 52                      | 815,237,433    | 3.5                                | 42.8                                | 65                                   |
| Rhode Island .....                                | 6,413,404                  | 174,620              | 36 73                      | 135,337,588    | 4.7                                | 30.7                                | 119                                  |
| Connecticut .....                                 | 13,842,758                 | 460,147              | 30 08                      | 444,274,114    | 3.1                                | 63.5                                | 156                                  |
| Total Eastern States .....                        | 65,516,155                 | 3,135,283            | 20 90                      | 1,863,848,765  | 3.5                                | 51.7                                | 98                                   |
| New York .....                                    | 39,122,819                 | 3,880,735            | 10 10                      | 1,843,338,517  | 2.1                                | 36.0                                | 19                                   |
| New Jersey .....                                  | 8,172,398                  | 672,035              | 12 16                      | 467,918,324    | 1.7                                | 99.8                                | 85                                   |
| Pennsylvania .....                                | 27,689,504                 | 2,906,215            | 9 53                       | 1,416,501,818  | 1.9                                | 106.8                               | 64                                   |
| Delaware .....                                    | 678,340                    | 112,216              | 6 04                       | 46,242,181     | 1.5                                | 176.2                               | 133                                  |
| Maryland .....                                    | 6,649,030                  | 687,049              | 9 68                       | 376,919,944    | 1.8                                | 54.9                                | 48                                   |
| Total Middle States .....                         | 82,372,091                 | 8,258,250            | 9 97                       | 4,150,920,784  | 2.0                                | 53.1                                | 31                                   |
| District of Columbia .....                        |                            | 75,080               |                            | 41,084,945     |                                    |                                     |                                      |
| Virginia .....                                    | 19,817,148                 | 1,596,318            | 12 41                      | 793,249,681    | 2.5                                | 120.2                               | 277                                  |
| West Virginia .....                               |                            |                      |                            |                |                                    |                                     |                                      |
| North Carolina .....                              | 5,218,598                  | 992,622              | 5 26                       | 358,739,399    | 1.4                                | 66.3                                | 256                                  |
| South Carolina .....                              | 6,089,036                  | 703,708              | 8 65                       | 548,138,754    | 1.1                                | 40.7                                | 183                                  |
| Georgia .....                                     | 8,311,728                  | 1,057,286            | 7 86                       | 645,895,237    | 1.3                                | 50.2                                | 216                                  |
| Florida .....                                     | 116,250                    | 140,424              | 8 3                        | 73,101,500     | .1                                 | 27.3                                | 107                                  |
| Alabama .....                                     | 5,055,222                  | 964,201              | 5 24                       | 495,237,078    | 1.0                                | 101.5                               | 147                                  |
| Mississippi .....                                 |                            | 791,305              |                            | 607,324,911    |                                    |                                     |                                      |
| Louisiana .....                                   | 8,876,519                  | 708,002              | 12 54                      | 602,118,568    | 1.5                                | 51.0                                | 153                                  |
| Texas .....                                       |                            | 604,215              |                            | 365,200,614    |                                    |                                     |                                      |
| Arkansas .....                                    |                            | 435,450              |                            | 219,256,473    |                                    |                                     |                                      |
| Kentucky .....                                    | 9,035,724                  | 1,155,684            | 7 82                       | 666,043,112    | 1.3                                | 65.5                                | 118                                  |
| Tennessee .....                                   | 4,540,906                  | 1,109,801            | 4 09                       | 493,903,892    | .9                                 | 127.4                               | 403                                  |
| Missouri .....                                    | 4,037,277                  | 1,182,012            | 3 42                       | 501,214,398    | .8                                 | 35.9                                | 117                                  |
| Total Southern and South-<br>western States ..... | 71,098,408                 | 11,516,108           | 6 17                       | 6,410,508,562  | 1.1                                | 66.3                                | 187                                  |
| Ohio .....  | 9,057,837                  | 2,339,511            | 3 87                       | 1,193,898,422  | .7                                 | 159.6                               | 77                                   |
| Indiana .....                                     | 6,782,890                  | 1,350,428            | 5 02                       | 528,835,371    | 1.3                                | 150.9                               | 225                                  |
| Illinois .....                                    | 619,286                    | 1,711,951            | 36                         | 871,860,282    | .1                                 | 31.4                                | 155                                  |
| Michigan .....                                    | 131,087                    | 749,113              | 17                         | 257,163,983    | .0                                 |                                     | 9                                    |
| Wisconsin .....                                   | 1,643,900                  | 775,881              | 2 12                       | 273,671,668    | .6                                 | 53.8                                | 49                                   |
| Iowa .....  | 1,249,000                  | 674,913              | 1 85                       | 247,338,265    | .5                                 | 156.5                               | 97                                   |
| Minnesota .....                                   | 198,494                    | 172,023              | 1 15                       | 52,294,413     | .4                                 | 62.4                                | 213                                  |
| Kansas .....                                      | 2,770                      | 107,206              | 03                         | 31,327,895     | .0                                 | 5.3                                 | 46                                   |
| Nebraska .....                                    |                            | 88,841               |                            | 9,131,056      |                                    |                                     |                                      |
| Total Western States .....                        | 19,684,564                 | 7,909,867            | 2 49                       | 3,465,521,355  | .6                                 | 125.4                               | 93                                   |
| Nevada .....                                      |                            | 6,857                |                            |                |                                    |                                     |                                      |
| Oregon .....                                      |                            | 52,465               |                            | 28,930,637     |                                    |                                     |                                      |
| California .....                                  |                            | 379,994              |                            | 207,874,613    |                                    |                                     |                                      |
| Colorado .....                                    |                            | 34,277               |                            |                |                                    |                                     |                                      |
| Utah .....  |                            | 40,273               |                            | 5,596,118      |                                    |                                     |                                      |
| Idaho .....                                       |                            |                      |                            |                |                                    |                                     |                                      |
| Montana .....                                     |                            |                      |                            |                |                                    |                                     |                                      |
| Wyoming .....                                     |                            |                      |                            |                |                                    |                                     |                                      |
| New Mexico .....                                  |                            | 93,516               |                            | 20,813,768     |                                    |                                     |                                      |
| Arizona .....                                     |                            |                      |                            |                |                                    |                                     |                                      |
| Dakota .....                                      |                            | 4,837                |                            |                |                                    |                                     |                                      |
| Washington Territory .....                        |                            | 11,594               |                            | 5,601,466      |                                    |                                     |                                      |
| Total Pacific States and Ter-<br>ritories .....   |                            | 623,813              |                            | 268,816,602    |                                    |                                     |                                      |
| Grand total of States and<br>Territories .....    | 232,671,218                | 31,443,321           | 7 59                       | 16,159,616,068 | 1.5                                | 58.9                                | 61                                   |

\* The circulation of the State banks in the year 1862 has been obtained from page 210 of the report of the Secretary of the Treasury on the condition of the banks at the commencement of the year 1863. The returns from Delaware, Maryland, Louisiana, Tennessee, and Kentucky were not complete. The aggregate amount of State bank circulation reported at that time was much greater than at any previous period.

## REPORT OF THE COMPTROLLER OF THE CURRENCY.

XIII

COMPARATIVE TABLE No. 2.—*Exhibiting, by States, the amount of authorized circulation, (aggregate, \$354,000,000,) together with the population and wealth in 1870, the authorized circulation per capita, the ratio of authorized circulation to wealth, and the ratio of circulation issued (aggregate \$340,993,470) to capital and to deposits.*

|   | Outstanding and authorized circulation. | Population, 1870. | Authorized circulation per capita. | Wealth, 1870.  | Ratio of authorized circulation to wealth. | Ratio of circulation outstanding. |                |
|---|---|-------------------|------------------------------------|----------------|--|-----------------------------------|----------------|
|   |   |                   |                                    |                | <i>Pr. et.</i>                             | To capital.                       | To deposits.   |
|   |   |                   |                                    |                |  | <i>Pr. et.</i>                    | <i>Pr. et.</i> |
| Maine .....                                   | \$7,612,792                             | 626,915           | \$12 14                            | \$348,153,674  | 2.2  | 83                                | 139            |
| New Hampshire .....                           | 4,350,875                               | 318,300           | 14 30                              | 252,624,112    | 1.8  | 88                                | 167            |
| Vermont .....                                 | 6,642,170                               | 330,551           | 20 09                              | 235,349,553    | 2.8  | 83                                | 190            |
| Massachusetts .....                           | 58,506,686                              | 1,457,351         | 40 15                              | 2,132,148,741  | 2.7  | 61                                | 89             |
| Rhode Island .....                            | 13,379,900                              | 217,353           | 61 56                              | 296,965,646    | 4.5  | 65                                | 192            |
| Connecticut .....                             | 17,953,858                              | 537,454           | 33 41                              | 774,631,524    | 2.3  | 71                                | 125            |
| Total Eastern States .....                    | 108,648,281                             | 3,487,924         | 31 15                              | 4,039,875,247  | 2.7  | 69                                | 110            |
| New York .....                                | 61,719,254                              | 4,382,759         | 14 08                              | 6,500,841,264  | .9   | 56                                | 25             |
| New Jersey .....                              | 10,663,320                              | 906,096           | 11 77                              | 940,976,064    | 1.1  | 80                                | 61             |
| Pennsylvania .....                            | 41,479,049                              | 3,521,951         | 11 78                              | 3,808,340,112  | 1.1  | 78                                | 51             |
| Delaware .....                                | 1,299,005                               | 125,015           | 10 39                              | 97,180,833     | 1.3  | 85                                | 75             |
| Maryland .....                                | 9,233,097                               | 780,894           | 11 82                              | 643,748,976    | 1.4  | 68                                | 61             |
| Total Middle States .....                     | 124,393,725                             | 9,716,715         | 12 80                              | 11,991,087,249 | 1.0  | 65                                | 35             |
| District of Columbia .....                    | 1,577,996                               | 131,700           | 11 98                              | 126,873,618    | 1.2  | 88                                | 54             |
| Virginia .....                                | 3,908,946                               | 1,225,163         | 3 19                               | 409,588,133    | 1.0  | 93                                | 55             |
| West Virginia .....                           | 2,393,907                               | 442,014           | 5 41                               | 190,651,491    | 1.3  | 91                                | 89             |
| North Carolina .....                          | 1,733,420                               | 1,071,361         | 1 62                               | 260,757,244    | .7   | 79                                | 63             |
| South Carolina .....                          | 2,315,580                               | 705,606           | 3 28                               | 208,146,989    | 1.1  | 60                                | 108            |
| Georgia .....                                 | 2,282,301                               | 1,184,109         | 1 93                               | 268,169,207    | .9   | 81                                | 110            |
| Florida .....                                 | 1,806,983                               | 187,748           | 1 81                               | 44,163,655     | .9   | 83                                | 108            |
| Alabama .....                                 | 8,876                                   | 996,992           | 01                                 | 201,855,841    | .0   | 83                                | 108            |
| Mississippi .....                             | 4,409,824                               | 827,922           | 6 07                               | 209,197,345    | 1.4  | 75                                | 57             |
| Louisiana .....                               | 849,920                                 | 726,915           | 1 04                               | 323,125,666    | .5   | 83                                | 74             |
| Texas .....                                   | 304,750                                 | 818,579           | 63                                 | 159,052,542    | .2   | 116                               | 206            |
| Arkansas .....                                | 7,574,333                               | 484,471           | 5 73                               | 156,394,691    | 1.3  | 86                                | 206            |
| Kentucky .....                                | 3,094,851                               | 1,321,011         | 2 46                               | 604,318,552    | .6   | 86                                | 71             |
| Tennessee .....                               | 6,835,926                               | 1,258,520         | 3 97                               | 498,237,724    | .5   | 86                                | 96             |
| Missouri .....                                | 1,721,205                               | 1,721,205         | 1 284,922,897                      |                |  |                                   |                |
| Total Southern and South-western States ..... | 39,096,913                              | 13,103,406        | 2 98                               | 4,945,455,595  | .8   | 79                                | 85             |
| Ohio .....                                    | 24,063,947                              | 2,665,260         | 9 03                               | 2,235,430,300  | 1.1  | 83                                | 76             |
| Indiana .....                                 | 14,988,369                              | 1,680,637         | 8 92                               | 1,268,180,543  | 1.2  | 86                                | 113            |
| Illinois .....                                | 18,175,352                              | 2,539,891         | 7 16                               | 2,121,680,579  | .9   | 81                                | 49             |
| Michigan .....                                | 7,562,943                               | 1,184,059         | 6 40                               | 719,208,118    | 1.1  | 73                                | 58             |
| Wisconsin .....                               | 3,283,793                               | 1,054,670         | 3 11                               | 702,307,329    | .5   | 91                                | 47             |
| Iowa .....                                    | 5,798,367                               | 1,194,020         | 4 86                               | 717,644,750    | .8   | 88                                | 65             |
| Minnesota .....                               | 3,407,470                               | 439,706           | 7 75                               | 228,909,590    | 1.5  | 85                                | 54             |
| Kansas .....                                  | 1,879,700                               | 364,399           | 5 16                               | 188,892,011    | 1.0  | 84                                | 56             |
| Nebraska .....                                | 796,400                                 | 122,993           | 6 48                               | 69,277,483     | 1.1  | 88                                | 35             |
| Total Western States .....                    | 79,976,341                              | 11,245,635        | 7 11                               | 8,251,530,706  | 1.0  | 83                                | 66             |
| Nevada .....                                  | 34,363                                  | 42,491            | 81                                 | 31,134,012     | .1   |                                   |                |
| Oregon .....                                  | 225,000                                 | 90,923            | 2 47                               | 51,558,932     | .4   | 90                                | 40             |
| California .....                              | 560,247                                 | 560,247           |                                    | 638,767,017    |  |                                   |                |
| Colorado .....                                | 475,500                                 | 39,864            | 11 93                              | 20,243,303     | 2.3  | 83                                | 24             |
| Utah .....                                    | 433,339                                 | 86,786            | 4 99                               | 16,159,995     | 2.7  | 70                                | 52             |
| Idaho .....                                   | 81,000                                  | 14,999            | 5 40                               | 6,552,681      | 1.2  | 81                                | 85             |
| Montana .....                                 | 210,500                                 | 20,595            | 10 22                              | 15,184,522     | 1.4  | 64                                | 43             |
| Wyoming .....                                 | 27,500                                  | 9,118             | 3 02                               | 7,016,748      | .4   | 36                                | 34             |
| New Mexico .....                              | 270,000                                 | 91,874            | 2 94                               | 31,349,793     | .9   | 60                                | 198            |
| Arizona .....                                 | 45,000                                  | 9,658             |                                    | 3,440,791      |  |                                   |                |
| Dakota .....                                  |   | 14,181            |                                    | 5,999,752      |  |                                   |                |
| Washington Territory .....                    |   | 23,955            |                                    | 13,562,164     |  |                                   |                |
| Total Pacific States and Territories .....    | 1,802,202                               | 1,004,691         | 1 75                               | 840,969,710    | .2   | 75                                | 212            |
| Fractional redemptions added .....            | 8                                       |                   |                                    |                |  |                                   |                |
| Grand total of States and Territories .....   | 353,917,470                             | 38,558,371        | 9 18                               | 30,068,918,507 | 1.2  | 71                                | 56             |

## XIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

## TAXATION, EARNINGS, AND DIVIDENDS.

The national banks pay the following taxes to the Treasurer of the United States: One per cent. annually on circulation outstanding; one-half of one per cent. annually upon deposits; and one-half of one per cent. annually on capital not invested in United States bonds. These taxes are payable semi-annually. The amount of taxes collected by the Treasurer from January 1, 1864, to January 1, 1872, was as follows:

|                      |                      |
|----------------------|----------------------|
| On circulation ..... | \$19,177,734 54      |
| On deposits .....    | 18,611,945 72        |
| On capital .....     | 2,453,025 17         |
| <b>Total.....</b>    | <b>40,242,705 43</b> |

The national banks, prior to May 1, 1871, also paid to the Commissioner of Internal Revenue a license or special tax of \$2 on each \$1,000 of capital, and an income-tax on net earnings to December 1, 1871. The special or license tax from May 1, 1864, to May 1, 1871, amounted to \$5,322,688.43; the income-tax from March 1, 1869, to September 1, 1871, amounted to \$5,539,289.17. The following table will exhibit the amount of taxes collected from these sources during the years 1870-'71:

| Duty on circulation, deposits, and capital. |                      | License-tax on capital. |                     | Taxation of earnings. |                     | Total taxation.      |
|---|----------------------|-------------------------|---------------------|-----------------------|---------------------|----------------------|
| Year ended—                                 | Amount.              | Year ending—            | Amount.             | Year ending—          | Amount.             |                      |
| Dec. 31, 1870                               | \$6,017,460 34       | April 30, 1870          | \$866,238 54        | Aug. 31, 1870         | \$2,696,035 27      | \$9,579,734 15       |
| Dec. 31, 1871                               | 6,503,812 11         | April 30, 1871          | 884,016 49          | Aug. 31, 1871         | 1,371,105 31        | 8,760,933 91         |
| <b>Totals ..</b>                            | <b>12,523,272 45</b> |                         | <b>1,750,255 03</b> |                       | <b>4,067,140 58</b> | <b>18,340,668 06</b> |

The Comptroller, in his report for the year 1867, made careful statements of the taxes on national banks for the year 1866, from which it appears that the banks, during that year, paid over sixteen millions of United States and State taxes, as follows:

|                                      |             |
|--------------------------------------|-------------|
| To the United States Government..... | \$8,069,938 |
| To the States.....                   | 7,949,451   |

The amount of taxes paid to the several States was derived from specific returns of about fourteen hundred banks, the minimum rate in each State being calculated for those banks which made no returns. A similar statement for the year ending December 31, 1867, exhibits the following results:

|  |                |
|--|----------------|
| Amount of taxes paid to the United States.....     | \$9,525,607 31 |
| Amount of taxes paid to the State authorities..... | 8,813,126 92   |

Aggregate taxes paid..... 18,338,734 23

Or  $4\frac{1}{2}$  per cent. upon a capital of \$422,804,666.

The aggregate State tax was believed to be considerably below the actual amount paid. Assuming the amount of State taxes paid by the national banks to be the same as that paid to the United States Government, (which is a moderate estimate,) we shall have the total taxes paid by the national banks during these four years:

|           |                 |
|-----------|-----------------|
| 1866..... | \$16,019,389 00 |
| 1867..... | 18,338,734 23   |
| 1870..... | 19,159,468 30   |
| 1871..... | 17,529,867 82   |

The act of March 3, 1869, required specific returns to be made of the dividends and net earnings of the national banks after the declaration of each dividend. From these returns the following table has been prepared, exhibiting the aggregate capital and surplus; total dividends and total earnings of the national banks, with the ratio of dividends to capital; dividends to capital and surplus; and earnings to capital and surplus, for each half-year, commencing March 1, 1869, and ended September 1, 1872.

| Period of six months ending— | Number of banks | Capital       | Average surplus. | Total dividends. | Total net earnings. | Ratios.               |                                   |                                  |
|------------------------------|-----------------|---------------|------------------|------------------|---------------------|-----------------------|-----------------------------------|----------------------------------|
|                              |                 |               |                  |                  |                     | Dividends to capital. | Dividends to capital and surplus. | Earnings to capital and surplus. |
|                              |                 |               |                  |                  |                     | <i>Per. ct.</i>       | <i>Per. ct.</i>                   | <i>Per. ct.</i>                  |
| Aug. 31, 1869.               | 1,481           | \$401,650,802 | \$82,165,848     | \$21,767,831     | \$29,221,184        | 5.42                  | 4.50                              | 6.04                             |
| Feb. 28, 1870.               | 1,571           | 416,366,991   | 86,118,210       | 21,479,095       | 28,996,934          | 5.16                  | 4.27                              | 5.77                             |
| Aug. 31, 1870.               | 1,601           | 425,317,104   | 91,630,620       | 21,080,341       | 26,813,885          | 4.96                  | 4.08                              | 5.19                             |
| Feb. 28, 1871.               | 1,605           | 428,699,165   | 94,672,401       | 22,205,150       | 27,243,162          | 5.18                  | 4.24                              | 5.21                             |
| Aug. 31, 1871.               | 1,693           | 445,999,264   | 98,286,591       | 22,125,279       | 27,315,311          | 4.96                  | 4.07                              | 5.02                             |
| Feb. 28, 1872.               | 1,750           | 450,693,706   | 99,431,243       | 22,859,826       | 27,502,539          | 5.07                  | 4.16                              | 5.                               |
| Aug. 31, 1872.               | 1,852           | 465,676,023   | 105,181,942      | 23,827,289       | 30,572,891          | 5.12                  | 4.17                              | 5.36                             |

The following table will exhibit, in a concise form, the ratios of dividends to capital; dividends to capital and surplus; and earnings to capital and surplus, of the national banks in every State of the Union, and in the redemption cities, semi-annually, from March 1, 1869, to September 1, 1872:



## XVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

Table exhibiting by States and redemption cities the ratios of dividends to capital and

| States, Territories, and cities. |                            | Ratios of dividends to capital for six months ending— |                |                |                |                |                |                |
|----------------------------------|----------------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|
|                                  |                            | Aug. 31, 1869.  | Feb. 28, 1870. | Aug. 31, 1870. | Feb. 28, 1871. | Aug. 31, 1871. | Feb. 28, 1872. | Aug. 31, 1872. |
|                                  |                            | <i>Per ct.</i>  | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> |
| 1                                | Maine .....                | 5.19  | 5.14           | 5.23           | 5.18           | 5.13           | 5.07           | 5.23           |
| 2                                | New Hampshire .....        | 4.88  | 4.96           | 4.82           | 4.82           | 4.68           | 4.80           | 4.64           |
| 3                                | Vermont .....              | 4.87  | 4.99           | 5.28           | 4.66           | 4.76           | 4.84           | 4.64           |
| 4                                | Massachusetts .....        | 5.41  | 5.30           | 4.99           | 5.42           | 5.29           | 5.45           | 5.40           |
| 5                                | Boston .....               | 5.49  | 4.95           | 4.92           | 4.94           | 4.81           | 4.73           | 4.55           |
| 6                                | Rhode Island .....         | 4.44  | 4.51           | 4.45           | 4.43           | 4.31           | 4.39           | 4.39           |
| 7                                | Connecticut .....          | 4.99  | 5.33           | 5.16           | 5.30           | 5.20           | 5.25           | 5.29           |
| 8                                | New York .....             | 4.90  | 4.36           | 4.44           | 4.84           | 4.44           | 4.70           | 4.37           |
| 9                                | New York City .....        | 5.16  | 4.90           | 4.59           | 4.71           | 4.66           | 4.89           | 4.67           |
| 10                               | Albany .....               | 5.32  | 5.13           | 5.32           | 5.32           | 4.94           | 4.15           | 5.74           |
| 11                               | New Jersey .....           | 5.70  | 5.84           | 5.39           | 5.62           | 5.12           | 5.74           | 5.40           |
| 12                               | Pennsylvania .....         | 5.55  | 5.57           | 5.58           | 5.35           | 5.23           | 5.36           | 5.21           |
| 13                               | Philadelphia .....         | 6.09  | 5.98           | 5.79           | 4.90           | 5.70           | 5.74           | 5.76           |
| 14                               | Pittsburgh .....           | 5.51  | 5.14           | 5.16           | 5.15           | 5.36           | 5.41           | 5.32           |
| 15                               | Delaware .....             | 5.70  | 5.38           | 5.53           | 5.13           | 5.12           | 5.12           | 5.06           |
| 16                               | Maryland .....             | 5.61  | 5.75           | 5.23           | 5.57           | 5.20           | 5.16           | 5.28           |
| 17                               | Baltimore .....            | 5.40  | 5.49           | 4.98           | 4.79           | 4.70           | 5.09           | 5.27           |
| 18                               | District of Columbia ..... |   |                |                |                |                |                | 4.             |
| 19                               | Washington .....           | 5.  | 5.             | 5.             | 5.             | 5.             | 2.62           | 4.58           |
| 20                               | Virginia .....             | 5.11  | 5.50           | 4.90           | 4.75           | 4.34           | 4.61           | 4.66           |
| 21                               | West Virginia .....        | 5.20  | 5.04           | 5.05           | 5.29           | 4.18           | 5.44           | 5.31           |
| 22                               | North Carolina .....       | 7.31  | 5.65           | 4.15           | 4.27           | 4.44           | 6.             | 5.05           |
| 23                               | South Carolina .....       | 5.81  | 13.59          | 5.53           | 6.             | 5.48           | 5.40           | 5.10           |
| 24                               | Georgia .....              | 6.40  | 5.73           | 5.63           | 9.34           | 5.33           | 4.88           | 5.34           |
| 25                               | Alabama .....              |   |                |                | 4.75           | 5.60           | 3.41           | 6.44           |
| 26                               | New Orleans .....          | 5.  | 6.15           | 6.15           | 6.15           | 5.21           | 5.64           | 5.33           |
| 27                               | Texas .....                | 6.67  | 4.33           | 13.81          | 1.90           | 5.92           | 4.38           | 7.68           |
| 28                               | Arkansas .....             |   |                |                |                |                |                |                |
| 29                               | Kentucky .....             | 5.24  | 5.16           | 4.99           | 5.03           | 4.63           | 4.19           | 4.84           |
| 30                               | Louisville .....           | 5.32  | 5.60           | 5.32           | 5.05           | 11.            | 5.37           | 5.             |
| 31                               | Tennessee .....            | 7.86  | 10.32          | 5.92           | 8.65           | 5.62           | 5.82           | 6.             |
| 32                               | Ohio .....                 | 5.83  | 5.13           | 4.79           | 5.75           | 5.63           | 5.82           | 5.99           |
| 33                               | Cincinnati .....           | 6.41  | 5.69           | 5.71           | 4.86           | 5.43           | 4.95           | 5.45           |
| 34                               | Cleveland .....            | 5.72  | 5.65           | 3.82           | 2.97           | 3.88           | 4.19           | 5.09           |
| 35                               | Indiana .....              | 5.58  | 5.41           | 5.21           | 6.06           | 5.58           | 5.37           | 5.88           |
| 36                               | Illinois .....             | 6.96  | 6.26           | 6.59           | 6.29           | 6.07           | 5.71           | 5.49           |
| 37                               | Chicago .....              | 6.33  | 3.21           | 2.75           | 4.80           | 5.05           |                | 6.21           |
| 38                               | Michigan .....             | 7.40  | 6.10           | 5.68           | 6.13           | 5.08           | 6.47           | 6.12           |
| 39                               | Detroit .....              | 4.57  | 5.             | 5.             | 5.             | 5.             | 5.29           | 5.             |
| 40                               | Wisconsin .....            | 6.50  | 6.19           | 5.94           | 9.83           | 4.12           | 4.94           | 4.92           |
| 41                               | Milwaukee .....            | 5.69  | 4.35           | 4.60           | 5.31           | 4.60           | 4.87           | 19.            |
| 42                               | Iowa .....                 | 7.96  | 6.43           | 5.38           | 5.89           | 5.12           | 4.76           | 14.13          |
| 43                               | Minnesota .....            | 6.89  | 7.02           | 5.49           | 8.11           | 6.91           | 5.25           | 5.90           |
| 44                               | Missouri .....             | 6.22  | 5.25           | 6.28           | 17.27          | 5.33           | 5.24           | 4.73           |
| 45                               | Saint Louis .....          | 5.11  | 4.27           | 3.71           | 3.14           | 3.29           | 3.20           | 3.19           |
| 46                               | Kansas .....               | 5.41  | 6.45           | 7.59           | 6.16           | 5.63           | 4.65           | 5.49           |
| 47                               | Leavenworth .....          | 10.   | 10.            | 22.40          | 8.             | 5.             | 10.            |                |
| 48                               | Nebraska .....             | 7.50  | 7.14           | 4.             | 6.25           | 6.25           | 7.08           | 6.61           |
| 49                               | Oregon .....               | 15.   | 15.            |                |                | 4.             | 6.             | 6.             |
| 50                               | San Francisco .....        |   |                |                |                |                | 0.83           | 5.             |
| 51                               | New Mexico .....           |   |                |                |                | 4.             | 7.             | 7.             |
| 52                               | Colorado .....             |   | 5.71           | 2.86           |                | 8.57           | 2.50           | 3.26           |
| 53                               | Utah .....                 |   |                |                |                |                | 50.            |                |
| 54                               | Wyoming .....              |   |                |                |                |                |                |                |
| 55                               | Idaho .....                | 15.   | 15.            | 14.            | 16.            | 15.            | 14.            | 13.            |
| 56                               | Montana .....              |   |                |                |                |                |                |                |
| 57                               | Nevada .....               | 3.  |                |                |                |                |                |                |
| Averages .....                   |                            | 5.42  | 5.16           | 4.96           | 5.18           | 4.96           | 5.07           | 5.12           |

NOTE.—In the above table the redemption cities are not included with the States in which such cities are located.

## REPORT OF THE COMPTROLLER OF THE CURRENCY. XVII

capital and the ratios of dividends and of earnings to capital and surplus.

| Ratios of dividends to capital and surplus, for six months ending— |                |                |                |                |                |                | Ratios of earnings to capital and surplus, for six months ending— |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Aug. 31, 1869.   | Feb. 28, 1870. | Aug. 31, 1870. | Feb. 28, 1871. | Aug. 31, 1871. | Feb. 28, 1872. | Aug. 31, 1872. | Aug. 31, 1869.  | Feb. 28, 1870. | Aug. 31, 1870. | Feb. 28, 1871. | Aug. 31, 1871. | Feb. 28, 1872. | Aug. 31, 1872. |
| <i>Per ct.</i>   | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i>  | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> |
| 4.53   | 4.45           | 4.49           | 4.43           | 4.37           | 4.28           | 4.40           | 4.40  | 6.08           | 6.             | 5.80           | 5.72           | 6.03           | 5.24           |
| 4.36   | 4.40           | 4.23           | 4.19           | 4.03           | 4.14           | 3.97           | 6.66  | 6.16           | 5.73           | 5.33           | 4.59           | 4.77           | 4.86           |
| 4.39   | 4.42           | 4.68           | 4.09           | 4.17           | 4.21           | 4.02           | 6.03  | 6.06           | 5.60           | 5.30           | 4.79           | 4.94           | 5.33           |
| 4.43   | 4.30           | 4.03           | 4.33           | 4.19           | 4.30           | 4.24           | 6.35  | 6.36           | 5.34           | 5.48           | 5.21           | 5.02           | 5.48           |
| 4.53   | 4.09           | 4.08           | 4.07           | 3.94           | 3.86           | 3.72           | 5.73  | 5.13           | 5.16           | 4.90           | 4.63           | 4.64           | 4.53           |
| 4.12   | 4.17           | 4.06           | 4.03           | 3.89           | 3.92           | 3.86           | 5.62  | 5.71           | 5.03           | 4.82           | 4.71           | 4.62           | 5.28           |
| 4.21   | 4.50           | 4.31           | 4.38           | 4.27           | 4.29           | 4.27           | 5.53  | 5.84           | 5.25           | 5.30           | 5.20           | 5.11           | 5.46           |
| 4.17   | 3.77           | 3.77           | 4.09           | 3.72           | 3.92           | 3.64           | 5.83  | 5.43           | 5.04           | 5.05           | 4.47           | 4.54           | 5.14           |
| 4.14   | 3.92           | 3.65           | 3.75           | 3.70           | 3.86           | 3.67           | 5.44  | 4.81           | 4.23           | 4.41           | 4.48           | 4.03           | 4.84           |
| 3.89   | 3.75           | 3.87           | 3.87           | 3.60           | 3.62           | 3.92           | 6.08  | 5.74           | 4.13           | 3.67           | 3.61           | 5.62           | 5.22           |
| 4.69   | 4.08           | 4.42           | 4.58           | 4.16           | 4.63           | 4.34           | 6.30  | 6.13           | 5.88           | 5.83           | 5.89           | 5.64           | 5.41           |
| 4.60   | 4.61           | 4.55           | 4.34           | 4.24           | 4.33           | 4.17           | 6.07  | 6.27           | 5.35           | 4.78           | 5.17           | 5.24           | 5.05           |
| 4.40   | 4.34           | 4.14           | 4.20           | 4.06           | 4.09           | 4.09           | 5.29  | 5.10           | 4.67           | 4.39           | 4.41           | 4.59           | 4.59           |
| 4.44   | 4.12           | 4.13           | 4.10           | 4.22           | 4.24           | 4.14           | 5.80  | 5.17           | 5.13           | 4.97           | 4.84           | 4.86           | 4.99           |
| 4.66   | 4.37           | 4.56           | 4.21           | 4.16           | 4.12           | 4.06           | 5.40  | 4.78           | 5.30           | 4.50           | 4.63           | 4.40           | 4.86           |
| 4.81   | 4.99           | 4.51           | 4.75           | 4.40           | 4.36           | 4.46           | 6.43  | 6.46           | 5.87           | 5.30           | 4.83           | 4.54           | 5.50           |
| 4.67   | 4.74           | 4.26           | 4.08           | 3.99           | 4.34           | 4.46           | 5.92  | 6.41           | 5.80           | 5.27           | 4.90           | 5.40           | 5.56           |
| 4.08   | 4.07           | 4.05           | 4.04           | 4.             | 2.12           | 3.70           | 4.78  | 5.18           | 4.35           | 5.22           | 7.64           | 4.55           | 19             |
| 4.68   | 5.09           | 4.51           | 4.31           | 3.98           | 4.22           | 4.24           | 6.45  | 6.82           | 6.39           | 6.81           | 6.02           | 5.30           | 5.26           |
| 4.65   | 4.44           | 4.42           | 4.70           | 3.72           | 4.87           | 4.76           | 6.47  | 5.86           | 5.66           | 5.33           | 3.52           | 5.76           | 5.91           |
| 6.85   | 5.32           | 3.85           | 3.94           | 4.19           | 5.66           | 4.83           | 10.04   | 8.93           | 5.46           | 5.91           | 6.17           | 7.27           | 7.31           |
| 5.39   | 12.47          | 5.07           | 5.40           | 5.03           | 5.05           | 4.76           | 7.76  | 9.82           | 8.75           | 7.47           | 5.93           | 6.72           | 6.46           |
| 5.76   | 5.09           | 5.02           | 8.22           | 4.78           | 4.36           | 4.74           | 7.59  | 7.91           | 8.20           | 6.70           | 5.83           | 5.95           | 6.70           |
| 4.72   | 5.84           | 5.78           | 5.69           | 5.             | 3.28           | 6.18           | 1.69  | 11.35          | 5.70           | 4.34           | 9.39           | 25             | 25             |
| 5.90   | 3.80           | 12.62          | 1.75           | 5.44           | 5.40           | 5.34           | 7.14  | 7.05           | 8.61           | 7.48           | 3.27           | 6.31           | 6.93           |
| 4.83   | 4.67           | 4.48           | 5.01           | 4.32           | 3.91           | 4.49           | 6.58  | 6.86           | 6.93           | 6.11           | 5.41           | 4.80           | 5.67           |
| 4.69   | 4.46           | 4.62           | 4.38           | 9.86           | 4.87           | 4.62           | 5.27  | 6.56           | 4.38           | 4.53           | 5.69           | 5.52           | 5.23           |
| 6.97   | 8.81           | 5.24           | 7.70           | 5.16           | 5.33           | 5.46           | 8.17  | 9.50           | 7.15           | 8.34           | 7.14           | 7.79           | 5.79           |
| 4.94   | 4.33           | 3.97           | 4.72           | 4.58           | 4.74           | 4.92           | 6.78  | 6.43           | 5.46           | 6.03           | 5.87           | 6.12           | 6.             |
| 5.17   | 4.83           | 4.93           | 4.18           | 4.56           | 4.22           | 4.61           | 7.91  | 6.30           | 4.89           | 6.67           | 4.39           | 4.84           | 5.35           |
| 4.56   | 4.71           | 3.45           | 2.67           | 3.46           | 3.71           | 4.52           | 5.  | 6.85           | 3.88           | 3.08           | 4.             | 5.70           | 5.27           |
| 4.62   | 4.43           | 4.21           | 4.82           | 4.52           | 4.37           | 4.79           | 6.50  | 6.42           | 5.94           | 6.30           | 5.43           | 5.40           | 5.25           |
| 5.52   | 5.01           | 5.14           | 4.97           | 4.92           | 4.68           | 4.54           | 7.98  | 7.90           | 6.70           | 6.77           | 6.65           | 6.07           | 6.50           |
| 5.35   | 2.20           | 2.06           | 3.59           | 3.81           | 5.             | 5.             | 8.25  | 5.64           | 5.33           | 7.46           | 6.90           | 6.79           | 37             |
| 5.97   | 4.83           | 4.46           | 4.68           | 4.12           | 5.28           | 5.06           | 8.  | 7.88           | 6.89           | 7.06           | 6.26           | 6.57           | 7.15           |
| 3.85   | 4.12           | 4.10           | 4.10           | 4.10           | 4.32           | 3.80           | 6.27  | 6.80           | 5.85           | 6.09           | 6.58           | 6.90           | 6.66           |
| 5.18   | 5.01           | 4.76           | 8.07           | 3.45           | 4.20           | 4.09           | 7.75  | 8.13           | 6.91           | 9.01           | 5.27           | 6.67           | 5.49           |
| 4.46   | 3.50           | 3.76           | 4.16           | 3.74           | 3.76           | 15.22          | 7.81  | 3.97           | 5.39           | 6.65           | 6.28           | 4.89           | 13.04          |
| 6.42   | 5.19           | 4.32           | 4.78           | 4.24           | 4.01           | 9.63           | 8.96  | 7.80           | 5.66           | 6.61           | 5.53           | 5.90           | 11.80          |
| 6.13   | 6.05           | 4.70           | 6.92           | 5.95           | 4.56           | 5.09           | 7.68  | 8.             | 6.15           | 8.53           | 7.15           | 7.08           | 7.25           |
| 5.17   | 4.34           | 4.89           | 14.19          | 4.75           | 4.71           | 4.18           | 8.58  | 9.73           | 9.39           | 8.62           | 6.96           | 7.98           | 10.16          |
| 4.64   | 3.91           | 3.35           | 2.87           | 2.97           | 2.86           | 2.84           | 5.43  | 4.71           | 3.36           | 2.87           | 4.38           | 4.08           | 4.03           |
| 5.13   | 6.10           | 7.01           | 5.63           | 5.34           | 4.40           | 4.99           | 7.82  | 9.08           | 8.08           | 10.85          | 10.18          | 9.03           | 6.86           |
| 8.27   | 6.67           | 17.22          | 6.17           | 3.75           | 7.29           | 11.57          | 8.06  | 18.50          | 7.44           | 6.76           | 6.74           | 6.74           | 47             |
| 6.71   | 6.10           | 3.58           | 5.41           | 5.38           | 6.36           | 5.93           | 11.47   | 7.79           | 5.89           | 12.74          | 3.64           | 6.48           | 7.54           |
| 14.42  | 14.29          | .....          | 3.92           | 5.86           | 5.83           | 14.42          | 9.80  | 13.90          | 7.67           | 11.93          | 15.19          | 20.91          | 40             |
| .....  | .....          | .....          | .....          | .....          | 4.95           | .....          | .....   | .....          | .....          | 2.11           | 5.67           | 5.50           | 50             |
| .....  | .....          | .....          | .....          | .....          | 6.26           | .....          | .....   | .....          | .....          | 4.99           | 7.73           | 9.55           | 51             |
| .....  | .....          | .....          | .....          | .....          | 2.12           | .....          | .....   | .....          | .....          | 2.80           | 6.39           | 4.66           | 52             |
| .....  | 4.67           | 2.37           | .....          | 7.10           | 2.78           | .....          | 8.30  | 1.47           | 0.09           | 1.42           | 4.44           | 1.54           | 53             |
| .....  | .....          | .....          | .....          | .....          | 21.85          | .....          | .....   | .....          | .....          | 5.55           | 47.82          | 1.54           | 54             |
| 14.68  | 14.35          | 13.30          | 14.95          | 13.86          | 12.74          | 11.71          | 11.54   | 16.03          | 13.92          | 16.45          | 13.91          | 15.21          | 23.62          |
| 2.92   | .....          | .....          | .....          | .....          | 10.91          | .....          | .....   | .....          | .....          | 2.78           | 18.92          | 16.74          | 7.56           |
| 4.50   | 4.27           | 4.08           | 4.24           | 4.07           | 4.16           | 4.17           | 6.04  | 5.77           | 5.19           | 5.21           | 5.02           | 5.             | 5.36           |

included with the States in which such cities are located.

H. Ex. 3—B

## XVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

Complete statistics, in detail, of the capital, surplus, earnings, and dividends by States and cities, will be found on pages 38-44 of the appendix.

The national banks are required to furnish to this office not less than five statements during each year of their assets and liabilities, and also to make specific returns to the Treasurer, semi-annually, of their circulation, deposits, and the average amount of capital not invested in United States bonds. The officers of the United States, and of the different States, whose duty it is to collect taxes, have, therefore, at all times at their command the *data* from which to ascertain the amount of taxes to be collected; and it is believed that there is no other species of capital upon which the tax can be so definitely assessed and so certainly collected as the tax upon the national banks of the country. There is no doubt that in some instances, owing to large deposits in proportion to capital, or to high rates of interest in the new States, large dividends have been declared; but it will be seen from the above table that the average earnings of the national banks, after making a proper allowance for bad debts, are not more than a fair remuneration upon capital. The dividends declared do not probably exceed in the aggregate the dividends under the old State systems, and are far less than the average annual dividends of the English banks.\*

It is generally supposed that the circulation issued to the national

\* The following statements of ten of the principal banks of London, including their branches, exhibiting the capital, reserve, deposits, net profits, and dividends of each, for the half-year previous to July 1, 1872, have been compiled from Abbott's tables in the London Bankers' Magazine for September:

| No. of establishments. | Bank.                    | Paid-up capital. | Reserve fund. | Total deposits and acceptances. | Net profits. | Rate per cent. per annum of net profit on capital. | Amount of dividend for half year. | Rate per cent. per annum of dividend on capital. |
|------------------------|--------------------------|------------------|---------------|---------------------------------|--------------|--|-----------------------------------|--|
| 8                      | London and Westminster   | £2,000,000       | £1,000,600    | £26,773,829                     | £204,620     | 20.46  | £200,000                          | 20   |
| 6                      | London Joint Stock       | 1,200,000        | 454,890       | 20,935,302                      | 140,923      | 23.49  | 120,000                           | 20   |
| 114                    | London and County        | 1,000,000        | 500,000       | 19,327,458                      | 103,086      | 20.62  | 100,000                           | 20   |
| 5                      | City                     | 1,200,000        | 300,000       | 18,850,247                      | 129,612      | 21.60  | 120,000                           | 20   |
| 4                      | City                     | 500,000          | 120,000       | 6,132,258                       | 35,165       | 14.97  | 25,000                            | 10   |
| 3                      | Imperial                 | 450,000          | 65,000        | 2,631,925                       | 23,744       | 10.55  | 18,000                            | 8  |
| 23                     | London and South-western | 166,180          | 5,000         | 681,963                         | 5,578        | 6.71   | 4,154                             | 5  |
| 3                      | Consolidated             | 800,000          | 66,000        | 3,082,791                       | 39,645       | 9.91   | 32,000                            | 8  |
| 4                      | Central                  | 100,000          | 7,500         | 580,102                         | 6,052        | 12.10  | 4,600                             | 8  |
| 2                      | Alliance                 | 800,000          | 110,000       | 2,522,771                       | 29,920       | 7.48   | 24,000                            | 6  |
|                        | Total                    | 8,216,180        | 2,628,390     | 101,528,646                     | 718,345      | 17.49  | 647,154                           | 15½  |
| Aug. 31, 1872.         | Bank of England          | 14,553,000       | 3,019,295     | 126,974,008                     | 716,375      | 8.32   | 727,650                           | 10   |

†Public and other deposits, August 28.

The statistics of the Bank of England and its dividends were obtained from the report of the Bank of England, published in the London Bankers' Magazine for October, 1872. The usual dividends of this bank are 10 per cent. per annum, but the amount has varied for some years past from 8 to 13 per cent.

Similar statistics of 142 of the banks in Great Britain and Ireland, with an aggregate capital of £61,361,531, (or, \$298,622,027,) compiled from a table in the London Economist of October 26, 1872, (pages 345-6,) give the average dividends for the four half-years prior to July 1, 1872, as, respectively, 5.71, 5.95, 6.25, and 6.41 per cent.

banks is a source of great profit; but if the premium upon bonds is considered as an ultimate loss, the profit upon circulation does not exceed 3 per cent. per annum. The chief source of profit in banking, under this as under all other systems, is from deposits, and upon this branch of business an annual tax is already fixed by law. If the system has the advantage of circulation, it is also subject to many restrictions which are considered burdensome, but which give steadiness and strength to the money transactions of the country. While the banks should contribute their proportion to the revenues of the country, they should not, under an imputation of extravagant profits, or an unfounded prejudice, be taxed to a greater degree than other corporations which are even less important to its prosperity.

The consolidation of the bank capital of the country in a sound and conservative system, with proper safeguards and restrictions, is of much greater importance than a penny-wise and pound-foolish imposition of excessive taxation, which will have a tendency to drive those banks that are not over-conscientious out of the system, with the purpose of evading all taxation whatever.

#### RESERVE.

A good deal of discussion has arisen during the recent stringency in the money market in the city of New York in reference to the provisions of the national currency act, requiring a reserve upon the liabilities of national banks.

The act requires that the country banks shall hold an amount of reserve equal to fifteen per cent. of the entire amount of their deposits and circulation, three-fifths of which reserve may be on deposit with national banks which are their agents in redemption cities. The national banks in the redemption cities must hold a reserve of twenty-five per cent., one-half of which may be on deposit with national banks in New York City.

The reserves of the nineteen hundred national banks located elsewhere than in the city of New York are held to a great extent in that city. For most of the time during the past year, an amount equal to more than one-fifth of the capital of all these national banks has been held on deposit by the national banks of the city of New York to the credit of their correspondents. In many cases these credits amount to twice the capital of the bank with which they are deposited; in other cases the amount of deposits is three, four, and even five times the capital, which amount has been attracted thither largely by the payment of interest on deposits. The failure of one of these New York City banks in a time of monetary stringency would embarrass, if not ruin, many banks in the redemption cities, and, in turn, the country correspondents of these banks would suffer from the imprudence of the New York bank, which would be responsible for wide-spread disaster. It is clear that a bank having such excessive liabilities has no right, even if there were no law, to increase its loans to such an unreasonable extent as to lead to embarrassment if unexpectedly called upon for the reserves of its correspondents. A provision of law prohibiting banks from extending their loans beyond three times their capital would seem to be not unreasonable, but such a provision would be much more restrictive than the present requirements of the law in reference to reserve.

The State laws of Massachusetts and Louisiana, which were in most respects models of a sound system of bank legislation, required an ample reserve to be kept on hand. The laws of the State of New York had

no such restriction. The country banks of that State were, however, required to redeem their notes in the city of New York, in specie, and an examination of their returns will show that while the country banks usually held but a very small proportion (about  $2\frac{1}{2}$  per cent.) of circulation and deposits in their vaults, they were forced to keep on deposit with their city correspondents nearly as large a proportion of reserve as under the national system. An examination of the weekly returns made to the clearing-house in New York City will show that the State banks of established reputation in times of monetary stringency hold a sufficient reserve without such provision of law; while the larger proportion of banks, not included in the national system, are continually below a judicious limit. The truth is that the strong and well-managed banks do not need any law in reference to reserve, and do not, therefore, ask for a change of legislation in this respect. The weak banks and those already too largely extended wish to be free from all restrictions. It is the constant tendency of such banks to increase their liabilities. In times of excessive stringency loans are not made by such associations to businessmen upon commercial paper, but to dealers in speculative securities upon short time at high rates of interest; and an increase of call-loans beyond the proper limit is more likely to afford facilities for unwarrantable stock speculations than relief to legitimate business transactions. The law is intended as a wholesome restriction upon national banks, organized in almost every city and village in the Union. Next to the absolute security provided for the crumpled bits of paper in the pockets of every citizen, no provision of the act has done so much to give character and standing to the national banking system as the assurance to the thousands of depositors throughout the country (who, after all, are the chief source of profit to every bank) that a reserve, equivalent to such a proportion of the liabilities of every bank as the experience of years and the fluctuations of business have shown to be necessary, will always be kept on hand to answer the extraordinary and unexpected calls of creditors.

The variations in the liabilities requiring reserve in the banks of the city of New York are very great. The banks outside of New York, during the dull season, send their surplus means to that city for deposit upon interest, to await the revival of business. The banks in the city of New York, at such periods of the year, have no legitimate outlet for these funds, and are therefore threatened with loss. The stock board takes advantage of this condition of affairs, speculation is stimulated by the cheapness of money, and a market is found for the idle funds upon doubtful collaterals, and the result is seen in the increased transactions at the clearing-house, which, during the past year, exceeded thirty-two thousand millions of dollars, or an average of more than one hundred millions of dollars daily—not one-half of which was the result of legitimate business; the total amount of transactions being greater than that of the bankers' clearing-house of the city of London. The evil arises largely from the payment, by the banks, of interest on deposits—an old-established custom which cannot easily be changed by legislation. A considerable portion of these deposits would remain at home if they could be used at a low rate of interest, and made available at any time upon the return of the season of active business. No sure investment of this kind is, however, open to the country banks; and the universal custom is to send forward the useless dollars from vaults comparatively insecure to their correspondents in the city, where they are supposed to be safer, and at the same time earning dividends for shareholders. A Government issue bearing a low rate of interest to be

counted as a certain proportion of the reserve, and an increase of the amount which the country banks are required to keep on hand, is the proper remedy for such a state of things. Such an issue need not result in inflation, for the currency invested would be in the possession of the Government. If the currency is held, the objection is the loss of interest to the Government; but this loss would be no more than a just rebate upon the six millions of dollars of taxation annually paid by the banks to the Government, at a time when almost every kind of internal taxation has been discontinued. Such a reduction of taxation should not be grudgingly made, if the result shall be to give elasticity to the currency, to strengthen and steady the money market, to give additional security to seven hundred millions of dollars belonging to depositors by retaining in the vaults of the banks a large amount of funds for legitimate business purposes, which would otherwise be thrown upon the stock board to unsettle values throughout the country, and alternately increase and depress the price of every commodity.

For the information of those who do not believe that the banks usually hold the requisite amount of reserve, we have prepared tables showing that for the last five years, at from four to five different periods of the year, the banks organized in every State, and in the principal cities of the Union, have been found to hold, in almost every instance, a considerable amount beyond the requirements of law.

## XXII REPORT OF THE COMPTROLLER OF THE CURRENCY.

Table showing for twenty-two different dates during the five years, 1868-72, the percentage

| States and Territories. |                      | 1868           |                |                |                | 1869           |                |                |                |
|-------------------------|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                         |                      | Jan. 6.        | April 6.       | July 6.        | Oct. 5.        | Jan. 4.        | April 17.      | June 12.       | Oct. 9.        |
|                         |                      | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> | <i>Per ct.</i> |
| 1                       | Maine                | 23.6           | 22.6           | 21.5           | 22.7           | 20.7           | 18.3           | 21.            | 19.1           |
| 2                       | New Hampshire        | 28.8           | 24.1           | 23.6           | 25.6           | 23.9           | 21.4           | 23.7           | 22.            |
| 3                       | Vermont              | 20.9           | 21.            | 21.4           | 21.1           | 21.7           | 18.9           | 21.8           | 19.3           |
| 4                       | Massachusetts        | 24.5           | 22.8           | 24.5           | 23.2           | 23.3           | 21.1           | 20.7           | 20.6           |
| 5                       | Rhode Island         | 21.5           | 19.            | 22.            | 20.9           | 19.6           | 18.1           | 17.5           | 19.            |
| 6                       | Connecticut          | 22.9           | 20.8           | 22.8           | 21.4           | 20.9           | 19.6           | 23.1           | 21.4           |
| 7                       | New York             | 23.            | 22.3           | 22.7           | 22.5           | 22.1           | 20.3           | 19.6           | 19.9           |
| 8                       | New Jersey           | 26.8           | 24.3           | 24.9           | 24.5           | 23.3           | 24.2           | 23.6           | 21.4           |
| 9                       | Pennsylvania         | 22.8           | 23.7           | 22.9           | 22.8           | 22.2           | 21.            | 21.8           | 20.6           |
| 10                      | Delaware             | 23.3           | 22.8           | 24.3           | 23.6           | 25.1           | 23.5           | 22.3           | 25.7           |
| 11                      | Maryland             | 25.3           | 23.2           | 23.4           | 24.2           | 22.9           | 21.7           | 24.            | 26.3           |
| 12                      | District of Columbia | 19.1           | 14.8           | 17.2           | 20.8           | 37.9           |                |                |                |
| 13                      | Virginia             | 19.2           | 18.9           | 20.8           | 19.3           | 19.1           | 12.7           | 15.3           | 12.            |
| 14                      | West Virginia        | 21.6           | 19.3           | 20.1           | 19.9           | 20.5           | 16.9           | 16.2           | 15.7           |
| 15                      | North Carolina       | 27.7           | 25.1           | 24.2           | 23.3           | 23.1           | 25.6           | 25.4           | 19.7           |
| 16                      | South Carolina       | 64.            | 64.8           | 61.            | 31.6           | 46.4           | 41.9           | 53.9           | 27.7           |
| 17                      | Georgia              | 37.9           | 34.9           | 36.4           | 38.1           | 38.4           | 31.2           | 41.7           | 30.9           |
| 18                      | Alabama              | 36.2           | 36.5           | 41.6           | 34.7           | 34.1           | 28.8           | 35.7           | 36.6           |
| 19                      | Mississippi          | 24.8           | 31.5           | 45.4           | 44.7           |                |                |                |                |
| 20                      | Texas                | 47.            | 54.6           | 51.2           | 39.8           | 50.1           | 42.7           | 52.7           | 40.7           |
| 21                      | Arkansas             | 21.3           | 9.3            | 19.2           | 16.8           | 12.9           | 21.9           | 22.3           | 8.7            |
| 22                      | Tennessee            | 22.            | 25.2           | 24.9           | 21.4           | 27.1           | 22.8           | 24.3           | 20.4           |
| 23                      | Kentucky             | 24.6           | 23.5           | 22.8           | 23.2           | 24.9           | 28.6           | 22.3           | 21.8           |
| 24                      | Ohio                 | 22.9           | 21.1           | 21.9           | 22.1           | 22.1           | 19.            | 19.5           | 19.6           |
| 25                      | Indiana              | 22.2           | 22.3           | 21.2           | 20.7           | 21.2           | 19.2           | 19.3           | 19.7           |
| 26                      | Illinois             | 24.9           | 23.9           | 26.1           | 24.6           | 24.7           | 21.8           | 24.8           | 22.3           |
| 27                      | Michigan             | 25.4           | 24.3           | 26.5           | 24.9           | 24.2           | 23.2           | 21.4           | 21.8           |
| 28                      | Wisconsin            | 28.            | 24.2           | 27.5           | 23.1           | 27.4           | 23.2           | 25.1           | 20.4           |
| 29                      | Minnesota            | 21.9           | 19.6           | 22.            | 23.5           | 20.5           | 17.1           | 21.1           | 18.1           |
| 30                      | Iowa                 | 26.3           | 24.2           | 32.4           | 21.9           | 23.7           | 21.3           | 24.7           | 20.3           |
| 31                      | Missouri             | 24.2           | 24.6           | 26.3           | 25.4           | 25.9           | 24.7           | 23.5           | 20.2           |
| 32                      | Kansas               | 15.5           | 32.7           | 39.            | 28.5           | 25.3           | 26.8           | 22.7           | 20.5           |
| 33                      | Nebraska             | 17.3           | 20.4           | 49.8           | 50.5           | 42.6           | 32.9           | 32.8           | 18.8           |
| 34                      | Nevada               | 24.            | 26.5           | 28.            | 31.9           | 29.            | 49.3           | 42.4           |                |
| 35                      | Oregon               | 38.2           | 37.3           | 40.5           | 30.1           | 38.1           | 28.4           | 25.5           | 30.1           |
| 36                      | California           |                |                |                |                |                |                |                |                |
| 37                      | Montana              | 42.4           | 41.9           | 31.            | 41.1           | 45.9           | 15.            | 34.7           | 22.2           |
| 38                      | Idaho                | 12.3           | 19.8           | 44.8           | 30.8           | 31.            | 21.7           | 25.8           | 25.1           |
| 39                      | Colorado             | 30.1           | 18.            | 28.9           | 33.9           | 25.5           | 24.5           | 31.1           | 34.9           |
| 40                      | Utah                 | 17.1           | 12.9           | 18.4           | 16.7           | 18.9           |                |                |                |
| 41                      | Wyoming              |                |                |                |                |                |                |                |                |
| 42                      | New Mexico           |                |                |                |                |                |                |                |                |
| Averages                |                      | 23.9           | 22.8           | 24.            | 22.9           | 22.9           | 20.9           | 21.6           | 20.5           |
| Redemption cities.      |                      |                |                |                |                |                |                |                |                |
| 1                       | New York             | 33.8           | 31.9           | 31.9           | 32.6           | 33.2           | 28.8           | 30.1           | 34.7           |
| 2                       | Boston               | 32.1           | 26.3           | 34.8           | 30.3           | 32.1           | 28.4           | 27.3           | 27.1           |
| 3                       | Philadelphia         | 36.9           | 32.3           | 36.8           | 31.9           | 32.9           | 30.2           | 30.4           | 29.9           |
| 4                       | Albany               | 36.2           | 34.3           | 31.1           | 35.9           | 42.1           | 41.5           | 37.9           | 36.5           |
| 5                       | Pittsburgh           | 29.2           | 30.6           | 27.9           | 29.4           | 29.3           | 25.1           | 24.9           | 27.3           |
| 6                       | Baltimore            | 32.4           | 27.8           | 31.2           | 28.2           | 30.9           | 28.4           | 25.5           | 24.9           |
| 7                       | Washington           | 26.8           | 24.2           | 27.5           | 26.1           | 28.6           | 27.8           | 27.5           | 26.4           |
| 8                       | New Orleans          | 36.3           | 42.5           | 34.8           | 38.9           | 31.4           | 36.5           | 44.3           | 31.4           |
| 9                       | Louisville           | 29.8           | 36.            | 31.            | 29.4           | 30.1           | 29.7           | 26.8           | 28.2           |
| 10                      | Cincinnati           | 23.4           | 24.3           | 26.6           | 25.1           | 28.4           | 23.8           | 24.3           | 28.5           |
| 11                      | Cleveland            | 29.2           | 26.4           | 21.5           | 27.7           | 30.6           | 25.            | 25.9           | 29.3           |
| 12                      | Chicago              | 32.6           | 30.6           | 34.2           | 35.3           | 35.1           | 30.2           | 33.4           | 30.5           |
| 13                      | Detroit              | 41.7           | 35.            | 29.9           | 36.7           | 32.1           | 27.6           | 31.7           | 32.7           |
| 14                      | Milwaukee            | 33.            | 30.6           | 32.2           | 33.4           | 34.7           | 28.7           | 30.7           | 28.            |
| 15                      | Saint Louis          | 26.5           | 26.8           | 28.9           | 24.9           | 28.3           | 22.8           | 27.4           | 25.2           |
| 16                      | Leavenworth          | 28.            | 16.5           | 19.3           | 23.6           | 21.8           | 24.6           | 20.8           | 32.2           |
| 17                      | San Francisco        |                |                |                |                |                |                |                |                |
| Averages                |                      | 33.2           | 30.3           | 32.5           | 31.6           | 32.7           | 28.9           | 29.5           | 31.5           |

NOTE.—The reserve which the banks in the States and Territories are required to keep is 15 per cent. "redemption cities" are required to keep is 25 per centum of the aggregate amount of their circulation printed in both-face type.

## REPORT OF THE COMPTROLLER OF THE CURRENCY. XXIII

of reserve to circulation and deposits, in each of the States and redemption cities of the Union.

| 1870     |          |         |         |          | 1871     |           |          |         |          | 1872     |           |          |         |    |  |
|----------|----------|---------|---------|----------|----------|-----------|----------|---------|----------|----------|-----------|----------|---------|----|--|
| Jan. 22. | Mar. 24. | June 9. | Oct. 8. | Dec. 28. | Mar. 18. | April 20. | June 10. | Oct. 2. | Dec. 16. | Feb. 27. | April 19. | June 10. | Oct. 3. |    |  |
| Per ct.  | Per ct.  | Per ct. | Per ct. | Per ct.  | Per ct.  | Per ct.   | Per ct.  | Per ct. | Per ct.  | Per ct.  | Per ct.   | Per ct.  | Per ct. |    |  |
| 22.7     | 22.7     | 22.     | 20.7    | 22.5     | 22.1     | 22.4      | 22.7     | 21.7    | 18.3     | 22.      | 18.6      | 19.6     | 19.5    | 1  |  |
| 23.6     | 21.5     | 22.3    | 22.1    | 21.2     | 25.      | 22.7      | 25.5     | 23.7    | 21.2     | 22.3     | 20.3      | 20.3     | 21.6    | 2  |  |
| 21.7     | 19.5     | 20.7    | 19.7    | 20.6     | 20.6     | 20.7      | 21.3     | 20.8    | 18.4     | 18.7     | 17.       | 17.9     | 17.7    | 3  |  |
| 24.9     | 22.5     | 21.8    | 20.8    | 20.3     | 22.6     | 23.       | 22.2     | 20.7    | 18.7     | 20.6     | 19.5      | 20.      | 20.2    | 4  |  |
| 20.9     | 18.6     | 18.6    | 19.9    | 18.7     | 18.6     | 19.5      | 21.      | 18.9    | 17.1     | 18.2     | 17.2      | 18.      | 18.     | 5  |  |
| 26.1     | 24.3     | 24.8    | 22.1    | 22.8     | 24.4     | 26.       | 25.2     | 20.1    | 22.5     | 24.3     | 20.9      | 22.9     | 20.6    | 6  |  |
| 23.7     | 23.1     | 21.9    | 20.3    | 19.6     | 24.2     | 22.5      | 22.3     | 20.     | 18.4     | 21.1     | 20.       | 19.5     | 18.6    | 7  |  |
| 25.2     | 23.7     | 24.4    | 22.4    | 22.3     | 23.9     | 23.1      | 24.5     | 22.5    | 21.4     | 22.5     | 22.4      | 23.      | 20.9    | 8  |  |
| 22.4     | 24.      | 22.5    | 20.1    | 20.5     | 21.9     | 22.2      | 21.9     | 19.4    | 18.4     | 21.5     | 21.3      | 19.4     | 19.     | 9  |  |
| 25.1     | 24.6     | 19.5    | 23.     | 19.5     | 20.8     | 20.9      | 20.6     | 22.7    | 18.5     | 21.8     | 17.       | 20.2     | 20.5    | 10 |  |
| 27.5     | 28.2     | 30.6    | 27.3    | 27.5     | 26.      | 24.1      | 26.4     | 20.6    | 24.5     | 24.6     | 21.7      | 23.8     | 24.2    | 11 |  |
| 16.2     | 16.9     | 18.1    | 15.5    | 18.2     | 17.9     | 16.9      | 17.9     | 17.2    | 19.1     | 18.7     | 18.6      | 18.6     | 14.4    | 12 |  |
| 20.4     | 20.      | 18.9    | 17.4    | 17.1     | 16.2     | 16.9      | 17.4     | 20.3    | 20.2     | 19.8     | 16.3      | 16.5     | 17.     | 14 |  |
| 25.3     | 24.8     | 21.5    | 22.8    | 18.6     | 22.2     | 20.7      | 21.9     | 18.     | 21.4     | 22.      | 21.       | 19.5     | 18.7    | 15 |  |
| 26.6     | 21.5     | 23.9    | 21.1    | 21.6     | 26.6     | 31.9      | 23.1     | 20.1    | 18.7     | 23.2     | 20.4      | 22.5     | 17.8    | 16 |  |
| 30.1     | 30.8     | 28.1    | 29.6    | 28.      | 25.7     | 30.7      | 28.5     | 19.9    | 19.4     | 26.2     | 24.7      | 21.5     | 21.5    | 17 |  |
| 30.9     | 17.5     | 10.7    | 17.9    | 61.5     | 42.4     | 31.8      | 34.7     | 15.8    | 28.9     | 28.9     | 20.5      | 29.4     | 16.5    | 18 |  |
| 46.2     | 49.6     | 45.7    | 39.9    | 34.5     | 41.4     | 50.1      | 40.      | 38.     | 31.1     | 35.7     | 39.7      | 33.8     | 26.6    | 19 |  |
| 8.6      | 22.9     | 19.6    | 10.5    | 13.8     | 14.4     | 9.7       | 10.5     | 20.6    | 11.4     | 29.4     | 11.6      | 19.6     | 14.6    | 21 |  |
| 27.      | 24.7     | 24.1    | 32.3    | 25.4     | 22.1     | 21.       | 23.2     | 19.5    | 22.      | 21.4     | 21.6      | 31.9     | 16.6    | 22 |  |
| 27.2     | 27.5     | 24.2    | 20.9    | 22.4     | 20.      | 19.4      | 20.3     | 22.8    | 18.8     | 18.6     | 18.4      | 18.      | 18.1    | 23 |  |
| 21.2     | 21.3     | 20.8    | 19.9    | 20.9     | 21.1     | 21.4      | 22.4     | 21.6    | 21.      | 21.8     | 19.4      | 20.5     | 18.1    | 24 |  |
| 18.4     | 19.3     | 20.9    | 19.7    | 18.8     | 20.      | 22.3      | 23.9     | 23.     | 19.7     | 19.      | 20.6      | 22.2     | 19.4    | 25 |  |
| 22.3     | 24.7     | 26.2    | 20.3    | 23.3     | 22.2     | 21.4      | 24.8     | 22.5    | 22.3     | 22.8     | 20.6      | 24.      | 19.4    | 26 |  |
| 23.5     | 21.      | 22.5    | 19.6    | 22.1     | 21.6     | 24.6      | 24.1     | 24.4    | 22.4     | 21.2     | 19.5      | 19.2     | 19.     | 27 |  |
| 24.4     | 23.2     | 24.2    | 21.8    | 23.2     | 22.8     | 22.7      | 24.5     | 22.3    | 23.      | 22.4     | 20.1      | 21.1     | 22.1    | 28 |  |
| 16.8     | 20.1     | 24.9    | 23.4    | 19.2     | 17.1     | 19.6      | 21.6     | 25.4    | 19.4     | 17.1     | 16.5      | 21.7     | 19.8    | 29 |  |
| 22.9     | 24.6     | 24.4    | 21.5    | 22.9     | 21.9     | 22.6      | 24.7     | 24.1    | 21.6     | 22.      | 22.6      | 22.1     | 18.6    | 30 |  |
| 24.3     | 26.9     | 28.3    | 21.9    | 23.5     | 20.1     | 22.8      | 20.9     | 19.5    | 20.      | 19.9     | 19.6      | 22.9     | 17.6    | 31 |  |
| 21.9     | 18.9     | 23.8    | 20.6    | 19.6     | 21.8     | 22.4      | 15.8     | 22.     | 20.4     | 18.      | 22.       | 22.7     | 22.3    | 32 |  |
| 30.4     | 30.      | 33.3    | 28.     | 24.1     | 25.1     | 28.8      | 28.1     | 24.9    | 24.      | 16.9     | 21.       | 27.      | 22.5    | 33 |  |
| 29.2     | 22.      | 32.1    | 24.1    | 24.3     | 34.1     | 35.       | 33.1     | 30.3    | 23.3     | 25.3     | 23.7      | 28.4     | 27.6    | 34 |  |
| 15.1     | 18.      | 42.2    | 18.6    | 26.3     | 30.      | 13.2      | 22.2     | 15.5    | 18.2     | 14.      | 14.2      | 13.7     | 16.     | 37 |  |
| 13.6     | 15.3     | 17.8    | 27.9    | 29.4     | 15.8     | 17.2      | 17.9     | 20.3    | 16.      | 13.6     | 21.1      | 48.1     | 16.6    | 38 |  |
| 27.9     | 32.3     | 40.7    | 44.1    | 36.4     | 27.4     | 23.4      | 27.1     | 28.2    | 23.5     | 21.6     | 24.6      | 24.7     | 26.1    | 39 |  |
| 6.4      | 3.5      | 3.5     | 13.5    | 25.2     | 10.4     | 15.9      | 15.      | 12.6    | 16.3     | 11.6     | 9.3       | 7.4      | 6.9     | 40 |  |
| 27.3     | 39.5     | 40.     | 35.7    | 25.3     | 13.2     | 21.5      | 13.2     | 21.5    | 13.2     | 21.5     | 13.2      | 21.5     | 13.2    | 41 |  |
| 18.6     | 9.9      | 28.4    | 13.2    | 21.5     | 13.2     | 21.5      | 13.2     | 21.5    | 13.2     | 21.5     | 13.2      | 21.5     | 13.2    | 42 |  |
| 23.4     | 22.9     | 22.7    | 20.9    | 21.      | 22.6     | 22.6      | 22.9     | 21.2    | 19.9     | 21.3     | 20.2      | 20.8     | 19.3    |    |  |
| 37.7     | 32.8     | 33.7    | 28.5    | 29.4     | 28.4     | 29.       | 30.9     | 26.7    | 27.6     | 25.7     | 26.7      | 29.1     | 24.4    | 1  |  |
| 31.8     | 30.      | 29.5    | 29.6    | 28.9     | 32.7     | 31.       | 29.9     | 27.1    | 26.6     | 26.1     | 26.2      | 27.4     | 24.6    | 2  |  |
| 32.3     | 33.5     | 35.     | 28.9    | 29.9     | 30.1     | 31.5      | 30.6     | 27.4    | 26.9     | 27.1     | 27.7      | 31.4     | 26.8    | 3  |  |
| 41.6     | 43.6     | 44.9    | 39.     | 41.6     | 40.      | 42.5      | 49.      | 36.1    | 34.      | 32.3     | 31.4      | 35.2     | 24.8    | 4  |  |
| 97.7     | 27.4     | 28.6    | 29.2    | 27.2     | 27.3     | 27.2      | 27.6     | 28.3    | 24.3     | 28.      | 23.5      | 29.2     | 24.8    | 5  |  |
| 31.3     | 31.1     | 31.5    | 26.1    | 29.2     | 28.1     | 29.       | 30.1     | 26.     | 27.2     | 25.8     | 26.8      | 27.1     | 26.6    | 6  |  |
| 26.6     | 27.5     | 27.4    | 27.3    | 26.2     | 30.3     | 39.2      | 34.5     | 27.5    | 24.      | 35.      | 34.4      | 34.9     | 22.5    | 7  |  |
| 43.2     | 28.8     | 28.8    | 22.9    | 35.9     | 35.6     | 35.2      | 33.2     | 22.6    | 14.9     | 31.6     | 28.9      | 27.2     | 22.4    | 8  |  |
| 28.4     | 31.4     | 27.6    | 32.     | 28.2     | 27.      | 30.       | 27.8     | 30.     | 25.8     | 25.6     | 24.2      | 29.9     | 25.1    | 9  |  |
| 28.4     | 29.1     | 28.9    | 27.9    | 30.8     | 28.9     | 32.7      | 34.1     | 35.8    | 27.5     | 26.      | 25.1      | 28.1     | 28.9    | 10 |  |
| 29.7     | 28.9     | 27.5    | 26.3    | 26.5     | 31.3     | 30.3      | 29.3     | 29.     | 28.7     | 27.8     | 30.9      | 24.3     | 27.8    | 11 |  |
| 30.4     | 30.6     | 29.4    | 30.7    | 30.1     | 29.4     | 32.       | 35.      | 31.7    | 38.5     | 30.5     | 29.2      | 29.4     | 27.2    | 12 |  |
| 29.9     | 28.3     | 33.3    | 32.2    | 30.4     | 36.7     | 35.3      | 36.2     | 33.6    | 29.5     | 28.2     | 25.       | 27.3     | 27.     | 13 |  |
| 32.1     | 31.5     | 37.4    | 32.9    | 26.8     | 23.3     | 34.6      | 41.      | 31.     | 25.3     | 26.9     | 23.3      | 26.7     | 29.6    | 14 |  |
| 31.5     | 31.6     | 32.5    | 27.1    | 27.7     | 25.      | 28.8      | 32.3     | 30.8    | 26.4     | 31.4     | 24.8      | 30.8     | 23.5    | 15 |  |
| 34.7     | 35.7     | 38.4    | 23.8    | 25.5     | 22.2     | 26.8      | 19.2     | 18.7    | 22.6     | 20.3     |           |          |         | 16 |  |
| 34.8     | 32.1     | 32.7    | 29.     | 29.4     | 29.7     | 30.4      | 31.3     | 27.7    | 27.8     | 26.9     | 27.1      | 29.      | 25.3    | 17 |  |

centum of the aggregate amount of their circulation and deposits. The reserve which the banks in the and deposits. When the amount of reserve is less than the proportion required by law, the ratios are



A law which is so universally observed as to have become a rule with all the cautiously-managed banks of the country should not be repealed without full consideration. Carefully-prepared tables giving further information regarding the reserves of the National Banks will be found in the appendix to this report.

#### THE CHICAGO FIRE.

The great fire in Chicago, of October 8 to 11, 1871, should be mentioned among the noteworthy events of the year. The buildings occupied by the eighteen national banks in that city were all totally destroyed in the general conflagration, except one, and that one was rendered untenable for some weeks.

The amount of bills receivable held by these banks at that time was more than twenty-one millions of dollars, and the indebtedness to correspondents nearly nine millions, and to individual depositors about seventeen millions. For a time it was thought that they were so seriously crippled that they would be unable to resume business, and it was proposed to open their doors with the offer of payment by installments to their creditors. The contents of their vaults were, however, rescued in good condition, and finally wise and prudent counsels prevailed, owing largely to the presence and advice of my predecessor. Eight days after the conflagration the banks obtained new offices in dwelling-houses distant from their former locations, and opened for the transaction of business. Instead of balances being largely drawn upon, deposits flowed in freely from dealers and correspondents, and at the close of the first day's business the receipts were found to be considerably larger than the disbursements. It was soon ascertained that the immense losses anticipated upon bills receivable would not be experienced, and confidence was restored. The total loss arising from the fire on discounted paper is estimated at about six hundred thousand dollars, and the loss from the destruction of bank-buildings, furniture, and fixtures, at about one hundred and seventy-six thousand dollars. The banks, at the time of this disaster, had accumulated a surplus fund exceeding one-fourth of their aggregate capital, and had at their command a reserve equal to more than thirty per cent. of their liabilities, and consequently were able to resume business without embarrassment. The wisdom of the sections of the law requiring an accumulation of surplus and the holding of reserve could not be better illustrated.

By reference to the abstract of the condition of the national banks of the city of Chicago, on page 38 of this volume, evidence will be found of the steady increase of business in these banks during the past year.\*

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\* Since the above paragraph was written a great conflagration has taken place in Boston, resulting in the destruction of from seventy to eighty millions of property. The facts pertaining to the Boston banks were in many respects similar to those of Chicago. Their aggregate capital was \$48,900,000; their surplus, \$11,440,000; their bills receivable, \$83,327,000; their deposits, \$40,841,000; and their reserve, according to the latest official reports, about twenty-five per cent. of their liabilities. The buildings of seven national banks, out of forty-nine transacting business in the city, were destroyed by the fire, but their cash assets were subsequently recovered. On the second day after the commencement of the fire all the banks but one were represented at the clearing-house, and on the fourth day all of them had resumed business. The aggregate loss upon bills receivable is estimated at from two and a half to three millions of dollars. The losses of the banks are chargeable to surplus, which was in excess of the requirements of the law, and it is not supposed that the regular dividends to shareholders will be materially reduced by the disaster.

## USURY.

Charges have been made against several national banks during the past year for receiving usurious rates of interest. These complaints have been made not only against banks in the South and West, where high rates of interest prevail, but also against banks organized in other States, where the usurious rate charged was but slightly in excess of the rate of six per cent., allowed by law. Section 30 of the act provides that when the amount of interest charged is greater than the rate authorized by State law, twice the interest paid may be recovered by the person paying the same; while section 53 provides that the franchises of an association may be forfeited if the directors of a bank knowingly violate the provisions of the act. The original national currency act of February 11, 1863, provided as a penalty for usury the forfeiture of the debt, and section 50 of the same act also subjected the rights, privileges, and franchises of an association to forfeiture for willful violations of the act. It may be doubted, therefore, whether Congress intended to impose a specific penalty involving the loss of the whole debt, and then, in addition, subject the same bank to a forfeiture of charter in a subsequent section, which is applicable to other violations of law. I am informed by gentlemen who participated in the framing of the present national currency act that the forfeiture of twice the amount of interest was regarded as a sufficient penalty for such violations of law, and, at the same time, a sufficient protection to borrowers.

These statements are confirmed by the act of April 22, 1870, "An act to amend the usury laws of the District of Columbia," which provides "that if any person or corporation in this District shall contract to receive a greater rate of interest than ten per cent. upon any contract in writing, or six per cent. upon any verbal contract, such person or corporation shall forfeit the whole of said interest so contracted to be received, and shall be entitled only to recover the principal sum due to such person or corporation." It will be observed that the forfeiture of the interest is the only penalty prescribed by Congress nearly six years after the passage of the national currency act for corporations and individuals in the District of Columbia.

The rates of interest fixed by State laws are not governed by any sound economical or business principles. In three of the New England States\* usury laws are abolished, while in the remainder the rate has remained for half a century at a uniform standard, which is less than the present rate of the Bank of England. In Minnesota and Virginia, the rate is limited to twelve per cent.; in Illinois, Wisconsin, and Missouri, to ten per cent.; in Alabama and Ohio, to eight per cent., while in Pennsylvania, Maryland, and Kentucky, the rate is fixed at six per cent. In New York, the taking of an excess beyond the limit of seven per cent. forfeits the whole debt, and subjects the creditor to fine and imprisonment. It would be difficult to give any good reason why the rate of interest should be limited to ten per cent. in the city of Washington, to six per cent. in the neighboring cities of Philadelphia, Baltimore, Wilmington, and Raleigh, and to twelve per cent. across the Potomac, in Alexandria, and in the capital of Virginia. Many of the States have practically repealed their usury laws, while other neighboring States retain upon their statute-books laws which are so continually evaded that they have become obsolete. Savings-banks chartered by Congress, savings-banks, trust-

\*The interest laws of Rhode Island, Massachusetts, and Connecticut will be found in the Appendix.

companies, and safe-deposit companies authorized by the legislatures of almost every State of the Union, as well as private bankers, offer for interest on deposits rates nearly equal, and sometimes exceeding the ruling rates allowed by law; and under such circumstances it is difficult to control by legislation the rates of the national banks.

Self-protection stimulates even the most conservative banks to control their own business and retain the accounts of dealers of long standing. The rates of interest charged must correspond in some degree to the supply of money and to the demand. If high rates are paid for deposits, it is with the expectation that the borrower will pay a rate correspondingly high. Hence loans are made to those dealers who will leave the largest proportion of the amount borrowed with the bank for the longest period in the guise of deposits. Banks in New York charge seven per cent., in Philadelphia and Baltimore, six per cent.; but their loans are made chiefly to dealers whose average accounts show balances continually on hand equal to one-eighth or one-fourth of the amount borrowed; while the banks in the South and the West not unfrequently charge the ruling rate without regard to the account of the customer. The expedients for violating the usury laws are so numerous that it may well be doubted whether it would not be better for all parties to allow the rate charged to be regulated by the state of the money market. Under existing laws, in an easy money market, the rate not unfrequently falls below that prescribed by law. If money is scarce, the rate is nominally within the limit, but really regulated in accordance with a previous understanding between borrower and lender.

There are no usury laws in Great Britain, or in the other commercial European states; and the commonwealth of Massachusetts, one of the most prosperous and enlightened States of the Union, has recently abolished\* such laws; and it will be found, by reference to the table on page 16, that the earnings of the banks in that State for the four years since the passage of the act, have been even less than in many of the Eastern, Middle, and Southern States, where the rate is fixed at six per cent.

Mr. McCulloch, late Secretary of the Treasury, in his first report, as Comptroller of the Currency, recommended a uniform rate of interest, and expressed the opinion that Congress possessed the power to enact such a law, under the constitutional provision of regulating commerce among the several States. Congress alone has the power to coin money and regulate the value thereof; and if it alone has authority to issue and authenticate the paper currency of the country, there would seem to be no good reason why it should not also provide for its free circulation, which is now impeded by the ever-changing statutes of forty different legislatures.

The penalty for usury should at least be defined, and until this is done the Comptroller will not feel himself called upon to institute proceedings for forfeiture of the charter of a bank for usurious transactions, when it is evident that the business of the association is conducted legitimately and safely in other respects.

#### SAVINGS-BANKS.

The act of June 17, 1870, provides that savings-banks may be organized within the District of Columbia, under the provisions of section 4 of the act "to provide for the creation of corporations in the District

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\* Act of March 6, 1857.

of Columbia by general law ;” and a subsequent act exempts from taxation the deposits of savings-banks in amounts less than \$2,000. It is claimed that, under this legislation, savings-banks, with capital paid up in full or in part, may be established in the District of Columbia, to be conducted for the benefit of the shareholders. The legislatures of many of the States have authorized the establishment of similar institutions, which, under the act of Congress, are exempt from taxation on deposits, while these identical deposits, if placed to the credit of savings-banks in a national bank, as is frequently the case, are subject to a tax of one-half per cent. per annum. It is evident that Congress intended to discriminate in favor of those institutions which are organized for the purpose of receiving and investing savings for the benefit of depositors, and not of shareholders.

The official reports of the savings-banks in New England show the deposits at the close of the year 1871 to have been \$312,333,479, or more than three times the amount of the aggregate deposits in the national banks. The deposits in the savings-banks of the State of New York, at the same date, were \$267,905,866, a sum also considerably in excess of the deposits of the national banks in that state. A large portion of these are not properly savings-deposits. Savings-banks in some portions of New England, New York, and Pennsylvania, as well as other States, have recently become formidable competitors of the national banks by offering much larger rates of interest for deposits than is usual in well-managed banks.

The proper functions of savings-banks are to make safe and judicious investments of the funds intrusted to them, and at specified times to divide the earnings among the depositors ; but for the purpose of attracting the deposits of business men and others, who would otherwise do business with regularly organized banking institutions, the custom prevails, to a large extent, of offering high rates of interest for deposits before dividends have been earned. The result is that savings-deposits are, to a considerable extent, endangered by investments in street-paper, in loans to the managers of such institutions, and in speculative securities.

The savings-banks are among the most important business institutions of the country, and they should be fostered and maintained ; but at the same time they should be restricted to a legitimate savings-bank business, and not allowed to encourage violations of usury laws nor to be controlled by the personal interests of shareholders, managers, or trustees. Frequent publications of reports should be required and their affairs subjected to rigid scrutiny from time to time by competent examiners. Special charters, with special privileges for savings-banks and trust companies, should not be granted, but all such institutions should be organized under general laws. The passage of such a law for the District of Columbia, with judicious provisions, would be productive of beneficial results and would afford an example, not only for those States which have no enactments of this kind, but also for the older States, whose present savings-bank laws are liable to great abuses.

#### LOCKING UP OF GREENBACKS.

The act of February 19, 1869, provides “that no national banking association shall hereafter offer or receive United States notes or national bank notes as security, or as collateral security, for any loan of money, or for a consideration shall agree to withhold

## XXVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

the same from use, or shall offer or receive the custody or promise of custody of such notes as security, or as collateral security or consideration, for any loan of money."

On the 5th of April last the Comptroller was advised that a bank in the city of New York, with a capital of \$1,000,000, and whose average exchanges at the clearing-house did not exceed \$300,000, was that morning creditor at the clearing-house for \$4,770,000. As it was evident that this large credit was not the result of legitimate business, the examiner was directed to make an examination of the bank, which was immediately done, in connection with a member of the clearing-house committee. From the examination, which was thoroughly and carefully conducted, it appeared that deposits had been made in that bank, by one individual, upon the morning of April 5, to the amount of \$4,100,000, the whole of which was drawn out upon the same day, upon the checks of the depositor, in legal-tender notes. The president of the bank denied that the bank had any interest in these transactions, and there was no evidence of any loan, or of advances in any shape, upon these deposits. These transactions were the subject, subsequently, of an investigation by the bank committee of the House of Representatives, and, although it was clear that the spirit of the law had been violated, no evidence could be obtained to warrant the commencement of a suit for the recovery of the penalty prescribed in the act referred to. The investigation undoubtedly had the effect to prevent the repetition of similar transactions; no offenses of this kind, on the part of any national bank, having since been brought to the attention of the Comptroller.

The New York clearing-house association subsequently passed a resolution declaring "that the clearing-house committee be and is hereby directed, whenever it appears, in its judgment, that legal-tender notes have been withdrawn from use through the agency of any bank, member of the association, to make an immediate examination of the bank in question, and should there appear to be complicity on the part of the bank or its officials, to suspend said bank from the clearing-house until action of the association shall be taken thereon."

The withdrawal of currency for illegitimate purposes has, however, since been accomplished without the assistance of the banks.

The rigid enforcement of the resolution of the clearing-house will prevent complicity on the part of the banks in such transactions; and if the New York stock-board and the leading banking-houses will unite with the clearing house, and refuse to transact business with unscrupulous men, who do not hesitate to embarrass legitimate business for the purpose of increasing or diminishing the values of stocks or bonds in which they are temporarily interested, they can do more to prevent such operations than any congressional enactment.

## INSOLVENT BANKS.

Twenty-one national banks, organized in eleven different States, with an aggregate capital of \$4,236,100, have failed since the organization of the system in 1863. The total circulation of these banks was \$2,942,793, of which \$2,441,430 has been redeemed in full, leaving a balance still outstanding of \$501,363, which will also be redeemed, upon presentation to the Treasurer of the United States, from the avails of United States bonds held as security for that purpose. Of these banks, five have been finally closed, (two during the past year,) having paid dividends to their creditors, as follows:

## REPORT OF THE COMPTROLLER OF THE CURRENCY. XXIX

| Name and location of bank.                   | Appointment of receiver. | Capital stock. | Amount of claims proved. | Dividends paid.      | Remarks.        |
|--|--------------------------|----------------|--------------------------|----------------------|-----------------|
| First National Bank, Attica, New York.       | Apr. 14, 1865            | \$50,000       | \$122,089                | <i>Per ct.</i><br>58 | Finally closed. |
| First National Bank, Medina, New York.       | Mar. 13, 1867            | 50,000         | 170,165                  | 38½                  | Finally closed. |
| Tennessee National Bank, Memphis, Tennessee. | Mar. 21, 1867            | 100,000        | 376,932                  | 17½                  | Finally closed. |
| Croton National Bank, New York City.         | Oct. 1, 1867             | 200,000        | 170,752                  | 88½                  | Finally closed. |
| First National Bank Keokuk, Iowa.....        | Mar. 3, 1868             | 100,000        | 205,256                  | 68½                  | Finally closed. |

Six national banks have failed during the past year, as follows :

| Name and location of bank.                 | Appointment of receiver. | Capital stock. | Amount of claims proved. | Dividends paid.      | Remarks.                   |
|--|--------------------------|----------------|--------------------------|----------------------|----------------------------|
| Ocean National Bank, New York City...      | Dec. 13, 1871            | \$1,000,000    | \$1,280,328              | <i>Per ct.</i><br>70 |                            |
| Union Square National Bank, New York City. | Dec. 15, 1871            | 200,000        | 157,120                  | 100                  | Claims paid in full.       |
| Eighth National Bank, New York City...     | Dec. 15, 1871            | 250,000        | 373,936                  | 50                   | Cash on hand, \$28,474.62. |
| Fourth National Bank, Philadelphia.....    | Dec. 20, 1871            | 200,000        | 645,558                  | 100                  | Claims paid in full.       |
| Waverly National Bank, Waverly, New York.  | Apr. 23, 1872            | 106,100        | 54,878                   | 100                  | Claims paid in full.       |
| First National Bank, Fort Smith, Arkansas. | May 2, 1872              | 50,000         | 7,633                    | .....                | Cash on hand, \$13,787.95. |

Of these banks, the Union Square National Bank, New York, the Fourth National Bank, Philadelphia, and the Waverly National Bank, New York, have paid their creditors in full, a settlement, it is believed, without precedent prior to the establishment of the national system. The Eighth National Bank, New York, has paid a dividend of fifty per cent.; the Ocean National Bank, New York, a dividend of seventy per cent.; and the receivers of the Ocean National Bank, and of the First National Bank of Fort Smith, Arkansas, estimate that the creditors of both of these banks will ultimately receive a dividend of one hundred cents on the dollar. The remaining ten national banks which have failed are as follows :

| Name and location of bank.                           | Appointment of receiver. | Capital stock. | Amount of claims proved. | Dividend paid.            | Cash on hand. |
|--|--------------------------|----------------|--------------------------|---------------------------|---------------|
| Venango National Bank, Franklin, Pa. ...             | May 1, 1866              | \$300,000      | \$724,010                | <i>Per cent.</i><br>..... | \$100,347 58  |
| Merchants' National Bank, Washington, D. C.          | May 8, 1866              | 200,000        | .....                    | .....                     | *37,371 00    |
| First National Bank, Selma, Ala. ....                | Apr. 30, 1867            | 100,000        | 303,071                  | .....                     | 109,264 14    |
| First National Bank, New Orleans, La. ...            | May 20, 1867             | 500,000        | 1,116,631                | 35                        | 187,670 76    |
| National Unadilla Bank, Unadilla, N. Y. ...          | Aug. 29, 1867            | 120,000        | 126,760                  | .....                     | 50,447 39     |
| Farmers and Citizens' National Bank, Brooklyn, N. Y. | Sept. 6, 1867            | 300,000        | 1,189,000                | 92                        | 13,937 89     |
| First National Bank, Bethel, Conn. ....              | Feb. 23, 1868            | 60,000         | 68,986                   | 70                        | 11,668 43     |
| National Bank of Vicksburgh, Miss. ....              | Sept. 24, 1868           | 50,000         | 20,493                   | .....                     | 12,375 11     |
| First National Bank, Rockford, Ill. ....             | Mar. 15, 1869            | 50,000         | 65,875                   | .....                     | 19,404 01     |
| First National Bank, Nevada, Austin. ...             | Oct. 14, 1869            | 250,000        | 169,314                  | 50                        | 53,159 65     |

\* Also \$50,000 United States six per cent. bonds, on deposit with Treasurer.

The aggregate amount of claims proved against the seventeen national banks which have failed; (excluding the four banks which were Government depositories,) is \$5,205,068; the average dividends,  $69\frac{1}{2}$  per cent.; the additional dividends to be declared are estimated at  $14\frac{8}{10}$  per cent.; making, in all, dividends in favor of creditors of  $84\frac{3}{10}$  per cent., which would leave an average deficiency of  $15\frac{7}{10}$  per cent. to be collected of shareholders, as provided in section 50 of the act.

A final dividend in favor of the Farmers and Citizens' National Bank, of Brooklyn, will be made during the present year, of about four per cent., making, in all, dividends from the assets of ninety-six per cent. A final dividend of about forty per cent. in favor of the creditors of the National Unadilla Bank is delayed by a claim in litigation for the value of the bonds deposited as security for circulation in excess of the amount required to redeem its circulating notes, which will probably go to the Supreme Court for final adjudication. An assessment has been made upon the shareholders of the National Bank of Bethel, of  $15\frac{1}{2}$  per cent., which, if collected, will pay the creditors in full, without interest, up to the date of the appointment of the receiver. A dividend of more than thirty per cent. will also soon be declared in favor of the creditors of the First National Bank of Nevada. The affairs of the Eighth National Bank of New York, and of the First National Bank of Rockford, Illinois, are involved in litigation, and the date of the final closing of their affairs is uncertain.

The Venango National Bank of Franklin, Pennsylvania; the Merchants' National Bank of Washington, District of Columbia; the First National Bank of Selma, Alabama, and the First National Bank of New Orleans, were United States depositories. The final dividend in favor of the creditors of the First National Bank of Vicksburg has been unexpectedly delayed by the recent presentation of a claim of the United States for money alleged to have been illegally deposited by the collector of internal revenue of that district, in the year 1868. Since that time no losses have occurred to the Government by deposits made in the national banks, although many millions of dollars have been continually on deposit with banks which are designated as depositories. The three first-named banks, at the time of their failure, had a large amount of Government funds on deposit.

The fifth section of the act of March 3, 1797, provides "that when any revenue officer or other person hereafter becoming indebted to the United States, by bond or otherwise, shall become insolvent; or where the estate of any deceased debtor, in the hands of executors or administrators, shall be insufficient to pay all the debts due from the deceased, the debt due to the United States shall be first satisfied; and the priority hereby established shall be deemed to extend as well to cases in which a debtor, not having sufficient property to pay all his debts, shall make a voluntary assignment thereof, or in which the estate and effects of an absconding, concealed, or absent debtor shall be attached by process of law, as to cases in which an act of legal bankruptcy shall be committed."

The Treasurer of the United States claims, under this act, that all deposits in these banks at the time of suspension, belonging to the United States, whether deposited to its credit directly, or to the credit of its disbursing officers, with interest thereon from the date of the failure of the bank, are entitled to priority of payment.

In the case of the First National Bank of New Orleans, other questions have arisen. At the date of its suspension the bank was in charge of officers of the Government, who were also engaged in the settlement of the accounts of a defaulting ex-assistant treasurer of the United

States. The nominal balance to the personal credit of this individual upon the books of the bank was \$315,779.10, and a certified check for this amount was taken from him, and about \$94,000 collected upon it. The Government holds this check, and claims that the balance uncollected shall have priority in payment, the same as if that amount had been on deposit to the credit of the United States. The creditors of the bank, on the other hand, claim that, at the time of the suspension, the bank held legal offsets, and that there was really no balance due upon the check held by the Government. The receiver concurs in this opinion, and if the claim should be presented to him in the usual way for settlement, it would be disallowed.

Unsuccessful attempts have been made to obtain a final decision in the Supreme Court of the United States upon these questions, owing, in part, as is believed, to defects in the present act. A large amount of funds has been on deposit with the Treasurer for the last three years, which will be distributed among the creditors as soon as a decision of the court can be obtained upon these points.

Section 50 of the national currency act provides that the Comptroller shall make a ratable dividend upon all claims which may be proved to his satisfaction or adjudicated in a court of competent jurisdiction; and this is the only existing provision in reference to the method of procedure in the proving of claims against an insolvent bank. The law should be so amended as to define the duties of the Comptroller and of the receiver in proving claims and in prescribing the mode and manner of referring conflicting interests to the proper tribunal for final arbitrament. A bill for this purpose was introduced into the last Congress, reported by the Bank Committee, and referred to the Judiciary Committee of the House of Representatives. The passage of this bill will facilitate the settlement of the affairs of these banks, and simplify the method of procedure in all cases of insolvent banks.

An amendment is also suggested giving authority for the return of the assets of an insolvent bank to an agent of the shareholders upon their unanimous request, after full payment shall have been made to the creditors of the bank.

Where dividends are delayed by reason of protracted litigation, provision should also be made for the investment of the funds on deposit with the Treasurer in interest-bearing securities.

#### SURPLUS AND SPECIE.

The law requires that every national bank shall carry one-tenth part of its profits to surplus-fund account before the declaration of a dividend, until the same shall amount to 20 per cent. of its capital stock. This wise provision has been generally observed, and the returns show that the banks now have a surplus of more than one hundred millions of dollars, and considerably more than one-fifth of their capital in surplus account. The act also limits the liabilities of any association, person, company, or corporation, for money borrowed, to one-tenth of the capital stock paid in. The Comptroller recommends that this limit be extended to one-tenth of the capital and surplus, which will have a tendency to increase the surplus fund beyond the limit required by the law.

Banks have hitherto been in the habit of reporting, as specie, checks payable in coin. The result is to give an erroneous aggregate of the amount of coin held by the banks, the same amount being reported by the bank holding the coin and the bank holding the check. In the present statement, and in all future statements, the item of coin will include only actual coin and United States coin certificates which are payable on demand at the Treasury.



## XXXII REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table will exhibit the aggregate amount of specie held by the national banks at the dates mentioned, the coin, coin certificates, and checks payable in coin held by the national banks of the city of New York, being stated separately. The country banks have not heretofore separated coin and coin certificates in their reports:

| Date.              | Held by national banks in New York City. |                          |                         |                | Held by other national banks. | Aggregate.      |
|--------------------|--|--------------------------|-------------------------|----------------|-------------------------------|-----------------|
|                    | Coin.                                    | U. S. coin certificates. | Checks payable in coin. | Total.         |                               |                 |
| Oct. 5, 1868....   | \$1,698,623 24                           | \$6,390,140              | \$1,536,353 66          | \$9,625,116 90 | \$3,378,596 49                | \$13,003,713 39 |
| Jan. 4, 1869....   | 1,002,769 48                             | 18,038,520               | 2,348,140 49            | 22,289,429 97  | 7,337,320 29                  | 29,626,750 26   |
| April 17, 1869.... | 1,652,575 21                             | 3,720,040                | 1,469,826 64            | 6,842,441 85   | 3,102,090 30                  | 9,944,532 15    |
| June 12, 1869....  | 2,542,533 96                             | 11,953,680               | 975,015 82              | 15,471,229 78  | 2,983,860 70                  | 18,455,090 48   |
| Oct. 9, 1869....   | 1,792,740 73                             | 16,897,900               | 1,013,948 72            | 19,704,589 45  | 3,297,816 38                  | 23,002,405 83   |
| Jan. 22, 1870....  | 6,196,036 29                             | 28,501,460               | 2,190,644 74            | 36,888,141 03  | 11,457,242 69                 | 48,345,383 72   |
| Mar. 24, 1870....  | 2,647,908 39                             | 21,872,480               | 1,069,094 30            | 25,589,482 69  | 11,507,060 75                 | 37,096,543 44   |
| June 9, 1870....   | 2,842,400 24                             | 18,660,920               | 1,163,905 88            | 22,767,226 12  | 8,332,211 66                  | 31,099,437 78   |
| Oct. 8, 1870....   | 1,607,742 91                             | 7,533,909                | 3,994,006 42            | 13,135,649 33  | 5,324,362 14                  | 18,460,011 47   |
| Dec. 28, 1870....  | 2,268,581 96                             | 14,063,540               | 3,748,126 87            | 20,080,248 83  | 6,227,002 76                  | 26,307,251 59   |
| Mar. 18, 1871....  | 2,982,155 61                             | 13,099,720               | 3,829,881 64            | 19,911,757 25  | 5,857,409 39                  | 25,769,166 64   |
| April 29, 1871.... | 2,047,930 71                             | 9,845,080                | 4,382,107 24            | 16,275,117 95  | 6,456,909 07                  | 22,732,027 02   |
| June 10, 1871....  | 2,249,408 06                             | 9,161,160                | 3,680,854 92            | 15,091,422 98  | 4,833,532 18                  | 19,924,955 16   |
| Oct. 2, 1871....   | 1,121,269 40                             | 7,590,260                | 1,163,628 44            | 9,875,757 84   | 3,377,240 33                  | 13,252,998 17   |
| Dec. 16, 1871....  | 1,454,930 73                             | 17,354,740               | 4,255,631 39            | 23,065,302 12  | 6,529,997 44                  | 29,595,299 56   |
| Feb. 27, 1872....  | 1,490,417 70                             | 12,341,060               | 3,117,100 90            | 16,948,578 60  | 8,559,246 72                  | 25,507,825 32   |
| April 19, 1872.... | 1,828,659 74                             | 10,102,400               | 4,718,364 25            | 16,646,423 99  | 7,787,475 47                  | 24,433,899 46   |
| June 10, 1872....  | 3,782,909 64                             | 11,412,160               | 4,219,419 52            | 19,414,489 16  | 4,842,154 98                  | 24,256,644 14   |
| Oct. 3, 1872....   | 920,767 37                               | 5,454,580                | .....                   | 6,375,347 37   | 3,854,409 42                  | 10,229,756 79   |

## SHINPLASTERS.

The State of Alabama has issued for some years past, in the form and similitude of bank notes, of five different denominations, certificates which read as follows:

"The State of Alabama: Receivable as five dollars in payment of all dues to the State. Montgomery, May 1, 1867.

(Signed) \_\_\_\_\_ Governor.

(Signed) \_\_\_\_\_ Comptroller of Public Accounts."

On the reverse:

"Receivable in payment of taxes and all dues to the State. Issued under the provisions of the act entitled 'An act to provide for the issue of certificates or receipts by the State,' approved February 19, 1867. The credit and faith of the State of Alabama are pledged for the redemption of this certificate or receipt, as provided for in such act."

A circular was also issued by the governor of Alabama, on July 24, 1867, and is still in circulation, which states that an opinion has been obtained from the Attorney-General of the United States that such receipts or certificates are not subject to the tax of ten per cent. imposed upon the notes of State banks by the act of March 3, 1865, and recommending the co-operation of banks and bankers in giving circulation to the issues referred to. The Constitution of the United States provides that no State shall emit bills of credit, and it has been held by the Supreme Court of the United States, in a famous case,\*

\* *Briscoe vs. Bank of Kentucky*, 11 Pet., 257.

that a note of circulation "issued by a State, involving the faith of the State, and designed to circulate as money on the credit of the State, in the ordinary course of business," is a bill of credit. Other decisions of the Supreme Court hold "that certificates issued by a State in sums not exceeding ten dollars nor less than fifty cents, receivable in payment of taxes, the faith and credit of the State being pledged for their redemption, are bills of credit within the prohibition of the Constitution."<sup>77\*</sup>

It is clear, therefore, that such certificates are bills of credit, and prohibited by the Constitution. Savings-banks, railroad, municipal, and other corporations in the States of Florida, Georgia, and other Southern States have followed the example of the State of Alabama, and have issued, and are still issuing, a large amount of similar circulation, some in the form of receipts and certificates, and others in the form of railroad tickets, but all issued in the form and similitude of bank notes, and intended to circulate as money. There is no law in existence to prevent the circulation, and no legislative provision for the enforcement of the constitutional prohibition of such issues. The act of July 17, 1862, makes it a penal offense "to make, issue, circulate, or pay any note, check, memorandum, token, or other obligation for a less sum than one dollar, intended to circulate as money, or be received or used in lieu of lawful money." It is recommended that this act be so amended as to prohibit, absolutely, the issue of such circulation, and thus prevent great ultimate loss to the people, among whom such notes are now obtaining extensive credit.

A few national banks have gone into liquidation and reorganized as State banks, retaining their national title. State savings-banks and private companies have also assumed the title of "national." These corporations and companies erect large signs over their doors, issue conspicuous advertisements, and obtain recognition in the counterfeit detectors among lists of national banks, thus transacting business under false colors, which, of itself, should be sufficient to put all business men upon their guard. Such abuses should, however, be prohibited, and the Comptroller recommends the passage of an act prohibiting the use of the word "national" as a title for banks other than those organized under the national currency act.

He also recommends that all officers of national banks, and all Government depositaries, be required to stamp the word "counterfeit" or "illegal" upon all counterfeit and unauthorized issues presented at their counters.

#### BANKS OF CIRCULATION.

The national currency act is, to a certain extent, deficient in a provision for the prompt closing up of national banks pursuing an illegitimate business. These banks are of two classes. One class organize or attempt to organize and pay up their capital stock with the notes of shareholders instead of cash capital, as required by law. A few such cases have been forced into liquidation by withholding the issue of circulation, and in one instance the Solicitor has been requested to bring a suit for the forfeiture of charter for willful violation of law as provided in section 53 of the act. In all similar cases hereafter proceedings will be commenced for a like purpose. In other cases, banks which have lost a large portion of their capital refuse to go into liquidation, transacting no business, but in other respects conform to the requirements of

\* Craig *vs.* Missouri, 4 Pet., 410; Byrne *vs.* Missouri, 8 Pet., 40.

## XXXIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

the law, for the purpose of receiving the interest upon their bonds. The stockholders of these banks, in some instances, have the means to restore the capital, but refuse; in others, a portion of the shareholders desire to pursue a legitimate business, but another portion refuse to respond to assessments. The Comptroller respectfully recommends that in these cases authority be given to withhold the interest upon the bonds, and to commence proceedings for the forfeiture of charter, and that a penalty be imposed. These cases are not numerous, but a remedy is needed to terminate the existence of such associations, and no penalty is too severe for this evasion of the law. With proper legislation, and the co-operation of banks doing a legitimate business, an example may be made of illegitimate institutions, which will prevent the organization of banks without the full amount of capital paid up in cash, as required by law.

## EXAMINATIONS.

It is the intention of the Comptroller that every national bank shall be thoroughly examined once a year by a competent bank examiner. Every director and shareholder is personally interested in these examinations, if properly conducted. No well-managed bank will object to a confidential scrutiny of its affairs, but will welcome at all times, as is generally the case, a competent and courteous agent of the Department. Many valuable suggestions may be obtained from the experience of an intelligent examiner, and, in not a few instances, banks have been saved from ruin by timely interference in the correction of abuses. In some instances information is received at this office of violations of law which call for special examinations, but which cannot be made because there is no means of paying the expense of conducting such examinations. If the bank is found in fault, it will respond to an assessment; if not, it should not be subjected to an expense not authorized by law. The Comptroller, therefore, respectfully asks for an appropriation of \$3,000, in order that he may at all times be free to pursue such inquiries as he shall consider expedient for the protection of the creditors of such associations. Prompt action in cases of this kind is very desirable, and the expense incurred is trifling when compared with the public interests involved.

## MUTILATED CURRENCY.

Section 24 of the act provides that the worn-out and mutilated circulating notes of the national banks "shall be burned to ashes in the presence of four persons, one to be appointed by the Secretary of the Treasury, one by the Comptroller of the Currency, one by the Treasurer of the United States, and one by the association, under such regulations as the Secretary of the Treasury may prescribe." From the organization of the system in 1863 to November 1, 1872, \$86,695,305, more than one-fourth of the whole amount issued, has been returned to this office for destruction, as follows:

|   |            |
|---|------------|
| Previous to November 1, 1865.....           | \$175,490  |
| During the year ended October 31, 1866..... | 1,050,382  |
| During the year ended October 31, 1867..... | 3,401,423  |
| During the year ended October 31, 1868..... | 4,602,825  |
| During the year ended October 31, 1869..... | 8,603,729  |
| During the year ended October 31, 1870..... | 14,305,689 |
| During the year ended October 31, 1871..... | 24,344,047 |
| During the year ended October 31, 1872..... | 30,211,720 |

It is probable that the amount of mutilated currency to be returned hereafter for re-issue will exceed thirty millions of dollars annually, and that the whole amount of national-bank circulation will be re-issued as

often as once in ten years. An additional force will be required for the careful performance of this duty.

No effort will be spared by the Comptroller to have the provision of the law in reference to the burning of mutilated notes and the prompt issue of new notes in their place strictly executed; and the national banks of the country are urged to send forward such notes as frequently as possible, in order that the currency of the country may be kept in the best possible condition. The officers and depositaries of the United States can render efficient service in purifying the currency, by sorting out all mutilated notes of the national banks and presenting the same to their agents in New York City and elsewhere, for redemption.

#### THE OFFICE.

The force of this office consists of the Deputy Comptroller, fifty-six male clerks, and twenty-eight female clerks. The work of the office is continually increasing. More than twelve thousand reports of national banks are received annually and carefully scrutinized. More than one hundred million dollars of United States bonds have been received, transferred and deposited with the Treasurer during the past year, and twenty-five millions of dollars of bonds have been withdrawn and surrendered to the banks. Thirty millions of dollars of mutilated currency have been received, counted, and destroyed, and fifty-two millions of dollars of new currency issued to the banks. Many thousands of communications are annually received and promptly answered. If any success shall attend the administration of the responsible duties of the office, the Comptroller will be in a large measure indebted to the industry and efficiency of the Deputy Comptroller, of the competent corps of examiners, and of the chiefs of the different divisions, and to the services of experienced clerks, who have assisted him in the discharge of these duties. A re-organization of the office, with increased pay corresponding to the responsibility of the different positions, would be a proper recognition of services which have too long been well performed without corresponding compensation.

#### APPENDIX.

Special attention is called to the carefully prepared tables contained in the appendix, exhibiting the aggregate resources and liabilities of all the national banks, yearly, for the last ten years; to tables showing their condition during the present year, for five different periods, arranged by States and redemption cities, and separate statements of every bank of the Union upon the third day of October ultimo; also to tables exhibiting the different kinds of funds held as reserve; the dividends and earnings of the national banks, by States and cities, semi-annually, from March 1, 1869, to August 31, 1872; together with lists of insolvent banks, and banks which have gone into voluntary liquidation, and the amounts and different kinds of United States bonds deposited with the Treasurer as security for circulating notes. The appendix also contains an exhibit of the capital and dividends, semi-annually, for two years, of one hundred and sixteen of the leading banks of Great Britain and Ireland; and the interest laws of Rhode Island, Massachusetts, and Connecticut.

A table of contents will be found on the succeeding page.

JOHN JAY KNOX,  
*Comptroller of the Currency.*

HON. JAMES G. BLAINE,  
*Speaker of the House of Representatives.*

# REPORT

## OF THE

### COMPTROLLER OF THE CURRENCY.

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TREASURY DEPARTMENT,  
OFFICE OF THE COMPTROLLER OF THE CURRENCY,  
*Washington, November 28, 1873.*

SIR: I have the honor to submit for the consideration of Congress, in compliance with section sixty-one of the national currency act, the following report:

The first national bank, under the act of February 25, 1863, was organized in Philadelphia June 20, 1863,\* and the first circulating notes were issued December 21 of the same year. Since that time 2,129 national banks have been organized, 32 of which have failed, and 117 gone into voluntary liquidation by a vote of two-thirds of the shareholders, under section 42 of the act. During the last year 68 banks have been organized, 11 have failed, and 21 have gone into voluntary liquidation, leaving 1,980 in existence on November 1, 1873.

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\* The first proceedings in the Congress of the United States in reference to the establishment of a bank were June 21, 1780, at which time a committee of three was appointed to confer with the inspectors and directors of the proposed bank, which committee, on June 22, 1780, reported as follows:

Whereas a number of patriotic citizens of Pennsylvania have communicated to Congress a liberal offer, on their own credit, and by their own exertions, to supply and transport 3,000,000 rations, and 300 hogsheads of rum, for the use of the Army, and have established a bank for the sole purpose of obtaining and transporting the said supplies with the greater facility and dispatch; and whereas on the one hand the associators, animated to this laudable exertion by a desire to relieve the public necessities, mean not to derive from it the least pecuniary advantage; so, on the other, it is just and reasonable that they should be fully re-imbursed and indemnified: Therefore,

*Resolved, unanimously,* That Congress entertain a high sense of the liberal offer of the said associators to raise and transport the beforementioned supplies for the Army, and do accept the same as a distinguished proof of their patriotism.

*Resolved,* That the faith of the United States be, and the same hereby is, pledged to the subscribers to the said bank, for their effectual re-imbursement in the premises. \* \* \*

The proposed bank of 1780 was completed by the act of incorporation of 1781 of the Bank of North America. This bank was converted from a State bank to a national bank December 8, 1864.

## VI REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table exhibits the resources and liabilities of the national banks at the close of business September 12, the date of their last regular report—the returns from New York City, from other redemption cities, and from the remaining banks being given separately :

|  | New York City.<br>48 banks. | Other redemption<br>cities.*<br>1st banks. | Country banks.<br>1,747 banks. | Aggregate.<br>1,976 banks. |
|--|-----------------------------|--|--------------------------------|----------------------------|
| <i>Resources.</i>  |                             |  |                                |                            |
| Loans and discounts .....  | \$199,160,887 79            | \$262,523,070 82                           | \$478,549,345 61               | \$940,233,304 22           |
| Overdrafts .....   | 182,459 04                  | 594,439 05                                 | 3,209,914 03                   | 3,986,812 12               |
| U. S. bonds to secure circulation .....  | 33,870,100 00               | 89,591,050 00                              | 264,869,250 00                 | 388,330,400 00             |
| U. S. bonds to secure deposits .....   | 650,000 00                  | 3,026,000 00                               | 11,129,000 00                  | 14,805,000 00              |
| U. S. bonds and securities on hand .....   | 3,332,400 00                | 1,707,400 00                               | 3,785,050 00                   | 8,824,850 00               |
| Other stocks, bond, and mortgages.<br>Due from redeeming and reserve<br>agents ..... | 4,552,797 40                | 4,736,037 68                               | 14,420,199 45                  | 23,709,034 53              |
| Due from other national banks .....  | 15,740,765 99               | 32,279,436 51                              | 63,854,684 15                  | 96,134,120 66              |
| Due from other banks and bankers .....   | 2,077,286 04                | 10,976,896 48                              | 14,696,017 59                  | 41,413,680 06              |
| Real estate, furniture, and fixtures .....   | 8,469,984 33                | 3,335,728 30                               | 6,609,859 07                   | 12,092,873 41              |
| Current expenses .....   | 905,622 11                  | 8,601,528 75                               | 17,590,310 13                  | 34,661,823 21              |
| Premiums .....   | 766,179 69                  | 2,360,410 80                               | 3,699,404 08                   | 6,985,436 99               |
| Checks and other cash items .....  | 2,058,769 53                | 1,629,890 56                               | 5,356,773 62                   | 7,752,843 87               |
| Exchanges for clearing-house .....   | 67,897,740 69               | 1,908,842 89                               | 7,466,300 80                   | 11,433,913 22              |
| Bills of other national banks .....  | 2,618,583 00                | 21,028,262 84                              | 8,502,644 00                   | 88,926,003 53              |
| Bills of State banks .....   | 338,394 32                  | 4,955,579 00                               | 15,826 00                      | 16,076,806 00              |
| Fractional currency .....  | 14,585,810 55               | 11,211 00                                  | 1,428,841 04                   | 27,037 00                  |
| Specie .....   | 21,468,530 00               | 535,538 90                                 | 1,428,841 04                   | 2,302,774 26               |
| Legal-tender notes .....   | 10,810,000 00               | 3,210,970 07                               | 2,071,688 83                   | 19,868,469 45              |
| U. S. certificates of deposit .....  | 7,550,000 00                | 28,599,403 00                              | 42,279,728 00                  | 92,347,663 00              |
| Clearing-house certificates .....  | 175,000 00                  | 2,250,000 00                               | 20,610,000 00                  | 20,610,000 00              |
| <b>Totals .....</b>  | <b>389,486,310 48</b>       | <b>489,356,698 65</b>                      | <b>951,784,836 40</b>          | <b>1,830,627,845 53</b>    |
| <i>Liabilities.</i>  |                             |  |                                |                            |
| Capital stock .....  | 70,235,000 00               | 127,164,985 00                             | 293,672,631 00                 | 491,072,616 00             |
| Surplus fund .....   | 21,923,211 45               | 32,470,516 75                              | 65,920,771 00                  | 120,314,499 20             |
| Undivided profits .....  | 11,210,470 03               | 12,764,472 21                              | 30,540,189 52                  | 54,515,131 76              |
| National bank notes outstanding .....  | 27,482,342 00               | 77,800,560 00                              | 233,798,897 00                 | 339,081,799 00             |
| State bank notes outstanding .....   | 146,525 00                  | 207,127 00                                 | 835,201 00                     | 1,188,853 00               |
| Dividends unpaid .....   | 205,979 60                  | 320,700 03                                 | 875,868 26                     | 1,402,547 89               |
| Individual deposits .....  | 167,512,662 74              | 172,065,102 29                             | 283,107,798 26                 | 622,685,563 29             |
| U. S. deposits .....   | 296,877 39                  | 1,496,332 71                               | 6,036,117 63                   | 7,829,327 73               |
| Deposits of U. S. disbursing officers .....  | 40,297 13                   | 1,326,753 51                               | 6,731,509 49                   | 8,068,560 13               |
| Due to national banks .....  | 72,257,769 25               | 43,649,018 01                              | 17,765,945 68                  | 133,672,732 94             |
| Due to other banks and bankers .....   | 18,113,050 50               | 15,469,278 28                              | 5,715,819 36                   | 39,298,148 14              |
| Notes and bills rediscounted .....   | 62,125 39                   | 1,349,053 58                               | 4,638,458 78                   | 5,987,512 36               |
| Bills payable .....  |                             | 3,272,799 28                               | 2,145,629 42                   | 5,480,554 09               |
| <b>Totals .....</b>  | <b>389,486,310 48</b>       | <b>489,356,698 65</b>                      | <b>951,784,836 40</b>          | <b>1,830,627,845 53</b>    |

\* The redemption cities, in addition to New York, are: Boston, Albany, Philadelphia, Pittsburgh, Baltimore, Washington, New Orleans, Louisville, Cincinnati, Cleveland, Chicago, Detroit, Milwaukee, Saint Louis, and San Francisco.

## DISTRIBUTION OF THE CURRENCY.

The act of February 25, 1863, and the subsequent acts of June 3, 1864, and March 3, 1865, authorize the issue of three hundred millions of circulating notes to national banks to be organized under the provisions of those acts, one hundred and fifty millions of which were required to be "apportioned to associations in the States, in the District of Columbia and the Territories, according to representative population, and the remainder among associations formed in the several States, the District of Columbia and the Territories, having due regard to the existing capital, the resource and business of each State, District, and Territory."

The whole amount of currency authorized by these acts was issued to national banks during the four years following.

## REPORT OF THE COMPTROLLER OF THE CURRENCY. VII

The following table exhibits the apportionment of the whole amount of circulation authorized by law (\$354,000,000) to the different States and Territories, upon the basis of population and wealth as given in the census returns of 1870, together with the amount outstanding and authorized, and the excess and deficiency:

| States and Territories.                       | Apportionment on population. | Apportionment on wealth. | Aggregate apportionment. | Outstanding and authorized circulation. | Excess.     | Deficiency. |
|---|------------------------------|--------------------------|--------------------------|---|-------------|-------------|
| Maine .....                                   | \$2,877,818                  | \$2,053,200              | \$4,931,018              | \$8,029,252                             | \$3,098,234 | .....       |
| New Hampshire .....                           | 1,461,138                    | 1,486,800                | 2,947,938                | 4,624,525                               | 1,676,587   | .....       |
| Vermont .....                                 | 1,517,376                    | 1,380,600                | 2,897,976                | 6,932,030                               | 4,034,054   | .....       |
| Massachusetts .....                           | 6,689,889                    | 12,549,300               | 19,239,189               | 59,523,671                              | 40,284,482  | .....       |
| Rhode Island .....                            | 997,747                      | 1,752,300                | 2,750,047                | 13,385,840                              | 10,635,793  | .....       |
| Connecticut .....                             | 2,467,152                    | 4,566,600                | 7,033,752                | 17,994,648                              | 10,960,896  | .....       |
| Total Eastern States .....                    | 16,011,120                   | 23,788,800               | 39,799,920               | 110,489,966                             | 70,690,046  | .....       |
| New York .....                                | 20,118,813                   | 38,267,400               | 58,386,213               | 60,976,006                              | 2,589,793   | .....       |
| New Jersey .....                              | 4,159,382                    | 5,540,100                | 9,699,482                | 11,026,890                              | 1,327,408   | .....       |
| Pennsylvania .....                            | 16,167,317                   | 22,425,900               | 38,593,217               | 43,055,781                              | 3,462,564   | .....       |
| Delaware .....                                | 573,873                      | 566,400                  | 1,140,273                | 1,296,615                               | 156,342     | .....       |
| Maryland .....                                | 3,524,651                    | 3,787,800                | 7,372,451                | 9,252,847                               | 1,880,396   | .....       |
| Total Middle States .....                     | 44,604,036                   | 70,587,600               | 115,191,636              | 124,608,139                             | 9,416,503   | .....       |
| District of Columbia .....                    | 604,560                      | 743,400                  | 1,347,960                | 1,530,091                               | 182,131     | .....       |
| Virginia .....                                | 5,624,042                    | 2,407,200                | 8,031,242                | 3,902,342                               | .....       | \$4,128,900 |
| West Virginia .....                           | 2,029,041                    | 1,115,100                | 3,144,141                | 2,360,307                               | .....       | 783,834     |
| North Carolina .....                          | 4,918,022                    | 1,539,900                | 6,457,922                | 1,819,300                               | .....       | 4,638,622   |
| South Carolina .....                          | 3,239,045                    | 1,221,300                | 4,460,345                | 2,319,500                               | .....       | 2,140,845   |
| Georgia .....                                 | 5,435,587                    | 1,575,300                | 7,010,887                | 2,365,605                               | .....       | 4,645,282   |
| Florida .....                                 | 861,846                      | 265,500                  | 1,127,346                | 90,000                                  | .....       | 1,037,346   |
| Alabama .....                                 | 4,576,646                    | 1,185,900                | 5,762,546                | 1,541,133                               | .....       | 4,221,413   |
| Mississippi .....                             | 3,800,529                    | 1,239,000                | 5,039,529                | 5,876                                   | .....       | 5,033,653   |
| Louisiana .....                               | 3,336,863                    | 1,893,900                | 5,230,763                | 3,646,870                               | .....       | 1,583,893   |
| Texas .....                                   | 3,757,640                    | 938,100                  | 4,695,740                | 930,960                                 | .....       | 3,764,780   |
| Arkansas .....                                | 2,223,936                    | 920,400                  | 3,144,336                | 192,495                                 | .....       | 2,951,841   |
| Kentucky .....                                | 6,064,027                    | 3,557,700                | 9,621,727                | 7,637,900                               | .....       | 1,983,827   |
| Tennessee .....                               | 5,777,118                    | 2,938,200                | 8,715,318                | 3,341,736                               | .....       | 5,373,582   |
| Missouri .....                                | 7,901,509                    | 7,557,900                | 15,459,409               | 6,476,193                               | .....       | 8,983,216   |
| Total Southern and South-western States ..... | 60,150,411                   | 29,098,800               | 89,249,211               | 38,160,308                              | 182,131     | 51,271,034  |
| Ohio .....                                    | 12,234,726                   | 13,151,100               | 25,385,826               | 23,876,370                              | .....       | \$1,509,456 |
| Indiana .....                                 | 7,714,871                    | 7,469,400                | 15,184,271               | 14,706,415                              | .....       | 477,856     |
| Illinois .....                                | 11,659,230                   | 12,496,200               | 24,155,430               | 17,824,209                              | .....       | 6,331,221   |
| Michigan .....                                | 5,435,357                    | 4,230,300                | 9,665,657                | 7,485,043                               | .....       | 2,180,614   |
| Wisconsin .....                               | 4,841,403                    | 4,141,800                | 8,983,203                | 3,253,316                               | .....       | 5,729,887   |
| Iowa .....                                    | 5,481,081                    | 4,230,300                | 9,711,381                | 5,674,385                               | .....       | 4,036,996   |
| Minnesota .....                               | 2,018,445                    | 1,345,200                | 3,363,645                | 3,330,414                               | .....       | 33,231      |
| Kansas .....                                  | 1,672,754                    | 1,115,100                | 2,787,854                | 1,825,496                               | .....       | 962,358     |
| Nebraska .....                                | 564,592                      | 407,100                  | 971,692                  | 809,500                                 | .....       | 162,192     |
| Total Western States .....                    | 51,622,459                   | 48,586,500               | 100,208,959              | 78,785,148                              | .....       | 21,423,811  |
| Nevada .....                                  | 195,052                      | 177,000                  | 372,052                  | 11,864                                  | .....       | 360,188     |
| Oregon .....                                  | 417,377                      | 300,900                  | 718,277                  | 225,000                                 | .....       | 493,277     |
| California .....                              | 2,571,783                    | 3,752,400                | 6,324,183                | .....                                   | .....       | 6,324,183   |
| Colorado .....                                | 189,993                      | 123,900                  | 306,893                  | 538,995                                 | 232,102     | .....       |
| Utah .....                                    | 398,386                      | 88,500                   | 486,886                  | 419,829                                 | .....       | 67,057      |
| Idaho .....                                   | 68,852                       | 35,400                   | 104,252                  | 90,000                                  | .....       | 14,252      |
| Montana .....                                 | 94,540                       | 88,500                   | 183,040                  | 252,000                                 | 68,960      | .....       |
| Wyoming .....                                 | 41,855                       | 35,400                   | 77,255                   | 72,000                                  | .....       | 5,255       |
| New Mexico .....                              | 421,742                      | 194,700                  | 616,442                  | 270,000                                 | .....       | 346,442     |
| Arizona .....                                 | 44,334                       | 17,700                   | 62,034                   | .....                                   | .....       | 62,034      |
| Dakota .....                                  | 65,096                       | 35,400                   | 100,496                  | 45,000                                  | .....       | 55,496      |
| Washington .....                              | 109,964                      | 88,500                   | 198,464                  | .....                                   | .....       | 198,464     |
| Total Pacific States and Territories .....    | 4,611,974                    | 4,938,300                | 9,550,274                | 1,924,688                               | 301,062     | 7,926,648   |
| Grand total of States and Territories .....   | 177,000,000                  | 177,000,000              | 354,000,000              | 353,968,249                             | 80,589,742  | 80,621,493  |

## VIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table exhibits the number of banks organized, the number closed and closing, and the number in operation, with their capital, amount of bonds on deposit, and circulation issued, redeemed, and outstanding, in each State and Territory, on the 1st day of November, 1873:

| States and Territories.                       | Banks or-<br>ganized. | Closed and<br>closing. | In opera-<br>tion. | Capital<br>paid in. | Bonds on<br>deposit. | Circula-<br>tion issued. | Circulat'n<br>redeemed. | Circulat'n<br>outstand-<br>ing. |
|---|-----------------------|------------------------|--------------------|---------------------|----------------------|--------------------------|-------------------------|---------------------------------|
| Maine.....                                    | 65                    | 2                      | 63                 | \$9,540,000         | \$8,880,750          | \$10,392,106             | \$2,362,854             | \$8,029,252                     |
| New Hampshire.....                            | 43                    | 1                      | 42                 | 5,185,000           | 5,163,000            | 5,967,755                | 1,343,230               | 4,624,525                       |
| Vermont.....                                  | 44                    | 2                      | 42                 | 5,335,012           | 7,736,000            | 8,909,990                | 1,977,960               | 6,932,030                       |
| Massachusetts.....                            | 220                   | 2                      | 217                | 91,342,000          | 67,346,750           | 83,956,110               | 24,432,439              | 59,523,671                      |
| Rhode Island.....                             | 62                    | .....                  | 62                 | 20,504,800          | 14,981,700           | 18,084,800               | 4,698,960               | 13,385,840                      |
| Connecticut.....                              | 53                    | 3                      | 50                 | 25,384,620          | 20,306,800           | 24,550,990               | 6,556,342               | 17,994,648                      |
| Total Eastern States..                        | 517                   | 11                     | 506                | 160,291,432         | 124,415,000          | 151,861,751              | 41,371,785              | 110,489,966                     |
| New York.....                                 | 321                   | 45                     | 276                | 110,654,691         | 69,025,450           | 98,508,160               | 37,532,154              | 60,976,006                      |
| New Jersey.....                               | 63                    | 1                      | 62                 | 13,958,350          | 12,389,650           | 14,598,873               | 3,571,985               | 11,026,890                      |
| Pennsylvania.....                             | 213                   | 11                     | 202                | 53,510,240          | 47,446,500           | 57,510,690               | 15,454,909              | 42,055,781                      |
| Delaware.....                                 | 11                    | .....                  | 11                 | 1,523,185           | 1,453,200            | 1,756,515                | 459,900                 | 1,296,615                       |
| Maryland.....                                 | 34                    | 1                      | 33                 | 13,640,203          | 10,391,250           | 12,828,540               | 3,575,693               | 9,252,847                       |
| Total Middle States...                        | 642                   | 58                     | 584                | 193,286,669         | 140,706,050          | 185,202,780              | 60,594,641              | 124,608,139                     |
| District of Columbia.....                     | 8                     | 4                      | 4                  | 1,652,000           | 1,670,000            | 2,294,100                | 764,009                 | 1,530,091                       |
| Virginia.....                                 | 22                    | 6                      | 22                 | 4,185,000           | 3,926,000            | 4,329,800                | 807,458                 | 3,522,342                       |
| West Virginia.....                            | 19                    | 2                      | 17                 | 2,596,000           | 2,571,600            | 3,169,200                | 808,893                 | 2,360,307                       |
| North Carolina.....                           | 10                    | .....                  | 10                 | 2,100,000           | 1,820,100            | 1,836,160                | 147,360                 | 1,688,800                       |
| South Carolina.....                           | 12                    | .....                  | 12                 | 3,170,000           | 2,425,000            | 2,229,580                | 53,080                  | 2,176,500                       |
| Georgia.....                                  | 15                    | 2                      | 13                 | 2,785,000           | 2,526,400            | 2,649,290                | 373,685                 | 2,275,605                       |
| Alabama.....                                  | 10                    | 1                      | 9                  | 1,569,300           | 1,430,000            | 1,477,890                | 187,767                 | 1,290,033                       |
| Mississippi.....                              | 2                     | 2                      | .....              | .....               | .....                | 66,000                   | 60,124                  | 5,876                           |
| Louisiana.....                                | 11                    | 3                      | 8                  | 5,250,000           | 4,000,000            | 4,345,340                | 729,470                 | 3,615,870                       |
| Texas.....                                    | 8                     | .....                  | 8                  | 995,000             | 840,000              | 1,007,000                | 251,540                 | 755,460                         |
| Arkansas.....                                 | 3                     | 1                      | 2                  | 205,000             | 205,000              | 272,700                  | 80,205                  | 192,495                         |
| Kentucky.....                                 | 37                    | 1                      | 36                 | 8,263,700           | 7,709,850            | 8,178,645                | 1,156,745               | 7,021,900                       |
| Tennessee.....                                | 27                    | 3                      | 24                 | 3,520,481           | 3,249,750            | 3,665,510                | 573,504                 | 3,092,006                       |
| Missouri.....                                 | 41                    | 5                      | 36                 | 9,545,300           | 6,868,350            | 8,126,055                | 1,908,622               | 6,217,433                       |
| Total Southern and<br>Southwestern States.    | 231                   | 30                     | 201                | 45,836,781          | 39,242,050           | 43,647,180               | 7,902,462               | 35,744,718                      |
| Ohio.....                                     | 180                   | 12                     | 168                | 29,093,000          | 26,127,750           | 31,572,610               | 7,948,240               | 23,624,370                      |
| Indiana.....                                  | 97                    | 5                      | 92                 | 17,611,800          | 16,277,300           | 18,940,620               | 4,413,605               | 14,526,015                      |
| Illinois.....                                 | 144                   | 7                      | 137                | 20,843,000          | 18,010,600           | 20,849,450               | 4,523,391               | 16,326,059                      |
| Michigan.....                                 | 80                    | 3                      | 77                 | 9,763,500           | 7,963,050            | 8,892,570                | 1,675,187               | 7,217,383                       |
| Wisconsin.....                                | 52                    | 7                      | 45                 | 3,680,000           | 3,344,550            | 4,365,700                | 1,242,884               | 3,122,816                       |
| Iowa.....                                     | 84                    | 9                      | 75                 | 6,017,000           | 5,909,000            | 7,115,695                | 1,751,810               | 5,363,885                       |
| Minnesota.....                                | 34                    | 2                      | 32                 | 4,173,700           | 3,569,250            | 3,851,290                | 706,376                 | 3,144,914                       |
| Kansas.....                                   | 26                    | .....                  | 26                 | 1,975,000           | 1,765,000            | 1,740,195                | 202,699                 | 1,537,496                       |
| Nebraska.....                                 | 11                    | 1                      | 10                 | 905,000             | 940,000              | 886,200                  | 94,700                  | 791,500                         |
| Total Western States.                         | 708                   | 46                     | 662                | 94,062,000          | 83,936,500           | 98,223,330               | 22,558,892              | 75,664,438                      |
| Nevada.....                                   | 1                     | 1                      | .....              | .....               | .....                | 131,700                  | 119,836                 | 11,864                          |
| Oregon.....                                   | 1                     | .....                  | 1                  | 250,000             | 250,000              | 250,500                  | 25,500                  | 225,000                         |
| Colorado.....                                 | 7                     | .....                  | 7                  | 625,000             | 560,000              | 562,720                  | 86,721                  | 475,995                         |
| Utah.....                                     | 4                     | 1                      | 3                  | 450,000             | 450,000              | 554,500                  | 134,671                 | 419,829                         |
| Idaho.....                                    | 1                     | .....                  | 1                  | 100,000             | 100,000              | 110,600                  | 20,600                  | 90,000                          |
| Montana.....                                  | 6                     | 1                      | 5                  | 350,000             | 245,000              | 262,300                  | 10,300                  | 252,000                         |
| Wyoming.....                                  | 2                     | .....                  | 2                  | 125,000             | 60,000               | 54,000                   | .....                   | 54,000                          |
| New Mexico.....                               | 2                     | .....                  | 2                  | 300,000             | 300,000              | 289,800                  | 19,800                  | 270,000                         |
| Dakota.....                                   | 1                     | .....                  | 1                  | 50,000              | 50,000               | 45,000                   | .....                   | 45,000                          |
| Washington.....                               | .....                 | .....                  | .....              | .....               | .....                | .....                    | .....                   | .....                           |
| Total Pacific States<br>and Territories.....  | 25                    | 3                      | 22                 | 2,250,000           | 2,015,000            | 2,261,120                | 417,432                 | 1,843,688                       |
| Grand total of States<br>and Territories..... | 2,123                 | 148                    | 1,975              | 495,726,882         | 390,314,600          | 481,196,161              | 132,845,212             | 348,350,949                     |
| GOLD BANKS.                                   |                       |                        |                    |                     |                      |                          |                         |                                 |
| Massachusetts.....                            | 1                     | 1                      | .....              | .....               | .....                | 120,000                  | 120,000                 | .....                           |
| California.....                               | 5                     | .....                  | 5                  | 3,200,000           | 2,537,500            | 2,074,600                | 44,600                  | 2,030,000                       |
| Total.....                                    | 6                     | 1                      | 5                  | 3,200,000           | 2,537,500            | 2,194,600                | 164,600                 | 2,030,000                       |



The act of July 12, 1870, authorized an additional issue of fifty-four millions of dollars, and provided that such notes should be issued to banking associations organized or to be organized in those States and Territories having less than their proportion under the apportionment contemplated by the act of March 3, 1865, and that the bonds deposited with the Treasurer of the United States to secure the additional circulation should be of any description of United States bonds bearing interest in coin. It also provided that a new apportionment of the increased circulation should be made as soon as practicable, based upon the census of 1870, and for the cancellation monthly of three per cent. certificates\* equal in amount to the national bank notes issued—the last of these certificates having been finally redeemed during the present year. Of this additional circulation, authorized by the act of July 12, 1870, there was issued to November 1, 1871, \$24,773,260; in the year ending November 1, 1872, \$16,220,210; in the year ending November 1, 1873, \$7,357,479; leaving, at the date of this report, still to be issued to banks already organized, and in process of organization, \$5,649,051.

The act of July 12, 1870, further provides that when the fifty-four millions of additional circulation “shall have been taken up,” “the Comptroller of the Currency shall, as additional circulation may be required by the banks having less than their proportion, make a requisition for such an amount, commencing with the banks having a circulation exceeding one million of dollars in States having an excess of circulation, and withdrawing their circulation in excess of one million of dollars, and then proceeding *pro rata* with other banks having a circulation exceeding three hundred thousand dollars in States having the largest excess of circulation, and reducing the circulation of such banks in States having the greatest proportion in excess, leaving undisturbed any States having a smaller proportion until those in greater excess shall have been reduced to the same grade, and continuing thus to make the reduction provided for by this act until the full amount of twenty-five millions provided for shall be withdrawn; and the circulation so withdrawn shall be distributed among the States and Territories having less than their proportion, so as to equalize the same.”

In accordance with the provisions of this section, it will be the duty of the Comptroller, as soon as the necessary bonds shall have been deposited to secure the small amount of additional circulation not already issued or “taken up,” to proceed to make requisitions upon banks organized in the States which have an excess. It will probably be the duty of the Comptroller during the next three months to make requisitions as provided for by this act upon banks already organized in States which are in excess, for an amount equal to the aggregate amount of circulation called for by the applications on file from the States which are deficient. These requisitions will be made upon the banks located in the following States and cities:

|  |               |
|--|---------------|
| Four in the city of New York .....             | \$5, 018, 000 |
| Thirty-seven in the city of Boston .....       | 13, 320, 000  |
| Twenty-one in the State of Massachusetts ..... | 2, 659, 000   |
| Seventeen in the city of Providence .....      | 2, 818, 000   |
| Fifteen in the State of Connecticut .....      | 1, 185, 000   |

This will reduce to \$1,000,000 the circulation of all banks in the city of New York having an excess over that amount, and the circulation of all banks in Massachusetts and Rhode Island to \$300,000. If these banks do not return the amount of circulation within one year after the

\* The amount of three per cent. certificates outstanding on July 1, 1870, was \$45,545,000.

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requisition is made upon them, it is made the duty of the Comptroller of the Currency to sell at public auction, upon twenty days' notice, the bonds deposited by such associations as security for said circulation equal in amount to the circulation to be withdrawn, and not returned in compliance with the requisition. With the proceeds of the bonds the Comptroller is required to redeem the notes of these banking associations as they come into the Treasury. The notes of these banks are so scattered through the whole country that it will be impracticable for them to return their circulation without an expense not contemplated by the act; and it will, therefore, be for the interest of the banks to provide the Comptroller of the Currency with the requisite amount of legal-tender notes with which to redeem their circulation as it comes into the Treasury. To this extent the act may be executed; but the notes to be redeemed will not come to the Treasury for redemption to any considerable amount, and therefore but a small proportion of the twenty-five millions will be placed at the disposal of the Comptroller for redistribution to the banks of the South and West. The result will, therefore, be great embarrassment to the banks to whom the currency has already been issued, without providing any relief for organizations elsewhere, as contemplated by the act. The Comptroller, therefore, repeats the recommendation contained in his previous report, that section six of the act of July 12, 1870, be repealed, and that twenty-five millions additional circulation be authorized to be issued and distributed among the States, as heretofore provided.

The Comptroller also renews his recommendation that the law be so amended that national banks may be organized without circulation, upon the deposit of \$10,000 of United States bonds with the Treasurer, instead of the deposit of one-third of the paid-up capital, as now required. He also recommends that banks already organized without circulation may be authorized to withdraw the bonds now on deposit in excess of \$10,000, and that banks desiring to reduce their circulation may deposit legal-tender notes for that purpose and withdraw a proportionate amount of bonds.

The following comparative table exhibits the amount of circulation issued under State laws previous to the establishment of the national banking system, and the amount authorized by Congress; the ratio of bank circulation in each State in 1862, and the amount now issued, in proportion to capital and wealth, and the per capita of circulation in 1862, and the per capita of circulation authorized by Congress:

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XI

*Comparative table, exhibiting by States the bank circulation,\* the amount per capita, and the ratio of circulation to wealth and to capital, previous to the organization of the national banking system and in 1873.*

| States and Territories.                     | Bank circulation. |             | Circulation per capita. |         | Ratio of circulation to wealth. |                | Ratio of circulation to capital. |                |
|---|-------------------|-------------|-------------------------|---------|---------------------------------|----------------|----------------------------------|----------------|
|   | 1862.             | 1873.†      | 1862.                   | 1873.   | 1862.                           | 1873.          | 1862.                            | 1873.‡         |
|   |                   |             |                         |         | <i>Per ct.</i>                  | <i>Per ct.</i> | <i>Per ct.</i>                   | <i>Per ct.</i> |
| Maine .....                                 | \$6,488,478       | \$8,029,252 | \$10 33                 | \$12 81 | 3.4                             | 2.3            | 81.3                             | 84.1           |
| New Hampshire .....                         | 4,192,034         | 4,624,525   | 12 86                   | 14 53   | 2.6                             | 1.8            | 85.3                             | 89.0           |
| Vermont .....                               | 5,621,851         | 6,932,030   | 17 84                   | 20 97   | 4.6                             | 2.9            | 143.7                            | 23.0           |
| Massachusetts .....                         | 28,957,630        | 59,523,671  | 23 52                   | 40 84   | 3.5                             | 2.8            | 42.8                             | 65.2           |
| Rhode Island .....                          | 6,413,404         | 13,385,840  | 36 73                   | 61 59   | 4.7                             | 4.5            | 30.7                             | 65.0           |
| Connecticut .....                           | 13,842,758        | 17,994,648  | 30 08                   | 33 48   | 3.1                             | 2.3            | 63.5                             | 70.9           |
| Total Eastern States...                     | 65,516,155        | 110,489,966 | 20 90                   | 31 68   | 3.5                             | 2.7            | 51.7                             | 68.9           |
| New York .....                              | 39,182,819        | 60,976,006  | 10 10                   | 13 91   | 2.1                             | 0.9            | 36.0                             | 54.4           |
| New Jersey .....                            | 8,172,398         | 11,026,890  | 12 16                   | 12 17   | 1.7                             | 1.1            | 99.8                             | 79.0           |
| Pennsylvania .....                          | 27,689,504        | 42,055,781  | 9 53                    | 11 94   | 1.9                             | 1.1            | 106.8                            | 78.6           |
| Delaware .....                              | 678,340           | 1,206,615   | 6 04                    | 10 37   | 1.5                             | 1.3            | 176.2                            | 85.1           |
| Maryland .....                              | 6,649,030         | 9,252,847   | 9 68                    | 11 85   | 1.8                             | 1.4            | 54.9                             | 67.8           |
| Total Middle States...                      | 82,372,091        | 124,608,139 | 9 97                    | 12 82   | 2.0                             | 1.0            | 53.1                             | 64.0           |
| District of Columbia .....                  |                   | 1,530,091   |                         | 11 62   |                                 | 1.2            |                                  | 88.6           |
| Virginia .....                              | 19,817,148        | 3,902,342   | 12 41                   | 3 18    | 2.5                             | 1.0            | 120.2                            | 83.1           |
| West Virginia .....                         |                   | 2,360,307   |                         | 5 34    |                                 | 1.3            |                                  | 90.1           |
| North Carolina .....                        | 5,218,598         | 1,819,300   | 5 26                    | 1 70    | 1.4                             | 0.7            | 66.3                             | 80.4           |
| South Carolina .....                        | 6,089,036         | 2,319,500   | 8 65                    | 3 29    | 1.1                             | 1.1            | 40.7                             | 68.7           |
| Georgia .....                               | 8,311,728         | 2,365,605   | 7 86                    | 2 00    | 1.3                             | 0.9            | 50.2                             | 81.5           |
| Florida .....                               | 116,250           | 90,000      | 83                      | 48      | 0.1                             | 0.2            | 27.3                             | 0.0            |
| Alabama .....                               | 5,055,232         | 1,541,133   | 5 24                    | 1 55    | 1.0                             | 0.8            | 101.5                            | 82.2           |
| Mississippi .....                           |                   | 5,876       |                         | 01      |                                 | 0.0            |                                  | 0.0            |
| Louisiana .....                             | 8,876,519         | 3,646,870   | 12 54                   | 5 02    | 1.5                             | 1.1            | 51.0                             | 68.8           |
| Texas .....                                 |                   | 930,960     |                         | 1 14    |                                 | 0.6            |                                  | 75.1           |
| Arkansas .....                              |                   | 192,495     |                         | 40      |                                 | 0.1            |                                  | 90.0           |
| Kentucky .....                              | 9,035,724         | 7,637,900   | 7 82                    | 5 78    | 1.3                             | 1.3            | 65.5                             | 84.4           |
| Tennessee .....                             | 4,540,906         | 3,341,736   | 4 09                    | 2 66    | 0.9                             | 0.7            | 127.4                            | 86.9           |
| Missouri .....                              | 4,037,277         | 6,476,193   | 3 42                    | 3 76    | 0.8                             | 0.5            | 35.9                             | 64.9           |
| Total Southern and Southwestern States...   | 71,098,408        | 38,160,308  | 6 17                    | 2 91    | 1.1                             | 0.8            | 66.3                             | 77.5           |
| Ohio .....                                  | 9,057,837         | 23,876,370  | 3 87                    | 8 96    | 0.7                             | 1.1            | 159.6                            | 80.4           |
| Indiana .....                               | 6,782,890         | 14,706,415  | 5 02                    | 8 75    | 1.3                             | 1.2            | 150.9                            | 81.9           |
| Illinois .....                              | 619,286           | 17,824,209  | 36                      | 7 02    | 0.1                             | 0.9            | 31.4                             | 77.4           |
| Michigan .....                              | 131,087           | 7,485,043   | 17                      | 6 32    | 0.0                             | 1.0            |                                  | 73.8           |
| Wisconsin .....                             | 1,643,200         | 3,253,316   | 2 12                    | 3 08    | 0.6                             | 0.5            | 53.8                             | 83.7           |
| Iowa .....                                  | 1,249,000         | 5,674,385   | 1 85                    | 4 75    | 0.5                             | 0.8            | 156.5                            | 82.3           |
| Minnesota .....                             | 198,494           | 3,339,414   | 1 15                    | 7 57    | 0.4                             | 1.5            | 62.4                             | 78.0           |
| Kansas .....                                | 2,770             | 1,825,496   | 03                      | 5 01    | 0.0                             | 1.0            | 5.3                              | 77.8           |
| Nebraska .....                              |                   | 809,500     |                         | 6 58    |                                 | 1.2            |                                  | 87.5           |
| Total Western States...                     | 19,684,564        | 78,785,148  | 2 49                    | 7 09    | 0.6                             | 1.0            | 125.4                            | 79.7           |
| Nevada .....                                |                   | 11,864      |                         | 28      |                                 |                |                                  | 0.0            |
| Oregon .....                                |                   | 225,000     |                         | 2 47    |                                 | 0.4            |                                  | 90.0           |
| California .....                            |                   |             |                         |         |                                 |                |                                  |                |
| Colorado .....                              |                   | 538,985     |                         | 13 52   |                                 | 2.6            |                                  | 76.2           |
| Utah .....                                  |                   | 419,829     |                         | 4 84    |                                 | 2.6            |                                  | 90.0           |
| Idaho .....                                 |                   | 90,000      |                         | 6 00    |                                 | 1.4            |                                  | 90.0           |
| Montana .....                               |                   | 252,000     |                         | 12 24   |                                 | 1.7            |                                  | 63.0           |
| Wyoming .....                               |                   | 72,000      |                         | 7 90    |                                 | 1.0            |                                  | 43.2           |
| New Mexico .....                            |                   | 270,000     |                         | 2 94    |                                 | 0.9            |                                  | 90.0           |
| Arizona .....                               |                   |             |                         |         |                                 |                |                                  |                |
| Dakota .....                                |                   | 45,000      |                         | 3 17    |                                 | 0.7            |                                  | 90.0           |
| Total Pacific States and Territories...     |                   | 1,924,688   |                         | 1 82    |                                 | 0.2            |                                  | 79.3           |
| Grand total of States and Territories ..... | 238,671,210       | 353,968,249 | 7 50                    | 9 18    | 1.5                             | 1.2            | 53.9                             | 69.9           |

\* The circulation of the State banks in the year 1862 has been obtained from page 210 of the report of the Secretary of the Treasury on the condition of the banks at the commencement of the year 1863. The returns from Delaware, Maryland, Louisiana, Tennessee, and Kentucky were not complete. The aggregate amount of State bank circulation reported at that time was much greater than at any previous period.

† Outstanding and authorized circulation.

‡ Outstanding circulation.

## XII REPORT OF THE COMPTROLLER OF THE CURRENCY.

## FREE BANKING.

The restraining law of the State of New York (act of April 21, 1818) provided that "it shall not be lawful for any person, association of persons, or body-corporate, from and after the 1st day of August next, to keep any office of deposit for the purpose of discounting promissory notes, or for carrying on any kind of banking business or operations which incorporated banks are authorized by law to carry on, or issue any bills or promissory notes, as private bankers, unless thereunto specially authorized by law."

This law placed the whole banking interests of the country in the hands of a few chartered institutions, and was, in its effects, a grievous monopoly. Most of the States of the Union organize, by special act of legislature, trust companies, savings-banks, and other corporations. The Bank of England, and the private and joint-stock banks of England, organized prior to 1844, possess the right to issue circulation, and no such right has been granted to other organizations since that year. All such favored institutions are monopolies. But it cannot be said that the national banks of the United States are monopolies, in the same sense of the word. The organization of national banks has, from the beginning, been open to all, and until the amount of circulation authorized by Congress was exhausted, all applications for the organization of such institutions with circulation, accompanied by proper indorsements certifying to the means and character of the applicants, were considered and granted, and the aggregate of circulation for which applications are now on file in this Office, the consideration of which has been postponed, does not exceed ten millions of dollars. That the banks which were first organized were profitable to their shareholders is conceded; and it is a cause of congratulation that the surplus earnings of those years are husbanded in a surplus fund of more than one hundred and twenty millions of dollars, as a protection to depositors and creditors, in anticipation of times of panic and disaster. The statistics we present show that the earnings of the banks, of late years, have not been excessive, and in many cases much less than the earnings and dividends which the shareholders of manufacturing, railroad, and other corporations realize from capital invested. If the national banking system, under which one or more national banks have been organized in almost every city and thriving village in the Union, and where the earnings of business men and the savings of the people can be deposited with a greater degree of safety than under any previous system, is in any sense a monopoly, it is not the fault of the system, but an evil which arises from the existing state of the currency; and it is believed that the national banking system is in every sense less a monopoly than any national system of banking ever before devised.

The system is considered a monopoly because it is supposed that large profits are derived from the privilege of issuing circulating notes which are limited in amount. The act of March 12, 1870, authorized an additional issue of fifty-four millions of dollars of national bank notes, but the whole amount has not yet been issued, chiefly for the reason that in the States to which the amount was assigned there is but little profit in the issue of such notes, as will be seen hereafter. But to the erroneous belief that a large profit accrues from circulation to organizations of this kind, the demand for what is termed free banking may, to a large extent, be attributed. The restraining act of the State of New York, as has been seen, prohibited individuals and associations from carrying on the business of banking without first obtaining special

charters from the legislature. This law was repealed about thirty years after its passage, not without encountering bitter opposition. In the year following the repeal, the general banking system of the State of New York was authorized—a system based on the deposit of securities, with redemption at a fixed rate of discount, and it is probable that the term “free banking” originated chiefly from the fact that it superseded the monopoly which preceded it. The signification of the phrase “free banking,” however, as now used, is not clearly defined, for there is nothing in this country to-day more free than banking. Every individual or association of individuals throughout the country has the right to negotiate promissory notes, drafts, and bills of exchange, to receive deposits, to loan money upon personal or real estate security, and to transact almost every kind of business pertaining to legitimate banking.

There is little doubt that the term “free banking” is, by many persons, understood to mean the unrestricted issue of bank-notes to any association of persons organizing a national bank and depositing the required amount of United States bonds as security; but there are few persons who have given any considerable attention to this subject who would be willing to advocate the unrestricted issue of national bank notes to an amount equal to the public debt.

It is probable that a more satisfactory definition of free banking would be, an issue of paper money which shall be promptly redeemed at the commercial center of the country. Such a currency may be divided into three classes—(1) an unsecured circulation, redeemable at par by the bank, or its agent in some designated city; (2) a secured circulation, redeemable at its own counter at par, and at the commercial center at a fixed rate of discount; and (3) a circulation exchangeable at par for lawful money at its own counter, and by its agent appointed for that purpose.

The currency of the New England States previous to the war is a fair example of the first class. That system was generally known as the “Suffolk system,” because the Suffolk Bank, at Boston, compelled the redemption of the notes of the New England Banks at its own counter at par. The system, however, was not free, but a monopoly, as banks could only be organized under special charters obtained from the legislatures of the six New England States. This circulation was not required to be secured by any deposit pledged for that purpose, and the failure of banks in some of the New England States, which not infrequently happened, almost always resulted in great loss, not only to the creditor, but to the bill-holder. The Suffolk Bank, at Boston, forced the redemption of the notes at par at its own counter, by a system of assorting and returning the notes to the place of issue, but the same notes were invariably at a discount of one-eighth per cent. in New York. The notes of these banks were therefore neither safe nor exchangeable at par in coin at the chief commercial center.

The New York State system of free banking is an example of the second class of currency, and the only system of free banking which has ever been successfully maintained; and it is probable that the more thoughtful advocates of what is termed free banking propose that circulation shall be issued and redeemed under the national-currency act upon a similar plan.

Taking for granted that the advocates of free banking base their arguments upon the success of the system authorized in that State by the act of April 18, 1838, it may be well to contrast the condition of the currency and of the public debt at the time of the inauguration of that system, at the commencement of the war, and at the present time.

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The currency of the State of New York first issued was secured by stocks of the different States, and by bonds and mortgages deposited by corporations with the comptroller of the State. Subsequently, by various amendments, the law was so changed as to provide for the issue of circulation based entirely upon the bonds of the United States and of the State of New York, and that was the basis at the time of the breaking out of the war. The debt of the State of New York at the time of the inauguration of the system was \$11,256,152, and the debt of the United States was \$10,434,221, and all these bonds were above par in the market. In 1860, the funded debt of the State of New York was \$34,140,238 and the funded debt of the United States \$44,794,092.\* The laws authorizing the issue of circulating notes were more numerous than the States and Territories of the Union, and the rates of discount in the New York market upon the bank-notes issued and in general circulation varied from one-eighth of one per cent. to one and one-half per cent. discount, while many bank-notes that had a local circulation were quoted at from 5 to 10 per cent. discount. The notes of the New York and New England banks, only, circulated throughout the whole Union, like the national bank currency of to-day.

The funded debt of the United States is to-day more than eighty times as great as were the combined debts of the United States and of the State of New York in 1838, and it is about twenty-one times greater than was their combined debt in 1860. The United States then issued coin, only, as currency. Now the national bank notes and the legal-tender notes are about twenty times the amount of the circulation of the State of New York at that time, and more than three and one-half times the amount of the circulation authorized at that time by all of the States of the Union.†

The amounts of the funded debt and of the currency are therefore entirely changed, and it is by no means evident that what was a good thing for the State of New York in 1860 is, in 1873, a good thing for the whole United States.

The New York State law authorized the issue of bank-notes to all associations organized under its provisions, at the face value of United States and New York State six per cent. bonds deposited, and to this feature of the law the Bank of England and the national-currency act are indebted for those excellent provisions which insure absolute security to the bill-holder.

But this law did not authorize an unrestricted issue of bank-notes. It required that the bank-notes issued to an association should be redeemed at its own counter, and by its agent in New York, Albany, or Troy, at a discount. Practically the notes were redeemed at the agency, and not at the counters of the bank. Redemption was the cardinal principle of the law, and it was expected that this principle of redemption would prevent an issue of circulation which should exceed the requirements of business. Redemption in the New York law meant discount. It was to be a redemption in specie, and was founded upon the avowed principle that specie was worth more, and was more desirable to hold, than the circulating notes authorized. But in order that there should be no mistake, the law itself provided that the discount upon the circulating notes at the redemption agencies should be one-fourth of one per cent. If a law had been passed by Congress at that time for the redemption of the gold coin in silver coin, or for the redemption of the silver coin in copper coin, such a law

\* In addition to the funded debt proper there were \$19,795,611 of Treasury notes outstanding.

† Circulation in 1860 was \$207,102,000.

would have been a dead letter, (for the reason that gold coin is known to be of greater intrinsic value in the market than silver coin, and the silver of greater intrinsic value than copper,) though each of these coins is a legal tender to an amount fixed by law. In order to have a proper system of redemption, it is necessary that the thing to be redeemed shall be known to be worth less than the thing in which it is to be redeemed; and this principle was legalized by the New York State legislature, when it provided that the bank-note should be worth, in the city of New York, one-quarter of one per cent. less than the gold coinage of the United States. If forty millions of dollars, therefore, were issued,\* its value at the moment of issue was \$100,000 less than \$40,000,000. If the circulation were redeemed three times a year, there would be \$300,000 of loss on one side, and \$300,000 of gain on the other side. The gain was, as a general rule, divided between the banks which issued the money and the banks which redeemed the same, while the country merchant, the manufacturer and the jobber in the great cities, experienced the loss. But the circulation of the State of New York was known to be so much safer, and the discount so much less, than the circulation of any other State of the Union, that the discount was hardly noticed, while the loss upon the notes of most of the other States of the Union was from four to six times as great. The result was, as might have been expected, that the notes were not fulfilling their function of a circulating medium, but were being sent forward, not for the purpose of obtaining specie, but to be exchanged one for the other at the clearing-house, in order to provide a fund in New York for the redemption of other notes, and also to provide exchange at a profit of from one-quarter to one and a quarter per cent. The amount of exchange thus gained by the bankers and brokers, and the amount of exchange lost by the people in these transactions, cannot be computed, but there is no doubt that it amounted, annually, to millions of dollars.

The average amount of specie held by the New York State banks for ten years previous to the year 1860, was \$17,565,006.10.†

|            |               |                      |                |
|------------|---------------|----------------------|----------------|
| 1851 ..... | \$3, 978, 918 | 1858 .....           | \$33, 597, 211 |
| 1852 ..... | 13, 304, 356  | 1859 .....           | 22, 207, 782   |
| 1853 ..... | 13, 384, 410  | 1860 .....           | 24, 582, 219   |
| 1854 ..... | 10, 792, 429  |                      |                |
| 1855 ..... | 15, 921, 467  |                      | 175, 650, 061  |
| 1856 ..... | 18, 510, 835  |                      |                |
| 1857 ..... | 14, 370, 434  | Yearly average ..... | 17, 565, 006   |

Of this amount about one-eighth, say \$2,200,000, was held by the country banks in their vaults, and the balance, seven-eighths, say \$15,300,000, was held in New York City. If from this amount should be deducted the coin belonging to banks and persons residing outside of the State of New York, and the amount represented by checks payable in coin, it would be found that the amount of circulating notes issued in the State of New York was, on an average, for ten years at least, five times the amount of specie on deposit for the purpose of redeeming their notes.

The amount of national bank notes now authorized to be issued is \$354,000,000, and of legal-tender notes, \$356,000,000; so that the amount of legal-tender money, in which the national bank notes are now redeemable, is nearly identical with that of such notes, though slightly in excess. If the national banking law were so amended as to require the redemp-

\* The circulation of New York State was \$39,182,819.

† Specie held by the New York State banks from 1851 to 1860. (Report of Superintendent of Banking Department of the State of New York, January 1, 1861, page 79.)

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tion of the national bank notes in the legal-tender notes at one-fourth of one per cent. discount, as in the New York State law, instead of at par, as provided in the national-currency act, and the national banks of the whole country would agree to such a provision of the law, the prompt redemption of the national bank notes would be insured; but the redemption of this vast amount of circulating notes, if redeemed but once a year, would result in a loss to the people of the United States of \$900,000; if the notes were to be redeemed four times annually, \$3,600,000; and if redeemed six times annually, \$5,400,000. A system of redemption of this kind would also at once increase the rate of exchange from the rate of one-tenth of one per cent. now existing at most periods of the year between the different cities of the Union, to from one-half per cent. to one per cent., thus restoring, to a considerable degree, the condition of the exchange at the time of the inauguration of the national banking system, and causing an annual loss to the people of millions of dollars. Such a system would, however, undoubtedly result in the return of the notes of the national banks, at certain seasons of the year when they were not needed, to the vaults of the country banks, to be paid out when the demand for currency increased. Such a system would also give, what is exceedingly desirable at the present time, elasticity to the currency.

The profit upon the circulation of national banks organized in the Southern and Western States during the past year, did not much exceed one per cent. for the country banks, and was less than one-half per cent. in the redemption cities, as will be shown more fully hereafter. Under such a condition of things, with so small a margin of profit to be derived from the issue of circulating notes, there would be little demand for circulation, and consequently but little danger in throwing the doors wide open for the issue of circulating notes to any association properly organized that might desire such circulation; but with the reduction of the value of the bonds, and the approximation of the value of the bank-note to the value of specie, the profit would increase, and with the increase of profit the demand for the issue of additional bank-notes would also increase; so that under such a system the issue of bank-notes would have a continual tendency to lessen the value of the paper dollar, and prevent its approximation to the value of the gold dollar, and all ideas of specie payment might forever be abandoned.

In order to insure the prompt redemption of the national bank notes, the amount issued must be so much increased that the notes will be, say, at one-eighth of one per cent. discount, and this would probably not be accomplished until an addition should be made to the present circulation of one hundred millions of dollars. The same result would follow from the reduction of the volume of legal-tender notes simultaneously with the increase of the issues of the bank-notes; but Congress has so frequently refused to diminish the amount of legal-tender notes, that, in the opinion of the Comptroller, any general system of free banking, accompanied with redemption, must be postponed until the resumption of specie payment.

The Comptroller, in order to avoid any misapprehension of his views upon this subject, desires to state that he is not an advocate of any permanent system of currency usually known as an irredeemable currency. He believes, however, that the people of this country will not, and ought not to, submit to the higher rates of exchange prevailing previous to the war, and that any amendment to the national-currency act which shall result in restoring such high rates of exchange will also result in the downfall of a system of banking which, it is believed, will yet be the most satisfactory and complete of any ever established.



During the past year, so far as his observation has extended, the national bank note has been rarely at any perceptible discount for legal-tender notes in the city of New York; and during the late panic no distinction was made by the people between legal-tender notes of the United States and national bank notes. Both were alike hoarded as being the most desirable of all things to hold, and it is probable that when specie payments shall be resumed, the faith of the people will be so well established in the safety of the currency of the banks that no such general system of redemption will be required as was necessary for the unsafe currency issued by the different States previous to the war.

If the circulation should become redundant, as is sometimes the case with the silver coinage, and the national bank notes be at a discount for legal-tender notes, it will be only necessary for the surplus to be presented to the agencies in the city of New York, where more than two-thirds of the circulation is now redeemable, in order to restore the equilibrium; for it is to be hoped that previous to the return to specie payments some system will be adopted which will give abundant elasticity to the currency without increasing the expense and burden of general redemption, and without the loss resulting from the high rates of exchange which have always prevailed under previous systems.

#### RESERVE.

The advocates of a free-banking law are also advocates of the repeal of the chief restrictions of the national currency act, and particularly of the provision which requires the keeping of a certain amount of money as reserve against liabilities. They claim that the directors and managers of the banks, and not the legislature which enacts the law or the officer who executes it, are the best judges of the amount of money to be loaned, and the amount to be held on hand for the protection of their creditors; that the Government should be careful to protect the bill-holder from loss, but the depositor or other creditor may safely be allowed to protect himself. They further maintain that such laws prevent the banks from extending accommodations to legitimate business interests, which, consequently, suffer on account of the lack of such accommodations. In some instances this may be true, but such laws are passed not so much for the benefit of those persons who conduct their business on sound principles as for that class or association of persons which has but little experience in the method of transacting a legitimate business. If the law be correct in principle, it will be found not to interfere with the rights of those persons who understand the true theory of business, but its tendency will be to prevent abuses on the part of those who would otherwise take risks which a prudent and careful man would avoid.

Any association of persons may organize a bank under the provisions of the national currency act. If private citizens wish to transact business in accordance with their own judgment, they can avail themselves of the privilege by conducting a private business. If other citizens prefer to organize corporations under an act of Congress which imposes restrictions designed for the public good, who shall object? The privilege is open to both, and each can decide without prejudice or hindrance. A private banker solicits and obtains business on the strength of his good name, and it is well understood that the funds placed in his hands are to be used at his discretion, the depositors relying upon his business sagacity and judgment; but if corporations desire to organize under the authority and seal of a great nation, care should be exercised that the authority obtained shall not be abused.

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During the past few years great corporations have been organized by authority of law, with the advantages of immense subsidies, but almost wholly without restrictions, the law-making power having been led to believe that the corporations authorized would contribute as much to the public good as to their own profit. But it has been found that overgrown corporations are conducted in defiance of the rights of the shareholders, and with little regard to the comfort, wants, and profit of the people, but chiefly for the benefit of the few officers and directors; and the whole country is now aroused to the mistaken legislation which has placed the highways of the nation under the control of a few men, without reserving such salutary restrictions as should compel the common carrier to deliver the products of the land to the market for a fair remuneration; and it is the great economical problem of the day how to correct a monstrous evil, which would have been under complete control if the proper restrictions had at first been provided and enforced.

The officers and directors of stock companies which have a good reputation are too apt to forget that they are but the servants of the shareholders, and that the poorest shareholder is entitled to information in reference to its affairs. The Bank of Amsterdam is said to have been bankrupt for fifty years prior to the announcement of its failure, yet it continued business for a half century upon the strength of the name and character it had built up; and many individuals and corporations are to-day supposed to be possessed of large wealth, whose affairs, if carefully scrutinized, would be found to exhibit the reverse. If banks are to be organized under the authority of law, and intrusted with the earnings of the people, it is right that legislators shall require them to loan the savings of the people upon real estate security of twice the value of the loan; and if the banks are organized for commercial purposes, it is right that they should be prohibited from loaning money upon real estate, and be required to loan money chiefly to business men upon commercial paper; and depositors have a right to expect that the contract which the law provides between them and the bank shall be enforced. If the law provides for a proper security for circulation, and at the same time defines the kind of security in which deposits shall be invested, it is as important to know that the contract with the depositor will be fulfilled, as well as the contract with the bill-holder. It is the business of such corporations to receive the money of the people, and first of all to fulfill their legal obligations with their creditors, rather than to attempt to follow the vagaries and manipulations of the stock-board, or assume to regulate the rate of interest on the street. While the law permits banking corporations to use a certain portion of the deposits of each creditor, and realize a profit therefrom, it provides also that they shall keep a certain other portion of such deposits on hand for the prompt payment of the creditor whenever it shall be demanded. The correctness of this principle of law is evident, but the difficulty is to ascertain the exact amount necessary to keep on hand. The reckless banker or director would loan it all, and frequently not to his neighbors for the purpose of facilitating legitimate transactions, but to himself, for use in some enterprise which promises well, but results in ruin. The prudent banker invests carefully the savings of his neighbors, and studies their wants, holding an ample fund at his command for all emergencies. The law properly provides that all the assets of a bank, even including the furniture, shall first be applied to the payment of the creditors, the shareholders having a right only to the balance which may remain after the payment of every cent of indebtedness. If the law is so careful to protect the interests of the depositors, it is also just that it should provide restrictions to that end, and devise methods of ascertaining

frequently whether these restrictions are strictly observed. The amount of the capital of the shareholder may be small, and the amount of the capital furnished by the depositor may be many times as great, so that the risk of the shareholder is by no means as great as that of the depositor.

The capital and surplus of the London and Westminster Bank of England belonging to the shareholders is fifteen millions of dollars, while the average capital, in the shape of deposits contributed by its creditors, is one hundred and twenty millions of dollars. Three national banks in the city of New York, with a capital and surplus belonging to the shareholders of ten millions of dollars, had, previous to the late crisis, deposits contributed by their creditors equal to fifty millions of dollars; and a late report from a savings bank in this country, on file in this Office, exhibits a capital belonging to shareholders of but \$25,000, while the capital contributed by the depositors was \$1,000,000. The capital contributed by the depositors in the first instance, that of the English bank, was eight times that contributed by the shareholders; in the second instance, that of the three New York banks, five times, and in the case of the savings bank forty times. The necessity of restrictions to govern corporations holding such large proportionate amounts of credits could not be better illustrated.

The banks of England, of Scotland, and of other countries of Europe, are managed by men who have had long experience in that branch of business, and their experience is handed down from generation to generation to their successors, and the organization of a corporation to conduct the business of banking by men untried in that particular profession or calling would be looked upon with disfavor, and meet with no success. But in this country, under the provisions of the act, any association of persons may organize a bank; and it is no uncommon occurrence for applications to be received for that purpose from persons who have had little or no experience in banking, but who desire to organize under the national currency act, because it is believed that an organization under that act will give to the shareholders a character and credit which they could not obtain if they should attempt to conduct a private banking business.

It is said that the restriction in reference to reserve should be removed from circulation, for the reason that the circulation is already safe beyond a peradventure. This is undoubtedly true, for the security of the circulation rests not alone upon the bonds which are deposited, but also upon the total assets of the bank, the personal liability of the shareholders, and, finally, upon the guarantee of the Government that in any event the face value of the note shall be paid. The absolute certainty of the full payment of the notes is therefore assured. But the question is not whether a reserve shall be held which shall insure the *payment*, merely, of the note, for that is unnecessary, but what amount of reserve shall be held by the banks to insure the *prompt* payment of all their liabilities? The percentage of reserve could be fixed relatively to the capital if the amount of the liabilities were in all cases proportionate to the amount of capital, which, as is well known, is not the case. The question is not what percentage should be held upon capital, upon deposits, or upon circulation, but what amount of reserve should be held to protect the demand-liabilities of the bank; and the experience of years can alone determine that proportion.

A recent writer\* on English banking, who has been extensively quoted in this country, has stated that the provision of the national cur-

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\*"Lombard Street," by Walter Bagehot.

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rency act requiring a fixed proportion of reserve to liabilities is not the proper standard for a bank reserve, for the reason that a fixed proportion "will sometimes err by excess, and sometimes by defect," and that "the near approach to the legal limit of reserve would be a sure incentive to panic." He says that "the very essence and principle in the American system is faulty;" but in the final summing up of his argument in reference to the reserve which the Bank of England should hold, he gives it as his opinion that the bank "ought *never* to keep less than £11,000,000, or £11,500,000, of reserve on hand, and that in order not to be below £11,500,000, the bank must begin to take precautions when the reserve is between £14,000,000 and £15,000,000, for experience shows that between £2,000,000 and £3,000,000 may probably enough be withdrawn from the bank's store before the right rate of interest is found which will attract money from abroad, and before that rate has had time to attract it." Again he says, "I should say that at the present time the mind of the monetary world would become feverish and fearful if the reserve of the banking department of England went below £10,000,000." This proportion is equal to more than one-third of the average liabilities of the Bank of England, and is more than eight per cent. in excess of the amount required by the national currency act.

When this distinguished economist asserts that the Bank of England "ought *never* to keep less than £11,000,000" on hand, and that "the monetary world would become feverish and fearful if the reserve in the bank department of the Bank of England went below £10,000,000," and at the same time that the rule of reserve required by the national currency act "will sometimes err by excess and sometimes by defect," the mind of the searcher after the truth in reference to the principles which should govern legislation upon this subject is bewildered, and will look in vain for light to the abstruse legislation and management of the Bank of England, and to the dark statistics which emanate semi-annually from the parlors of the London joint-stock banks.

The requirement that the reserve shall be proportional to the liabilities is based on the conviction that the amount of the reserve should be dependent on, or have some definite relation to, the varying amount of the liabilities; and the opposite view, to wit, that the reserve should have no such relation, but should be a fixed quantity, entirely independent of and undisturbed by changes in the amount of liabilities, appears to be in conflict with sound principles, and is at variance with the practice, when untrammelled, of the leading and safer banking institutions both of this country and of Europe.\*

*\*Bank of England deposits and reserve, compiled from the London Economist.*

| Date.              | Deposits.  | Banking reserve. | Rate of discount. | Percent. of reserve. |
|--------------------|------------|------------------|-------------------|----------------------|
|                    | £          | £                | Per cent.         |                      |
| July 30 .....      | 24,423,984 | 12,423,352       | 3½                | 50.9                 |
| August 6 .....     | 23,675,965 | 11,996,907       | .....             | 50.6                 |
| August 13 .....    | 23,939,301 | 12,713,623       | .....             | 52.9                 |
| August 20 .....    | 24,622,147 | 13,287,645       | 3                 | 53.9                 |
| August 27 .....    | 25,691,351 | 13,318,865       | .....             | 51.8                 |
| September 3 .....  | 27,591,061 | 12,760,233       | .....             | 46.2                 |
| September 10 ..... | 29,089,534 | 13,177,780       | .....             | 46.9                 |
| September 17 ..... | 29,416,360 | 13,346,843       | .....             | 45.3                 |
| September 24 ..... | 29,456,519 | 13,238,507       | 4                 | 44.9                 |
| October 1 .....    | 29,040,403 | 9,954,181        | 5                 | 34.2                 |
| October 8 .....    | 27,584,764 | 9,115,152        | .....             | 33.0                 |
| October 15 .....   | 24,747,665 | 7,861,036        | 6                 | 31.7                 |
| October 22 .....   | 22,981,415 | 8,109,529        | 7                 | 35.2                 |
| October 29 .....   | 22,539,271 | 8,455,447        | 8                 | 37.5                 |
| November 6 .....   | 22,357,423 | 8,071,288        | 9                 | 36.1                 |

But it is claimed that the Bank of England is required to hold this large amount of reserve because it holds in its vaults the reserve, not only for its own dealers, but also of the joint-stock banks of England, whose combined deposits are three times as great as all the deposits of the Bank of England; and that, therefore, the Bank of England must at all times be ready, not only to pay the demands of its creditors, but also to extend loans to the other institutions in times of panic. The joint-stock banks of England are not, however, entirely deficient in reserve, for it is found upon reference to the statistics of the London and Westminster Bank for 1867, published by the same author, that this bank, with a capital of £2,000,000 and a surplus of £1,000,000, had at that time deposits of £13,889,021; cash on hand, £2,226,441, and government securities amounting to £3,572,797. This bank, which is the largest joint-stock bank in England, and second only to the Bank of England itself, held therefore at that time six per cent. of its liabilities in cash, and more than 25 per cent. in addition in available resources, while many other of the leading joint-stock banks of England continually hold in available resources a still greater amount, as may be seen from the following table:

*Table of reserve, &c., of the ten principal joint-stock banks of London, on June 30, 1873, compiled from the London Economist of October 18, 1873, (supplement.)*

| Number. | Banks.                  | Capital and surplus. | Cash deposits. | Reserve.    |                    |            | Proportion of reserve to liabilities. |                |                |
|---------|-------------------------|----------------------|----------------|-------------|--------------------|------------|---------------------------------------|----------------|----------------|
|         |                         |                      |                | Cash.       | Stock investments. | Total.     | June 30, 1873.                        | Dec. 31, 1872. | June 30, 1872. |
|         |                         |                      |                |             |                    |            | <i>Per ct.</i>                        | <i>Per ct.</i> | <i>Per ct.</i> |
| 1       | London and Westminster  | £3,000,000           | £28,383,425    | a£3,796,639 | b£3,298,851        | £7,095,490 | 24.99                                 | n26.48         | n25.31         |
| 2       | London Joint Stock      | 1,673,849            | 17,404,319     | a2,218,816  | c1,080,000         | 3,298,816  | 18.95                                 | 18.22          | 15.45          |
| 3       | Union                   | 1,500,000            | 13,371,046     | d5,135,994  | e2,278,825         | 7,414,819  | 55.45                                 | 50.93          | 54.02          |
| 4       | City                    | 750,000              | 3,050,486      | f621,462    | g330,527           | 951,989    | 31.54                                 | 30.            | 31.96          |
| 5       | Imperial                | 740,000              | 2,235,587      | f471,949    | h28,746            | 560,695    | 25.08                                 | 24.68          | 25.06          |
| 6       | Alliance                | 940,000              | 1,821,583      | f665,028    | i58,156            | 723,184    | 39.70                                 | 36.24          | 33.43          |
| 7       | Consolidated            | 876,125              | 2,988,705      | f854,029    | j208,402           | 1,062,431  | 35.54                                 | 32.20          | 34.50          |
| 8       | Central                 | 109,000              | 669,018        | f159,165    | .....              | 159,165    | 23.79                                 | 42.77          | 38.30          |
| 9       | London and Southwestern | 172,680              | 729,479        | k179,219    | .....              | k179,219   | 24.57                                 | 23.75          | 22.12          |
| 10      | London and County       | 1,800,000            | 17,821,279     | l5,195,143  | m1,647,498         | 6,842,641  | 38.96                                 | 37.80          | 41.36          |
|         | Total                   | 11,561,654           | 88,474,927     | 19,297,444  | 8,991,005          | 28,288,449 | 31.97                                 | 32.55          | 31.40          |

a Cash in hand and at the Bank of England.

b Government stock and exchequer bills.

c Consols, new 3 per cents., and reduced at 90.

d Embraces £1,173,516 cash in the bank, £971,292 cash in Bank of England, and £2,991,185 cash lent at call

e Government stock, exchequer bills, debentures, &c.

f Cash in hand at Bank of England, and at call.

g Exchequer bills, East India debentures, and government securities.

h Consols, India debentures, and city bonds.

i Investments in consols, &c.

j New 3 per cents., and other government stocks.

k Cash in hand and at call.

l Cash on hand at head office and branches, and with Bank of England; cash at call and at notice covered by securities.

m Government and guaranteed stocks.

From the London Economist of March 15, 1873, page 83.

## XXII REPORT OF THE COMPTROLLER OF THE CURRENCY.

It is well known that the funds of the English government are the most readily convertible of any in the markets of the world, and that while English consols\* can at all times be purchased at a moderate discount, (92,) they can also at all times be converted into a coin at a smaller loss than any other securities upon the market. The joint-stock banks of England, therefore, have a final resource in which their reserves can be invested with the certainty of conversion at any moment. The Bank of England thus holds continually a reserve of about one-third of the amount of its average liabilities, while the joint-stock banks of England continually hold in available reserve a still greater proportionate amount in cash and government securities; and it is no answer to the proposition under discussion to say that the conversion of the consols held by the English joint-stock banks into coin would have the effect at once to reduce the reserves of the Bank of England, for the money-market of London is, as we have been taught to believe, the money-market of the world, to which is attracted the capital of all nations by the simple process of raising the rate of interest.

The national currency act requires that the country banks shall hold 6 per cent., the redemption cities 12½ per cent., and the New York City banks 25 per cent. of their liabilities in cash, making an aggregate of cash reserve of from 13 to 15 per cent. The remainder of the reserve required to be held by the country banks may be on deposit with the banks in the redemption cities, while that of the redemption cities may be on deposit in the city of New York.

These large accumulations in the redemption cities, and in the banks of the city of New York, are to a large extent invested in call loans, the banks in the redemption cities and in the city of New York having no resource like the joint-stock banks of England in which to place their surplus of reserves, which can be readily converted in the markets of the world into coin, if occasion shall require; and it can hardly be doubted that if the surplus means of the country banks, which were invested in call-loans by their city correspondents, had been invested in funds convertible into cash upon demand, the disastrous results of the late panic would have been largely avoided.

The crisis was caused in a great degree by the desire of the country banks to withdraw their balances from the city banks; first, because in the month of September the amount on deposit with the city banks was needed for the legitimate purposes of trade; and secondly, because the country banks, foreseeing and fearing the return of the experience of previous years, thought it safer to withdraw their balances at once. When the reserves of the New York City banks became alarmingly reduced by the drafts of their country correspondents, the only resource left to the city banks was to convert their call-loans, amounting to some \$60,000,000; but these, if paid at all, were paid in checks upon the associated banks, and the latter found, the next morning, at the clearing-house, that, although a portion of their liabilities had been reduced by the payment of call-loans, they were in the aggregate no richer in currency than on the previous day. Suspension followed; but if the surplus of the country banks had been to a considerable extent invested in Government certificates, the drafts upon the city banks would have been proportionately less; and if the surplus fund of the city banks had likewise been held in such certificates, the avails of such certificates would have

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\* Since the year 1850 the English consols (three per cents.) have ranged in price from 99½ (in 1851) to 87½ (in 1866.) The average price has, however, during that period been above 92; a rate which indicates the borrowing power of the government to be about 3½ per cent. per annum.

been quietly withdrawn from the Treasury, and the banks would have found themselves possessed of ready means with which to supply the demands of their dealers.

It is said that the issue of such certificates would facilitate the withdrawal of legal-tender notes for speculative purposes, but the assistant treasurer in New York could hardly fail to be advised of the deposit of large amounts of money with himself for illegitimate purposes, and a provision of law similar to the one already in force, forfeiting the amount of money on deposit, and directing the prosecution of such offenders, would effectually prevent such transactions.

The issue of a Government certificate for the use of all the banks of the country, to be counted as a certain portion of their reserve, was recommended as follows in my last annual report :

The reserves of the nineteen hundred national banks located elsewhere than in the city of New York are held to a great extent in that city. For most of the time during the past year an amount equal to more than one-fifth of the capital of all these national banks has been held on deposit by the national banks of the city of New York to the credit of their correspondents. In many cases these credits amount to twice the capital of the bank with which they are deposited ; in other cases the amount of deposits is three, four, and even five times the capital, which amount has been attracted thither largely by the payment of interest on deposits. The failure of one of these New York City banks in a time of monetary stringency would embarrass, if not ruin, many banks in the redemption cities, and, in turn, the country correspondents of these banks would suffer from the imprudence of the New York bank, which would be responsible for wide-spread disaster. \* \* \*

In times of excessive stringency loans are not made by such associations to business men upon commercial paper, but to dealers in speculative securities, upon short time, at high rates of interest ; and an increase of call-loans beyond the proper limit is more likely to afford facilities for unwarrantable stock speculations than relief to legitimate business transactions. \* \* \*

The variations in the liabilities requiring reserve in the banks of the city of New York are very great. The banks outside of New York, during the dull season, send their surplus means to that city for deposit upon interest, to await the revival of business. The banks in the city of New York, at such periods of the year, have no legitimate outlet for these funds, and are, therefore, threatened with loss. The stock board takes advantage of this condition of affairs, speculation is stimulated by the cheapness of money, and a market is found for the idle funds upon doubtful collaterals, and the result is seen in the increased transactions at the clearing-house, which, during the past year, exceeded thirty-two thousand millions of dollars, or an average of more than one hundred millions of dollars daily—not one-half of which was the result of legitimate business ; the total amount of transactions being greater than that of the bankers' clearing-house of the city of London. The evil arises largely from the payment by the banks of interest on deposits, an old-established custom which cannot easily be changed by direct legislation. A considerable portion of these deposits would remain at home if they could be used at a low rate of interest, and made available at any time upon the return of the season of active business. No sure investment of this kind is, however, open to the country banks, and the universal custom is to send forward the useless dollars, from vaults comparatively insecure, to their correspondents in the city, where they are supposed to be safer, and at the same time earning dividends for shareholders. *A Government issue, bearing a low rate of interest, to be counted as a certain proportion of the reserve, and an increase of the amount which the country banks are required to keep on hand, is the proper remedy for such a state of things. Such an investment need not result in inflation, for the currency invested would be in the possession of the Government. If the currency is held, the objection is the loss of interest to the Government ; but this loss would be no more than a just rebate upon the six millions of dollars of taxation annually paid by the banks to the Government, at a time when almost every kind of internal taxation has been discontinued. Such a reduction of taxation should not be grudgingly made, if the result shall be to give elasticity to the currency, to strengthen and steady the money market, to give additional security to seven hundred millions of dollars belonging to depositors by retaining in the vaults of the banks a large amount of funds for legitimate business purposes, which would otherwise be thrown upon the stock board to unsettle values throughout the country, and alternately increase and depress the price of every commodity.*

The recommendation for the issue of these certificates, to be counted as a certain portion of the reserve, is renewed.

## XXIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

The same certificates could also be issued to a large extent as a safe investment for laboring men and others desiring such an investment for earnings. If such certificates were issued in amounts of \$50 they would at once be recognized as the safest possible temporary investment, and the Government would soon ascertain by experience what proportions of such certificates could be safely invested in the 6 per cent. bonds of the United States, thus saving the interest upon the funds in which the earnings of the laboring man were invested, and conferring a permanent benefit upon its humblest citizens.

The returns made to the clearing-house association of the weekly average of reserve of the national banks for each week since the first of January last, show that the provision referred to has been generally observed, and the exceptions to the rule have not been among banks of old established reputation, whose experience is entitled to great weight, but among banks more recently organized, which have been ambitious to obtain business and are willing to assume risks for that purpose.\*

The rule requiring a reserve was adopted by the voluntary action of the clearing-house association of the city of New York, previous to the passage of the national currency act. At a meeting of bank officers, representing forty-two of the forty-six banks of the city of New York, held at the rooms of the clearing-house association in March, 1858, it was agreed "to keep on hand *at all times* an amount of coin equivalent to not less than 20 per cent. of our net deposits of every kind, which shall be made to include certified checks and other liabilities, except circulating notes, deducting the daily exchanges received from the clearing-house." This resolution was adopted five years previous to the passage of the national currency act, and its phraseology is not unlike the provisions of that act in reference to reserves to be held by the national banks of New York City. The resolution did not provide for a reserve on circulation, for the reason that the circulation of the city banks was at that time redeemable at par in coin; so that no action was necessary in

\* *Statement of the weekly average percentage of reserve held by the New York City banks, as reported to the clearing-house.*

| Week ending— | Average percentage of national banks. | Average percentage of State banks. | Average percentage of all. | Week ending— | Average percentage of national banks. | Average percentage of State banks. | Average percentage of all. |
|--------------|---------------------------------------|------------------------------------|----------------------------|--------------|---------------------------------------|------------------------------------|----------------------------|
| 1873.        |                                       |                                    |                            | 1873.        |                                       |                                    |                            |
| Jan. 4       | 26.32                                 | 18.21                              | 25.61                      | May 17       | 27.53                                 | 19.57                              | 26.85                      |
| 11           | 27.25                                 | 19.98                              | 26.61                      | 24           | 27.03                                 | 20.00                              | 26.43                      |
| 18           | 27.60                                 | 19.31                              | 26.85                      | 31           | 27.61                                 | 18.50                              | 26.82                      |
| 25           | 27.46                                 | 19.00                              | 26.71                      | June 7       | 29.70                                 | 21.34                              | 29.00                      |
| Feb. 1       | 26.56                                 | 17.59                              | 25.77                      | 14           | 30.28                                 | 20.87                              | 29.50                      |
| 8            | 26.35                                 | 16.99                              | 25.54                      | 21           | 30.34                                 | 20.80                              | 29.51                      |
| 15           | 24.93                                 | 17.90                              | 24.32                      | 28           | 30.97                                 | 21.25                              | 30.14                      |
| 21           | 24.78                                 | 16.88                              | 24.10                      | July 5       | 31.78                                 | 19.00                              | 30.72                      |
| Mar. 1       | 25.57                                 | 16.97                              | 24.84                      | 12           | 31.42                                 | 20.91                              | 30.58                      |
| 8            | 25.56                                 | 17.61                              | 24.89                      | 19           | 30.87                                 | 21.10                              | 30.04                      |
| 15           | 25.53                                 | 16.63                              | 24.78                      | 26           | 30.95                                 | 21.54                              | 30.12                      |
| 22           | 25.50                                 | 17.26                              | 24.80                      | Ang. 2       | 30.59                                 | 19.83                              | 29.67                      |
| 29           | 25.34                                 | 16.95                              | 24.62                      | 9            | 30.18                                 | 21.42                              | 29.42                      |
| Apr. 5       | 23.83                                 | 15.97                              | 23.16                      | 16           | 30.39                                 | 20.24                              | 29.48                      |
| 12           | 24.42                                 | 17.38                              | 23.82                      | 23           | 28.28                                 | 18.52                              | 27.43                      |
| 19           | 25.02                                 | 17.69                              | 24.39                      | 30           | 27.94                                 | 18.84                              | 27.15                      |
| 26           | 25.17                                 | 18.93                              | 24.65                      | Sept. 6      | 25.67                                 | 17.62                              | 24.95                      |
| May 3        | 26.51                                 | 19.03                              | 25.87                      | 13           | 24.44                                 | 18.35                              | 23.89                      |
| 10           | 27.32                                 | 19.54                              | 26.67                      | 20           | 23.55                                 | 17.95                              | 23.03                      |

From the weekly average percentage of the State banks is excluded the weekly average percentage of the Bank of America and the Manhattan Company, the former of which was invariably and the latter usually in excess of 25 per cent.



respect to the reserve to be held upon circulating notes. From that time to the passage of the national currency act the resolution was generally observed, and since the passage of the act neither the New York clearing-house association nor the clearing-house association of any city has requested the repeal of such restrictions. On the contrary, the New York association has repeatedly refused to modify the rule by agreeing that national bank notes, which by the law can be used in payment of debts to each other, may be so employed.

The national currency act requires that the national banks "shall at all times have on hand" the reserve required in lawful money, and the advocates of a repeal of the reserve laws insist that, under this provision, the national banks are absolutely prohibited from using these reserves at any time. The provision requiring that a reserve shall be kept on hand at all times, was intended to protect the depositor, and to keep the bank in funds for the purpose of responding at all times to the demands of its creditors. This is evident from the fact that the bank is required, when its reserves become deficient, to cease discounting and making dividends until the amount of the reserve shall be restored. The word "reserve" is used, as has been suggested, in the same sense as it is used in an army, and "the fact that a military commander cannot be definitely instructed when he may employ his reserve force, is not regarded as a reason why that important portion of the army organization should be abandoned, or be reduced in number or efficiency." To claim that a bank cannot redeem its own notes upon presentation, and cannot pay the checks of its depositors on demand if the payment of such debts shall intrench upon its reserves, is equivalent to declaring that the national currency act was intended to provide for the destruction of the very institutions it had created. From the first organization of the system to the present time, the uniform decisions have been that the object of the reserve is to enable the bank at all times to pay its debts. In times of panic the depositors of a bank, and not its officers and directors, are its masters; and it is absurd to maintain that a bank, liable at such times to be called upon to pay its debts, would, if there were no reserve laws, loan upon commercial paper, at the risk of almost certain failure and disgrace, the money which belongs to its creditors.

While the Comptroller concedes that experience may hereafter justify a modification of the provisions of the act in this respect, he is clearly of the opinion, in view of the lessons to be derived from the late suspension of currency payment in New York, that he would not be warranted in recommending any change at present, except the offer of inducements, as already stated, to the banks of the country to hold a larger proportion of their reserve in their own vaults, in certificates which can be readily converted into cash when the funds of the depositor are demanded.

If the certificates should, however, be issued as proposed, the reserve of the country banks and the reserve of banks in the redemption cities (other than New York) may with propriety be reduced, the amount required to be kept on hand being largely increased; while the banks in the city of New York should still be required to keep on hand 25 per cent., (one-half in certificates, if desired,) subject to a reduction at any time by the Comptroller, with the concurrence of the Secretary, upon the recommendation of the clearing-house. Upon the return to specie payments and the funding of the United States debt into bonds bearing a low rate of interest, the reserve now required may be very much reduced and perhaps altogether dispensed with.

A table in the appendix, which has been compiled from the regular

## XXVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

reports to this office, exhibits the percentage of reserve held by the national banks of the country for the past five years, and shows that in every State, and in the principal cities of the Union, they have been found, in almost every instance, to hold in the aggregate an amount of reserve considerably beyond the requirements of the law.

## THE PANIC OF 1873.

The monetary crisis of 1873 may be said to have had its beginning in New York City on September 8, by the failure of the Warehouse Security Company, and of two houses which had left their regular business to embark in enterprises foreign thereto, which were followed on the 13th by the failure of a large firm of stock-brokers. On the 18th and 19th two of the largest banking-houses in the city, well known throughout the country, and which were interested in the negotiations of large amounts of railroad securities, also failed; and on the 20th of the same month the failures of the Union Trust Company, the National Trust Company, the National Bank of the Commonwealth, and three other well-known banking-houses were announced. On the same day the New York Stock Exchange, for the first time in its existence, closed its doors, and they were not again opened for a period of ten days, during which period legal-tender notes commanded a premium over certified checks of from one-fourth of one per cent. to three per cent. An active demand for deposits commenced on the 18th, and increased rapidly during the 19th and 20th, chiefly from the country correspondents of the banks; and their drafts continued to such an extent, "calling back their deposits in a medium never before received," that the reserves of the banks were alarmingly reduced.

The "call loans," amounting to more than sixty millions of dollars, upon which the banks relied to place themselves in funds in such an emergency, were entirely unavailable, because the means of the borrowers, upon the realization of which they depended to repay their loans were, to a great extent, pledged with the banks. These collaterals could in ordinary times have been sold, but at that moment no market could be found except at ruinous sacrifices. Had there been a market, the payments would have been made in checks upon the associated banks, which would not have added to the general supply of cash. A meeting of the clearing-house association was called, and on Saturday evening, September 20, the following plan for facilitating the settlement of balances at the clearing-house was unanimously adopted:

In order to enable the banks of this association to afford such additional assistance to the business community, and also for the purpose of facilitating the settlement of the exchanges between the banks, it is proposed that any bank in the clearing-house association, may, at its option, deposit with a committee of five persons, to be appointed for that purpose, an amount of its bills receivable, or other securities to be approved by said committee, who shall be authorized to issue therefor to said depositing bank certificates of deposit, bearing interest at seven per cent. per annum, in denominations of five and ten thousand dollars, such as may be desired, to an amount not in excess of seventy-five per cent. of the securities or bills receivable so deposited.

Except when the securities deposited shall consist of either United States stocks or gold certificates, the certificates of deposit may be issued upon the par value of such securities.

These certificates may be used in settlement of balances at the clearing-house for a period not to extend beyond the first of November proximo, and they shall be received by creditor banks during that period daily, in the same proportion as they bear to the aggregate amount of the debtor balances paid at the clearing-house.

The interest which may accrue upon these certificates shall, on the 1st day of No-

## REPORT OF THE COMPTROLLER OF THE CURRENCY. XXVII

venner next, or sooner, should the certificates all be redeemed, be apportioned among the banks which shall have held them during that time.

The securities deposited with the committee, as above named, shall be held by them as a special deposit, pledged for the redemption of the certificates issued thereon.

The committee shall be authorized to exchange any portion of said securities for an equal amount of others, to be approved by them, at the request of the depositing bank, and shall have power to demand additional security, either by an exchange or an increased amount, at their discretion.

The amount of certificates which this committee may issue as above shall not exceed ten million dollars.

This arrangement shall be binding upon the clearing-house association when assented to by three-fourths of its members.

The banks shall report to the manager of the clearing-house every morning at 10 o'clock the amount of such certificates held by them.

That, in order to accomplish the purposes set forth in this arrangement, the legal tenders belonging to the associated banks shall be considered and treated as a common fund, held for mutual aid and protection, and the committee appointed shall have power to equalize the same by assessment, or otherwise, at their discretion.

For this purpose a statement shall be made to the committee of the condition of each bank on the morning of every day, before the commencement of business, which shall be sent with the exchanges to the manager of the clearing-house, specifying the following items:

- 1st. Amount of loans and discounts.
- 2d. Amount of loan certificates.
- 3d. Amount of United States certificates of deposit and legal-tender notes.
- 4th. Amount of deposits, deducting therefrom the amount of special gold deposits.

The suspension of currency payments followed and was at first confined to the banks of New York City, but afterward extended to other large cities because the New York banks could not respond to the demands of their correspondents in those cities, and these, in turn, could not respond to the demands of *their* correspondents. Exchange on New York, which would otherwise have commanded a slight premium, was at a discount, and to a considerable extent unavailable. The suspension of the banks in other leading cities, almost without exception, therefore followed, and their partial or entire suspension continued for forty days, until confidence was in a measure restored by the resumption of the New York City banks on the first day of November.

Although predictions had been made of the approach of a financial crisis, there were no apprehensions of its immediate occurrence. On the contrary there were in almost every direction evidences of prosperity. The harvest was nearly or quite completed, and the bins and granaries were full to overflowing. The manufacturing and mining interests had also been prosperous during the year, and there was good promise that the fall trade, which had opened, would be as large as during previous years. The value of the cereals, potatoes, tobacco, and hay for 1872, is estimated by the Department of Agriculture at \$1,324,385,000. It is supposed that the value of these products for the present year, a large portion of which was at this time ready for sale and awaiting shipment to market, will not vary materially from the above-mentioned estimate of last year. An estimate based upon the census returns of 1869 gives the probable aggregate value of the marketable products of industry for that year as \$4,036,000,000, and a similar estimate upon the same basis, and upon returns to the Agricultural Department, gives an increase of \$1,788,000,000 for 1873 over the amount for 1868.

It is not the province of the Comptroller to explain the causes which led to this suspension. In order to enter upon such an explanation it would be necessary to obtain comparative data for a series of years in reference to the imports and exports, the products of industry, the issue of currency and other evidences of debt, and, in fact, a general discussion of the political economy of the country. The immediate

## XXVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

cause of the crisis is, however, more apparent. The money market had become overloaded with debt, the cost of railroad construction for five years past being estimated to have been \$1,700,000,000, or about \$340,000,000 annually; while debt based upon almost every species of property—State, city, town, manufacturing corporations, and mining companies—had been sold in the market. Such bonds and stocks had been disposed of to a considerable extent in foreign markets, and so long as this continued the sale of similar securities was stimulated, and additional amounts offered. When the sale of such securities could no longer be effected abroad, the bonds of railroads and other enterprises of like nature which were in process of construction were thus forced upon the home market, until their negotiation became almost impossible. The bankers of the city of New York, who were burdened with the load, could not respond to the demands of their creditors, the numerous holders of similar securities became alarmed, and the panic soon extended throughout the country.

The present financial crisis may, in a great degree, be attributed to the intimate relations of the banks of the city of New York with the transactions of the stock-board, more than one-fourth, and in many instances nearly one-third, of the bills-receivable of the banks, since the late civil war, having consisted of demand loans to brokers and members of the stock-board, which transactions have a tendency to impede and unsettle, instead of facilitating, the legitimate business interests of the whole country. Previous to the war the stock-board is said to have consisted of only one hundred and fifty members, and its organic principle was a strictly commission business, under a stringent and conservative constitution and by-laws. The close of the war found the membership of the stock-board increased to eleven hundred, and composed of men from all parts of the country, many of whom had congregated in Wall street, adopting for their rule of business the apt motto of Horace, "Make money; make it honestly if you can; at all events make money."\* The law of the State of New York, restricting the operations of the stock-board, which had been retained on the statute-book since 1813,† had, unfortunately, been repealed in 1858, so that its members and manipulators were enabled to increase their operations to a gigantic scale.

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\* *Rem facias; rem,*

*Si possis, recte; si non, quocunque modo rem.*

† "All contracts, written or verbal, for the sale or transfer of any certificate or other evidence of debt, due by or from the United States, or any separate State, or of any share or interest in the stock of any bank, or of any company incorporated under any law of the United States, or of any individual State, shall be absolutely void, unless the party contracting to sell or transfer the same shall, at the time of making such contract, be in the actual possession of the certificate or other evidence of such debt, share or interest, or be otherwise entitled in his own right, or be duly authorized by some person so entitled, to sell or transfer the said certificate of debt, share or interest so contracted for.

"All wagers concerning the price or prices, present or future, of any part of any debt due by or from the United States, or any separate State, or of any share or interest in the stock of any bank or other company incorporated under the laws of the United States, or any individual State, or of any certificate or other evidence of any such debt or part of such debt, or of any such share or interest, shall be void.

"Every person who shall pay or deliver any money, goods or thing in action, by way of premium or difference, in pursuance of any contract or wager in the two last sections declared void, and his personal representatives may recover such money, goods, or other thing in action, of and from the party receiving the same and his personal representatives."

Passed February 25, 1813. (Page 706, revised statutes of New York, vol. 1, second edition.) Repealed laws of New York, page 251, eighty-first session, 1858.

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The quotations of the stock-board are known to be too frequently fictions of speculation, and yet these fictions control the commerce and business of a great country, and their influence is not confined to this country, but extends to other countries, and seriously impairs our credit with foreign nations. The fictitious debts of railroads and other corporations which they have bolstered up, and which have obtained quotations in London and other markets of the world, have now been reduced to a more proper valuation, or stricken from the list.

Whether the Congress of the United States or the legislature of the State of New York may not re-enact a law reviving similar restrictions with great benefit to the true business interests of all parties is respectfully submitted.

Many measures of reform are proposed in order that the lessons of the crisis may not be lost, and others be led hereafter to repeat similar errors. Unity of action among the leading banks of the great cities will do more to reform abuses than any congressional enactment; for, unless such corporations shall unite and insist upon legitimate methods of conducting business, the laws of Congress in reference thereto will be likely soon to become inoperative—such enactments being observed in their true spirit by the few, while the many evade them and thus invite a repetition of similar disasters.

If, however, the banks are disinclined to unite for such a purpose, the legislation required of Congress will be such as will induce associations outside of the city of New York to retain in their vaults such funds as are not needed at the commercial center for purposes of legitimate business.

The following table, exhibiting the condition of the banks in New York City in the month of October for four years past, has been prepared for purposes of comparison with the statement of September 12, of the present year, which is also given:

| Resources.                         | OCTOBER 9,<br>1869. | OCTOBER 8,<br>1870. | OCTOBER 2,<br>1871. | OCTOBER 3,<br>1872. | SEPTEMBER 12,<br>1873. |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|
|                                    | 54 banks.           | 54 banks.           | 54 banks.           | 50 banks.           | 48 banks.              |
| Loans on U. S. bonds on demand     | \$9,414,376 00      | \$9,012,964 10      | \$5,661,498 50      | \$3,180,738 35      | \$2,938,875 98         |
| Other st'ks, b'ds, &c., on dem'd   | 48,650,888 51       | 53,809,602 90       | 70,185,331 18       | 53,409,624 68       | 57,916,130 34          |
| Loans payable in gold              |                     |                     |                     | 3,411,738 28        | 4,381,571 00           |
| Loans, all other                   | 100,237,639 30      | 105,146,590 54      | 122,806,969 10      | 123,183,624 55      | 133,924,310 47         |
| Overdrafts                         | 241,054 67          | 112,928 40          | 215,166 19          | 225,675 50          | 182,459 04             |
| Bonds for circulation              | 41,762,450 00       | 40,856,550 00       | 38,337,600 00       | 34,312,100 00       | 33,870,100 00          |
| Bonds for deposits                 | 1,474,000 00        | 700,000 00          | 4,569,000 00        | 1,066,750 00        | 650,000 00             |
| U. S. bonds on hand                | 5,011,500 00        | 6,569,750 00        | 5,684,050 00        | 4,310,700 00        | 3,332,400 00           |
| Other stocks and bonds             | 6,514,988 07        | 6,990,261 39        | 5,949,250 03        | 4,400,397 21        | 4,552,797 40           |
| Due from national banks            | 13,952,536 46       | 12,617,724 05       | 15,342,721 82       | 13,225,611 01       | 15,740,765 99          |
| Due from State banks               | 1,806,730 94        | 2,472,529 36        | 3,173,841 40        | 3,232,205 48        | 2,077,286 04           |
| Real estate, furniture, & fixtures | 7,422,039 95        | 7,833,189 04        | 8,034,205 88        | 8,061,352 99        | 8,469,984 33           |
| Current expenses                   | 1,103,007 65        | 1,282,525 00        | 1,250,116 17        | 1,117,471 34        | 905,622 11             |
| Premiums paid                      | 805,508 82          | 931,615 25          | 1,232,601 10        | 804,339 19          | 766,179 69             |
| Cash items                         | 3,487,581 39        | 2,330,751 92        | 2,765,929 97        | 3,649,474 86        | 2,058,769 53           |
| Clearing-house exchanges           | 78,555,991 12       | 66,527,335 53       | 75,858,034 12       | 89,971,391 35       | 67,697,740 69          |
| National bank notes                | 1,755,346 00        | 2,691,519 00        | 1,833,474 00        | 2,724,791 00        | 2,618,583 00           |
| Fractional currency                | 611,751 74          | 331,076 76          | 294,857 09          | 293,901 62          | 338,394 32             |
| Coin                               | 1,792,740 73        | 1,607,742 91        | 1,121,869 40        | 920,767 37          | 1,063,200 55           |
| Gold Treasury notes                | 16,897,900 00       | 7,533,900 00        | 7,590,260 00        | 5,454,580 00        | 13,522,610 00          |
| Legal-tender notes                 | 21,070,062 00       | 17,648,577 00       | 32,044,183 00       | 27,004,485 00       | 21,468,530 00          |
| Three per cent. certificates       | 12,050,000 00       | 11,140,000 00       | 500,000 00          | 575,000 00          |                        |
| U. S. certificates of deposit      |                     |                     |                     | 5,855,000 00        | 10,810,000 00          |
| Clearing-house certificates        | 15,945,000 00       | 17,015,000 00       | 17,895,000 00       | 5,585,000 00        |                        |
|                                    | 390,563,093 35      | 375,152,133 15      | 422,345,958 95      | 395,976,719 78      | 389,426,310 48         |

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| Liabilities.                            | OCTOBER 9,<br>1869. | OCTOBER 8,<br>1870. | OCTOBER 2,<br>1871. | OCTOBER 3,<br>1872. | SEPTEMBER 12,<br>1873. |
|---|---------------------|---------------------|---------------------|---------------------|------------------------|
|   | 54 banks.           | 54 banks.           | 54 banks.           | 50 banks.           | 48 banks.              |
| Capital stock.....                      | \$73,218,100 00     | \$73,435,000 00     | \$73,235,000 00     | \$71,285,000 00     | \$70,235,000 00        |
| Surplus fund.....                       | 17,768,667 71       | 18,835,099 19       | 19,468,615 29       | 20,878,877 81       | 21,923,211 45          |
| Undivided profits.....                  | 10,964,277 76       | 10,039,181 42       | 10,388,683 51       | 11,049,162 30       | 11,210,470 63          |
| National bank circulation.....          | 34,683,075 00       | 32,945,080 00       | 30,632,976 00       | 28,070,951 00       | 27,482,342 00          |
| State bank circulation.....             | 243,974 00          | 235,959 00          | 226,479 00          | 189,575 00          | 146,525 00             |
| Dividends, unpaid.....                  |                     | 236,860 65          | 265,569 71          | 261,830 46          | 205,979 60             |
| Individual deposits—currency.....       | 136,660 848 70      | 127,891,339 01      | 141,091,424 30      | 117,749,909 19      | 111,463,264 04         |
| gold.....                               |                     |                     |                     | 6,170,566 29        | 12,101,731 10          |
| Certified checks.....                   | 52,580,265 47       | 37,689,570 53       | 44,679,638 56       | 63,827,794 36       | 42,695,185 81          |
| Cashiers' checks.....                   | 1,282,332 36        | 1,329,457 01        | 891,358 43          | 778,729 10          | 1,252,481 79           |
| United States deposits.....             | 253,692 98          | 241,961 99          | 4,073,218 32        | 238,092 15          | 296,877 13             |
| Deposits of U. S. dis'b'g officers..... |                     |                     |                     | 3,213 37            | 40,297 13              |
| Due to other national banks.....        | 50,005,913 23       | 55,947,455 65       | 76,701,443 53       | 60,580,921 60       | 72,257,769 25          |
| Due to State banks and bankers.....     | 12,901,946 14       | 16,225,168 70       | 20,630,052 21       | 14,852,279 01       | 18,113,050 50          |
| Notes and bills rediscounted.....       |                     |                     | 61,500 00           |                     |                        |
| Bills payable.....                      |                     |                     |                     | 39,825 14           | 62,125 39              |
| Total.....                              | 390,563,093 35      | 375,152,133 15      | 422,345,958 95      | 395,976,719 78      | 389,486,310 48         |

Reserve, 24.4 per cent.

The following totals exhibit similar data, compiled from the returns of the country banks of New England, the Middle, and the Western and Northwestern States.

| States.             | Items.                         | September<br>12, 1873. | October 13,<br>1873. | November<br>1, 1873. |
|---------------------|--------------------------------|------------------------|----------------------|----------------------|
| NEW ENGLAND STATES. |                                |                        |                      |                      |
| Maine.....          | Loans.....                     | \$154,407,121          | \$150,841,262        | \$148,291,782        |
| New Hampshire.....  | Circulation.....               | 82,746,627             | 83,154,774           | 83,288,566           |
| Vermont.....        | Deposits.....                  | 61,912,935             | 55,830,627           | 52,725,593           |
| Massachusetts.....  | Balance due to banks.....      | 3,230,941              | 2,224,089            | 552,117              |
| Rhode Island.....   | Due from redeeming agents..... | 18,969,598             | 13,411,621           | 12,425,176           |
| Connecticut.....    | Legal-tenders.....             | 10,956,979             | 11,517,756           | 11,431,217           |
|                     | Specie.....                    | 360,786                | 304,187              | 339,634              |
| MIDDLE STATES.      |                                |                        |                      |                      |
| New York.....       | Loans.....                     | 150,157,681            | 142,085,003          | 138,273,174          |
| New Jersey.....     | Circulation.....               | 65,416,519             | 65,871,069           | 65,976,343           |
| Pennsylvania.....   | Deposits.....                  | 102,671,101            | 89,036,682           | 85,907,955           |
| Delaware.....       | Balance due to banks.....      | 1,226,981              | 1,869,819            |                      |
| Maryland.....       | Due from redeeming agents..... | 21,428,875             | 14,015,227           | 12,024,641           |
|                     | Legal tenders.....             | 13,541,549             | 14,782,708           | 14,949,860           |
|                     | Specie.....                    | 430,944                | 301,939              | 357,335              |
| WESTERN STATES.     |                                |                        |                      |                      |
| Ohio.....           | Loans.....                     | 123,854,884            | 116,833,970          | 111,549,204          |
| Indiana.....        | Circulation.....               | 59,659,474             | 60,253,336           | 60,475,650           |
| Illinois.....       | Deposits.....                  | 92,856,762             | 75,541,162           | 70,772,060           |
| Michigan.....       | Balance due to banks.....      |                        |                      |                      |
| Wisconsin.....      | Due from redeeming agents..... | 17,993,614             | 8,029,701            | 7,981,507            |
| Iowa.....           | Legal tenders.....             | 14,085,011             | 16,341,748           | 16,199,236           |
| Minnesota.....      | Specie.....                    | 246,003                | 217,680              | 275,521              |
| Kansas.....         |                                |                        |                      |                      |
| Nebraska.....       |                                |                        |                      |                      |

The Comptroller, in order to obtain statistics of the condition of the banks during the late panic, as well as just previous to its commencement, issued a circular calling upon all the national banks for reports on October 13, the day on which the banks of the city of New York held the smallest amount of legal-tender notes during the late crisis, and on November 1, the day on which the banks resumed currency payments. The aggregates of these statements for each State and the redemption cities will be found in full in the appendix to this report, as will also a statement exhibiting in detail the average amount of loans, circulation, deposits, specie, and legal-tender notes of each of the asso-

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ciated banks of New York City for the week ending September 20, 1873, and the aggregates as reported to the clearing-house for the week ending November 22. From all these returns the following comparative statement of the banks in New York City at different dates has been prepared :

|                            | September 12,<br>1873. | September 20,<br>1873.* | October 13,<br>1873. | November 1,<br>1873. | November<br>22, 1873.* |
|----------------------------|------------------------|-------------------------|----------------------|----------------------|------------------------|
| Loans .....                | \$199, 160, 888        | .....                   | \$179, 135, 030      | \$169, 164, 559      | .....                  |
| Circulation .....          | 27, 482, 342           | \$27, 151, 600          | 27, 851, 206         | 27, 835, 612         | \$27, 267, 700         |
| Deposits .....             | 99, 952, 097           | 107, 184, 600           | 89, 664, 948         | 92, 563, 997         | 138, 625, 300          |
| Balance due to banks ..... | 72, 552, 768           | .....                   | 38, 790, 118         | 36, 911, 563         | .....                  |
| Legal tenders .....        | 32, 278, 530           | 29, 607, 200            | 6, 517, 250          | 15, 668, 452         | 25, 330, 600           |
| Specie .....               | 14, 585, 811           | 16, 119, 400            | 10, 031, 470         | 11, 499, 457         | 14, 759, 300           |

\* Averages as reported to clearing-house, for week ending at the date mentioned.

Some of the special reports were not received until during the present week, and the abstracts were therefore so lately completed that the Comptroller can only refer the inquirer to these curious and interesting statistics of the condition of the banks of the country during the month of the panic, without any extended comments.\*

## INTEREST ON DEPOSITS.

In my last annual report I referred briefly to the evils resulting from the payment of interest upon deposits, and my predecessors have frequently referred more at length to the same subject. The difficulty has been that the proposed legislation by Congress upon the subject would apply only to the national banks. The effect of such legislation would be to bring State banks and savings banks, organized by authority of the different States, in direct competition with the national banks in securing the accounts of correspondents and dealers; the national banks would be desirous of retaining their business, and the more unscrupulous would not hesitate to evade the law by offering to make collections throughout the country free of charge, to buy and sell stocks without commission, and to rediscount paper at low rates. The proposed action of the clearing-house in the city of New York, if adopted by the clearing-houses of the principal cities of the Union, would do more to prevent the payment of interest on deposits than any congressional enactment. But the evils resulting from the payment of interest upon deposits are by no means confined to the city banks. It may be safely said that this custom, which prevails in almost every city and village of the Union, has done more than any other to demoralize the business of banking. State banks, private bankers, and associations under the guise of savings banks, everywhere, offer rates of interest upon deposits which can-

\* Since writing the above the following statement has been prepared, showing the whole amount of national-bank currency, legal-tender notes, and fractional currency issued up to October 12 and November 1, 1873 :

|  | October 13.     | November 1.     |
|--|-----------------|-----------------|
| National-bank currency .....                               | \$350, 049, 056 | \$350, 332, 884 |
| Legal-tender notes .....                                   | 359, 566, 888   | 360, 952, 206   |
| Fractional currency .....                                  | 46, 699, 191    | 47, 876, 149    |
| Totals .....   | 756, 315, 135   | 759, 161, 239   |
| Deduct amounts held by the Treasury and by the banks ..... | 116, 496, 997   | 128, 140, 727   |
| Which will leave unaccounted for .....                     | 639, 818, 138   | 631, 020, 512   |

After making due allowance for the currency held by State and savings-banks, trust companies, and private bankers, these are larger amounts than can be supposed to have been in the pockets of men or the tills of small dealers. But it may be left to the ingenious in such matters to divine what portion thereof was hoarded by the timid, the ignorant, or the covetous.

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not safely be paid by those engaged in legitimate business. National banks, desirous of retaining the business of their dealers, also make similar offers, and the result is, not only the increase of the rates of interest paid to business men, but, as a consequence, investments in unsecured loans, bringing ultimate loss both upon the shareholders of the bank and the depositors. The kind of legislation needed is that which shall apply to all banks and bankers alike, whether organized under the national currency act or otherwise. A law prohibiting the payment of interest on deposits by the national banks will have little effect, unless followed by similar legislation under authority of the different States, and there is little hope that such legislation can be obtained. The national currency act, which was passed during the war, provided for a tax of one-half of one per cent. upon all deposits, and, subsequently, internal revenue legislation extended this tax to all deposits made with State banks and individual bankers. If legislation prohibiting the payment of interest on deposits shall be proposed, I recommend that this law be so amended as to repeal this tax, so far as it applies to demand deposits, and that an increased rate of taxation be imposed uniformly upon all deposits which, either directly or indirectly, are placed with banks and bankers with the offer or expectation of receiving interest. Such legislation, if rigidly enforced, would have the effect, not only of reducing the rate of interest throughout the country, but at the same time preventing the illegitimate organization of savings-banks—which organizations should be allowed only upon the condition that the savings of the people shall be carefully and prudently invested, and the interest arising therefrom, after deducting reasonable expenses, distributed from time to time to the depositors, and to no other persons whatsoever.

## CERTIFICATION OF CHECKS.

The act of March 3, 1869, authorizes the appointment of a receiver "if any officer, clerk, or agent of any national bank shall certify any check drawn upon said bank, unless the person or company drawing the said check shall have on deposit in said bank at the time said check is certified an amount of money equal to the amount specified in such check."

Receivers have been appointed during the past year, for the National Bank of the Commonwealth of New York and the New Orleans National Banking Association, for violations of this act; and it is the intention of the Comptroller to hereafter rigidly enforce this act whenever he is satisfied of such violation.

## PROFIT ON CIRCULATION; TAXATION, EARNINGS, AND DIVIDENDS.

It is asserted that the national banks should be subject to greater taxation than other capital because they derive large profits from the issue of their circulating notes. In general terms it is stated that the profit derived by the national banks from such circulation is between five and six per cent. in gold interest upon the amount of the bonds on deposit with the Treasurer, bearing that rate of interest payable in coin. Nothing could be more erroneous. The banks hold an average reserve of more than one hundred millions of legal-tender notes, which is equivalent to a loan to the Government without interest. They also hold of United States bonds, purchased at a premium, \$42,471,000 in excess of the circulation issued, which they are required to keep on deposit with the Treasurer of the United States as security for circulation, and from which they derive no profit except the annual interest paid to all holders of such bonds. Large amounts of United States



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six per cent. bonds held by the banks have also from time to time been voluntarily surrendered by them to the Government and five per cent. bonds taken in exchange.

The only national banks authorized to be organized under the act of July 12, 1870, were banks to be located in States which had received less than their proportion of circulation, as provided by the act. During a large portion of the past year, five per cent. bonds issued by the Government have been at a premium in the market of fifteen per cent. A national bank organized in the city of Chicago deposits with the Treasurer \$100,000 of five per cent. bonds, costing \$115,000 in currency. Upon these bonds the bank receives from the Government \$5,000 interest in gold, which, with the premium thereon, would amount to \$5,750. It also receives in circulation \$90,000, and is required to keep twenty-five per cent. of that amount on hand as reserve, leaving \$67,500, from which it would derive an income, at ten per cent., of \$6,750; and from this must be deducted a tax of one per cent. (\$900) upon the amount of circulation issued, leaving an income of \$5,850, which, if added to the interest received from the bonds, would amount to \$11,600. If the \$115,000 had been invested in bonds and mortgages bearing ten per cent. interest, it would net annually \$11,500, leaving a profit of \$100 to the bank for circulation during the year, and a loss of \$15,000 premium upon the bonds at the date of their maturity. The profits of a country bank located in the West or South, with interest at ten per cent., adopting the same calculation, would be a little more than one per cent., and of a bank located in the city of New York, with interest at seven per cent., about  $1\frac{1}{2}$  per cent.; and of a country bank located in the East, with interest at seven per cent., less than  $2\frac{1}{2}$  per cent. The earnings upon capital invested in United States bonds upon which circulation is issued, would not, in the city of New York, exceed the profits of an investment returning an income of  $8\frac{1}{2}$  per cent., and in a country bank in the East they would be but little more than on an investment earning nine per cent.

The national banks, prior to May 1, 1871, paid to the Commissioner of Internal Revenue a license or special tax of \$2 on each \$1,000 of capital, and an income tax on net earnings to December 31, 1871. The special or license tax from May 1, 1864, to May 1, 1871, amounted to \$5,322,688.43; the income tax from March 1, 1869, to September 1, 1871, amounted to \$5,539,289.17. The national banks also pay the following taxes to the Treasurer of the United States: one per cent. annually on circulation outstanding; one-half of one per cent. annually upon deposits; and one-half of one per cent. annually upon capital not invested in United States bonds. These taxes are payable semi-annually.

The following table exhibits the amount of taxes collected by the Treasurer, annually, from the organization of the system to January 1, 1873:

| Year.        | Circulation.    | Deposits.       | Capital.       | Aggregate.      |
|--------------|-----------------|-----------------|----------------|-----------------|
| 1864 .....   | \$287, 740 45   | \$412, 953 99   | \$55, 631 63   | \$756, 326 07   |
| 1865 .....   | 1, 371, 170 52  | 2, 106, 480 74  | 316, 829 01    | 3, 794, 480 27  |
| 1866 .....   | 2, 638, 396 35  | 2, 668, 674 72  | 350, 545 29    | 5, 657, 616 36  |
| 1867 .....   | 2, 934, 685 63  | 2, 518, 780 65  | 314, 899 42    | 5, 768, 365 70  |
| 1868 .....   | 2, 955, 394 60  | 2, 657, 235 91  | 299, 126 21    | 5, 911, 756 72  |
| 1869 .....   | 2, 956, 168 02  | 2, 525, 571 87  | 349, 147 97    | 5, 830, 887 86  |
| 1870 .....   | 2, 941, 381 51  | 2, 694, 480 26  | 381, 598 67    | 6, 017, 460 34  |
| 1871 .....   | 3, 092, 797 56  | 3, 027, 767 58  | 385, 241 07    | 6, 505, 812 21  |
| 1872 .....   | 3, 2e2, 597 46  | 3, 144, 839 45  | 412, 883 75    | 6, 846, 320 66  |
| Totals ..... | 22, 460, 332 00 | 21, 756, 785 17 | 2, 871, 909 02 | 47, 089, 026 19 |

## XXXIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

The national banks are required by the act of March 3, 1869, to make semi-annual returns to this office of their dividends and earnings. From these returns the following table has been compiled, exhibiting the aggregate capital and surplus, total dividends, and total earnings of the national banks, with the ratio of dividends to capital, dividends to capital and surplus, and earnings to capital and surplus for each half year, commencing March 1, 1869, and ending September 1, 1873.

| Period of six months ending— | No. of banks. | Capital.      | Surplus.     | Total dividends. | Total net earnings. | RATIOS.               |                                   |                                  |
|------------------------------|---------------|---------------|--------------|------------------|---------------------|-----------------------|-----------------------------------|----------------------------------|
|                              |               |               |              |                  |                     | Dividends to capital. | Dividends to capital and surplus. | Earnings to capital and surplus. |
|                              |               |               |              |                  |                     | <i>Per ct.</i>        | <i>Per ct.</i>                    | <i>Per ct.</i>                   |
| Sept. 1, 1869.               | 1,481         | \$401,650,802 | \$82,105,848 | \$21,767,831     | \$29,221,184        | 5.42                  | 4.50                              | 6.04                             |
| Mar. 1, 1870.                | 1,571         | 416,366,991   | 86,118,210   | 21,479,095       | 28,996,934          | 5.16                  | 4.27                              | 5.77                             |
| Sept. 1, 1870.               | 1,601         | 425,317,104   | 91,630,620   | 21,080,343       | 26,813,885          | 4.96                  | 4.08                              | 5.19                             |
| Mar. 1, 1871.                | 1,605         | 428,699,165   | 94,672,401   | 22,205,150       | 27,243,162          | 5.18                  | 4.24                              | 5.21                             |
| Sept. 1, 1871.               | 1,693         | 445,999,264   | 98,288,591   | 22,125,279       | 27,315,311          | 4.96                  | 4.07                              | 5.02                             |
| Mar. 1, 1872.                | 1,750         | 450,693,706   | 99,431,243   | 22,859,826       | 27,502,539          | 5.07                  | 4.16                              | 5.00                             |
| Sept. 1, 1872.               | 1,652         | 465,676,023   | 105,181,942  | 23,827,280       | 30,572,891          | 5.12                  | 4.17                              | 5.36                             |
| Mar. 1, 1873.                | 1,912         | 475,918,683   | 114,257,288  | 24,826,061       | 31,926,478          | 5.22                  | 4.21                              | 5.41                             |
| Sept. 1, 1873.               | 1,955         | 488,100,951   | 118,113,848  | 24,823,029       | 33,122,000          | 5.09                  | 4.09                              | 5.46                             |

This table shows that the dividends of the national banks upon an average for a series of years, have been about ten per centum per annum, while the dividends upon capital and surplus, which is the true ratio, have been less than nine per cent.\* As the law now stands, the

\*The following statement of the ten principal joint-stock banks of London, including their branches, exhibiting the capital, reserve, deposits, net profits, and dividends of each for the half year previous to July 1, 1873, has been compiled from balance-sheets of the banks published in the London Economist of October 18, 1873 :

| No | Banks.                               | Capital and surplus. | Total deposits and acceptances. | Net profits. | Proportion of net profits to capital. | Amount of dividends for half year. | Proportion of dividend to capital |                                |                                |                                |
|----|--------------------------------------|----------------------|---------------------------------|--------------|---------------------------------------|------------------------------------|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
|    |                                      |                      |                                 |              |                                       |                                    | June 30, 1873.                    | December 31, 1872.             | June 30, 1872.                 | December 31, 1871.             |
|    |                                      |                      |                                 |              | <i>pr ct.</i><br><i>pr an.</i>        |                                    | <i>pr ct.</i><br><i>pr an.</i>    | <i>pr ct.</i><br><i>pr an.</i> | <i>pr ct.</i><br><i>pr an.</i> | <i>pr ct.</i><br><i>pr an.</i> |
| 1  | London and Westminster               | £3,000,000           | £229,548,770                    | £241,098     | 24.10                                 | £200,000                           | 20                                | *20                            | *20                            | *18                            |
| 2  | London Joint Stock                   | 1,673,849            | 17,404,319                      | 139,867      | 23.31                                 | 120,000                            | 20                                | 25                             | 20                             | 25.56                          |
| 3  | London and County                    | 1,800,000            | 20,936,233                      | 169,384      | 28.23                                 | 100,000                            | 20                                | 20                             | 20                             | 19                             |
| 4  | Union                                | 1,500,000            | 18,028,531                      | 137,910      | 22.98                                 | 127,500                            | 20                                | 20                             | 20                             | 20                             |
| 5  | City                                 | 750,000              | 6,154,383                       | 49,509       | 16.50                                 | 30,000                             | 10                                | 10                             | 10                             | 9                              |
| 6  | Imperial                             | 740,000              | 2,919,237                       | 46,634       | 13.82                                 | 27,000                             | 8                                 | 8                              | 8                              | 6                              |
| 7  | London and South-western             | 172,680              | 758,314                         | 7,101        | 8.54                                  | 4,985                              | 6                                 | 6                              | 5                              | 5                              |
| 8  | Consolidated                         | 876,125              | 3,258,035                       | 69,895       | 16.47                                 | 36,000                             | 9                                 | 9                              | 8                              | 7½                             |
| 9  | Central                              | 109,000              | 669,018                         | 8,004        | 16.00                                 | 4,000                              | 8                                 | 8                              | 8                              | 6                              |
| 10 | Alliance                             | 940,000              | 2,336,440                       | 34,520       | 8.63                                  | 28,000                             | 7                                 | 7                              | 6                              | 5                              |
|    | Total.....                           | 11,561,654           | 102,013,280                     | 903,922      | 20.68                                 | 677,485                            | 15½                               | .....                          | .....                          | .....                          |
|    | Bank of England, August 31, 1873.... | 17,580,000           | 129,080,534                     | 785,221      | 10.80                                 | 764,032                            | 10                                | 10                             |                                |                                |

\* From the London Economist of March 15, 1873, page 84.

† Public and other deposits September 11, 1873.

The statistics of the Bank of England and its dividends were obtained from the report of the Bank of England published in the Economist for September 13, 1873. The usual dividends of this bank are 10 per cent. per annum, but the amount has varied for some years past from 8 to 13 per cent.

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national banks are subject to a tax of one per cent. per annum upon circulation, of one-half of one per cent. upon the average amount of deposits, and one-half of one per cent. upon the average amount of capital stock beyond the amount invested in United States bonds. The taxation on deposits was essentially a "war-tax," such a duty never having been, as is believed, before imposed upon the banks of any country. While almost every other species of property and investment escapes taxation upon its full valuation, the data for the taxation of the national banks can always be obtained from their reports; so that a tax is derived from this species of investment at a much greater ratio than that derived from capital otherwise invested. The result of such excessive taxation is to increase the rate of interest which is paid by the borrower, for the same reason that an internal-revenue tax upon the products of the manufacturer is paid, not by the manufacturer, but by the consumer. The Comptroller is of opinion that justice to all parties requires the repeal of the provision imposing a tax upon deposits, unless, in the judgment of Congress, interest-bearing certificates shall be issued as recommended, which may be counted as a certain portion of the reserve to be kept on hand; in which event it is believed that the taxation derived from deposits will much more than liquidate the interest derived from such certificates.

An additional table in the appendix exhibits in a concise form the ratio of dividends to capital, dividends to capital and surplus, and earnings to capital and surplus, of the national banks in every State of the Union and in the redemption cities, semi-annually, from March 1, 1869, to September 1, 1873.

## INSOLVENT BANKS.

Since the last annual report, receivers have been appointed for eleven national banks, (seven of which failed during the late financial crisis,) as follows:

| Name and location.                                 | Appointment of receiver. | Capital stock. | Claims proved. | Dividends.     | Cash on hand. |
|--|--------------------------|----------------|----------------|----------------|---------------|
|  |                          |                |                | <i>Per ct.</i> |               |
| Scandinavian National Bank, Chicago, Ill. ....     | Dec. 12, 1872            | \$250,000      | \$240,810      | 25             | \$16,300      |
| Walkill National Bank, Middletown, N. Y. ....      | Dec. 31, 1872            | 175,000        | 152,588        | 75             | 15,302        |
| Crescent City National Bank, New Orleans, La. .... | Mar. 18, 1873            | 500,000        | *666,751       | .....          | 131,945       |
| Atlantic National Bank, New York, N. Y. ....       | Apr. 28, 1873            | 300,000        | 521,526        | 55             | 109,030       |
| First National Bank of Washington, D. C. ....      | Sept. 19, 1873           | 500,000        | *1,655,795     | 30             | .....         |
| National Bank of the Commonwealth, New York. ....  | Sept. 22, 1873           | 750,000        | *791,036       | .....          | 153,300       |
| Merchants' National Bank, Petersburg, Va. ....     | Sept. 25, 1873           | 400,000        | *1,002,346     | .....          | 12,787        |
| First National Bank of Petersburg, Va. ....        | Sept. 25, 1873           | 200,000        | *178,618       | .....          | 8,922         |
| First National Bank of Mansfield, Ohio. ....       | Oct. 18, 1873            | 100,000        | *177,207       | .....          | 9,355         |
| New Orleans National Banking Association, La. .... | Oct. 23, 1873            | 600,000        | *642,182       | .....          | 7,972         |
| First National Bank of Carlisle, Pa. ....          | Oct. 24, 1873            | 50,000         | *68,960        | .....          | 1,814         |
| Total. ....  | .....                    | 3,825,000      | 6,097,819      | .....          | .....         |

\* Estimated amount of claims.

The failure of all of these banks may be attributed to the criminal mismanagement of their officers, or to the neglect or violation of the act on the part of their directors. The officers of two of these banks have been arrested; one has been convicted, and the other is undergoing trial; while the president of the first bank which failed during the year left the country on the pretext of visiting some of the foreign shareholders of the bank for the purpose of inducing them to subscribe for additional stock, but did not, of course, return upon the announcement of the failure of the bank.

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Dividends have been declared in favor of the creditors of these banks as follows:

|   |              |
|---|--------------|
| Scandinavian National Bank, Chicago.....      | 25 per cent. |
| Wallkill National Bank, Middletown, N. Y..... | 75 per cent. |
| Atlantic National Bank, New York City.....    | 55 per cent. |
| First National Bank, Washington, D. C.....    | 30 per cent. |

During the year dividends have been declared as follows upon banks which had previously failed:

|   |               |
|---|---------------|
| First National Bank, Selma, Ala.....            | 35 per cent.  |
| National Unadilla Bank, Unadilla, N. Y.....     | 32 per cent.  |
| First National Bank, Bethel, Conn.....          | 28 per cent.  |
| National Bank of Vicksburg, Miss.....           | 35 per cent.  |
| First National Bank, Rockford, Ill.....         | 25 per cent.  |
| First National Bank of Nevada, Austin, Nev..... | 15 per cent.  |
| Eighth National Bank, New York.....             | 10 per cent.  |
| First National Bank, Fort Smith, Ark.....       | 100 per cent. |

Assessments will soon be made upon the shareholders for deficiency, and, if not paid, suits will be brought to collect such deficiency from the shareholders of The Farmers and Citizens' National Bank of Brooklyn and The Eighth National Bank of New York. Similar suits will be promptly brought against the shareholders of the other banks as soon as the deficiency shall be ascertained. The receivers of The Ocean National Bank of New York, The Wallkill National Bank of Middletown, N. Y., The Atlantic National Bank of New York, The First National Bank of Washington, D. C., The National Bank of the Commonwealth, New York, The First National Bank of Mansfield, Ohio, and The First National Bank of Carlisle, Pa., encourage me to believe that the creditors will be paid in full in the course of the next year. No effort will be spared on the part of the Comptroller to collect promptly the assets of these insolvent banks, and return, if possible, the full amount to the creditors. In many cases creditors grow impatient, and attribute great neglect to the Comptroller and the receiver, when the delay in the payment of dividends has been caused by protracted litigation which could not be avoided, and which has been continued for the benefit of the creditors. It is believed, however, that no other system of banking previous to the organization of the national banking system has been so successful in converting assets and making prompt dividends to creditors.

Attorney-General Akerman gave an opinion, September 9, 1871, that the United States was not entitled to precedence for moneys deposited in national banks beyond the amount of security on deposit with the Treasurer. This decision has recently been confirmed by the present Attorney-General, and approved by the Secretary of the Treasury, and under that decision dividends have been declared during the past year in favor of the creditors of The First National Bank of Selma, Ala., and The National Bank of Vicksburg, Miss. A dividend in favor of the creditors of The First National of New Orleans is still delayed, on account of a claim of the Government consisting of a balance of \$221,769 unpaid upon a check of a former assistant treasurer of the United States upon the bank; but there is some encouragement to believe that the claim may be settled without further litigation, and a dividend of 25 per cent. be soon declared.

At the time of the failure of The First National Bank of New Orleans, bills of exchange were outstanding, drawn upon the Bank of Liverpool, amounting to about \$280,000. Proceedings in chancery were commenced in England by the holders of these bills to recover, upon the theory that there had been a specific appropriation of funds to pay the several

bills as they were issued. The decision of the vice-chancellor was in favor of the holders of the drafts. The receiver appealed to the Lord High Chancellor, and three judges with him sitting pronounced elaborate opinions, reversing the vice-chancellor's decision and decreeing the payment of the money to the receiver. Two of the claimants appealed to the House of Lords, and this appeal has recently been dismissed with costs, after six years' litigation from the lowest to the highest chancery tribunal in England.

The Comptroller desires to call the attention of Congress to the necessity for some legislation authorizing him to appoint receivers of national banks, for insolvency, when such insolvency shall become evident from the protest of the drafts of such associations, or otherwise, if, after due examination shall have been made, the assets of the association are found not sufficient to liquidate its debts. The Comptroller also desires to call the attention of Congress to the fact that where suits are brought for the forfeiture of the charter of a bank, as provided in section 53 of the act, no provision exists for the appointment of a receiver when the charter is determined and adjudged forfeited by the United States court before whom the suit is required to be brought by the Comptroller. It is desirable that prompt measures should be taken for forcing weak banks into liquidation, under section 42 of the act, when it is believed that the officers and directors will honestly wind up the affairs of such banks, and that full authority should be given to appoint a receiver in all cases where the forfeiture of the charter is adjudged. Provision should also be made, after full payment of all the debts of the association, for placing the remaining assets in the hands of an agent appointed by the shareholders of the bank, and discharging the Comptroller and the receiver, by virtue of such legislation, from all further responsibility. Provision should also be made for the investment of the funds on deposit with the Treasurer in interest-bearing securities, when dividends are delayed by reason of protracted litigation.

Criminal prosecutions will be brought against officers and directors of national banks for violations of the law, whenever such prosecutions can, in the opinion of the Solicitor, be maintained.

The Comptroller has been subjected to some criticism during the late crisis because the indebtedness of private bankers to national banks has been found in some instances to exceed one-tenth of the capital of the bank. Section 29 of the act as it now stands does not prohibit deposits payable on demand from being made with private bankers or State banks. An amendment to this section of the act was prepared by the Comptroller, and was introduced and referred to the proper committee during the last session of Congress, which provided "that the total liabilities to any association, of any person, or of any company, corporation, or firm, (not including the liability of one national bank to another national bank,) including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the aggregate amount of the capital stock of such association actually paid in, and its surplus fund." The Comptroller urgently recommends the passage of this amendment.

Tables giving statistics in reference to insolvent national banks will be found in the appendix.

#### SAVINGS-BANKS, TRUST AND LOAN COMPANIES, AND STATE BANKS ORGANIZED UNDER STATE LAWS.

The act of Congress approved 19th February, 1873, requires the Comptroller of the Currency "to report annually to Congress, under appro-

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appropriate heads, the resources and liabilities, exhibiting the condition of banks, banking companies, and savings-banks, organized under the laws of the several States and Territories; such information to be obtained by the Comptroller from the reports made by such banks, banking companies, and savings-banks to the legislatures or officers of the States and Territories. And where such reports cannot be obtained the deficiency shall be supplied from such other authentic sources as may be available."

*Savings institutions.*

In obedience to this command the Comptroller reports that he has encountered a full measure of the difficulties and disappointments in his way which are intimated in the last clause of his instructions. The deficiency of official reports is shown by the fact that he has been able to obtain, in form for use, the condition of these institutions in only eight of the thirty-seven States in the Union and the District of Columbia, and none at all from the nine Territories. The inaccuracy and incompleteness of many of these official returns will show how unavailing have been his efforts to comply with the requisitions of the act. Only about twenty-eight of the States have made any reply to his applications for the required information, and ten of this number answer that they have none to give; ten of them make such returns, but in such form that they cannot be put into satisfactory statements. They afford no clear exhibit of either the whole number of these State institutions, or any means of balancing their resources and liabilities. To do something like justice to the reports received from the several States they may be divided into four classes.

First. The official returns which this office has been able to put into a regular form.

Second. Those of the States which do not afford either comprehensive or satisfactory exhibits of the number and condition of their State banks, savings-banks, and trust and loan companies, distinctively.

Third. Those which answer through their executive authorities that they can make no reports whatever.

Fourth. Those from which no answers of any kind have been received.

The first class consists of the six New England States, New York, New Jersey, and the District of Columbia. The reports of these have been found capable of general tabulation, and fairly obtained balances of resources and liabilities. The statement in detail will be found in the appendix.

*\*Savings institutions of the first class.*

The following noteworthy particulars pertain to the savings-banks of these States, exclusive of the District of Columbia.\*

1st. They are old Eastern States, geographically contiguous, and in general have their business and banking institutions tolerably well or-

\* The District of Columbia is not embraced in the following comparative statements for the reason that thirty-four branches of the Freedmen's Savings and Trust Company, distributed throughout sixteen States, are reported from the central office as of the District of Columbia; and it may be noted here that thirty-two of these branches are located in the old slave States, and their aggregate deposits in June, 1873, were..... \$3,522,742  
While those of the two old free States were..... 505,927

Total..... 4,028,669

ganized; and they observe more respect to the just claim of the community for publicity of their affairs than do the monetary institutions of other divisions of the Union.

2d. The magnitude of their deposits, as they are given at the close of the year 1872—aggregating, for the eight States, \$663,244,179, while the deposits of the national banks of the same States at about the same date stood at \$360,399,206—the deposits of these savings-banks bearing the proportion to those of the national banks nearly as 65 to 35. The deposits of the savings-banks of the six New England States, taken alone, at the close of 1872, amounted to \$349,395,377, while those of the national banks of the same States, at the same time, were but \$100,498,415; or they stood as 77.66 to 22.34, respectively, which is nearly  $3\frac{1}{2}$  to 1.

Again, the relative numbers were then 406 savings-banks, and of the national banks 449. The aggregate population of New England in the autumn of 1872 may be stated at 3,628,835. The number of open depositor accounts is given at 1,109,995, which is equal to  $30\frac{1}{2}$  per cent. of the entire population. Connecticut reports, for January 1, 1873, the number of depositors in her savings-banks at 39 per cent. of the population. The whole amount of the deposits at this date averaged to each person in the State \$127.50, and to each depositor \$340. The average amount to the credit of each depositor in the six New England States was \$315.73.

The interest and dividend paying investments of the savings-banks of these six States amounted to \$340,556,997, which is equal to 97.16 per cent. of the aggregate deposits, and their cash on hand was \$5,913,127,\* or 1.69 per cent. of their liabilities to the depositors. The character of these investments will be seen in the appendix. The rates of interest or dividends paid to the depositors will appear, so far as they could be obtained, in the same tabular statement. The average rate of interest, for some of these States, is not given in their summary statements, and it was found impossible to calculate it from reports of the individual banks. It should be understood, also, that the stated

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\*To explain an apparent discrepancy between the aggregate amount of "cash on hand" in the savings-banks of the six New England States and that found in the tabular statement of the appendix, it must be observed that the summaries or aggregates of the resources and liabilities of these banks, made by the bank superintendents of the several States, are adopted in all the cases in which such summaries are made. But the summaries in all the New England States, except Massachusetts, treat "deposits in banks" as "cash on hand." The propriety of such aggregations is doubtful, or is matter of construction, and, deferring so far to the judgment of the State superintendents their figures have been accepted in the foregoing calculations. But if "cash on hand" were separated from "deposits in banks," the proportion to the amount of deposits would stand thus:

Cash on hand in the six New England States, \$3,286,719: equal to 0.94 per cent. of their aggregate deposits, or liability to their depositors; while, if their "deposits in banks" are included, the total would be \$5,913,127: equal to 1.69 per cent.

So, with the corresponding account of the single State of Connecticut, hereafter given at \$1,567,334, "cash on hand" would be reduced to \$827,258, excluding the amount of the "deposits in banks," or to 1.20 per cent. instead of 2.25 per cent. of the liabilities to the depositors. It may be added that the "cash on hand" in the New York savings-banks stands at \$3,796,396—equal to 1.33 per cent. of the deposits; but if their "deposits in banks" are added, the "cash" will be \$16,328,893, or 5.72 per cent. of their liabilities to their depositors.

Again, it is to be noted that in a number of instances, greatly affecting the accuracy of the division in the tabular statement of the cash-account in all the States of our first class, except New York and Massachusetts, no separation of these two classes of funds is made in the summaries of the State reports, and this office has been obliged to accept an undistinguishing aggregate; all of which suggests the necessity of a uniform formula of reports.

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amount of "deposits," in some cases, means the amount "due depositors," including accrued interest.

An approximate idea of the business done by these New England savings-banks may be derived from the report of those of Connecticut for January 1, 1873.

|  |                |
|--|----------------|
| Their deposits at that date amounted to..... | \$68, 523, 397 |
| Their real estate securities were.....       | \$43, 174, 015 |
| Personal and collateral.....                 | 9, 495, 819    |
| Bonds and stocks .....                       | 16, 423, 662   |
| Total investments.....                       | 69, 093, 496   |
| Total assets .....                           | 71, 271, 395   |

Cash on hand \$1,567,334=2.28 % of deposits.

The rate of increase in the business of the New England savings-banks is also indicated by an increase of the deposits of Connecticut on January 1, 1873, over those of January 1, 1872, amounting to \$5,805,583 upon \$62,717,814, or  $9\frac{1}{4}$  per cent. for the year.

At the end of the year 1872 the loans and discounts of the New England savings-banks, amounting to \$251,668,764, exceeded those of the national banks of the same States, at the same time, by the sum of \$21,608,411, or  $9\frac{1}{4}$  per cent.

The States of New England, with New York and New Jersey, are here selected as the best representatives of the savings-bank system, as it existed and is reported at the latest dates; and the deposits, loans, and discounts of the national banks are taken, for the purpose of comparison, at the nearest corresponding date, (3d of October, 1872.) Nearly all of these State institutions make their returns to the State authorities but once a year, and that so late in the year that those for the present year cannot be received in time to be embodied in this report. For the purpose of exhibiting the relative amount of the deposits in the savings-banks of the States of the first class, and affording some measure of their magnitude and business importance, those of the national banks in the same States have been given. A comparison of the condition of similar institutions in the United Kingdom of Great Britain and Ireland may help in forming a judgment of their value and force in the business of the community.

In the old savings-banks of the United Kingdom there were, on November 30, 1872, open depositors' accounts, 1,425,147. In the post-office savings-banks on December 31, 1872, 1,442,448.

|   |               |
|---|---------------|
| The amount due to depositors in the former..... | £39, 680, 652 |
| The amount due to depositors in the latter..... | 19, 318, 339  |
| Total .....                                     | 58, 998, 991  |

An average to each depositor of £20 12s. Thus we have for the number of the depositors of New England, New York, and New Jersey 2,044,640. Total deposits, \$663,244,179, and an average of \$324.45 to each depositor; while in the United Kingdom the number of depositors was 2,867,595; total deposits, \$286,145,107, and an average of \$99.91 to each depositor.

In view of the enormous disparity in the total and average amounts of deposits here exhibited, the question arises whether all the deposits



in the New England savings-banks, or what portion of them, are *savings*, and what amount are merely mercantile accounts—a question for the solution of which the reports afford no safe data. It has, however, been estimated that not more than 30 per cent. are actual savings.

*Savings-banks of the second class of State reports.*

Many of these returns, under the name of “savings-banks,” show *capital paid in and dividends paid to stockholders*. These, in constitution and operation, seem to differ in nothing from ordinary banks of discount and deposit. A distinctive description of savings institutions is given in section 110 of the internal-revenue act, as amended by the act of July 13, 1866, in these words:

Associations or companies known as provident institutions, savings-banks, saving-funds, or savings institutions, having *no capital stock*, and doing no other business than receiving deposits, to be loaned or invested for the sole benefit of the parties making such deposits, without profit or compensation to the association or company.

Justice Field, of the Supreme Court of the United States, gave full effect to this distinctive definition, in the case of *The German Savings and Loan Society* versus *George Oulton*, in April, 1871, at a circuit court held for the district of California. Governed by this legislative and judicial definition, the Comptroller, in this report, excludes from the class of savings-banks, without regard for the names assumed, all banks which report capital stock or dividends to stockholders.

*General deficiency of savings-banks' reports in States of our second class.*

Some of these States require by their laws and charters annual or semi-annual reports to be made to the State authorities, which the authorities do not publish in any of their statistical reports. In other States such reports of the individual banks are allowed to be made to their county or supreme courts, and are inaccessible to the Comptroller. Some of these banks report only to their depositors, in accordance with their own by-laws. For an instance of the impossibility of obtaining full and satisfactory statements, the reply to the Comptroller's inquiries of the president of one of the largest, most legitimate, and soundest of the savings-banks of Philadelphia, may be properly quoted, so far as this point is concerned. He says, “We have no printed reports.” The importance of this bank is shown in his answer, by letter, that “it now has near 45,000 depositors and about twelve million dollars.” It is probable that many of the savings-banks individually publish their annual statements in the newspapers of their respective towns and cities, but it is certain that they cannot be found registered officially with the financial officers of their respective States.

*Savings-banks of the District of Columbia.*

On the 26th page of the Comptroller's Annual Report for 1872 will be found his recommendation to Congress for the repeal, so far as it applies to the organization of savings-banks, of the fourth section of the act of 1st June, 1870, which provides “for the creation of corporations in the District of Columbia by general law.” He repeats his recommendation for the repeal, for the reasons given in his last report, and for the enactment in its stead of a general law with judicious provisions and restrictions.

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*Third class of States*

From whose executive officers answers to the Comptroller's letters of inquiry have been received. Extracts from a few of such replies will suffice to explain the large deficiency of the summaries of this report :

The governor of Virginia says: "Banks (except of circulation) are authorized to be organized under our general laws, and they are not required by law to make any reports whatever, except such as may be required by the financial officers of the Government for the purposes of taxation."

The governor of West Virginia replies: "There are banks of discount and deposit in the State organized and chartered under a general law.

\* \* \* \* \* There is no provision in our statutes requiring such banks to make reports to any officer of the State, consequently none are made."

The governor of Arkansas answers: "There is no law requiring State banks and savings-banks to make a report of their condition to the State authorities, and, therefore, I am unable to furnish you with the information desired."

The secretary of state of Missouri says: "Banks and savings associations may be organized under a general statute, and are required to publish semi-annual statements," but adds, "that no report on their condition is made by any State authority."

The governor of California answers: "Associations may be formed, under general laws, for the deposit of gold and silver, but no reports are made either to the legislature or to any State officers."

The secretary of state of Alabama says: "There are savings-banks incorporated by special acts of the general assembly, but I am not prepared now to name them, or to direct your attention to the particular statutes creating them," and adds, "There is no provision made that I am apprised of requiring savings-banks to make any report to the State authorities." And an officer of one of the national banks of that State, to whom application was made for the required statistics, says: "With respect to two of the State banks in one of the cities, even the stockholders and a majority of the directors can get no information as to the stock and business generally. With regard to the others, the information can only be obtained by a *demand* made by one having the legal authority to make it."

The governor of Mississippi answers: "While the laws of the State authorize the establishment of banks and savings institutions, they do not require them to make reports to the State authorities."

The governor of Kansas says: "Savings institutions are authorized, and required, to publish statements of their condition in their county papers, and to deposit copies in the state department," but adds, "There are no published State reports upon the subject."

Altogether, ten of the States whose officers have made replies to the applications of the Comptroller are of a like tenor and import with those above cited. In all of the States of this class there is common newspaper evidence of the existence of State banks, savings-banks, and trust and loan companies, but no such comprehensive or specific statements of their condition and business as would serve any of the purposes of this report.

*States and Territories of the fourth class.*

From these, embracing twelve States and nine Territories, no reports or answers to his inquiries have been received.

*Trust and loan companies.*

These companies are usually organized, by special State statutes, in the large cities. Their capitals, deposits, and business are quite large in amount. Generally, if not always, they are not required to report to the State authorities, but under the orders of one or other of the courts. Some of these occur at long intervals, and are probably published in the newspapers; but even when so published they are by no means full, and furnish but little available information. For instance, one of the largest of these institutions has published but one report in the year, and that report contains only a statement of its assets, without any mention of the amount due to its depositors, or of any of its liabilities.

The bank superintendent of New York, in reply to an inquiry in reference to these institutions, says, (under date of 31st July, 1873:) "The trust companies of New York are peculiarly situated. Some are under the supervision of the bank department; some are under the control of the comptroller of the State; but the great majority of them are under no sort of supervision. \* \* \* This class of corporations (meaning the last described) has multiplied rapidly during the last few years. \* \* \* I am not able to furnish a copy of the charter of any of these companies." Some reports of such companies have been received, but the number is obviously so few in proportion to the whole that any attempted report of them for the whole country would be not only useless but possibly delusive, and for this reason they are now wholly omitted.

*State banks.*

In the appendix will be found a statement of the condition of such State banks as have furnished reports which could be cast into regular form. The deficiencies in the number and the details of the reports received are so obvious that the Comptroller deems it unavailing to attempt any generalization of their contents, other than is given in the tabular statement referred to.

In accordance with the legislative and judicial definition of savings-banks proper, all those State institutions entitling themselves "savings-banks," but reported as having capital stock, are, for the purposes of classification, treated in the tabular statement as banks of discount and deposit.

It deserves to be noted here that the returns of the State banks of New York are at once full, and properly distinguished from the savings institutions. They exhibit the condition of the State banks upon the 12th of September, 1873, the same day as the date of the last regular returns of the national banks.

The Comptroller has great pleasure in acknowledging the courtesy and promptitude of the executive and financial officers of the majority of the States, in making such replies to his inquiries as were within their power. In view of the paucity of the information furnished, it should be remembered that this is the first call made upon them by any officer of the Federal Government. They were thus, in many instances, unprepared to furnish such statements of their monetary institutions as were required of them; and it may be added that they were not long enough apprised of the requisition made upon them, or sufficiently assured of the generality of the investigation, to put the financial machinery of their respective States in operation for the purpose. But now, fully acquainted with the nature and importance of the investigation, it may be expected that in the coming year a greatly better and more serviceable collection of statistics will be supplied.

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Upon reflection, it will be clearly understood that the proposed collection of information concerning the money institutions of the several States, like the inquiries of the Census Department of the General Government, seeks only to inform the people of the condition of their organized agencies of commercial and business exchanges. It is also respectfully submitted that the members of Congress, and of the State legislatures, and the officers of the States, may exert their influence to obtain the passage of such laws as will give us, in the next year, a full and thoroughly useful presentment of the vast money agencies not within the legal control of this office.

## SPECIE AND SURPLUS.

The following table will exhibit the amount of specie held by the national banks at the dates mentioned—the coin, coin-certificates, and checks payable in coin, held by the national banks of the city of New York, being stated separately for a period of six years. The old reports of the State banks included in the item of "specie," checks payable in coin, and it is known that such checks composed a considerable proportion of the amount reported as specie, and it is believed that no true exhibit of the actual amount of coin held by the banks of the city of New York has been presented previous to the preparation of this table:

| Date.             | Held by national banks in New York City. |                          |                         |                | Held by other national banks. | Aggregate.      |
|-------------------|--|--------------------------|-------------------------|----------------|-------------------------------|-----------------|
|                   | Coin.                                    | U. S. coin certificates. | Checks payable in coin. | Total.         |                               |                 |
| Oct. 5, 1868...   | \$1,698,623 24                           | \$6,390,140              | \$1,536,353 66          | \$9,625,116 90 | \$3,378,596 49                | \$13,003,713 39 |
| Jan. 4, 1869...   | 1,902,769 48                             | 18,038,530               | 2,348,140 49            | 22,289,439 97  | 7,337,320 29                  | 29,626,759 26   |
| April 17, 1869... | 1,652,575 21                             | 3,720,040                | 1,469,826 64            | 6,842,441 85   | 3,102,090 30                  | 9,944,532 15    |
| June 12, 1869...  | 2,542,533 96                             | 11,953,680               | 975,015 82              | 15,471,229 78  | 2,983,860 70                  | 18,455,090 48   |
| Oct. 9, 1869...   | 1,792,740 73                             | 16,897,900               | 1,013,948 72            | 19,704,589 45  | 3,297,816 38                  | 23,002,405 83   |
| Jan. 22, 1870...  | 6,196,036 29                             | 28,501,460               | 2,190,644 74            | 36,888,141 03  | 11,457,242 69                 | 48,345,383 72   |
| Mar. 24, 1870...  | 2,647,908 39                             | 21,872,480               | 1,069,094 40            | 25,589,482 69  | 11,507,060 75                 | 37,096,543 44   |
| June 9, 1870...   | 2,942,400 24                             | 18,660,920               | 1,163,905 88            | 22,767,226 12  | 8,332,211 66                  | 31,099,437 78   |
| Oct. 8, 1870...   | 1,607,742 91                             | 7,533,900                | 3,994,006 42            | 13,135,649 33  | 5,324,362 14                  | 18,460,011 47   |
| Dec. 28, 1870...  | 2,268,581 96                             | 14,063,540               | 3,748,126 87            | 20,080,248 83  | 6,227,002 76                  | 26,307,251 59   |
| Mar. 18, 1871...  | 2,982,155 61                             | 13,099,720               | 3,829,881 64            | 19,911,757 25  | 5,857,409 39                  | 25,769,166 64   |
| April 29, 1871... | 2,047,930 71                             | 9,845,080                | 4,382,107 24            | 16,275,117 95  | 6,456,909 07                  | 22,732,027 02   |
| June 10, 1871...  | 2,249,408 06                             | 9,161,160                | 3,680,854 92            | 15,091,422 98  | 4,833,532 18                  | 19,924,955 16   |
| Oct. 2, 1871...   | 1,121,869 40                             | 7,590,260                | 1,163,628 44            | 9,875,757 84   | 3,377,240 33                  | 13,252,998 17   |
| Dec. 16, 1871...  | 1,454,930 73                             | 17,354,740               | 4,255,631 39            | 23,065,302 12  | 6,529,997 44                  | 29,595,299 56   |
| Feb. 27, 1872...  | 1,490,417 70                             | 12,341,060               | 3,117,100 90            | 16,948,578 69  | 8,559,246 72                  | 25,507,825 32   |
| April 19, 1872... | 1,828,659 74                             | 10,102,400               | 4,718,364 25            | 16,646,423 99  | 7,787,475 47                  | 24,433,899 46   |
| June 10, 1872...  | 3,782,909 64                             | 11,412,160               | 4,219,419 52            | 19,414,489 16  | 4,842,154 98                  | 24,256,644 14   |
| Oct. 3, 1872...   | 920,767 37                               | 5,454,580                | .....                   | 6,375,347 37   | 3,854,409 42                  | 10,229,756 79   |
| Dec. 27, 1872...  | 1,306,091 05                             | 12,471,940               | .....                   | 13,778,031 05  | 5,269,305 40                  | 19,047,336 45   |
| Feb. 28, 1873...  | 1,958,759 86                             | 11,539,790               | .....                   | 13,498,549 86  | 4,279,123 67                  | 17,777,673 53   |
| April 25, 1873... | 1,344,940 93                             | 11,743,310               | .....                   | 13,088,250 93  | 3,780,557 81                  | 16,868,808 74   |
| June 13, 1873...  | 1,442,087 71                             | 22,139,090               | .....                   | 23,581,177 71  | 4,368,909 01                  | 27,950,086 72   |
| Sept. 12, 1873... | 1,063,200 55                             | 13,522,610               | .....                   | 14,585,810 55  | 5,282,658 90                  | 19,868,469 45   |

The surplus of the national banks now amounts in the aggregate to more than \$120,000,000, which is a perpetual and increasing fund, to which losses and bad debts may be charged. The act limits the liabilities of any association, person, company, or firm, for money borrowed, to one-tenth of the capital paid in. It is recommended that this limit be extended to fifteen per cent. of capital and surplus, for banks located in the redemption cities, and one-tenth of capital and surplus for the other banks.

## SHINPLASTERS.

In my last report I called the attention of Congress to the issue of bills of credit by the State of Alabama, which issues are prohibited by

## REPORT OF THE COMPTROLLER OF THE CURRENCY. XLV

section 10, article 1, of the Constitution of the United States; and also to the issue of unauthorized currency by various corporations in the South, and the necessity of legislation to prevent this abuse. The issue of such unauthorized currency is increasing in various directions. Railroad corporations in the Southern States have been issuing, for some years past, notes for circulation, of different denominations, many of which are similar to the following:

\$10. CENTRAL RAILROAD BANK. SAVANNAH, GA.: FAIRE-TICKET. X.  
 Good for the fare of two passengers one hundred and twenty-five miles.  
 The Central Railroad and Banking Company of Georgia. Savannah, Dec. 1, 1871.

\_\_\_\_\_  
*Superintendent.*

\_\_\_\_\_  
*President.*

I am informed that these issues are redeemed by the railroad company, and that quite extensive arrangements are being made by manufacturing companies and corporations to issue similar devices. Such circulation is also being issued by the mining corporations of Lake Superior, and by "Zion's Commercial Co-operative Institution" in Salt Lake City. Similar issues are also made for circulation in the State of Maine, which purport to be drawn on (or by) parties residing at Saint Stephen, New Brunswick. Issues of this character will be likely to increase in the present anomalous condition of the currency, unless Congress shall legislate them out of existence by inflicting such penalties, or assessing such taxes, as will deter the corporations in question from engaging in such illegitimate practices. A carefully prepared bill to remedy this evil was submitted to Congress during its last session, and its passage is urgently recommended.

## SPECIAL DEPOSITS.

The abuses arising from the receiving by the national banks of what are termed "special deposits," are growing more and more numerous. The common law classifies the duties of bailee as follows: He is bound to extraordinary diligence in those contracts for bailments where he alone receives benefit, as in the case of loans; he must observe ordinary diligence in those bailments which are beneficial to both parties, and is responsible for gross negligence in those bailments which are only for the benefit of the bailor. Special deposits which are received on deposit from the dealer of a bank are almost entirely of the latter class. Such deposits consist chiefly of bonds in packages or in tin trunks, which are deposited in the vaults of the bank for safe-keeping, by those persons who are accustomed to make deposits and transact other business with the bank. The bank would prefer to decline such deposits, but the custom having been long established, they dislike to refuse. In the case of the Ocean National Bank, seven different suits have arisen, each of which presents different questions, and all of which it is thought will be carried to the highest court, thus inflicting protracted litigation at the expense of the creditors or the shareholders of the bank, which could easily have been avoided had the national currency act contained a specific provision in reference to such deposits. The robbery of the Ocean National Bank took place previous to its suspension, and by that robbery its own bonds, as well as those of its correspondents, were stolen, and the bank therefore exercised the same prudence in caring for the deposits of its dealers as for its own. But if it can be shown that the bank did not exercise the greatest degree of diligence in the protection of its own property, a jury will in most cases find a verdict involving, not only the loss of the assets of the corporation, but also the property of its

## XLVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

dealers, which has been left entirely for the convenience of the depositor, and not for the profit or benefit of the bank. Similar litigation is likely to arise in the settlement of the affairs of all insolvent national banks. In the large cities there is no necessity, since the establishment of safe-deposit companies, for the deposit of such packages with the banks; and it would relieve the banks of the cities from a burden were a law passed prohibiting the receipt by them of such deposits. Country banks cannot, however, without some provision of law, relieve themselves from the duty of receiving such deposits, and I recommend, therefore, the passage of an act, which shall provide that "no national bank shall be liable to make good any deficiency which may hereafter arise in any special deposit made with any national bank, unless a receipt shall be produced by the owner of such deposit, in which the liability of the bank shall be distinctly stated." Such an act can work no injustice, for the depositor will take good care, at the time of leaving the deposit, to obtain a receipt from the bank which shall explicitly state the liability; and if he choose to make a special deposit without such acknowledgment, he will do so, understanding at the time that the deposit is placed in the bank solely at his own option, for his own convenience, and at his own risk.

## MUTILATED CURRENCY.

The following table exhibits the number and amount of national bank notes, of each denomination, which have been issued and redeemed since the organization of the system, and the number and amount outstanding November 1, 1873 :

| Denom-<br>ination.                                    | Number.    |            |              | Amount.         |                |                |
|---|------------|------------|--------------|-----------------|----------------|----------------|
|   | Issued.    | Redeemed.  | Outstanding. | Issued.         | Redeemed.      | Outstanding.   |
| 1   | 15,524,189 | 9,891,606  | 5,632,583    | \$15,524,189 00 | \$9,891,606 00 | \$5,632,583 00 |
| 2   | 5,195,111  | 3,120,723  | 2,074,388    | 10,390,222 00   | 6,241,446 00   | 4,148,776 00   |
| 5   | 31,894,456 | 9,141,963  | 25,752,493   | 174,472,280 00  | 45,709,815 00  | 128,762,465 00 |
| 10  | 12,560,399 | 2,573,070  | 9,987,329    | 125,603,990 00  | 25,730,700 00  | 99,873,290 00  |
| 20  | 3,608,219  | 653,671    | 2,955,548    | 72,164,380 00   | 13,061,420 00  | 59,102,960 00  |
| 50  | 559,722    | 168,976    | 390,746      | 27,986,100 00   | 8,448,800 00   | 19,537,300 00  |
| 100   | 416,590    | 144,057    | 272,533      | 41,659,000 00   | 14,405,700 00  | 27,253,300 00  |
| 500   | 16,496     | 9,658      | 6,838        | 8,248,000 00    | 4,829,000 00   | 3,419,000 00   |
| 1,000   | 5,148      | 4,530      | 618          | 5,148,000 00    | 4,530,000 00   | 618,000 00     |
|   | 72,780,330 | 25,707,654 | 47,072,676   | 481,196,161 00  | 132,848,487 00 | 348,347,674 00 |
| Deduct for fragments of notes lost or destroyed ..... |            |            |              |                 | 3,275 30       | .....          |
| Add for fragments of notes lost or destroyed .....    |            |            |              |                 |                | 3,275 30       |
|   |            |            |              |                 | 132,845,211 70 | 348,350,949 30 |

NOTE.—Amount of gold notes outstanding not included in the above, \$2,030,000.

From the organization of the system, in 1863, to November 1, 1873, \$132,845,211, or more than one-third of the whole amount outstanding, has been returned to the Treasury for destruction, as follows :

|   |                    |
|---|--------------------|
| Previous to November 1, 1865.....   | \$175,490          |
| During the year ending October 31, 1866.....  | 1,050,382          |
| During the year ending October 31, 1867.....  | 3,401,423          |
| During the year ending October 31, 1868.....  | 4,602,825          |
| During the year ending October 31, 1869.....  | 8,603,729          |
| During the year ending October 31, 1870.....  | 14,305,689         |
| During the year ending October 31, 1871.....  | 24,344,047         |
| During the year ending October 31, 1872.....  | 30,211,720         |
| During the year ending October 31, 1873.....  | 36,433,171         |
| Additional amount of notes of banks in liquidation destroyed by the Treasurer of the United States..... | 9,716,735          |
| <b>Total amount destroyed .....</b>   | <b>132,845,211</b> |

## REPORT OF THE COMPTROLLER OF THE CURRENCY. XLVII

During the past year \$36,433,171 of national bank notes have been returned to the Treasury for destruction, which is more than one-tenth of the whole amount of circulation.

The amount of legal-tender notes and the amount of national bank notes in circulation are about equal. The whole issue of the national bank notes is, however, continually in circulation, while more than one-third of the legal-tender notes is held permanently by the national banks as reserve. The national bank notes are redeemable only by the banks issuing them, or at their redeeming agencies, while the legal-tender notes are all redeemable at the Treasury of the United States. If the national banks are not in as good condition as the legal-tender notes, the reason is evident. But if the bank notes should be carefully assorted by the different treasurers, assistant treasurers, and depositories of the United States, and transmitted to the redeeming agencies in the city of New York, where more than two-thirds of the national bank notes are redeemable, the worn and mutilated notes would soon be replaced by new notes issued from this office. Section 39 of the act provides that no association shall "pay or put in circulation the notes of any bank or banking association which shall not at any such time be receivable at par on deposit and in payment of debts by the association so paying out or circulating such notes; nor shall it knowingly pay out or put in circulation any notes issued by any bank or banking association which at the time of such paying out or putting in circulation is not redeeming its circulating notes in lawful money of the United States." I recommend that the return of such notes to the Treasury for redemption be authorized at the expense of the United States, the amount necessary for this purpose to be appropriated from the tax on circulation already paid by the banks. The effect of such an authorization will be to return to the Treasury the outstanding notes of all banks which have failed and are in liquidation, amounting to \$5,246,938, which may be issued thereafter to the States which have less than their proportion.

The Comptroller has received many letters from officers of national banks, suggesting that a division be organized in his office for the assorting and redemption of the mutilated currency of the national banks, the expense to be borne *pro rata*, by the banks whose notes are transmitted to this office for that purpose. The Comptroller will willingly undertake the work of purifying the bank currency now in circulation, if the proper force shall be placed at his command, and will endeavor to reimburse to the Treasury the expense thereof by assessment upon such national banks as shall avail themselves of the privilege.

The present arrangement for burning notes to ashes, as required by section 24 of the act, is very unsatisfactory, the law having evidently contemplated that the burning should take place in the Treasury building. I recommend that an appropriation be made to test by experts the practicability of, and to authorize the purchase of suitable machinery for, grinding to pieces mutilated notes, thus utilizing the paper material now lost, amounting in value to thousands of dollars annually.

## NEW NATIONAL BANK NOTES.

The "act making appropriations for sundry civil expenses of Government for the fiscal year ending June 30, 1874," contained the following provision :

For replacing the worn and mutilated circulating notes of national banking associations, and for engraving and preparing, in such manner and on such paper and of such

## XLVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

form and design as the Secretary of the Treasury may prescribe, new circulating notes for such associations to replace notes of a design and denomination now successfully counterfeited, six hundred thousand dollars: *Provided*, That each of said national banking associations shall re-imburse the Treasury the costs of the circulating notes furnished under this provision.

Section 41 of the currency act provided that the plates and special dies to be prepared by the Comptroller of the Currency for the printing of such circulating notes, shall be under his control and direction, "and the expenses necessarily incurred in executing the provision of this act respecting the procuring of such notes, and all other expenses of the Bureau, shall be paid out of the proceeds of the taxes or duties now or hereafter to be assessed on the circulation, and collected from associations organized under this act." The tax to which reference is made is a semi-annual tax of one half of one per cent., required to be paid to the Treasurer of the United States, semi-annually, in the months of January and July; and, under this provision, \$22,460,332 have been collected and paid into the Treasury since the organization of the system, as provided by law. The section of the appropriation bill referred to was passed without report from any committee, and no recommendation was ever made by the Treasury Department for the authorization of a new issue of national bank notes at the expense of the national banks. The engraving of the new notes will involve an expense of more than \$1,000,000; and if new notes are to be issued in place of those already issued, the expense will amount probably to not less than \$2,000,000. The national banks maintain that the expense of the new issue should be paid out of the taxes already exacted; and they insist that there is no necessity for the issue of a new set of notes at the present time; and that if the Government shall decide upon such an issue, the expense should be defrayed, not by themselves, but from the tax already collected, as provided by section 41 of the act.

An additional reason why the expense of printing new notes for the banks should be borne by the Government is that the Government receives the benefit of all lost and worn-out notes not finally returned for redemption, and the amount to be finally realized from this source alone is estimated to be much greater than the amount required to be expended in the replacing of worn-out notes.

The following extract from a letter of a well-known Boston cashier, who has had great experience as secretary of the association of banks for the suppression of counterfeiting, expresses the sentiments of the national banks in reference to the proposed issue of new notes:

There has been no counterfeit on any of the notes of this bank to my knowledge; and the amount of counterfeit notes of other banks presented to this bank for redemption or examination, say for the past year, has been very small. I should not estimate it at more than \$250. In fact the amount reported from all sections of the country would not seem to warrant, in any degree, the legislation by Congress—act of March 3, 1873—authorizing new plates for national bank circulation at the expense of said institutions. So far as my knowledge extends, there is a universal feeling against a new issue of national bank circulation. My opinion is that it is a mistaken policy to engrave a new set of plates for bank notes. The present issue has been so little tampered with that only two or three plates of individual banks have been at all successfully counterfeited, and those plates are well known, and have already done all the harm they can do, as the public has become well educated as to the genuineness of the present national bank circulation.

Now, if a new issue is made, the public have got to be educated as to the genuineness of the new issue, which will take a long time, and then keep posted on two sets of plates instead of one; and my belief still further is that the new plates will be the first to be counterfeited, because the least known, and then the policy about to be adopted would require you to immediately issue a *third* set of plates, and so on. As secretary of the "Association of Banks for the Suppression of Counterfeiting," my experience of twenty years, in causing the detection and conviction of parties for the



crime of counterfeiting bank notes, would lead me to say, without any hesitation, that the best policy for the Government to pursue would be to protect the present issue to the best of its ability, in preference to making any new one.

I hope, therefore, that Congress will repeal the act of March last.

I recommend that the section in the appropriation bill referred to be repealed, or so amended as to provide that the expense of such notes shall be paid by the Government. The appropriation for the issue of new notes would not result, as is supposed, in the issue of new notes in place of the worn-out and mutilated notes now in circulation, for the reason that such notes must be returned to the Treasury by the banks themselves for destruction, and the notes would not be likely to be so returned if the expense for engraving and printing were to be borne by the banks, instead of being paid out of the taxes already collected and appropriated for that purpose.

Previous to the organization of the national banking system, counterfeit bank notes of more than three thousand different designs were in circulation. These notes were retired and the national bank notes issued in their place, and during the last ten years the notes of but thirty-seven banks, located in but nine States of the Union, have been counterfeited, and only forty-three plates, of the whole six thousand plates which have been engraved, have been counterfeited. The correct policy is undoubtedly to prevent the counterfeiting of the notes now in circulation, instead of introducing new notes upon which the counterfeiter may practice his art; and correspondence with all the banks whose notes have been counterfeited shows that, so far from counterfeiting being on the increase during the last two or three years, the number of notes counterfeited has sensibly diminished.

A method, both simple and practicable, exists, by which the issue of such counterfeit notes can be readily prevented, and that is by the withdrawal from circulation of such denominations of the genuine notes of national banks as have been counterfeited. Counterfeit two-dollar notes have appeared upon only ten banks, and the whole amount of genuine notes issued to these banks is but \$60,000. Counterfeit twenty-dollar notes upon only eleven different national banks have appeared, and the whole amount of genuine twenty-dollar notes issued to these banks is, say, \$800,000. It is plain that, if an appropriation be made, to be paid from the tax on circulation already collected from the banks, sufficient to offer a premium of one-half of one per cent. upon these notes when presented to the Treasury for redemption, most of the genuine notes would soon be retired, after which all genuine notes (except when presented to the Treasury or to the bank issuing them for redemption) would be refused along with the counterfeits. No additional notes of these denominations would thereafter be issued to the banks upon which counterfeits are known to exist. The Comptroller is confident that an appropriation of, say, \$10,000 would withdraw from circulation all the genuine issues which have been counterfeited, and that an annual appropriation of \$1,000 thereafter would be sufficient to prevent the abuse.

#### EXAMINATIONS.

During the recent panic the Comptroller has endeavored to obtain, as far as possible, examinations of all national banks which have been considered in a weak or insolvent condition, and he desires to return his thanks to the efficient corps of examiners who have made prompt examinations and returns to him of the condition of such banks in all parts of the country. It is not to be supposed that the short time usually spent in the examination of a national bank will be sufficient,

## L REPORT OF THE COMPTROLLER OF THE CURRENCY.

in all cases, to detect bad management or defalcations. If the directors of national banks, to whom are confided the interests of shareholders, neglect their duties, it is not to be expected that an examiner shall, in a single day, detect and correct the abuses of a year. A number of days is required for the thorough examination of a national bank of any considerable business, and if it is expected that the reports to this office shall detect and expose defalcations, and other violations of law, the means should be provided for defraying the expenses of more frequent and thorough examinations. The necessary expense can be levied and collected from the banks, if they shall be found delinquent; but if, upon examination, it shall be found that the investigation was unnecessary, then the expense should be paid out of a fund to be placed at the disposal of the Comptroller for that purpose.

## AMENDMENTS.

Carefully-prepared bills were in possession of the proper committees during the last session of Congress, providing, (1) for the consolidation of national banks; (2) defining the duties of receivers; (3) providing for the organization of national banks without circulation, upon the deposit of ten thousand dollars of bonds with the Treasurer of the United States, instead of the deposit of one-third of the capital, as now required; (4) for the repeal of section 4 of the act of June 17, 1870, providing for the organization of savings-banks in the District of Columbia; (5) for the prevention of the issue of unauthorized currency; (6) prohibiting the deposit of more than ten per cent. of the capital with any private banker, or any person or association other than a national banking association; (7) requiring the word "counterfeit," or "altered," or "illegal," to be stamped on all counterfeit or unauthorized issues. A recommendation was also made for the issue of Government securities, bearing a low rate of interest, to be held by the national banks as part of their reserve, and for a provision of law requiring a larger proportion of cash to be kept on hand; and the attention of Congress is specially called to the necessity of prompt legislation upon these several subjects, for the proper consideration of which it is to be regretted that the brevity of the session did not afford sufficient time.

## THE OFFICE.

The recent panic has required from the Comptroller unusual and exhausting duties, and if he has been in any measure successful in fulfilling these duties, he is in a large measure indebted to the employes of the office for a faithful performance of duty. In other offices in the Treasury Department, compensation in addition to the salaries provided by law is given. This additional compensation is, to a great extent, merited, and the business of the Department could not be properly and efficiently conducted without it. Many of the employes of this office, however, perform far greater labor and have much greater responsibility in the examination of reports, the preparation of letters, and the counting and return of large amounts of money, than others who receive additional compensation; and the Comptroller therefore recommends that additional compensation be appropriated, for distribution to those employes who render the most efficient and responsible service. Such an appropriation will have the effect to promote and encourage industry and efficiency in the public service, and will be in consonance with the spirit of the civil service recommended by the President.

The library of the Comptroller is very deficient in works on political economy and banking, and he recommends that an annual appropriation be provided, out of which books on finance and of reference upon financial subjects may be purchased.

#### THE APPENDIX.

Special attention is called to the carefully-prepared tables contained in the appendix, exhibiting the aggregate resources and liabilities of all the national banks, yearly, for the last eleven years; showing their condition during the present year, for five different periods, arranged by States and redemption cities, and separate statements of every bank of the Union upon the twelfth day of September ultimo; also exhibiting the different kinds of funds held as reserve; also showing for twenty-seven different dates, during the years 1868-73, the percentage of reserve to circulation and deposits of the national banks in each of the redemption cities; the dividends and earnings of the national banks, by States and cities, semi-annually, from March 1, 1869, to September 1, 1873; also exhibiting, by States and redemption cities, the ratios of dividends to capital, dividends to capital and surplus, and earnings to capital and surplus of the national banks, semi-annually, from March 1, 1869, to September 1, 1873; together with lists of insolvent banks, and banks which have gone into voluntary liquidation, and the amounts and different kinds of United States bonds deposited with the Treasurer as security for circulating notes. The appendix also contains tables arranged by States and redemption cities, together with the aggregates, compiled from special reports of the national banks on October 13, the day on which the banks of the city of New York held the smallest amount of legal-tender notes during the late crisis, and on November 1, the day on which these banks resumed currency payments; also a statement exhibiting in detail the average amount of loans, circulation, deposits, specie, and legal-tender notes of each of the associated banks of New York City for the week ending September 20, and the aggregates for the week ending November 22; also statement of the condition of the State banks and savings-banks organized under the laws of the different States of the Union, so far as they could be obtained from official sources.

A table of contents will be found on the succeeding page.

JOHN JAY KNOX,  
*Comptroller of the Currency.*

Hon. JAMES G. BLAINE,  
*Speaker of the House of Representatives.*

# REPORT OF THE COMPTROLLER OF THE CURRENCY.

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TREASURY DEPARTMENT,  
OFFICE OF COMPTROLLER OF THE CURRENCY,  
*Washington, November 23, 1874.*

SIR: I have the honor to submit for the consideration of Congress, in compliance with section 61 of the national-bank act, the twelfth annual report of the Comptroller of the Currency.

Since my last annual report two bills relating to the national banking system have passed Congress. The first bill provided—

That the maximum amount of United States notes is hereby fixed at \$500,000,000.

That forty-six millions in notes for circulation, in addition to such circulation now allowed by law, shall be issued to national banking associations now organized and which may be organized hereafter, and such increased circulation shall be distributed among the several States as provided in section 1 of the act entitled "An act to provide for the redemption of the three per cent. temporary-loan certificates and for an increase of national-bank notes," approved July 12, 1870. And each national banking association now organized, or hereafter to be organized, shall keep and maintain, as a part of its reserve required by law, one fourth part of the coin received by it as interest on bonds of the United States deposited as security for circulating notes or Government deposits, and that hereafter only one-fourth of the reserve now prescribed by law for national banking associations shall consist of balances due to an association available for the redemption of its circulating notes from associations in cities of redemption, and upon which balances no interest shall be paid.

This act failed to receive the signature of the President, and did not become a law.

The second act was approved, and went into operation June 20, 1874. This act provides—

That the amount of United States notes outstanding and to be used as a part of the circulating-medium, shall not exceed the sum of three hundred and eighty-two million dollars, which said sum shall appear in each monthly statement of the public debt, and no part thereof shall be held or used as a reserve.

It further provides for the repeal of the reserve required to be held by the national banks upon circulation;

For the redemption of all national-bank notes at the Treasury in legal-tender notes, for which purpose the banks are required to keep on deposit with the Treasurer 5 per cent. of their circulation; which amount is to be counted as a part of the reserve required to be held on deposits;

For the deposit by any national bank of lawful money with the Treasurer, in sums of not less than \$9,000, and the withdrawal of the bonds on deposit as security for such circulating-notes, provided that the amount of such bonds shall not be reduced below \$50,000;

For the withdrawal of \$55,000,000 from national banks in States which have received more than their proportion, and its redistribution to national banks in States which have received less than their proportion, upon an apportionment made on the basis of population and of

## IV. REPORT OF THE COMPTROLLER OF THE CURRENCY.

wealth, as shown by the returns of the census of 1870, not more than \$30,000,000 of which shall be withdrawn and redistributed during the fiscal year ending June 30, 1875.

Twenty-two hundred national banks have been organized since the establishment of the national banking system, under the act of February 28, 1863. Thirty-five of these banks have failed, and one hundred and thirty-seven gone into voluntary liquidation by a vote of two-thirds of the shareholders, under section 42 of the act, leaving 2,028 banks in existence on the 1st day of November, 1874. During the past year, seventy-one national banks have been organized, with an authorized capital of \$6,745,500. Three banks have failed and twenty have gone into voluntary liquidation.

The following table exhibits the resources and liabilities of the national banks in operation at corresponding periods for the last five years:

|   | OCTOBER 8,<br>1870.     | OCTOBER 2,<br>1871.     | OCTOBER 3,<br>1872.     | SEPTEMB'R 12,<br>1873.  | OCTOBER 2,<br>1874.     |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 1,615 banks.            | 1,767 banks.            | 1,919 banks.            | 1,976 banks.            | 2,004 banks.            |
| <b>RESOURCES.</b>                           |                         |                         |                         |                         |                         |
| Loans and discounts .....                   | \$712, 767, 453         | \$827, 689, 625         | \$872, 520, 104         | \$940, 233, 304         | \$949, 870, 628         |
| Overdrafts .....                            | 3, 160, 626             | 3, 862, 585             | 4, 677, 819             | 3, 986, 812             | 4, 524, 164             |
| U. S. bonds for circulation .....           | 340, 857, 450           | 364, 475, 800           | 382, 046, 400           | 388, 330, 400           | 383, 254, 800           |
| U. S. bonds for deposits .....              | 15, 381, 500            | 22, 087, 500            | 15, 479, 750            | 14, 805, 000            | 14, 691, 700            |
| U. S. bonds on hand .....                   | 22, 323, 800            | 17, 753, 650            | 12, 142, 550            | 8, 819, 850             | 13, 313, 550            |
| Other stocks and bonds .....                | 23, 614, 721            | 24, 517, 059            | 23, 533, 152            | 23, 714, 035            | 27, 807, 827            |
| Due from reserve agents .....               | 66, 275, 669            | 86, 878, 609            | 80, 717, 071            | 96, 134, 121            | 83, 885, 127            |
| Due from national banks .....               | 33, 948, 896            | 43, 525, 362            | 34, 486, 594            | 41, 413, 680            | 39, 695, 309            |
| Due from State banks .....                  | 9, 202, 497             | 12, 772, 670            | 12, 976, 878            | 12, 022, 873            | 11, 196, 612            |
| Real estate, furniture, and fixtures .....  | 27, 470, 747            | 30, 089, 784            | 32, 276, 498            | 34, 661, 823            | 38, 112, 926            |
| Current expenses .....                      | 5, 871, 750             | 6, 153, 370             | 6, 310, 429             | 6, 985, 437             | 7, 658, 739             |
| Premiums paid .....                         | 2, 491, 222             | 5, 500, 890             | 6, 546, 849             | 7, 752, 844             | 8, 376, 659             |
| Cash items .....                            | 12, 473, 107            | 13, 984, 971            | 14, 916, 784            | 11, 433, 913            | 12, 296, 417            |
| Clearing-house exchanges .....              | 79, 089, 688            | 101, 165, 855           | 110, 086, 315           | 82, 926, 004            | 97, 383, 687            |
| National bank notes .....                   | 12, 576, 433            | 14, 270, 951            | 15, 787, 296            | 16, 103, 842            | 18, 450, 013            |
| Fractional currency .....                   | 2, 078, 179             | 2, 095, 485             | 2, 151, 748             | 2, 302, 775             | 2, 224, 943             |
| Specie .....                                | 18, 460, 011            | 13, 252, 998            | 10, 229, 757            | 19, 868, 469            | 21, 240, 945            |
| Legal-tender notes .....                    | 77, 203, 577            | 106, 987, 666           | 102, 074, 104           | 92, 347, 663            | 80, 016, 946            |
| Three per cent. certificates .....          | 26, 330, 000            | 7, 180, 000             | 1, 555, 000             |                         |                         |
| U. S. certificates of deposit .....         |                         |                         | 6, 710, 000             | 20, 610, 000            | 42, 830, 000            |
| Clearing-house certificates .....           | 19, 136, 000            | 20, 322, 069            | 8, 632, 000             | 175, 000                |                         |
| Redemption-fund with U. S. Treasurer .....  |                         |                         |                         |                         | 20, 349, 950            |
| <b>Totals .....</b>                         | <b>1, 510, 713, 236</b> | <b>1, 730, 566, 894</b> | <b>1, 755, 857, 098</b> | <b>1, 830, 627, 845</b> | <b>1, 877, 180, 942</b> |
| <b>LIABILITIES.</b>                         |                         |                         |                         |                         |                         |
| Capital stock .....                         | 430, 399, 201           | 458, 255, 696           | 479, 639, 144           | 491, 072, 616           | 493, 765, 121           |
| Surplus fund .....                          | 94, 061, 439            | 101, 112, 672           | 110, 257, 516           | 120, 314, 499           | 128, 958, 107           |
| Undivided profits .....                     | 38, 608, 619            | 42, 008, 714            | 46, 623, 784            | 54, 515, 132            | 51, 484, 437            |
| National bank circulation .....             | 291, 798, 640           | 315, 519, 117           | 333, 495, 027           | 339, 081, 799           | 333, 225, 298           |
| State bank circulation .....                | 2, 138, 548             | 1, 021, 056             | 1, 567, 143             | 1, 188, 853             | 964, 097                |
| Dividends unpaid .....                      | 2, 462, 591             | 4, 540, 195             | 3, 149, 750             | 1, 402, 548             | 3, 515, 847             |
| Individual deposits .....                   | 501, 407, 587           | 600, 868, 486           | 613, 290, 701           | 622, 655, 563           | 669, 068, 996           |
| U. S. deposits .....                        | 6, 807, 978             | 20, 511, 936            | 7, 853, 772             | 7, 829, 328             | 7, 302, 154             |
| Deposits of U. S. disbursing officers ..... | 4, 559, 143             | 5, 393, 599             | 4, 563, 234             | 8, 098, 560             | 3, 927, 828             |
| Due to national banks .....                 | 100, 348, 292           | 131, 730, 713           | 110, 047, 348           | 133, 672, 733           | 125, 102, 050           |
| Due to State banks and bankers .....        | 29, 693, 911            | 40, 211, 972            | 33, 789, 084            | 39, 298, 148            | 50, 718, 608            |
| Notes and bills rediscounted .....          | 3, 243, 577             | 3, 964, 552             | 5, 549, 432             | 5, 987, 512             | 4, 197, 372             |
| Bills payable .....                         | 4, 592, 610             | 4, 528, 191             | 6, 040, 563             | 5, 480, 554             | 4, 950, 727             |
| <b>Totals .....</b>                         | <b>1, 510, 713, 236</b> | <b>1, 730, 566, 899</b> | <b>1, 755, 857, 098</b> | <b>1, 830, 627, 845</b> | <b>1, 877, 180, 942</b> |

The following table exhibits similar data, showing the condition of the national banks at the close of business on the 2d day of October, the date of their last report; the returns from New York City, from Boston Philadelphia and Baltimore, from the other redemption cities, and from the remaining banks being arranged separately:

## REPORT OF THE COMPTROLLER OF THE CURRENCY. V

|   | New York<br>City.<br>48 banks. | Boston, Phil-<br>adelphia, and<br>Baltimore.<br>94 banks. | Other redemp-<br>tion cities.*<br>88 banks. | Country<br>banks.<br>1,774 banks. | Aggregate.<br>2,004 banks. |
|---|--------------------------------|---|---|-----------------------------------|----------------------------|
| <b>RESOURCES.</b>                                   |                                |   |   |                                   |                            |
| Loans and discounts                                 |                                |   | \$160,360,154                               | \$466,295,198                     | \$949,870,627              |
| On U. S. bonds on demand                            | \$1,721,638                    | \$898,433   |   |                                   |                            |
| On other stocks and bonds on demand                 | 51,478,691                     | 12,189,780  |   |                                   |                            |
| On commercial and accommoda-<br>tion paper          | 139,841,588                    | 158,418,323   |   |                                   |                            |
| Payable in gold                                     | 5,735,137                      | 21,685  |   |                                   |                            |
| Overdrafts  | 435,116                        | 68,898  | 668,553                                     | 3,360,597                         | 4,524,164                  |
| Bonds for circulation                               | 39,899,100                     | 52,027,700  | 33,751,150                                  | 266,576,850                       | 383,254,800                |
| Bonds for deposits                                  | 650,000                        | 575,000   | 2,502,000                                   | 10,964,700                        | 14,091,700                 |
| U. S. bonds on hand                                 | 7,635,750                      | 615,800   | 1,186,900                                   | 3,875,100                         | 13,313,550                 |
| Other stocks and bonds                              | 7,089,934                      | 2,401,944   | 3,267,360                                   | 15,048,589                        | 27,807,827                 |
| Due from reserve agents                             |                                | 16,162,140  | 15,098,194                                  | 52,714,793                        | 83,885,127                 |
| Due from other national banks                       | 11,951,903                     | 6,229,514   | 8,059,182                                   | 13,454,711                        | 39,695,310                 |
| Due from other banks and bank-<br>ers               | 2,006,414                      | 1,014,402   | 2,390,850                                   | 5,784,646                         | 11,196,612                 |
| Real estate, furniture, and fix-<br>tures           | 8,734,927                      | 5,385,650   | 4,367,096                                   | 19,625,253                        | 38,112,926                 |
| Current expenses                                    | 1,983,801                      | 749,811   | 950,320                                     | 3,974,807                         | 7,657,739                  |
| Premiums  | 1,437,170                      | 356,953   | 900,223                                     | 5,682,313                         | 8,376,659                  |
| Checks and other cash items                         | 2,230,570                      | 956,101   | 1,088,481                                   | 8,021,265                         | 12,296,417                 |
| Exchanges for clearing-house                        | 76,860,065                     | 16,079,945  | 4,443,677                                   |                                   | 97,383,687                 |
| Bills of other national banks                       | 2,191,418                      | 3,929,591   | 2,626,584                                   | 9,675,225                         | 18,492,818                 |
| Bills of State banks                                | 1,947                          | 1,472   | 3,967                                       | 19,809                            | 27,195                     |
| Fractional currency                                 | 263,422                        | 260,792   | 230,074                                     | 1,470,655                         | 2,224,943                  |
| Specie  | 14,406,267                     | 2,776,909   | 1,682,477                                   | 2,375,292                         | 21,240,945                 |
| Legal-tender notes                                  | 20,874,595                     | 12,098,851  | 14,146,017                                  | 32,897,483                        | 80,016,946                 |
| U. S. certificates of deposit                       | 31,555,000                     | 7,539,000   | 2,970,000                                   | 775,000                           | 42,830,000                 |
| 5 per cent. redemption-fund<br>with U. S. Treasurer | 1,464,616                      | 2,277,015   | 1,421,062                                   | 11,891,414                        | 17,054,107                 |
| Additional amount with U. S.<br>Treasurer           | 293,845                        | 350,497   | 372,401                                     | 2,270,100                         | 3,295,843                  |
| <b>Totals</b>                                       | <b>424,733,914</b>             | <b>303,296,206</b>  | <b>202,396,722</b>                          | <b>946,754,100</b>                | <b>1,877,180,942</b>       |
| <b>LIABILITIES.</b>                                 |                                |   |   |                                   |                            |
| Capital stock                                       | 68,500,000                     | 78,737,085  | 48,305,800                                  | 298,222,236                       | 493,765,121                |
| Surplus fund  | 2,653,881                      | 23,682,184  | 12,484,691                                  | 71,137,351                        | 128,958,107                |
| Undivided profits                                   | 12,042,089                     | 5,568,063   | 4,369,885                                   | 29,504,401                        | 51,484,438                 |
| National-bank notes outstand-<br>ing                | 25,291,781                     | 44,039,276  | 29,124,202                                  | 234,770,039                       | 333,225,298                |
| State-bank notes outstanding                        | 113,501                        | 149,838   | 34,028                                      | 665,630                           | 964,997                    |
| Dividends unpaid                                    | 246,682                        | 1,250,331   | 139,852                                     | 1,869,982                         | 3,515,847                  |
| Individual deposits                                 | 201,323,282                    | 114,200,832   | 74,554,311                                  | 278,990,581                       | 669,068,996                |
| U. S. deposits                                      | 422,809                        | 288,276   | 1,386,028                                   | 5,203,041                         | 7,302,154                  |
| Deposits of U. S. disbursing<br>officers            | 25,788                         | 33,172  | 645,268                                     | 3,223,600                         | 3,927,828                  |
| Due to national banks                               | 68,189,356                     | 28,854,310  | 16,984,263                                  | 11,074,117                        | 123,102,050                |
| Due to other banks and bankers                      | 25,230,753                     | 7,357,217   | 12,438,916                                  | 5,691,121                         | 50,718,007                 |
| Notes and bills rediscounted                        |                                | 124,000   | 534,444                                     | 3,538,928                         | 4,197,372                  |
| Bills payable                                       | 691,993                        | 2,632   | 1,395,029                                   | 2,661,073                         | 4,950,727                  |
| <b>Totals</b>                                       | <b>424,733,914</b>             | <b>303,296,206</b>  | <b>202,396,722</b>                          | <b>946,754,100</b>                | <b>1,877,180,942</b>       |

\* The redemption cities, in addition to New York, Boston, Philadelphia, and Baltimore, are Albany, Pittsburgh, Washington, New Orleans, Louisville, Cincinnati, Cleveland, Chicago, Detroit, Milwaukee, Saint Louis, and San Francisco.

## DISTRIBUTION OF THE CURRENCY.

The national-bank act authorized the issue of three hundred millions of national-bank circulation. The act of July 12, 1870, authorized the issue of fifty four millions of additional circulation. Of this additional circulation there was issued to November 1, 1871, \$24,773,260; in the year ending November 1, 1872, \$16,220,210; in the year ending November 1, 1873, \$7,357,479. During the year ending November 1, 1874, there has been issued \$5,817,316; and during the same year there has been withdrawn from circulation and destroyed \$2,241,019, showing an actual increase of national-bank circulation during the past year of \$3,576,297.

Two national gold banks have been organized in California during the year, with an authorized capital of \$700,000. The total capital of the national gold banks, all of which are organized in the State of California, is \$3,650,000, to which banks circulation has been issued amounting to \$2,150,000.

## VI REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table exhibits the number of banks organized, the number closed and closing, and the number in operation, with their capital, bonds on deposit, and circulation issued, redeemed and outstanding, in each State and Territory, on the 1st day of November, 1874:

| States and Territories.                          | Banks or-<br>ganized. | Closed and<br>closing. | In opera-<br>tion. | Capital.<br>paid in. | Bonds on<br>deposit. | Circula-<br>tion issued. | Circulat'n<br>redeemed. | Circulat'n<br>outstand-<br>ing. |
|--|-----------------------|------------------------|--------------------|----------------------|----------------------|--------------------------|-------------------------|---------------------------------|
| Maine .....                                      | 66                    | 2                      | 64                 | \$9,840,000          | \$8,930,750          | 11,471,360               | 3,524,784               | 7,946,576                       |
| New Hampshire .....                              | 44                    | 1                      | 43                 | 5,365,000            | 5,342,000            | 6,715,455                | 2,008,090               | 4,707,365                       |
| Vermont .....                                    | 44                    | 2                      | 42                 | 8,362,712            | 7,755,000            | 9,889,770                | 2,991,330               | 6,898,440                       |
| Massachusetts .....                              | 223                   | 3                      | 220                | 93,039,350           | 67,491,250           | 93,218,685               | 34,167,666              | 59,051,019                      |
| Rhode Island .....                               | 62                    | .....                  | 62                 | 20,504,800           | 14,718,400           | 19,977,410               | 6,707,590               | 13,269,820                      |
| Connecticut .....                                | 83                    | 3                      | 80                 | 25,484,620           | 20,229,400           | 27,249,470               | 9,417,672               | 17,831,798                      |
| Total Eastern States ..                          | 522                   | 11                     | 511                | 162,596,482          | 124,466,800          | 168,522,150              | 58,817,132              | 109,705,018                     |
| New York .....                                   | 323                   | 47                     | 276                | 108,339,691          | 64,963,050           | 107,287,415              | 47,988,366              | 59,299,049                      |
| New Jersey .....                                 | 63                    | 1                      | 62                 | 13,908,350           | 12,552,650           | 16,330,820               | 5,238,010               | 11,092,810                      |
| Pennsylvania .....                               | 218                   | 13                     | 205                | 53,910,240           | 47,645,850           | 63,923,795               | 21,831,084              | 42,092,711                      |
| Delaware .....                                   | 11                    | .....                  | 11                 | 1,523,185            | 1,453,200            | 1,930,965                | 644,990                 | 1,285,975                       |
| Maryland .....                                   | 33                    | 2                      | 31                 | 13,790,203           | 10,391,250           | 14,236,850               | 4,954,523               | 9,282,327                       |
| Total Middle States...                           | 648                   | 63                     | 585                | 191,471,669          | 137,066,000          | 203,709,845              | 80,655,973              | 123,052,872                     |
| District of Columbia .....                       | 9                     | 4                      | 5                  | 1,852,000            | 1,620,000            | 2,432,800                | 970,509                 | 1,462,291                       |
| Virginia .....                                   | 29                    | 8                      | 20                 | 3,935,000            | 3,676,750            | 4,820,230                | 1,204,948               | 3,615,282                       |
| West Virginia .....                              | 20                    | 3                      | 17                 | 2,146,000            | 2,093,600            | 3,502,270                | 1,116,840               | 2,385,430                       |
| North Carolina .....                             | 11                    | .....                  | 11                 | 2,200,000            | 1,970,100            | 2,130,320                | 305,775                 | 1,824,545                       |
| South Carolina .....                             | 12                    | .....                  | 12                 | 3,135,000            | 2,010,000            | 2,363,630                | 196,210                 | 2,167,420                       |
| Georgia .....                                    | 15                    | 2                      | 13                 | 2,835,000            | 2,536,400            | 2,927,990                | 608,415                 | 2,259,575                       |
| Florida .....                                    | 2                     | .....                  | 2                  | 80,000               | 60,000               | 27,000                   | .....                   | 27,000                          |
| Alabama .....                                    | 10                    | 1                      | 9                  | 1,625,000            | 1,550,000            | 1,687,270                | 307,267                 | 1,380,003                       |
| Mississippi .....                                | 2                     | 2                      | .....              | .....                | .....                | 66,000                   | 61,124                  | 4,876                           |
| Louisiana .....                                  | 11                    | 4                      | 7                  | 4,450,000            | 2,984,000            | 4,607,320                | 1,204,845               | 3,402,475                       |
| Texas .....                                      | 10                    | .....                  | 10                 | 1,155,000            | 914,000              | 1,149,740                | 332,040                 | 817,700                         |
| Arkansas .....                                   | 3                     | 1                      | 2                  | 205,000              | 205,000              | 294,000                  | 50,105                  | 243,895                         |
| Kentucky .....                                   | 47                    | 1                      | 46                 | 10,018,900           | 9,381,850            | 10,264,670               | 1,929,069               | 8,335,601                       |
| Tennessee .....                                  | 31                    | 5                      | 26                 | 3,560,300            | 3,116,500            | 4,044,980                | 983,748                 | 3,061,232                       |
| Missouri .....                                   | 41                    | 6                      | 35                 | 9,195,300            | 3,985,350            | 8,646,565                | 2,738,186               | 5,908,379                       |
| Total Southern and<br>Southwestern States        | 252                   | 37                     | 215                | 46,392,500           | 36,093,550           | 48,964,785               | 12,069,081              | 36,895,704                      |
| Ohio .....                                       | 183                   | 13                     | 170                | 29,223,000           | 25,964,750           | 34,474,265               | 10,868,632              | 23,605,633                      |
| Indiana .....                                    | 104                   | 6                      | 98                 | 18,278,800           | 16,575,300           | 21,333,075               | 6,427,809               | 14,905,266                      |
| Illinois .....                                   | 152                   | 10                     | 142                | 20,338,670           | 16,742,400           | 23,296,405               | 6,661,204               | 16,635,201                      |
| Michigan .....                                   | 84                    | 4                      | 80                 | 10,268,500           | 7,924,150            | 9,860,400                | 2,470,527               | 7,389,873                       |
| Wisconsin .....                                  | 55                    | 8                      | 47                 | 3,815,000            | 3,424,500            | 4,878,130                | 1,646,144               | 3,231,986                       |
| Iowa .....                                       | 90                    | 10                     | 80                 | 6,261,480            | 6,095,000            | 7,984,805                | 2,381,936               | 5,602,869                       |
| Minnesota .....                                  | 35                    | 3                      | 32                 | 4,448,700            | 3,746,750            | 4,455,000                | 1,061,499               | 3,393,501                       |
| Kansas .....                                     | 27                    | 2                      | 25                 | 1,780,000            | 1,599,000            | 1,820,575                | 305,954                 | 1,514,621                       |
| Nebraska .....                                   | 11                    | 1                      | 10                 | 1,025,000            | 1,060,000            | 1,070,600                | 174,700                 | 895,900                         |
| Total Western States                             | 741                   | 57                     | 684                | 95,439,150           | 83,131,900           | 109,173,255              | 31,998,405              | 77,174,850                      |
| Nevada .....                                     | 1                     | 1                      | .....              | .....                | .....                | 131,700                  | 123,836                 | 7,864                           |
| Oregon .....                                     | 1                     | .....                  | 1                  | 250,000              | 250,000              | 220,900                  | 55,900                  | 225,000                         |
| Colorado .....                                   | 11                    | .....                  | 11                 | 850,325              | 740,000              | 756,260                  | 148,070                 | 608,190                         |
| Utah .....                                       | 4                     | 1                      | 3                  | 450,000              | 200,000              | 575,230                  | 175,571                 | 399,659                         |
| Idaho .....                                      | 1                     | .....                  | 1                  | 100,000              | 100,000              | 118,500                  | 30,200                  | 88,300                          |
| Montana .....                                    | 6                     | 1                      | 5                  | 350,000              | 286,000              | 310,540                  | 43,745                  | 266,795                         |
| Wyoming .....                                    | 2                     | .....                  | 2                  | 125,000              | 60,000               | 56,500                   | 2,500                   | 54,000                          |
| New Mexico .....                                 | 2                     | .....                  | 2                  | 300,000              | 300,000              | 317,600                  | 49,700                  | 267,900                         |
| Dakota .....                                     | 1                     | .....                  | 1                  | 50,000               | 50,000               | 45,540                   | 540                     | 45,000                          |
| Total Pacific States<br>and Territories .....    | 29                    | 3                      | 26                 | 2,475,325            | 1,986,000            | 2,592,770                | 630,062                 | 1,962,708                       |
| Grand total .....                                | 2,192                 | 171                    | 2,021              | 498,373,126          | 382,684,250          | 532,962,805              | 184,171,653             | 348,791,152                     |
| Due to banks for mul-<br>tulated notes destroyed | .....                 | .....                  | .....              | .....                | .....                | .....                    | .....                   | 3,136,094                       |
|  | .....                 | .....                  | .....              | .....                | .....                | .....                    | .....                   | 351,927,246                     |
| GOLD BANKS.                                      |                       |                        |                    |                      |                      |                          |                         |                                 |
| Massachusetts .....                              | 1                     | 1                      | .....              | .....                | .....                | 120,000                  | 120,000                 | .....                           |
| California .....                                 | 7                     | .....                  | 7                  | 3,650,000            | 2,737,500            | 2,228,700                | 78,700                  | 2,150,000                       |
| Total gold banks .....                           | 8                     | 1                      | 7                  | 3,650,000            | 2,737,500            | 2,348,700                | 198,700                 | 2,150,000                       |

## REPORT OF THE COMPTROLLER OF THE CURRENCY. VII

The following table exhibits the apportionment to the different States and Territories, upon the basis of population and wealth, of the whole amount of circulation authorized by law, (\$354,000,000,) together with the excess or deficiency of circulation in each instance :

| States and Territories.                              | Apportionment on population. | Apportionment on wealth. | Aggregate apportionment. | Outstanding circulation. | Excess.           | Deficiency.       |
|--|------------------------------|--------------------------|--------------------------|--------------------------|-------------------|-------------------|
| Maine .....  | \$2,877,818                  | \$2,053,200              | \$4,931,018              | \$7,946,576              | \$3,015,558       | .....             |
| New Hampshire .....                                  | 1,461,138                    | 1,486,800                | 2,947,938                | 4,707,365                | 1,759,427         | .....             |
| Vermont .....  | 1,517,376                    | 1,380,600                | 2,897,976                | 6,898,440                | 4,000,464         | .....             |
| Massachusetts .....                                  | 6,689,889                    | 12,549,300               | 19,239,189               | 59,051,019               | 39,811,832        | .....             |
| Rhode Island .....                                   | 997,747                      | 1,752,300                | 2,750,047                | 13,269,820               | 10,519,773        | .....             |
| Connecticut .....                                    | 2,467,152                    | 4,566,600                | 7,033,752                | 17,831,798               | 10,798,047        | .....             |
| <b>Total Eastern States .....</b>                    | <b>16,011,120</b>            | <b>23,788,800</b>        | <b>39,799,920</b>        | <b>109,705,018</b>       | <b>69,905,101</b> | <b>.....</b>      |
| New York .....                                       | 20,118,813                   | 38,267,400               | 58,386,213               | 59,299,049               | 912,838           | .....             |
| New Jersey .....                                     | 4,159,382                    | 5,540,100                | 9,699,482                | 11,092,810               | 1,393,328         | .....             |
| Pennsylvania .....                                   | 16,167,317                   | 22,425,900               | 38,593,217               | 42,092,711               | 3,499,495         | .....             |
| Delaware .....                                       | 573,873                      | 566,400                  | 1,140,273                | 1,285,975                | 145,702           | .....             |
| Maryland .....                                       | 3,584,651                    | 3,787,800                | 7,372,451                | 9,282,327                | 1,909,876         | .....             |
| <b>Total Middle States .....</b>                     | <b>44,604,036</b>            | <b>70,587,600</b>        | <b>115,191,636</b>       | <b>123,052,872</b>       | <b>7,861,239</b>  | <b>.....</b>      |
| District of Columbia .....                           | 604,560                      | 743,400                  | 1,347,960                | 1,462,291                | 114,331           | .....             |
| Virginia .....                                       | 5,624,042                    | 2,407,200                | 8,031,242                | 3,615,282                | .....             | \$4,415,961       |
| West Virginia .....                                  | 2,029,041                    | 1,115,100                | 3,144,141                | 2,385,430                | .....             | 758,711           |
| North Carolina .....                                 | 4,918,022                    | 1,539,900                | 6,457,922                | 1,824,545                | .....             | 4,633,377         |
| South Carolina .....                                 | 3,239,045                    | 1,221,300                | 4,460,345                | 2,167,420                | .....             | 2,292,925         |
| Georgia .....  | 5,435,587                    | 1,575,300                | 7,010,887                | 2,259,575                | .....             | 4,751,313         |
| Florida .....  | 861,846                      | 265,500                  | 1,127,346                | 27,000                   | .....             | 1,100,346         |
| Alabama .....  | 4,576,646                    | 1,185,900                | 5,762,546                | 1,380,003                | .....             | 4,382,543         |
| Mississippi .....                                    | 3,800,529                    | 1,239,000                | 5,039,529                | 4,876                    | .....             | 5,034,653         |
| Louisiana .....                                      | 3,336,863                    | 1,893,900                | 5,230,763                | 3,402,475                | .....             | 1,828,289         |
| Texas .....  | 3,757,640                    | 938,100                  | 4,695,740                | 817,700                  | .....             | 3,878,040         |
| Arkansas .....                                       | 2,223,936                    | 920,400                  | 3,144,336                | 243,895                  | .....             | 2,900,441         |
| Kentucky .....                                       | 6,064,027                    | 3,557,700                | 9,621,727                | 8,335,601                | .....             | 1,286,126         |
| Tennessee .....                                      | 5,777,118                    | 2,938,200                | 8,715,318                | 3,061,232                | .....             | 5,654,086         |
| Missouri .....                                       | 7,901,509                    | 7,557,900                | 15,459,409               | 5,908,379                | .....             | 9,551,031         |
| <b>Total Southern and South-western States .....</b> | <b>60,150,411</b>            | <b>29,098,800</b>        | <b>89,249,211</b>        | <b>36,895,704</b>        | <b>114,331</b>    | <b>52,467,842</b> |
| Ohio .....   | 12,234,726                   | 13,151,100               | 25,385,826               | 23,605,633               | .....             | 1,780,192         |
| Indiana .....  | 7,714,871                    | 7,469,400                | 15,184,271               | 14,905,266               | .....             | 279,005           |
| Illinois .....                                       | 11,659,230                   | 12,496,200               | 24,155,430               | 16,635,201               | .....             | 7,520,230         |
| Michigan .....                                       | 5,435,357                    | 4,230,300                | 9,665,657                | 7,389,873                | .....             | 2,275,784         |
| Wisconsin .....                                      | 4,841,403                    | 4,141,800                | 8,983,203                | 3,231,986                | .....             | 5,751,217         |
| Iowa .....   | 5,481,081                    | 4,240,300                | 9,721,381                | 5,602,869                | .....             | 4,108,513         |
| Minnesota .....                                      | 2,018,445                    | 1,345,200                | 3,363,645                | 3,393,501                | 29,856            | .....             |
| Kansas .....   | 1,672,754                    | 1,115,100                | 2,787,854                | 1,514,621                | .....             | 1,273,233         |
| Nebraska .....                                       | 564,592                      | 407,100                  | 971,692                  | 895,960                  | .....             | 75,792            |
| <b>Total Western States .....</b>                    | <b>51,622,459</b>            | <b>48,586,500</b>        | <b>100,208,959</b>       | <b>77,174,850</b>        | <b>29,856</b>     | <b>23,063,966</b> |
| Nevada .....   | 195,052                      | 177,000                  | 372,052                  | 7,864                    | .....             | 364,189           |
| Oregon .....   | 417,377                      | 300,900                  | 718,277                  | 225,000                  | .....             | 493,277           |
| California .....                                     | 2,571,783                    | 3,752,400                | 6,324,183                | .....                    | .....             | 6,324,183         |
| Colorado .....                                       | 182,993                      | 121,900                  | 306,893                  | 608,190                  | 301,297           | .....             |
| Utah .....   | 398,386                      | 88,500                   | 486,886                  | 399,659                  | .....             | 87,227            |
| Idaho .....  | 68,852                       | 35,400                   | 104,252                  | 88,300                   | .....             | 15,952            |
| Montana .....  | 94,540                       | 88,500                   | 183,040                  | 266,795                  | 83,755            | .....             |
| Wyoming .....  | 41,855                       | 35,400                   | 77,255                   | 54,000                   | .....             | 23,255            |
| New Mexico .....                                     | 421,742                      | 194,700                  | 616,442                  | 267,900                  | .....             | 348,542           |
| Arizona .....  | 44,334                       | 17,700                   | 62,034                   | .....                    | .....             | 62,034            |
| Dakota .....   | 65,096                       | 35,400                   | 100,496                  | 45,000                   | .....             | 55,496            |
| Washington .....                                     | 109,964                      | 82,500                   | 192,464                  | .....                    | .....             | 192,464           |
| <b>Total Pacific States and Territories .....</b>    | <b>4,611,974</b>             | <b>4,938,300</b>         | <b>9,550,274</b>         | <b>1,962,708</b>         | <b>385,052</b>    | <b>7,972,619</b>  |
| <b>Grand total of States and Territories .....</b>   | <b>177,000,000</b>           | <b>177,000,000</b>       | <b>354,000,000</b>       | <b>348,791,152</b>       | <b>78,295,579</b> | <b>83,504,427</b> |



## VIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

The total circulation outstanding on November 1, 1874, including the amount (\$3,136,094) due to banks for mutilated notes destroyed, was \$351,927,246, leaving \$2,072,754 yet to be issued of the \$354,000,000 authorized.

Since the passage of the act of June 20, 1874, forty-six national banks have been organized, with a capital of \$4,019,000, to which circulation has been issued amounting to \$1,842,650. The amount of circulation still due to these banks, and to other banks previously organized, is \$3,707,000.

Applications have been made for the organization of sixty-four other national banks, with a capital of \$5,110,000, and circulation amounting to \$4,509,000 has been assigned to these proposed organizations.

Under section 4 of the act of June 20, 1874, \$7,714,550 of legal-tender notes have been deposited for the purpose of withdrawing from circulation the same amount of national-bank notes.

The following table exhibits, by States, the amount of circulating notes issued to national banks since the passage of the act of June 20, 1874; the amount authorized to be issued to banks already organized; the amount authorized to be issued to proposed organizations, and the amount of national-bank notes surrendered by the deposit of legal-tender notes:

| States and Territories.   | Issued to banks since June 20, 1874. | Authorized to be issued to banks already organized. | Authorized to be issued to proposed organizations. | Total.     | Amount surrendered by deposit of legal-tenders. |
|---------------------------|--------------------------------------|---|--|------------|---|
| Rhode Island.....         |                                      |   |  |            | \$153,900                                       |
| Connecticut.....          |                                      |   |  |            | 27,060  |
| New York.....             |                                      |   |  |            | 2,135,850                                       |
| Pennsylvania.....         |                                      |   |  |            | 35,200  |
| District of Columbia..... | \$48,000                             |   |  | \$48,000   |   |
| Virginia.....             | 51,800                               | \$45,000  |  | 96,800     |   |
| West Virginia.....        | 18,000                               | 50,000  | \$270,000  | 338,000    |   |
| North Carolina.....       | 58,500                               | 180,000   |  | 238,500    |   |
| South Carolina.....       |                                      |   | 180,000  | 180,000    | 405,000   |
| Georgia.....              |                                      |   | 45,000   | 45,000     | 45,000  |
| Florida.....              | 27,000                               | 63,000  |  | 90,000     |   |
| Alabama.....              | 45,000                               | 45,000  |  | 90,000     |   |
| Louisiana.....            |                                      |   | 135,000  | 135,000    | 374,000   |
| Texas.....                | 61,500                               | 118,500   | 180,000  | 360,000    |   |
| Kentucky.....             | 1,142,200                            | 499,350   | 45,000   | 1,686,550  |   |
| Tennessee.....            | 72,000                               | 198,000   | 45,000   | 315,000    | 67,500  |
| Missouri.....             |                                      |   | 90,000   | 90,000     | 2,320,050                                       |
| Ohio.....                 | 223,210                              | 452,010   | 1,395,000  | 2,070,220  | 140,850   |
| Indiana.....              | 645,070                              | 588,900   | 864,000  | 2,097,970  | 396,000   |
| Illinois.....             | 406,000                              | 432,000   | 495,000  | 1,333,000  | 989,200   |
| Michigan.....             | 136,000                              | 347,640   | 90,000   | 573,640    | 235,300   |
| Wisconsin.....            | 49,500                               | 49,500  | 45,000   | 144,000    | 76,500  |
| Iowa.....                 | 211,500                              | 229,500   | 315,000  | 756,000    | 43,200  |
| Minnesota.....            | 117,000                              | 107,100   |  | 224,100    | 45,000  |
| Kansas.....               |                                      | 112,500   | 180,000  | 292,500    |   |
| Nebraska.....             |                                      |   | 90,000   | 90,000     |   |
| Colorado.....             | 17,000                               | 189,000   |  | 206,000    |   |
| Utah.....                 |                                      |   |  |            | 225,000   |
| Dakota.....               |                                      |   | 45,000   | 45,000     |   |
| Total.....                | 3,330,180                            | 3,707,000   | 4,509,000  | 11,546,180 | 7,714,550                                       |

The Secretary of the Treasury has, upon the request of the Comptroller, as provided in section 8 of the act of June 20, 1874, issued circulars to the assistant treasurers, designated depositaries, and national-bank depositories of the United States, accompanied with a list of all banks which have failed, and which have gone into voluntary liquidation, directing them to assort and return for redemption the notes of those associations. The following table exhibits, by States, the amount of

national-bank notes outstanding of insolvent banks and of banks in voluntary liquidation.

| States and Territories.   | In voluntary liquidation. | Insolvent banks. | Total.       |
|---------------------------|---------------------------|------------------|--------------|
| Maine.....                | \$3,206 25                |                  | \$3,206 25   |
| Connecticut.....          |                           | \$960 50         | 960 50       |
| New York.....             | 907,260 75                | 370,068 25       | 1,277,329 00 |
| Pennsylvania.....         | 141,925 00                | 57,366 50        | 199,291 50   |
| Maryland.....             | 178,427 25                |                  | 178,427 25   |
| District of Columbia..... | 38,595 00                 | 392,596 00       | 431,191 00   |
| Virginia.....             | 123,676 75                | 579,400 00       | 703,076 75   |
| West Virginia.....        | 452,432 00                |                  | 452,432 00   |
| Georgia.....              | 4,244 75                  |                  | 4,244 75     |
| Alabama.....              |                           | 1,683 25         | 1,683 25     |
| Mississippi.....          | 3,485 00                  | 1,391 25         | 4,876 25     |
| Louisiana.....            | 261,000 00                | 390,324 50       | 651,324 50   |
| Arkansas.....             |                           | 4,995 00         | 4,995 00     |
| Kentucky.....             | 27,000 00                 |                  | 27,000 00    |
| Tennessee.....            | 342,341 00                | 2,121 25         | 344,462 25   |
| Missouri.....             | 239,038 50                |                  | 239,038 50   |
| Ohio.....                 | 316,655 10                | 79,500 00        | 396,155 10   |
| Indiana.....              | 60,383 75                 | 39,300 00        | 99,683 75    |
| Illinois.....             | 835,168 70                | 25,317 00        | 860,485 70   |
| Michigan.....             | 47,463 00                 |                  | 47,463 00    |
| Wisconsin.....            | 109,572 60                |                  | 109,572 60   |
| Iowa.....                 | 240,763 90                | 1,351 00         | 242,114 90   |
| Minnesota.....            | 8,740 00                  |                  | 8,740 00     |
| Kansas.....               | 90,000 00                 | 83,400 00        | 173,400 00   |
| Nevada.....               |                           | 7,863 50         | 7,863 50     |
| Utah.....                 | 10,768 00                 |                  | 10,768 00    |
| Montana.....              | 12,500 00                 |                  | 12,500 00    |
| Total.....                | 4,454,647 30              | 2,037,638 00     | 6,492,285 30 |

The amount of circulation now at the disposal of the Comptroller or hereafter to be placed at his disposal, for distribution from these different sources, is as follows:

|   |             |
|---|-------------|
| The portion of the \$354,000,000 authorized, remaining unissued.....                | \$2,072,754 |
| Notes of banks which have deposited lawful money for withdrawal of circulation..... | 7,714,550   |
| Notes in circulation of banks in liquidation.....                                   | 6,492,285   |
| Total.....  | 16,279,589  |

It is probable that of the notes of banks whose circulation is being retired, a sufficient amount will be returned and destroyed to supply all applications for new organizations for some months to come.

The Attorney-General, at the request of the Secretary of the Treasury, has, since the passage of the act of June 20, 1874, given an opinion, in which he holds that all circulating notes not withdrawn under the operation of that act, may be redistributed, as provided by the previous acts; and that it is the duty of the Comptroller to make requisition at such times and in such amounts as may be necessary for the purpose of supplying banks that have been organized in States which are deficient. Upon this point the Attorney-General says:

As applications are duly made for circulating notes, that is, the banks having filed their bonds and otherwise complied with the requirements of law, the Comptroller is to issue and deliver the notes to them, and then is to "proceed forthwith" to make requisitions upon the banks pointed out by the act, to withdraw and redeem of their circulation so much as is necessary to equal the issues previously made. It is probable that this course of proceeding would result temporarily in a greater amount than \$354,000,000 of circulating notes, were it not for the sums withdrawn and redeemed under the fourth and eighth sections of the act; these sums are so large, that there is little danger of overstepping the limit fixed by law.

When the amounts withdrawn and destroyed under the fourth and eighth sections of the act of June 20, 1874, referred to by the

## X REPORT OF THE COMPTROLLER OF THE CURRENCY.

Attorney-General, shall have been re-issued, it will be the duty of the Comptroller to make requisition upon banks organized in States having an excess—first, by reducing in such States to \$1,000,000 the circulation of all banks having more than that amount; and secondly, by withdrawing from other banks having a circulation exceeding \$300,000, their circulation, *pro rata*, in excess of that amount. The amount subject to withdrawal under sections 7 and 9 of the act of June 20, 1874, in States having more than their proportion of circulation, is as follows:

|  |                   |
|--|-------------------|
| From four banks in New York City .....   | \$1,388,538       |
| From seventeen banks in Providence .....   | 2,818,100         |
| From fifteen banks in Connecticut .....  | 3,034,020         |
| From thirty-eight banks in Boston .....  | 12,853,750        |
| From twenty banks in Massachusetts .....   | 2,553,225         |
| From four banks in Maine .....   | 668,000           |
| From four banks in Vermont .....   | 595,600           |
| From twelve banks in Baltimore .....   | 2,112,876         |
| From one bank in Delaware .....  | 99,850            |
| From forty-one banks in Pennsylvania .....   | 3,967,195         |
| From eleven banks in New Jersey .....  | 980,000           |
| Add amount of circulation remaining unissued and amount to be withdrawn<br>as stated on the preceding page ..... | 16,279,589        |
| <b>Total .....</b>   | <b>47,350,743</b> |

The aggregate amount of circulation at the disposal, or hereafter to be placed at the disposal, of the Comptroller for redistribution among the States which are deficient, is therefore \$47,350,743.

The following comparative table exhibits, by States, the amount of circulation outstanding, the amount per capita, and its ratio to wealth and capital, prior to and since the organization of the national banks:

*Comparative table, exhibiting by States the bank circulation, the amount per capita, and the ratio of circulation to wealth and to capital, previous to the organization of the national banking system and in 1874.*

| States and Territories.           | Bank circulation. |                    | Circulation per capita. |              | Ratio of circulation to wealth. |                | Ratio of circulation to capital. |                |
|-----------------------------------|-------------------|--------------------|-------------------------|--------------|---------------------------------|----------------|----------------------------------|----------------|
|                                   | 1862.             | 1874.              | 1862.                   | 1874.        | 1862.                           | 1874.          | 1862.                            | 1874.          |
|                                   |                   |                    |                         |              | <i>Per ct.</i>                  | <i>Per ct.</i> | <i>Per ct.</i>                   | <i>Per ct.</i> |
| Maine .....                       | \$6,488,478       | \$7,946,576        | \$10 33                 | \$12 67      | 3.4                             | 2.2            | 81.3                             | 80.8           |
| New Hampshire .....               | 4,192,034         | 4,707,365          | 12 86                   | 14 79        | 2.6                             | 1.0            | 85.3                             | 87.7           |
| Vermont .....                     | 5,621,851         | 6,898,440          | 17 84                   | 20 87        | 4.6                             | 2.9            | 143.7                            | 82.5           |
| Massachusetts .....               | 28,957,630        | 59,051,019         | 23 52                   | 40 52        | 3.5                             | 2.0            | 42.8                             | 63.5           |
| Rhode Island .....                | 6,413,404         | 13,269,820         | 36 73                   | 61 05        | 4.7                             | 4.4            | 30.7                             | 64.7           |
| Connecticut .....                 | 13,842,758        | 17,831,798         | 30 08                   | 33 18        | 3.1                             | 2.3            | 63.5                             | 70.0           |
| <b>Total Eastern States .....</b> | <b>65,516,155</b> | <b>109,705,018</b> | <b>20 90</b>            | <b>31 45</b> | <b>3.5</b>                      | <b>2.7</b>     | <b>51.7</b>                      | <b>67.4</b>    |
| New York .....                    | 39,182,819        | 59,299,049         | 10 10                   | 13 53        | 2.1                             | 0.9            | 36.0                             | 54.7           |
| New Jersey .....                  | 8,172,398         | 11,092,810         | 12 16                   | 12 24        | 1.7                             | 1.1            | 99.8                             | 79.8           |
| Pennsylvania .....                | 27,689,504        | 42,092,711         | 9 53                    | 11 95        | 1.9                             | 1.1            | 106.8                            | 78.1           |
| Delaware .....                    | 678,340           | 1,285,975          | 6 04                    | 10 28        | 1.5                             | 1.3            | 176.2                            | 84.4           |
| Maryland .....                    | 6,649,030         | 9,282,327          | 9 68                    | 11 88        | 1.8                             | 1.4            | 54.9                             | 67.3           |
| <b>Total Middle States .....</b>  | <b>82,372,091</b> | <b>123,052,872</b> | <b>9 97</b>             | <b>12 66</b> | <b>2.0</b>                      | <b>1.0</b>     | <b>53.1</b>                      | <b>64.2</b>    |
| District of Columbia .....        | 1,462,291         | 3,615,282          | 11 13                   | 2 96         | 2.5                             | 0.9            | 120.2                            | 91.9           |
| Virginia .....                    | 19,817,148        | 2,385,430          | 12 41                   | 5 39         | 1.2                             | 0.7            | 111.2                            | 82.9           |
| West Virginia .....               | 5,218,598         | 1,624,545          | 5 26                    | 1 70         | 1.4                             | 0.7            | 68.3                             | 69.1           |
| North Carolina .....              | 6,089,036         | 2,167,420          | 8 65                    | 3 07         | 1.1                             | 1.0            | 40.7                             | 79.7           |
| South Carolina .....              | 8,311,728         | 2,259,575          | 7 86                    | 1 90         | 1.3                             | 0.8            | 50.2                             | 33.7           |
| Florida .....                     | 116,259           | 27,000             | 8 2                     | 14           | 0.1                             | 0.1            | 27.3                             | 84.9           |
| Alabama .....                     | 5,053,222         | 1,380,003          | 5 24                    | 1 38         | 1.0                             | 0.6            | 101.5                            | 0.0            |
| Mississippi .....                 |                   | 4,876              |                         | 01           |                                 | 0.0            |                                  | 76.5           |
| Louisiana .....                   | 8,876,519         | 3,402,475          | 12 54                   | 4 70         | 1.5                             | 1.0            | 51.1                             | 70.8           |
| Texas .....                       |                   | 817,700            |                         | 09           |                                 | 0.5            |                                  |                |

## REPORT OF THE COMPTROLLER OF THE CURRENCY. XI

*Comparative table, exhibiting by States the bank circulation\*, &c.—Continued.*

| States and Territories.                    | Bank circulation. |             | Circulation per capita. |        | Ratio of circulation to wealth. |                | Ratio of circulation to capital. |                |
|--|-------------------|-------------|-------------------------|--------|---------------------------------|----------------|----------------------------------|----------------|
|  | 1862.             | 1874.       | 1862.                   | 1874.  | 1862.                           | 1874.          | 1862.                            | 1874.          |
| Arkansas.....                              |                   | \$243,895   |                         | \$0 50 | <i>Per ct.</i>                  | <i>Per ct.</i> | <i>Per ct.</i>                   | <i>Per ct.</i> |
| Kentucky.....                              | \$9,035,724       | 8,335,601   | \$7 82                  | 6 31   | 1.3                             | 1.3            | 65.5                             | 83.2           |
| Tennessee.....                             | 4,540,906         | 3,061,232   | 4 09                    | 2 43   | 0.9                             | 0.7            | 137.4                            | 86.0           |
| Missouri.....                              | 4,037,277         | 5,908,379   | 3 42                    | 3 43   | 0.8                             | 0.4            | 35.9                             | 64.3           |
| Total Southern and Southwestern States     | 71,098,408        | 36,895,704  | 6 17                    | 2 81   | 1.1                             | 0.7            | 66.3                             | 79.5           |
| Ohio.....                                  | 9,057,837         | 23,605,633  | 3 87                    | 8 86   | 0.7                             | 1.9            | 159.6                            | 80.8           |
| Indiana.....                               | 6,782,890         | 14,905,266  | 5 02                    | 8 09   | 1.3                             | 1.1            | 150.9                            | 81.5           |
| Illinois.....                              | 619,286           | 16,635,201  | 36                      | 6 55   | 0.1                             | 0.8            | 31.4                             | 81.8           |
| Michigan.....                              | 131,087           | 7,389,873   | 17                      | 6 24   | 0.0                             | 1.0            | .....                            | 72.0           |
| Wisconsin.....                             | 1,643,200         | 3,231,986   | 2 12                    | 3 06   | 0.6                             | 0.4            | 53.8                             | 84.7           |
| Iowa.....                                  | 1,249,000         | 5,602,869   | 1 85                    | 4 09   | 0.5                             | 0.7            | 156.5                            | 89.4           |
| Minnesota.....                             | 198,494           | 3,393,501   | 1 15                    | 7 71   | 0.4                             | 1.5            | 62.4                             | 76.3           |
| Kansas.....                                | 2,770             | 1,514,621   | 03                      | 4 16   | 0.0                             | 0.8            | 5.3                              | 83.1           |
| Nebraska.....                              |                   | 895,900     |                         | 7 28   |                                 | 1.3            |                                  | 87.4           |
| Total Western States..                     | 19,684,564        | 77,174,850  | 2 49                    | 6 86   | 0.6                             | 0.9            | 125.4                            | 80.8           |
| Nevada.....                                |                   | 7,864       |                         | 18     |                                 |                |                                  | 0.0            |
| Oregon.....                                |                   | 225,000     |                         | 2 47   |                                 | 0.4            |                                  | 90.0           |
| California.....                            |                   |             |                         |        |                                 |                |                                  |                |
| Colorado.....                              |                   | 608,190     |                         | 15 26  |                                 | 3.0            |                                  | 71.5           |
| Utah.....                                  |                   | 399,659     |                         | 4 60   |                                 | 2.4            |                                  | 88.8           |
| Idaho.....                                 |                   | 88,300      |                         | 5 90   |                                 | 1.3            |                                  | 88.3           |
| Montana.....                               |                   | 266,795     |                         | 12 95  |                                 | 1.7            |                                  | 76.2           |
| Wyoming.....                               |                   | 54,000      |                         | 5 92   |                                 | 0.7            |                                  | 43.2           |
| New Mexico.....                            |                   | 267,900     |                         | 2 91   |                                 | 0.8            |                                  | 89.3           |
| Arizona.....                               |                   |             |                         |        |                                 |                |                                  |                |
| Dakota.....                                |                   | 45,000      |                         | 3 17   |                                 | 0.7            |                                  | 90.0           |
| Total Pacific States and Territories.....  |                   | 1,962,708   |                         | 2.00   |                                 | 0.1            |                                  | 79.3           |
| Grand total of States and Territories..... | 238,671,210       | 348,791,152 | 7 59                    | 9 04   | 1.5                             | 1.1            | 58.9                             | 69.9           |

\* The circulation of the State banks in the year 1862 has been obtained from page 210 of the report of the Secretary of the Treasury on the condition of the banks at the commencement of the year 1863. The returns from Delaware, Maryland, Louisiana, Tennessee, and Kentucky were not complete. The aggregate amount of State bank circulation reported at that time was much greater than at any previous period.

## REDEMPTION.

The amount of legal-tender notes authorized is \$382,000,000; the amount of national-bank notes, \$354,000,000. The amount of legal-tender notes, under the act of June 20, 1874, cannot be reduced, but must remain continually in circulation; the amount of national-bank notes, however, may be reduced at the pleasure of the banks. If the value of the paper dollar be determined by the amount of such money in circulation, then the national-bank note is more valuable than the legal-tender note. The national-bank notes outstanding are secured by a deposit of more than \$385,000,000 of United States bonds, which are at a premium of more than 12 per cent. If the United States bonds be not of sufficient value to pay the notes, the capital and surplus of the banks, amounting to \$622,000,000, as well as their entire assets, are available for that purpose. The stockholders are individually liable for the full amount of their stock, in addition to the amount invested in such shares, and the United States guarantees the final payment of the notes. There are, then, absolute assets for more than three times the

## XII REPORT OF THE COMPTROLLER OF THE CURRENCY.

amount of the national-bank notes outstanding, available for the redemption of these notes, and, in addition, the contingent liability of the shareholders and the guarantee of their final payment by the United States. It is certain, therefore, that the demand for legal-tender notes in exchange for national-bank notes is not based on the conviction that the former are more valuable than the latter.

Individuals may desire to exchange national-bank notes for legal-tender notes, for the purpose of obtaining a legal tender for the payment of debts. National banks may desire to exchange the notes of other banks for legal-tender notes, either because, under the law, legal-tender notes may be held as a portion of their reserve, or for the purpose of obtaining new notes in place of those which are soiled and mutilated.

If an individual shall desire legal-tender notes for the purpose of making a lawful tender of money, such notes can readily be obtained in any reasonable amount, without charge, of any of the two thousand national banks which are located in the several cities and villages of the Union.

The act of June 20, 1874, which provides for the redemption of national-bank notes with legal-tender notes at the Treasury, also reduces the amount of legal-tender notes required for the reserves of the banks more than \$20,000,000, or about one-sixth of the entire amount so required. It also fixes the amount of legal-tender notes at \$382,000,000, an increase of \$26,000,000; the demand for legal-tender notes by the banks being, therefore, under the operation of that act, largely reduced, while at the same time the supply is increased.

The exchange of national-bank notes for new notes at the Treasury is, therefore, chiefly desirable on account of their mutilated condition. The national banks have held in their vaults during the last five years about one-third of the entire amount of legal-tender notes issued, while the whole issue of national-bank notes has been continually in circulation. While, therefore, a large portion of the legal-tender notes has been unused, or not in active circulation, the entire amount of the national-bank notes has been performing the functions of currency. These notes have therefore become worn out and mutilated, so that the substitution of new notes therefor has become necessary.

Previous to the organization of the national-banking system, the Suffolk Bank, of Boston, compelled the redemption of the notes of the New England banks at par, in Boston, by a system of assorting and returning the notes to the place of issue; and by a similar method, with the aid of legislation, the notes of the State of New York were redeemed at the commercial center at a discount of one-fourth of 1 per cent. These notes were redeemed in specie funds, and their redemption was frequently demanded because specie funds were more desirable, and, being more desirable, the redemption was a source of profit, directly or indirectly, to the redemption-agents. But there are now in circulation more than seven thousand different kinds of notes, issued by twenty-two hundred national banks, amounting to \$351,927,246, and the notes of each denomination of all the banks are so nearly alike that the process of assorting and redemption is too burdensome and expensive to be voluntarily undertaken by the banks at the commercial center. The act of June 20, therefore, wisely provides for the renovation of the circulation, the expense of transportation and assorting to be at the expense of the banks. The chief object of the law was the purification of the circulation, rather than its redemption, in the proper sense of that word. If, for example, the bank circulation of New England, amounting to

\$110,000,000, consisted of worn-out notes, and the bank-circulation of the Middle States, amounting to \$124,000,000 of notes in good condition, and if the law provided for the redemption of the notes of the New England States in the notes of the Middle States at the Treasury, and also, that the notes of the banks in the Middle States should be counted as a reserve by the New England banks when held by them, an exchange, or redemption, so called, of circulating-notes would take place similar to that now in operation.

No real redemption can be expected so long as the amount of notes to be redeemed is less than the amount of notes in which they are to be redeemed. If Congress should provide for the withdrawal of legal-tender notes and for the issue of national bank notes, as needed, in place thereof when the amount of legal-tender notes should be reduced to, say \$300,000,000, the legal-tender notes would then be in demand; and in proportion as they should be reduced in amount the demand for them would increase, until, finally, when the amount of bank-notes issued should be largely in excess of the amount of legal-tender notes outstanding, the national-bank notes would themselves be withdrawn at certain seasons of the year, on account of the difficulty or expense of obtaining lawful money with which to redeem them. The gold coin of the country would then make its appearance in answer to the demand for an additional amount of lawful money, and specie payment would follow. Redemption, in its proper sense, implies the exchange of a promise to pay for the thing promised—namely, coin, or its representative which is convertible into coin on demand. The effect of such redemption is to confine banks of issue to a legitimate business, which is the discounting of commercial paper. If banks of issue are obliged to pay their circulating-notes once in sixty or ninety days, they must discount such promissory-notes only as will certainly be paid within that time. If the payment of bank-notes be frequently demanded, banks of issue cannot safely invest their capital in real-estate loans, in doubtful stocks or bonds, in accommodation notes which require renewal, or in loans on doubtful security, but must have their capital at all times invested in loans which will be promptly paid at maturity. Such a condition indicates a healthful business, and promotes sound banking; and the reduction of the amount of legal-tender notes, accompanied with such increase of national-bank notes as may be required, will secure a proper system of redemption, render free banking practicable, and gradually restore specie payments without necessarily decreasing the amount of the circulating medium.

The Treasurer, on June 25th, last, issued a circular to the national banks, requesting them to deposit 5 per cent. on their circulation with him, as provided in section 3 of the act of June 20; and on the 1st day of August nearly the whole amount (\$16,524,583) had been received, since which time the banks have, with but few exceptions, promptly responded to the requisitions of the Treasurer. Some delay occurred in the office of the Treasurer at the outset, on account of a lack of force and the difficulty of assorting, but the work of purifying the currency is now in successful operation, and since the passage of the act \$19,773,220 of mutilated notes have been delivered by the Treasurer to the Comptroller for destruction.

Circulars have been issued to all the national banks, requesting them to designate the denominations of new notes to be issued in place of the notes destroyed, which new notes are promptly transmitted to the banks immediately upon receiving notice from the Treasurer that he has been reimbursed for the amount redeemed as required by law; and

## XIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

it is probable that during the next year about \$120,000,000 will be delivered to this Office for the same purpose, and new notes issued therefor.

The redemption, or, more properly, the exchange of mutilated national-bank notes for new issues will continue in large amounts until the national-bank notes shall have been rendered fit for circulation, when the demand for such exchange will depend almost entirely upon the demand for legal-tender notes by the national banks as a reserve, which demand, as has been seen, has been largely reduced by the provisions of the new act.

The new notes are being issued with the charter-number conspicuously printed upon them in two places, which will hereafter greatly simplify and lessen the labor of assorting them. In the course of about three years the entire volume of national-bank notes will have been renewed, after which, if the amount of legal tenders shall be reduced, a true system of redemption may be inaugurated, through which the notes will be assorted and returned to the place of issue by the banks at the commercial centers.

The following table exhibits the amount of mutilated notes returned to this Office for destruction, yearly, during the twelve years since the organization of the national banking system, from which it will be seen that \$185,354,386, or more than one-half of the whole amount outstanding, has been so returned for destruction, of which \$167,520,535 has been destroyed during the last five years:

|  |               |
|--|---------------|
| Previous to November 1, 1865 .....                                 | \$175, 490    |
| During the year ending October 31, 1866 .....                      | 1, 650, 382   |
| During the year ending October 31, 1867 .....                      | 3, 401, 423   |
| During the year ending October 31, 1868 .....                      | 4, 602, 825   |
| During the year ending October 31, 1869 .....                      | 8, 603, 729   |
| During the year ending October 31, 1870 .....                      | 14, 305, 689  |
| During the year ending October 31, 1871 .....                      | 24, 344, 047  |
| During the year ending October 31, 1872 .....                      | 30, 211, 720  |
| During the year ending October 31, 1873 .....                      | 36, 433, 171  |
| During the year ending October 31, 1874 .....                      | 31, 349, 253  |
| Under act June 20, 1874 .....                                      | 19, 773, 220  |
| Additional amount destroyed of notes of banks in liquidation ..... | 11, 103, 435  |
| Total .....  | 185, 354, 386 |

## RESERVE.

The national-bank act required that the national banks in New York City should hold, in lawful money, an amount equal to at least 25 per cent. of their deposits and circulation as a reserve-fund; that the banks in the other redeeming cities should also hold 25 per cent. of their deposits and circulation as a reserve, but that "each of such associations may keep one-half of its lawful-money reserve in cash-deposits in the city of New York." Every other association was required "to have on hand, in lawful money of the United States, an amount equal to at least 15 per cent. of the aggregate amount of its notes in circulation and of its deposits," three-fifths of which amount could consist of balances due from approved associations in the redemption cities. The act of June 20, 1874, repealed the provision requiring the national banks to hold reserve upon circulation. It also provides that the national banks shall at all times have on deposit in the Treasury of the United States, in lawful money, a sum equal to 5 per cent. of their circulation, to be held and used for the redemption of such circulation, which amount is authorized to be counted as a part of the lawful reserve on deposits; the circulation of the banks to be redeemed only at the counter of the

bank and at the Treasury. The act abolished the agencies at which the circulation had been previously redeemed; and a strict construction of its provisions would require national banks, not located in the redemption cities, to hold in their own vaults the whole amount of their reserve, except the 5 per cent. upon circulation which is to be kept on deposit in the Treasury. The banks in the redemption cities are, however, still authorized "to keep one-half of their lawful-money reserve in cash-deposits in the city of New York." The bill which passed the House during the last session provided "that sections thirty-one and thirty-two of the national-bank act be amended by requiring that each of the said associations shall keep its lawful-money reserve within its own vaults at the place where its operations of discount and deposit are carried on." This bill, as subsequently amended and passed by the Senate, contained substantially the same provision, but it was finally lost in the House and went to a conference committee, which committee reported the present law, omitting the clause last quoted. It is true that the act, as approved, abolishes the redemption agencies; but as banks located in the redemption cities are still authorized by the act previously in force to hold one-half of their reserve in the city of New York, the Comptroller construed the intent and meaning of the act to be to abolish the reserve on circulation, and to authorize the 5-per-cent. deposit in the Treasury to be counted as a part of the reserve on deposits, the remainder of the reserve to be held, as formerly, in the vaults of the banks and with their reserve agents, as provided by sections 31 and 32 of the national-bank act.

Since the passage of the act two reports have been made by the national banks of the country; one on the 26th day of June, a few days after its passage, and the other on the 2d day of October.

The reports of the condition of the banks on October 2, 1874, show that the amount of lawful-money reserve required under the act of June 20, 1874, was, for country banks, \$43,800,033, of which \$12,763,448 was required to be kept on hand, and \$11,891,414 in the Treasury to redeem circulation. For banks in redemption cities the necessary reserve was \$53,738,059, of which \$25,019,991 was required to be kept on hand, and \$3,698,078 in the Treasury to redeem circulation; and for banks in New York City the reserve required was \$51,155,072, of which \$49,690,456 was required to be kept on hand, and \$1,464,616 in the Treasury to redeem circulation. Under the act of June 20, 1874, therefore, the whole amount of legal-tender notes required to be held was: in the vaults of the banks \$87,473,895, and in the Treasury \$17,054,108—in all \$104,528,003.\*

\* If the amount and the distribution of the reserves held by the national banks under the national bank act had been in precise accordance with the requirements and provisions thereof, the minimum of cash reserve released under the operation of the act of June 20, 1874, would be, on the basis of the figures of the report for October 2, 1874: for New York City banks, 25 per cent. of their circulation, or \$6,322,945; for banks in other redemption cities, 15½ per cent. of their circulation, or \$11,207,103; and for country banks, 7 13-32 per cent. of their circulation, or \$17,338,041: in all, \$34,868,089.

For example: If a bank in New York had a circulation of, say, \$1,000,000, it held thereon, under the national-bank act, a reserve of 25 per cent., or \$250,000, all of which is now released.

If a bank in any of the other redemption cities had a circulation of, say, \$400,000, it held a reserve of 25 per cent., or \$100,000, but only one-half of this, or \$50,000, on hand, while the other half could have been deposited in New York, the New York bank holding 25 per cent. of this half as reserve. Now, there is released the \$50,000 held on hand, and in addition the 25 per cent. reserve which the New York bank would have held for the deposit made with it, or 25 per cent. of \$50,000, which being added to the first-named \$50,000 makes \$62,500, or 15½ per cent. of the circulation of the redemption city bank.

If a country bank had a circulation of, say, \$100,000, it held thereon a reserve of 15 per cent., or \$15,000, but only 2-5 of this, or \$6,000, on hand; while the remaining 3-5 could have been deposited in a redemption city bank. The latter bank would have held a reserve of 25 per cent. of the amount deposited, one-half on hand, and one-half in New York, and on the last portion the New York bank in turn would have held a reserve of 25 per cent.; so that there is now released the 6 per cent., or \$6,000, held on hand by the country bank, the one-half of the reserve for the remainder held by the redemption city bank, equal to 1½ per cent., or \$1,125, and the reserve for the still remaining amount held by the New York bank, equal to 9-32 per cent., or \$281.25; in all, \$7,406.25, or 7 13-32 per cent. of the country bank's circulation.



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Under the national bank-act previously in force, the amount necessary for reserve would have been, at that date, (October 2, 1874,) for country banks, \$78,915,055, the proportion to be kept on hand being \$31,566,022; for banks in the redemption cities \$71,669,424, the proportion to be kept on hand being \$35,834,712, and for banks in New York City \$57,478,017, all of which must have been kept on hand. The whole amount of legal-tender money required to be held in the vaults of the banks under the national-bank act would, therefore, have been \$124,878,751, from which, deducting the amount required to be kept on hand and in the Treasury, under the law now in force (\$104,528,003), it will be seen that legal-tender notes to the amount of \$20,350,748 are released from the reserves of the banks, as is shown by the following table, which also exhibits the whole amount of reserve held October 2, 1874, and the various items composing it.

| Location of banks.           | Reserve re-quired.    |                     | Re-serve held.   | Legal-tender reserve required. |                   |                  |                     | Legal-tender reserve released by act of June 20, 1874. | Classification of re-serve held. |                  |                     |
|------------------------------|-----------------------|---------------------|------------------|--------------------------------|-------------------|------------------|---------------------|--|----------------------------------|------------------|---------------------|
|                              | Act of June 20, 1874. | Nation-al-bank act. |                  | Act of June 20, 1874.          |                   |                  | Nation-al-bank act. |  | Due from agents.                 | Specie.          | Other lawful money. |
|                              |                       |                     |                  | In bank.                       | In the Treas-ury. | Total.           |                     |  |                                  |                  |                     |
|                              | <i>Millions.</i>      | <i>Millions.</i>    | <i>Millions.</i> | <i>Millions.</i>               | <i>Millions.</i>  | <i>Millions.</i> | <i>Millions.</i>    | <i>Millions.</i>                                       | <i>Millions.</i>                 | <i>Millions.</i> | <i>Millions.</i>    |
| States and Terri-tories..... | 43.8                  | 78.9                | 100.4            | 12.8                           | 11.9              | 24.7             | 31.6                | 6.9  | 52.7                             | 2.2              | 45.5                |
| Redemption cities.           | 53.7                  | 71.7                | 74.7             | 25.0                           | 3.7               | 28.7             | 35.8                | 7.1  | 31.1                             | 3.2              | 40.4                |
| New York City...             | 51.2                  | 57.4                | 68.3             | 49.7                           | 1.5               | 51.2             | 57.5                | 6.3  | .....                            | 14.4             | 53.9                |
| Total .....                  | 148.7                 | 208.0               | 243.4            | 87.5                           | 17.1              | 104.6            | 124.9               | 20.3   | 83.8                             | 19.8             | 139.8               |

The following table exhibits the amount of liabilities and reserve held by national banks at three periods of each year, from 1870 to the present time:

## STATES AND TERRITORIES, EXCLUSIVE OF REDEMPTION-CITIES.

| Dates.                | Num-ber of banks. | Liabilities.    |                 |                 | Reserve req'ed. | Reserve held.   | Ratio of reserve. | Classification of reserve. |                 |                     |
|-----------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------------|-----------------|---------------------|
|                       |                   | Circula-tion.   | Net de-posits.  | Total.          |                 |                 |                   | Due from agents.           | Specie.         | Other lawful money. |
|                       |                   | <i>Millions</i> | <i>Millions</i> | <i>Millions</i> | <i>Millions</i> | <i>Millions</i> | <i>Per cent.</i>  | <i>Millions</i>            | <i>Millions</i> | <i>Millions</i>     |
| March 24, 1870.....   | 1,397             | 189.0           | 216.1           | 405.1           | 60.8            | 92.4            | 22.8              | 50.1                       | 3.3             | 39.0                |
| June 9, 1870 .....    | 1,396             | 188.7           | 219.1           | 407.8           | 61.2            | 92.0            | 22.6              | 49.0                       | 2.9             | 40.1                |
| October 8, 1870 ..... | 1,400             | 189.8           | 216.2           | 406.0           | 60.9            | 84.8            | 20.9              | 44.1                       | 2.4             | 37.3                |
| April 25, 1871.....   | 1,482             | 202.8           | 235.8           | 438.6           | 65.8            | 98.7            | 22.6              | 55.7                       | 2.5             | 40.5                |
| June 10, 1871 .....   | 1,497             | 204.2           | 241.1           | 445.3           | 66.8            | 101.7           | 22.8              | 59.3                       | 2.0             | 40.4                |
| October 2, 1871 ..... | 1,537             | 210.2           | 257.4           | 467.6           | 70.1            | 98.9            | 21.2              | 55.6                       | 1.8             | 41.5                |
| April 19, 1872.....   | 1,616             | 220.1           | 267.3           | 487.4           | 73.1            | 98.0            | 20.2              | 52.2                       | 2.6             | 43.2                |
| June 10, 1872 .....   | 1,626             | 222.0           | 268.8           | 490.8           | 73.6            | 101.8           | 20.7              | 57.8                       | 1.9             | 42.1                |
| October 3, 1872 ..... | 1,689             | 227.3           | 282.1           | 509.4           | 76.4            | 97.8            | 19.2              | 52.5                       | 2.0             | 43.3                |
| April 25, 1873.....   | 1,732             | 231.9           | 290.7           | 522.6           | 78.4            | 105.7           | 20.2              | 59.0                       | 1.6             | 45.1                |
| June 13, 1873 .....   | 1,737             | 232.8           | 294.9           | 527.7           | 79.2            | 108.9           | 20.6              | 62.3                       | 1.7             | 44.9                |
| September 12, 1873 .. | 1,747             | 233.1           | 303.8           | 536.9           | 80.6            | 110.5           | 20.6              | 63.9                       | 2.1             | 44.5                |
| May 1, 1874.....      | 1,751             | 235.8           | 296.2           | 532.0           | 78.4            | 112.6           | 21.6              | 60.1                       | 2.4             | 50.1                |
| June 26, 1874 .....   | 1,755             | 235.4           | 297.4           | 532.8           | 78.5            | 111.5           | 21.3              | 62.0                       | 2.2             | 47.3                |
| October 2, 1874 ..... | 1,774             | 234.1           | 293.4           | 527.5           | 79.2            | 100.6           | 19.1              | 52.7                       | 2.4             | 45.5                |

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## REDEMPTION CITIES.

| Dates.                  | Number of banks. | Liabilities. |               |          | Reserve req. red. | Reserve held. | Ratio of reserve. | Classification of reserve. |          |                     |
|-------------------------|------------------|--------------|---------------|----------|-------------------|---------------|-------------------|----------------------------|----------|---------------------|
|                         |                  | Circulation. | Net deposits. | Total.   |                   |               |                   | Due from agents.           | Specie.  | Other lawful money. |
|                         |                  | Millions     | Millions      | Millions | Millions          | Millions      | Percent.          | Millions                   | Millions | Millions            |
| March 24, 1870.....     | 164              | 69.3         | 156.4         | 225.7    | 56.4              | 70.9          | 31.4              | 23.3                       | 8.2      | 39.4                |
| June 9, 1870.....       | 162              | 69.0         | 162.1         | 231.1    | 59.3              | 75.3          | 31.8              | 25.6                       | 5.4      | 44.3                |
| October 8, 1870.....    | 161              | 69.1         | 147.6         | 216.7    | 54.2              | 63.7          | 29.4              | 22.2                       | 3.0      | 38.5                |
| April 29, 1871.....     | 171              | 71.6         | 179.6         | 251.2    | 62.8              | 79.1          | 31.5              | 29.4                       | 3.9      | 45.8                |
| June 10, 1871.....      | 172              | 72.5         | 189.9         | 262.4    | 65.6              | 83.1          | 31.7              | 33.1                       | 2.8      | 47.2                |
| October 2, 1871.....    | 176              | 74.6         | 188.1         | 262.7    | 65.7              | 75.3          | 28.7              | 31.2                       | 1.5      | 42.6                |
| April 19, 1872.....     | 176              | 76.6         | 183.9         | 260.5    | 65.1              | 71.4          | 27.4              | 29.9                       | 5.1      | 36.4                |
| June 10, 1872.....      | 176              | 76.8         | 198.1         | 274.9    | 68.7              | 79.1          | 28.8              | 33.7                       | 2.8      | 42.6                |
| October 3, 1872.....    | 180              | 78.1         | 179.6         | 257.7    | 64.4              | 66.8          | 25.9              | 28.2                       | 1.9      | 36.7                |
| April 25, 1873.....     | 181              | 78.2         | 196.0         | 274.2    | 68.6              | 72.4          | 26.4              | 29.5                       | 2.2      | 40.4                |
| June 13, 1873.....      | 182              | 78.2         | 210.5         | 288.7    | 72.2              | 80.8          | 28.0              | 34.9                       | 2.7      | 43.2                |
| September 12, 1873..... | 181              | 77.8         | 197.5         | 275.3    | 68.8              | 71.8          | 26.1              | 32.3                       | 3.2      | 36.3                |
| May 1, 1874.....        | 179              | 77.3         | 214.9         | 288.2    | 72.1              | 84.2          | 29.2              | 33.7                       | 5.1      | 45.4                |
| June 26, 1874.....      | 180              | 76.9         | 219.1         | 296.0    | 74.0              | 87.4          | 29.5              | 35.5                       | 4.5      | 47.4                |
| October 2, 1874.....    | 182              | 73.1         | 218.5         | 293.1    | 73.3              | 76.0          | 25.9              | 31.1                       | 4.5      | 40.4                |

## NEW YORK CITY.

|                         |    | Millions | Millions | Millions | Millions | Millions | Percent. | Millions | Millions | Millions |
|-------------------------|----|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| March 24, 1870.....     | 54 | 34.2     | 186.1    | 220.3    | 55.1     | 72.3     | 32.8     | .....    | 24.5     | 47.8     |
| June 9, 1870.....       | 54 | 33.5     | 189.9    | 223.4    | 55.9     | 72.4     | 32.4     | .....    | 18.8     | 53.6     |
| October 8, 1870.....    | 54 | 32.9     | 159.8    | 192.7    | 48.2     | 54.9     | 28.5     | .....    | 9.1      | 45.8     |
| April 29, 1871.....     | 54 | 31.8     | 195.1    | 226.9    | 56.7     | 65.7     | 29.0     | .....    | 11.9     | 53.8     |
| June 10, 1871.....      | 54 | 31.0     | 211.0    | 242.0    | 60.5     | 76.6     | 31.7     | .....    | 11.4     | 65.2     |
| October 2, 1871.....    | 54 | 30.6     | 191.3    | 221.9    | 55.5     | 59.2     | 26.7     | .....    | 8.7      | 50.5     |
| April 19, 1872.....     | 51 | 28.6     | 172.0    | 200.6    | 50.1     | 53.4     | 26.6     | .....    | 11.9     | 41.5     |
| June 10, 1872.....      | 51 | 28.3     | 196.9    | 225.2    | 56.3     | 65.6     | 29.1     | .....    | 15.2     | 50.4     |
| October 3, 1872.....    | 50 | 28.1     | 158.0    | 186.1    | 46.5     | 45.4     | 24.4     | .....    | 6.4      | 39.0     |
| April 25, 1873.....     | 49 | 28.0     | 163.6    | 191.6    | 47.9     | 47.3     | 24.7     | .....    | 13.1     | 34.2     |
| June 13, 1873.....      | 49 | 27.7     | 186.5    | 214.2    | 53.6     | 64.4     | 30.1     | .....    | 23.6     | 40.8     |
| September 12, 1873..... | 48 | 28.2     | 172.0    | 200.2    | 50.0     | 46.9     | 23.4     | .....    | 14.6     | 32.3     |
| May 1, 1874.....        | 48 | 27.2     | 207.6    | 234.8    | 58.7     | 71.3     | 30.4     | .....    | 25.0     | 46.3     |
| June 26, 1874.....      | 48 | 26.2     | 206.4    | 232.6    | 58.1     | 71.8     | 30.9     | .....    | 15.5     | 56.3     |
| October 2, 1874.....    | 48 | 25.3     | 204.6    | 229.9    | 57.5     | 68.3     | 29.7     | .....    | 14.4     | 53.9     |

## SUMMARY.

|                         |       | Millions | Millions | Millions | Millions | Millions | Percent. | Millions | Millions | Millions |
|-------------------------|-------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| March 24, 1870.....     | 1,615 | 292.5    | 558.6    | 851.1    | 172.3    | 235.5    | 27.7     | 73.4     | 36.0     | 126.1    |
| June 9, 1870.....       | 1,612 | 291.2    | 577.2    | 868.4    | 176.3    | 239.8    | 27.6     | 74.6     | 27.1     | 138.1    |
| October 8, 1870.....    | 1,615 | 291.8    | 523.5    | 815.3    | 163.8    | 203.4    | 24.9     | 66.3     | 14.5     | 122.6    |
| April 29, 1871.....     | 1,707 | 306.1    | 610.5    | 916.6    | 185.3    | 243.5    | 26.6     | 85.1     | 18.3     | 140.1    |
| June 10, 1871.....      | 1,723 | 307.8    | 641.9    | 949.7    | 192.9    | 261.4    | 27.5     | 92.4     | 16.2     | 152.8    |
| October 2, 1871.....    | 1,767 | 315.5    | 636.7    | 952.2    | 191.3    | 233.4    | 24.5     | 86.9     | 12.0     | 134.5    |
| April 19, 1872.....     | 1,843 | 325.3    | 623.2    | 948.5    | 188.4    | 222.9    | 23.5     | 82.1     | 19.6     | 121.2    |
| June 10, 1872.....      | 1,853 | 327.1    | 663.8    | 990.9    | 198.6    | 246.5    | 24.9     | 91.6     | 20.0     | 134.9    |
| October 3, 1872.....    | 1,919 | 333.5    | 619.8    | 953.3    | 187.4    | 209.9    | 22.1     | 80.7     | 10.2     | 119.0    |
| April 25, 1873.....     | 1,962 | 338.1    | 650.3    | 988.4    | 194.9    | 225.4    | 22.8     | 88.8     | 16.9     | 119.7    |
| June 13, 1873.....      | 1,968 | 338.8    | 691.9    | 1,030.7  | 204.9    | 254.1    | 24.7     | 97.1     | 28.0     | 129.0    |
| September 12, 1873..... | 1,976 | 339.1    | 673.3    | 1,012.4  | 199.5    | 229.1    | 22.6     | 96.1     | 19.9     | 113.1    |
| May 1, 1874.....        | 1,978 | 340.3    | 704.7    | 1,045.0  | 209.1    | 268.1    | 25.7     | 93.8     | 32.5     | 141.8    |
| June 26, 1874.....      | 1,983 | 338.5    | 713.0    | 1,051.5  | 210.6    | 270.7    | 25.7     | 97.5     | 22.3     | 150.9    |
| October 2, 1874.....    | 2,004 | 332.5    | 716.5    | 1,050.5  | 210.0    | 244.9    | 23.3     | 83.8     | 21.3     | 139.8    |

A table compiled from reports made to the New York clearing-house, will also be found in the appendix, showing the average liabilities and reserves of the national banks in New York City, weekly, during the months of September and October for the past five years.

These tables show that while the deposits of national banks have, during the last year, been much greater than the average since the organization of the system, the amount of lawful money held by them has also been much greater, the reserve in their own vaults being, at the date of their last reports, \$55,000,000, and the total reserve \$94,700,000, in excess of the requirements of the present act.

## XVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

One result of a financial crisis is a temporary contraction of the business of the country, so that a less amount of currency is needed. Hitherto, during financial crises, a large number of banks of issue have failed, and their circulating-notes have consequently been withdrawn; but no such reduction of currency followed the panic of September, 1873. Since that date fourteen national banks have failed, the aggregate capital of which was \$4,075,000, but the notes of these banks have continued in circulation as previously; and as both the national-bank notes and legal-tender notes have been increased, the volume of paper currency in circulation is greater than previous to the panic. Until the business of the country shall again resume its former activity, or a portion of the circulation shall be withdrawn, there will continue to be a redundancy, which is evident from the fact that, notwithstanding the amendment to the act releasing reserve upon circulation, and the low rates of interest which have prevailed at the commercial centers during the year, the banks held at the date of the last report a larger amount of cash than at any corresponding period for the last five years. The full effect of the act of June 20, 1874, which releases the reserve upon circulation, cannot, therefore, be ascertained from the reports of the banks until the business of the country shall be restored to its normal condition. A complete table showing the liabilities and the amount and different kinds of reserve of the national banks at five different periods since the date of the last annual report, and the aggregate amount held at different periods since January 6, 1868, will be found in the appendix.

## TAXATION, EARNINGS, AND DIVIDENDS.

National banks pay the following taxes to the Treasurer of the United States: One per cent., annually, on circulation outstanding, one-half of one per cent., annually, on deposits, and one-half of one per cent., annually, on capital not invested in United States bonds. These taxes are payable semi-annually.

The following table exhibits the amount of taxes\* collected by the Treasurer, annually, from the organization of the system to July 1, 1874:

| Year.      | On circulation. | On deposits.  | On capital.  | Aggregate.    |
|------------|-----------------|---------------|--------------|---------------|
| 1864.....  | \$53,069 97     | \$95,811 25   | \$18,402 23  | \$167,310 45  |
| 1865.....  | 733,247 59      | 1,087,530 86  | 133,251 15   | 1,954,029 60  |
| 1866.....  | 2,106,785 30    | 2,633,102 77  | 406,947 74   | 5,146,735 81  |
| 1867.....  | 2,868,636 78    | 2,650,180 07  | 321,881 36   | 5,840,698 21  |
| 1868.....  | 2,946,343 07    | 2,564,143 44  | 306,781 67   | 5,817,268 18  |
| 1869.....  | 2,957,416 73    | 2,614,553 58  | 312,918 68   | 5,884,888 99  |
| 1870.....  | 2,949,744 13    | 2,614,767 61  | 375,962 26   | 5,940,473 70  |
| 1871.....  | 2,987,021 69    | 2,802,840 85  | 385,292 13   | 6,175,154 67  |
| 1872.....  | 3,193,570 03    | 3,120,984 37  | 389,356 27   | 6,703,910 67  |
| 1873.....  | 3,353,186 13    | 3,196,569 29  | 454,891 51   | 7,004,646 93  |
| 1874.....  | 3,404,483 11    | 3,209,967 72  | 469,048 02   | 7,083,398 85  |
| Total..... | 27,553,531 53   | 26,590,451 81 | 3,574,733 02 | 57,718,616 06 |

\* The amount collected by the Commissioner of Internal Revenue from State banks, savings-banks, and private banks and bankers, during the fiscal year ended June 30, 1874, was as follows:

|  |                |
|--|----------------|
| Deposits.....                                    | \$2,067,118 77 |
| Deposits of savings banks having no capital..... | 386,425 49     |
| Capital.....                                     | 916,878 15     |
| Circulation.....                                 | *16,738 26     |
| Total.....                                       | 3,387,160 67   |

\* Of this amount, \$7,306.77 was derived from the tax of 10 per cent. upon unauthorized circulation.

The national banks, prior to May 1, 1871, paid to the Commissioner of Internal Revenue a license, or special tax, of two dollars on each \$1,000 of capital, and an income-tax on net earnings to December 31, 1871. The special or license-tax, from May 1, 1864, to May 1, 1871, amounted to \$5,322,688; the income-tax, from March 1, 1869, to September 1, 1871, amounted to \$5,539,289. The total amount of tax paid to the Government by the national banks, from the organization of the system to July 1, 1874, is, therefore, \$68,580,595.

The Comptroller, in his report for 1867, made a careful statement of the taxes collected from national banks under State laws for the year 1866, the information being derived from specific returns of about fourteen hundred national banks, the minimum rate in each State being estimated for those banks which made no returns. A similar statement was also made for the year ending December 31, 1867, and for the year ending September 30, 1869; from which is derived the following summary:

|                               |             |
|-------------------------------|-------------|
| State taxes paid in 1866..... | \$7,949,451 |
| State taxes paid in 1868..... | 8,813,126   |
| State taxes paid in 1869..... | 8,271,734   |

The State assessors of New York, in their report for 1873, state that "a very small portion of the capital employed by private bankers is assessed. The reason usually given the assessor in such cases is that the capital is all invested in Government bonds. \* \* \* Merchants and those engaged in mercantile pursuits pay little or no tax on capital, usually holding that their indebtedness amounts to as much as their capital. In the city of New York and a few other places the shares of national banks are assessed at par value. In the city of Hudson one bank pays tax on 120 per cent. of its capital. Two or three rates in the same county are not unusual. The Bank of Commerce in the city of New York paid more tax in 1872, on a capital of \$10,000,000, than any one of thirty-five counties in the State. \* \* \* There are in the State several banks or banking-houses of foreign states and Canada, seeking and receiving protection by our laws and from our courts, police, and citizens, that are not taxed. \* \* \* The amount of taxes paid by insurance companies in proportion to their capital and business is almost infinitesimal. Comparatively few make proper and legal returns required of incorporated companies for purposes of taxation. It is estimated that the aggregate capital of incorporated companies doing business in this State and subject to taxation is about \$2,000,000,000. A small percentage on this sum, if paid directly into the State treasury, would relieve the real estate from all State tax. The amount assessed to savings-banks is comparatively nothing, and found on the tax-rolls of only two or three counties."

The same system of assessment and taxation described by the assessors of the State of New York prevails to a great extent in every other State of the Union. The national banks make frequent returns of their condition to this Office, and section 40 of the national-bank act requires that a full and correct list of the names and residences of all shareholders of national banks shall be kept in the offices where their business is transacted, and shall be subject to the inspection of officers authorized to assess taxes under State laws. While few corporations make correct returns of their true condition for the purpose of taxation, the data for the assessment and taxation of national banks can always be obtained. The ratio of taxation under State laws during the last year upon bank capital in New York City was about 2.80 per cent.; in Buffalo, Albany and Troy, 4 to 5 per cent.; Boston, 2.34; Baltimore, 2.53; Cincinnati,

## XX REPORT OF THE COMPTROLLER OF THE CURRENCY.

2.57; Chicago, 2.34; Saint Louis, 2.44; Richmond, 2.07; Saint Paul, 3; Charleston, 3.50; Memphis, 3.20.

The average rate of taxation assessed upon the capital of the national banks of the country is estimated at from three to three and one-half per cent. Real-estate and personal property generally are assessed at not more than one-third of their actual value, but bank-shares are usually assessed at their full value; and there is no doubt that the ratio of taxation of the national banks is greater than that of any other species of property.

The amount of internal-revenue tax derived from the sale of the two-cent stamp affixed to sight drafts and checks was, for 1874, \$1,502,549. This stamp-tax is to a considerable extent evaded by the banks, and more frequently by depositors, by drawing post-notes, or bills of exchange at one day's sight, instead of on demand, and by substituting receipts for checks. It is recommended that the two-cent stamp tax be repealed; or if not repealed, that it be so amended as to require a stamp-tax upon all checks and drafts, and upon receipts in place of checks drawn upon banks and bankers, with a penalty of twenty dollars provided for each violation thereof.

The act of March 3, 1869, required specific returns to be made of the dividends and net earnings of the national banks, after the declaration of each dividend.

From these returns the following table has been prepared, exhibiting the aggregate capital and surplus, total dividends,\* and total net earnings of the national banks, with the ratio of dividends to capital, dividends to capital and surplus, and earnings to capital and surplus, for each half year, commencing March 1, 1869, and ending September 1, 1874; from which it will be seen that the average dividends upon capital during the last year were less than ten per cent., while the ratio of dividends to capital and surplus was less than eight per cent.

\* The following statement of the ten principal joint-stock banks of London, including their branches, exhibiting the capital, reserve, deposits, net profits, and dividends of each for the half year previous to July 1, 1874, has been compiled from balance-sheets of the banks published in the London Economist of October 17, 1874.

| No. | Banks.                            | Capital and surplus. | Deposits and acceptances. | Net profits for half year. | Proportion of net profits to capital. | Proportion of dividend to capital for half year ending— |                    |                    |                    |                    |                    |
|-----|-----------------------------------|----------------------|---------------------------|----------------------------|---------------------------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|     |                                   |                      |                           |                            |                                       | June 30, 1874.  | Dec. 31, 1873.     | June 30, 1873.     | Dec. 31, 1872.     | June 30, 1872.     | Dec. 31, 1871.     |
|     |                                   |                      |                           |                            | Per cent. per ann.                    | Per cent. per ann.                                      | Per cent. per ann. | Per cent. per ann. | Per cent. per ann. | Per cent. per ann. | Per cent. per ann. |
| 1   | London and Westminster            | £3,046,150           | £32,216,834               | £223,370                   | 22.34                                 | 20  | 24                 | 20                 | 20                 | 20                 | 18                 |
| 2   | London Joint Stock                | 1,705,283            | 21,870,615                | 139,221                    | 23.20                                 | 20  | 25                 | 20                 | 20                 | 20                 | 25 5-6             |
| 3   | London and County                 | 1,912,305            | 22,116,376                | 125,530                    | 19.74                                 | 20  | 20                 | 20                 | 20                 | 20                 | 19                 |
| 4   | Union                             | 1,845,000            | 19,208,383                | 140,484                    | 20.14                                 | 20  | 20                 | 20                 | 20                 | 20                 | 20                 |
| 5   | City                              | 770,000              | 7,150,056                 | 31,215                     | 10.40                                 | 10  | 10                 | 10                 | 10                 | 10                 | 9                  |
| 6   | Imperial, limited                 | 755,000              | 2,670,419                 | 26,989                     | 8.00                                  | 8   | 8                  | 8                  | 8                  | 8                  | 6                  |
| 7   | London and South-western, limited | 175,180              | 856,466                   | 7,200                      | 8.66                                  | 7   | 7                  | 6                  | 6                  | 5                  | 5                  |
| 8   | Consolidated, limited             | 905,000              | 3,108,930                 | 43,842                     | 10.96                                 | 10  | 10                 | 9                  | 9                  | 6                  | 7 1-2              |
| 9   | Central, limited                  | 116,500              | 711,832                   | 5,570                      | 11.14                                 | 8   | 8                  | 8                  | 8                  | 8                  | 6                  |
| 10  | Alliance, limited                 | 970,000              | 2,484,863                 | 35,722                     | 8.93                                  | 8   | 8                  | 7                  | 7                  | 6                  | 5                  |
|     | Totals                            | 12,900,418           | 112,394,714               | 779,445                    | 17.30                                 | 15.94   |                    |                    |                    |                    |                    |
|     | Bank of England, August 31, 1874  | 17,557,926           | *25,905,036               | 699,523                    | 9.60                                  | 10  | 10                 | 10                 | 10                 | 10                 |                    |

\* Public and other deposits, October 14, 1874.

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| Period of six months ending— | No. of banks. | Capital.      | Surplus.     | Total dividends. | Total net earnings. | RATIOS.               |                                   |                                  |
|------------------------------|---------------|---------------|--------------|------------------|---------------------|-----------------------|-----------------------------------|----------------------------------|
|                              |               |               |              |                  |                     | Dividends to capital. | Divid'nds to capital and surplus. | Earnings to capital and surplus. |
|                              |               |               |              |                  |                     | <i>Per ct.</i>        | <i>Per ct.</i>                    | <i>Per ct.</i>                   |
| Sept. 1, 1869.               | 1,481         | \$401,650,802 | \$22,105,848 | \$21,767,831     | \$29,221,184        | 5.42                  | 4.50                              | 6.04                             |
| Mar. 1, 1870.                | 1,571         | 416,366,991   | 86,118,210   | 21,479,095       | 28,996,934          | 5.16                  | 4.27                              | 5.77                             |
| Sept. 1, 1870.               | 1,601         | 425,317,104   | 91,630,620   | 21,080,343       | 26,813,885          | 4.96                  | 4.08                              | 5.19                             |
| Mar. 1, 1871.                | 1,605         | 428,699,165   | 94,672,401   | 22,205,150       | 27,243,162          | 5.18                  | 4.24                              | 5.21                             |
| Sept. 1, 1871.               | 1,693         | 445,999,264   | 98,286,591   | 22,125,279       | 27,315,311          | 4.96                  | 4.07                              | 5.02                             |
| Mar. 1, 1872.                | 1,750         | 450,693,706   | 99,431,243   | 22,859,896       | 27,502,539          | 5.07                  | 4.16                              | 5.00                             |
| Sept. 1, 1872.               | 1,852         | 465,676,023   | 105,181,942  | 23,827,289       | 30,572,891          | 5.12                  | 4.17                              | 5.36                             |
| Mar. 1, 1873.                | 1,912         | 475,918,683   | 114,257,288  | 24,826,061       | 31,926,478          | 5.22                  | 4.21                              | 5.41                             |
| Sept. 1, 1873.               | 1,955         | 488,100,951   | 118,113,848  | 24,823,029       | 33,122,000          | 5.09                  | 4.09                              | 5.46                             |
| Mar. 1, 1874.                | 1,967         | 489,510,323   | 123,469,850  | 23,529,998       | 29,544,120          | 4.81                  | 3.84                              | 4.82                             |
| Sept. 1, 1874.               | 1,971         | 489,938,284   | 123,364,039  | 24,929,307       | 30,036,811          | 5.09                  | 4.03                              | 4.86                             |

The following table exhibits, in a concise form, the ratio of dividends to capital, of dividends to capital and surplus, and of net earnings to capital and surplus, of the national banks in every State of the Union and in the redeeming-cities, semi-annually, from March 1, 1869, to September 1, 1874.

## XXII REPORT OF THE COMPTROLLER OF THE CURRENCY.

Table exhibiting, by States and redemption-cities, the ratios of dividends to capital, and

| States, Territories, and cities. | Ratios of dividends to capital, for six months ending— |                |                |                |                |                |                |                |                |                |                |                | Ratios of dividends to |                |                |                |                |                |
|----------------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------|----------------|----------------|----------------|----------------|----------------|
|                                  | 1869.  |                |                | 1870.          |                |                | 1871.          |                |                | 1872.          |                |                | 1873.                  |                |                | 1874.          |                |                |
|                                  | Sept.  |                | Mar.           | Sept.          |                | Mar.           | Sept.          |                | Mar.           | Sept.          |                | Mar.           | Sept.                  |                | Mar.           | Sept.          |                | Mar.           |
|                                  | 1.   |                |                | 1.             |                |                | 1.             |                |                | 1.             |                |                | 1.                     |                |                | 1.             |                |                |
| 1 Maine .....                    | <i>P.r.ct.</i>   | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i>         | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> | <i>P.r.ct.</i> |
| 2 New Hampshire .....            | 5.2  | 5.1            | 5.2            | 5.2            | 5.2            | 5.1            | 5.1            | 5.2            | 5.5            | 5.5            | 6.1            | 5.4            | 4.5                    | 4.4            | 4.5            | 4.4            | 4.4            | 4.4            |
| 3 Vermont .....                  | 4.9  | 5.0            | 4.8            | 4.8            | 4.7            | 4.8            | 4.6            | 4.7            | 4.7            | 4.3            | 4.8            | 4.9            | 4.4                    | 4.4            | 4.2            | 4.2            | 4.2            | 4.2            |
| 4 Massachusetts .....            | 4.9  | 5.0            | 5.3            | 4.7            | 4.8            | 4.8            | 4.6            | 4.7            | 5.3            | 4.7            | 4.6            | 4.6            | 4.4                    | 4.4            | 4.7            | 4.1            | 4.1            | 4.1            |
| 5 Boston .....                   | 5.4  | 5.3            | 5.0            | 5.4            | 5.3            | 5.4            | 5.4            | 5.5            | 5.4            | 5.1            | 5.2            | 5.2            | 4.4                    | 4.3            | 4.0            | 4.3            | 4.3            | 4.3            |
| 6 Rhode Island .....             | 5.5  | 4.9            | 4.9            | 4.9            | 4.8            | 4.7            | 4.5            | 4.4            | 4.9            | 4.4            | 4.7            | 4.5            | 4.5                    | 4.1            | 4.1            | 4.1            | 4.1            | 4.1            |
| 7 Connecticut .....              | 4.4  | 4.5            | 4.4            | 4.4            | 4.3            | 4.4            | 4.4            | 4.4            | 4.5            | 4.2            | 4.3            | 4.1            | 4.1                    | 4.2            | 4.1            | 4.0            | 4.0            | 4.0            |
| 8 New York .....                 | 5.0  | 5.3            | 5.2            | 5.3            | 5.2            | 5.2            | 5.3            | 5.4            | 5.2            | 5.1            | 5.2            | 4.2            | 4.2                    | 4.5            | 4.3            | 4.4            | 4.4            | 4.4            |
| 9 New York City .....            | 4.9  | 4.3            | 4.4            | 4.8            | 4.4            | 4.7            | 4.4            | 5.1            | 4.6            | 4.7            | 4.5            | 4.2            | 3.8                    | 3.8            | 4.1            | 4.0            | 4.0            | 4.0            |
| 10 Albany .....                  | 5.2  | 4.9            | 4.6            | 4.7            | 4.7            | 4.9            | 4.7            | 4.8            | 4.7            | 4.6            | 4.8            | 4.1            | 3.9                    | 3.6            | 3.7            | 3.7            | 3.7            | 3.7            |
| 11 New Jersey .....              | 5.3  | 5.1            | 5.3            | 5.3            | 4.9            | 4.1            | 5.7            | 5.4            | 4.9            | 5.2            | 5.0            | 3.9            | 3.7                    | 3.9            | 3.9            | 3.9            | 3.9            | 3.9            |
| 12 Pennsylvania .....            | 5.7  | 5.8            | 5.4            | 5.6            | 5.1            | 5.7            | 5.4            | 5.3            | 5.4            | 4.9            | 5.1            | 4.7            | 4.1                    | 4.1            | 4.4            | 4.6            | 4.6            | 4.6            |
| 13 Philadelphia .....            | 5.5  | 5.6            | 5.6            | 5.3            | 5.2            | 5.4            | 5.2            | 5.0            | 5.2            | 4.8            | 5.1            | 4.6            | 4.6                    | 4.6            | 4.5            | 4.3            | 4.3            | 4.3            |
| 14 Pittsburgh .....              | 6.1  | 6.0            | 5.8            | 4.9            | 5.7            | 5.7            | 5.8            | 5.8            | 5.8            | 5.7            | 5.7            | 4.4            | 4.3                    | 4.1            | 4.1            | 4.2            | 4.2            | 4.2            |
| 15 Delaware .....                | 5.3  | 5.1            | 5.2            | 5.1            | 5.4            | 5.4            | 5.3            | 5.5            | 5.6            | 5.1            | 5.4            | 4.4            | 4.4                    | 4.1            | 4.1            | 4.1            | 4.1            | 4.1            |
| 16 Maryland .....                | 5.7  | 5.4            | 5.5            | 5.1            | 5.1            | 5.1            | 5.1            | 5.1            | 5.1            | 5.1            | 5.1            | 4.7            | 4.4                    | 4.0            | 4.6            | 4.2            | 4.2            | 4.2            |
| 17 Baltimore .....               | 5.6  | 5.7            | 5.2            | 5.6            | 5.2            | 5.1            | 5.3            | 5.2            | 5.0            | 5.1            | 5.2            | 4.8            | 5.0                    | 4.5            | 4.7            | 4.7            | 4.7            | 4.7            |
| 18 Dist. of Columbia .....       | 5.4  | 5.4            | 5.0            | 4.8            | 4.7            | 5.1            | 5.3            | 5.1            | 5.0            | 4.9            | 5.7            | 4.7            | 4.7                    | 4.2            | 4.1            | 4.1            | 4.1            | 4.1            |
| 19 Washington .....              | 5.0  | 5.0            | 5.0            | 5.0            | 5.0            | 2.6            | 4.6            | 5.0            | 4.6            | 2.4            | 8.0            | 4.1            | 4.1                    | 4.0            | 4.0            | 4.0            | 4.0            | 4.0            |
| 20 Virginia .....                | 5.1  | 5.5            | 4.9            | 4.7            | 4.3            | 4.6            | 4.7            | 4.8            | 4.1            | 4.7            | 4.3            | 4.7            | 5.1                    | 4.5            | 4.3            | 4.3            | 4.3            | 4.3            |
| 21 West Virginia .....           | 5.2  | 5.0            | 5.0            | 5.3            | 4.1            | 5.4            | 5.3            | 5.3            | 5.4            | 4.5            | 4.3            | 4.6            | 4.4                    | 4.4            | 4.7            | 4.7            | 4.7            | 4.7            |
| 22 North Carolina .....          | 7.3  | 5.6            | 4.1            | 4.3            | 4.4            | 6.0            | 5.0            | 5.3            | 5.5            | 4.6            | 4.7            | 6.8            | 5.3                    | 3.8            | 3.9            | 3.9            | 3.9            | 3.9            |
| 23 South Carolina .....          | 5.8  | 13.6           | 5.5            | 6.0            | 5.4            | 5.4            | 5.1            | 4.2            | 4.8            | 4.1            | 4.3            | 5.4            | 12.5                   | 5.1            | 5.4            | 5.4            | 5.4            | 5.4            |
| 24 Georgia .....                 | 6.4  | 5.7            | 5.6            | 9.3            | 5.3            | 4.9            | 5.3            | 5.3            | 5.2            | 5.4            | 5.3            | 5.8            | 5.1                    | 5.0            | 8.2            | 4.6            | 4.6            | 4.6            |
| 25 Alabama .....                 | .....  | .....          | .....          | 4.7            | 5.6            | 3.4            | 6.4            | 4.3            | 5.0            | 4.7            | 5.8            | .....          | .....                  | .....          | .....          | .....          | .....          | .....          |
| 26 New Orleans .....             | 5.0  | 6.1            | 3.1            | 6.1            | 5.2            | 5.6            | 5.5            | 5.3            | 3.4            | 2.5            | 3.6            | 4.7            | 5.8                    | 5.8            | 5.7            | 5.7            | 5.7            | 5.7            |
| 27 Texas .....                   | 6.7  | 4.3            | 13.8           | 1.9            | 5.9            | 4.4            | 7.7            | 11.2           | 3.9            | 5.8            | 9.3            | 5.9            | 3.8                    | 12.6           | 1.7            | 1.7            | 1.7            | 1.7            |
| 28 Arkansas .....                | .....  | .....          | .....          | .....          | .....          | .....          | .....          | 3.3            | 3.7            | 3.3            | .....          | .....          | .....                  | .....          | .....          | .....          | .....          | .....          |
| 29 Kentucky .....                | 5.2  | 5.2            | 5.0            | 5.0            | 4.6            | 4.2            | 4.8            | 4.9            | 4.7            | 4.6            | 4.8            | 4.8            | 4.7                    | 4.5            | 5.0            | 5.0            | 5.0            | 5.0            |
| 30 Louisville .....              | 5.3  | 5.6            | 5.3            | 5.0            | 11.0           | 5.4            | 5.0            | 5.1            | 4.5            | 3.7            | 5.0            | 4.7            | 4.5                    | 4.6            | 4.4            | 4.4            | 4.4            | 4.4            |
| 31 Tennessee .....               | 7.9  | 10.3           | 5.9            | 8.6            | 5.6            | 5.8            | 6.0            | 5.6            | 5.7            | 4.7            | 5.4            | 7.0            | 8.8                    | 5.2            | 7.7            | 7.7            | 7.7            | 7.7            |
| 32 Ohio .....                    | 5.8  | 5.1            | 4.8            | 5.7            | 5.6            | 5.8            | 6.0            | 5.7            | 5.6            | 5.0            | 5.3            | 4.9            | 4.3                    | 4.0            | 4.7            | 4.7            | 4.7            | 4.7            |
| 33 Cincinnati .....              | 6.4  | 5.7            | 5.7            | 4.8            | 5.4            | 4.9            | 5.4            | 4.9            | 5.5            | 4.9            | 5.5            | 5.2            | 4.8                    | 4.9            | 4.2            | 4.2            | 4.2            | 4.2            |
| 34 Cleveland .....               | 5.7  | 5.6            | 3.8            | 3.0            | 3.9            | 4.2            | 5.1            | 4.9            | 4.7            | 3.7            | 4.9            | 4.6            | 4.7                    | 3.4            | 2.7            | 2.7            | 2.7            | 2.7            |
| 35 Indiana .....                 | 5.6  | 5.4            | 5.2            | 6.0            | 5.6            | 5.4            | 5.9            | 6.5            | 5.2            | 4.8            | 5.6            | 4.6            | 4.4                    | 4.2            | 4.8            | 4.8            | 4.8            | 4.8            |
| 36 Illinois .....                | 7.0  | 6.3            | 6.6            | 6.3            | 6.1            | 5.7            | 5.5            | 5.6            | 6.2            | 5.7            | 7.0            | 5.5            | 5.0                    | 5.1            | 5.0            | 5.0            | 5.0            | 5.0            |
| 37 Chicago .....                 | 6.3  | 3.2            | 2.7            | 4.8            | 5.0            | .....          | 6.2            | 4.1            | 5.1            | 4.0            | 3.7            | 5.3            | 2.2                    | 2.1            | 3.6            | 3.6            | 3.6            | 3.6            |
| 38 Michigan .....                | 7.4  | 6.1            | 5.6            | 6.1            | 5.1            | 6.5            | 6.1            | 6.2            | 5.5            | 5.5            | 4.8            | 6.0            | 4.8                    | 4.5            | 4.7            | 4.7            | 4.7            | 4.7            |
| 39 Detroit .....                 | 4.6  | 5.0            | 5.0            | 5.0            | 5.0            | 5.3            | 5.0            | 5.9            | 5.5            | 5.8            | 5.5            | 3.8            | 4.1                    | 4.1            | 4.1            | 4.1            | 4.1            | 4.1            |
| 40 Wisconsin .....               | 6.5  | 6.2            | 5.9            | 9.8            | 4.1            | 4.9            | 4.9            | 5.5            | 5.3            | 7.1            | 5.0            | 5.2            | 5.0                    | 4.8            | 8.0            | 8.0            | 8.0            | 8.0            |
| 41 Milwaukee .....               | 5.7  | 4.3            | 4.6            | 5.3            | 4.6            | 4.9            | 19.0           | 5.9            | 5.9            | 4.6            | 4.9            | 4.5            | 3.6                    | 3.8            | 4.2            | 4.2            | 4.2            | 4.2            |
| 42 Iowa .....                    | 8.0  | 6.4            | 5.4            | 5.8            | 5.1            | 4.8            | 14.1           | 5.3            | 5.6            | 5.3            | 6.9            | 6.4            | 5.2                    | 4.3            | 4.8            | 4.8            | 4.8            | 4.8            |
| 43 Minnesota .....               | 6.9  | 7.0            | 5.5            | 8.1            | 6.9            | 5.2            | 5.9            | 4.7            | 6.5            | 6.4            | 5.8            | 6.1            | 6.0                    | 4.7            | 6.9            | 6.9            | 6.9            | 6.9            |
| 44 Missouri .....                | 6.2  | 5.2            | 6.3            | 17.3           | 5.3            | 5.2            | 4.7            | 6.0            | 5.9            | 3.7            | 3.9            | 5.2            | 4.3                    | 4.9            | 14.2           | 14.2           | 14.2           | 14.2           |
| 45 Saint Louis .....             | 5.1  | 4.2            | 3.7            | 3.1            | 3.3            | 3.2            | 3.2            | 3.6            | 4.0            | 3.3            | 3.7            | 4.6            | 3.9                    | 3.3            | 2.9            | 2.9            | 2.9            | 2.9            |
| 46 Kansas .....                  | 5.4  | 6.4            | 7.6            | 6.1            | 5.6            | 4.6            | 5.5            | 6.7            | 4.9            | 3.2            | 5.7            | 5.1            | 6.1                    | 7.0            | 5.6            | 5.6            | 5.6            | 5.6            |
| 47 Leavenworth .....             | 10.0   | 10.0           | 22.4           | 8.0            | 5.0            | 10.0           | .....          | .....          | .....          | .....          | .....          | 8.3            | 6.7                    | 17.2           | 6.2            | 6.2            | 6.2            | 6.2            |
| 48 Nebraska .....                | 7.5  | 7.1            | 4.0            | 6.2            | 6.2            | 7.1            | 6.6            | 6.8            | 9.8            | 4.8            | 17.2           | 14.7           | 6.2                    | 3.6            | 5.4            | 5.4            | 5.4            | 5.4            |
| 49 Oregon .....                  | 15.0   | 15.0           | .....          | .....          | 4.0            | 6.0            | 6.0            | 6.0            | 6.0            | 6.0            | 6.0            | 14.4           | 14.3                   | .....          | .....          | .....          | .....          | .....          |
| 50 California .....              | .....  | .....          | .....          | .....          | .....          | .....          | .....          | 5.0            | 3.0            | 5.6            | 6.6            | .....          | .....                  | .....          | .....          | .....          | .....          | .....          |
| 51 San Francisco .....           | .....  | .....          | .....          | .....          | .....          | 0.8            | 5.0            | 5.8            | 5.0            | 6.4            | 6.6            | .....          | .....                  | .....          | .....          | .....          | .....          | .....          |
| 52 New Mexico .....              | .....  | .....          | .....          | .....          | 4.0            | 7.0            | 7.0            | 7.0            | 6.5            | 6.5            | 6.5            | .....          | .....                  | .....          | .....          | .....          | .....          | .....          |
| 53 Colorado .....                | .....  | 5.7            | 2.9            | .....          | 8.6            | .....          | .....          | 4.5            | 2.8            | 17.9           | .....          | .....          | 4.7                    | 2.4            | .....          | .....          | .....          | .....          |
| 54 Utah .....                    | .....  | .....          | .....          | .....          | .....          | 50.0           | .....          | .....          | 15.0           | 4.4            | 2.7            | .....          | .....                  | .....          | .....          | .....          | .....          | .....          |
| 55 Wyoming .....                 | .....  | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....                  | .....          | .....          | .....          | .....          | .....          |
| 56 Idaho .....                   | 15.0   | 15.0           | 14.0           | 16.0           | 15.0           | 14.0           | 13.0           | 15.0           | 12.0           | 23.0           | 20.0           | 14.7           | 14.3                   | 13.3           | 14.9           | 14.9           | 14.9           | 14.9           |
| 57 Montana .....                 | .....  | .....          | .....          | .....          | .....          | 12.0           | .....          | 3.9            | .....          | 3.4            | 11.8           | .....          | .....                  | .....          | .....          | .....          | .....          | .....          |
| 58 Nevada .....                  | 3.0  | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....          | 2.9            | .....                  | .....          | .....          | .....          | .....          | .....          |
| 59 Dakota .....                  | .....  | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....          | .....          | 4.50           | .....          | .....                  | .....          | .....          | .....          | .....          | .....          |
| Averages .....                   | 5.4  | 5.2            | 5.0            | 5.2            | 5.0            | 5.1            | 5.1            | 5.2            | 5.1            | 4.8            | 5.1            | 4.5            | 4.3                    | 4.1            | 4.2            | 4.2            | 4.2            | 4.2            |

## REPORT OF THE COMPTROLLER OF THE CURRENCY. XXIII

*of dividends and of earnings to capital and surplus, March 1, 1869, to September 1, 1874*

| capital and surplus, for six months ending— |              |              |              |              |              |              |              | Ratios of earnings to capital and surplus, for six months ending— |              |              |              |              |              |              |              |              |              |              |  |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| 1871.                                       |              | 1872.        |              | 1873.        |              | 1874.        |              | 1869.   |              | 1870.        |              | 1871.        |              | 1872.        |              | 1873.        |              | 1874.        |  |
| Sept. 1.                                    | Mar. 1.      | Sept. 1.     | Mar. 1.      | Sept. 1.     | Mar. 1.      | Sept. 1.     | Mar. 1.      | Sept. 1.  | Mar. 1.      | Sept. 1.     | Mar. 1.      | Sept. 1.     | Mar. 1.      | Sept. 1.     | Mar. 1.      | Sept. 1.     | Mar. 1.      | Sept. 1.     |  |
| <i>Prct.</i>                                | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i>  | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> | <i>Prct.</i> |  |
| 4.4   | 4.3          | 4.4          | 4.6          | 4.6          | 5.1          | 4.4          | 6.1          | 6.0   | 5.2          | 5.7          | 6.0          | 5.2          | 5.6          | 5.8          | 5.7          | 5.9          | 5.4          | 5.4          |  |
| 4.0   | 4.1          | 4.0          | 4.0          | 4.0          | 3.7          | 4.1          | 4.1          | 6.1   | 6.2          | 5.7          | 5.3          | 4.6          | 4.8          | 4.9          | 5.4          | 2.7          | 6.3          | 4.5          |  |
| 4.2   | 4.2          | 4.0          | 4.0          | 4.4          | 3.9          | 3.8          | 6.0          | 6.1   | 5.6          | 5.3          | 4.8          | 4.9          | 5.3          | 5.8          | 5.3          | 5.2          | 5.1          | 4            |  |
| 4.2   | 4.3          | 4.2          | 4.2          | 4.2          | 4.1          | 3.9          | 4.0          | 6.3   | 6.4          | 5.3          | 5.5          | 5.2          | 5.0          | 5.5          | 5.7          | 5.6          | 4.7          | 5.1          |  |
| 3.9   | 3.9          | 3.7          | 4.0          | 3.9          | 3.5          | 3.7          | 5.7          | 5.1   | 5.2          | 4.9          | 4.6          | 4.6          | 4.5          | 4.9          | 4.8          | 4.4          | 4.4          | 5            |  |
| 3.9   | 3.9          | 3.9          | 3.9          | 3.9          | 3.8          | 3.6          | 5.6          | 5.7   | 5.0          | 4.8          | 4.7          | 4.6          | 5.3          | 5.4          | 5.3          | 5.5          | 4.7          | 6            |  |
| 4.2   | 4.3          | 4.3          | 4.3          | 4.1          | 4.0          | 4.1          | 5.5          | 5.8   | 5.2          | 5.3          | 5.2          | 5.1          | 5.5          | 5.3          | 5.2          | 4.9          | 4.7          | 7            |  |
| 3.7   | 3.9          | 3.6          | 4.2          | 3.8          | 3.8          | 3.7          | 5.8          | 5.4   | 5.0          | 5.0          | 4.5          | 4.5          | 5.1          | 5.1          | 5.0          | 4.5          | 4.3          | 8            |  |
| 3.7   | 3.9          | 3.7          | 3.7          | 3.7          | 3.5          | 3.6          | 5.4          | 4.8   | 4.2          | 4.4          | 4.5          | 4.0          | 4.8          | 4.3          | 5.1          | 4.1          | 4.8          | 9            |  |
| 3.6   | 3.0          | 3.9          | 3.7          | 3.3          | 3.5          | 3.3          | 6.1          | 5.7   | 4.1          | 3.7          | 3.6          | 5.0          | 5.2          | 5.7          | 4.7          | 5.3          | 3.9          | 10           |  |
| 4.2   | 4.6          | 4.3          | 4.2          | 4.3          | 3.9          | 4.0          | 6.3          | 6.1   | 5.9          | 5.8          | 5.9          | 5.6          | 5.4          | 5.4          | 5.1          | 4.4          | 3.5          | 11           |  |
| 4.2   | 4.3          | 4.2          | 4.0          | 4.1          | 3.8          | 4.0          | 6.1          | 6.3   | 5.3          | 4.8          | 5.2          | 5.2          | 5.0          | 5.3          | 5.2          | 5.0          | 4.6          | 12           |  |
| 4.1   | 4.1          | 4.1          | 4.1          | 4.1          | 4.0          | 4.0          | 5.3          | 5.1   | 4.7          | 4.4          | 4.4          | 4.6          | 4.6          | 4.6          | 4.7          | 4.3          | 4.5          | 13           |  |
| 4.2   | 4.2          | 4.1          | 4.3          | 4.2          | 3.8          | 4.1          | 5.8          | 5.2   | 5.1          | 5.0          | 4.8          | 4.9          | 5.0          | 4.4          | 5.5          | 4.4          | 5.0          | 14           |  |
| 4.1   | 4.1          | 4.1          | 4.0          | 4.0          | 4.0          | 4.0          | 5.4          | 4.8   | 5.3          | 4.5          | 4.6          | 4.4          | 4.9          | 4.9          | 4.7          | 4.2          | 4.5          | 15           |  |
| 4.4   | 4.4          | 4.5          | 4.4          | 4.1          | 4.2          | 4.2          | 6.4          | 6.5   | 5.9          | 5.3          | 4.8          | 4.5          | 5.5          | 4.9          | 5.6          | 5.2          | 5.4          | 16           |  |
| 4.0   | 4.3          | 4.5          | 4.2          | 4.1          | 4.1          | 4.7          | 5.9          | 6.4   | 5.8          | 5.3          | 4.9          | 5.4          | 5.6          | 4.3          | 5.0          | 5.4          | 4.7          | 17           |  |
| 4.0   | 4.1          | 3.7          | 3.6          | 3.6          | 3.6          | 3.5          | 4.8          | 5.2   | 4.3          | 5.2          | 7.6          | 3.0          | 5.3          | 4.8          | 5.8          | 5.9          | 5.7          | 18           |  |
| 2.0   | 2.2          | 4.2          | 4.2          | 3.6          | 4.0          | 3.7          | 6.4          | 6.8   | 6.4          | 6.8          | 6.6          | 5.3          | 6.0          | 6.9          | 6.4          | 5.0          | 4.6          | 19           |  |
| 3.7   | 4.9          | 4.8          | 4.7          | 4.7          | 3.9          | 3.7          | 6.5          | 5.9   | 5.7          | 5.3          | 5.8          | 5.9          | 5.8          | 5.4          | 5.2          | 4.7          | 4.2          | 20           |  |
| 4.2   | 5.7          | 4.8          | 5.0          | 5.1          | 4.3          | 4.3          | 10.0         | 8.9   | 5.5          | 5.9          | 6.2          | 7.3          | 3.7          | 6.5          | 6.7          | 5.8          | 5.5          | 21           |  |
| 5.0   | 5.0          | 4.8          | 3.8          | 4.3          | 3.1          | 3.8          | 7.8          | 9.8   | 8.7          | 7.5          | 5.9          | 6.7          | 6.5          | 6.1          | 5.6          | 4.9          | 2.9          | 22           |  |
| 4.8   | 4.4          | 4.7          | 4.6          | 4.5          | 4.7          | 4.6          | 7.6          | 7.9   | 8.2          | 6.7          | 5.8          | 5.9          | 6.7          | 6.6          | 7.9          | 4.2          | 4.7          | 23           |  |
| 5.2   | 3.9          | 6.2          | 4.0          | 4.6          | 4.3          | 5.3          | 1.7          | 1.7   | 11.3         | 5.7          | 4.3          | 9.4          | 5.2          | 8.6          | 3.9          | 5.8          | 25           | 24           |  |
| 5.0   | 5.4          | 5.3          | 5.0          | 3.2          | 2.3          | 3.4          | 7.1          | 7.0   | 3.6          | 7.5          | 3.3          | 6.3          | 6.9          | 6.3          | 4.2          | 3.3          | 4.8          | 25           |  |
| 5.4   | 4.0          | 7.0          | 9.6          | 3.1          | 4.8          | 7.6          | 6.4          | 6.9   | 16.5         | 6.8          | 6.4          | 9.1          | 12.1         | 10.7         | 11.2         | 6.9          | 8.8          | 26           |  |
| 4.3   | 3.9          | 4.5          | 4.5          | 3.0          | 3.3          | 3.0          | 6.6          | 6.9   | 6.9          | 6.1          | 5.4          | 4.8          | 5.7          | 5.8          | 5.7          | 5.5          | 5.3          | 27           |  |
| 9.9   | 4.9          | 4.6          | 4.7          | 4.1          | 3.4          | 4.5          | 5.3          | 6.6   | 4.4          | 4.5          | 5.7          | 5.5          | 5.2          | 5.8          | 5.3          | 5.0          | 5.8          | 28           |  |
| 5.2   | 5.3          | 5.5          | 5.0          | 5.1          | 4.1          | 4.8          | 8.2          | 9.5   | 7.1          | 8.3          | 7.1          | 7.8          | 5.8          | 5.5          | 6.4          | 4.7          | 5.8          | 29           |  |
| 4.6   | 4.7          | 4.9          | 4.7          | 4.6          | 4.1          | 4.3          | 6.8          | 6.4   | 5.5          | 6.0          | 5.9          | 6.1          | 6.0          | 5.9          | 5.7          | 5.4          | 5.1          | 30           |  |
| 4.6   | 4.2          | 4.6          | 4.1          | 4.5          | 4.0          | 4.5          | 7.9          | 6.3   | 4.8          | 6.7          | 4.4          | 4.8          | 5.3          | 5.8          | 6.0          | 5.5          | 5.2          | 31           |  |
| 3.5   | 3.7          | 4.5          | 4.3          | 4.1          | 3.3          | 4.3          | 5.0          | 6.8   | 3.9          | 3.1          | 4.0          | 5.7          | 5.3          | 6.6          | 6.5          | 4.6          | 4.9          | 32           |  |
| 4.5   | 4.4          | 4.8          | 5.2          | 4.2          | 3.8          | 4.4          | 6.5          | 6.4   | 5.9          | 6.3          | 5.4          | 5.4          | 5.2          | 4.7          | 5.9          | 5.2          | 5.4          | 33           |  |
| 4.9   | 4.7          | 4.5          | 4.5          | 5.0          | 4.6          | 5.6          | 8.0          | 7.9   | 6.7          | 6.8          | 6.6          | 6.1          | 6.5          | 6.7          | 6.7          | 5.9          | 6.4          | 34           |  |
| 3.8   | 5.0          | 3.2          | 3.9          | 3.0          | 2.7          | 8.2          | 5.6          | 5.3   | 7.5          | 6.9          | 6.1          | 6.9          | 6.8          | 8.3          | 8.0          | 5.7          | 4.5          | 35           |  |
| 4.1   | 5.3          | 5.1          | 5.1          | 4.5          | 4.5          | 4.5          | 8.0          | 7.9   | 6.9          | 7.1          | 6.3          | 6.6          | 7.1          | 6.6          | 6.7          | 5.5          | 5.4          | 36           |  |
| 4.1   | 4.3          | 3.8          | 4.3          | 4.1          | 4.3          | 4.0          | 6.3          | 6.8   | 5.8          | 6.1          | 6.6          | 6.9          | 6.7          | 6.2          | 6.8          | 6.5          | 6.8          | 37           |  |
| 3.4   | 4.2          | 4.1          | 4.5          | 4.2          | 5.7          | 4.0          | 7.7          | 8.1   | 6.9          | 9.0          | 5.1          | 5.3          | 6.7          | 5.5          | 6.8          | 6.1          | 6.1          | 38           |  |
| 3.7   | 3.8          | 15.2         | 4.5          | 4.4          | 3.3          | 3.5          | 7.8          | 4.0   | 5.4          | 6.6          | 6.3          | 4.9          | 13.0         | 6.3          | 7.4          | 5.1          | 4.5          | 39           |  |
| 4.2   | 4.0          | 9.6          | 4.4          | 4.6          | 4.3          | 5.7          | 9.0          | 7.8   | 5.7          | 6.5          | 5.5          | 5.9          | 11.8         | 6.4          | 6.2          | 6.1          | 5.9          | 40           |  |
| 5.9   | 4.6          | 5.1          | 4.0          | 5.6          | 5.5          | 5.0          | 7.7          | 8.0   | 6.1          | 8.5          | 7.1          | 7.1          | 7.3          | 7.7          | 6.2          | 6.5          | 7.2          | 41           |  |
| 4.7   | 4.7          | 4.2          | 5.2          | 5.0          | 3.2          | 3.3          | 8.6          | 9.7   | 9.4          | 8.6          | 7.0          | 8.0          | 10.2         | 8.6          | 8.9          | 5.2          | 4.4          | 42           |  |
| 3.0   | 2.9          | 2.8          | 3.2          | 3.5          | 2.9          | 3.3          | 5.4          | 4.7   | 3.4          | 2.9          | 4.4          | 4.1          | 4.0          | 3.9          | 4.5          | 3.6          | 3.9          | 43           |  |
| 5.3   | 4.4          | 5.0          | 6.1          | 4.3          | 2.8          | 4.9          | 7.8          | 9.1   | 8.1          | 10.8         | 10.2         | 9.0          | 6.9          | 8.5          | 8.0          | 5.2          | 5.1          | 44           |  |
| 3.7   | 7.3          | 5.9          | 5.9          | 8.2          | 4.1          | 15.2         | 11.6         | 8.1   | 18.5         | 7.4          | 6.8          | 6.7          | 7.5          | 10.7         | 8.5          | 6.4          | 9.6          | 45           |  |
| 5.4   | 6.4          | 5.8          | 5.0          | 5.0          | 5.0          | 5.0          | 14.4         | 9.8   | 13.9         | 12.7         | 7.7          | 11.9         | 15.2         | 20.9         | 17.4         | 13.4         | 11.7         | 46           |  |
| 3.9   | 5.9          | 4.9          | 5.6          | 5.1          | 5.9          | 6.1          | .....        | .....   | .....        | .....        | .....        | .....        | .....        | .....        | 7.7          | 4.8          | 10.7         | 47           |  |
| .....                                       | 6.9          | 4.9          | 6.6          | 6.2          | 6.1          | 6.0          | .....        | .....   | .....        | .....        | .....        | .....        | .....        | .....        | 9.9          | 6.7          | 7.1          | 48           |  |
| .....                                       | 6.3          | 6.9          | 6.6          | 6.2          | 6.1          | 6.1          | .....        | .....   | .....        | .....        | .....        | .....        | .....        | .....        | 8.7          | 7.8          | 7.8          | 49           |  |
| 7.1   | 2.1          | 2.8          | 3.9          | 2.2          | 2.1          | 13.2         | .....        | 8.3   | 1.5          | 0.1          | 2.8          | 6.4          | 4.7          | 14.5         | 11.1         | 13.2         | 10.3         | 50           |  |
| .....                                       | 21.8         | .....        | .....        | 13.7         | 4.0          | 2.3          | .....        | .....   | 1.4          | 1.4          | 5.5          | 7.8          | 1.5          | 2.2          | 10.7         | 4.5          | 5.7          | 51           |  |
| .....                                       | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....   | .....        | .....        | .....        | .....        | .....        | .....        | .....        | 5.6          | 6.8          | 52           |  |
| 13.9  | 12.7         | 11.7         | 13.2         | 10.5         | 19.7         | 16.8         | 11.5         | 16.0  | 13.9         | 16.4         | 13.9         | 15.2         | 23.6         | 16.8         | .....        | 9.5          | 21.5         | 53           |  |
| .....                                       | 10.9         | .....        | 3.6          | .....        | 2.9          | 9.9          | .....        | 3.5   | .....        | 2.8          | 18.9         | 16.7         | 7.6          | 13.5         | 11.7         | 11.6         | 0.9          | 54           |  |
| .....                                       | .....        | .....        | .....        | .....        | 5.8          | 4.3          | .....        | .....   | .....        | .....        | .....        | .....        | .....        | .....        | .....        | 2.0          | 7.6          | 55           |  |
| 4.1   | 4.2          | 4.2          | 4.2          | 4.1          | 3.8          | 4.0          | 6.0          | 5.8   | 5.2          | 5.2          | 5.0          | 5.0          | 5.4          | 5.4          | 5.5          | 4.8          | 4.9          | 56           |  |
| .....                                       | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....   | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....        | 57           |  |
| .....                                       | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....   | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....        | 58           |  |
| .....                                       | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....   | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....        | .....        | 59           |  |



## XXIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

## INSOLVENT BANKS.

Since the last annual report, receivers have been appointed for but three national banks, having an aggregate capital of \$250,000. Dividends have been declared in favor of the creditors of these banks as follows :

|   |              |
|---|--------------|
| The First National Bank of Anderson, Ind..... | 15 per cent. |
| The First National Bank of Topeka, Kans.....  | 30 per cent. |
| The First National Bank of Norfolk, Va .....  | 30 per cent. |

During the year dividends have been declared as follows upon banks which had previously failed :

|   |               |
|---|---------------|
| The First National Bank of New Orleans, 30 per cent., making total dividends.....               | 65 per cent.  |
| The First National Bank of Nevada, at Austin, 15 per cent., making total dividends.....         | 80 per cent.  |
| The Wallkill National Bank of Middletown, N. Y., 10 per cent., making total dividends.....      | 85 per cent.  |
| The First National Bank of Washington, D. C., 26 per cent., making total dividends.....         | 50 per cent.  |
| The Crescent City National Bank of New Orleans, 50 per cent., making total dividends.....       | 50 per cent.  |
| The National Bank of the Commonwealth, N. Y., 100 per cent., making total dividends.....        | 100 per cent. |
| The Merchants' National Bank of Petersburg, Va., 15 per cent., making total dividends.....      | 15 per cent.  |
| The First National Bank of Petersburg, Va., 60 per cent., making total dividends.....           | 60 per cent.  |
| The First National Bank of Mansfield, Ohio, 25 per cent., making total dividends.....           | 25 per cent.  |
| The First National Bank of Carlisle, Pa., 25 per cent., making total dividends.....             | 25 per cent.  |
| The Farmers and Citizens' Nat. B'k of Brooklyn, N. Y., 4 per cent., making total dividends..... | 96 per cent.  |

The creditors of The National Bank of the Commonwealth, The Waverly National Bank, and The Union Square National Bank, have been paid in full, and dividends have been declared during the past year of 25 per cent. in favor of the shareholders of The Waverly National Bank, and 10 per cent. in favor of the shareholders of The Union Square National Bank. Additional dividends will soon be declared in favor of the creditors of The Merchants' National Bank of Petersburg of 10 per cent., of The Scandinavian National Bank, Chicago, of 15 per cent., and of The National Unadilla Bank of about 13 per cent. Small dividends will also soon be declared in favor of the creditors of The First National Bank of Washington, D. C., The Venango National Bank of Franklin, Pa., and The Merchants' National Bank of Washington, D. C. Assessments have been made under section 12 of the national-bank act, on account of deficiency of assets, upon the shareholders of the following banks : The First National Bank of New Orleans, The Crescent City National Bank of New Orleans, The Eighth National Bank of New York, The Atlantic National Bank of New York, and The Merchants' National Bank of Petersburg ; and suits have been directed to be brought against all delinquent shareholders for the enforcement of such liability.

The affairs of The Ocean National Bank of New York are still involved in litigation, but the receiver is of the opinion that the assets of the bank will be sufficient to pay the claims of its creditors in full.

The Comptroller has endeavored as far as possible, by examinations of the banks and by correspondence, to require all national banks to take from their assets all doubtful paper, and stocks and bonds which suffered depreciation from the financial crisis ; and it is a cause for congratulation to the public that the prosperity of the national banks, since the organization of the system, has resulted in the accumulation of a large surplus to which such losses can be charged, thus preventing embarrassment both to creditors and shareholders.

Tables giving statistics in reference to insolvent national banks will be found in the appendix.

SAVINGS-BANKS, TRUST AND LOAN COMPANIES, AND STATE BANKS,  
ORGANIZED UNDER STATE LAWS.

In obedience to the act of Congress approved February 19th, 1873, the Comptroller was able to obtain for his report of last year the necessary information from the State authorities of the condition of the savings-banks in only eight States, and of the State banks in no more than

nine. Some improvement has been made in collecting the reports during the year now closed, as will appear by the statements in the appendix, but only to the extent of two additional States for savings-banks, and six for the banks organized under State laws, making ten of the former and fifteen, in all, of the latter. The returns received at this office of the trust and loan companies are, as they were for the last year, still too meagre to warrant any attempt at a practical or useful exhibit of their agency in the monetary affairs of the country. Letters of inquiry were addressed early in the year to the executive officers of all the States and Territories, to which replies were received, but no reports available for use from any except those above stated; and of these, among the statements given in the appendix, that of the savings-banks of California is unofficial, and that of Illinois in reference to the savings-banks of Chicago only. Some of the States report considerable numbers of institutions bearing the name of savings-banks, but inasmuch as they have capital and declare dividends to stockholders, they are here classed as State banks, without regard to their assumed titles. It will be observed that the reports which are given of the condition of the State banks and savings-banks are, for the most part, dated at or about the close of the calendar year 1873, and they may be generally treated as preceding the date of my annual report by nearly a year. The reason of this is that the official returns of the several States are made to their legislatures, whose sessions generally commence at or after the meeting of Congress, and are not published or received at this Office until my report for the current year has been presented. In addition to the letters asking for the reports of the States, directed to their executive authorities, the Comptroller addressed a circular-letter to the governors of all the States failing to make sufficient returns of their banking institutions, urging them to recommend to their respective legislatures such measures as might be necessary to obtain, for general as well as for local publication, the statistics of all banking institutions authorized by State laws; and he begs leave again to ask the attention of members of Congress to this subject, and for the exertion of their influence to the same purpose upon the authorities of their respective States.\* The Comptroller has received replies from several of the governors addressed, warmly approving the recommendations and suggestions of the circular, and promising co-operation.

The tables in the appendix to this report show that in the savings-banks there given, there were, at the close of the year 1873, in the ten States reported, an aggregate of 2,188,619 depositors' open accounts with a total sum to their credit of \$759,946,632, which averages \$347.23 *per capita* of the depositors; and the State banks of the same States had at about the same time \$69,000,000 on deposit.

In the savings-banks of these ten States, which had at the time an aggregate population of 11,733,800, it would appear that no less than one in every five and one-third persons was a depositor. Making allow-

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\* The following amendment to the constitution of New York was ratified by the popular vote at the last election:

"The legislature shall, by general law, conform all charters of savings-banks, or institutions for savings, to a uniformity of powers, rights, and liabilities; and all charters hereafter granted for such corporations shall be made to conform to such general law, and to such amendments as may be made thereto. And no such corporation shall have any capital stock, nor shall the trustees thereof, or any of them, have any interest whatever, direct or indirect, in the profits of such corporation; and no director or trustee of any such bank or institution shall be interested in any loan or use of any money or property of such bank or institution for savings. The legislature shall have no power to pass any act granting any special charter for banking-purposes; but corporations or associations may be formed for such purposes under general laws."

## XXVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

ance for so many as may have been depositors in several savings-banks, it is safe to estimate one in six of the men, women, and minors, as more or less interested in the condition of these repositories of savings.\*

It is not probable that the unreported States have an equal proportion of deposits and depositors to their aggregate populations; but if ten States show such an account of investments and so large a proportion of the people interested in them as this, the other twenty-seven States, with the Territories added, (and with such States as Ohio, Illinois, Kentucky, Missouri, Louisiana, Tennessee, Mississippi, Pennsylvania, Maryland, and others among them as yet unreported,) must be taken to add immensely to the numbers and amounts known and reported. No adequate idea of the importance of these institutions in the great money and credit exchanges of the whole country can be formed, or approximately estimated, until accurate and complete statistics are at command. Eight hundred millions of dollars is too low an estimate of the amount of deposits at the close of the year 1873, in the savings-banks, State banks, and loan and trust companies of the six New England States, New York, and New Jersey alone. According to the census valuation of the real and personal property of these eight States, they were, in 1870, worth \$11,481,692,575, which is but thirty-eight per cent. of the value of all the States and Territories. It must be left to experts to form their own estimate of the grand total of deposits held and employed in the Union by the banks and banking companies other than the national banks. The figures for comparison with these stand thus: At the close of the year 1873 the deposits in the savings-banks of the eight States last named amounted to \$696,353,731, exclusive of those of the State banks and trust and loan companies; in the national banks of the same States, the individual deposits at the same time were \$308,872,886. The progress made by the savings-banks of the eight States already named, as shown by the only statistics known to be reliable, may be seen in the summary here given of their condition in the years 1872-'73 and 1873-'74.

|                  | Deposits.       |                 | Number of depositors. |               | Average deposit. |           |
|------------------|-----------------|-----------------|-----------------------|---------------|------------------|-----------|
|                  | 1872-'73.       | 1873-'74.       | 1872-'73.             | 1873-'74.     | 1872-'73.        | 1873-'74. |
| New England..... | \$349, 395, 377 | \$381, 207, 058 | \$1, 109, 995         | \$1, 179, 484 | \$314 77         | \$323 19  |
| New York.....    | 285, 286, 621   | 285, 520, 085   | 822, 642              | 839, 472      | 346 79           | 340 12    |
| New Jersey.....  | 28, 562, 181    | 29, 626, 588    | *112, 003             | *89, 715      | 255 01           | 330 23    |
| Total.....       | 663, 244, 179   | 696, 353, 731   | 2, 044, 640           | 2, 108, 671   | 324 38           | 330 23    |

\* Estimated.

More complete statistics, together with exact dates, will be found in the appendix.

## SPECIE AND SURPLUS.

The following table exhibits the amount of specie held by the national banks at the dates mentioned—the coin, coin certificates, and

\* From official reports it is found that the amount due to depositors by the old savings-banks and post-office savings-banks of the United Kingdom of Great Britain and Ireland was, at the close of the year 1873, \$300,201,061; the number of open accounts being 3,025,489, which gives a *per capita* average of \$99.22, (\$136.42 in the old savings-banks, and \$65.19 in the post-office savings-banks.) This is equal to one depositor to ten and a half of the entire population. So long ago as the year 1850, McCulloch (Commercial Dictionary) gave the number of depositors in the old savings-banks at 1,092,581, the aggregate deposits \$132,912,478, and the average to each depositor, \$121.65. The comparison here intended, both as to amounts invested and rate of progress in the United States, is obvious and striking.

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checks payable in coin held by the national banks of the city of New York, being stated separately :

| Dates.         | Held by national banks in New York City. |                          |                         |                | Held by other national banks. | Aggregate.      |
|----------------|--|--------------------------|-------------------------|----------------|-------------------------------|-----------------|
|                | Coin.                                    | U. S. coin certificates. | Checks payable in coin. | Total.         |                               |                 |
| Oct. 5, 1868   | \$1,698,623 24                           | \$6,390,140              | \$1,536,353 66          | \$9,625,116 90 | \$3,378,596 49                | \$13,003,713 39 |
| Jan. 4, 1869   | 1,902,769 48                             | 18,038,530               | 2,348,140 49            | 22,289,429 97  | 7,337,320 29                  | 29,626,750 26   |
| Apr. 17, 1869  | 1,652,575 21                             | 3,720,040                | 1,469,826 64            | 6,842,441 85   | 3,102,090 30                  | 9,944,532 15    |
| June 12, 1869  | 2,542,533 96                             | 11,953,650               | 975,015 82              | 15,471,229 78  | 2,983,860 70                  | 18,455,090 48   |
| Oct. 9, 1869   | 1,792,740 73                             | 16,897,900               | 1,013,948 72            | 19,704,589 45  | 3,297,816 38                  | 23,002,405 83   |
| Jan. 22, 1870  | 6,196,036 29                             | 28,501,460               | 2,190,644 74            | 36,888,141 03  | 11,457,242 69                 | 48,345,383 72   |
| Mar. 24, 1870  | 2,647,908 39                             | 21,872,480               | 1,069,094 30            | 25,589,482 69  | 11,507,060 75                 | 37,096,543 44   |
| June 9, 1870   | 2,942,400 24                             | 18,660,920               | 1,163,905 88            | 22,767,226 12  | 8,332,211 66                  | 31,099,437 78   |
| Oct. 8, 1870   | 1,607,742 91                             | 7,533,900                | 3,994,006 42            | 13,135,649 33  | 5,324,362 14                  | 18,460,011 47   |
| Dec. 28, 1870  | 2,268,581 96                             | 14,063,540               | 3,748,126 87            | 20,080,248 83  | 6,227,002 76                  | 26,307,251 59   |
| Mar. 18, 1871  | 2,982,155 61                             | 13,099,720               | 3,829,881 64            | 19,911,757 25  | 5,857,409 39                  | 25,769,166 64   |
| Apr. 29, 1871  | 2,047,930 71                             | 9,845,080                | 4,382,107 24            | 16,275,117 95  | 6,456,909 07                  | 22,732,027 02   |
| June 10, 1871  | 2,249,408 06                             | 9,161,160                | 3,680,854 92            | 15,091,422 98  | 4,833,532 18                  | 19,924,955 16   |
| Oct. 2, 1871   | 1,121,869 40                             | 7,590,260                | 1,163,628 44            | 9,875,757 84   | 3,377,240 33                  | 13,252,998 17   |
| Dec. 16, 1871  | 1,454,930 73                             | 17,354,740               | 4,255,631 39            | 23,065,302 12  | 6,529,997 44                  | 29,595,299 56   |
| Feb. 27, 1872  | 1,490,417 70                             | 12,341,080               | 3,117,100 90            | 16,948,578 60  | 8,559,246 72                  | 25,507,825 32   |
| Apr. 19, 1872  | 1,828,659 74                             | 10,102,400               | 4,715,364 25            | 16,646,423 99  | 7,787,475 47                  | 24,433,899 46   |
| June 10, 1872  | 3,782,909 64                             | 11,412,160               | 4,219,419 52            | 19,414,489 16  | 4,842,154 98                  | 24,256,644 14   |
| Oct. 3, 1872   | 920,767 37                               | 5,454,580                | .....                   | 6,375,347 37   | 3,854,400 42                  | 10,229,756 79   |
| Dec. 27, 1872  | 1,306,091 05                             | 12,471,940               | .....                   | 13,778,031 05  | 5,269,305 40                  | 19,047,336 45   |
| Feb. 28, 1873  | 1,958,759 86                             | 11,539,730               | .....                   | 13,498,549 86  | 4,279,123 67                  | 17,777,673 53   |
| Apr. 25, 1873  | 1,344,940 93                             | 11,743,310               | .....                   | 13,088,250 93  | 3,780,557 81                  | 16,868,808 74   |
| June 13, 1873  | 1,442,087 71                             | 22,139,090               | .....                   | 23,581,177 71  | 4,368,900 01                  | 27,950,086 72   |
| Sept. 12, 1873 | 1,063,200 55                             | 13,522,610               | .....                   | 14,585,810 55  | 5,282,658 90                  | 19,868,469 45   |
| Dec. 26, 1873  | 1,376,160 50                             | 18,325,770               | .....                   | 19,701,930 50  | 7,205,107 08                  | 26,907,037 58   |
| Feb. 27, 1874  | 1,167,815 09                             | 23,518,645               | .....                   | 24,686,460 09  | 8,679,403 49                  | 33,365,863 58   |
| May 1, 1874    | 1,530,282 10                             | 23,454,660               | .....                   | 24,984,942 10  | 7,585,027 16                  | 32,569,969 26   |
| June 26, 1874  | 1,842,325 00                             | 13,671,660               | .....                   | 15,514,185 00  | 6,812,022 27                  | 22,326,207 27   |
| Oct. 2, 1874   | 1,291,786 36                             | 13,114,480               | .....                   | 14,406,266 36  | 6,834,678 67                  | 21,240,945 23   |

The surplus of the national banks now amounts, in the aggregate, to nearly \$129,000,000, which is a perpetual and increasing fund to which losses and bad debts may be charged. The Comptroller renews his recommendation of last year, that the limit of the liabilities of any association, person, company, or firm, for money borrowed, as provided in section 29 of the act, be extended to 15 per cent. of capital and surplus for banks located in the redemption cities, and one-tenth of capital and surplus for the other banks.

## SMALL NOTES.

The issue of bank-notes of a less denomination than £5 was prohibited in England in 1827, and an act in 1829 provided that no person or corporation in any part of England should "publish, utter, negotiate, or transfer" the notes of any Scotch or Irish bank, of a less denomination than £5, under heavy penalties.

The legislature of New York, by act of April 20, 1830, prohibited the circulation within that State of the notes of other States of a less denomination than \$5, the penalty being the forfeiture of "the nominal amount of such bank-note, bill, or promissory note, with costs of suit;" and on March 31, 1835, the legislature passed an act making it unlawful "for any person or corporation to pay, give, or offer in payment, or in any way circulate or attempt to circulate as money within this State, at any time after the 1st of January, 1845, any bill, note, or other evidence of debt, purporting to be issued by any body-corporate, of a less denomination than \$5, or of a denomination between \$5 and \$10;" the

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penalty for violation of the act being four times the nominal value of such bill, note, or evidence of debt. Corporations having banking powers were also prohibited from issuing or putting in circulation notes of a less denomination than \$5, under a penalty of \$100 for each bill put in circulation. This act was superseded by the act of February 28, 1838, which contained still more stringent provisions against the issue and circulation of notes below the denomination of \$5.

The legislature of Pennsylvania also (April 16, 1850) prohibited the issuing of notes of a denomination less than \$5, and another act (April 17, 1861) authorized the issuing of notes of the denominations of one, two, and three dollars to an amount not exceeding twenty per cent. of the capital stock paid in.

The proposition for the repeal of the acts of the legislature of New York upon the subject above cited, constituted one of the principal issues of the political canvass of 1838, which resulted in the election to the gubernatorial office of an eminent citizen of that State (since deceased) who favored their repeal; and these acts were repealed February 21, 1839. The acts prohibiting the circulation of small notes in New York and Pennsylvania could not be enforced while banks in New England and other neighboring States had the right to circulate such issues, and they were therefore generally disregarded. The whole circulation of the country is now, however, under the control of Congress, and an act to prohibit the issue of such notes upon the return to specie payments would apply to every State in the Union. The principle is recognized in section 22 of the national-bank act, which provides "that not more than one sixth part of the notes furnished to an association shall be of a less denomination than \$5, and that after specie payments shall be resumed no association shall be furnished with notes of a less denomination than \$5;" and also in section 3 of the act of June 12, 1870, which prohibits the issue of circulating-notes to gold banks of a less denomination than \$5. These provisions have had the effect to prevent the issue of any considerable amount of notes of a less denomination than \$5, the whole amount of such issues in circulation at the present time being \$8,972,841.

The following table exhibits the number and amount of national-bank notes of each denomination which have been issued and redeemed since the organization of the system, and the number and amount outstanding on November 1, 1874:

| Denomina-<br>tion. | Number.       |               |               | Amount.  |                 |                |
|--------------------|---------------|---------------|---------------|--|-----------------|----------------|
|                    | Issued.       | Redeemed.     | Outstanding.  | Issued.  | Redeemed.       | Outstanding.   |
| 1.....             | 16,548,259 00 | 11,143,606 00 | 5,404,653 00  | \$16,548,259 00                                      | \$11,143,606 00 | \$5,404,653 00 |
| 2.....             | 5,539,113 00  | 3,755,019 00  | 1,784,094 00  | 11,078,226 00  | 7,510,038 00    | 3,568,188 00   |
| 5.....             | 39,243,136 00 | 13,041,605 00 | 26,202,531 00 | 196,215,680 00                                       | 65,208,025 00   | 131,007,655 00 |
| 10.....            | 13,337,076 00 | 3,912,707 00  | 9,424,369 00  | 133,370,760 00                                       | 39,127,070 00   | 94,243,690 00  |
| 20.....            | 3,962,109 00  | 971,608 00    | 2,990,501 00  | 79,242,180 00  | 19,432,160 00   | 59,810,020 00  |
| 50.....            | 666,950 00    | 231,556 00    | 435,394 00    | 33,347,500 00  | 11,577,800 00   | 21,769,700 00  |
| 100.....           | 492,482 00    | 196,572 00    | 295,910 00    | 49,248,200 00  | 19,657,200 00   | 29,591,000 00  |
| 500.....           | 17,344 00     | 11,676 00     | 5,668 00      | 8,672,000 00   | 5,838,000 00    | 2,834,000 00   |
| 1,000.....         | 5,240 00      | 4,683 00      | 557 00        | 5,240,000 00   | 4,683,000 00    | 557,000 00     |
|                    | 79,811,709 00 | 33,269,032 00 | 46,543,677 00 | 532,962,805 00                                       | 184,176,899 00  | 348,785,906 00 |
|                    |               |               |               | Deduct for fragments of notes lost or destroyed..... | 5,246 30        |                |
|                    |               |               |               | Add for fragments of notes lost or destroyed.....    |                 | 5,246 30       |
|                    |               |               |               |  | 148,171,652 70  | 348,791,152 30 |

From this table it will be seen that the total amount now outstanding of national-bank notes below the denomination of \$5 is \$8,972,841. The

## REPORT OF THE COMPTROLLER OF THE CURRENCY. XXIX

total amount now outstanding of legal-tender notes\* below the same denomination, (one and two dollar notes,) is \$56,223,525; and the amount of fractional currency is \$48,151,024.

The amount of national-bank notes in circulation under the denomination of \$10 is \$139,980,496; of legal-tender notes, \$107,403,965. If the whole issue of legal-tender and national-bank notes under the denomination of \$5 should be withdrawn, it would place \$65,196,366 of specie in the hands of the people; and if all the paper-money (including fractional currency) under the denomination of \$10 should be withdrawn, it would require \$295,535,485 of specie to take its place.

## SECURITY OF CIRCULATING-NOTES.

The following statement exhibits the kinds and amounts of United States registered bonds held by the Treasurer of the United States on the first day of November, 1874, to secure the redemption of the circulating-notes of national banks:

| Title of loan.   | Authorizing act.                         | Rate of interest. | Amount.       |
|--|--|-------------------|---------------|
| Loan of February 8, 1861, (81s).....                         | February 8, 1861.....                    | 6 per cent....    | \$3, 959, 000 |
| Loan of July and August, 1861, (81s)....                     | July 17 and August 5, 1861.....          | 6 per cent....    | 55, 298, 050  |
| Loan of 1863, (81s).....                                     | March 3, 1863.....                       | 6 per cent....    | 30, 371, 050  |
| Five-twenties of 1862.....                                   | February 25, 1862.....                   | 6 per cent....    | 288, 400      |
| Ten-forties of 1864.....                                     | March 3, 1864.....                       | 5 per cent....    | 104, 463, 250 |
| Five-twenties of March 3, 1864.....                          | March 3, 1864.....                       | 6 per cent....    | 706, 000      |
| Five-twenties of June, 1864.....                             | June 30, 1864.....                       | 6 per cent....    | 9, 430, 750   |
| Five-twenties of 1865.....                                   | March 3, 1865.....                       | 6 per cent....    | 9, 231, 200   |
| Five-twenties of 1865, 2d series.....                        | March 3, 1865.....                       | 6 per cent....    | 6, 899, 500   |
| Five-twenties of 1867.....                                   | March 3, 1865.....                       | 6 per cent....    | 12, 732, 200  |
| Five-twenties of 1868.....                                   | March 3, 1865.....                       | 6 per cent....    | 3, 298, 500   |
| Ended-loan of 1881.....                                      | July 14, 1870, and January 20, 1871..... | 5 per cent....    | 134, 976, 850 |
| United States bonds issued to Pacific railway-companies..... | July 1, 1862, and July 2, 1864.....      | 6 per cent....    | 13, 767, 000  |
| Total.....   |  |                   | 385, 421, 750 |

From an examination of the table it will be found that these bonds consist of \$145,981,650 of 6 per cent. bonds and \$239,440,100 of 5 per cent. bonds. On October 1, 1870,† the Treasurer held as security for the circulating-notes of the national banks \$342,833,850 of United States bonds, of which only \$95,942,550 were 5 per cent. bonds; from which it appears that there has been during the last four years an increase in the 5 per cent. bonds of \$143,497,550, and a decrease in the 6 per cent. bonds of \$100,909,650.

## \* Legal-tender notes outstanding, by denominations, November 1st, 1874.

|   |                |
|---|----------------|
| 1s.....   | \$27, 444, 403 |
| 2s.....   | 28, 779, 132   |
| 5s.....   | 51, 180, 440   |
| 10s.....  | 76, 390, 525   |
| 20s.....  | 72, 014, 810   |
| 50s.....  | 22, 503, 700   |
| 100s.....   | 34, 963, 000   |
| 500s.....   | 14, 413, 000   |
| 1, 000s.....  | 55, 311, 000   |
|   | 383, 000, 000  |
| Deduct amount destroyed in Chicago fire, (denominations unknown)..... | 1, 000, 000    |
|   | 382, 000, 000  |

† On October 1, 1865, the total amount of United States bonds was \$276,250,550, of which only \$76,832,600 were 5 per cent. bonds.

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## COUNTERFEITS.

From a report made to the Secretary of the Treasury by the chief of the secret service, on August 27, 1873, it appears that the \$10 plate upon which the national-bank notes are printed has been more extensively counterfeited than any other, the plates of twenty-four banks having been thus counterfeited. Ten plates of the \$20 notes and a small number of the \$100 and the \$2 plates have also been counterfeited; all of which plates have been captured and destroyed by the Treasury Department. A full set of lithographic-stones from which were printed notes of the denomination of \$5, together with a considerable amount of notes, were also captured and destroyed; since which time it is believed that no fraudulent issues of this kind have been put in circulation.

A very dangerous counterfeit, of the denomination of \$5, upon The Traders' National Bank, Chicago, has recently appeared, and the genuine notes of this issue are being retired in pursuance of law, as they are redeemed at the Treasury, and there are now but \$50,555 of this denomination remaining in circulation.

The statements contained in the report of the chief of the secret service have been confirmed by correspondence with all the banks whose notes are known to have been counterfeited; and it is believed that the number of counterfeits of the national-bank issues has been continually diminishing since the capture of the plates referred to. There is no doubt that the large amount of engraver's work upon both the faces and backs of the national-bank notes, and the similitude of the designs of each denomination, has tended to prevent the issue of counterfeits; not more than forty-six of the whole six thousand plates which have been engraved for the national banks having been successfully imitated, while under the old State system the counterfeit-notes were numbered by thousands.

A small number of impressions only has been printed from the plates of the denominations of 1s and 2s, and of the 20s, 50s, 100s, 500s, and 1000s. The average number of impressions printed from the \$5 plate does not exceed four thousand, while the number printed from the \$10 plate is considerably less. The Comptroller is informed by the engravers that the plates from which the national-bank notes are printed are capable of printing thirty thousand impressions before they will be rendered unfit for use. The plates of all the denominations are, therefore, with few exceptions, in good condition, and with care a large number of impressions may be printed from them before evidence of wear will become apparent.

The present system of assorting in the Treasurer's Office affords an opportunity to withdraw from circulation, as authorized by law, the genuine notes of all banks, of any denomination which may have been successfully counterfeited; and it is believed that the Comptroller, by availing himself of this opportunity, will be able, in a great measure, to defeat the operations of those engaged in counterfeiting the national-bank circulation. It is certain that a new issue of national-bank notes, differing in design from the present, would tend to increase the number of counterfeits, and, as the plates are not worn to any considerable extent, a large expenditure of money for this purpose at present is entirely unnecessary.

My predecessor, in his reports for 1867 and 1869, called the attention of Congress to the fact that \$17,560 of the unsigned notes of national banks had been purloined from this Office, and stated that the guilty party was tried in the criminal court of the District and convicted; but

that a motion in arrest of judgment was granted by the court upon some defect in the indictment, and the criminal discharged. It is believed that but a small portion of these notes was ever put in circulation, the larger portion having been subsequently destroyed. A few, however, still remain in circulation with forged signatures, and are, from time to time, received with genuine notes, their similarity preventing prompt detection. The Comptroller recommends that an appropriation of \$5,000 be made for the redemption of such of these notes as are outstanding.

#### AMENDMENTS.

The act of June 20, 1874, has been in operation but a few months, and its provisions in reference to the redistribution of the currency, reserve, and redemption, should be thoroughly tested before any changes are made, and accordingly no amendments thereof are now recommended.

The following amendments to previous acts are recommended: (1) An amendment to section 1 of the act of March 3, 1873, providing that if any shareholder or shareholders of banks whose capital-stock is impaired shall refuse, after three months' notice, to pay the assessment, as provided in said section, a sufficient amount of the capital-stock of such delinquent shareholder or shareholders may be sold to make good the deficiency. (2) An amendment of section 29 of the national-bank act, extending the limit of liabilities of any association, person, company or firm, for money borrowed, from 10 per cent. of the capital paid in, to 15 per cent. of capital and surplus, for banks located in the redemption cities, and one-tenth of capital and surplus for other banks; (3) also prohibiting the deposit of more than 10 per cent. of the capital of a national bank with any private banker, or with any person or association other than a national-banking association. (4) That no national bank shall be liable to make good any deficiency which may hereafter arise in any special deposit made with such bank, unless a receipt shall be produced by the owner of such deposit, in which the liability of the bank shall be distinctly stated; (5) the repeal of the two-cent. stamp-tax, or an act providing that all bills of exchange, checks, or receipts in place of checks, drawn upon any bank or banker, shall be subject to a stamp-tax, with a penalty of \$20 for each violation thereof; and (6) providing for the enforcement of the individual liability of shareholders of national banks, which have gone into voluntary liquidation under section 42 of the national-bank act.

The Comptroller renews the recommendations contained in his last two reports, for the passage of an act to prevent the issue and circulation of unauthorized currency, and requiring the word "counterfeit" "altered," or "illegal," to be stamped on all counterfeit and unauthorized issues; also, his recommendation for the repeal of the fourth section of the act of June 1, 1870, so far as it applies to the organization of savings-banks in the District of Columbia, and for the enactment in its stead of a general law in reference to such savings-banks, with judicious conditions and restrictions.

#### THE OFFICE.

The thanks of the Comptroller are due to the Deputy Comptroller, examiners of banks, chiefs of divisions, and the other employés of this Office for the satisfactory manner in which their duties have been performed during the past year. The business of the Office will be largely increased during the coming year, and it is expected that not less than



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\$120,000,000 of mutilated currency will be received, counted and destroyed, and a much larger amount of new currency issued to the banks. The Comptroller and the Deputy Comptroller are required by law to give official bonds for a large amount; and the responsibility for these large sums of money must, of necessity, be delegated to a great degree to the chiefs of divisions and others, whose compensation is at present exceptionally meagre and inadequate, in no case exceeding eighteen hundred dollars. The passage of the bill for the reorganization of the Treasury Department, and making provision for an increase of the compensation of those officers and employes who have fairly earned such recognition by long and faithful service in responsible positions, is respectfully recommended.

## THE APPENDIX.

Special attention is called to the carefully-prepared tables contained in the appendix, exhibiting the aggregate resources and liabilities of all the national banks, yearly, for the past twelve years; also showing their condition for the present year at five different periods, arranged by States and redemption-cities, and separate statements of every bank in the Union on the 2d day of October, ultimo; also exhibiting the different kinds of funds held as reserve, and the percentage of reserve to circulation and deposits of the national banks in each of the States and redemption-cities at twenty-four different dates during the years 1870 to 1874, inclusive; also a table, compiled from reports made to the New York clearing-house, showing the average liabilities and reserves of the national banks of that city, weekly, during the months of September and October, for the past five years; also a table showing the amounts and kinds of loans of the New York City banks at corresponding periods for the last five years; the dividends and earnings of the national banks by States and cities, semi-annually, during the past year; also lists of insolvent banks, and banks which have gone into voluntary liquidation; also a statement showing the aggregate number of national-bank notes issued, withdrawn, and outstanding, on November 1, yearly, from 1868 to 1874, inclusive; and a statement of the condition of the State banks and savings-banks organized under the laws of the different States, so far as they could be obtained from official sources.

An index to the tables contained in this report will be found on the following page.

JOHN JAY KNOX,  
*Comptroller of the Currency.*

HON. JAMES G. BLAINE,  
*Speaker of the House of Representatives.*