

# REPORT

OF THE

## COMPTROLLER OF THE CURRENCY.

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TREASURY DEPARTMENT,  
OFFICE OF THE COMPTROLLER OF THE CURRENCY,  
*Washington, December 2, 1918.*

SIR: The report of the Comptroller of the Currency for the 12 months ending October 31, 1918, being the fifty-sixth yearly report of the operations of this bureau, is respectfully submitted herewith, as required by section 333 of the Revised Statutes of the United States.

### OUR NATIONAL BANKS IN WAR TIME.

The year which just passed was the most momentous in our life as a nation. Our country has been subjected to supreme tests in many directions and has proved equal to them all.

No nation in history has ever converted so speedily its raw recruits into an effective Army and Navy of nearly four million men, admirably equipped and so trained as to meet and overcome an enemy which vaunted itself to be invincible and which, until our entrance into the war, had been successful on every front. And our country, while performing this gigantic task, was also raising the food, producing the munitions, and transporting across the ocean the vast supplies essential for the support of our allies.

To carry on these colossal undertakings required expenditures of capital on a scale which no nation had ever attempted. The actual disbursements by the Government for the last few months of the war were at the rate of about \$60,000,000 per day; and the estimates of expenditures for the ensuing year reached figures yet more enormous. Every industry contributory directly or indirectly to war purposes, whether for ourselves or for the allies, including those engaged in agriculture, manufacturing, and internal and external commerce, was run at full speed. The demands upon the capital and banking resources of the country have been unparalleled.

The financial strain upon us would have wrecked and crumbled any financial system not founded on sound economic laws and governed by conservative and established principles of finance; and no system, however meritorious, could have survived such strain had not its component parts been operated and directed by men of character and experience, willing and able to rise to the supreme demands of the hour.

Through these trials and tests the national banks of the country and our Federal Reserve System have passed triumphantly. Their resources have risen steadily during this period of stress and strain

to the highest figures ever attained, the national bank resources on November 1 being \$19,821,404,000.

In the past 18 months our country has raised, through bond issues, an amount more than six times as great as was raised during the four years of the Civil War, largely at rates of interest not one-half as high as those paid during that period; and of this huge sum, subscriptions for more than 50 per cent of all the bonds marketed were placed through the instrumentality of the national banks.

The volume of business transacted has been unprecedented; and yet, through this year of supreme trial, the banks of the entire country have passed with unprecedented safety, but one national bank in nearly 8,000 having failed in the current calendar year.

The earnings of the national banks, as the figures presented in this report will show, have been greater than in any previous year.

Throughout the year the money rates have been maintained in every section of the country on a normal basis. Every legitimate industry has been able to obtain the funds needed for its operation at favorable rates.

In the remote districts of the country where excessive and usurious rates formerly prevailed, the exorbitant charges have been steadily disappearing, and complaints of usury are fewer than ever before.

The European war began at the end of July, 1914. In the four and one-half years since then our banks have been subjected to dangers, burdens, and trials which, in previous crises and under old conditions, would have spread dismay and which usually brought failure and ruin; but we have passed through this mighty crisis unscathed and with smaller losses from bank failures than we generally experience in normal years. The records show that in the 33 years immediately preceding July 1, 1914, the percentage of losses to depositors from failures of national banks throughout the country averaged twenty-eight one-thousandths of 1 per cent per annum of total deposits.

During the four and one-half years since the outbreak of the war, while our banks have been called upon to feed and finance a world aflame, the percentage of total estimated losses to the deposits of all national banks which have failed in this period have averaged less than three one-thousandths of 1 per cent. In other words, the percentage of losses to the depositors of national banks in those four and one-half years amounted to one-ninth of the average percentage of losses for the 33-year peace period from 1881 to June 30, 1914.<sup>1</sup>

If the national banks in the future maintain the same average percentage of losses to depositors that has prevailed since July 1, 1914, an assessment of 3 cents per thousand dollars, or \$30 per million, would be sufficient to insure against loss all the deposits in all the national banks of the country.

### HIGH EFFICIENCY AND PATRIOTISM OF THE NATIONAL BANKS.

It is deeply gratifying to be able to inform the Congress of the admirable efficiency with which the national banks are being conducted and of the commendable patriotism and zeal with which they responded to the unprecedented calls which have been made upon

<sup>1</sup>The figures prior to 1881 are not given because the detailed figures for the earlier years are not available.