

18TH CONGRESS.]

No. 720.

[2D SESSION.]

STOCK UNDER THE ACT OF MAY 24, 1824, FOR A LOAN OF FIVE MILLIONS OF DOLLARS.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES JANUARY 17, 1825.

To the House of Representatives of the United States :

In compliance with a resolution of the House of Representatives of the 28th ultimo, "requesting the President to inform the House what terms were offered by applicants for the stock created by the act of the 24th of May last, and by whom such terms were offered," I herewith transmit a report from the Secretary of the Treasury, with accompanying papers, which contain the information called for.

JAMES MONROE.

WASHINGTON, *January 17, 1825.*TREASURY DEPARTMENT, *January 5, 1825.*

SIR: In obedience to your reference to this Department of a resolution of the House of Representatives of the 28th ultimo, "requesting the President to inform the House what terms were offered by applicants for the stock created by the act of the 24th of May last, and by whom such terms were offered," I have the honor to report, that the awards to the payment of which the proceeds of that stock were to be applied were payable so short a time after the power was given to make the loan that proposals were not invited by public notice, and that no individual offers for the stock were made. The only proposal offered was the Bank of the United States, which was for the whole amount at par, and which was accepted by the President, as appears by the accompanying papers. These contain all the information called for by the resolution, and in the possession of this Department.

I have the honor to be, with great respect, sir, your obedient servant,

WM. H. CRAWFORD.

The PRESIDENT of the *United States.*SENATE CHAMBER, *May 26, 1824.*

MY DEAR SIR: I am informed that you wish an expression of opinion from me, whether the interest of the United States could be better promoted than by making a sale to the Bank of the United States of the stock to be created to provide for the awards of the Commissioners under the treaty with Spain, at an interest of $4\frac{1}{2}$ per cent. per annum; in consequence of which I with readiness state to you that I doubt if it would be practicable to obtain the loan at a lower rate of interest from any other source, and that, if to this be added the incidental interest which the United States have in the bank from the ownership of one-fifth of its capital, there can, in my mind, be no question but it must be more for the advantage of the Government to make the negotiation with the bank than in any other way.

In giving this opinion you will allow me further to state that such an arrangement would greatly accommodate the claimants under the treaty, in whose favor awards have been rendered by the Commissioners, and that I am personally included among this number.

. With great respect, your obedient servant,

J. LLOYD.

N. BIDDLE, Esq.

HOUSE OF REPRESENTATIVES, *May 26.*

MY DEAR SIR: In consequence of your inquiry this morning I beg leave to say that, on the discussion of the bill for paying the Spanish awards in the House of Representatives, it seemed to be the opinion of a great majority that the treaty stipulated for payment upon making of the awards. That was the ground on which a motion to postpone the bill to the next session was successfully opposed. It is, I believe, the universal expectation of the claimants and their agents to receive their money as soon as the awards are made.

With very great respect, yours,

D. WEBSTER.

N. BIDDLE, Esq., *President of the United States Bank.*

MEMORANDUM.

The Bank of the United States offers to lend to the Government five millions of dollars, at four and one-half per cent., reimbursable after the 1st of January, 1832, say seven and a half years.

These terms are more advantageous than could be offered by any other person, for this reason: the Government is proprietor of one-fifth of the capital of the bank. It has, therefore, seven millions of

dollars of its funds, which the bank is managing to the best advantage it can, but which, in the present state of business throughout the country, and the great amount of rival capital seeking investment in private loans, it cannot employ safely and profitably to the full extent of which they are susceptible; and as, without diminishing in the least its discounts, the bank is able to take the loan, the interest gained by it is so much clear profit to the bank and the Government.

The amount of that profit may be thus estimated:

The bank capital consists of shares		350,000
But as the bank, in the course of its dealings, has received in pledges to it, for bad debts, 37,889 shares, which are now transferred to it, and on which it retains the dividends, these pledges operate in fact as a reduction to that amount of its capital. Deduct these shares.....		37,889
		312,111
And the efficient capital will actually consist of shares.....		312,111
Now, the number of shares owned by the Government is.....	70,000	
The whole interest on the five millions, at $4\frac{1}{2}$ per cent., then, being.....	\$225,000	
The number of shares among which this profit is to be divided.....	312,111	
Of which the Government owns.....	70,000	
The proportion of these \$225,000 which will be received on these shares by the Government will be, of course.....	\$50,462	
The consequence is that, although the Government nominally pays.....	\$225,000	
It receives back in the shape of dividends.....	50,462	
		174,538

So that, in fact, it pays for the five millions only.....

That is, a fraction under $3\frac{1}{2}$ per cent, which would be \$175,000.

No individual and no other company could take it at that rate.

No individual and no other company could lend five millions at an interest of \$225,000, and then repay every six months \$25,231 of that interest.

Again, these dividends of \$50,462 would, during the seven and a half years' continuance of the loan, amount to \$378,465, a sum equivalent to a premium, which no one in the present state of the moneyed concerns of the country could offer, being an actual bonus of $6\frac{1}{16}$ per cent.

N. BIDDLE.

WASHINGTON, *May* 26, 1824.

WASHINGTON, *May* 26, 1824.

SIR: I have the honor to offer, on the part of the Bank of the United States, to purchase the stock, to the amount of five millions of dollars, which you are authorized to issue by the act of Congress, to provide for the awards of the Commissioners under the treaty with Spain; the rate of purchase to be one hundred dollars in money for every one hundred dollars of stock, bearing an interest of four and a half per cent. per annum, payable quarter-yearly; the money to be placed to the credit of the United States at the bank in Philadelphia on the 8th day of June next, and the stock to bear interest from that day.

I have the honor to be, very respectfully, yours,

N. BIDDLE, *President of the Bank of the United States.*

Hon. WM. H. CRAWFORD, *Secretary of the Treasury.*

The proposition made by Nicholas Biddle, President of the Bank of the United States, is accepted, and the Secretary of the Treasury is hereby instructed to take the necessary measures to carry it into effect.

JAMES MONROE.

REMISSION OF DUTIES ON GOODS TAKEN BY THE ENEMY.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES JANUARY 18, 1825.

The Committee of Ways and Means, to whom was referred the petition of Paul Chase, praying to be relieved from the payment of a balance of three thousand two hundred dollars, with expenses due to the United States, on judgments recovered in the Federal Court for the District of Georgia, against Paul Chase and his security, Samuel Clark, have had the same under consideration, and report:

That the petitioner was, prior to and during the late war with Great Britain, engaged in mercantile operations in the town and port of St. Mary's, in the State of Georgia; that at the time said town was