

REPORT

OF THE

SECRETARY OF THE TREASURY,

ON THE

STATE OF THE FINANCES,

FOR

THE YEAR ENDING JUNE 30, 1862.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1863.

IN THE HOUSE OF REPRESENTATIVES, *December 8, 1862.*

Resolved, That ten thousand extra copies of the Annual Report of the Secretary of the Treasury on the state of the Finances be printed for the use of the present House.

No. 5.

MINT OF THE UNITED STATES,
Philadelphia, October 27, 1862.

SIR: I have the honor to present the following report of the operations of the mint and its branches for the fiscal year ending June 30, 1862:

The coinage of the mint and branches for that period has been large, but not equal to that of the preceding year. Various causes contributed to this reduction; the principal one being the disturbed condition of our country, which not only affected the financial and commercial relations of the nation, but embarrassed and retarded operations in the mining districts, and limited the supply from these sources. The quantity of foreign coin and bullion deposited was not large, amounting only to \$11,268,710 71.

The amount of bullion received at the mint and branches during the year was as follows: Gold, \$67,118,544 56; silver, \$4,098,673 14; total deposits, \$71,217,217 70. From this total must be deducted the re-deposits of bullion, or bars made at one institution and deposited at another, for coinage. This deduction made, the amount will be \$45,423,231 01.

The coinage for the same period was as follows: Gold coins, \$45,532,386 50; fine gold bars, \$16,144,190 05; silver coins, \$2,812,401 50; silver bars, \$418,680 01; cent coins, \$116,000; total coinage, \$65,023,658 06; number of pieces of all denominations of coin, 28,296,899.

The distribution of the bullion received and coined at the mint and branches was as follows: At Philadelphia, gold deposits, \$26,287,009 77; gold coined, \$29,987,386 50; fine gold bars, \$49,421 61; silver deposits and purchases, \$1,855,606 96; silver coined, \$2,170,701 50; silver bars, \$1,797 79; cents coined, \$116,000. Total deposits of gold and silver, \$28,142,616 73; total coinage, \$32,274,088; number of pieces, 25,951,899.

At the branch mint, San Francisco, the gold deposits were \$16,136,622 96; gold coined, \$15,545,000; silver deposits and purchases, \$749,114 14; silver coined, \$641,700; silver bars, \$1,278 65. Total coinage of gold and silver, \$16,187,978 65; number of pieces, 2,345,000.

The assay office in New York received during the year \$24,694,911 83 in gold bullion and \$1,493,952 04 in silver. Fine gold bars stamped at that office, 3,867; value, \$16,094,768 44; silver bars, 2,164; value, \$415,603 57. Total value of gold and silver bullion, \$26,188,863 87.

No reports have been received from the branches at New Orleans, Dahlonega, or Charlotte.

Although New Orleans is now, and has been for some months, in the possession of the Union forces, yet the operations at the branch mint in that city have not been resumed, nor is it expedient or necessary that they should be. After the suppression of the rebellion, and the pacification of the country, the branch located there might again be successfully and usefully operated; till then it should remain closed. No consideration, of public or private interest, would, under the most favorable circumstances, justify the reopening of the branches at Dahlonega or Charlotte. They ought not to have been established; and, having been the source of useless expenditure, they should not, even in the event of the States in which they are respectively located returning to their allegiance, be again employed for minting purposes.

Whether gold or silver coins were struck at any of the defected branches of the mint during the past year I have not been able to ascertain with certainty. If any, the amount was small. Prior to the defection of the branch at New Orleans, the dies in that institution were defaced or destroyed by some of the loyal employés, under the direction of one of the officers who remained true to his duty and to his country. This destruction of the dies must have delayed, if not altogether prevented, any coinage at that branch.

The mines of the United States continue to yield large amounts of the precious metals. Most of the gold and silver deposited at the mint and branches was the product of these mines. The sum of \$30,976,593 24 in gold and \$1,032,264 45 in silver was received from this source. As heretofore, much of the domestic silver was obtained by separating it from the gold deposits in which it is found. The mines of the Washoe region exhibit a gratifying increase in quantity. The gold mines of other portions of our country yield largely, and their capacity is almost unlimited. The deposits of gold from Colorado Territory or Pike's Peak have largely increased, and the daily developments of the mineral wealth of that region would seem to indicate that, before many years, the production from the mines there will rival in amount that of California.

The receipts from the State of Oregon during the year amounted to \$888,205 against \$3,181 last year—an increase full of encouragement to the miner.

The yield of gold and silver from Nevada, in the form of mixed bullion—one third of the value of which is in gold—has largely increased during the last nine months, and increased supplies of the precious metals from that region may be confidently expected.

Gold deposits from Washington Territory have also been received, and the indications of a large increase are favorable.

The deposits of gold and silver bullion at the mint and branches, during the year, from the mines of the United States, notwithstanding the disturbed condition of public affairs and the troubles on our western borders, were only \$2,800,000 less than the amount of the preceding fiscal year. The decrease was in the amount received from California, and must be attributed to other causes than diminished yield of the mines of that State. The reports from the gold and silver regions of our country are highly satisfactory and promise an abundant and increasing yield.

The places whence the deposits of gold and silver were obtained, and the amount from each locality, are set forth in the tabular statements attached to this report.

The exchange of nickel for the old copper cents was continued during the year. The number of the old cents is rapidly diminishing, and that coin will soon disappear altogether from the circulation. The demand for the nickle cent has largely increased. The disappearance of the small silver coins from circulation has caused the new cent to be extensively used, and every effort has been made to meet the demand. Large amounts have been sent to every part of the country, and orders, beyond our ability to fill, are constantly forwarded to the mint. The profits of the cent coinage have been fully adequate to meet all expenses of material, production and transmission to the parties ordering them.

The coinage of the past was of a more general character than that of the preceding year. A greater variety of all the gold and silver coins was produced, and among them an unusual number of the smaller gold coins.

The distinct and unequivocal recognition of the divine sovereignty in the practical administration of our political system is a duty of the highest obligation. History unites with divine revelation in declaring that "happy is that people whose God is the Lord." In the exercise of political sovereignty our nation should honor him; and now, in this hour of peril and danger to our country and its liberties, it is becoming to acknowledge his power and invoke his protection. Our national coinage in its devices and legends should indicate the Christian character of our nation, and declare our trust in God. It does not do this. On the contrary, ancient mythology, more than Christianity, has stamped its impress on our coin. It is, however, gratifying to know that the proposition to introduce a motto upon our coins, expressing a national reliance on divine support has been favorably considered by your department, and will no doubt be approved by an intelligent public sentiment. The subject is under the control of Congress; and without a change in existing laws, no alteration in

the legends and devices of most of our national coins can be made; a motto, however, may be added without additional authority or violation of the present law.

The 13th section of the act of January 18, 1837, prescribes the following devices and legends for our coinage: "Upon one side of each of the said coins there shall be an impression emblematic of liberty, with an inscription of the word *Liberty*, and the year of the coinage; and upon the reverse of each of the gold and silver coins there shall be the figure or representation of an eagle, with the inscription *United States of America*, and a designation of the value of the coin, but on the reverse of the dime and half dime the figure of the eagle shall be omitted." The provisions of this act being still in force, except as to the silver coins of less denomination than the dollar, the *character* of the devices upon the coins referred to in the section cited, viz: the eagle, half eagle, quarter eagle and silver dollar, cannot be altered unless authority therefor be given by an act of Congress. The same remark applies to the double eagle. The coins not included in the provisions of the act referred to are the three dollar piece, gold dollar, and silver coins of less denomination than the dollar, also the cent coin. The figure of the eagle is omitted on the reverse of the gold dollar, and the device thereon, as well as for the obverse and reverse of the three dollar piece and silver coins last referred to, having been fixed by the Secretary of the Treasury, may be altered by the same authority.

In consideration of the legal provisions referred to, it will be necessary, in attempting to introduce a motto on the face of our coins, to interfere as little as possible with the present legal devices. The first difficulty to be encountered is the necessary condensation. The idea should be unmistakably expressed in our own language, and at the same time the letters should be distinctly and easily legible. To unite these desiderata within the limits presented on the face of the coin, in connexion with the required arrangement of the legal devices, demands much reflection. The motto "In God is our trust," which has become familiar to the public mind by its use in our national hymn the "Star Spangled Banner," would be an appropriate one, but it contains too many letters to insert in the place of the *crest*, without crowding too much for good taste. For greater brevity we may substitute the words, "God our trust," which convey the same idea, in a form of expression according with heraldic usage, and as readily understood as the more explicit form of the other. The most appropriate place for this motto is found in connexion with the national inscription, which on all our larger coins is on the reverse, the device of which is an eagle, with the heraldic accompaniments appropriate to the *arms* of the Union as adopted by law, dispensing at present with the motto (*E Pluribus Unum*) and the *crest*, except on the double eagle. The place of the *crest* offers the best position for inscribing a motto, as on all the other coins which are large enough to admit of such an addition this space is now vacant, and therefore a motto, if sufficiently brief, may be introduced with the least disturbance of the device as now arranged. The adoption on our coin of the motto "God our trust," or some other words expressive of national reliance upon divine support, would accord fully with the sentiment of the American people, and it would add to the artistic appearance of the coins.

I would again call the attention of the department to the anomalous character of the silver dollar of the United States, and respectfully refer to the observations on this subject contained in my last annual report, also to the propriety and expediency of enlarging the limit of the legal tender for silver. The limit, with great propriety and advantage to public and private interests, might and ought to be extended to fifty or one hundred dollars.

PRICE OF SILVER AND GOLD.

There is some reason, from present experience, to fear a continuous advance of gold and silver, as compared with the legal tender currency issued by the government. That fear may be much abated by considering the amazing production of the gold fields of the world, to which there has been no parallel in past history. It is very much to the purpose to consider that at the era of the great Napoleonic war the supply of precious metals was chiefly maintained by the mines of Mexico and South America, the washings of the gold coast of Africa, and some initial developments in Russia, altogether not exceeding twenty-five millions of dollars, by a liberal estimate annually for a series of years. During the most critical part of this era the premium on gold in England reached forty-one per cent., as against Bank of England notes, but was generally much less; and in three years, from 1813 to 1816, fell from the highest point to par with bank paper. Since those times it is almost unnecessary to say the stock of gold has been immensely re-enforced; and we have now the gold fields of California and adjacent territories, Colorado or Pike's Peak, Australia, New Zealand, Russia, Nova Scotia, and the very promising silver regions of Washoe and Arizona. Adding together all the sources of supply, both gold and silver, we may safely estimate an annual yield, in these times, of one hundred and seventy-five millions of dollars, or seven times the amount produced annually for some years prior to the peace of 1815.

There is, therefore, much reason to hope that the price of gold and silver, as compared with actual currency, cannot go on rising indefinitely and ruinously, and that the return of peace will bring a returning tendency to specie payments. The civilized world does not want a mere metallic currency, but it must have a sufficient metallic support for its bills of credit, and it is easy to see that only five years addition of gold and silver from the mines will exert a vast influence. Once out of the ground and put in an available shape, they are, setting off the mere abrasion of coins, a perpetual addition to the machinery of trade and the wealth of the world.

ABRASION OF COINS.

Very remarkable statements have from time to time been published as to loss by abrasion or wear of coins, making the amount so great as almost to cast discredit upon metallic currency. Thus we are told by one writer that the annual loss, in a country where both gold and silver circulate, is one part in 420; by another, one in 300; by a third, one in 200; and one "gentleman of great accuracy and acuteness" (cited by Jacobs) says that the loss on coined silver is full one per cent. per annum. A more recent and alarming estimate, from British sources, would lead to the expectation that silver pieces of the size of their shilling, or our quarter dollar, would in less than ten years be worn so much as to be no longer passable. Every one knows the value of such statements on this side of the water.

We have recently had occasion to make a thorough re-examination of this important subject, and have ascertained what is the average annual loss on each size of gold coin, and on the silver promiscuously. Not to enter into details here, it may be stated that the silver coin averages a loss of one part in 630; the half eagle one in 3,550; the double eagle one in 9,000; and that, by a cautious estimate as to the proportions of the various sizes of coin actually among us, the average annual loss by abrasion does not exceed one part in 2,400; that is, in times when specie is current at par with bank paper, and not lying idle. Let it be observed that all experiments hitherto made, in regard to abrasion, seem to have been based upon pieces not higher in value than the sovereign or

half eagle. This has rendered expedient a new examination, because the great preponderance of our specie is in large pieces, which, being less exposed by circulation, must be judged by a law of their own. While one double eagle is lying quiet, five or ten smaller pieces are passing from hand to hand.

SMALL CHANGE.

In regard to our minor currency, usually called "small change," it is difficult to realize the fact that, with over forty-five millions of dollars in silver coin now in the country, we should be driven to a substitute, which, however useful as a temporary measure, cannot enter into comparison, in point of convenience and durability, with small coin, not to speak of intrinsic value. Why cannot silver change be issued on a basis somewhat similar, yet more favorable than that on which the copper coin is issued, namely, not to give a full bullion value, but to afford a public benefit? The cent we issue costs the government scarcely half a cent; but for its purposes, and with the stamp of authority, it is worth its nominal value to everybody: it is largely sought after, notwithstanding so many have been issued, and would purchase no more if it were three times as heavy. Would the half dime, dime, or quarter dollar be any less acceptable if, it were, say three-fourths of the present weight of those coins? At all events, we could most safely and seasonably issue ten millions of dollars in five and ten cent pieces, of the present nineteenth fineness, but of reduced weight, and of legal tender to the amount of five or ten dollars. The new pieces would, of course, be not worth that much abroad, but they would be at home, which is all we are concerned about. A legal provision to this effect, prospective perhaps, to follow the wearing out of the stamp currency, would at once bring to the mint a supply of the old coin, and of silver bullion from the Washoe mines and other sources, by holders desirous of realizing a premium and of accommodating their own business. So much of the gain as would be necessary to draw the material should go in that direction; the remainder would pay expenses of recoinage and transportation. The three-cent pieces already out, and considerably coined, might be left to fulfil their mission, without calling them in or adding to their number, the cents being sufficient to fill the space between one cent and five. It would be best at present to limit the new issue to the dime and half dime, leaving the larger coins for future consideration, or, probably, to return to their par value on the return of better times.

STATEMENT OF FOREIGN COINS.

This statement, as required by law, will be found appended to the report. The additions are few, but there are alterations in the silver occasioned by the raising of the mint price. In gold, we find the sovereign of the mint of Sydney, Australia, by the trial of a much larger lot than has been hitherto procurable, a little higher in average weight, and a little lower in average fineness, than reported last year. It may be well to state here that an inquiry has been raised in England as to the propriety of making Australian coin pass everywhere concurrently with the British sovereign, being, in fact, of equal value, though quite different in devices and in color. We have not seen the printed documents on this subject, but as the coinage of the Sydney mint is large, it is worth while to bring the matter to public notice.

There are also several varieties of private coinage at Pike's Peak, Colorado Territory, which, not being foreign nor legal, cannot claim a place in our coinage statistics; and yet, being issued in considerable amounts, and current in the far west, ought to receive attention. They are all of a pale color, and more highly alloyed than our lawful coinage, making up in some cases by increase of weight. Thus we have the ten-dollar piece of Clark, Graber & Co., ranging from 768 to 832 thousandths fine, and of course, as various in weight; but they all appear

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to be about ten dollars in value, (a few cents more or less,) by computing the value of the silver contained and charging for the parting. The ten-dollar piece of J. J. Conway & Co. is only 630 thousandths fine, by a single trial, being largely alloyed with the silver actually present. The net value of gold and silver is \$7 25. The five-dollar piece of John Parson & Co., by a single trial, is 751 thousandths fine, and its net value \$4 20. The trials in these latter cases are not sufficient for a fair average valuation, but they will give an idea as to the deficiency.

In silver we have added, from a recent assay, the Maria Theresa thaler of Austria, which is coined specially for the Levant trade, but always bears the date of 1780, no matter when struck. We have lately had a good opportunity to make an average of old and new pieces, many being of the latter sort. They fully maintain their original standards, and are, in fact, a little better than we reported them twenty years ago.

In January of the present year the mint price of silver was raised from 121 to 122½ cents per ounce troy, of standard fineness. This requires an entire change in the column of values of silver coins, and the change has accordingly been made.

NATIONAL MEDALS.

The medal department of the mint has become a most important and interesting part of the institution. The reproduction of national and other American medals of historic interest has been received with great favor by all who are interested in numismatics, and by all who desire the development of native genius and skill in this branch of the arts. Medals of honor for the navy, in recognition of noble and patriotic services in defence of the nation's honor and life, have been prepared here, which reflect the highest credit on the artists and workmen engaged in their preparation.

Rare and valuable coins and medals have been added to the mint cabinet during the year. The cabinet has become a very attractive place, and the daily crowds of intelligent visitors attest its value and importance as a numismatic collection.

LIST OF TABLES IN APPENDIX.

A.—Statement of bullion deposited at the mint of the United States and branches during the fiscal year ending June 30, 1862.

B.—Statement of the coinage at the mint of the United States and branches during the fiscal year ending June 30, 1862.

C.—Statement of gold and silver of domestic production deposited at the mint of the United States and branches during the fiscal year ending June 30, 1862.

D.—Coinage of the mint and branches from their organization to the close of the fiscal year ending June 30, 1862. (Eleven tables.)

E.—Gold of domestic production deposited at the mint of the United States and branches to June 30, 1862. (Seven tables.)

F.—Statement of the amount of silver coined at the mint of the United States and branches at San Francisco and New Orleans, under the act of February 21, 1853.

G.—Statement of the amount of silver of domestic production deposited at the mint of the United States and its branches from January, 1841, to 30th June, 1862.

H.—Statement of amount and denominations of fractions of the Spanish and Mexican dollar deposited at the mint of the United States for exchange for the new cent to June 30, 1860.

I.—Amount of fractions of the Spanish and Mexican dollar purchased at the

mint of the United States; the branch mint at New Orleans, and assay office, New York, to June 30, 1862.

J.—Cents of former issue deposited at the United States mint for exchange for the nickel cent to June 30, 1862.

K.—Statement of the weight, fineness, and value of the foreign gold coins.

L.—Statement of the weight, fineness, and value of foreign silver coins.

Very respectfully, your obedient servant,

JAMES POLLOCK,

Director of the Mint.

Hon. S. P. CHASE,

Secretary of the Treasury, Washington City.