

the "available" fund was usually invested in very poor securities;¹ the rate of interest—six per cent—paid on deposits was too high; and there was a general shrinkage in real estate values after heavy loans and investments had been made. It will be of interest to examine in detail some of the conditions that undermined the strength of the institution.

Of the thirty-four branches only about half were able to meet expenses regularly, and not until 1872 was the institution as a whole making more than expenses, while even at that date several branches lacked much of being self-supporting. The organization was unwieldy, and the central administration found it difficult to control the branches. Frequently the local cashiers neglected or disobeyed the orders of the inspectors and other higher officials. The establishment of each branch bank necessitated some expenditure of funds, and after the quarters loaned by the Freedmen's Bureau were withdrawn about \$170,000 was spent, contrary to the charter, to purchase offices and equipment for the branches. In Washington \$260,000 was spent for a banking house. These expenses added to the usual costs of administration and the payment of a high rate of interest on deposits consumed the entire income from the United States securities in which deposits were invested. The branch banks suffered, too, from the hostility of the Negro politician, who was unable to get his hands on the deposits. One of the Negro trustees

¹ Statement of Bank Examiner Meigs in *Sen. Misc. Doc. No. 88, 43 Cong., 2 Sess.*