

to make the banks of the United States local in character instead of national, and the majority of these banks had no branches. There was, however, in the United States one bank, the semi-state institution, called the Bank of the United States, which transcended in importance all others. Its relations to the government on the one hand and to the mercantile community on the other, were not very different from those of the Bank of England or the Bank of France. It issued notes, had branches in the chief cities through which it effected a reasonably satisfactory distribution of loanable capital, dealt largely in foreign exchange, borrowed money abroad when necessary to increase its loans at home, and acted as banker for the government. These were days when the commerce and land settlement of the country were fraught with unusual financial risks. Instead, however, of patiently studying the difficulties and gradually improving the system, the Bank of the United States became a political issue, and in 1832 President Jackson refused to renew its charter. The Bank of the United States continued to exist for some years under a State charter, but the Federal government, in pursuance of its policy, transferred its banking business, then very considerable in consequence of payments for land, to various State banks. The government, however, found before many years that these State banks, individually weak as to capital, were not satisfactory as bankers, and the idea of the government becoming its own banker, as far as possible, took shape in the present Treasury system. For many years after this period such banks, working under State laws, as endeavored to establish systems of branches, were met with great animosity by the politicians who reflected the popular feeling that large banks were dangerous to the public welfare. Naturally the branch system did not thrive, and when the war broke out the inland banking business of the country was being done by a vast array of State banks individually weak as to capital, and having little power to cohere for any large financial transaction, while the foreign banking business was mainly carried on by private bankers.

Had the legislators of the United States carefully matured the system with which they began, there would have been in