

CHAPTER IX

THE PANIC OF '57

The early summer of 1857 gave no intimation that the most serious financial disturbance in the history of the country was at hand. The suspension of the branch office in New York of the Ohio Life Insurance and Trust Company on August 24, while the home office at Cincinnati was still open, was the beginning of the panic. Bank officials then demanded immediate payment in full of paper falling due, while decreasing loans to their customers, which, in less than two weeks, in New York city alone, represented a contraction of bank accommodation exceeding eight millions of dollars. The Pennsylvania Bank, of Philadelphia, closed its doors on the morning of September 25, followed the same day by the suspension of the Girard and Commercial banks in that city. On October 13, the New York banks suspended specie payment, and those of New England on the following day.

Monday, September 28, 1857, a special meeting of the directors of The Bank of Delaware County was called "to take into consideration the embarrassing condition of the monetary affairs of the community," and learning from reliable authority that the Philadelphia banks have generally ceased to redeem their circulation in specie, or pay their depositors except in limited amounts, "the board deems it unsafe for us to pursue a different course from the city banks. Therefore, it is unanimously resolved that this bank authorizes the cashier to mark all checks presented at the counter 'good' for which the drawers have funds in the bank; further resolved, that the cashier be directed to suspend the redemption of all our issues of a larger amount in specie than five-dollar notes."