

4th CONGRESS.]

No. 97.

[1st SESSION.]

## BANK LOANS.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES, MAY 3, 1796.

Mr. WILLIAM SMITH, from the Committee of Ways and Means, to whom it was referred to inquire whether the Bank of the United States is willing to continue the loans made by it to Government, in anticipation of public revenue, or any part thereof, by new loans, on terms similar to those on which the said anticipations are obtained, reported that the committee have made the inquiry directed, and have received from the President and Directors of the Bank the answer and information following:

The committee appointed to confer with the Committee of Ways and Means, on the subject of continuing, to a more remote period, the loans made to the United States, having reported:

The Board took into consideration the most essential points that had relation to the present subjects, viz: the great increase in the price of all alienable property, which requires a corresponding addition of circulating medium to represent it; the necessity of placing this institution in a more respectable situation, in point of available funds, which will enable it to promote, more generally, the interests of commerce and manufactures, and afford the means of facilitating the financial operations of Government, by temporary loans, whenever the fiscal administration may require such a resource, as well as the more immediate advantages of the stockholders and customers of the bank, as both intimately connected with the active employment of a larger specie capital: Whereupon,

*Resolved*, that the United States be requested to extinguish the loans that are already due to the bank, as well as to make provision for those which may become payable in the course of the present year.

THOMAS WILLING, *President*.BANK OF THE UNITED STATES, *April 21st, 1796.*Attest, G. SIMPSON, *Cashier*.

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No. 98.

[1st SESSION.]

## BANK DEBT.

COMMUNICATED TO THE SENATE, MAY 11, 1796.

BANK OF THE UNITED STATES, *May 11th, 1796.*

SIR:

The Board of Directors of the Bank of the United States have viewed with great disquietude and alarm, the ineffectual tendency of a bill which has passed the House of Representatives, and is now submitted to the Senate, which purports to be for their relief, but which, by the modification of a provisionary clause, will probably defeat the object it was intended to promote.

You must be sensible, from experience, that the disposition of the bank to aid the financial operations of the Government, by temporary loans, in anticipation of its revenues, or when under the pressure of sudden unprovided exigencies, has been uniformly favorable, and at least commensurate with its available means.

Its advances have, at length, accumulated to the amount of six millions of dollars, four millions and four hundred thousand of which are already due, or payable, within the course of the present year—the detention of which must naturally be very oppressive on its resources.

It is needless to exhibit to your view the necessity that exists, under the present state of moneyed operations, connected with the advanced price of all alienable property, to bring into activity a greater portion of their specie capital, which the general interests of the community, the prosperity and reputation of our institution, and the immediate advantages of their constituents, absolutely require.

In discharge, therefore, of their duty, in their various relationships, the Board is compelled to press upon your attention the payment of the instalments that are now due upon the loans made by the bank to the United States.

They cannot but flatter themselves, that a Government uniformly attached to the support of public credit, on the purest principles, will furnish its administration with ample means to prevent a violation of its faith. They are more inclined to cherish this impression, at the present moment, when the country exhibits such prominent marks of prosperity under the influence of such a system; and more especially when the provision to be made regards an institution, whose uniform services to the Government, upon the most disinterested principles, have, hitherto, pressed hard upon its faculties, and whose extensive circulation of paper has so essentially benefitted the community, by multiplying its moneyed resources, and by facilitating the payment of the public contributions.

But, if the Government should provide no other means to liquidate their claims, than by the sale of stock at par, they apprehend a violation of the public faith will be the necessary consequence.

Public funds, like other property, are exposed to feel the impression which contingent circumstances operate upon its value; a stipulation, therefore, that it shall not be sold, but at a given price, in order to extinguish the debts contracted with the bank, is an illusory provision, and places the demands of the institution on a very unsafe and unsatisfactory footing; it is likewise opposed to the practice of all nations habituated to the support of public credit, under the operation of a funding system. They, therefore, cannot but view a conditional arrangement, by which the bank may be compelled to wait an indefinite period of time for payment, as an infraction of a contract, and incompatible with the justice of their country. In bank operations, where punctuality is so essential, and, therefore, so strictly observed, there is but little difference betwixt a delay and a refusal of payment.

As an additional grievance, they are, in the present case, deprived of an alternative: for, if pressed by their necessities, they were disposed to make a sacrifice, by receiving the stock at par, as a composition for, or extinction of their debt, thereby risking an eventual loss to their constituents. Their charter precludes them from making such a commutation, there being an express prohibitory clause therein, as relative to the purchase of stock.

The bill, therefore, by depriving them of all option, operates upon them as a compulsory proceeding, by forcing them to wait for a liquidation of their just demands, until a combination of circumstances, over which they have no control, will produce the required result, that of raising this stock to par. Under these impressions, the Board are urged, by a sense of duty to their country and their constituents, to make this application to you, in language of the most serious concern, hoping that, through your intervention, that justice, which is so amply due to them, may be speedily and effectually obtained.

I have the honor to be, sir, for the President, Directors, and Company of the Bank of the United States,  
your obedient,

THOMAS WILLING, *President*.The Hon. OLIVER WOLCOTT, Jun. Esq. *Secretary of the Treasury.*