C 34711

Reductn & Increase of Natl Bank Circuln – Finance Report 1880, p 331 –

4 Sec. act June 20, 1874 (18 Statutes 124)

authorizes any natl bank desiring to withdraw its circulating notes to take up the bonds deposited for the ~~secy~~ security of such notes, upon the deposit of lawful ~~notes~~ money with the Treasr. of the U.S. & provides that an equal amt. of the outstanding notes of the bank shall be redeemed at the Treasury of the U.S. – The banks have availed themselves of the privilege accorded by this provisn to a very large extent more than $85,000,000 of circuln having been surrendered in the manner prescribed & nearly $71,000,000 having been redeemed at this Office x x.

This provisn was adopted in the expectatn that it wd act as a regulator of the volume of the bank circuln. It was expected that when the circuln became redundant, the surplus wd be retired & that when a demand for more circuln wd spring up, the banks wd realize their issues to meet it. The almost