

V 1.—Statement of the condition of the Banks in Illinois on Monday, April 3, 1854.

	Alton Bank, Alton.	Bellville B'k, Belvidere.	B'k of Galena, Galena.	Bank of Rock- ford, Rockford.	Bank of Elgin, Elgin.	Bank of Na- perville, Naperville.	Bank of Northern Ill., Waukegan.	Clark's Ex- change Bank, Springfield.	Commercial Bank, Chicago.	Central Bank, Peoria.
RESOURCES.										
Public stocks at the rate at which they were received by the auditor.....	\$53,419 54	\$70,000 00	\$77,670 25	\$63,000 00	\$10,000 00	\$30,000 00	\$50,000 00	\$23,852 09	\$55,000 00	\$74,000 00
Amount paid for stocks over the value at which they were received by the auditor.....	0,435 07	7,795 38	15,814 86	7,223 33	6,509 75	3,500 00	1,608 33	.....	2,431 11	2,900 00
Real estate.....	53,039 00	7,400 00	33,605 00	643 00	.....	.....	11,472 00	13,025 00	5,800 00	15,118 20
Notes of other banks on hand.....	30,092 29	.....	151,227 95	.....	85,842 40	.....	74,701 12	280,220 82	75 00	102,603 77
Amount of debts owing to the association other than loans and discounts.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Suspended debt.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Specie on hand.....	74,061 41	2,585 00	30,464 40	15,648 25	17,869 27	2,000 00	6,815 11	29,123 71	16,418 26	10,479 66
Loans and discounts.....	97,382 95	.....	.....	51,126 00	15,000 00	.....	.....	.....	25,000 00	.....
Deposited with other banks.....	.....	54,368 13	.....	.....	1,087 50	380 42	.....	6,271 93	10,209 41	.....
Expense account.....	.....	851 00	758 04	.....	31,809 00	119 58	.....	1,214 06	1,895 83	.....
Checks, drafts, and other cash items.....	.....	.....	.....	.....	.....	.....	930 73	.....	.....	.....
Total resources.....	283,400 86	150,009 51	311,540 50	137,710 57	258,078 01	56,000 00	145,527 29	560,407 61	122,829 71	217,101 63
LIABILITIES.										
Capital stock paid in and invested according to law.....	58,845 21	80,000 00	57,000 00	71,324 57	100,000 00	50,000 00	50,000 00	222,839 09	52,000 00	82,900 90
Amount of debts owing by the association other than for deposits.....	29,074 48	.....	13,376 08	.....	.....	3,300 00	.....	9,217 51	9,764 10	143 12
Amount due to depositors.....	136,107 57	.....	181,283 67	.....	57,651 01	.....	45,202 50	109,443 13	490 13	54,282 45
Notes or bills in circulation.....	51,520 00	60,848 00	57,159 00	62,986 00	99,652 00	2,560 00	50,400 00	221,706 00	55,000 00	69,213 00
Profit and loss account.....	6,853 60	161 51	2,721 15	3,390 00	775 00	.....	132 79	3,098 98	3,525 49	10,463 06
Total liabilities.....	283,400 86	150,009 51	311,540 50	137,710 57	258,078 01	56,000 00	145,527 29	560,407 61	122,829 71	217,101 63

V 1.—Statement of the condition of the Banks in Illinois—Continued.

	De Page County Bank, Naperville.	Exchange Bank of H. A. Tucker & Co. Chicago.	Marine Bank of Chicago, Chicago.	Merchants and Drivers' Bank of Illinois, Joliet.	Merchants and Mechanics' Bank of Chi- cago, Chicago.	Stock Se- curity Bank, Danville.	The Bank of Peru, Peru.	The Bank of America, Chicago.	The Bank of Ottawa, Ottawa.	The City B'k, Chicago.
RESOURCES.										
Public stocks at the rate at which they were received by the auditor.....	\$51,300 00	\$50,000 00	\$215,541 88	\$210,882 62	\$58,700 00	\$25,000 00	\$62,000 00	\$50,000 00	\$71,841 27	\$70,000 00
Amount paid for stocks over the value at which they were received by the auditor.....	5,776 25	4,228 33	62,391 40	8,647 38	5,000 00	7,950 00	3,350 00	.....	3,869 71	5,623 33
Real estate.....	556 90	.....	.....	.....	18,793 82	.....	1,654 73	.....	2,750 00	.....
Notes of other banks on hand.....	8,678 00	.....	.....	13,124 00	43,128 00	5,470 20	21,461 25	.....	22,261 00	.....
Amount of debts owing to the association other than loans and discounts.....	55,235 44	20,377 90	58,198 15	.....	.....	95,600 00	142,309 91	10,000 00	.....	.....
Suspended debt.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Specie on hand.....	12,762 77	27,300 00	31,450 82	19,968 50	15,610 25	62,091 23	24,083 89	40,000 00	16,431 46	19,548 00
Loans and discounts.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Deposited with other banks.....	28,477 37	.....	13,123 03	158,672 42	277,577 75	46,815 62	.....	.....	24,288 75	54,078 99
Expense account.....	920 55	917 10	835 82	3,065 00	.....	572 00	4,781 26	.....	1,534 83	1,134 68
Checks, drafts, and other cash items.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total resources.....	163,663 18	102,883 33	381,601 10	413,739 92	378,815 92	234,121 98	250,211 04	100,000 00	148,577 02	131,325 00
LIABILITIES.										
Capital stock paid in and invested according to law.....	50,000 00	54,289 33	150,000 00	210,880 00	120,700 00	95,000 00	52,000 00	50,000 00	71,841 00	66,000 00
Amount of debts owing by the association other than for deposits.....	551 42	.....	30,317 10	.....	51,360 00	.....	64,391 39	.....	48 51	.....
Amount due to depositors.....	63,145 76	.....	3,600 00	.....	147,788 76	135,111 54	77,215 66	.....	4,846 51	.....
Notes or bills in circulation.....	49,966 00	48,505 00	197,684 00	108,115 00	57,621 00	94,428 00	62,000 00	50,000 00	71,841 00	59,925 00
Profit and loss account.....	.....	.....	.....	4,744 92	1,366 16	9,582 44	3,604 09	.....	.....	5,400 00
Total liabilities.....	163,663 18	102,883 33	381,601 10	413,739 92	378,815 92	334,121 98	250,211 04	100,000 00	148,577 02	131,325 00

V 1.—Statement of the condition of the Banks in Illinois—Continued.

	The Chicago B'k, Chicago.	The Farmers' B'k, Chicago.	The Farmers and Traders' B'k, Charleston.	The McLean County Bank, Bloomington.	The Mechanics and Farmers' Bank, Springfield.	The Phoenix B'k, Chicago.	The Rock Island Bank, Rock Island.	The Southern Bank of Ill., Beleville.	The Union B'k, Chicago.
RESOURCES.									
Public stocks at the rate at which they were received by the auditor.....	\$136,208 97	\$50,000 00	\$150,000 00	\$100,000 00	\$78,275 00	\$50,000 00	\$50,000 00	\$50,000 00	\$75,000 00
Amount paid for stocks over the value at which they were received by the auditor.....		3,000 00		7,282 31	6,865 00		4,015 01		7,000 00
Real estate.....	20,000 00		4,227 00	729 00	30,178 00		53,082 00	5,239 00	
Notes of other banks on hand.....		35,633 03	500 00	55,715 67	130,720 15			24,000 00	
Amount of debts owing to the association other than loans and discounts.....									
Suspended debt.....									
Specie on hand.....	23,000 00	14,810 40	15,277 82	19,524 41	13,400 10		7,739 52	13,045 00	15,183 93
Loans and discounts.....			17,243 71	48,181 27	70,338 31				
Deposited with other banks.....	94,139 40			27,571 38			45,605 97		45,149 19
Expense account.....	3,047 08	985 64		770 98	2,000 00				748 89
Checks, drafts, and other cash items.....				1,013 63	24,214 19				
Total resources.....	278,395 45	104,429 15	184,029 53	281,299 40	355,059 65	50,000 00	160,495 50	92,281 00	143,382 00
LIABILITIES.									
Capital stock paid in and invested according to law.....	136,208 97	50,000 00	150,000 00	100,000 00	106,250 00	50,000 00	50,000 00	50,000 00	75,000 00
Amount of debts owing by the association other than for deposits.....				35,079 74	47,310 45				
Amount due to depositors.....			22,280 59	66,286 65	124,532 31		60,500 50		
Notes or bills in circulation.....	136,081 00	50,000 00	150,000 00	79,931 00	69,994 00		49,995 00	43,281 00	73,329 00
Profit and loss account.....	6,105 48	1,429 15			6,572 29				
Total liabilities.....	278,395 45	104,429 15	327,200 59	281,299 40	355,059 65	50,000 00	160,495 50	92,281 00	143,382 00

V 1.—Statement of the condition of the Banks in Illinois—Continued.

RECAPITULATION.

RESOURCES.

Public stocks at the rate at which they were received by the auditor.....	\$2,475,741 62
Amount paid for stocks over the value at which they were received by the auditor.....	196,182 13
Real estate.....	31,159 82
Notes of other banks on hand.....	335,319 44
Amount of debts owing to the association other than loans and discounts.....	1,302,203 68
Suspended debt.....	.....
Specie on hand.....	505,132 04
Loans and discounts.....	316,541 76
Deposited with other banks.....	672,612 02
Expense account.....	24,874 97
Checks, drafts, and other cash items.....	63,692 41
Total resources.....	6,305,978 86

LIABILITIES.

Capital stock paid in and invested according to law.....	2,511,790 12
Amount of debts owing by the association other than for deposits.....	294,404 46
Amount due to depositors.....	1,086,489 52
Notes or bills in circulation.....	1,087,456 00
Profit and loss account.....	71,787 08
Total liabilities.....	6,448,299 82

I certify that the preceding statement is an abstract of the quarterly reports made to this office by the several banks organized under the general banking law of this State, as far as is practicable to compile the items of the several reports under general heads. Said reports show the condition of the banks as they existed on Monday, the 3d day of April, 1894.

THO. H. CAMPBELL, Auditor.

Note.—There seems to be an error in the report from "The Farmers and Traders' Bank," as the account is not balance. It may be that the error is in omitting to credit the bank with the deposits or loans of the circulating notes. In the report from the "Bank of Elgin," the amount of notes of other banks on hand is included with the amount of checks, drafts, &c.

A statement of the names and locations of the Banks of Illinois organized under the General Banking Law, and the kinds and amount of securities on deposit, and the amount of circulating notes outstanding November 30, 1854.

Names of banks.	Locations.	Virginia stocks deposited at par.	Georgia stocks deposited at par.	Missouri stocks deposited at par.	Ohio stocks deposited at par.	California stocks deposited at 80 per cent.	Kentucky stocks deposited at par.	South Carolina stocks deposited at par.	Tennessee stocks deposited at par.	Illinois circulation stocks deposited at 80 per cent.
Merchant and Mechanics' Bank of Chicago	Chicago	\$50,000 00								
Clark's Exchange Bank	Springfield									
Marine Bank of Chicago	Chicago	42,000 00								
Stock Security Bank	Danville	52,000 00				\$53,000 00				
The City Bank	Chicago	50,000 00								
The Rock Island Bank	Rock Island			\$50,000 00						
The Chicago Bank	Chicago	52,000 00								
Commercial Bank	Chicago			40,000 00	\$5,000 00		\$10,000 00			
The Bank of Ottawa	Ottawa	70,000 00								
Central Bank	Peoria	74,000 00								
The Bank of America	Chicago			12,000 00						
The Union Bank	Chicago			25,000 00						
The Mechanics and Farmers' Bank	Springfield	50,000 00								
Belvidere Bank	Belvidere	33,000 00				1,500 00				
Bank of Galena	Galena	13,000 00	\$20,000 00							
Alton Bank	Alton			15,000 00						
Bank of Rockford	Rockford	60,000 00		20,000 00		16,000 00				\$12,000 00
Bank of Elgin	Elgin		57,000 00							
The Southern Bank of Illinois	Belleville			47,000 00						
Du Page County Bank	Naperville	27,500 00		50,000 00		2,000 00				
McLean County Bank	Bloomington			100,000 00						
Exchange Bank of H. A. Tucker & Co.	Chicago			50,000 00						
The Merchants and Drivers' Bank of Illinois	Joliet	20,000 00		200,000 00				\$14,000 00		
The Bank of Peru	Peru			60,000 00						
The Farmers and Traders' Bank	Charleston	125,000 00		15,000 00		6,000 00				
Bank of Northern Illinois	Waukegan			50,000 00						
The Phoenix Bank	Chicago	50,000 00								
Bank of Naperville	Naperville	25,000 00							\$25,000 00	
The State Bank of Illinois	Shawneetown		10,500 00	150,000 00				101,000 00		
Railroad Bank	Decatur	32,000 00							11,000 00	
The Farmers' Bank	Chicago, (A)			50,000 00						
The Quincy City Bank	Quincy, (B)									
The Bank of Lucas & Shumard	Springfield, (B)									
		630,500 00	87,500 00	1,012,000 00	5,000 00	107,200 00	10,000 00	100,000 00	29,000 00	12,000 00

V 2—Continued.

Names of banks.	Locations.	Illinois New Internal Improvement stock deposited at 50 per cent.	Illinois and Michigan Canal stocks.	Rate.	Illinois and Michigan Canal interest certificates.	Rate.	Illinois New Internal Improvement interest certificates.	Rate.	Total amount of stocks deposited.	Total amount of stocks at rate deposited.	Amount of circulating notes outstanding.
Merchant and Mechanics' Bank of Chicago	Chicago	\$12,000 00		50					\$63,000 00	\$58,700 00	\$5,700 00
Clark's Exchange Bank	Springfield	\$77,687 16	6,000 00	45					37,625 45	164,918 25	164,562 00
Marine Bank of Chicago	Chicago	101,840 99	125,000 00	50	\$1,962 47	\$0 21	1,871 77	40			
Stock Security Bank	Danville		3,000 00	45	2,382 75	30	1,250 42	43			
The City Bank	Chicago						814 97	48	282,623 40	160,700 85	158,901 00
The Rock Island Bank	Rock Island								105,000 00	94,000 00	94,000 00
The Chicago Bank	Chicago								50,000 00	50,000 00	50,000 00
Commercial Bank	Chicago	126,097 95	6,000 00	50	857 80	24	17,387 88	40	202,343 65	125,209 84	125,081 00
The Bank of Ottawa	Ottawa		9,000 00	50	1,137 57	40			55,000 00	55,000 00	54,998 00
Central Bank	Peoria								80,137 57	74,955 02	74,954 00
The Bank of America	Chicago		77,000 00	50					74,000 00	74,000 00	73,500 00
The Union Bank	Chicago								80,000 00	50,500 00	50,500 00
The Mechanics and Farmers' Bank	Springfield								75,000 00	75,000 00	74,993 00
Belvidere Bank	Belvidere								51,500 00	51,500 00	51,200 00
Bank of Galena	Galena	30,052 01							54,000 00	54,000 00	53,987 00
Alton Bank	Alton								5,000 00		
Bank of Rockford	Rockford								4,000 00		
Bank of Elgin	Elgin								19,008 86		
The Southern Bank of Illinois	Belleville								14,527 40		
Du Page County Bank	Naperville								3,380 14		
McLean County Bank	Bloomington								4,201 18		
Exchange Bank of H. A. Tucker & Co.	Chicago								61,581 32	51,819 80	51,819 00
The Merchants and Drivers' Bank of Illinois	Joliet	1,591 50	2,000 00	50					63,000 00	61,000 00	62,996 00
The Bank of Peru	Peru		4,000 00	50					100,000 00	100,000 00	99,998 00
The Farmers and Traders' Bank	Charleston								50,000 00	50,000 00	50,000 00
Bank of Northern Illinois	Waukegan								55,500 00	49,900 00	49,900 00
The Phoenix Bank	Chicago								100,000 00	100,000 00	100,000 00
									50,000 00	50,000 00	50,000 00
									55,500 00	49,900 00	49,900 00
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									50,000 00	50,000 00	50,000 00
									55,500 00	49,900 00	49,900 00
									100,000 00	100,000 00	100,000 00

V 2—Continued.

Names of banks.	Locations.	Illinois New Internal Improvement stock deposited at 50 per cent.		Illinois Michigan Canal stocks.		Illinois and Michigan Canal interest certificates.		Illinois New Internal Improvement interest certificates.		Total amount of stocks deposited.	Total amount of interest certificates deposited.	Amount of circulating notes outstanding.
		Rate.	Amount.	Rate.	Amount.	Rate.	Amount.	Rate.	Amount.			
Bank of Naperville.....	Naperville.....									\$50,000 00	\$50,000 00	\$50,000 00
The State Bank of Illinois.....	Shawneetown.....		\$5,000 00		\$5,000 00		\$5,000 00			200,000 00	275,000 00	275,000 00
Railroad Bank.....	Decatur.....									50,000 00	50,000 00	50,000 00
The Farmers' Bank.....	Chicago, (A).....											272 73
The Quincy City Bank.....	Quincy, (B).....											1,689 00
The Bank of Lucas & Simonds.....	Springfield, (D).....											
			\$327,869 61		314,216 50		55,527 91		\$208,416 33	3,170,529 55	3,651,210 67	3,045,341 00

NOTE A.—The "Farmers' Bank" having refused to redeem its circulating notes, has been put into liquidation.
 NOTE B.—"The Quincy City Bank," and "The Bank of Lucas & Simonds," having returned the amount of circulating notes required by law, the securities filed have been returned.
 The outstanding circulating notes will be redeemed at the auditor's office.

W 1

Extract from the message of his Excellency Joseph A. Wright, Governor of Indiana, January 4, 1855.

Before the next session of the general assembly, the charter of the State Bank will expire; and, therefore, it devolves on the present legislature to make some disposition of the interest that the State holds in that institution. It is wisely provided by the constitution that, hereafter, the State shall not be a stockholder in any bank, nor lend her credit to any corporation. With the object of carrying out this principle, and keeping in view the interests which the State holds in the bank, consisting of stocks, sinking fund, surplus revenue, real estate, and other assets, I recommend the appointment of a board of commissioners with full authority to make a settlement of the affairs of the State and the bank, on the expiration of the charter.

The State is liable for the bonds originally issued for the capital stock, upon which the bank has promptly paid the interest, and the stock, at this time, commands a premium.

The whole legislation of the State, as well as the letter and the spirit of the constitution, declares the expediency of a separation of the interests of the State from all corporations. I concur fully with the auditor of State in his views as to the propriety of the future investment of the sinking fund in the bonds of the State.

The law upon the subject of general banking has failed to accomplish the purpose for which it was enacted. It has not furnished, for the use of the people, a sound circulating medium. The experience of the two past years fully establishes the correctness of my remarks addressed to the last general assembly on the subject of banking; and I may adopt, in its fullest meaning, the sentiment then expressed, "that past events have clearly shown that the restrictions provided by the law are insufficient to prevent abuses of the privileges granted.

It is a matter of regret that this subject did not engage the attention of the general assembly at its last session. I again urge upon your consideration the views expressed on this question at that time.

The country having over-traded, a necessary demand for exchange to meet eastern liabilities was created. This state of affairs caused the broker to seek for gold; and, in pursuing this object, he placed himself in the position of the merchant or business man, and was fulfilling one of those vocations not uncommon in such conditions of the country. It was a fortunate circumstance that the broker came early. We had, in less than six months, issued more than six millions of currency—an amount not required for the maintenance of a healthy condition in our monetary affairs; and if the broker had delayed his visit for a year longer, a greatly increased amount of paper circulation would have resulted in greatly increased pecuniary losses to the people.

The practical operation of the law in many instances has been, that the individual has not sought to locate and commence the business of banking to accommodate the commercial community, but to borrow money for himself under the sanction of the law. Men without capital, or with barely credit sufficient to borrow a few thousand dollars of

stocks, have been furnished facilities, under the law, to become bankers to the extent of millions. With the currency procured upon the first deposit of stocks, other securities have been purchased, and other notes procured, and thus a large circulation has been created without a dollar of actual capital.

Directors and bank presidents are now issuing this depreciated currency over their own counters, without any effort, or, it is believed, intention ever to redeem it. With this currency they purchase bills payable east, and the farmer, instead of getting an equivalent for his products, is paid in a circulation which he cannot dispose of without sacrifice; nor retain in his possession without danger. Instances are not wanting where the proprietors of banks, after suffering their institutions to suspend, have themselves embarked in the business of buying up their own paper at a heavy discount, and thus plundering the laborer of his hard earnings. I on will be wanting in your duty to an outraged people if you fail to adopt prompt measures to suppress this practice, which is not only unjust and disreputable, but subversive of public morals.

The indispensable duty of protecting the people of the State from the evils of a depreciated paper currency, requires that no special indulgence should, under any circumstances, be granted to any banking institution that neglects or refuses to redeem its issues in coin. Any bank refusing to redeem its circulation with the constitutional currency of the country, should be immediately wound up. No state of facts should be allowed to justify any delay in closing the business of such a bank. Every hour's delay affords to the broker and the speculator a harvest—yielding, as the delay continues, richer and more abundant fruits; and always at the expense of the laborers and the business men of the country.

The law itself is not only glaringly defective, but the construction given to it, and consequently the practice under it. It was evidently contemplated by its framers that no bank should be established with a capital of less than fifty thousand dollars; that it should have a convenient and accessible place of doing business; that it should redeem its issues promptly on demand; and that its proprietors should be at least men of pecuniary ability, and that it should embark in no other than a legitimate bona fide banking business. And yet in how few instances have these requisites been complied with.

Under the 12th and 28th sections of the law it was undoubtedly competent for the auditor to wind up any bank not doing business at the place where its bills were payable. To give more efficiency to this provision, and to make the duty imperative upon that officer, I called the attention of the legislature to the subject in my last annual communication; but having failed to procure the required legislation, I renew my recommendations on this point.

The great error in the law is, that the entire responsibility of the system is placed in the hands of a single individual, and he an officer of the State already charged with duties and trusts of the most important character. This single individual determines upon the validity of the organization, the character and value of the stocks, issues the circulation, holds the securities, passes upon the correctness of the reports,

delivers powers of attorney for the collection of interest, and, in short, settles all questions connected with the banks according to his own unaided judgment. With a bond of only \$10,000, he is the custodian of near \$10,000,000 of the public securities.

If it be the design of the legislature to continue this system, it will, in my judgment, be necessary, in order to secure the confidence of the people, and to protect their interests, to provide for the organization of a bank department, with a board of bank commissioners, with full powers to determine upon the locality of the bank, the necessity for its creation, the solvency of the securities offered, and who should, also, be charged with their custody.

I also recommend, that, inasmuch as the term of the present incumbent is about to close, a committee of the two houses be appointed to investigate fully the condition of all matters pertaining to the banks connected with the office of the auditor of State. A full report will doubtless do much to allay the apprehensions of the public, and establish confidence where merited.

The valuable and interesting report of that officer will present you in detail the operations of the free banking system in his hands.

It will doubtless be the policy of the legislature to provide for the immediate closing, and withdrawal from circulation of the paper, of all such institutions as persist in the violation of the palpable provisions of law. In doing so, due regard should be had both to the interests of the people and of the banker, so as to prevent undue excitement and apprehensions on the one hand, and loss and insolvency on the other. A contrary policy might involve the solvent with the insolvent, the upright man of business with the dishonest and corrupt. With the state of things we have had for the last year, it was not possible to avoid revulsions and monetary excitements.

The circulation of the State Bank in Oct., 1853, was, \$3,834,765 50
Circulation in October, 1854..... 2,903,648 00

Decrease..... 1,031,117 50
The Stock Bank circulation July 1, 1854..... 9,299,575 00
Circulation January 1, 1855..... 5,565,099 00
Estimated amount in hands of bankers not in circulation 1,000,000 00
Decrease in six months..... 4,734,475 00
The precise amount surrendered at the auditor's office
up to the 1st day of January, 1855, is..... 3,734,475 00

Here we have a withdrawal from circulation in twelve months, and the greater part in four months, of \$5,766,123, or more than one-half of all the circulation called money in the State. More than three millions of this circulation is depreciated; its value being at the mercy of the broker and speculator. The same facts in regard to the decrease of the currency are true, although perhaps in less proportions, in the adjoining States with which we have commercial intercourse.

How can any people have stability under this state of monetary affairs? We shall always have revulsions, expansions, contractions, and derangement in the whole business of the country, so long as we foster any system that makes promises to pay, money, instead of gold and

silver. If the inferior circulation were this day withdrawn, I have no doubt we should find a sufficient amount of the constitutional currency among our people for all ordinary business purposes.

We have not only a depreciated currency, issued under the authority of law, but we have a depreciated currency, issued by railroad, plank road, and insurance companies, without the authority of law. Thousands of dollars of this latter kind of depreciated paper have been thrown into circulation, and left to represent an uncertain and variable value in the ordinary transactions of business. The credit of the State, and the interests of the people, demand an abatement of this evil.

IV 2.

Extract from Report of Auditor General of Indiana, November 1, 1851.

FREE BANKING.

The duties of the auditor in the banking department of his office have been peculiarly important, laborious, and responsible. From about the first of May last, from several relative causes, a heavy run commenced upon the State stock banks of Indiana for coin. The scarcity and demand for eastern exchange, which yielded a sufficient profit to the brokers of our neighboring cities to induce them to collect and assort the notes of our banks, and to send them home in large sums for redemption in coin, caused such a drain upon their specie as to give them great trouble to keep an adequate supply on hand. So inveterate was the demand for coin, and nothing but coin, that many of the banks which had provided themselves with eastern exchange, and offered it to those who presented large amounts of their paper, were told in reply that the notes promised to pay dollars, and that exchange would not be taken instead thereof. The unprecedented and almost unheard of run continued to increase for more than sixty days before any one of those banks declined to furnish to the numerous bands of brokers and bankers, who continued to assort and send home their paper, the heavy sums demanded by them in specie.

A crisis then showed itself in the whole monetary operations of the western country. A large number of bankers and brokers in Cincinnati, who had supplied themselves in a great measure with exchange and coin drawn from the Indiana banks under their assorting system, were compelled to suspend business when they could no longer use the Indiana banks as the fountains of their existence. Indeed, several of the Ohio banks, in other cities than Cincinnati, felt the same want of a place for the supply of the precious metals, and at Cleveland, Columbus, Circleville, Toledo, and Sandusky, banks which had hitherto been in full confidence were also brought to suspension, and their notes to a very severe and ruinous rate of discount. Chicago and Illinois generally were next the theatre of the effects of this combined demand for coin, also, resulting in the failure of several banking

houses and a depreciation of their notes. The fact that the notes of the Indiana banks, under the general banking law, were secured by interest-paying bonds of the several States of the Union, and in many instances by the very best securities that any State issues, seemed to be of no value in the estimate put upon their notes by the public. A general depreciation ensued. Those banks which continued through all the pressure that was made upon them to redeem in coin were alike discredited with those which had refused to pay to brokers, bankers, and their agents. There are many banks in the State which have rigidly complied with the demands made upon them for specie at all times, when they might have saved or made much money by refusing to pay, and by surrendering bonds to note-holders.

Added to the disorganization of financial affairs in the West, at the same time an unusual stringent state of the money market exhibited itself in New York, and the other great commercial cities in the East. This tight condition of money facilities in the East, being the point at which all heavy transactions in State stocks and bonds are usually made, served materially to depress Indiana stock-secured paper, for capitalists could not be found who were able and willing to protect the paper to purchase the State bonds which secured it unless they were sold at unreasonable depreciation and loss.

The excited and unsettled condition of European affairs seemed, at this crisis, to be also unfavorable to the stock market of New York, and there was a consequent falling off of foreign orders for the purchase of State stocks. The large amount of those stocks which by the redemption of bank paper was liable to be thrown upon an already depressed market, produced the conviction upon my mind that if they were, by operation of law, to be forced to sale for what they would or might bring, much loss must ultimately result to the public by an insufficiency of the securities to meet the issues of the banks. If a bank has notes out to the amount of one hundred thousand dollars, which were issued upon an equal sum in State bonds, if those bonds be forced into market at a loss of twenty per cent., a deficiency of twenty thousand dollars must be the result, which sum must fall upon the note-holders if there be no other assets or personal responsibility.

To avoid such a state of things, I resolved, after due deliberation, to exercise such power as was conferred upon me by law, to give as much opportunity as the emergency would allow for a reaction in the money markets, and to give opportunity to foreign capitalists, through their friends in this country, to make orders from abroad. It is my belief that in thus acting under the law, the bill-holder was benefited, and the interests of the bond-owner promoted, and that, at no distant day, a heavy foreign competition in our own markets will bring our State securities back to their face and to their full value. In order that all persons interested in these results should be placed upon a footing of equality, I published a circular, dated on the first day of November last, and which is in these words, to wit: