

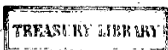
# REPORT

OF THE

## SECRETARY OF THE TREASURY,

ON THE

### STATE OF THE FINANCES,



FOR

THE YEAR ENDING JUNE 30, 1863.

WASHINGTON:  
GOVERNMENT PRINTING OFFICE.  
1863.

FINANCE REPORT.

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LETTER

FROM THE

SECRETARY OF THE TREASURY,

TRANSMITTING HIS

ANNUAL REPORT ON THE FINANCES.

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TREASURY DEPARTMENT,  
*December 10, 1863.*

SIR: In compliance with the act of Congress of May 10, 1860, I have the honor to transmit herewith the annual report on the national finances.

Very respectfully,

S. P. CHASE,  
*Secretary of the Treasury.*

Hon. HANNIBAL HAMLIN,  
*Vice President of the United States,  
and President of the Senate.*

thousand and seventy-one, (156,071.) One engineer has been prosecuted for weighting the safety valve left in his sole charge, and withdrawn from the interference of all other persons; he plead guilty to the charge in the indictment, and the court suspended sentence in his case, for the reason that the engineer made the departure from the certificate through the direction of a local inspector at Chicago, where the steamer did not belong, who assumed to exercise this authority over him.

ASAPH S. BEMIS,  
*Supervising Inspector.*

BALTIMORE, November 7, 1863.

SIR: In addition to the annual report from the board of supervisors, enclosed you will find a statement of the number of boiler explosions during the last five years, from 1859 to 1863, with the number of lives lost thereby, which shows very favorably for the law when contrasted with the explosions and loss of life during the five years previous to the origin of the passenger law of 1852.

*Statement of boiler explosions on board steam vessels during five years past, and number of lives lost thereby, as follows:*

In 1859—Explosions.....	4	Lives lost.....	124
In 1860—Explosions.....	8	Lives lost.....	50
In 1861—Explosions.....	4	Lives lost.....	14
In 1862—Explosions.....	4	Lives lost.....	9
In 1863—Explosions.....	2	Lives lost.....	4
Total.....	<u>22</u>	Total.....	<u>201</u>

*Before the law was made—from 1848 to 1852—as follows:*

In 1848—Explosions.....	6	Lives lost.....	141
In 1849—Explosions.....	8	Lives lost.....	183
In 1850—Explosions.....	13	Lives lost.....	284
In 1851—Explosions.....	5	Lives lost.....	152
In 1852—Explosions.....	18	Lives lost.....	395
Total.....	<u>50</u>	Total.....	<u>1,155</u>

Showing thereby a saving of life of nearly five-sixths. Besides, the increased number of passengers and soldiers now carried, compared with those last dates, are as five to one.

Yours, very respectfully,

JAMES N. MULLER,  
*Secretary for the Board.*

Hon. S. P. CHASE,  
*Secretary of the Treasury.*

S.

MINT OF THE UNITED STATES,  
*Philadelphia, October 21, 1863.*

SIR: I have the honor to submit the following report of the operations of the mint and its branches for the fiscal year ending June 30, 1863:

The coinage for this period has been much less than during the preceding year.

although for that year it was much below former years. The same causes that contributed to reduce the coinage of 1862 are still in operation; and we cannot hope for any material increase until the rebellion is crushed, peace restored, and consequent and increasing prosperity gladdens our country.

The deposits of foreign coin and bullion were small, the importation of specie having greatly decreased, if not entirely ceased.

The amount of bullion in value received at the mint and branches during the fiscal year was as follows: gold, \$23,149,495 41; silver, \$1,674,605 90; total deposits, \$24,824,101 31. From this amount must be deducted the bullion re-deposited, or bars made at one branch of the mint and deposited at another for coinage. This deduction being made, the amount will be \$23,701,837 31. The coinage for the same period was as follows: gold coin, \$20,635,852; fine gold bars, \$1,949,877 90; silver coins, \$1,174,092 80; silver bars, \$390,204 42; cent coins, \$478,450; total coinage, \$24,688,477 12; number of pieces of all denominations, 51,980,575.

The distribution of the bullion received and coined at the mint and branches was as follows: at Philadelphia, gold deposits, \$3,401,374 55; gold coined, \$3,184,892; fine gold bars, \$156,039 74. Silver deposits and purchases, \$386,189 73; silver coined, \$358,217 80; silver bars, \$6,897 83; cents coined, \$478,450. Total deposits of gold and silver, \$3,787,564 28; total coinage, \$4,184,497 37; number of pieces, 49,108,402.

At the branch mint, San Francisco, the gold deposits were \$17,936,014 26; gold coined, \$17,510, 960; silver deposits and purchases, \$962,879 95; silver coined, \$815,875; silver bars, \$224,763 68. Total coinage of gold and silver, \$18,551,598 68; number of pieces, 2,872,173.

The assay office in New York received during the year \$1,812,106 60; in gold bullion and in silver, \$325,536 22; fine gold bars stamped at that office, 1,488—value, \$1,793,838 16; silver bars 1,916—value \$158,542 91; total value of gold and silver bullion, \$2,137,642 82.

The branch mints in the States now in rebellion are not in operation, and no reports therefrom have been expected or received.

Pursuant to your instructions, measures were taken early in the month of April last to organize and put into operation the branch mint authorized by law to be established at Denver, Colorado Territory. The time required to prepare the building purchased for mint purposes, and to have the necessary machinery, apparatus, &c., constructed in the east and transported to so distant a point, prevented the opening of the branch mint for business until the latter part of September, ultimo, when operations were commenced and are now being successfully carried on. The institution is confined for the present to the smelting, refining, assaying, and stamping of bullion, the same being returned to the depositor in the form of unparted bars, bearing the government stamp of weight and fineness. The institution will, no doubt, prove of great advantage to the mining and other interests of that region of our country.

#### NEW MINING REGIONS.

Custom sanctions, and it is eminently proper in a report of the operations of the mint, to introduce a reference at least to new discoveries and new openings of the precious metals. The progress of our country in every department of productive industry, notwithstanding the disturbing causes of the past two years, has been most gratifying. Among the surprising developments of the interior of our national territory, especially those parts of it which seem to require such encouragement to emigration, and a stimulus to inhabitation, the rich mines of gold and silver may well claim the first place. California, Colorado, and Nevada have already had their fame extended far and wide, and are now historical. Idaho at this time especially claims our attention. It is emphatically the land of promise and of gold. This region was set off as a separate Territory at the last session of Congress. It lies north

of Colorado and Utah, and takes in the northern ranges of the Rocky mountains, with the headwaters of the Missouri, Columbia, Yellowstone, and North Platte rivers. The localities where workings have been commenced are numerous, but many of them have not been reported or described. They must be various and widely separated, judging from the characteristic varieties in quality of their productions. Among the deposits received we have had grades of fineness from 795 to 949 thousandths; the latter in considerable quantity from Salmon river, a tributary to the Columbia. The quality of the gold produced from the mines of Idaho is equal to that in the older gold regions of our country, and the quantity appears to be inexhaustible.

Not less promising are the mines opening in Oregon and Washington Territory. The workings are numerous and constantly increasing in number. The characteristic energy of our people will, no doubt, soon develop the mineral wealth of those far distant regions, and thus invite and stimulate emigration to our North Pacific territories.

In Oregon the fineness of gold seems to be tolerably regular and steady, and nearly equal to the average of California. In the gold from Washington Territory the variation is great, ranging from 650 to 938 thousandths.

The returns from Oregon and Idaho and Washington Territories are as yet imperfect; but enough is known to warrant the statement that in quantity and quality the gold of those regions will rival, if not surpass, the productions of the California mines.

In a former report I referred to the Territory of Arizona and its mineral wealth. That Territory is now yielding both gold and silver. The amount, as yet, is small, but every new opening strengthens the assurance that the quantity of those metals is almost unlimited. When the troubles of the country are ended, and our citizens can safely extend their researches and operations, the developments of this Territory will be rapid and extensive.

From British America we received several deposits of Canada gold, which, in some instances, yielded as high as 947 thousandths fine. The mines of Nova Scotia do not yield as at first anticipated. A small portion only of the product of those mines reach our institution, the greater part being sent to the British mint.

The reports from the gold and silver regions of our country are very satisfactory, and indicate an abundant and increasing production. 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.

#### COPPER COINAGE.

The coinage and issue of the nickel-cent has been very large, and almost unprecedented. The demand still continues, and every effort has been made to supply it. This coin has been distributed to every part of the country, and orders for large amounts are daily received. The profits pay all expenses of the coinage and distribution of the cent.

A great benefit to the country was effected by the act of 1857, reducing the size of the cent. It is to be regretted the idea still prevailed that it was necessary to put into the coin, if not an equivalent, at least a large proportion of real value. To this end, and for other reasons, an alloying metal was sought which should command a comparatively high price in the market, without being properly a *precious* metal. Nickel, possessing the requisite value and suitable qualities, was selected. It was then worth about two dollars per pound; though it has since been much lower in price. Our cent was, by decreasing the size, reduced in weight from 168 to 72 grains; the former simply copper, the latter an alloy of 88 per cent. copper with 12 per cent. nickel, making a coin of convenient size and neat appearance, and containing a half cent's worth of metal, more or less, according to market fluctuations. The change was well intended,

but the experience of other countries, and, indeed, of our own, has taught us that it was an unnecessary liberality, and that all the nickel we have thus used has been so much money wasted. In France they had formerly a copper *sous*, or five-centimes, about the same as our cent in legal value, weighing 154 grains troy; but the five-centimes of the present day weighs only half as much. This latter is a mixture called *bronze*, and is composed of 95 per cent. copper, the remainder being tin and zinc, which adds nothing to the cost, but gives character and prestige to the coin. The mixture is less oxidable and more cleanly than copper. Now, this coin of half weight passes as readily, and is, in fact, more acceptable to the public than the old heavy one. This is not surprising or unusual. Whilst people expect a full value in their gold and silver coins, they merely want the inferior money for convenience in making exact payments, and not at all for the value of the copper, tin, or nickel which may be present. If the law makes it a cent of legal tender to a proper and sufficient extent, then it is a cent to every one using it, even if its intrinsic should be only the one-tenth of its nominal and legal value. If any further proof of this fact should be demanded, we have only to refer to our own recent experience, when illegal cent tokens of the size of the legal cent were made and freely passed, although they contained no nickel, weighed on the average about 51 grains, and worth not more than one-fifth of a cent. Not less than three hundred varieties of these false and illegal tokens or cents have been made and issued, and, until suppressed, were freely used as coin by the public.

They were in direct violation of the laws of the United States; and the prosecution of certain parties issuing them has deterred others, and will soon drive them altogether from circulation.

We have therefore used a great deal of nickel to little purpose; and much of it from foreign countries, for which we have had to pay in gold or its equivalent. We have given it away under the mistaken notion that value was essential to secure the circulation of our inferior coinage, and to prevent its being counterfeited. The law regulating the cent coinage required it. Experience proves that an alloy more valuable than the principal metal may be safely omitted.

Nickel derives its name from a certain unpleasant allusion, indicating its character, and which, in a metallurgic sense, it honestly deserves. It is very obstinate in the melting pot, requiring the fiercest fire, even when in alloy with copper. It commonly makes a hard mixture, very destructive to dies, and all the contiguous parts of the coining machinery.

Perhaps as great an objection as any to the further use of this alloy is its limited use in the arts. With the addition of zinc it would make good German silver, and could be worked up into plated ware. Beyond this, and a few other applications, copper with 12 per cent. of nickel is of no more value to the artisan than copper alone; it is even a deterioration, and more difficult to melt.

On the whole, it may now be advised, and even urged, that the law of coinage be modified, so as to provide that the cent, retaining its present size and devices, shall be composed of 95 per cent. of copper; the remainder tin and zinc in suitable proportions.

An effort is now making to re-establish in our country the manufacture of nickel from native ores. If successful, as present appearances indicate it will be, the mint may be supplied from this source, to the entire exclusion of the foreign article.

It is not easy to offer a conjecture as to the amount of cents that will be required to meet the public demand. Before the suspension of specie payments, they were already considered redundant in quantity, and it was part of the hourly finesse of buyers and sellers to get rid of them. For the past two years, however, they have commanded a premium, and are now scarcely to be had. Up

to the close of this fiscal year we have issued, of the nickel cents, 163,911,000 pieces.

This seems enormous, especially as they are little used in the western and southern States. Other nations are largely in advance of us in this coinage. The new copper or bronze coinage of England amounts to nearly three times as much.

#### ALUMINUM.

The postal currency has given us a renewed assurance, if any was needed, that a small piece of paper, if made a legal tender and certain to be redeemed, is as readily current as a piece of silver. There is an important intimation and significance in this fact; all the silver that has gone into three-cent, five-cent, and perhaps ten-cent pieces, might have been reserved for larger coin, and these lesser coins be made of a cheap metal or mixture. Metallic money for small change is more acceptable than paper or any similar material. But what metal could be used for the proposed substitution? Copper has its place; it cannot ascend higher than the cent. Tin, although a beautiful metal, is too soft. Other objections will occur to brass, zinc, lead, or iron.

The lately discovered metal, "aluminum," which may be extracted from any bed of clay, although it is at present most conveniently obtained from a mineral in Greenland, certainly possesses properties which are admirably suited to the "small change" department. Firm, ductile, bright, cleanly, agreeable to the touch, resisting ordinary corruptions, having a medium grade of fusibility, and, above all, with a lightness of weight or low specific gravity which makes it a curiosity among metals, and which gives it a character not to be imitated. These are the leading traits and characteristics that commend it to attention.

The principal difficulty to its use for "small change," or as a substitute for postal currency, lies in the price, which must be much reduced, and reach a probable "minimum," before this metal can serve the purpose. This may be expected. A few years ago the article was equal to gold in value—a price merely fanciful. It can now be had for ten dollars a pound, which is seven grains for one cent. There ought to be at least that much worth in the three-cent token, and a proportionate value for the half dime, but it must have sufficient bulk to be recognized by its lightness when poised upon the finger, or by other simple process. If we assume that the three-cent token should be as large as the nickel cent, then, in the proportion of specific gravities, it would weigh 21 grains. Whenever, therefore, by another step in the process of metallizing "alumina," the cost per pound shall be reduced to one third of its present price—and this may confidently be anticipated—this subject will deserve, and should receive, the earnest and favorable consideration of the law-making power. Its initial discussion at this time may be gratifying to many, and especially interesting to men of science. These remarks are intended only as suggestive, not a full discussion of the merits of this new metal, or the purposes to which it may be applied.

I would respectfully and earnestly ask the attention of the department to the proposition, in my former report, to introduce a motto upon our coins expressive of a national reliance on divine protection, and a distinct and unequivocal national recognition of the divine sovereignty. We claim to be a Christian nation. Why should we not vindicate our character, by honoring the God of nations, in the exercise of our political sovereignty as a nation? Our national coinage should do this. Its legends and devices should declare our trust in God; in him who is the "King of kings and Lord of lords." The motto suggested, "God, our trust," is taken from our national hymn, the "Star Spangled Banner;" the sentiment is familiar to every citizen of our country; it has thrilled the hearts and fallen in song from the lips of millions of American freemen. The time for the introduction of this or a similar motto is propitious and appropriate. 'Tis an hour

of national peril and danger, an hour when man's strength is weakness, when our strength and our nation's strength and salvation must be in the God of battles and of nations. Let us reverently acknowledge his sovereignty, and let our coinage declare our trust in God.

Permit me again to refer to the anomalous character of the silver dollar of the United States, and to the remarks on this subject in my report for the fiscal year ending June 30, 1861.

The dollar is our unit of value, but the value of the gold and silver dollar, under existing laws, is not the same, and therefore we have no certain or determined standard of value. Gold being more fixed and certain in its valuation, is not only better than silver, as a standard of value in our monetary system, but better expresses the equivalent value of foreign coins in our currency, and therefore the *gold dollar* should be, by law, adopted as the unit value of our money. For silver there is no fixed legal valuation, the law providing for the shifting of price according to the condition of supply and demand. The present mint price of standard silver is \$1 22½ cents per ounce troy, payable in silver coins of less denomination than the dollar; an advance of one and a half cents per ounce since January, 1862.

#### STATEMENT OF FOREIGN COINS.

The statement of foreign coins, as required by law, will be found appended to this report. No alteration is required in the statement of last year. But it may here be stated that several specimens of Mormon coinage, of gold five-dollar pieces, dated 1860, have lately appeared here. They are entirely different in devices from the coinage executed at Salt Lake City in 1849. On one side the legend is "Deseret Assay Office," and on the other sundry cabalistic characters. They have undergone no improvement as to intrinsic value. The average weight is about 116 grains, and the fineness 874 thousandths, in some cases probably a little higher; the value, reckoning the silver alloy and allowing for charge of parting, about \$4 40.

We have had a recent opportunity of examining and testing the new silver florin of Austria, which enables us to settle a question of some importance in custom-house reckonings, and in the adjustment of diplomatic and consular accounts. The weight, fineness, and value, as given in the last statement, are corroborated; the particulars will be found in the silver table.

It will not be amiss to give some public information in regard to certain small octagonal gold coins stamped "¼ dollar 1859" and "¼ dollar 1859," without any name, but believed to be coined in California, and sold as pocket-pieces, or to gratify the eagerness of coin-collectors. Their fineness varies from 425 to 445 thousandths, and the intrinsic value of the "¼ dollar" is eleven cents, while that of the "¼ dollar" is six and a half cents. They present a good appearance.

The medal department of the mint is in successful operation, and increases in interest and importance. The national and other medals of historic and private interest prepared in this institution are models of artistic skill, and are duly appreciated by the numismatist and the public generally. Valuable medals and rare coins have been added to the cabinet during the past year, some by gift, others by purchase. The daily crowd of visitors to the cabinet attests the interest taken by an intelligent public in that department of our institution.

#### 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, 1863.

B. Statement of the coinage at the mint of the United States and branches during the fiscal year ending June 30, 1863.

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, 1863.

D. Coinage of the mint and branches from their organization to the close of the fiscal year ending June 30, 1863. (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 of domestic production deposited at the mint and branches from January, 1841, to June 30, 1863.

G. 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, 1863.

H. Cents of former issue deposited at the United States mint for exchange for the nickel cent to June 30, 1863.

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

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

Very respectfully, your obedient servant,

JAMES POLLOCK, *Director.*

Hon. S. P. CHASE,

*Secretary of the Treasury, Washington.*