

NEW HAMPSHIRE.

Extract from the Governor's message to the Legislature of New Hampshire, June 3, 1841.

By reference to the charters of the banking institutions in this State, it will be seen that several are soon to expire by limitation, and it consequently becomes a question of importance as to what ought to be our policy towards them. It is believed in this State we have fallen into what is now deemed a very common error in this country—that of establishing too many banks; more than the interest of the community requires, which is the only proper reason for the establishment of any. This error, if it should thus be considered, the legislature will soon have a favorable opportunity to correct. It must be admitted that recent developments in the management of certain banks in the nation have tended to shake whatever of confidence a large portion of the community had in them. Speculation and fraud of such aggravated character have been committed among those intrusted with the control of these institutions, as to become truly alarming. Some of these banks appear to have turned aside from their lawful sphere of operations, and, instead of impartially lending their aid to the general business of the country, (as it was the object of their establishment to do,) to have contributed their means mainly to the aggrandizement of a few favorites. Banking institutions have become so numerous, and their notes have so extensively assumed the place of money as a circulating medium, as apparently to render such institutions indispensable; that to effect an important change in the system, even with acknowledged public interest on the side of reform, has become a risk of no ordinary magnitude and difficulty, and would require the most mature deliberation.

It is, however, gratifying to believe that the banks in New Hampshire, with few exceptions, have fulfilled their appropriate duties to the community with a considerable degree of fidelity, and have shared largely the public confidence; they should be held to a rigid and strict accountability on all their engagements, with no hope of legislative favor on failure to redeem on demand, and in specie, all their promises. I would suggest the propriety of limiting by law the amount that may be loaned to any one individual or firm, and also by legal enactment prevent the control of any bank in this State passing into the hands of those who are not citizens of the State. It has long been desired to limit the denomination of notes the banks may be allowed to issue; this, if judiciously commenced and persevered in, will, it is believed, be attended with favorable results, in restoring and continuing in circulation a greater amount of specie. The re-chartering of our present banks, so far as their issues are concerned, will afford the legislature opportunity to carry this reform into effect. These remarks and suggestions are made in no spirit of hostility to banks, as such; they are convenient and useful when based on substantial capital and properly conducted. I believe it is the desire of all to correct abuses wherever they exist, and, under safe and strong

regulations and restrictions, to improve our banking system, rather than to uproot and destroy it.

JOHN PAGE.

STATE OF NEW HAMPSHIRE,
Executive Department, June, 1841.

Report of the committee on banks to the Legislature of New Hampshire, June, 1841.

The committee on banks, to whom were referred the returns of the several banks in the State, communicated to this house by his excellency the governor, ask leave to report that they have examined said returns, and have made an abstract thereof.

The committee have also compared the returns with the reports of the bank commissioners, representing the condition and circumstances of the banks at the several times when they were respectively last examined, and from such comparison are brought to the conclusion that the returns have been made in good faith, and may be relied upon as correct.

The committee are gratified to be able further to report that, in their opinion, the banks in this State have, in general, been conducted in a manner consistent with the public welfare. Their bills in circulation do not appear to be redundant, when compared with the probable wants and commerce of the community, nor to be in such abundance as to exceed proper and safe limits, as they relate to the means provided for their redemption. And although the profits of banking, on principles thus prudent and cautious, may be less in this State than have been realized in other places where banking has been conducted in a manner less guarded, the supposed loss on account of such commendable caution is believed to be more than made up by the public approbation and confidence thereby merited and secured.

The committee deem it due to the banks and to the public to say, that they consider it a matter of just State pride that the circulating medium furnished by the banks of this State bears the most favorable comparison when contrasted with the like medium flowing from the banks of any other State of the Union.

The committee have not included in the abstract the Wolfborough and Concord banks; they having ceased to act as banking institutions, except for the purpose of winding up their affairs.

JOHN PORTER,
For the committee.

Extract from the Governor's address to the Legislature of New Hampshire, June 8, 1843.

In the course of this session applications may be made to you for the renewal of existing bank charters, and for the incorporation of other private companies. It is not within my province to prescribe the details to

be embraced in the charters for any such incorporations. If the general acts are not as they should be, it is for you to make the alterations required; and it would ill accord with the executive to differ with the legislative branches of the government in the details of a measure which does not in effect violate our constitution. The principle of individual liability for the debts of private corporations will not, I trust, be yielded; and while it should be faithfully preserved by the future legislation of the State, we should be careful in our engagedness for the maintenance of this principle, that we do no wrong to these private corporations, by restricting too much the powers of the corporators. Equal and exact justice should be the end and aim of public legislation.

From the last annual report made by the bank commissioners of Ohio I subjoin the following extract, as containing sound and correct doctrine upon the subject of banking:

"In the organization and management of banks, the control over their discounts, and the decision as to what persons or class of persons shall be accommodated, the people have no more direction than in the affairs of private individuals. The accruing profits, instead of being kept as a fund to discharge the debts of the corporation or to meet its losses, are semi-annually divided among the stockholders, and thereafter become private property beyond the reach of an execution against the bank. And here is the distinction between a natural person and a corporation. The natural person retains his accumulated profits, and they become a part of his property, and are liable at all times for the payment of his debts; but the corporate body, instead of retaining its profits to pay its debts or to meet any losses that may occur, divides them among the stockholders. Individual liability, instead of dividing the profits among the stockholders and the losses among the people, proposes to divide the losses as well as the profits among the persons composing the body corporate. The history of the past has proved that frequent and heavy losses have occurred from bank failures. This loss must fall upon one of two classes of men, the bankers or the bill holders. If the management devolves exclusively on one party, and the profits also inure to the same, it is clearly right to fix the responsibility on that party having both the control and the profit."

The legislature will constantly bear in mind that their first and last object should be to provide for the perfect security of the public against every possible loss by reason of the conduct of private corporations. It is immaterial in what way this object shall be accomplished, if it be but attained. The maximum of the capitals to be held by banking companies, the provisions and details for their government and for the security of the public, are properly and exclusively within your province. With those matters I do not propose to interfere.

If it be policy to increase banking, or any other private corporations, it would be but an act of justice that the security to the public should be made with as much convenience to the corporations as practicable. Various modes have occurred to me, each looking to the same object, and I dare presume that your own reflections will finally lead to the adoption of some general plan which will give entire protection to the public, without imposing such unnecessary restraints as will lead private corporations to surrender their charters. The incorporation of a bank is a power which should be exercised with great caution. To all such artificial persons you might give the right to create for the public a paper circulating me-

dium, which ever has been and ever will be taken as money by the people. It is not to be denied that to banking companies, uncontrolled and irresponsible, and conducted as they have been, is committed the power of fixing the value of the entire property of the country. When they expand their circulation, property rises; when they contract, it sinks. "If a great expansion of the currency of the country creates high prices, high wages, and over-trading, it is self-evident that a great contraction of the currency will produce exactly the opposite effects—low prices, low wages, and little trading." The abundance of paper money gives an inflated value to products, which is taken away when new discounts are refused and payment required.

"The constant tendency of banks has been to lend too much, and to put too many notes in circulation." It was once well said by a distinguished peer of England, that "if the Americans went into the funding system of England, and adopted their projects of unsubstantial paper money, their boasted independence would prove to be the merest phantom." How literally has this prediction been verified by the history of past events!

HENRY HUBBARD.

EXECUTIVE CHAMBER, June 8, 1843.

Extract from the Governor's address to the Legislature of New Hampshire, June 6, 1844.

Charters, or acts of incorporation of all kinds, should be carefully drawn, rigidly scrutinized, and sparingly granted. I know of no *valid* reason why associated wealth, in any form, should enjoy by law privileges or exemptions which are denied to partnerships or to individuals.

JOHN H. STEELE.

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Banks of New Hampshire, September, 1845.

Names of banks.	Amount of capital actually paid in.	Amount of debts due the bank, secured by pledge of its stock.	Value of real estate belonging to the bank.	Amount of all debts due to the bank.	Amount of all debts due from directors, either as principals or sureties, specifying whether on interest or otherwise.	Amount of specie in the vault.	Amount of bills of other banks on hand.	Amount of deposits in the bank.	Amount of deposits in other banks, for the redemption of its bills.	Amount of the bills of the bank then in circulation.
Nashua Bank	\$100,000 00	\$5,997 97	\$1,500 00	\$219,556 24	\$654 33	\$11,759 81	\$1,417 00	\$60,000 00	\$35,651 76	\$100,000 00
Derry Bank	100,000 00	2,000 00	2,000 00	140,012 88	-	3,660 46	4,051 40	4,051 40	7,784 91	45,829 00
Piscataqua Exchange Bank	100,000 00	1,380 49	1,380 49	336,519 14	-	10,114 97	3,654 41	115,515 61	29,912 18	118,482 00
Rochester Bank	100,000 00	1,300 00	1,300 00	199,670 62	-	7,398 84	126 00	5,617 30	23,368 19	67,673 00
Mechanics and Traders' Bank	100,000 00	1,300 00	1,300 00	187,308 53	-	12,043 37	7,106 57	90,271 87	56,416 03	46,787 00
Rockingham Bank	100,000 00	1,100 00	4,016 60	131,382 09	5,552 68	9,608 62	9,441 73	87,439 85	33,561 61	59,210 00
Cheshire Bank	100,000 00	1,100 00	4,067 07	177,863 97	1,995 62	3,975 57	1,209 00	29,576 31	49,497 40	70,215 00
Granite Bank	100,000 00	3,675 00	6,000 77	159,362 77	11,306 60	6,950 22	2,461 00	26,815 65	17,532 09	78,210 00
Winnipisaukee Bank	100,000 00	3,125 00	1,325 00	133,321 45	216 13	4,450 13	2,181 00	19,468 19	26,112 50	74,644 00
Merrimack County Bank	100,000 00	11,596 00	4,125 00	137,693 99	11,787 65	92,951 12	29,255 61	**38,138 99	37,425 18	73,700 00
Lebanon Bank	45,840 00	8,573 00	1,449 05	101,219 87	405 69	7,819 91	3,269 00	20,112 64	39,546 59	64,247 00
Connecticut River Bank	100,000 00	2,150 00	1,400 00	184,392 91	2,314 72	11,762 05	6,158 00	52,466 53	40,480 31	27,557 00
Mechanics' Bank	50,000 00	4,425 11	2,947 35	149,872 12	8,582 75	7,401 64	23,189 00	14,749 75	31,544 23	44,694 00
Manufacturers' Bank	100,000 00	58,975 05	2,947 35	82,611 16	23,143 93	4,099 49	1,669 00	15,234 46	16,800 69	71,519 00
Lancaster Bank	100,000 00	58,975 05	2,947 35	172,600 69	19,706 30	7,338 94	5,593 00	46,350 39	7,633 57	69,500 00
Ashuelot Bank	1,587,468 00	58,975 05	36,155 36	2,768,730 05	66,453 14	1136,871 43	100,397 37	696,492 84	527,624 44	1,124,531 00

* Vaults, &c. † Including deposits for redemption of bills. ‡ Exeter manufacturing stock. \$ 8940 of this is Lake Company stock.
 †† On interest. ††† Including unclaimed dividends. ††† On interest.
 ††† Including personal property set off on executions in favor of banks.

Synopsis of the condition of the banks in New Hampshire—from June, 1841, to September, 1845.

Date.	Number of banks.	Amount of capital stock.	Amount of debts of stock-holders and directors secured by stock.	Value of real estate.	Total amount of debts due the bank.	Amount of debts due from directors as principal and surety.	Amount of specie in vault.	Amount of bills of other banks.	Amount of deposits in the bank.	Amount of deposits in other banks for redemption of bills.	Amount of bills in circulation.
June, 1841	26	\$2,735,000 00	\$216,568 73	\$85,618 61	\$3,859,853 60	\$492,431 73	\$194,311 69	\$110,263 38	\$420,532 10	\$369,759 02	\$1,229,708 50
June, 1842	27	2,769,500 00	181,700 99	89,182 74	3,831,454 25	176,015 82	177,071 42	115,493 97	371,234 02	258,592 49	1,037,448 50
June, 1843	24	2,469,200 00	171,308 86	74,318 93	3,173,825 76	93,380 63	162,126 89	182,743 63	354,395 61	365,574 38	916,147 50
June, 1844	19	2,008,208 00	112,037 79	60,399 09	2,760,009 83	122,730 84	137,253 99	75,830 27	394,778 44	400,523 71	1,021,914 00
June, 1845	19	1,853,270 00	72,118 83	48,061 27	2,968,046 39	63,323 68	133,017 83	71,753 00	415,845 41	387,144 05	1,130,558 00
Sept., 1845	17	1,687,468 00	58,975 05	36,155 36	2,768,730 05	66,453 14	136,871 43	100,397 37	696,492 84	527,624 44	1,124,531 00