

## BANKS OF MARYLAND.

## J 1.

*Extract from the message of Governor Grason, December 1840.*

1841  
The currency of this State consists of various kinds of paper, issued by banks under authority of their charters, by other corporations without authority, and by private associations and individuals, under the pretext of supplying their neighbors with change. These private issues will probably cease when specie payments are resumed; but the banks, the savings institutions, and other corporations, which have issued notes or certificates for small sums, will no doubt continue to exercise that privilege as long as it is found to be profitable. The small currency furnished by these corporations, though preferable in some respects to the notes of individuals, is more injurious to the public; because it is issued to a much larger amount, and has a more permanent effect in preventing the circulation of specie. If the people prefer the use of specie for change, and for dealings of trifling amount, they certainly ought to have their choice; and this they never can have, while small notes of every description are permitted to circulate through the State.

Many persons are under the impression that all the evils of a deranged currency have been produced by the measures of the General Government; and that, under the administration of General Harrison, they will be removed, without the aid of State legislation.

Without intending to discuss the general question of the currency, I will briefly state my reasons for believing that too much is expected from General Harrison's administration, and that it will not be in his power to correct the evils of which so many complain.

The currency, which has been so much deranged, is the currency of the different States; and consists of paper of every kind, issued under the authority, or by the permission, of the State Legislatures. If too much of this paper was put in circulation, it was the fault of the corporations that issued it; and if there were too many banks, it was the fault of the States that chartered them. It has been supposed that the United States Bank regulated the State banks, and prevented them from increasing in number. But it could only restrain the operations of other banks, by first receiving their notes, and then drawing upon them, every week or month, for the balances due. It had no control over weak and discredited banks, because it would not take their notes; and could only regulate those which were in high credit, and which could regulate each other, by the same process of frequent settlements. It was defective, too, as a regulator, in this particular: that, when other banks discounted too freely, and stood in need of restraints, it labored under the same difficulty, and required to be checked in its own movements; for the State banks very seldom extended their business, unless the national bank first set the example. Whenever it enlarged its discounts, they did the same; and then it was rather in a situation to require assistance, than to exercise a proper control.

But if, instead of being often a debtor, it had managed its affairs so prudently as to be always a creditor of other banks, there was nothing to prevent it from sustaining institutions that were unsound, and injuring others that were worthy of the public confidence; and nothing to prevent it from giving the banks and merchants of a commercial city great advantages over those of rival cities.

The national bank, however, might be prudent, vigilant, and impartial, and still be inefficient as a regulator; because the State banks could always

escape from its control, by refusing to pay specie, or by otherwise discrediting their notes; and thus place themselves out of the reach of the regulating power, at the very time they stood most in need of it.

The condition of the currency in the several States, during different periods, furnishes proof that its value depends on State legislation, and not on the influence of a national bank.

The United States Bank went into operation in 1817, and from that period to the year 1825 its influence was not perceptible in any of the States that encouraged excessive banking. The currency of Kentucky, Tennessee, Indiana, and Illinois, was as much depreciated during the greatest portion of that period, as that of Mississippi is now; and was gradually restored to a sound state by the operation of their own laws, and the determination of the people of those States to rid themselves of paper-money which had lost its value. The process by which the people of Kentucky were relieved from their depreciated paper, is described in the following paragraphs, published in Niles's Register in February, 1823:

"*More good news.*—Bills of the Bank of the Commonwealth of Kentucky, to an amount of seven hundred thousand dollars, were burnt at Frankfort on the 15th ultimo. A few more good fires like this, and we shall begin to expect remittances from our friends in Kentucky."

"Kentucky is going on nobly in the work of burning paper-money. There was lately another great purification of the currency by fire; one million four hundred thousand dollars, in notes of the Bank of Kentucky, besides the conflagration of the paper of the Bank of the Commonwealth, have been committed to the flames."

The United States Bank had then been in operation six years, without being able to equalize the exchanges between the western States and eastern cities, or to restrain excessive banking, or to correct the evils of a depreciated currency. During that period, the notes of many of the banks in specie-paying States were at as great a discount as the currency of any western State; and throughout the whole country, banks continued to multiply and explode, as if no national bank had been employed in regulating their movements.

Some of the New England banks were able to continue specie payments during the last war, when there was no national bank, because their discounts were in proportion to their means. If the eastern States had chartered too many banks, or permitted them to run into every kind of excess, no national bank, no administration of the General Government, could have prevented the depreciation of their currency.

The framers of the constitution of the United States had no conception that a national bank, or any incidental power of the General Government, could regulate or restrain the paper currency of the States; and therefore expressly prohibited them from emitting bills of credit. This restriction has been rendered nearly ineffectual by the agency of banks; and the States, after giving birth to a numerous progeny of corporations whose business it is to issue paper money, insist upon the necessity of a regulator to give their different currencies a uniform value.

The States have ample power over their corporations and their own paper-money; and there is no necessity of making use of a fiscal agent of the General Government for the management of either. If it be desirable to suppress the circulation of small notes, to prevent the increase of banks, to limit their issues, and to compel the payment of specie, the State Legislatures can accomplish these objects without the aid of a national bank.

J 2.

Statement of the condition of the banks in Maryland, January, 1841.

Names of banks.	Date.	Capital.	Loans and discounts.	Stocks.	Real estate.	Other investments.
1841.						
Farmers and Planters' Bank	January 4	\$600,425	\$770,424	\$13,050	\$4,844	
Commercial and Farmers' Bank	" 5	465,720	531,820	8,325	40,356	\$3,811
Western Bank	" 4	580,050	671,004	11,330	31,461	195
Marine Bank	" 4	302,485	380,870	53,076	30,000	132,560
Mechanics' Bank	" 4	2,000,000	1,954,331	91,563	25,000	
Bank of Baltimore	" 4	1,197,550	1,514,433	88,340	35,907	
Chesapeake Bank	" 4	416,773	743,434	44,081	16,000	
Citizens' Bank	" 4	333,940	396,756	11,101	30,200	
Mechanics' Bank	" 4	563,400	767,705	250,805	157,933	
Union Bank	" 4	1,607,567	1,919,362	37,267	23,721	
Farmers and Merchants' Bank	" 4	538,408	804,515	173,460	42,874	
Franklin Bank	" 4					500
Total of Baltimore banks	-	9,103,197	10,974,802	753,809	437,226	137,096
Frederick County Bank	January 18	176,000	199,332	36,145	5,000	
Farmers and Mechanics' Bank of Frederick	" 5	123,430	218,540	12,992	4,340	
Bank of Hagerstown	" 4	250,000	465,495	6,020	9,510	
Bank of Patuxco	" 4	125,000	201,042		10,068	
Cumberland Bank	" 1	112,937	31,483	85,517	22,950	
Mineral Bank	" 1	100,000	80,407	25,385	950	
Washington County Bank	" 7	112,482	168,736	10,020	2,459	216
Bank of Salisbury	" 20	52,862	86,024			
Bank of Westminster	" 4	50,000	115,428	6,345	11,700	
Total of 21 banks and 2 branches	-	10,214,908	12,554,819	935,953	504,433	137,311

J 2--Continued.

Names of banks.	Date.	Due by other b'ks.	Notes of other b'ks.	Specie.	Circulation.	Deposites.	Due to other banks.	Other liabilities.
1841.								
Farmers and Planters' Bank	January 4	\$126,107	\$51,585	\$105,162	\$163,810	\$108,969	\$111,643	
Commercial and Farmers' Bank	" 5	150,932	106,582	120,616	87,861	229,950	106,134	
Western Bank	" 4	170,829	68,384	103,349	135,465	93,047	224,167	
Marine Bank	" 4	112,737	25,354	69,664	73,780	144,015	63,313	
Mechanics' Bank	" 4	647,907	121,449	207,655	100,675	395,298	483,370	
Bank of Baltimore	" 4	63,486	151,148	225,400	196,173	556,309	143,005	\$100,925
Chesapeake Bank	" 4	44,983	42,175	43,673	155,915	183,541	54,064	
Citizens' Bank	" 4	70,488	41,045	41,045	81,465	55,143	42,007	
Mechanics' Bank	" 4	226,961	64,404	85,280	167,225	364,361	45,321	
Union Bank	" 4	222,632	18,218	129,500	248,029	400,466	377,015	78,121
Farmers and Merchants' Bank	" 4	31,422	16,218	44,030	90,480	42,205	45,232	
Franklin Bank	" 4		34,181	45,260	250,389	112,924	114,708	3,000
Total of Baltimore banks	-	1,882,654	925,312	1,230,560	1,781,996	2,765,977	1,811,112	203,056
Frederick County Bank	January 18	8,722	21,203	60,743	79,045	56,800	15,249	
Farmers and Mechanics' Bank of Frederick	" 5	15,835	5,533	56,668	82,917	74,454	4,850	
Bank of Hagerstown	" 4	20,956	23,098	62,167	917,744	93,779	11,370	
Bank of Patuxco	" 4	9,193		25,701	53,220	47,879		
Cumberland Bank	" 1	12,166	4,527	30,119	36,585	28,300	951	
Mineral Bank	" 1	8,520	4,097	16,725	33,825	16,664	9,171	
Washington County Bank	" 7	20,771	2,207	27,158	119,500	9,043	9,171	
Bank of Salisbury	" 20	9,216	6,825	13,193	34,629	22,524	1,150	
Bank of Westminster	" 4	352	27,480	42,981	102,381	21,456	5,754	
Total of 21 banks and 2 branches	-	2,007,906	1,022,322	1,556,020	2,529,843	3,136,979	1,860,015	225,529

NOTE.—In forming this table, the amount of the stock of any one bank, held by that bank, has not been included in the column of capital, when the accounts of the bank have been so stated as to permit that amount to be known. This has been the case with the accounts of all the banks in the table, except the Commercial and Bank and the Mineral Bank. If the whole or any part of the stocks held by either of these institutions consists of their own shares, it is properly so much capital redeemed, or at least not paid in, and ought to be deducted from the amount given in the table, to show the net capital of these banks. The Mineral Bank makes a return—"banking-house, charter, and other expenses, \$10,454 54." This has not been entered in the table, as it is impossible to say how much of it should go to a mere "expense account," and how much to "real estate."