

MAINE STATE LEGISLATURE

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DOCUMENTS

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THE LEGISLATURE

OF THE

STATE OF MAINE,

DURING ITS SESSION

A. D. 1836.

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1836.

SIXTEENTH LEGISLATURE.

No. 28.

SENATE.

REPORT

OF THE COMMITTEE ON BANKS AND BANKING.

STATE OF MAINE.

IN SENATE, February 9, 1836.

The Joint Standing Committee on Banks and Banking, to whom were referred a number of Petitions for increase of Capital and for Incorporation of new Banks,

REPORT :

That in pursuance of the principles laid down in their Report of January 21st, your Committee have confined themselves in their investigations, to the competency of the signers to the several petitions to furnish the Stock proposed; to their ability to manage the concerns of a Bank with safety to themselves and the public; and to the suitableness of the location of the Bank for the convenience of the public, and the profitable employment of Banking Capital.

Governed by these principles, the Committee have had under consideration the Petitions of the Banks for increase of Capital, and the Petitions for Charters, and have given leave to bring in Bills to those enumerated in the Schedule annexed, which Bills will be severally submitted to the Legislature as soon as they are prepared.

In this schedule are included the Banks now incorporated; their respective Capitals, Circulation, Deposits and Resources, extracted from the Returns of Banks on the first Monday of January; the increase of Capital, and the new Banks to be reported, and the amount of Bank Capital should the several Bills pass, arranged by Counties and Towns.

Your Committee have adopted this course as the only mode by which they could present at one view to the Legislature the number and location of the Banks now incorporated; the credit to which they were severally entitled, and what would be the distribution of Banking Capital throughout the State, if the Bills hereafter to be reported should pass; considering all these facts as having a direct bearing to influence the decision of the Legislature on the respective Bills when under discussion.

By reference to the annexed Schedule, it will appear that the Banking Capital of the County of York, has been increased from \$225,000 to \$250,000; of Cumberland, from \$1,805,000 to \$2,855,000; of Lincoln, from \$300,000 to \$500,000; of

Kennebec, from \$555,000 to \$845,000; of Penobscot, from \$650,000 to \$1,550,000; of Somerset, from \$50,000 to \$100,000; of Waldo, from \$50,000 to \$250,000; of Washington, from \$150,000 to \$600,000; of Hancock, \$100,000; and the whole throughout the State from \$3,785,000 to \$7,050,000. The Banking Capital of the State will be therefore increased \$3,265,000, from which deduct the amount of the Capital of the U. S. Bank at Portland, which transacted business requiring a Capital of at least \$700,000, and there will be left a nett increase of \$2,565,000.

Your Committee are sensible that this is a great increase of the Banking Capital of the State, but not greater it is believed, than the accommodation of the community may require; in support of which belief they refer to the following tabular exhibit of the amount of Banking Capital in the States of Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut and New Jersey, together with the population, imports and tonnage of those States; and the relative proportion that their Banking Capital bears to the same.

STATES.	Population in 1830.	Imports in '34.	Tonnage in '28.	Bank Capital in '34 & '5.	Bank Cap. avg'd on		
					Population	Imports.	Tonnage.
Maine,	399,955	1,060,121	232,939	3,785,000	9,46	3,57	16,24
New Hampshire,	269,328	112,695	26,253	2,454,308	9,11	20,67	93,48
Massachusetts,	610,408	17,672,129	424,512	29,409,450	48,18	1,66	69,45
Rhode Island,	97,199	427,021	43,406	7,438,848	76,53	17,42	171,14
Connecticut,	297,665	385,720	60,859	5,708,015	19,21	14,28	93,79
New Jersey,	320,823	4,492	48,906	6,375,500	19,87	1414,80	129,94

By the preceding table it is apparent that the Banking Capital of Maine averaged on Population, Imports and Tonnage is greatly inferior to that of New Hampshire, Massachusetts, Rhode Island, Connecticut and New Jersey averaged in the same manner; and though it is admitted that no one of these three data would afford a safe and unerring criterion by which to estimate the proportion that capital vested in Banks should bear to capital otherwise invested; yet all three united might be considered as affording the means of approximating to the amount required to facilitate the business of the country.

The fact of the deficiency of Banking Capital in this State may be also inferred from the returns of Banks on the first Monday of January, from which it appears that the Banks have discounted to the extreme limits of their charters; and therefore there is reason to believe that they have been restrained from extending increased accommodation to the public only from the want of the necessary capital. But apparent as is the deficiency of the Banking Capital of the State for the year past, a greater deficit may be expected the present year; the business of the State having been greatly increased, particularly in the eastern section, in consequence of the extensive sales of wild lands, at enhanced prices, a large proportion of the investments in these lands have been from abroad, and in order to render them

productive, further investments to a great extent may be expected. The resources of the State, which have laid dormant from the want of active capital, have been and are now developing; the immense water powers of the State are now being improved by the erection of saw mills and manufacturing establishments of every description. On or before the first of May next, one hundred and twenty five saws will be added to those before in operation on the waters of the Penobscot. These saws will average 800,000 each; in the whole 100,000,000 of lumber, which at ten dollars per M. would amount to a million of dollars. And this is only one river. On the waters of the Androscoggin, Kennebec, Machias and Schoodic, nearly a proportionable increase has taken place.

To give full efficiency to these extensive works, a great increase of Bank Capital must be required, and that this is the case may be inferred from the fact that the petitions for Banks and increase of capital are from those parts of the State where these improvements have commenced and are in rapid progress. That the increased capital which will be granted, should the bills pass, which are enumerated in the annexed schedule, will be furnished by residents in the State, is not believed; nor is it to be denied, for if it were it must be subtracted from other employments; but one half of that amount may be obtained from abroad and thereby supply

that deficiency in the active capital of the State which has hitherto retarded its growth.

Your Committee are of the opinion before expressed in their Report of Jan. 21, that no evil consequences can result to the community from an excess of Banking Capital, due regard being had to the competency of the individuals incorporated; the investments it is true, in case of an excess, will not be so productive, but of that it is for individuals to judge, and the public being secured, banking capital, like any other capital may be safely trusted to regulate itself; nor is there any reason to apprehend any serious loss to individuals, should experience prove that the amount granted was greater than could be profitably employed, for capital when invested in Banks may be more easily withdrawn and employed elsewhere, than when invested in either Agriculture, Commerce or Manufactures.

The present high rate of profit of Banking capital throughout the State, and particularly in the Counties of Penobscot and Washington, is also a strong proof that the amount is below the wants of the community, that the demand is greater than the supply; and your Committee are well assured that those high profits, are to be reduced only by increasing the amount of Banking capital, either by the incorporation of new Banks, or by the increase of the capital of those now incorporated. By such an increase the Banks will be deprived of the ad-

vantage of the monopoly now enjoyed by them; a competition will be created, and Banks will endeavor to acquire and retain good customers by a fair and correct management of their business; and instead of controlling, will subserve the interests of the mercantile community. It is therefore decidedly the opinion of your Committee that the course now suggested, will be far more effectual in breaking up those practices in evasion, if not in violation of the restrictions on Banks against loaning money for an usurious consideration, than any enactment which could be devised. All which is respectfully submitted.

CHARLES JARVIS, *Chairman.*

FEB. 9, 1836.

Schedule of Banks Incorporated, Amount of Circulation, Increase of Capital, and New Banks Reported, 1836.

LOCATION.	NAME OF BANK.	Capital.	Circulation.	Deposits.	Resources.	Increase capital.	New Bank.	Amount.
YORK COUNTY.								
Saco,	Manufacturers',	100,000	63,275	16,831 93	184,302 54			100,000
"	York,	75,000	76,886	19,510 34	175,936 36	25,000		100,000
South Berwick,	South Berwick,	50,000	29,605	26,584 68	109,153 45			50,000
CUMBERLAND COUNTY.								
Portland,	Portland,	300,000	66,071	131,251 19	535,627 15			300,000
"	Canal,	400,000	210,588	169,879 51	820,364 93			400,000
"	Casco,	300,000	89,166	114,755 57	547,872 33			300,000
"	Exchange,	100,000	53,548	37,686 12	224,874 73	100,000		200,000
"	Maine,	155,000	65,759	275,214 47	505,599 92	150,000		305,000
"	Man. and Traders',	150,000	66,306	61,426 08	295,534 14	50,000		200,000
"	Merchants',	150,000	75,244	51,204 14	294,850 03	75,000		225,000
"	Cumberland,	200,000	78,325	81,852 97	387,582 13	100,000		300,000
"	Sebago,						100,000	100,000
"	City,						300,000	300,000
Brunswick,	Union,	50,000	43,970	19,236 76	116,654 15			50,000
"	Brunswick,						75,000	75,000
North Yarmouth,	North Yarmouth,						50,000	50,000
Westbrook,	Westbrook,						50,000	50,000

SCHEDULE OF BANKS, &c.—[Continued.]

LINCOLN COUNTY.								
Bath,	Commercial,	50,000	42,379	11,503 06	105,416 77			50,000
“	Lincoln,	100,000	67,001	29,971 89	197,421 05			100,000
“						50,000		50,000
Topsham,	Androscoggin,	50,000	34,564	20,024 74	107,614 24			50,000
Wiscasset,	Mariners’,	50,000	34,564	5,033 12	101,565 46			50,000
Damariscotta,	Damariscotta,					50,000		50,000
Waldoborough,	Medomak,					50,000		50,000
KENNEBEC COUNTY.								
Augusta,	Augusta,	110,000	85,670	20,514 12	226,690 86	50,000		160,000
“	Citizens’,	60,000	42,960	28,171 19	131,638 62	40,000		100,000
“	Freemans,	50,000	52,104	8,814 07	112,478 57	50,000		100,000
“	Granite,						100,000	100,000
Hallowell,	Central,	85,000	81,030	19,161 03	212,203 62			85,000
“	Northern,	50,000	51,680	14,115 18	118,684 39	25,000		75,000
Gardiner,	Gardiner,	100,000	46,538	20,379 71	169,987 90			100,000
“	Franklin,	50,000	34,395	19,458 76	104,945 52			50,000
Waterville,	Ticonic,	50,000	46,355	17,256 33	116,151 88	25,000		75,000
PENOBSCOT COUNTY.								
Bangor,	Commercial,	100,000	86,000	33,116 65	232,931 71			100,000
“	Bangor,	100,000	74,165	27,473 39	206,115 07			100,000
“	Eastern,	100,000	59,705	4,280 20	175,500 65			100,000

SCHEDULE OF BANKS, &c.—[Continued.]

Bangor,	Kenduskeag,	100,000	70,642	20,046 01	212,226 68	100,000	200,000
"	Mercantile,	100,000	84,315	27,819 48	230,120 77	100,000	200,000
"	Peoples',	100,000	54,881	10,646 66	180,265 98		100,000
"	Mechanics',					100,000	100,000
"	Lafayette,					100,000	100,000
"	City Bank,					100,000	100,000
"	Penobscot,					100,000	100,000
"	Globe,					100,000	100,000
Orono,	Stillwater Canal,	50,000	42,470	7,150 55	104,843 30	50,000	100,000
"	Orono,					100,000	100,000
Brewer,	Agricultural,					50,000	50,000
SOMERSET COUNTY.							
Bloomfield,	Skowhegan,	50,000	47,289	5,850 73	104,391 50		50,000
Anson,	Anson,					50,000	50,000
WALDO COUNTY.							
Belfast,	Waldo,	50,000	37,592	6,610 81	95,470 52		50,000
"	Belfast,					50,000	50,000
Camden,	Camden,					50,000	50,000
Frankfort,	Frankfort,					100,000	100,000
WASHINGTON COUNTY.							
Calais,	Calais,	100,000	126,966	17,907 27	256,843 61	50,000	150,000

SCHEDULE OF BANKS, &c.—[Continued.]

Calais,	Washington,	50,000	40,495	8,035 98	99,167 93	100,000		150,000
	St. Croix,						50,000	50,000
Eastport,	Frontier,						125,000	125,000
Machias,	Machias,						100,000	100,000
HANCOCK COUNTY.								
Bucksport,	Bucksport,						50,000	50,000
	Ellsworth,						50,000	50,000
LINCOLN COUNTY.								
	Thomaston,	50,000		13,370 84	115,297 94			50,000
	East Thomaston,						50,000	50,000

STATE OF MAINE.

In SENATE, Feb. 9, 1836.

ORDERED, in concurrence with the House of Representatives,
that 500 copies of the foregoing Report be printed for the use of
the Legislature.

(Extract from the Journal.)

Attest, WILLIAM TRAFTON, *Secretary*.