

STATEMENT—Continued.

	Dollars.	Dollars.
Final settlement certificates issued by commissioners appointed to settle claims during the revolutionary war in the several departments of commissary of purchases and issues, - - - - -	959 67	
Quartermaster's department, - - - - -	743 35	
Clothing department, - - - - -	1,701 77	
Marine department, - - - - -	587 31	3,992 10
Final settlement certificates issued by commissioners appointed to settle claims of individual persons for supplies furnished in the following States:		
New Hampshire, - - - - -	51 19	
Massachusetts, - - - - -	1,973 29	
Rhode Island, - - - - -	520 06	
Connecticut, - - - - -	522 02	
New York, - - - - -	1,922 13	
New Jersey, - - - - -	2,625 15	
Pennsylvania, - - - - -	6,380 18	
Delaware, - - - - -	439 26	
Maryland, - - - - -	616 01	
Virginia, - - - - -	472 06	
South Carolina, - - - - -	8 67	15,530 22
Certificates issued by army commissioners to officers and privates of the revolutionary army, - - - - -	-	38,414 52
Indents of interest, estimated amount outstanding, - - - - -	-	500 00
		159,013 56

The average period of interest on the several certificates forming the foregoing aggregate amount may be estimated at thirty-five years, or from the 1st of January, 1782; and it may be remarked that the applications for payment from individual holders at the Treasury of late years have been so few, that it is conjectured a very small proportion, compared with the whole amount, would ever be claimed at the Treasury. The whole of them are barred by the statutes of limitation, excepting such claims (to an inconsiderable amount) as remain filed with the Auditor of the Treasury, and which have been rejected by him as inadmissible.

TREASURY DEPARTMENT, REGISTER'S OFFICE, *January 5, 1817.*

JOSEPH NOURSE, *Register.*

14th CONGRESS.]

No. 496.

[2d SESSION.]

BANK OF THE UNITED STATES.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES, JANUARY 10, 1817.

Mr. CALHOUN, from the Committee on the National Currency, to whom was referred the resolution of the House directing them to inquire "whether the president and directors of the Bank of the United States have adopted any arrangement by which the specie portion of the second instalment can be evaded or postponed; and if such arrangement has been made, the expediency of adopting some regulation by which the payment of the specie portion of the second instalment may be enforced at the time required by the act of incorporation, or within a limited time thereafter," reported:

That they have availed themselves of the opportunity of obtaining the information required by the House, through the Hon. James Lloyd, one of the directors of the National Bank, who is now in this city. In answer to their inquiries, the committee received from him the letter which accompanies this report; and, on mature examination of the facts disclosed by it, they are of opinion that the bank, in adopting the arrangement, was actuated by a sincere desire to effect the great objects for which it was instituted, as well as a regard to its own immediate interest.

The committee are unanimously of opinion that it would be inexpedient to adopt any regulation, and therefore report the following resolution:

Resolved, That the Committee on the National Currency be discharged from further proceeding on the above-recited resolution.

DEAR SIR:

COMMITTEE ROOM, *January 9, 1817.*

The Committee on the National Currency have, by the vote of the House, been directed to inquire "whether the president and directors of the Bank of the United States have adopted any arrangement by which the specie part of the second instalment can be evaded or postponed;" and I have been directed by the committee to request you, as one of the directors of that institution, to inform them whether any such arrangement has been adopted; and, if any, of what character.

Should there be any such arrangement, the committee would be gratified in knowing the object and reasons of the bank in adopting it; and, in making this request, they wish it to be distinctly understood that they do not consider it any part of their duty to inquire into the expediency of the arrangement, provided it be within the limits of the chartered powers of the bank.

With sentiments of esteem, &c.

J. C. CALHOUN.

Hon. JAMES LLOYD.

SIR:

WASHINGTON, January 9, 1817.

I have the honor to acknowledge the receipt of a note from you of this date, as chairman of the Committee on the National Currency, informing me that the committee have, by a vote of the House of Representatives of the United States, been instructed to inquire "whether the president and directors of the Bank of the United States have adopted any arrangement by which the specie part of the second instalment can be evaded or postponed;" and requesting of me, as one of the directors of that institution, to inform the committee whether any such arrangement has been adopted; and, if any, of what character.

With that readiness springing from the high degree of respect to which every branch of the National Government is entitled, and which it cannot fail to command, I proceed, sir, respectfully to comply with your request, first premising that I have neither authority, nor instruction, nor indeed any intimation on the subject from the directors of the bank; and although I have had the honor to be a member of the board, it may now be uncertain whether I am or not still in the direction; the result of the recent election not being yet known, and no wish having been expressed by me for the continuance of that confidence with which I had been honored on a former occasion.

The committee, therefore, will be pleased to consider the remarks which may follow as having no other weight than may be derived from their coming from an individual whose situation, perhaps, enabled him to form a judgment on grounds not so open for observation to the public at large as to himself.

It has been the earnest desire of the directors of the Bank of the United States so to conduct the preliminary measures and organization of that institution as to ensure, as speedily as possible, the accomplishment of some of the great ends of its establishment, and among them, pre-eminently, that of aiding in restoring the currency of the United States to a specie medium. In this desire the direction has always been unanimous, and a single dissension on this head has not, to my knowledge, existed among its members.

One of the earliest measures of the bank has been to send an agent to Europe, for the purpose of purchasing, and importing into the United States, an amount of specie, which, when received, cannot fail to have a very favorable effect on the money circulations of the country. In this measure and object several of the State banks have united; and from the respectability of the agent selected for this purpose, and the means and powers with which he is invested, there appears to be no reasonable ground for apprehension of a failure in his accomplishing the object of his mission.

Prior to my leaving Philadelphia, (December 31,) no discount had been made by the bank, or any of its branches. A resolution had been adopted by the Board of Directors, on the 18th of December, of the following tenor, to wit:

Resolved, That, on the 31st instant, the board will proceed to discount notes or bills not having more than sixty days to run, and made payable to the Bank of the United States, secured by a deposit of an equal amount of the stock of this bank, or an equal amount in public debt, at ninety per cent. on the par value thereof, with power to sell and transfer the said stock or debts in default of payment, when due, of the notes which may be discounted as aforesaid; and that the respective Boards of Directors of the offices of discount and deposit at Boston, New York, and Baltimore, be authorized to discount in like manner, upon the same terms and conditions, and to an extent not exceeding one-tenth of the amount of the subscription to the capital of the bank, at their respective places."

This resolution was subsequently modified on the last day of my being at the board, prior to my leaving Philadelphia; and, among the alterations, on two points, moved by myself, the one was that the notes on which discounts might be made should be payable at maturity in specie or bills of the Bank of the United States; and the other, that no stockholder should be entitled to a discount under the resolution, unless he paid into the bank the stock proportion of the second instalment due on his share. I believe, also, that the resolution was so modified as to make it apply to the subscribers to the bank; but I do not recollect that there was any preventive provision which would deprive a stockholder, who had previously paid in the specie part of his instalment, from availing himself of a discount under the resolution. I think no such restriction existed.

As the resolution of the 18th December was modified, and as I do not find among my papers a copy of it when amended, and as I was much occupied at the time in preparing to leave the city, I cannot be so precise as I should wish to be in the communication I have now the honor to make to the committee; for the same reasons I cannot trust myself to detail the motives which induced the passing the resolution as it was ultimately adopted, lest I should be guilty of an injustice to the views of the gentlemen with whom I had been called to act, by giving an opening to any unfavorable imputation to which they could alone be exposed by the inaccurate medium through which their sentiments would in that case pass; in compliance, however, with what I understand to be the wish of the committee, I will, with their permission, briefly state my own impressions on the subject.

It has been and still is my most earnest desire, in common with that of the other directors, to carry this bank into the most speedy and extensively useful operation that its provisions will admit; and, as one mean of doing this, to fortify it by the accumulation of specie in its vaults by every fair method in its power to adopt; under these dispositions, it was repugnant to my wishes to have any arrangement made which might carry with it to the public the appearance of a contrary intention on the part of the direction, while I know that no such disposition exists in it; still, as the rational objects of our pursuit must always be limited by the means of attainment at our command, candor did elsewhere and still does compel me to state, that if the resolution of the 18th December, or its modification, does not violate the provisions of the charter or law establishing the bank, which I hope presently to show that it does not, the effects of it are calculated to promote the interests of the public, uphold the credit of the bank, and to carry into effect the beneficent views of the Government in its establishment more promptly than could be done without the adoption of that resolution.

It is evident that the usefulness of the bank must be dependent on the means in its possession to carry its operations to an extent in some degree commensurate with the public expectations; these means are, at present, exclusively confined to its own capital. The Government can and will give to it eventually a paramount power and influence, through its deposits and the collection of its revenue, over all the other moneyed institutions in the country. But these are golden advantages only for the future; at present they do not exist. The bank has not been in a state to receive deposits from individuals, and if it had been, individuals would not have made such deposits in specie for general use; and the Government has not the funds to place in it, except in a depreciated State bank paper, which the Bank of the United States could only reissue to the order of Government without benefit, or be obliged to replace at a heavy loss by its own paper, which never can be other than the representative of the precious metals, at the rates which make them the only lawful currency of the country.

Thus situated and divested of external aid, attention was naturally turned to the receipt of the second instalment, as the principal means of strengthening the resources of the bank; when it was perceived that, from the unfortunate state of the money market, and the deranged bank circulations of the country, and the light penalty incurred by an omission duly to make the second instalment, instead of inducements being offered for punctuality, a premium was, in fact, proffered to delinquents.

By the provisions of the charter the only penalty attaching to a non-payment of the second instalment, prior to the declaration of the first dividend, is a forfeiture of that dividend, which must, of necessity, from the heavy expenses of the institution, and the circumstances in which it has been placed at its commencement, be an extremely small one, perhaps not exceeding (if the intervening charges are deducted, as they ought to be,) two per cent. on the first instalment; thus leaving, if specie maintained the rate it was at in Philadelphia at the time the resolution passed, of eight per cent. advance, (and if any excitement had been produced by a large increased demand, it would have risen to ten or twelve per cent.,) and it should also fall to its par value in July, as it must do if the banks then resume their specie payments, a gain to the stockholder, who refused to meet the payment of his instalment, of at least $33\frac{1}{3}$ per cent. on the amount of the dividend more than would be received by him who honorably paid it.

Thus circumstanced, if it were practicable to offer an inducement or facility for the payment of this instalment without an infringement of statutory provisions, it would seem to have been desirable to do it.

A large part of the stock is undoubtedly in the hands of real capitalists, who have embarked their funds in the institution, and intend to share its fate; but it ought not to be concealed that some part of the stock, and that not a small one, is in the possession of those who very fairly mean to make an advantageous use of the confidence they reposed in the good faith and resources of the country over that manifested by others of their fellow-citizens. But whether the stock be held by the one class or the other, experience has verified to the conviction of most persons who have had occasion to remark it, that any very strong reliance upon the constructive obligations of moneyed men in opposition to their pecuniary interest, and in the absence of any special agreement on their part, would form a most fragile dependence for a great banking institution to bottom its operations upon.

If I have succeeded at all in my object, sir, it will then be perceived, first, that it was important to secure to the bank the receipt of the second instalment of its capital; and, next, that the bank possessed no effective means to enforce that payment in opposition to the wishes of the stockholders. The question then fairly arises, have the directors of the bank adopted any measures violating the provisions of the act of incorporation, by creating that inducement?

The bank undoubtedly is authorized to conduct its business on accustomed or usual banking principles. No restriction exists in the law restraining the commencing discounts to an appointed day; this part of the operations of the bank rested, therefore, in the discretion of the directors.

Nearly if not all the banks in the United States, it is believed, begin their discounts on the payment of the first instalment; it was done by the former United States Bank. The present bank has received, some months past, this instalment, amounting to 30 per cent. of its capital, exclusive of that portion belonging to the Government, and, by the resolution before referred to, it has authorized discounts to the extent of ten per cent. on its individual subscriptions. This would seem to be fully within the authorized powers of the bank; and if the resolution does not, as I presume it does not, interdict a stockholder who had before paid his instalment from obtaining a discount, the proceeds of that discount may be applied to any object to which he may choose to appropriate it. Here, then, is no violation of the charter. It is true stockholders may and will obtain discounts, and with the funds procured from such discounts pay their instalments; but the question then recurs, if the provisions of the law have not been violated, will the bank be benefited or injured by the measure that has been adopted?—a consideration, perhaps; more directly applying to the stockholders on the one part, and the directors on the other. But, for the reasons before stated, I both hope and believe that the interests of the bank and the public will alike be promoted by the course that has been pursued, from the effect which it will produce, in securing possession to the bank of a part of its capital, which it could not otherwise so speedily have commanded.

Permit me, sir, before closing this very hasty letter, written on the spur of the occasion, without preparation, and with scarcely a single minute to refer to, or even the law establishing the bank before me, to solicit your indulgence for any deficiencies it may exhibit; and also allow me to express my full confidence that while the directors of the bank ought to feel grateful for the wakeful vigilance that is manifested towards them, they would derive great satisfaction from submitting all their proceedings to the inspection of any agent or committee who might be appointed for that purpose by the honorable House to which you belong, as they would be desirous of an opportunity to prove that they have at least endeavored to merit that countenance and patronage which they are sure of receiving, when merited, from the National Legislature; and on which, crippled and envired as the institution must be in its outset with difficulties arising from the perplexed state of the different local currencies of the United States, the directors have calculated, as affording to them the surest basis to sustain the bank in the due estimation and confidence of the public, and to ensure to it that degree of usefulness to which the interest of the Government, the magnitude of its capital, and the important duties it has to fulfil, so justly entitle it.

With sentiments of great respect, I have the honor to be, sir, your obedient servant,

JAMES LLOYD.

To the Hon. Mr. CALHOUN,

Chairman of the Committee on the National Currency.

DUTY ON STILLS.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES, JANUARY 13, 1817.

SIR:

TREASURY DEPARTMENT, *January 13, 1817.*

In obedience to a resolution of the House of Representatives, of the 9th of March, 1816, requiring the Secretary of the Treasury "to report to the next session of Congress, whether any, and, if any, what alterations are necessary to equalize the duty on the capacity of stills, boilers, and other instruments used in distillation," I have the honor to report the information obtained upon that subject by the commissioner of the revenue, to whom it was referred by the Secretary of the Treasury.