REPORT

OF THE

BANK COMMISSIONERS,

UNDER A RESOLUTION OF THE

GENERAL ASSEMBLY, MAY SESSION, 1846,

CONCERNING

THE AMOUNT OF BANKING CAPITAL IN THIS STATE, AND ITS LOCATIONS.

MAY SESSION, 1847.

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REPORT.

To the Honorable General Assembly of the State of Connecticut now in Session at the City of Hartford.

The undersigned, soon after the close of the Session of the General Assembly held at the City of New Haven, in May last, received from the Secretary of State, a certified copy of a Resolution passed by said Assembly, instructing the Bank Commissioners "to enquire if the present banking capital of this State is not sufficient for all the legitimate purposes to which banking capital may safely be applied within this State; and also to enquire if any of the existing banking institutions of this State should be required to locate, by branch of such institution or otherwise, any amount, and if any, what amount of their capital in any other section of this State than where now located, for the purpose of extending greater facilities in their business transactions to the citizens of such section or sections;" and directing said Commissioners to make their report to the present session of the General Assembly.

In accordance with the provisions of said resolution, the undersigned have instituted the several enquiries therein proposed, and would respectfully submit the following Report.

In the conduct of the examination referred to, the undersigned, were unable to determine the extent of the legitimate purposes to which banking capital may safely be applied within this State, with that general certainty required by the manifest object of the resolution, without making personal investigation and enquiry respecting the actual business wants of various sections of the State in whose vicinity little or no banking capital is now located, as well as the actual business wants of those sections where banking capital is abundant. It became necessary also to ascertain in this connection,

what portion of the banking capital of the State already incorporated, is actually employed in furnishing facilities in their business transactions to the citizens of this State, and how much has been diverted from the legitimate purposes of its creation, and loaned abroad to the citizens and corporations of other States. In prosecuting this latter enquiry, the undersigned have been unable to find any recent report or statement from which to learn what amount, or what proportion of the present incorporated banking capital of this State, has been either uniformly or generally loaned to persons and corporations of other States.

It is, however, certain, that since the year 1834 the amount of banking capital incorporated for purposes of discount, exchange and deposit, has not been essentially increased; and although the increase and general course of the business of our citizens since that period, has evidently demanded increased banking facilities in various parts of the State, and although the amount of banking capital incorporated in that year, was one million one hundred thousand dollars, the undersigned found, at the commencement of their investigations, that the amount of loans and discounts to persons and corporations out of this State, was not less than two million five hundred thousand dollars, being one million four hundred thousand dollars more than was incorporated in the year 1834, and exceeding one-fourth of the whole banking capital of this State.

Early in October last, the undersigned found the amount of the incorporated banking capital of the State, to be about eight and a half millions of dollars; and this amount has since undergone no change except a slight increase by means of subscriptions by the State, and ecclesiastical societies.

On the 1st of October last, the amount of loans and discounts upon this capital, to persons and corporations of other States, was as above stated, the sum of two millions five hundred thousand dollars, and from a recent examination, the undersigned have ascertained that the amount of loans and discounts to persons and corporations of other States, from

our own Banks, was, on the first Monday in April last, the sum of three millions forty-nine thousand nine hundred two dollars eighty cents.

The following table marked A, shows the amount of capital, deposits, and circulation of the several Banks in this State, and the location of each; and the table marked B, shows the amount of the capital, and of the loans and discounts made by the several banks, to persons and corporations out of the State, as well as the amount of loans and discounts to persons and corporations within the State, for whose general convenience and accommodation they were established.

TABLE A.

	Names of Banks.	Capital.	Deposits.	Circulation.
Hartford County. 5 Banks.	Hartford Bank,	$1,134.600 00	$219,705 20	$475,695 06
	Phoenix Bank, and Branch at Litchfield,	1,283.000 00	155,661 03	452,836 00
	Farmers & Mechanics,	539,900 00	160 952 47	273,416 00
	Exchange Bank,	525,000 00	82.514 96	225.224 00
	Connecticut RiverCo.,	250.000 00	40.208 17	89.763 00
New Haven Co. 5 Banks.	New Haven Bank,	364.200 00	96.664 15	181,492 00
	New Haven County,	513.975 00	54.070 30	172,449 00
	City Bank,	500.000 00	112.127 24	199.515 00
	Mechanics Bank,	300.000 00	125,284 38	165,661 00
	Meriden Bank,	150.000 00	10.030 22	70.411 00
New London Co. 10 Banks.	New London,	150.875 00	11,158 23	37,699 00
	Whaling,	163,450 00	24.561 23	55,960 00
	Union,	100.000 00	22,268 95	70.202 00
	Norwich,	210.000 00	56.002 86	86,718 00
	Merchants,	156.541 00	46.673 45	67,327 00
	Thames,	209.900 00	39,564 42	96.809 00
	Quinebaug,	250.000 00	37,847 86	100,320 00
	Jewett City,	44.000 00	2,654 78	47,464 00
	Mystic,	51,700 00	6,945 30	44,062 00
	Stonington,	59.650 00	38 667 09	49.531 00
Fairfield Co. 5 Banks. 1 Branch Bank.	Fairfield County,	100.000 00	30,329 61	188,326 00
	Bridgeport,	210,000 00	84.814 36	251,918 00
	Connecticut Bank, & Branch at Southport,	269,700 00	84,203 71	210,000 00
	Danbury,	89.500 00	13.658 54	156.508 00
	Stamford,	60.000 00	16.677 88	107.468 00
Windham Co. 3 Banks.	Windham County,	62,700 00	8.524 86	64.510 00
	Windham,	59,971 00	14,389 45	64.567 00
	Thompson,	60.000 00	11.987 87	71.457 00
Middlesex Co. 3 Banks.	Middlesex County,	220.900 00	28,862 62	106,858 00
	Middletown,	369,300 00	42.763 83	93.221 00
	East Haddam.	66.080 00	20.063 72	80.265 00
Tolland Co. 1 Bank.	Tolland County Bank,	80,200 00	51,816 52	79,979 00

32 Banks and 2 Branches.

☞ $250,000 of the Capital of the Phoenix Bank is located, by Branch Bank, in Litchfield Co. but no return has been received separate from the Mother Bank.

TABLE B.

LOANS OF THE CONNECTICUT BANKS,

APRIL, 1847.

HARTFORD COUNTY.

Capital.		In Connecticut.	To Manufac'ng Companies.	Loans in other States.
$1,134,600	Hartford,	930.455 76	380,985 00	442.691 00
1,283,000	Phœnix and Branch,	1,321,980 63	178,500 00	371,100 00
539,900	Farmers and Mechanics,	535 699 57	29,400 00	362,338 23
525,000	Exchange,	636.034 74		157 928 50
250,000	Connecticut River Co.	153,153 61		160,354 33
$3,732,500		$3,627,379 31	$588,885 00	$1,494,412 11

NEW HAVEN COUNTY.

Capital.		Loans in Connecticut.	To Manufac'ng Companies.	Loans in other States.
364,800	New Haven,	306,945 28		245,263 02
513,975	New Haven County,	282,761 49	17,967 00	282,199 00
500,000	City,	327,557 81		297 276 73
300,000	Mechanics,	445,301 57		26,766 14
150,000	Meriden,	161,921 70	15,000 00	19,050 66
$1,828,775		$1,524,487 85	$32,967 00	$870,555 55

NEW LONDON COUNTY.

Capital.		Loans in Connecticut.	To Manufac'ng Companies.	Loans in other States.
150,875	New London,	173,024 35		2,000 00
163,450	Whaling,	120,571 21		27,434 89
100,000	Union,	160,831 01		
210,000	Norwich,	291,409 12		
156,541	Merchants,	233,162 89		
209,900	Thames,	234,512 37	21,469 97	
250,000	Quinebaug,	360,589 30	1,217 30	11,317 23
44,000	Jewett City,	33,406 77		5,199 14
51,700	Mystic,	77,696 00		15,152 66
59,650	Stonington,	59,377 89		49,727 00
$1,396 116		$1,849,581 41	$22,687 27	$110,830 92

FAIRFIELD COUNTY.

Capital.		In Connecticut.	To Manufac'ng Companies.	Loans in other States.
210,000	Bridgeport,	320,266 02		29,000 00
269,700	Connecticut and Branch,	306,831 84		33,656 32
100,000	Fairfield County,	216,367 87		43,635 50
89,500	Danbury,	163,803 99		71,353 00
60,000	Stamford,	84,009 58	5,123 64	19,538 40
$729,200		$1,096,279 30	$5,123 64	$202,688 22

WINDHAM COUNTY.

Capital.		In Connecticut.	To Manufac'ng Companies.	Loans in other States.
59,971	Windham,	106,880 18		
62,700	Windham County,	81,121 51		3,055 87
60,000	Thompson,	80,038 65		5,352 15
$182,671		$268,040 32		$8,408 02

MIDDLESEX COUNTY.

Capital.		In Connecticut.	To Manufac'ng Companies.	Loans in other States.
369,300	Middletown,	210.592 83	20,097 86	225,787 56
220,900	Middlesex County,	178,607 17	21,694 50	112,806 74
66,080	East Haddam,	88,751 11		22,386 08
$656,280		$477,951,11	$41,792 36	$360,980 38

TOLLAND COUNTY.

Capital.		In Connecticut.	To Manufac'ng Companies.	Loans in other States.
$80,200	Tolland County,	$185,274 79		$1,027 60

TOTAL.

Capital.		In Connecticut.	To Manufac'ng Companies.	Loans in other States.
3,732,500	Hartford County,	3,627,379 31	588,885 00	1,494,412 11
1,828,775	New Haven "	1,524,487 85	32,967 00	871,555 55
1,396,116	New London "	1,849,581 41	22,687 27	110,830 92
729,200	Fairfield "	1,096,276 30	5,123 64	202,688 22
182,671	Windham "	268,040 32		8,408 02
656,280	Middlesex "	477,951 11	41,792 36	360,980 38
80,200	Tolland "	185,274 79		1,027 60
$8,605,742		$9,028,991 09	$691,455 27	$3,049,902 80

From an inspection of these tables it will be perceived that at Hartford and New Haven, large amounts of banking capital are located; and although an immense amount of active business growing out of the various industrial pursuits of our citizens, is attracted to these great central points, and requires extensive banking facilities for its accommodation, yet there is not only no complaint that there is a want of banking facilities to meet the business demands of these locations, but after extending to our own citizens every banking facility required at these points, the several banks there located are enabled to loan and discount for the citizens of other States the sum of two millions three hundred sixty-four thousand nine hundred sixty-seven dollars sixty-six cents.

The undersigned have not learned that any section of the

State, where any considerable amount of banking capital is now located, has suffered inconvenience in its business transaction; unless it be that in the City of Norwich some intimations have been given, that a greater amount of banking capital than is now there located, might be employed advantageously to the public, as well as to the stockholders.

But the undersigned have been reminded that the immediate occasion of the passage of the resolution under which they are called to act, was furnished by the consideration of applications, addressed to the General Assembly at its last session at New Haven, for the incorporation of new banking capital, to be located in the north western section of the State, and in the southern section of Middlesex County.

Both of these sections the undersigned have visited with a view to ascertain, as far as was practicable, the amount of the business of each which requires the aid of bank facilities in its transaction, and which is not now adequately accommodated.

In the north-western section of the State, the undersigned found an area of four or more towns, in which no bank capital is located, and where no bank facilities are now to be obtained, but at considerable expense and inconvenience. These towns are characterized by the wealth, industry, and perseverance of their citizens, and are very extensively engaged in the production and manufacture of Iron, as well as in various other industrial pursuits; and the undersigned are well advised that the amount of the sales of their various productions and manufactures, together with their ordinary mercantile transactions, will annually afford an amount of business, which must necessarily be transacted through banking institutions, of not less than seven or eight hundred thousand dollars.

From the centre of this section of the State the Phoenix Branch Bank at Litchfield is about twenty miles distant, and is the nearest bank within the State, at which its business can be transacted. But this bank, on account of the mountainous surface of the intervening country is reached, at all times,

with inconvenience, and in the winter months, it is believed that great delays as well as inconvenience and expense, generally attend the transaction of business with that institution.

The banks at Bridgeport, are about seventy miles distant from the same centre; and although these institutions may be at all times reached by direct rail-way communication, yet their capital is limited, and they are deemed, by the citizens of this section of the State, quite too far distant for the economy, accommodation, and convenience of those whose business requires the aid and facilities which a well regulated bank is calculated to afford.

There is a bank located at Stockbridge, in the State of Massachusetts, about twenty-five miles distant, and also a Bank at Pine Plains, in the State of New York, about eighteen miles distant from the centre where our examinations were made.

Both of these banks are of small capital; and being first disposed to accommodate the business of their respective neighborhoods and States, are not always, it would seem, in a situation which would enable them to accommodate any of the business of this State; and the bank at Pine Plains, even if it could accommodate the business of the north-west section of this State, would generally do so, only upon receiving the rates of interest allowed by the State of New York.

But both of these institutions being located out of the State of Connecticut, the undersigned have not deemed it their duty to enquire with great particularity how far they are disposed to, or are capable of, transacting the legitimate banking business of our own citizens, being assured that they are little calculated, from their location and business arrangements, to increase to any considerable extent, the facilities otherwise afforded by our own banks.

By far the greater portion of the business paper of the north western part of the State is necessarily negotiated through the banks at Bridgeport and Litchfield; and the undersigned have no hesitation in saying that no other section of the State producing so large an amount of legitimate banking business, is furnished with so limited a measure of banking facilities for their use and accommodation.

The want of increased facilities in the transaction of their proper banking business, by a portion of the citizens of the southern part of Middlesex county, has been urged upon the undersigned with zeal, and much apparent candor. The inquiries which it was deemed necessary to make in relation to the extent of the banking facilities needed in this section of the State, were conducted at the village of Deep River, in the town of Saybrook, a point nearly central to the section where increased banking facilities are desired. This part of the State, like the north-western section, is also engaged in various kinds of manufactures, and its ship yards, and stone quarries, are continually furnishing rich rewards to capital and industry.

From such information as the undersigned have been able to obtain in the course of their inquiries, they are persuaded that in the villages and vicinity of Deep River, Essex, Chester, Westbrook and Killingworth, there annually originates an amount of business paper, which in its progress to maturity, must almost necessarily pass through some bank or banks for discount or collection, of about four hundred thousand dollars. This business, at present, is divided between the Banks at Middletown and East Haddam, although the greater portion of it is negotiated at East Haddam.

From the centre of this section of the State, Middletown is distant about twenty miles, and East Haddam about seven miles. The banks at Middletown are said to be quite out of the way of the general course of the business of this part of the county, and the expense and inconvenience of obtaining any facilities at this point, are by no means inconsiderable. The bank at East Haddam, is of small capital, and is immediately surrounded by manufacturing, ship building, and other important interests, of an extent to require a good share of the facilities and accommodations which its capital will enable it to furnish. It is located on the east side of the Connecticut river, and at some seasons of the year, that river is crossed with inconvenience and danger, and at times is altogether impassable.

Under these circumstances, the business men of this section

of the State, have complained that the facilities which they enjoy in the transaction of their business, are limited, embarrassing, and expensive; and the undersigned, from the examination which they have made, are not prepared to doubt, that, when compared with the facilities in banking, enjoyed by many other sections, those of this section are as circumscribed and unequal, as they have been represented to be.

There may perhaps be other sections of the State, where small amounts of banking capital might be employed in the accommodation of the business wants of our citizens; but no other sections than those above specified, have demanded of the undersigned such particular attention, as will enable them to report definitely respecting their exigencies. But the undersigned are fully persuaded, that ALL the various sections of the State, including the north-western part of Litchfield county, and the southern part of Middlesex county, can furnish no amount of legitimate banking business not now accommodated, bearing any considerable proportion to the amount of loans, discounts, and accommodations now furnished to the citizens and corporations of other States, by the banking capital of this State already incorporated.

The undersigned are, therefore, fully of the opinion that the present banking capital of this State, is quite sufficient for all the legitimate purposes to which banking capital may safely be applied within this State; and that if there are any just grounds of claim that any section or sections of the State should be furnished with increased banking facilities, it is entirely owing to the want of wise, just, and equal location of banking capital, and not to any want of banking capital itself.

The undersigned are not satisfied from any investigation they have been able to make, or otherwise, that any of the existing banking institutions, should be required to locate any amount of their capital, by branch bank, in any section of the State not now adequately accommodated with banking facilities. They do not believe that the establishing of branch banks is most likely to conduce to the greatest good of the business community, nor to the security and best interests of the banks themselves.

A mode of doing justice to every part of the State, without endangering the rights or interests of any, will be found in the reduction of the capital of some of the institutions already incorporated, with a view to its location wherever it may be really needed. In the opinion of the undersigned, the present capital of those large banks whose loans, discounts, and accommodations are so liberally extended to citizens and corporations of other States upon every principle of justice and equality, should be reduced, at least to the extent of the wants of other sections of the State, now unprovided with banking facilities.

Those sections of the State to which the attention of the undersigned has been particularly called, require increased banking facilities for the accommodation of their business; and the undersigned have no doubt that a capital of one hundred and fifty thousand dollars ~~to~~ be located in the ~~north-western section of the State,~~ and a capital of one hundred thousand dollars ~~to~~ be located in the ~~southern section of Middlesex county, might~~ be carved out of the capital of existing banking institutions without essentially prejudicing the interests of the existing Banks, or the interests of the citizens in the vicinity of their location.

And while the undersigned would respectfully recommend such a disposition of the present banking capital of the State as above indicated, they would most earnest express the opinion, that the evils arrising to the community from an excessive and evergrown banking capital, are so manifold and serious, as entirely to outweigh any and all the advantages which our State or any section of it can hope, at present, to derive from the incorporation of any new capital to be employed in the business of banking.

All of which is respectfully submitted.

GEO. S. CATLIN,
W. S. HOLABIRD,
EDWIN STEARNS, } *Bank Commissioners.*

Hartford, May 13, 1847.