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ON DEPOSITE BANKS.

APRIL, 1834.

TREASURY DEPARTMENT,
April 15, 1834.

SIR: I have the honor to acknowledge the receipt of your letter of the 7th instant, and proceed to reply to the inquiries made by the Committee of Ways and Means.

In my report to Congress at the commencement of the present session, assigning my reasons for removing the deposits from the Bank of the United States, I expressed the opinion that a corporation of that description was not necessary either for the fiscal operations of the Government, or the general convenience of the people.

One of the arguments most frequently urged in favor of the expediency of a Bank of the United States, is the salutary influence which it is supposed to exert in securing to the country a sound currency. It is said that the State banks have a constant tendency to overissues, and that a superior power is necessary to keep them in check, and to control them in this particular; and the argument is constantly and earnestly pressed, that a Bank of the United States is the fit and appropriate means to accomplish this object.

If there be any force in this argument, the paper currency furnished by the State banks, as well as that issued by the Bank of the United States, ought now to be in a sound state. The Bank of the United States has been in existence seventeen years, and must have already exerted all the influence in relation to the currency which can ever be expected from such an institution. And if it exercises a wholesome and salutary control over the conduct of the State banks, and restrains them within proper bounds, it has had full time and opportunity to exert that power, and the notes of the State banks, as well as those of the Bank of the United States, ought now to be found in a safe condition; for it must be admitted that we have gained but little by chartering the Bank of the United States, if only the comparatively small portion of the paper currency furnished by itself is sound, while the great mass of the circulating medium is inherently vicious, and liable to be disordered at any moment. It is believed that more than three-fourths of the present paper currency is furnished by the State banks; and if so large a portion of our circulating medium is unsafe and unworthy of credit, then the Bank of the United States is either incapable of exercising the salutary control claimed for it, or it has failed to perform its duty to the public. In either event, it is time to look for some other remedy.

Judging from the best information which the department has been able to obtain, the paper of the various banks (including the Bank of the United

States) in actual circulation in ordinary times, amounts to at least eighty millions of dollars. Of this sum the Bank of the United States furnishes, generally, less than twenty millions, and the various State banks more than sixty millions; the specie in the vaults of the same banks, to support this extended credit, does not, probably, exceed twenty-five millions.

In estimating the amount of specie, I confine myself to the coin supposed to be in possession of the banks. In some of the States the circulation of bank notes below five dollars is prohibited by law, and in these States there is a considerable amount of specie passing from hand to hand, and forming a part of the ordinary circulating medium. It does not, however, probably exceed four millions of dollars. This metallic circulation lessens, by so much, the amount of paper; and, to that extent, it diminishes the evil occasioned by the great disproportion between the paper superstructure and its metallic basis. But the coin which is thus circulating cannot be brought in aid of the paper currency, when a panic, or any other cause, suddenly throws it back upon the banks for redemption. It cannot, therefore, be estimated as a part of the means to secure the payment of the actual paper circulation. It takes the place of so much paper in the mass of the circulating medium, and thereby lessens the amount to be redeemed; but it will never find its way into the banks, when their notes are rapidly returning upon them. They must rely on the amount actually in their vaults; and it is with this amount that we must compare the paper circulation, in order to decide whether it is in a safe condition.

It is evident that the chief part of the paper currency of the United States must always be furnished by the State banks. No Bank of the United States could provide a sufficient amount for the whole nation, without giving to it a capital of such enormous and startling magnitude, that no one, it is presumed, would seriously propose it; and if Congress are to legislate with the view of securing to the people of the United States a sound paper currency, the condition of the notes of the State banks is of much more importance to the community than that of any Bank of the United States. The notes of the different local banks form the ordinary circulating medium for the great body of our citizens, and it would be unjust to them to disregard its condition. The whole currency of the country should be placed in a sound and healthy state, as far as the legitimate authority of the United States will enable them to accomplish that object.

Under the authority delegated to Congress by the constitution of the United States, they have no power to establish by law a paper currency; and the influence which they may lawfully exercise in securing its soundness is altogether incidental. In legislating within the admitted scope of their authority, they may, without assuming powers not granted, look to the effect which their laws will produce upon an interest of so much importance as that of the paper circulation now floating through the country.

Taking this view of the subject, the first inquiry is, what is the present condition of the ordinary circulating medium of the United States? Is the great mass of the paper currency in a sound and healthy condition? If it is, we must endeavor to find means to preserve it in its present state, when the Bank of the United States shall cease to exist. But if it is not, then it is obvious that the creation of a Bank of the United States will not accomplish this desirable object; and that, even on the score of expediency, without reference to constitutional objections, some other plan should be devised.

If the estimate I have made of the proportion between the paper circulation, and the specie in possession of the banks, be correct, or nearly so, the condition of the currency is obviously such that the nation should not be content with it, nor desire to continue it in its present state. It is an immense superstructure of paper resting on a metallic foundation too narrow to support it. It has never been sustained by its own inherent strength; but by public confidence. When every one firmly believes that the notes of the banks will, on demand, be paid in coin, they readily circulate, and answer all the purposes of money. But the moment that confidence is impaired, they lose their value as a part of the circulating medium, and are returned upon the banks for redemption in specie; and the disproportion between the paper circulation and the coin prepared to redeem it is so great, that it is constantly liable to have its chief support, *public confidence*, withdrawn from it.

In speaking of the dangers to which the currency is exposed, I do not mean to intimate that the State banks are unable to pay the amount of the notes they have issued. On the contrary, I am persuaded that, with very few exceptions, they are as safe as the Bank of the United States; for that Bank has never been in a condition to redeem its notes in specie, if they were all suddenly thrown back upon it. My object in inviting the attention of the committee to this subject is not only to show the real condition of the currency, but to mark the utter inconsistency of the argument which urges the recharter of the Bank of the United States on the ground that it has furnished a sound currency to the nation, and, at the same time, attempts to discredit the notes of the State banks. Both parts of the argument cannot be true. The Bank of the United States has not furnished the nation with a sound paper currency, and has produced no salutary effect on the great mass of it, unless the issues of the State banks are now in a safe and healthy condition.

The difficulties under which the State banks are laboring at this time do not prove that they are unsound, nor that they have been worse managed than the Bank of the United States. When reports injurious to the credit of the State banks are industriously and widely circulated, some degree of embarrassment is unavoidable, especially when it is generally supposed to be in the power of the Bank of the United States to stop them at its pleasure. The evil is, however, in its nature temporary, and will soon pass away, and the intelligence of the citizens will readily discover that the present difficulty is the offspring of useless alarm and excitement, and of a deliberate design to destroy the credit of the State banks; and when the real object of the unfounded rumors which are daily circulated shall be understood by the people, confidence will soon be restored, and business resume its usual channel.

The stoppage of a bank, from any cause, naturally produces a run on the banks in its neighborhood, and, if pains are taken to increase the excitement and alarm, the evil will be more extensively felt than it would be in ordinary times.

The dangerous expansion of the paper circulation, compared with its specie basis, shows that there is something essentially vicious in the whole system; and the mischief, so far from being corrected or lessened by a Bank of the United States, is more probably aggravated by such an institution. The great amount of paper afloat proves that the quantity depends more on the discretion and judgment of those who make the paper, than

on their ability to redeem it whenever it is called for. The dominion which a Bank of the United States must always exercise over the smaller corporations of the States, vests in it the entire discretion of expansion or contraction. If it discounts and issues its paper freely, the State banks are induced, by the hope of profit, to follow its example. If it suddenly curtails, they must curtail also, or become the victims of their own imprudence. And if, by any means, the conduct of that bank disturbs the public confidence in the safety of the State banks, their notes will be returned upon them with such rapidity as to endanger even the best managed institutions. And while such a power remains in the hands of a single corporation, the country will be constantly liable to sudden agitations and excitements, from the alternate expansion and contraction of the currency; and those engaged in commerce will, in the years of abundance, be led into an extension of their business, which must, in the succeeding years of scarcity, inevitably result in bankruptcy and ruin. In a time of pressure confidence is easily shaken; and whenever it becomes the interest of the Bank of the United States to excite alarm in the country, its great money power will most commonly enable it to effect the object, and, by destroying confidence and credit, in a few months throw the whole business of the nation into confusion. A system of currency thus liable to constant fluctuations, and always in danger of being entirely overthrown, is certainly one of the worst that can be devised. Every species of property is unstable and insecure, unless the currency which is to be exchanged for it shall be steady in its value, and not liable to be seriously disturbed by accident or design. And the danger and evil are abundantly manifested by the history of the United States since the establishment of the present bank. Years of hollow prosperity have been succeeded by years of pressure and suffering; and the present condition of things demonstrates how readily a concerted effort to excite a panic, and destroy confidence, may endanger the great mass of the circulating medium, and injure most extensively the property and industry of the country. The great evil of our present currency is the disproportion between the paper in circulation and the coin prepared to redeem it. The remedy is to diminish this disproportion, and to give to the paper currency a broader and firmer metallic foundation. Can this object be best accomplished with, or without, a Bank of the United States?

I do not perceive that a Bank of the United States, upon any plan, is likely to diminish the evil. It may perhaps be supposed that a restriction on the bank, which would prevent it from issuing notes below twenty dollars, would tend to accomplish the object; but the only effect of such a restriction would be to substitute the notes of State banks of the lower denominations, in place of the notes of the Bank of the United States. Gold and silver will never circulate where banks issue notes which come in competition with them; for it will invariably happen, that when the circulating medium is composed of different kinds of money, and one of them is less valuable than the other, but not sufficiently depreciated to be discredited, the inferior will, after a time, become the general currency, and the more valuable will entirely disappear.

This is obvious in the States where the banks issue notes as low as one dollar; for silver dollars are never found in circulation where paper ones are freely issued by the banks. In order, therefore, to bring the precious metals into use, the rivalry of paper must be effectually taken away. We must not only remove the notes of the Bank of the United States, but also

the notes of the State banks. And to create a Bank of the United States, and restrict its issues as above suggested, would be to invite the State banks to issue largely that description of paper which will not be interrupted by the competition of the Bank of the United States. The paper circulation would not be diminished, nor would the proportion of the metals be increased. Paper dollars would still be manufactured in the same abundance; they would still come in competition with gold and silver, and drive them from circulation.

This restriction, therefore, on the issue of the smaller notes, cannot be effectual, unless the several States shall be willing to co-operate with the legislation of Congress. They would hardly be expected to prohibit the issue of notes under twenty dollars by their banks, while a Bank of the United States was in existence, with all the advantages it would possess over the State institutions. And, if they could be induced to unite in such a plan, the inevitable result would be to put an end to the State banks; for their circulation of the larger notes would be so much restrained by the competition and superior advantages of the notes of the Bank of the United States, that the small State corporations would probably soon find their charters of no value, and be compelled to wind up their concerns. The field for paper currency would then be left entirely to the Bank of the United States. Their notes being receivable, everywhere, in payment of debts due to the Government, would give them a credit beyond their real value. The temptation, under such circumstances, to overissues of paper, would be almost irresistible; and after closing, by this course of legislation, the doors of the State banks, we should soon find ourselves with a paper currency equally liable to depreciation with the present one, from the great disproportion the paper would bear to the specie provided to redeem it. In a plan which would lead to such results, we could hardly expect the States to come in aid of the legislation of Congress. But we might count on their cordial co-operation in efforts to place the whole circulating medium of the country on a safe and durable foundation, when it can be done without injustice to their own citizens, who are interested in the State institutions.

The first step towards a sound condition of the currency is to reform the coinage of gold. The present gold coin is worth more in silver than its nominal value. It is therefore never seen in the ordinary exchanges of the country, and it is worse than useless to continue the expense of coining it at the mint, unless it is intended for circulation. It will never make its way into general circulation, until the relative value of silver and gold is observed as near as may be in the pieces coined of the respective metals. It has been truly said that gold is the antagonist of paper. Silver is too heavy to be transported from place to place in large sums, without inconvenience; some other circulating medium of general currency is therefore necessary, even for the expenses of a journey from one State to another. There must be either a paper currency of general credit, or gold must be introduced; and it is essential that, in its standard value as coin, it should be placed on its proper footing, in relation to silver, before a paper currency of general credit can be conveniently dispensed with. The charter to the Bank of the United States, by making its paper receivable every where for debts due to the Government, furnishes a paper currency not equal to gold or silver, but yet of sufficient credit for common use, and for the purposes of travelling from place to place. This will continue until the

3d of March, 1836. It is desirable, therefore, that provision should be made at the present session of Congress for the reform of the gold coins. The coinage will require time, and as this general paper currency is gradually retiring from circulation, the gold should be prepared to take its place. We produce gold to a large amount in the United States, and the product is increasing every year. The greater part of it is now exported as bullion, and this will continue to be the case until the value of the gold coin is changed. Even if the change should be made at the present session, there would not perhaps be a sufficient supply of our own gold coins to meet the demand for a circulating medium of general credit at the expiration of the charter of the bank. But if foreign gold coins should be made a legal tender, at their real value, there would doubtless be enough of that metal, at the time above mentioned, to meet the wants of the public. And there can be no sufficient reason for throwing out of circulation the foreign coins of gold or silver, which are current in other parts of the commercial world. Indeed, as a measure of immediate relief in the present state of things, it is necessary that the foreign coins, both of gold and silver, should be made a legal tender in payment of debts, according to their intrinsic value. Very large importations of the foreign coins are continually arriving in the United States; and if they can be used by the State banks to discharge their engagements, they will probably remain here, and become a part of our circulating medium; and if they were made a legal tender in payment of debts, it would enable the State banks to extend their issues, and to redeem their notes with greater facility. I respectfully invite the early attention of Congress to this subject, and regard the proposed alteration in our laws as peculiarly necessary in the present exigency, and calculated to produce immediate and extensive benefit. As the Bank of the United States withdraws its circulation, it is of the first importance that the State banks should be enabled to extend their issues, and to supply immediately, by their notes, the place which was filled by the notes of the Bank of the United States.

With the reform of the gold currency, it is proper to associate measures to prevent the issue of small notes. The only step which Congress could with propriety take in relation to the notes of the State banks, would be to provide that no bank should be a depository of the public money, nor should the notes of any bank be receivable in payment of debts to the United States, which issued notes below a certain denomination. We may safely rely on the co-operation of the several States to impose upon their banks the restrictions necessary to aid in this desirable change in the state of the currency. The alteration proposed should, however, be gradual. A day might be fixed, after which the restriction above mentioned should go into operation, as relates to notes below five dollars. A further restriction, so as to affect notes under ten dollars, would hereafter be advisable, and ought to be regarded as a part of the plan now proposed to be adopted; but it is not desirable, at this time, to name a definite day for that purpose. A great proportion of the issues of the State banks consists of five-dollar notes. Any measure calculated to impair the currency of notes of this description about the time the Bank of the United States is going out of existence, would be injurious to the public. When the Bank of the United States is withdrawing its notes from circulation, the void must be filled up by gold and silver, or by the notes of the State banks, or the currency will be injuriously contracted. And if notes of five dollars were

then put out of circulation, the diminution of the currency would perhaps be severely felt. And no measure should be adopted calculated to impede their circulation, until it shall be manifest that the country is relieved from any inconvenience arising from the withdrawal of the notes of the Bank of the United States. But as soon as that period arrives, and it is apparent that gold and silver can be provided for the ordinary circulation below ten dollars, it would be advisable to extend the restriction to notes of that denomination; for we can never be safe from the fluctuations of the currency until all notes below ten dollars are banished from circulation. And it will be still more secure when the restriction is carried up to notes of twenty dollars, so as to substitute the gold eagles in the place of ten-dollar bank notes.

It will be seen, from this statement, that it is no part of the proposed plan to dispense with the State banks. It obviously is not in the power of Congress (if it desired to do so) to take any measures for that purpose without an amendment to the constitution. And the States would not, and ought not, to surrender the power of chartering banking companies. The State banks are now so numerous, and are so intimately connected with our habits and pursuits, that it is impossible to suppose that the system can ever be entirely abandoned. Nor is it desirable that it should be. They are often abused, like all other human institutions. Yet their advantages are many; and, under proper regulations, and with the metallic basis now proposed for their paper issues, they will be found of much public advantage.

If there were no State banks, the profitable business of banking and exchange would be monopolized by the great capitalists. Operations of this sort require capital and credit to a large extent, and a private individual, in moderate circumstances, would be unable to conduct them with any advantage. Yet there is, perhaps, no business which yields a profit so certain and liberal as the business of banking and exchange; and it is proper that it should be open, as far as practicable, to the most free competition, and its advantages shared by all classes of society. Individuals of moderate means cannot participate in them, unless they combine together, and, by the union of many small sums, create a large capital, and establish an extensive credit. It is impossible to accomplish this object without the aid of acts of incorporation, so as to give to the company the security of unity of action, and save it from the disadvantage of frequent changes in the partnership, by the death or retirement of some one of the numerous partners. The incorporated banks, moreover, under proper regulations, will offer a safe and convenient investment of small sums to persons whose situations and pursuits disable them from employing the money profitably in any other mode. It is not more liable to be lost when vested in the stock of a bank, than when it is loaned to individuals. The interest on it is paid with more punctuality, and it can be sold and converted into cash, whenever the owner desires to employ it in some other way. And if a larger portion of the metals is infused into the circulation, the business of banking will become more sound and wholesome, and less liable to the disasters from which it has suffered under our extravagant and ill-organized system of paper issues. It will render investments in banking companies entirely safe and secure to the holders, and afford them the almost absolute certainty of a reasonable profit, without endangering the capital invested in it.

For these reasons, it is neither practicable nor desirable to discountenance the continuance of the State banks. They are convenient and useful also for the purposes of commerce. No commercial or manufacturing community could conduct its business to any advantage, without a liberal system of credits, and a facility of obtaining money on loan when the exigencies of their business may require it. This cannot be obtained without the aid of a paper circulation, founded on credit. It is, therefore, not the interest of this country to put down the paper currency altogether. The great object should be to give to it a foundation on which it will safely stand. A circulating medium, composed of paper, and gold, and silver, in just proportions, would not be liable to be constantly disordered by the accidental embarrassments or imprudences of trade, nor by a combination of the moneyed interest for political purposes. The value of the metals in circulation would remain the same, whether there was a panic or not, and the proportion of paper being less, the credit of the banks could not be so readily impaired or endangered.

The state of the currency, then, which is proposed in the foregoing observations, would provide silver and gold for ordinary domestic purposes, and the smaller payments; and the banks of the different States would easily be able to furnish exchanges between distant places, according to the wants of commerce. There cannot, therefore, be any necessity for a paper circulation of general credit throughout the country. Funds are more conveniently and safely transferred from place to place by drafts and bills of exchange, than by bank notes. The immense operations between different parts of the United States are now chiefly carried on by this means, and it is only in particular places, and for comparatively small amounts, that notes are used; and the local institutions would, without doubt, in a very short time, make arrangements among themselves to furnish the exchanges which commerce requires, and the competition among many would reduce the rate of exchange to its proper level. Besides, they would find it their interest to make agreements among themselves to honor each other's notes to a certain extent, and thus furnish, as far as might be necessary, a paper currency of general circulation in such places as would be likely, from their intercourse with each other, to require such a convenience. But the establishment of such a paper currency ought not to have any aid, direct or incidental, by legislative provisions. While it rests upon mutual arrangements among the banks themselves, they will keep the issues of each other within proper bounds; but when they are able to extend their credit by any legal provisions in favor of their notes, the temptation is constantly presented to avail themselves of this advantage; and overissues and overtrading are the necessary consequences. If, however, a different policy should be deemed advisable, the advantages now given by law to the Bank of the United States might easily be extended to the notes of the depository banks; and if their notes were made receivable in payment of all debts to the Government, their currency and general credit would be quite equal to that now enjoyed by the Bank of the United States. Believing, however, that such a provision would be calculated to increase the issues of paper, I cannot recommend it. The chief object of the plan I propose is, to increase the proportion of the metallic currency, without diminishing inconveniently the general mass of the circulating medium; and any provision tending to enlarge the proportion of paper beyond what the public convenience requires, should be studiously avoided.

The advantages of the proposed plan over the present currency will not be confined to the superior stability of the paper circulation. The laboring classes of the community are now paid their daily or weekly wages in bank notes of the smaller denominations; and if there are any in circulation of doubtful value, or depreciated in public estimation, they are too often used in payments to the poorer and more helpless classes of society. They are not always judges of the value or genuineness of the notes offered to them, and consequently are often imposed upon, and their small earnings still more diminished by the depreciated character or entire worthlessness of paper in which they are paid.

If the alteration suggested should be adopted, the smaller notes would soon be banished from circulation everywhere, and the laborers would therefore be paid in gold and silver; and that portion of society which is most apt to suffer from worthless or depreciated paper, and who are least able to bear the loss, would be guarded from imposition and injustice. It is time that the just claims of this portion of society should be regarded in our legislation in relation to the currency. So far we have been providing facilities for those employed in extensive commerce, and have left the mechanic and the laborer to all the hazards of an insecure and unstable circulating medium.

It may be objected to this plan, that, in giving to the Executive Department the power of selecting these fiscal agents from among the State banks, an undue influence may be exercised over them, and the power be used for improper and corrupt purposes. The answer to it appears to be a plain one. The States in which these institutions are situated can, at all times, control them, and would effectually interpose to prevent such abuses of power. Besides, with the diminished revenue which will hereafter be collected on the reduced tariff of duties, it is impossible to imagine that the gain to be derived from the public deposits, when distributed, as they must be, among so many banks and among so many stockholders in each bank, can ever be sufficiently important to tempt them to swerve from their duty, or to influence in any respect their conduct or opinions.

But it is proper, no doubt, in all cases, to restrict political power within certain and defined limits; and it will be advisable, therefore, to regulate the selection in such a manner as to remove all apprehensions of its abuse. The following are respectfully suggested for consideration:

If the danger of abuse is considered by Congress as one of any magnitude, and as likely to produce improper influence, it may be effectually removed by making it the duty of the Secretary of the Treasury to divide the deposits among all the incorporated specie-paying banks of the place where the revenue is collected, in proportion to their respective capitals actually paid in, provided they are all willing to receive them upon the terms prescribed by law; and if they are not all willing, then among so many as would agree to take them.

Every danger of abuse in the selection will by this mode be taken away, and the safety of the money could be secured by authorizing the Secretary of the Treasury to demand security from any of these banks, when, in his judgment, the public interest required it; and there might also be a prohibition against removing the money to any place except where it was immediately necessary for the purpose of disbursement.

This mode would somewhat complicate the operations of the department; yet I do not perceive that it would produce any serious inconve-

nience to the public service. It might, and probably would, make it necessary to employ one or two more clerks in the department; but that would be but a small consideration, if it be deemed advisable to take from the Executive all discretion over the subject.

If, however, Congress should agree with me in supposing that the danger apprehended from this discretion is more imaginary than real, I would then respectfully propose the following regulations:

1. That the Secretary of the Treasury should annually, at the beginning of each session, report to Congress the banks which had been used by him during the year as the depositories of the public money.

2. That the banks once selected as the depositories of the public money should be continued as such, unless, in the judgment of the Secretary of the Treasury, the public interest required the depository to be changed; in which case, he should report to Congress, at its next session, the reason of the change.

3. That in all cases where there were two or more banks at the same place where the revenue is to be deposited, at least two should be employed as depositories of the money of the United States, if they are willing to receive it, and give the security that may be required.

4. Where there shall be no banks at the places where the revenue is received, the money shall be deposited in such places as the Secretary shall direct, subject to the same obligation to report to Congress.

5. No bank to be selected as a depository of the public money, or continued as such, which shall deal in any stocks, except those of the State in which it is situated, or of the United States.

6. After the 3d of March, 1836, no bank to be used as the depository of the public money, which shall issue or pay out notes below five dollars; and the notes of no bank to be received in payment of debts due to the United States, which shall issue or pay out notes of a less denomination than that above mentioned after the time aforesaid; nor shall any bank be a depository of public money which does not pay specie on demand for its notes.

7. Each bank selected for the deposit of the public money shall return a statement of its affairs to the Secretary of the Treasury once a month, or oftener, if required; such statement shall show the aggregate amount loaned to its own officers and directors, and also the amount loaned on its own stock.

With these limitations, it is believed that the public money will be safe, and that even the possibility of abuse will be taken away.

In submitting this view of the currency, and the plan of improving it, I have endeavored to provide against the danger of a too sudden contraction of the present circulating medium. I am not prepared to say that the amount in circulation is at this moment greater, or even so great, as the convenience of the country requires. I think it is not, for it has been rapidly and injuriously diminished. And it is to be regretted that the pains taken to destroy confidence in the great mass of the circulating medium has so far succeeded as to bring upon the community the inconvenience and suffering which a rapid reduction of the circulating medium unavoidably occasions. The great object now in view is, to terminate forever the evil of the present system, and to place the currency on a foundation so stable that it cannot again be shaken. If a broad and sure foundation of gold and silver is provided for our system of paper credits, we need not

hereafter apprehend those alternate seasons of abundance and scarcity of money, suddenly succeeding each other, which have so far marked our history, and irreparably injured so many of our citizens.

These remarks are respectfully submitted for the consideration of the committee.

I have the honor to be, sir,

Very respectfully,

Your obedient servant,

R. B. TANEY,

Secretary of the Treasury.

HON. JAMES K. POLK,

*Chairman of the Committee of Ways and Means,
House of Representatives.*

REPORT ON THE FINANCES.

DECEMBER, 1834.

The Secretary of the Treasury respectfully presents the following report, in obedience to the "Act supplementary to the act to establish the Treasury Department."

He would invite the attention of Congress,

I. TO THE PUBLIC REVENUE AND EXPENDITURES.

The balance in the Treasury on the 1st of January, A. D. 1832, was	-	-	-	-	\$4,502,914	45
The actual receipts into the Treasury, during the year 1832, from all sources, were	-	-	-	-	31,865,561	16
Making the whole amount in the Treasury in that year	-	-	-	-	36,368,475	61
The actual expenditures during the same year, including the public debt, were	-	-	-	-	34,356,698	06
The balance in the Treasury, on the 1st of January, A. D. 1833, was therefore	-	-	-	-	2,011,777	55
In addition to this balance, the receipts during the year 1833 were from all sources	-	-	-	-	33,948,426	25
Viz.						
Customs	-	-	-	\$29,032,503	91	
Lands	-	-	-	3,967,682	55	
Dividends on bank stock	-	-	-	474,985	00	
Sales of bank stock	-	-	-	135,300	00	
Incidental items	-	-	-	337,949	79	
These made, with the above balance, an aggregate of	-	-	-	-	35,960,203	80
The expenditures during A. D. 1833 were	-	-	-	-	24,257,298	49
Viz.						
Civil list, foreign intercourse, and miscellaneous subjects	-	-	-	\$5,716,245	93	
Military service, including fortifications, ordnance, Indian affairs, pensions, arming militia, and internal improvements	-	-	-	13,096,152	43	
Naval service, including gradual improvement	-	-	-	3,901,356	75	
Public debt	-	-	-	1,543,543	38	
Thus a balance was left in the Treasury on the 1st January, 1834, amounting to	-	-	-	-	11,702,905	31

The receipts into the Treasury, ascertained and estimated, during A. D. 1834, are computed to be \$20,624,717 94

Of these, the receipts during the first three quarters are ascertained to have been \$16,324,717 94

Viz.

Customs - - - \$12,740,872 25

Lands - - - 3,076,475 50

Dividends on bankstock }
Sales of bank stock } 507,370 19

Incidental items } _____

And those during the fourth quarter, it is expected, will be 4,300,000 00

Thus, with the balance on the 1st of January, 1834, they form an aggregate of 32,327,623 25

The expenditures of the whole year are ascertained and estimated to be 25,591,390 91

Of these, the expenditures during the first three quarters are ascertained to have been 16,545,342 92

Viz.

Civil list, foreign intercourse and miscellaneous - - - \$3,475,527 08

Military service, including fortifications, &c. - 3,349,400 06

Naval service, including &c. - 2,913,183

Duties refunded - 108,546 19

Public debt - 1,698,686 47

The expenditures for the fourth quarter, including \$4,462,330 99 on account of the public debt, it is supposed will be about 9,046,047 99

Thus leaving on the 1st of January, 1835, an estimated balance of 6,736,232 34

This balance includes what has before been reported by this department as not available, the sum of about \$1,400,000; but which is now ascertained to be reduced to about the sum of 1,150,000 00

Making the computed available balance, on the 1st January, 1835, to be \$5,586,232 34

It is estimated that of former appropriations there will remain unexpended at the close of this year the sum of \$8,002,925 13.

Of this amount, it is supposed that only \$5,141,964 27 will be required to accomplish the objects intended by the current appropriations; leaving the sum of \$999,742 93 applicable afterwards under permanent appropriations; and that of \$1,523,308 79 to be applied in aid of the appropriations for the ensuing year, without re-appropriation, as will be seen in the esti-

mates when submitted; and the balance of \$337,909 14, which has not been required at all, or seasonably, for the objects contemplated in its appropriation, and will therefore be carried to the surplus fund. In the examination of this result as to outstanding appropriations, it should be noticed, that one small amount of unclaimed interest on the public debt, and another of unfunded debt, though chargeable on the Treasury, are not included. Embracing those, and the amount applicable afterwards to permanent appropriations, there would not be money enough in the Treasury to pay at once every claim outstanding; but excluding them, it will be seen that the effective unexpended funds on the 1st January, 1835, will be \$5,586,232 34, to meet what will be required for the remaining and unexpended appropriations, being \$5,141,964 27; or, in other words, that our *available* means then on hand to discharge all the old and existing claims on the Treasury, with the exceptions before named, will be about \$444,268 07 more than their actual amount.

The next subject deserving consideration is the condition of

II. THE PUBLIC DEBT.

All the four and a half per cents outstanding at the commencement of the present year, have been redeemed, except the sum of \$443 25. Money, sufficient to meet the whole balance, was placed in the United States Bank and its branches, as commissioners of loans, in May last; and that portion not yet paid to the holders of the debt still remains in those depositories.

A part of the five per cent. stock created in March, A. D. 1821, amounting to \$4,712,060 29, was all of the \$123,000,000 of debt existing in A. D. 1816, and of the subsequent additions to it, which was left to be redeemed. It did not become payable till the 1st of January, 1835; but as there was sufficient money in the Treasury for the purpose, and it having been considered beneficial to the public to save, as far as practicable, all the accruing interest, early in July last agents were employed by this department to purchase at par, if possible, the whole of the remaining debt.

Between that time and the 30th ultimo, the department had succeeded in redeeming about \$491,258 35 of it; and additional purchases are constantly making. In October last, the undersigned gave notice that the whole of this debt, unredeemed after the 1st of January next, would cease to bear interest, and would be promptly paid after that date, on application to the commissioners of loans in the several States. Under authority from the commissioners of the sinking fund, this department has since placed, and made arrangements to place, seasonably, in those offices, ample funds for the above purpose. Thus, before the close of the year, the whole will either be paid; or money provided to pay it; and the United States will present that happy, and probably, in modern times, unprecedented spectacle of a people substantially free from the smallest portion of a public debt.

Considering these facts, it was deemed proper to charge the whole amount of the remaining debt to the expenditures of the present year. Interest on all not paid before the 30th ult. has been computed till the 1st of January next, the time being so short; and the account for the payment of the public debt, during the year, will then stand as follows:

All the disbursements on account of the public debt, during the year 1834, will be, as before shown - - \$6,161,017 46

Of which there will have been applied to	
principal	\$5,964,774 93
And to interest	196,242 53

Making, together, the sum above mentioned.

The stocks which will have been redeemed, by the application of this sum during the year, are—

Of the residue of the exchanged four and a half per cent. stock, issued under the act of the 26th of May, 1824	\$1,252,625 90
The residue of the five per cent. stock issued under the act of the 3d of March, 1821	4,712,060 29
Certain portions of unfunded debt	38 74
Treasury notes	50 00
Making, in all, the principal before named.	
There is an unfunded debt of about	37,733 05
Consisting of claims, registered prior to 1798, for services and supplies during the revolutionary war, of about	\$27,437 96
Treasury notes, issued during the last war	5,975 00
And Mississippi stock	4,320 09

Nothing has been paid on any of these during the present year, except \$88 74. But should the certificates ever be presented, which is not very probable as to many of them, the means, undoubtedly, will always exist for their payment at this department.

III. THE ESTIMATES OF THE PUBLIC REVENUE AND EXPENDITURES FOR THE YEAR 1835.

Next require attention, and are as follows :

The receipts into the Treasury, from all sources, during the year 1835, are estimated at - - - \$20,000,000 00

Viz.

Customs	\$16,000,000
Public lands	3,500,000
Bank dividends and miscellaneous receipts	500,000

To which add the balance of available funds in the Treasury, on the 1st of January, 1835, estimated at - 5,586,232 34

And they make, together, the sum of - 25,586,232 34

The necessary appropriations for the year 1835, including those under new and permanent acts, are estimated at \$15,660,232 73. But the whole expenditures for the service of that year are estimated to require the additional sum of \$1,523,308 79, which has before been appropriated, and mentioned as applicable to the wants of 1835, without a re-appropriation, making together

Viz.

Civil, foreign intercourse, and miscellaneous items	\$2,788,225 85
Military service, &c., pensions, and the appropriations under the act of 7th June, 1832	9,672,654 50

Naval service and gradual improvement	\$4,672,661 17	
Unclaimed interest on public debt	50,000 00	
		17,183,541 52
To this add, as a contingent expenditure, about half of the amount of the average excess of appropriations beyond the estimates during the last three years	- -	2,500,000 00
And they make the sum of	- - -	<u>\$19,683,541 52</u>

Leaving an available balance in the Treasury at the close of the year 1835, or on the 1st day of January, 1836, estimated at \$5,902,690 82.

But should the whole amount of former appropriations, current and permanent, that will be outstanding on the 1st of January, 1835, and be needed to complete the services of former years, (amounting, in all, as before shown, to the sum of \$6,141,707 20,) be actually called for during the year 1835, there would be an apparent deficiency in the Treasury on the 1st of January, 1836. It usually happens, however, that of the new and the old appropriations, a sum of five or six millions remains uncalled for at the commencement of each year; and hence no real deficit is then anticipated, nor much; if any excess, after defraying all the expenditures then chargeable to the Treasury.

This estimate of receipts is formed on the supposition that the value of imports during the ensuing year, and especially of those paying duties, will not differ essentially from the average value during the last three years. Though our population has, within that period, probably increased over one million; yet our manufactures and internal trade have probably increased nearly in an equal proportion; and this circumstance, coupled with the greater caution and frugality practised during the past year, and still continuing, will, it is believed, tend to prevent any considerable augmentation in the consumption or importation of foreign articles. The imports during the year ending September 30th, 1834, are estimated in value at \$123,093,351; being, compared with the preceding year, an increase of \$14,101,541. Those during the three past years have, on an average, been about \$111,038,142.

The exports during the same year are estimated at \$97,318,724, of which \$74,444,429 were in domestic, and \$22,874,295 in foreign products; being, compared with the preceding year, an increase of \$6,655,321, of which \$3,802,399 were in articles of domestic, and \$2,852,922 in those of foreign products.

The average exports during the last three years have been about \$91,719,690, of which \$69,407,976 are the average in articles of domestic products, and \$22,311,714 in those of foreign.

It will thus be seen, that the imports of the last year varied, in amount, \$12,055,209 from the average of the three past years, and those paying duties are believed to have varied much less. It is, therefore, in connexion with the reasons before named, considered safe to infer that the imports of the ensuing year may not differ materially from that average. Should they not so differ, the revenue from customs will probably correspond in substance with that of the past year, except so far as it may be changed by the whole amount of all the importations, when compared with the above average; because the classes and value of articles paying duty, for aught which is known, will probably be similar, and the rate of duties on them

will not, by existing laws, be essentially altered till the 31st December, A. D. 1835.

The revenue from the sale of public lands has been estimated at half a million more than the amount it was estimated for the current year, and one million more than the amount for 1833. This estimate would have been made still larger, had not the sales of the Chickasaw lands, which will probably exceed half a million of dollars, been pledged by treaty to other purposes, and not to the general revenue of the Government. This large computation is founded on the facts of the progressive increase for some time evinced, the sum actually received during the past year, the great quantity of new and saleable lands coming into market, the enlarged demand for them to satisfy the necessary wants of our growing population and of the emigrants from Europe, and the high prices which their produce fortunately obtains both at home and abroad.

The revenue from bank dividends has been estimated at somewhat less than heretofore, in consequence of the sales of our bank stock, under the act of July 10th, 1832, for the investment of the accruing income of the navy pension and hospital funds having already amounted to \$656,600, and on which the Treasury can now receive no dividends applicable to general purposes. It might, perhaps, be advisable to deduct a still further sum, to meet any contingency like that of the present year, in which the United States Bank, without the consent of this department, or the sanction of Congress, and without any forewarning of its intention, seized on about \$170,041 of the estimated revenue from this source, and has since withheld it from the public Treasury.

Copies of the opinions of the Attorney General, and the whole correspondence on this subject between the department and the bank, which took place previously to the request for these opinions, are annexed for the consideration and action of Congress. [B.] It may be proper to add, that, within a few days past, a new communication in relation to this transaction has been received from the bank; and when a reply is finished, both will be submitted, if desired. No foundation appears to have existed in *law* or *equity* for the great claim of damages made by the bank on account of the protest of what has been called, in common parlance, the bill of exchange drawn on the French Government by this department. It is believed that the bill, when protested, ought, by our agents abroad, had they acted with due regard towards their principal, to have been taken up for the credit of that principal, which was the United States, rather than for the credit of the bank; or, at the farthest, if similar and conflicting relations existed between them and the bank, they should have pursued the equitable course of taking it up for the credit of both the United States and the bank, or the more liberal one of giving the preference to the Government, which was the drawer; and, in either of these events, no room for difficulty, by this extraordinary claim, would probably have been left. But as these agents preferred a different course, thereby justly impairing the further confidence of the Government in their discretion, it would seem that the bank, in the next place, having long been the general fiscal agent of the Government, and the primary one in importance, should have returned the bill, and made no charge against its principal, the United States, except for the actual advances, and the actual costs and expenses it had incurred in the transaction.

The actual advances by the bank, when the bill was originally received

had only been a matter of form, and were nothing. The money, in fact, never belonged to this department, except in trust for the merchants, or their widows and orphans, who had suffered by French spoliations; and a sum exceeding the whole amount of it having been left in the bank and its branches, and no part of the money having ever been brought into the Treasury by warrant, it was, immediately on notice of the protest, restored in form, and a willingness was expressed to make remuneration to the bank for all reasonable costs and expenses. But the temptation of an opportunity to obtain more from its principal, by a novel species of litigation, through a virtual judicial prosecution for damages against the Government of the Union, seems to have been too strong for resistance; and the bank concluded to depart from the above equitable rule, and, by some technical regulation of strict law between individuals, to attempt to procure a large sum, as mere constructive damages: and by the extraordinary mode of seizing on the dividends which had been declared by the bank itself to belong to the United States, and of withholding them to abide the ordinary contingencies of a lawsuit. It seems to have preferred this unprecedented course, rather than to pursue the usual mode of a petition addressed to the justice of Congress, though Congress is well known to be the customary and only tribunal for adjusting controverted claims against the Government, when no suit is pending by the United States, and the only tribunal which, under the constitution, is empowered to appropriate money to discharge any claim whatever. After applying to this department, and being so long as a year ago last June informed of its inability to admit, or authority to discharge, the damages demanded, it is remarkable that the bank should have continued to pay over the accruing dividends, and not till after the last session closed, and when any deficiency in the current revenue could not be provided for, should, without any prior application to Congress, have resorted to this unusual proceeding, and sought to have its claim against the United States adjudicated by the judiciary, when the United States are not amenable to any citizen or corporation, high or low, before the judiciary, for the decision of any claim, unless they have, of their own accord, been pleased to resort to that tribunal by a previous action against a debtor; and in which event only is a set-off, under certain limitations, authorized to be pleaded as either equitable or legal. But here the United States had instituted no such action against the bank, and had no intention or foundation to institute one; and yet the bank, not in the case provided in the charter where dividends might be withheld, but by an unfaithful act as an agent, and as a public corporation, towards its principal and the community, proceeded to seize their dividends, in a case entirely different, and most questionable in equity as well as law; and refused to fulfil the duty imposed by its charter, and by civil and moral obligations, of paying over those dividends promptly to the Treasury. In the adoption of this reprehensible course, an attempt is made to force the Government either to lose their dividends entirely, or to pay a controverted claim for damages, which, so far as any of its departments or officers have examined it, was found and pronounced to be groundless; or consent to let the United States be arraigned as a debtor, and compelled to submit the claim to decision before a branch of their own Government, to which such claims are not ordinarily submitted, and to whose decision it could not be referred in this instance, but by the previous commission, on the part of the bank, of a deliberate violation of its obligations.

The further attempt appears to be made in this way to take from Congress and the Executive the constitutional power, on their high official responsibilities and deep sense of duty, to make or withhold appropriations, to discharge all controverted demands against the United States, and to enable the judiciary, instead of them, indirectly and unconstitutionally to make these appropriations in all cases of citizens or corporations who possess doubtful claims, and are unscrupulous enough to commit, in order to prevent their adjudication by Congress, a deliberate attack on the property of the United States, or a deliberate sequestration of their acknowledged dues. For further and more detailed views on this extraordinary case, a reference is made to the whole correspondence and opinions annexed, without the discussion of any course, which the power and the wisdom of Congress are able to select for evincing its opinions on this outrage; whether by withdrawing indulgences from the bank, as to the receipt of its notes for public dues, or by adopting some other measure on the subject, which the nature of the transaction, the rights of the United States, and the constitutional authority of Congress, may be thought to justify and demand. Believing that a similar seizure was not likely to be repeated by the bank in 1835, under the other pretence of satisfying claims for damages in consequence of the removal of the deposits, as set up in its second letter, this department has estimated the probable revenue, the ensuing year, from this source, at the usual rate of dividends lately made on all our stock in the bank remaining after the sales which have taken place for the investment of the navy pension and hospital funds. But should Congress, on a full examination of the subject, think otherwise, it may be provident to supply some other equivalent for this portion of the estimated receipts.

The estimate of revenue, from miscellaneous sources, has been computed a little below the actual receipts of the current year, because the dividends applicable to general purposes will be on a less amount of bank stock; and the anticipated sales of such stock, to meet the further wants of the before-mentioned funds, will be much reduced.

In this explanation of the estimate of the receipts during the coming year, it is hoped that satisfactory reasons have been assigned to show its general accuracy.

This estimate being one and a half million larger than that of last year, it is more likely to exceed than, like that, to fall short of the actual result. That estimate proved to be less than the actual receipts, probably about \$2,000,000; or, from customs, about \$1,200,000; from lands, nearly \$800,000; and the residue chiefly from larger sales of bank stock, as before named, than was anticipated.

As the first deduction of 10 per cent. from the excess of duties on goods imported and paying over 20 per cent. *ad valorem*, took effect on the 31st of December last, it was not practicable to fix, beforehand, with much certainty, the amount of the diminution on account of it from the revenue of the year, as the same value of merchandise might not be imported as in any previous year which should be selected for a guide in forming the estimates; and the particular kinds of merchandise thus imported, whether free, or paying a duty, might greatly fluctuate. To these uncertainties in the whole value and in the kinds of goods imported, were to be added the circumstances, that the system of reduction going into operation was almost entirely new in practice, and that the cash duties substituted for credit, on

some articles, tended to render former means of calculations still more inapplicable and doubtful.

It is hoped that, as the ensuing year is exposed chiefly to only one of these sources of uncertainty, which is the whole value of dutiable goods imported, the estimate made for the income from customs will not vary essentially from the amount of receipts, which time may prove to be correct.

In relation to the excess of revenue received from lands, over the estimate made for the year 1834, the amount, from that source, happened to be unprecedented; and, as full returns of the very large sales in December, 1833, had not then been received, it was entirely unexpected. But the actual excess this year, though not so large as in the previous one, coupled with circumstances before named, has induced the department to submit a larger estimate, under this head, than has heretofore been made.

The estimates for the expenditures of the ensuing year, have been graduated and modified by the following circumstances. The actual expenditures for the year 1833 did not differ much from the expectations expressed concerning them in the last annual report, except that the residue of the 4½ per cent. stocks, although charged to 1833, was not in fact all reimbursed, or the money paid to the commissioners of loans for that purpose, within that year, but only \$13,198 of them was redeemed in the residue of 1833. Between the 1st of January and May, 1834, about \$497,697 more was redeemed, and afterwards the sum of \$759,271 was advanced to the commissioners of loans to meet the balance which was then outstanding. Partly from this cause, therefore, reducing the actual expenditure in the fourth quarter of 1833, about a million below the estimate, and partly from an increase in the revenue of nearly two millions beyond the estimate of that quarter, from causes before enumerated, the actual *available* amount in the Treasury, on the 1st of January, 1834, was greater than the estimate; having been \$10,302,905, instead of the estimated sum of \$7,983,790. The expenditures in 1834, on account of the public debt, thus became increased beyond the estimate about \$1,256,968. Another source of expenditure, increased during the past year beyond the estimate, was the sum of \$75,407 for interest on the public debt, which had before been unclaimed, but which has since been demanded, and discharged; and to meet which, probably from adhering to the usage of former years, or from an impression it would remain uncalled for, no money had been specifically set aside, nor any charge made to the expected expenditure of the year.

Besides these unexpected calls during the present year, the appropriations in money, by new acts of Congress, and by former permanent acts still in force, have been computed to be about \$21,000,000.

These constituted a new burden in addition to a balance of public debt, which remained to be paid, amounting to about six millions, and a balance of old appropriations, liable to be called for, amounting to about five millions more. The whole appropriations thus chargeable for expenditures to the year, did not vary much from thirty-one millions of dollars in money, besides a number of grants of land of considerable extent and value, that were voted by Congress. Having presented this explanation of the principal expenditures which have been charged to the present year, and defrayed to the extent required, a basis has been laid for showing the reasons upon which this department has proceeded to reduce its estimates for new appropriations for expenditure the ensuing year, to the extent of about six and a third millions of dollars below those of last year. This is about one and a third million less

independent of the amount then estimated to be needed towards the discharge of the public debt. In that sum of new appropriations, amounting to about \$21,000,000, there was no permanent charge, that has been deemed likely to be much lessened for the ensuing year, such as the arming of the militia, and the gradual improvement of the navy. Nor, in the opinion of this department, will the great objects for expenditure, of a character general and somewhat fixed, such as those usually connected with civil and foreign purposes, the navy and the army, including works classed as internal improvements, Indians, and pensions, admit immediately of so great diminution in number or amount, as might be desired, and is hereafter expected. But as large a reduction as practicable, without injury to the public interests and a neglect of important duties, has been made in the estimated expenditures for each of them; being in all, after allowing a small increase in some, about one and a third million of dollars. It is anticipated that, with the valuable improvements of late years in steam, and the great advantages in using these improvements for harbor and maritime defence; some of the fortifications originally contemplated may hereafter be wholly dispensed with, or be built on a different and reduced scale; and though it is thought that only about two millions of dollars can, the following year, be prudently retrenched from the expenditures connected with fortifications and harbors, Indians, and pensions, yet, it is manifest that very soon the amount required for those public purposes must, by the completion of the most necessary defences, by the extinguishment of most of the titles of the Indians, and the removal of that unfortunate race beyond the Mississippi, and by the rapid march of death among pensioners, and the detection of numerous frauds among their professed agents, become still more diminished; and as our impost duties will be further reduced by the operations of the act of March, 1833, the reduction, both in revenue and in expenditure, for these great objects, will therefore, happily and conveniently, for a time, be likely very near to correspond.

A more fixed amount for the ordinary peace establishment of the army, and some other expenditures connected with the executive, legislative, and judicial departments, would, like what now exists, with greater precision and uniformity in the expenses of the navy, be a great desideratum in the permanent adjustment of our revenue system, and would tend in many important respects to useful retrenchment. The gradual increase required in some classes of expenditure by the gradual increase of our population and wealth, and of those public establishments which fluctuate with them, such as some parts of the judiciary, the legislative, and executive, could then be accurately foreseen and provided for, while any extraordinary and unexpected enlargement in expenses would then excite inquiry, and, unless resting on clear and extraordinary causes, would justify opposition. When so resting, they would be met by the public cheerfully, by means of increased taxes and revenue. Another important circumstance deserves consideration, in explanation of the new and contingent item of \$2,500,000, now first added to the estimates for the ensuing year. It has been ascertained, by careful scrutiny and comparison, that much of the great expenditures of the last four years, besides the payment of the debt, has arisen from appropriations by Congress to a larger amount under particular heads, than the general estimates for the year submitted by the Treasury, and from large appropriations to objects not specifically included in any estimates.

To illustrate this, an abstract of a table of the general estimates, appro-

priations, and expenditures, during the past *two* years, and of all these but the expenditures during the past *three* years, has been prepared, and is submitted, showing a difference between the estimates and appropriations, independent of the public debt, in 1832, of between five and six millions; in 1833, of nearly five millions; and in 1834, of about three millions. [C.]

The largest portion of this great increase, amounting in the first two years from one-fourth to one-third of the whole appropriations, it will be seen, is under the civil and miscellaneous heads, and under items classed with the military establishment, such as harbors improved, pensions, &c. For the information of the public, on a comparison deemed so very important, it is proposed to publish the detailed table from which this is compiled, and a similar one hereafter, appended to the annual exhibit of the receipts and expenditures. Should this practice of making appropriations, so greatly exceeding the estimates, be continued by Congress, it will not only prevent much reduction, particularly under the miscellaneous head, but it will be necessary to provide for the consequences of it by an augmented revenue, proportionate to these demands, or by a larger regular surplus in the Treasury, to meet such unexpected increases of appropriations. It must be manifest, that it is not in the power of this department to foresee and compute these increases with any degree of accuracy, as, with the exception of some subsequent estimates, submitted after the annual ones, they depend almost wholly in their inception on the pleasure and discretion of Congress; and as they consist chiefly of miscellaneous public objects and private grants for almost numberless causes, they may vary greatly in different years. But it might be unfaithfulness in the undersigned towards both Congress and the public, since the extent of the influence of this excess on the expenditures, though always something, has been ascertained to be very large during the last three years, not to bring it distinctly to their notice, and not to submit a contingent item in the estimates, for the purpose of covering it. Whether that which the department has now offered, reduced as it is nearly one-half from the average of the actual excesses during the three past years, will prove correct or not; and whether the diminished estimates under some other heads will correspond or not with the actual amount of appropriations that may be made, and with our anticipated means to meet them, will depend much on the caution and policy Congress may deem proper to use in restricting appropriations more nearly within the estimates presented. On the presumption that they may be more restricted than heretofore, only the addition before mentioned has, on this account, been made to the whole estimated expenditures for the ensuing year.

A reduction so much lower than the late actual average excesses, is supposed to be justified from two leading considerations. One of them is the circumstance, that during a short session of Congress, which now occurs, fewer bills of a miscellaneous character can generally be well examined and passed than during a long session. Another is, that as our revenue diminishes, it is probable that greater vigilance will be exercised by all in the allowance of very ancient and almost obsolete private claims, or of claims very doubtful in character as to either facts or principles; and in making further appropriations to some objects of public importance, which have already received liberal attention, and which, from their nature, must be expected to diminish, rather than increase, in their demands on the public Treasury. Thus, in regard to light-houses, custom-houses, marine hospitals, &c., not to enumerate various objects connected with internal im-

Improvement and public expenditure within the District of Columbia, it is manifest that the sums appropriated for some years past can be safely and judiciously diminished in several respects, and in others almost entirely discontinued. If this be done, as it doubtless will be, with discrimination and judgment, though some new objects will have to be added, and increases in some old ones computed, yet it is probable that the saving in expense to the public will not only be considerable, but, at the same time, no object of a really commercial character and of national magnitude need be neglected, nor any power exercised and treasure expended in those doubtful cases of constitutional right in the General Government, which tend to alienate brethren of the same political family, and to perpetuate excitements unfavorable to useful legislation, and, in some degree, dangerous to our Union. It has been further considered, in the estimates and reductions for the ensuing year, that our whole expenditure on account of the public debt has in one sense ceased, either by completing the payment of it, or by a deposit of money with the commissioner of loans, or readiness of it in the Treasury, sufficient to pay all which remains whenever the holders choose to receive it. But though all the principal and interest necessary for this object will, before the year closes, have been placed in the bank and its branches as commissioners of loans, yet the practice is to require the interest, if not called for seasonably, to be, after a certain period, returned to the Treasury, and the principal only to be retained by the bank until otherwise directed by the commissioners of the sinking fund or by Congress. The unclaimed interest, after having been once paid out of the Treasury and returned, does not at this time exceed \$261,938, or the money ready there for its discharge, after meeting all the outstanding current appropriations. Under this practice, it will be seen that its payment must constitute some annual charge on the Treasury till the whole is actually adjusted, and, consequently, \$50,000 for that purpose has been included in the estimated expenditure of the ensuing year. This will probably be nearly all the demands of any kind for the public debt, in any form, which will then be made on the Treasury or the sinking fund. The rest of the sinking fund, if not abolished by Congress, could hereafter be applied to general purposes. In substantial conformity to the proposition made last year by this department, it would now seem still more imperative on Congress to provide that the money, whether principal or interest, drawn from the Treasury and placed in the bank and its branches as commissioners of loans, and which shall not be called for by the public creditors before the close of the ensuing year, should be repaid into the Treasury, and held, under notice to creditors to receive it there; that thereafter the office of commissioner of loans be abolished; the duties of the commissioners of the sinking fund, and the provisions as to the fund itself, suspended; and such power devolved on this department as may be necessary to a settlement of that part of the debt which may not then have been demanded; and, as the bank charter soon thereafter expires, to provide, further, that the books and other papers connected with the public debt should be returned and deposited here, to enable the Treasury to guard against mistakes and frauds. The whole amount unclaimed in possession of the bank, on account of the public debt, has been reduced to \$282,333; and though about to be augmented by the transfer of a sufficient sum to meet the whole residue of the outstanding debt, it will probably not remain much larger at the close of the ensuing year. With a little legislation of this kind, every thing will be done by Congress which is

deemed necessary to close up, it is hoped forever, all the once large public debt of these United States. By the payment of the whole of it with punctuality and fidelity, it is gratifying to reflect that our public credit as a nation has been raised to a high standing, and a large stock of confidence acquired from others, which, in such future exigencies as are likely to happen, sooner or later, in all countries, will aid us to procure ample and seasonable loans, without ruinous discounts or delays.

In pursuing this honorable course, the Government of the Union has not only shown good faith abroad to its foreign friends and allies, those who lent assistance when most needed, but it has redeemed, whether at home or abroad, the entire debt of both the revolution and the late war, paid the purchase money for Florida and Louisiana; and, with a most scrupulous sense of moral as well as political obligation, administered in various ways to the wants, and atoned for many of the losses, of those who perilled life and fortune in the struggle for independence—in which our public debt had its sacred origin. It is an additional source of gratification, that this has been effected without imposing heavy burdens on the people, or leaving their treasury empty, trade languishing, and industry paralyzed; but, on the contrary, with almost every great interest of society flourishing, with taxes reduced, a surplus of money on hand, valuable stocks and extensive lands still owned by the Government, and with such various other financial resources at command as to give to our country, in this respect, a very enviable superiority. When it is considered that this has been effected by a young and, at first, not very numerous people, within about half a century, and who, during the same period, have provided such other and ample means to sustain their useful systems of government, and to build up *great and prosperous communities*, we may well be proud of the illustration our country affords of the financial ability of free institutions, and of the high destinies in various respects, not appropriately noticeable on this occasion, but which may await our preservation of these institutions in their original vigor, purity, and republican simplicity.

From the views before taken of the probable wants during the ensuing year for expenditures, and of the probable receipts to meet them, it has been stated that, on the 1st of January, 1836, it was estimated that there will remain a surplus of available funds of about \$5,902,690 82. This result has been attained, by considering the unavailable portion of our funds, then and now on hand, at the reduced sum of only about \$1,150,000, instead of \$1,400,000, as heretofore reported. But it may be desirable to Congress to know that there is a prospect, during the ensuing year, of collecting some further portion of these funds. This will be accomplished, it is anticipated, by the appointment of some more active agents, by new compromises, and by more rigorous requirements in collections where property exists, so as to reduce farther the whole amount from \$50,000 to \$100,000; and, if this hope be realized, the abovenamed available balance will, to that extent, be increased. A minute analysis and examination of these unavailable funds have recently been completed, and will be submitted in the supplemental report, soon to be laid before Congress, on the present mode of keeping and disbursing the public revenue. But, on the other hand, enlarged somewhat as this balance may happen to be from any causes, it should be remembered that, on the 31st day of December, 1835, another reduction of ten per cent. must, by the existing laws, be made from a part of the present tariff; and if the surplus in the treasury, by a year from next January, should

prove to be increased one or two millions, it could not with safety be regarded as too great for meeting, with a reduced rate of imposts on importations, the probable wants of A. D. 1836. At all events, such is the uncertainty on that subject at this distance of time, that though something unusual in the latter part of 1836 may, in the way of final dividends on our portion of the capital of the bank stock, be received, yet it is not now possible to foresee the contingencies that may check either the present large importations of merchandise or large sales of land, and, consequently, reduce the revenue derived from them; or that may require an increase in our army or navy expenditures, arising from those unfortunate collisions to which all nations are liable that feel disposed to sustain the faith of treaties, vindicate their public rights, and protect efficiently their commerce and citizens: no further reduction of the tariff, until that already provided for at the close of the ensuing year, would therefore seem to be prudent. The reduction or increase of the tariff is now referred to with a view to revenue alone, and not with a view to questions, so much agitated heretofore, of protection, countervailing regulations, and the proper national policy to be pursued, as to the imported luxuries and necessaries of life. On these points, it is considered far better for the real manufacturers themselves, not engaged in mere speculative investments, as well as for commerce, agriculture, and the revenue, that a policy should be selected, not unjust to either great interest or either great section of the Union, and, when once established, that frequent changes should be avoided; and the occasional increase or reduction of revenue, which may sometimes become proper for financial purposes, should be connected with articles wholly detached from the question of protection to manufactures. The tariff, as to these troublesome points, is regarded as now adjusted by the act of March, 1833, till the year 1842, except in respect to such new regulations as may be required from time to time for the due enforcement of the spirit of that act, or such other changes as new occurrences may satisfy the great mass of the community are rendered proper for earlier modifications, without a departure from the spirit of the compromise then intended among the friends of free trade and of high protection.

A separate report on certain subjects relating to the due enforcement of the present tariff being in preparation, only one of them will now be adverted to. It is the evasion of the present duty on silks from beyond the Cape of Good Hope, by their being first landed, and occasionally re-colored or re-stamped in Europe, before imported into this country. In this way, and by the present discrimination in favor of European silks, the revenue loses a very large amount. As some illustration of the loss by such discriminations, the recent one in favor of French silks alone amounted to over \$300,000 a year; and that now in favor of French wines amounts to nearly \$200,000 more; making a loss of over half a million a year on these two articles with only one nation.

But while on the other points, independent of the spirit of the compromise of 1833, legislation may be regarded as still fairly open, it certainly ought not to be attempted on so delicate and difficult a subject, unless imperative cases for it shall occur, whether combined or not with any increase or reduction of the tariff, that may become necessary, as a mere question of revenue, by the actual condition of our receipts and expenditures. So far from any increase being necessary at present, or prospectively, the balance now on hand in the Treasury, and the accruing revenue under

existing laws, will, in the opinion of the department, prove amply sufficient to answer all ordinary demands, and, united with our other resources, to answer any unexpected demands of no very extraordinary amount.

As appears by the documents annexed, [D.] the Government has about \$6,343,400 subject to general use, invested in the United States Bank stock; and the sum of \$1,882,500 invested in different canal stocks; and the proceeds of the sales of which, if authorized in any unexpected deficiency, would in most cases prove amply sufficient, without any resort to an increased tariff.

On the contrary, neither of the available balances estimated to be on hand in 1835 and 1836, after deducting what will be wanted for outstanding appropriations, can probably exceed a million. Should the surplus, without that deduction, prove to be about six millions, as estimated, the undersigned respectfully submits that it will require no legislation, as that amount has been about the usual average balance retained on hand for many years—a balance that has furnished great facilities in meeting all claims, even at the remotest points, with punctuality and good faith; afforded much stability and elevation to our public credit, by providing seasonably the means for a punctilious fulfilment of contracts, and yielded so great security against sudden evils of every kind in financial affairs, as to render one of near that amount provident and economical; and especially so at this moment, when any surplus which may exist will accrue under a permanent compromise of the tariff, that contains within itself a provision to reduce still further the duties, and undoubtedly the whole amount of our revenue, after the close of the coming year.

It is a source of sincere congratulation, that, from the general prosperity of our commerce, and from the peace, industry, and abundance which so widely prevail over our fortunate country, under its admirable institutions, researches are obliged to be directed rather to the due reduction or disposition of any occasional surplus that may happen to exist in the Treasury, than to obtain sufficient for public purposes by taxation and other burdens. But under our altered system, as to duties and the public debt, it will be prudent to calculate that deficiencies, as well as surpluses, may happen oftener than formerly. In the opinion of the undersigned, however, neither can be soon anticipated so as to require immediate legislation. But should Congress think differently, no harm could arise from vesting a power in the Treasury Department, in case of an unexpected deficiency occurring in the revenue, from any cause whatever, to sell such portions of our public stocks as may be necessary to supply the public wants growing out of actual appropriations. In a contingency of that kind, against which, in the present system of our revenue, and without a large ordinary surplus to be applied, as it can be spared or not for the payment of a public debt, in the manner heretofore practised, it is difficult to guard effectually against not only the occurrence of a deficiency, but its usual evils, a delay, if not great embarrassment and injury to public creditors, and a violation of our plighted faith.

At the same time, it might be expedient to provide, that, whenever the collections of the revenue, permanently authorized, should prove to be in an excess not immediately needed or useful as a proper surplus in the Treasury, the department should either obtain interest for it of the banks, where the largest amounts are long deposited, or invest it temporarily in some safe stocks till needed, or till the tariff is again changed. This would

probably secure a due interest on it while retained, instead of the present and past modes of obtaining interest on any occasional surplus, by applying it in discharge of the public debt; and which mode, since the payment of the latter, can no longer be pursued. Should facts occur which appear to require legislation, such an arrangement, like a regulator in some large or complicated machinery, remedying any occasional irregularities, might operate more beneficially as to any considerable excess or deficiency, than yearly changes of the tariff, made to meet yearly vibrations in our revenue, or to meet yearly reductions or augmentations in our expenditures.

This subject of interest from the deposite banks, at some rate and under some circumstances, was adverted to in a report by a committee in one House of Congress the last session, and would at this time be more fully examined in connexion with that report, and the subsequent intimation of the United States Bank of its claim for damages, on account of the late removal of the deposites, connected; it is apprehended, with the idea of a profit or interest derived from them, were it supposed that either point could, in the present condition of things, be considered of any practical importance. But the balance of money at present on hand, as before remarked, is merely the usual and convenient amount for current fiscal operations, and most of it is liable at any moment to be withdrawn to meet existing appropriations.

While the intimation of the bank, resting, as it probably must, on an impression that the *bonus* was paid, instead of interest on the public deposites, is not believed to be supported by the language or spirit of the charter, which required the bonus "for the exclusive privileges and benefits conferred by this act on the bank;" and which *exclusive* favors, whether termed *privileges* or *benefits*, consisted principally in the sole right of banking for twenty years, and for which alone Mr. Madison, in his veto of 1815, and Mr. Dallas, in his letter of December 24, 1815, thought that a bonus should "be paid to the Government."

The latter further observed, that "independent of the bonus here proposed to be exacted, there are undoubtedly many public advantages to be drawn from the establishment of a national bank, but they are generally of an incidental kind, and, as in the case of *deposites* and distribution of the revenue, may be regarded in the light of equivalents, not for the monopoly of the charter, but for the reciprocal advantages of a fiscal connexion with the Government."

If the reasons should ever be presented to this department, in support of the late intimation of a demand for damages for the removal of the deposites, in a case where the bonus was claimed and paid on the above grounds, and where the right to remove the deposites was expressly reserved in the charter to the officer removing them, it will then probably be in season to enter more fully into this collateral question; or should the balance in the possession of the State banks at any time become much larger than the current demands existing against the Treasury, it will, if Congress do not earlier think proper to act on it prospectively, nor to authorize any temporary investment of it, be then considered necessary and proper for this department to examine in what cases, and under what circumstances, on what surpluses, and at what rate, interest could equitably be demanded, in addition to the useful duties performed by the selected banks, in behalf of the Treasury.

On these points, however, it is hoped that this department will not be

understood as recommending that taxes should ever be imposed with a view to permit a large surplus, any more than a deficiency, to occur; but that, when the former unexpectedly and unintentionally happens, an income should be realized from it by interest on an investment, until, at the end of every few years, a thorough revision of the tariff would, in the pursuit of this policy, be made, and so graduated as, during the next succeeding term, to be likely to correct any great irregularities, whether excesses or deficiencies, that had happened during the preceding term, and to lead to the sale and use of any interest or investments which, in the mean time, had accumulated.

Those other questions, naturally connected with the present deposit banks, and indeed with our whole existing system of finance, so far as regards the keeping and disbursing of the public money, might here be appropriately considered. Yet, without any desire to avoid, but rather from a wish to submit, that full and frank discussion of them which their acknowledged importance and the exciting interest in them demand from the fiscal department of the Government, they will be postponed to a separate supplemental report, which will be confined exclusively to their consideration, and will soon be presented to Congress.

It appears to the undersigned, that a change in the commencement of the fiscal year, and of the time at which the annual appropriations begin, would be a great improvement in the financial operations of the Government. If the year was to commence after the last day of March, instead of September, and the annual appropriations begin from the same date, many delays and embarrassments could be avoided; and the information on the condition of the receipts and expenditures of the previous year to be laid before Congress, each session, would be much more full and accurate.

Upon the subject of the new coinage of gold, and the operation of the acts of the last session relating to it, and to the value and tender of foreign coins, this department does not, until further experience is had, contemplate offering many recommendations for new legislation. A particular suggestion deemed proper is, that the one dollar gold coin, originally embraced in the late act, should be authorized.

If found, on trial, to be convenient, as small gold coins have been found, some of less and some of little larger amount, in Portugal, Russia, Spain, Turkey, and Switzerland, it does not seem to comport with the interest and welfare of the community to prevent here its coinage and circulation; and if not found, on trial, to be useful, the sagacity of self-interest will soon lead to the abandonment of its coinage, by making no demand for it. Thus the community can, in no event, sustain much, if any, injury from it; while the facilities of the public, by having a coin of either metal, gold or silver, as small as one dollar, may be greatly increased. This kind of legislation, with a view to provide a full supply and variety of coins, instead of bills below five and ten dollars, is particularly conducive to the security of the poor and middling classes, who, as they own but little in, and profit but little by, banks, should be subjected to as small risk as practicable by their bills.

The wealthy and commercial, for whose benefit, chiefly, banks are instituted, will then chiefly use their bills, and suffer by them if forged or depreciated; while the laboring classes, and men of small means, will, by the justice and paternal care of the Government, generally be provided with a currency of hard money, not exposed to any risk of failures, and to

be used for all dealings, of such an amount, as their daily or weekly wants may, in most cases, require.

The new coinage has, as yet, been confined principally to the half and quarter eagles, and has equalled, in all, about \$3,114,090; or, in four months, more than four times the average annual coinage of gold for many years past.

The demand for other coins has also been promptly met throughout the year. To aid in carrying the new law into efficient operation, this department, last August, placed in the hands of the director of the mint, under the act of April 2, 1792, twenty thousand dollars, and ten thousand more in September, as it was needed, and could be, without inconvenience, spared from the Treasury. By this course, many have been enabled, at once, to realize funds from their deposits of bullion or coin, and the mint to continue its operations uninterruptedly, and to supply promptly, when desired, coins already prepared for circulation.

The strong disposition of the public to use the new coinage has been observed with pleasure; and the liberal aid of many of the deposit banks in assisting to increase its circulation, has proved very useful, and deserves commendation. As the new coinage commenced nearly in the middle of the year, and the date, till next January, could not, by law, be altered, so as to distinguish the new from the old coin, such other alterations were adopted by the director of the mint as the law permitted, and as were calculated to aid the community in readily discriminating between them. After the next year begins, the new date alone will enable the public to distinguish the new coins; and such modifications only will be made in the former emblems as taste and convenience may, in the opinion of the director, and without an omission of any thing required by Congress, appear to demand. His report, which it is expected will soon be received and presented, will probably furnish every further particular, connected with the concerns of the mint, that may be interesting. But it is considered proper to invite the attention of Congress to a change in the law respecting the organization of the mint establishment, so as hereafter to prevent its operations in refining and coining for others from being a tax on the Treasury, and any longer swelling the large amount of our annual expenditures. This could easily be effected by imposing a duty or seignorage of about one per cent. on the prompt coinage of silver, and one-fourth per cent. on that of gold; the present coinage of copper now defraying its own expense. This would be no more burdensome to the persons holding bullion than the delay now allowed for the recoinage, and which delay of 40 days, (or $\frac{1}{2}$ per cent. discount, if delivered in five days,) and consequent loss of interest, could, with such a seignorage and the advances now authorized from the Treasury, be, without inconvenience, reduced to eight or ten days; and the whole establishment be thus sustained by its own earnings, without much, if any, increased cost, to either individuals or the public. But in such case, if the cost should ever be increased to individuals, some additional inducement will be held out, to prevent either the exportation or melting of our coin, which have been so great before the late change in the law, as to have left in deposit and circulation, in this country, an amount of it not exceeding that struck in two or three, out of the forty years, during which the mint has been in operation. The expenses and labors of the mint, equalling, on an average, about \$20,000 a year, or \$800,000 in

all, excluding buildings, have thus, except for about two years, been entirely lost to the country.

It has been deemed desirable to attempt some improvements in the revenue cutter service. With such a view, all its regulations have been revised and republished. By these, it has been endeavored to promote the cause of temperance, and thereby to increase the health and efficiency of the crews, and the safety of the public property and public interests, in this branch of service, by holding out a similar inducement to that now existing in the navy, to discontinue the use of spirit on ship-board. Greater security has been provided for the prompt payment of their wages, and for official accountability. It has further been deemed expedient, not only to stop any contemplated increase in the cutters, but to reduce the number of them, and of the persons employed in this service, as rapidly as the diminished temptation to smuggling will safely permit.

By several resolutions, appropriations, and acts of Congress, of the last and previous sessions, a variety of other subjects, not yet reported on, has been confided to the attention of this department; such as the erection of a number of custom-houses; the building of a bridge over the Potomac river in this District; a compromise of the suits pending against the firm of Th. H. Smith & Son; an opinion on the validity of some private land-titles in Missouri; a report on certain provisions in the tariff act of July 14th, 1832; some statements as to the marine hospital money; a reorganization of the Treasury Department; and a revision of the subject of salaries and fees to custom-house officers.

These have received careful attention, and will form the subjects of separate reports to Congress, early in the present session. In the report on the last of them, it is contemplated to offer such suggestions, by way of addition to this communication, as are appropriately connected with that inquiry, and as would otherwise have been mentioned here, in respect to some changes deemed suitable in the whole amount of compensation to various custom-house officers, and in the number of such officers, at various ports, and in relation to other changes in the system, which the great alterations in the existing duties seem to indicate as required for sound economy and the public convenience.

A few remarks concerning hospital money will also be postponed, and annexed to the statements requested in relation to that subject.

In the preparation of new weights and measures, on the authority given in the act of 2d March, 1799, and on the principles set forth in a report from this department of June 20th, 1832, coupled with the provision on this subject in the constitution, some progress has been made since the date of that report. But the difficulty in procuring the most suitable materials from abroad has retarded the completion of the work; and the present engagements of the distinguished gentleman, specially employed to superintend this business, and which engross most of his time in a survey of the coast, may, with the circumstance before named, prevent the final accomplishment of this desirable object another year. But it is hoped that then, either at the arsenal in this city, or at the mint, the most natural and appropriate place, the new weights and measures will be satisfactorily finished, and greater uniformity and accuracy attained on a subject in which, both as to revenue and commerce, it is much needed, and will prove eminently useful to the public.

The survey of the coast, before alluded to, has, since the last annual re-

port, been transferred to the charge of the Navy Department, with which it seems to be more intimately and appropriately connected. With this survey, the situation and utility of our present light-houses, already being 199 in number, besides 20 light-boats, and the necessity for others from time to time, would seem to be in some degree fitly associated. As a measure likely to lead to economy, in not extending the establishment of light-houses beyond the real wants of the country, and in fixing their exact localities, so important to the safety of our navigation and navy, it is respectfully recommended that, in the survey now in progress, Congress should require the latitude and longitude of every light-house to be carefully ascertained and published, the importance of its position to be inquired into, and that no new one be hereafter erected, till a report is made in respect to its public benefits by the two collectors and the commander of the navy yard nearest the proposed site.

The rebuilding of the Treasury edifice on or near its former location, with the dimensions of the building enlarged, so as to meet the wants of the department, and rendered fire-proof for the security of its papers, seems indispensable to its convenient operations, and to the safety of some of the most valuable records connected with the public archives.

The report from the Commissioner of the General Land Office is annexed, [E.] Many of its suggestions are highly important, and some of the recommendations, as to changes in this branch of the collections of the public money, are respectfully, though earnestly, urged on the consideration of Congress.

The Indian titles having, of late years, been more extensively extinguished, the quantity of valuable lands brought into market has increased in amount, so as to place in the Treasury over three millions annually, instead of about one million, as was the case twenty years ago. Within the same period, the land offices have been augmented in number from about eighteen to fifty-three, in actual operation in 1834.

These circumstances have added much to the business of that bureau, and should clearly lead to a corresponding increase in its clerks, or a separation from it of some of its present laborious duties; as the diminution in other business, in some other bureaus, might lead to reductions in the number of their clerks, to the extent proposed in the plan soon to be submitted on the reorganization of the Treasury Department. Attempts have been made, during the past year, with some success, to simplify the mode of making entries, in the General Land Office, of the sales effected. Some difficult and long delayed questions of accounts have been decided; greater local accommodation and facilities furnished to the office; and increased convenience and promptitude, as far as practicable with the present force of the bureau, have been introduced, in the ascertainment of titles, and in the collection and disbursement of the large amount of revenue derived from this source. But new legislation can alone give entire relief in the present condition of its enlarged duties, and at least \$30,000 a year, for ten years, will be required to be expended in additional clerk-hire, to dispose of all the writing in arrear, and that may be hereafter rendered necessary by the additional sales of land.

It gives me great pleasure to state, that among more than fifty offices, and one hundred receivers and registers, connected with the present system of land sales, amenable to the Secretary of the Treasury, and under his control as to their collections, not one, during the last year, has proved to

be a defaulter, although the money collected and paid over has probably exceeded four millions.

All which is respectfully submitted.

LEVI WOODBURY,
Secretary of the Treasury.

TREASURY DEPARTMENT,
December 2, 1834.

Schedule of documents accompanying the annual report of the Secretary of the Treasury.

A.—Statement and tables connected with the finances from the Register's Office, from E E to K K, inclusive.

B.—Opinions of the Attorney General as to the claim of damages by the bank on the bill or draft upon the French Government, and as to the seizure of the dividends, with correspondence relating thereto, No. 1 to 3.

C.—A table of the comparative amounts of estimates, appropriations, and expenditures the last three years.

D.—A list of bank and canal stocks owned by the United States.

E.—Report of the Commissioner of the General Land Office, and the papers therewith, marked A to D.

A.

E E.—*Statement of moneys received into the Treasury, from all sources other than customs and public lands, for the year 1833.*

From dividends on stock in the Bank of the United States	\$474,985 00
Sales of stock in the Bank of the United States	135,300 00
Third instalment for claims under the convention with Denmark	221,315 17
Arrears of direct tax	\$394 12
Arrears of internal revenue	2,759 00
Fees on letters patent	17,730 00
Cents coined at the mint	25,374 18
Fines, penalties, and forfeitures	2,889 84
Persons unknown, stated to be due the United States	232 00
Surplus emoluments of officers of the customs	33,243 90
Moneys obtained from the Treasury on forged documents	1,158 33
Sale of houses on Greenleaf's point, belonging to the United States	1,400 00
Rent of houses on property purchased for the erection of a warehouse in Baltimore	60 03
Moneys previously advanced on account of removing the remains of former members of Congress	29 00

From light-house on the Outer Thunder Bay island, in Lake Huron	-	\$77 35	
Building custom-houses and warehouses	-	181 63	
Fifth census	-	8,135 13	
Balances of advances made in the War Department, repaid under the third section of the act of 1st May, 1820	-	22,970 11	
			116,634 62
			<u>\$948,234 79</u>

TREASURY DEPARTMENT,
Register's Office, November 3, 1834.

T. L. SMITH, Register.

F F.—Statement of the expenditures of the United States, for the year 1833.

CIVIL, MISCELLANEOUS, AND FOREIGN INTERCOURSE.

Legislature	-	\$469,073 83	
Executive Departments	-	658,608 41	
Surveyors	-	26,908 97	
Commissioner of Public Buildings	-	2,000 00	
Officers of the mint	-	12,575 00	
Governments in the Territories of the United States	-	54,750 35	
Judiciary	-	338,841 72	
			\$1,562,758 28
Payment of sundry pensions granted by the late and present Governments	-	1,367 93	
Mint establishment	-	40,134 22	
Extending the mint establishment	-	11,000 00	
Payment for unclaimed merchandise	-	210 19	
Light-house establishment	-	265,684 32	
Building light-houses, &c.	-	48,245 82	
Surveying public lands	-	84,000 00	
Survey of the Choctaw cession in Mississippi and Alabama	-	45,000 00	
Survey of the public lands recently purchased from the Indians in Indiana	-	7,000 00	
Registers and receivers of land offices	-	2,871 20	
Repayment of lands erroneously sold	-	88 62	
Keepers of the public archives in Florida	-	1,000 00	
Survey of the coasts of the United States	-	18,313 48	
Marine hospital establishment	-	68,948 73	
Roads within the State of Ohio (3 per cent. fund)	-	32,190 43	
Roads and canals within the State of Indiana (3 per cent. fund)	-	28,075 47	

Roads and canals within the State of Alabama (3 per cent. fund) - - -	\$19,790 62	
Roads and canals within the State of Missouri (3 per cent. fund) - - -	16,145 45	
Road from Line creek to the Chattahoochie - - -	2,000 00	
Public buildings in Washington - - -	185,359 03	
Purchase of the rights of the Washington Bridge Company, and for the erection of a bridge on the site thereof - - -	13,000 00	
Support and maintenance of the penitentiary in the District of Columbia - - -	17,000 00	
Furniture for the President's house - - -	20,000 00	
Purchase of the rights of Washington Canal Company - - -	150,000 00	
Improving the navigation of the Potomac river between Georgetown and Alexandria, and for other purposes - - -	100,000 00	
Aqueduct across the Potomac river, at or near Georgetown - - -	50,000 00	
Stock in the Chesapeake and Ohio Canal Company - - -	299,000 00	
Boundary line between Florida and Alabama - - -	200 00	
Western boundary line of the State of Missouri - - -	140 00	
Revision of all the former estimates of the population of the United States - - -	300 00	
Consular receipts - - -	614 52	
Payment of certain certificates - - -	1,026 30	
Building custom-houses and warehouses - - -	250,415 23	
For the discharge of sundry judgments against the former marshal for the eastern district of Pennsylvania, and for the relief of J. & W. Lippincott & Co. - - -	450 30	
For liquidating and paying certain claims of the State of Virginia - - -	289,576 59	
Relief of sundry individuals - - -	132,172 55	
Miscellaneous expenses - - -	110,772 14	
Revolutionary claims - - -	184,237 93	
Duties refunded on merchandize - - -	701,760 70	
		\$3,198,091 77
Salaries of the ministers of the U. States - - -	37,049 57	
Salaries of the secretaries of legation - - -	7,396 61	
Salaries of the chargés des affaires - - -	58,348 94	
Outfits of the ministers to Great Britain, France, and Russia - - -	4,500 00	
Outfits of the chargés des affaires to Great Britain, Central America, and Colombia - - -	13,500 00	
Contingent expenses of all the missions abroad - - -	20,721 35	
Salary of a drogoman, and for contingencies of the legation to Turkey - - -	6,500 00	

Diplomatic services of George W. Slacum, consul at Buenos Ayres	\$4,870 00
Diplomatic services of Michael Hogan, rendered in Chili	18,112 50
Outfit and services of John R. Clay, acting as chargé d'affaires at St. Petersburg	7,200 00
Arrearage on account of the services of Washington Irving, as chargé d'affaires at London	1,833 85
Contingent expenses of foreign intercourse	20,000 00
Expense of conveying the Netherlands minister and suite from New York to Curacao	1,182 78
Expenses of accommodating the chargé d'affaires at Constantinople, and for conveying the consul at Tangier from Port Mahon to Tangier, and for conveying the consul at Tripoli from Port Mahon to Tripoli	500 00
Services of George F. Brown, consular agent at Algiers	3,366 00
Intercourse with Barbary powers	12,649 47
To indemnify Sweden on account of injuries sustained by her subjects at St. Bartholomew	5,666 66
Compensation and expense of an agent to Havana to procure the archives of Florida	4,000 00
Expenses of the commission under the convention between the United States and Denmark	7,200 86
Expenses of the commission under convention between the United States and the King of the French	18,802 58
Expenses of the commission under the convention between the United States and the King of the Two Sicilies	2,541 67
Salaries of the agents of claims at London and Paris	4,000 00
Relief and protection of American seamen	25,835 24
Payment of claims under the 9th article of the treaty with Spain	6,175 00
Awards under the 1st article of the treaty of Ghent	281 76
Awards under the convention with Denmark	663,161 04
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	\$955,395 88

MILITARY ESTABLISHMENT.

Pay of the army and subsistence of officers	1,260,108 62
Arrearages of the Pay Department	99 32
Subsistence	324,649 97
Quartermaster's Department	169,424 52

Transportation of officers' baggage, &c.	\$62,479 14
Transportation of the army	208,143 78
Forage	49,047 98
Purchasing Department	256,507 60
Clothing for officers' servants	27,389 35
Bounties and premiums	8,441 41
Expenses of recruiting	20,992 94
Gratuities	146 50
Medical or hospital department	34,416 14
Arrearages of the medical and hospital department	3,000 00
Contingencies of the army	10,555 24
Arrearages prior to 1st July, 1815	3,629 60
Invalid and half-pay pensions	288,007 13
Pensions to widows and orphans	6,284 15
Revolutionary pensions	787,376 88
Revolutionary pensions, per act 7th June, 1832	3,507,484 24
Fuel, forage, stationery, &c., at West Point	8,500 00
Repairs and improvements of the buildings and grounds at West Point	4,000 00
Pay of adjutant's and quartermaster's clerks at West Point	900 00
Increase and expenses of the library at West Point	1,400 00
Models for drawing at West Point	900 00
Models for engineering at West Point	600 00
Philosophical apparatus at West Point	890 00
Miscellaneous items at West Point	1,575 00
Expenses of Board of Visitors at West Point	2,000 00
National armories	360,140 65
Dwelling houses at Springfield	7,000 00
Shop for grinding at Springfield	6,000 00
Additional machinery at Springfield	3,500 00
Double racks at Springfield	4,500 00
Dwelling houses at Harper's Ferry	8,600 00
Three new water wheels at Harper's Ferry	8,400 00
Repairs, &c., of dam at Harper's Ferry	3,374 55
Right to water power at Harper's Ferry	2,600 00
Enlargement of canal at Harper's Ferry	10,000 00
Repairing workshop at Harper's Ferry	1,500 00
Arsenals	115,345 89
Arsenal in Florida	15,000 00
Forty-five acres of land at Watervliet	9,000 00
Ordnance	62,370 39
Armament of fortifications	132,994 65
Arming and equipping militia	212,505 58
Repairs and contingencies of fortifications	9,556 23
Accountments and swords	2,900 50
Fort Adams	159,606 41
Fort Calhoun	81,000 00
Fort Columbus and Castle Williams	32,000 00

Fort Delaware	\$50,000 00
Fort Jackson	3,266 29
Fort Macon	7,521 59
Fort Monroe	57,500 00
Fort at Oak island, Cape Fear, North Carolina	21,490 00
Fort on Throg's neck, New York	10,000 00
Fort on George's island, Massachusetts	1,100 00
Fort on Cocksbur island, Georgia	85,300 00
Fort at Mobile point, Alabama	49,998 00
Fort on Foster's bank, Pensacola harbor	14,900 00
Wharf at Fort Washington	1,500 00
Fort on Grand Terre, Louisiana	5,000 00
Preservation of Castle island, and repairs of Fort Independence	37,000 00
Repairs of Fort Marion, and sea-wall at St. Augustine	18,470 00
Fortifications at Charleston, South Carolina	114,110 74
Fortifications at Pensacola, Florida	132,000 00
Purchase of ground at Fort Trumbull	400 00
Purchase of land at Fort Gratiot	1,600 00
Wharf and site at Fort Preble	3,770 00
Wharf at Fort Independence	1,500 00
Wharf at Fort McHenry	90 40
Barracks at Fort Crawford, Prairie du Chien, Northwestern Territory	8,000 00
Barracks at Fort Howard, Green Bay	10,000 00
Barracks at Fort Severn, Annapolis, Md.	300 00
Barracks, quarters, &c. at Savannah	28,000 00
Barracks, quarters, &c. near New Orleans	40,000 00
Barracks and hospital at Baton Rouge	2,000 00
Barracks at Key West, and for other purposes	5,805 95
Storehouse and stable at Pittsburg	4,740 00
Purchase of one acre of land near Pittsburg	3,500 00
Breakwater, Delaware bay	331,058 02
Breakwater, Hyannis harbor, Massachusetts	9,920 10
Breakwater, Merrimack river, Massachusetts	2,500 00
Breakwater and dike in Mill river, Connecticut	1,110 43
Sea-wall, Deer island, Boston harbor	40,200 00
Pier and mole at Oswego, New York	8,400 00
Piers at Buffalo, New York	19,377 57
Work at Black Rock harbor, New York	2,597 73
Work at Dunkirk harbor, New York	5,200 00
Piers in Kennebank river, Maine	1,700 00
Pier-head in Cunningham creek, Ohio	500 00
Piers in Laplatauce bay, Michigan	8,123 07
Preservation of Provincetown harbor, Massachusetts	4,456 23
Repairing Plymouth beach, Massachusetts	600 00
Deepening channel, mouth of Pascagoula river, Mississippi	3,000 00

Improving the navigation of the Ohio and Mississippi rivers from Pittsburg to New Orleans	\$10,300 00
Improving the navigation of the Ohio, Missouri, and Mississippi rivers	60,900 00
Improving the navigation of Genesee river, New York	15,000 00
Improving the navigation of Cumberland river, Tennessee	17,000 00
Improving the navigation of Cape Fear river, North Carolina	17,488 00
Improving the navigation of Arkansas river	15,000 00
Improving the navigation of Conneaut creek, Ohio	3,200 00
Improving the navigation of Ocklochney river, Florida	5,000 00
Improving the navigation of Choctawhatchie river, Florida	2,500 00
Improving the harbors of Newcastle, Marcus Hook, Chester, and Port Penn	7,500 00
Improving the harbor of Presque Isle, Pennsylvania	7,500 00
Improving the harbor of Cleaveland, Ohio	2,473 89
Improving the harbor of Chicago, Illinois	17,360 00
Improving the navigation of Red river, Louisiana and Arkansas	21,663 00
Removing obstructions, Kennebeck river, Me.	263 91
Removing obstructions, Big Sodus bay, New York	15,000 00
Removing obstructions, Huron river, Ohio	39 49
Removing obstructions, Black river, Ohio	4,500 00
Removing obstructions, Grand river, Ohio	68 51
Removing obstructions, Ashtabula creek, Ohio	1,125 02
Removing obstructions, Ocracock inlet, North Carolina	14,400 00
Removing obstructions, Savannah river, Geo.	5,400 00
Removing obstructions, Appalachicola river, Florida	5,000 00
Removing obstructions, Escambia river, Florida	2,150 00
Removing obstructions, river and harbor of St. Mark's, Florida	5,430 00
Survey of White and St. Francis rivers, Arkansas	500 00
Purchase of instruments for ascertaining the northern boundary of Ohio	6,110 00
Expenses of taking observations for northern boundary of Ohio	2,800 00
Surveys and estimates of roads and canals	35,212 38
Cumberland road in Ohio, west of Zanesville	122,747 39
Cumberland road in Indiana	101,000 00
Cumberland road in Illinois	40,000 00

Repairs of the Cumberland road east of the river Ohio	\$218,961 58
Repairs of the Cumberland road in Virginia	34,440 00
Repairs of the Cumberland road	38 42
Road from Mattanawcook to Mars hill, Maine	17,832 42
Road from Detroit to Fort Gratiot	15,000 00
Road from Detroit to Saginaw bay	4,000 00
Road from Detroit to Chicago	14,931 82
Road from Detroit to Grand river	11,750 00
Road from Laplaisance bay to the Chicago road	16,930 00
Road from Fort Howard to Fort Crawford	3,277 00
Road from Little Rock to the St. Francis river, Arkansas	15,000 00
Road from Washington to Jackson, Arkansas	1,906 38
Road from Line creek to the Chattahoochie	500 00
Surveys for canals between the bays of St. Andrews and Chattahoochie, Florida, &c.	2,959 74
Payment of militia claims for services in 1831	32 00
Payment of militia and volunteers of Illinois and other States	442,449 01
Pay and subsistence of mounted rangers	131,447 00
Subsistence of militia to suppress Indian hostility	55,163 20
Regiment of mounted dragoons	273,627 71
Balance due for printing Infantry Tactics	410 59
Relief of sundry individuals	14,436 41
Civilization of Indians	8,975 44
Pay of Indian agents	24,620 00
Pay of Indian sub-agents	14,646 95
Pay of interpreters and translators	15,806 00
Pay of gun and blacksmiths and assistants	11,320 64
Presents to Indians	10,041 82
Provision for Indians at the distribution of annuities	9,326 10
Iron, steel, coal, &c., for gun and blacksmiths' shops	4,567 37
Transportation and distribution of annuities	6,392 51
Houses for agents and blacksmiths' shops	1,483 14
Provisions for Indians moving west in 1831	2,391 08
Surveying reservations for half-breed Sac and Fox Indians	2,000 00
Surveying the northwestern boundary of the Miami and Pottawattamie cession	227 00
Removing Indian boundary line in Florida	135 49
Provisions and assistance to Indians emigrating, and those settled on Kansas river	605 18
Corn and other provisions for Seminole Indians	1,000 00
Additional expenses at the Red river agency	1,300 00
Claims against Osages by citizens of the United States	834 50

Extinguishment of titles of Creeks to lands in Georgia - - - - -	\$4,989 57
Extinguishment of the claims of the Cherokees to lands in Georgia - - - - -	21,072 14
Purchase of the Creek and Cherokee reservations - - - - -	11,283 00
Treating with Choctaws and Chickasaws for lands in Mississippi - - - - -	3,126 17
Effecting treaty with the Creeks - - - - -	1 44
Effecting treaty with the Cherokees - - - - -	4,217 54
Effecting treaty of Butte des Morts - - - - -	894 60
Effecting treaty with the Winnebagoes - - - - -	768 40
Annuities to various Indians and Indian tribes - - - - -	233,500 87
Education of Indian youths - - - - -	21,121 00
Blacksmiths, gunsmiths, millers, &c. - - - - -	25,463 67
Transportation and distribution of annuities, &c. - - - - -	8,617 00
Claims against the Ottawas - - - - -	21,242 25
Advances to Ottawas - - - - -	2,000 00
Arrearages of Indian Department prior to 1829 - - - - -	744 54
Cherokee schools - - - - -	42,490 00
Medals for Indian chiefs - - - - -	2,000 00
Vaccination of Indians - - - - -	775 50
Effecting treaty with the Creek Indians - - - - -	2,622 45
Effecting treaty with the Seneca Indians - - - - -	2,153 60
Extinguishing titles of Delawares to reservations in Ohio - - - - -	307 84
Three commissioners to treat with Indians - - - - -	16,000 00
Provisions for Quapaws - - - - -	1,000 00
Relief of friendly Indians on the northwestern frontier - - - - -	883 55
Effecting certain Indian treaties, per act 13th January, 1831 - - - - -	970 75
Effecting certain Indian treaties, per act of 2d March, 1831 - - - - -	22,767 40
To effect certain Indian treaties, per acts of 2d March, 1831, and 4th June, 1832 - - - - -	66,692 14
Stipulations of certain treaties for 1831, per act of 20th April, 1832 - - - - -	4,565 00
Stipulations of certain treaties with Creeks, Shawnees, &c., per act 4th June, 1832 - - - - -	123,565 00
Effecting certain treaties, per act 13th July, 1832 - - - - -	1,072 50
Extinguishment of Indian titles to lands in Missouri and Illinois, &c., per act of 14th July, 1832 - - - - -	9,908 05
To carry into effect certain Indian treaties and for other purposes, per act 2d March, 1833 - - - - -	735,329 79
Excess of expenditures by commissioners to hold treaty with Pottawatamies - - - - -	3,700 00

Services of A. L. Davis, secretary to commissioners	\$171 00
Removing and subsisting Indians, per 7th article treaty 24th January, 1826	2,438 23
Repayment of improvements to Creeks under the 11th article of treaty 24th January, 1826	9,300 75
Deputation of Chickasaws to the seat of Government	1,650 00
Delegation of New York Indians to visit Green Bay	1,890 00
Removing Shawnees from Ohio	1,640 00
Payment of two negroes to George Fields	700 00
Expenses of Sac and Fox prisoners as hostages	2,489 14
Removing and subsisting Indians	367,602 42
Annuities, per act of 19th February, 1808	48 84
Annuities, per act of 3d March, 1819	484 15
Annuities, per act of 26th May, 1824	268 13
Annuities, per act of 20th May, 1826, and 2d March, 1827	1,270 00
Annuities, per act of 26th May, 1826	3,500 00
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	13,199,146 99

From which deduct the following repayments:

Fort Rigolets and Chef Menteur	\$14 17
Repairing battery at Bienvenue	89 10
Security of Pea Patch island, Fort Delaware	727 17
Survey of the harbor of Westbrook, Connecticut	69 06
Survey of the harbor of Sag Harbor, New York	15 71
Survey of the river Thames, Connecticut	5 24
Examining piers at Sandy bay, Massachusetts	3 32
Survey of Tucker's island, New Jersey	29 20
Survey of the harbor, Stamford, Connecticut	16 60
Road from St. Augustine to Tallahassee	34 28
Permanent annuity to Miamies for 1831	2 50
Contingencies of Indian Department	95,474 82
Exchange of lands with Indians, and their removal	181 20
Aiding Creeks in their removal	412 52

Annuities, per act of 25th February, 1799	-	\$5,073 00	
Annuities, per act of 21st April, 1806	-	666 67	
Tobacco, iron, steel, and laborers, for Miamies, for 1831	-	180 00	
			\$102,994 56
			<u>\$13,096,152 43</u>

NAVAL ESTABLISHMENT.

Pay and subsistence of the navy	-	1,348,868 49
Pay of superintendents, naval constructors, &c.	-	54,013 86
Provisions	-	376,269 63
Medicines and hospital stores	-	33,734 16
Navy yard, Portsmouth, New Hampshire	-	27,407 49
Navy yard, Boston, Massachusetts	-	71,573 47
Navy yard, New York	-	53,571 18
Navy yard, Philadelphia	-	5,124 29
Navy yard, Washington City	-	36,248 00
Navy yard, Norfolk, Virginia	-	150,877 45
Navy yard, Pensacola, Florida	-	28,976 64
Ordnance and ordnance stores	-	24,879 04
Gradual increase of the navy	-	1,859 24
Gradual improvement of the navy	-	272,552 96
Repairs of vessels	-	668,631 12
Building, equipping, and employing three schooners	-	379 89
Timber to rebuild the Java and Cyane	-	4,167 97
Rebuilding the frigate Macedonian	-	62,666 08
Iron tanks	-	73,886 06
Navy hospital at Norfolk	-	3,944 10
Furniture for navy hospital at Norfolk	-	1,825 75
Navy asylum at Philadelphia	-	27,300 00
Furniture for navy asylum at Philadelphia	-	4,856 25
Navy hospital at Charlestown, Massachusetts	-	26,000 00
Navy hospital at Brooklyn, New York	-	20,000 00
Navy hospital at Pensacola, Florida	-	12,800 00
Privateer pension fund	-	1,014 36
Agency on the coast of Africa (prohibiting slave trade)	-	1,650 00
Purchase of a bridge at Norfolk	-	16,000 00
Survey of Narraganset bay	-	1,217 99
Compensating board of officers for revising rules, &c. of naval service	-	4,512 56
Captors of Algerine vessels	-	20 85
Relief of sundry individuals	-	6,795 73
Contingent expenses for 1831	-	4,370 16
Contingent expenses	-	268,644 39
Contingent expenses not enumerated	-	4,467 40

Arrearages of contingent enumerated prior to 1832	\$3,292 88
Pay and subsistence of the marine corps	124,971 92
Subsistence on shore	13,645 52
Extra emoluments of officers of the marine corps	113 00
Allowances to certain officers of the marine corps	18,337 28
Clothing for the marine corps	29,519 17
Medicines and hospital stores for the marine corps	2,371 25
Military stores for the marine corps	253 04
Fuel for the marine corps	10,641 57
Contingent expenses of the marine corps	14,321 23
Marine barracks at Philadelphia	3,000 00
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	3,921,573 42

From which deduct the following repayments:

Navy hospital fund	\$18,123 56	
Navy pension fund	415 35	
Covering and preserving ships in ordinary	423 00	
Timber shed, Portsmouth	511 61	
Timber shed, New York	6 97	
Timber docks at Washington, Norfolk, and Boston	1 00	
Building ten sloops of war	44 66	
Contingent expenses prior to 1824	67 73	
Contingent expenses, 1826	2 60	
Contingent expenses, 1829	191 36	
Contingent expenses, 1830	420 02	
Contingent expenses not enumerated for 1831	8 81	
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	20,216 67	
		<hr/>
		3,901,356 75

PUBLIC DEBT.

Interest on the funded debt	303,796 87	
Redemption of the exchanged $4\frac{1}{2}$ per cent. stock, of 26th May, 1824	1,001,533 30	
Redemption of the 5 per cent. stock of 3d March, 1821	23,346 71	
Redemption of the 3 per cent. stock	213,886 56	
Principal and interest of Treasury notes	929 13	
Paying certain parts of domestic debt	50 81	
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		1,543,543 38
		<hr/>
		\$24,257,398 49

TREASURY DEPARTMENT,

Register's Office, November 3, 1834.

T. L. SMITH, Register.

H. H.—*STATEMENT of moneys received into the Treasury, from all sources other than customs and public lands, from 1st January to 30th September, 1834.*

From dividends on stock in the Bank of the United States - - - - -		\$234,349 50
Sales of stock in the Bank of the United States - - - - -		191,900 00
Arrears of direct tax - - - - -	\$19 80	
Arrears of internal revenue - - - - -	1,895 70	
Fees on letters patent - - - - -	14,820 00	
Cents coined at the mint - - - - -	14,705 00	
Fines, penalties, and forfeitures - - - - -	1,232 96	
Persons unknown, stated to be due to the United States - - - - -	13 54	
Surplus emoluments of officers of the customs - - - - -	18,255 44	
Rent of houses on property purchased for the erection of a warehouse in Baltimore - - - - -	163 30	
Postage of letters - - - - -	100 00	
Fees for copies furnished by the Patent Office - - - - -	504 82	
Consular receipts under the act of 14th April, 1792 - - - - -	53 76	
The consul at Rio Janeiro, for amount awarded by the Brazilian Government to the crew of the brig Sarah George, for wages and interest - - - - -	2,567 43	
Dividend on stock in the Louisville and Portland Canal Company - - - - -	14,010 00	
Moneys previously advanced on account of balances of advances - - - - -	12,778 94	
		<u>81,120 69</u>
		<u><u>\$507,370 19</u></u>

TREASURY DEPARTMENT,

Register's Office, November 27, 1834.

T. L. SMITH, *Register.*

H. I.—*Statement of the expenditures of the United States from the 1st of January to the 30th September, 1834.*

CIVIL, MISCELLANEOUS, AND FOREIGN INTERCOURSE.

Legislature - - - - -	\$824,417 81
Executive Departments - - - - -	505,891 32
Officers of the mint - - - - -	10,600 00
Surveyors and their clerks - - - - -	27,884 45
Commissioner of the public buildings - - - - -	1,727 77
Governments in the Territories of the United States - - - - -	47,464 25
Judiciary - - - - -	287,305 57
	<u>1,705,291 17</u>

Payment of sundry pensions granted by special acts of Congress	\$937 50
Purchase of copper for the mint	26,670 00
Compensation to assistants in the several departments of the mint	20,820 00
Incidental and contingent expenses and repairs of the mint, &c.	20,050 00
Apparatus for parting gold and silver by the aid of sulphuric acid	5,000 00
Advances for effecting exchanges for bullion at the mint	30,000 00
Unclaimed merchandise	158 50
Support and maintenance of light-houses, &c.	216,578 97
Building light-houses	450 00
Public buildings in Washington, &c.	66,815 01
Penitentiary of the District of Columbia	8,500 00
Furniture for the President's house	6,000 00
Surveying the public lands	72,227 00
Survey of the Choctaw cessions in Mississippi and Alabama	20,562 84
Survey of lands in Illinois	20,000 00
Survey of lands in Indiana	7,000 00
Salaries of registers and receivers of land offices	875 00
Salaries of keepers of public archives in Florida	875 00
Final adjustment of land claims in Missouri	4,325 08
Survey of the coast of the United States	6,000 00
Repayments for land erroneously sold	1,495 24
Marine hospital establishment	56,738 82
Marine hospital at Charleston, South Carolina	1,100 00
Roads within the State of Ohio (3 per cent. fund)	10,963 94
Roads and canals within the State of Indiana (3 per cent. fund)	11,933 13
Roads and canals within the State of Mississippi (3 per cent. fund)	20,780 68
Encouragement of learning within the State of Illinois (3 per cent. fund)	11,735 18
Northern boundary of Illinois (balance due to Lucius Lyon)	1,068 12
Compilation of documents by Gales and Seaton, per act 2d March, 1831	40,000 00
Printing documents relative to public lands	5,000 00
Purchase of the books and papers of General Washington	20,000 00
Digest of the existing commercial regulations of foreign countries	5,096 16
Building custom-houses and warehouses	83,606 64
Aqueduct across the Potomac near Georgetown	25,000 00

Purchase of the rights of the Washington Bridge Company, and for the erection of a bridge on the site thereof - - -	\$2,000 00	
Bridge across the Potomac at Washington, District of Columbia - - -	1,600 50	
To reimburse O. H. Dibble the actual loss incurred by him in making preparations to build a bridge across the Potomac - - -	7,104 16	
To improve the navigation of the Potomac river between Georgetown and Alexandria - - -	15,000 00	
Liquidating and paying certain claims of the State of Virginia, under the 3d section of the act of 5th July, 1832 - - -	141,514 44	
Relief of sundry individuals - - -	198,906 77	
An act concerning naval pensions and navy pension fund, approved 30th June, 1834 - - -	167,164 40	
Revolutionary claims, per act of 15th May, 1828 - - -	163,973 58	
Additional compensation to collectors, naval officers, &c. - - -	51,544 46	
Duties refunded on merchandise - - -	12,282 20	
Duties refunded on wines - - -	96,263 99	
Miscellaneous expenses - - -	16,264 37	
		1,701,981 68
Salaries of ministers of the United States - - -	13,829 00	
Salaries of secretaries of legation - - -	6,722 08	
Salaries of chargés des affaires - - -	41,155 66	
Contingent expenses of all the missions abroad - - -	14,849 78	
Outfits of the minister to Russia and chargés des affaires to Buenos Ayres, Chili, and Brazil - - -	18,000 00	
Salary of the drogoman to Turkey and contingent expenses of the legation - - -	5,000 00	
Contingent expenses of foreign intercourse - - -	9,625 65	
Salaries of the agents of claims at London and Paris - - -	2,000 00	
Relief and protection of American seamen - - -	25,088 00	
Intercourse with the Barbary powers - - -	14,893 50	
Expenses of the commission under the convention with the King of the French - - -	10,038 80	
Expenses of the commission under the convention with the King of the Two Sicilies - - -	8,625 00	
Claims on France under the convention of 1803 - - -	3,396 70	
To reimburse the State of Maine for expenses of supporting certain American citizens in prison at Frederickton in New Brunswick - - -	775 00	
Awards under the convention with Denmark - - -	2,801 25	
		176,800 42
		3,584,073 27

MILITARY ESTABLISHMENT.

Pay and subsistence of officers	-	-	\$883,500	35
Subsistence Department	-	-	269,141	01
Quartermaster's Department	-	-	212,279	36
Transportation of officers' baggage	-	-	34,362	56
Transportation of the army, &c.	-	-	66,218	41
Forage	-	-	51,038	25
Purchasing Department	-	-	245,384	01
Payments in lieu of clothing for discharged soldiers	-	-	10,889	96
Clothing for officers' servants	-	-	23,101	12
Bounties and premiums	-	-	2,508	91
Expenses of recruiting	-	-	14,004	78
Medical or Hospital Department	-	-	21,385	52
Contingencies of the army	-	-	6,608	31
Arrearages prior to July, 1815	-	-	2,903	91
Invalid and half-pay pensions	-	-	240,644	98
Pensions to widows and orphans	-	-	3,778	44
Revolutionary pensions	-	-	773,273	53
Revolutionary pensions, per act 7th June, 1832	2,321,919	00		
Invalid pensions, per act 2d March, 1833	-	-	2,263	00
National armories	-	-	277,928	35
A pay-office and store at Springfield armory	-	-	2,000	00
Double racks at Springfield armory	-	-	600	00
Gun racks and window shutters to new arsenal at Springfield	-	-	7,800	00
Additional machinery and fixtures to new arsenal at Springfield	-	-	7,000	00
Slating roof and rebuilding water-wheel to new arsenal at Springfield	-	-	3,500	00
Repair and extension of public dam at Harper's Ferry armory	-	-	1,625	45
Enlargement of the canal at Harper's Ferry armory	-	-	3,495	00
Forging shop, tilt-hammer, &c., at Harper's Ferry armory	-	-	3,000	00
Repairing dam and removing obstructions at Harper's Ferry armory	-	-	2,000	00
Completing machinery, &c., at Harper's Ferry armory	-	-	15,200	00
Erecting store-houses, &c., at Harper's Ferry armory	-	-	1,000	00
A building for exercises at West Point	-	-	\$7,000	00
A chapel at West Point	-	-	5,000	00
Expenses of the board of visitors at West Point	-	-	2,000	00
Fuel, stationery, &c., at W. Point	4,243	00		
Repairs and improvements of buildings, &c., at West Point	4,805	00		
Pay of adjutant's and quartermaster's clerks at West Point	-	-	675	00

Philosophical apparatus - - - -	\$349 00	
Models for engineering department at West Point - - -	400 00	
Models for drawing department - - -	558 00	
Mineralogy, artillery, and sword exercise - - - -	565 00	
Increase and expenses of library, Completing outbuildings and culvert attached to the cadets' barracks at West Point - - -	1,081 50	
Miscellaneous items - - - -	835 00	
		28,071 11
Arsenals - - - -		136,297 93
Payment of taxes on United States arsenal on the Schuylkill - - - -		522 18
Arming and equipping militia - - - -		133,056 42
Arms for mounted rangers - - - -		2,598 00
Arms for South Carolina - - - -		6,131 00
Cannon - - - -		4,266 67
Ordnance service - - - -		49,035 27
Armament of fortifications - - - -		52,972 30
Repairs and contingencies of fortifications - - -		5,628 06
Fort Adams - - - -		78,500 00
Fort Calhoun - - - -		46,200 00
Fort Columbus and Castle Williams - - - -		18,000 00
Fort Delaware - - - -		19,000 00
Fort Macon - - - -		5,900 00
Fort Monroe - - - -		24,200 00
Fort Warren, on George's island, Massachusetts - - -		23,000 00
Fort Schuyler, on Throg's neck, New York - - -		18,600 00
Fort Pulaski, on Cockspur island, Georgia - - -		46,100 00
Fort Morgan, on Mobile point, Alabama - - -		3,611 35
Fort Livingston, on Grand Terre, Barataria, Louisiana - - - -		20,000 00
Fort on Foster's bank, Pensacola harbor - - -		30,000 00
Repair of Fort Marion - - - -		1,530 00
Purchase of land adjoining Fort Sullivan - - -		3,300 00
Purchase of three acres of land on Alabama river - - - -		1,800 50
Fortifications in Charleston harbor - - -		34,700 00
Fortifications at Pensacola - - - -		40,000 00
Barracks, quarters, &c., at Savannah - - -		7,000 00
Barracks, quarters, &c., at New Orleans - - -		50,000 00
Barracks and hospital at Baton Rouge - - -		13,500 00
Barracks at Key West, and purchase of ground on which they stand - - - -		2,132 89
Carrying on works in the city of Savannah - - -		20,500 00
Repairs and alterations of the barracks and quarters at Baton Rouge - - - -		6,500 00
Erecting officers' quarters at Fort Severn - - -		2,000 00
Carrying on the works at Green bay - - -		5,000 00
Store-house and stable at Pittsburg - - - -		200 00

Breakwater near the mouth of the Delaware bay	\$167,130 29
Breakwater at Hyannis harbor	3,770 00
Sea-wall, Deer island, Boston harbor	6,780 00
Piers at Buffalo (works at Buffalo)	15,406 71
Piers at the entrance of Kennebunk river	3,000 00
Piers at Laplaignee bay, Michigan	4,895 00
Piers and mole at Oswego	5,200 00
The work at Black Rock harbor, New York	4,000 00
The work at Dunkirk	3,000 00
Preservation of Plymouth beach	1,500 00
Deepening the channel-mouth of Pascagoula river, Mississippi	1,937 16
Improving the navigation of Cumberland river, Tennessee	8,500 00
Improving the navigation of Cape Fear river, North Carolina	10,470 00
Improving the navigation of Choctawhatchie river, Florida	2,500 00
Improving the navigation of Ohio, Missouri, and Mississippi rivers	40,400 00
Improving the navigation of Red river	33,200 00
Improving the navigation of Tennessee river	12,500 00
Securing the works at Presque Isle, Penn.	11,000 00
Improving the harbors of New Castle, Marcus Hook, Chester, and Port Penn	2,050 00
Improving the harbor of Cleaveland, Ohio	4,254 40
Improving the harbor of Chicago, Illinois	21,240 09
Removing obstructions of Huron river, Ohio	1,007 82
Removing obstructions of Black river, Ohio	3,319 40
Removing obstructions of Grand river	13 55
Removing obstructions of Ashtabula creek	837 52
Removing obstructions of Ocracock inlet	12,900 00
Removing obstructions of Savannah-river, Ga.	10,600 00
Removing obstructions of river and harbor of St. Mark's	4,500 00
Removing obstructions of Big Sodus bay	11,600 00
Beacon light on the pier at Conneaut river	1,000 00
Beacon light on the pier at Cunningham harbor	2,000 00
Expenses of taking observations for the northern boundary of Ohio	4,700 00
Surveys and estimates, roads and canals	21,315 03
Cumberland road in Ohio, west of Zanesville	154,400 00
Cumberland road in Indiana	64,373 00
Cumberland road in Illinois	38,752 03
Repairs of Cumberland road east of Ohio	70,000 00
Road from Detroit to Saginaw bay	15,424 69
Road from Detroit to Grand river	15,000 00
Road from Laplaignee bay to the Chicago road	12,539 34
Road from Fort Howard to Fort Crawford	169 50

Road from Line creek to the Chattahoochie	\$10,040 00
Road from St. Augustine to Tallahassee	34 28
Repair of the Mars Hill military road, Maine	3,000 00
Road from Memphis to Strong's, on St. Francis river	22,000 00
Road from Memphis to Little Rock	16 54
Road between Port Lawrence and Adrian	5,000 00
Road between Vistula and the Indiana State line	5,000 00
Road from north boundary of Florida to Appalachicola	2,500 00
Regiment of dragoons	69,094 29
Balance due commissioners for marking a road to New Mexico	1,497 54
Payment of Missouri militia claims for services in 1829	290 01
Pay and subsistence of mounted rangers	1,416 63
Repressing Indian hostilities on the western frontiers, act 2d March, 1833	5,000 00
Payment of officers and six companies of Missouri militia	35,000 00
Relief of individuals	49,502 23
Redemption of American captives	70 00
For payment of balance due to the representatives of Samuel Babcock	146 23
For payment of balance due Major P. H. Parrott	284 00
For payment of balance due Joseph D. Selden	1,697 62
Civilization of Indians	7,844 79
Pay of Indian agents, and superintendents of Indian affairs	16,646 39
Pay of Indian sub-agents	9,470 84
Pay of interpreters and translators	9,630 07
Pay of gun and blacksmiths, and assistants at the several agencies	2,182 89
Presents to Indians	3,794 32
Iron, steel, coal, &c., for gun and blacksmith shop	470 92
Transportation and distribution of annuities	747 23
Provisions for Indians at the distribution of annuities	6,004 80
Houses for agents and blacksmith shops	2,189 44
Contingencies of the Indian Department	8,178 68
Effecting treaty with the Winnebagoes, act 25th March, 1830, reappropriated	65 00
Exchange of land with the Indians, and their removal west	311 20
Holding a treaty with the Wyandot Indians	1,000 00

INDIAN ANNUITIES AND OTHER SIMILAR OBJECTS.

(Act 20th February, 1833, and prior.)

Indian annuities	392,483 88
Education of Indian youths	22,459 01
Blacksmiths, gunsmiths, millers; &c.	1,074 32

Fulfilment of the 3d and 5th articles of the treaty of 24th March, 1832	\$2,000 00
Treaty, transportation, and contingencies	30 50
Choctaw schools	321 24
Vaccination of the Indian tribes	525 40
Effecting treaty with the Creek Indians, act 22d May, 1826	392 52
Effecting treaty with the Pottawatamies, act 2d March, 1829	58 00
Cherokee delegation to Washington, in 1832	96 50
Effecting certain treaties, act 2d March, 1831, &c.	9,179 70
Stipulations of certain treaties with Creeks, Shawnees, &c., act 4th June, 1832	4,662 00
To carry into effect certain Indian treaties, &c., act 2d March, 1833	202,191 83
To carry into effect certain Indian treaties, &c., act 28th June, 1834	69,728 25
Indian annuities and other similar objects, per act 26th June, 1834	109,975 91
	<hr/>
	8,357,449 66

From which deduct the following repayments:

Preservation of George's island	\$0 60
Survey of Florida canal	233 63
Deepening the channel through the Pass-au-Heron, Alabama	1,075 43
Improving the navigation of the Arkansas river	38 00
Pay of the militia and volunteers of Illinois and other States	3,475 16
Subsistence of militia to suppress Indian hostilities, act 14th June, 1832	72 68
Road from Detroit to Fort Gratiot	424 69
Road from Coleraine to Tampa Bay	59 66
Road from Fort Smith to Fort Towson	625 30
Road to Jacksonville	87 49
Effecting treaty with the Piankeshaws and Weas, of 29th September, 1832	1,407 15
Transportation of annuities and agricultural instruments	49 81
Annuities, per act 6th May, 1796	500 00
	<hr/>
	8,049 60
	<hr/>
	8,349,400 06

NAVAL ESTABLISHMENT.

Pay and subsistence of the navy	1,102,225 43
Pay of superintendents, naval constructors, &c.	42,901 70

Provisions	-	-	-	\$345,792	61
Medicines, surgical instruments, and hospital stores	-	-	-	20,381	90
Navy yard at Portsmouth	-	-	-	21,645	01
Navy yard at Boston	-	-	-	59,554	11
Navy yard at New York	-	-	-	45,436	39
Navy yard at Philadelphia	-	-	-	6,550	00
Navy yard at Washington	-	-	-	15,468	20
Navy yard at Norfolk	-	-	-	106,584	17
Navy yard at Pensacola	-	-	-	37,759	21
Ordnance and ordnance stores	-	-	-	9,029	23
Gradual increase of the navy	-	-	-	3,654	27
Gradual improvement of the navy	-	-	-	85,710	98
Repairs of vessels in ordinary, and wear and tear of vessels in commission	-	-	-	536,605	31
Rebuilding frigate Macedonian	-	-	-	12,750	00
Iron tanks	-	-	-	42,000	01
Furniture for naval asylum at Philadelphia	-	-	-	300	00
Navy hospital at Pensacola	-	-	-	17,188	00
Completing and furnishing hospitals	-	-	-	28,583	35
Experiments on the steam engine	-	-	-	100	00
Agency on the coast of Africa, suppression of the slave trade	-	-	-	1,050	00
Survey of the coast of the United States	-	-	-	14,943	88
Compensating board of officers for revising rules, &c., of the naval service	-	-	-	300	00
Contingent expenses	-	-	-	183,690	53
Contingent expenses, not enumerated	-	-	-	1,348	28
Arrearages of enumerated contingencies prior to 1st January, 1832	-	-	-	267	92
Relief of individuals	-	-	-	19,512	93
Pay and subsistence of the marine corps	-	-	-	104,474	97
Subsistence of non-commissioned officers, &c., serving on shore, marine corps	-	-	-	11,990	79
Clothing for non-commissioned officers, &c., serving on shore, marine corps	-	-	-	13,129	02
Medicine and hospital stores for marine corps	-	-	-	2,165	68
Military stores for marine corps	-	-	-	366	98
Fuel for marine corps	-	-	-	6,326	84
Contingent expenses of marine corps	-	-	-	13,358	59
Transportation and recruiting, marine corps	-	-	-	1,373	14
Marine barracks and hospital at head quarters	-	-	-	941	82
Arrearages of pay, &c., to officers of the marine corps.	-	-	-	15,099	75
				2,931,161	00

From which deduct the following repayments:

Navy hospital fund - \$4,214 29

Navy pension fund	-	\$5,615 14	
Privateer pension fund	-	2,199 75	
Survey of Narraganset bay	-	91 36	
Covering and preserving ships in ordinary	-	2,653 88	
Furniture for naval hospital, at Norfolk	-	1 22	
Navy hospital, at Norfolk	-	81	
Contingent expenses for 1827	-	14 90	
Contingent expenses for 1828	-	2,632 35	
Contingent expenses for 1830, not enumerated	-	540 00	
Contingent expenses for 1831	-	14 18	
		<u>17,977 88</u>	
			2,913,183 12

PUBLIC DEBT.

Interest on the funded debt	-	135,153 97	
Redemption of exchanged 4 $\frac{1}{2}$ per cent. stock, 26th May, 1824	-	1,256,968 77	
Redemption of 5 per cent. stock of 1821	-	306,452 97	
Paying certain parts of domestic debt	-	38 74	
Reimbursement of Treasury notes	-	72 02	
		<u>1,698,686 47</u>	
			<u>\$16,545,342 92</u>

TREASURY DEPARTMENT,

Register's Office, November 27, 1834.

T. L. SMITH,
Register.K K.—*Estimate of the public debt as it will exist on the 1st of January, 1835.*

Denomination.	Date of acts constituting the stocks.	When re-deemable.	Amount.
Unfunded registered debt, being claims for services and supplies during the revolutionary war	July 9, 1798	On present'n	\$27,437 96
Treasury notes issued during the late war	Feb. 24, 1815	Do.	5,975 00
Mississippi stock	March 3, 1815	Do.	4,320 09
			<u>\$37,733 05</u>

Amount of the debt on the 1st of January, 1834, per statement B, which accompanied the report of the commissioners of the sinking fund of the 7th of February, 1834 - \$6,002,507 98

Deduct amounts paid, and to be paid during the present year, viz :		
The residue of the exchanged 4½ per cent. stock, issued under the act of 26th of May, 1824	\$1,252,625 90	
And the residue of the 5 per cent. stock issued under the act of the 3d of March, 1821	4,712,060 29	
	<u>5,964,686 19</u>	
On account of the unfunded debt, viz :		
Of the registered debt	\$38 74	
Treasury notes	- 54 00	
	<u>88 74</u>	
		<u>5,964,774 93</u>
	As above	<u>\$37,733 05</u>

TREASURY DEPARTMENT,
Register's Office, November 27, 1834.

T. L. SMITH, Register.

B.

DOCUMENTS

Accompanying the annual report of the Secretary of the Treasury, in relation to the bill of exchange on the Government of France and seizure of the dividends.

- 1.—Correspondence with Bank United States.
- 2.—Letter of Attorney General United States to Hon. R. B. Taney, and his opinion on the claims of Bank United States for damages on bill of exchange on France.
- 3.—Opinion of Attorney General United States on the seizure of the dividends on stock of United States in Bank United States.

No. 1.

Correspondence with Bank United States in relation to bill of exchange on France.

BANK UNITED STATES,

April 26, 1833.

SIR: I have the honor to inform you that I have this day received advice from Paris that your bill of exchange, in my favor, for four millions eight hundred and fifty-six thousand six hundred and sixty six francs and sixty-six centimes (francs 4,856,666 66) has been protested for non-payment.

As soon as the bill and the protest are received, a statement of the account will be forwarded to you. In the mean time, you will please to take notice that the bank holds you responsible for principal, interest, costs, damages, and exchange.

I have the honor to be, with great respect, sir,

Your obedient servant,

S. JAUDON, Cashier.

Hon. LOUIS McLANE,

Secretary of the Treasury, Washington City.

BANK UNITED STATES,
 May 13, 1833.

SIR: Begging reference to my respects of the 26th ultimo, I have now the honor to transmit to you, herewith, your original bill of exchange, dated 7th February last, in my favor, at sight, on M. Humann, Minister and Secretary of State for the Department of Finance, Paris, for four million eight hundred and fifty-six thousand six hundred and sixty-six francs and sixty-six centimes, and the protest for the non-payment of said bill, dated March 22d, 1833; which bill and protest were received by me this day. I transmit, also, herewith, the instrument executed by the President, under the seal of the United States, which accompanied and was returned with this bill, and the account of Messrs. Hottinguer & Co., our bankers in Paris, of the costs of protest, &c., together with the bank's account of return of said bill. The amount of the last is 5,630,765 francs 91 centimes, equivalent, at 5.30 francs, the current rate of exchange, this day, for a bill on Paris, at sight, to \$1,062,408 66, due in cash this day.

I have the honor to be,

With great respect, sir,

Your obedient servant,

S. JAUDON, *Cashier.*

Hon. LOUIS McLANE,

Secretary of the Treasury, Washington.

STATEMENT of the payment and charges made by Hottinguer & Co., of Paris, on a bill of f. 4,856,666 66, drawn by the Secretary of the Treasury of the United States upon M. Humann, Minister of Finances, protested for non-payment, and which they paid for the honor of the signature, and for account of S. Jaudon, Esq., Cashier of the Bank of the United States of America.

f. 4,856,666 66	Amount of bill.
24,283 33	Commission $\frac{1}{2}$ per cent.
3,399 90	Stamp.
27 65	Protest and translation.
14 45	Second and third of protest and legalization.
35. 00	Paid to American consul at Havre, expenses for the document to be copied upon his books.

f. 4,884,427 99 Say four million eight hundred and eighty-four thousand four hundred and twenty-seven francs and ninety-nine centimes, which we place to the debit of the Bank of the United States, due 22d March, 1833.

Errors excepted.

HOTTINGUER.

PARIS, 20th March, 1833.

TREASURY DEPARTMENT,
 May 16, 1833.

SIR: The letter of the cashier of the bank, Mr. Jaudon, dated the 26th ult., informing me of the non payment of the bill drawn by this department

on the French Government, for the amount of the fifth instalment payable under the late convention, was duly received; and yesterday, that of the 13th, returning the bill and protest, and the account of the bank therefor, was also received. As the proceeds of the bill have not been brought into the treasury by warrant, the department has it in its power to return the amount immediately to the bank; and the Treasurer has been requested to instruct the cashier of the bank to recharge the same to his account. The account of the bank for the return of the bill is under consideration, and the result, which is not to be affected in either way by this payment, will be communicated in a few days.

I am, respectfully,

Your obedient servant,

LOUIS McLANE,

Secretary of Treasury.

N. BIDDLE, Esq.,

President Bank United States, Philadelphia.

BANK OF THE UNITED STATES,

June 19, 1833.

SIR: In a letter which I had the honor to receive from your predecessor, under date of the 16th ult., it was stated that the account of the bank for the return of the protested bill on the French Government was under consideration, and that the result would be communicated in a few days.

The approaching semi-annual settlement of the affairs of the bank on the 1st of the next month, makes it desirable to arrange all its unadjusted accounts at that period; and it will, therefore, be acceptable, if entirely consistent with your convenience, to learn whether the account in question can be settled before that time.

I have the honor to be,

Very respectfully,

N. BIDDLE, *President.*

HON. W. J. DUANE,

Secretary of the Treasury, Washington.

TREASURY DEPARTMENT,

June 21, 1833.

SIR: In reply to your letter of the 19th inst., I beg leave to inform you, that upon the receipt of "the account of the bank for the return of the protested bill on the French Government," and before I took charge of this department, it was deemed proper to submit it to the consideration of the Attorney General of the United States; and that, according to the opinion of that officer, expressed in a letter, of which a copy is sent herewith, the item of fifteen per cent. damages on the amount of the bill has no foundation in law or equity.

As the account stated by the bank, with the exception of that item, appears to be correct, if supported by proper vouchers, it would have given me pleasure to have it settled prior to the approaching semi-annual settle-

ment of the affairs of the bank, and with an understanding that this settlement should not affect the rights of the bank otherwise, if any it has. But, as the fund from which the payment is to be made is at present insufficient, I am under the necessity of postponing it until the President's return; after which, the requisite measures will be promptly adopted.

I am, very respectfully,

Your obedient servant,

WILLIAM J. DUANE,

Secretary of the Treasury.

N. BIDDLE, Esq.,

President Bank United States, Philadelphia.

ATTORNEY GENERAL'S OFFICE,

May 24, 1833.

SIR: I have carefully examined the claims presented by the Bank of the United States, on account of the protest of the bill of exchange, drawn by you on the French Government, for the first instalment, and interest due the United States, under the convention with France of July 4, 1831. The account stated by the bank, if supported by proper vouchers, appears to be correct, with the exception of the claim of fifteen per cent. damages on the amount of the bill. This item, in my opinion, has no foundation in law or equity, and ought not to be paid by the Government. The bank is entitled to indemnity, and to nothing more. I will take another occasion to state to you the reasons on which my opinion is formed;

And am, very respectfully,

Your obedient servant,

R. B. TANEY.

TO THE SECRETARY OF THE TREASURY.

OFFICE OF BANK OF THE UNITED STATES,

Washington, June 25, 1834.

SIR: By direction of the Bank of the United States, I hand you, enclosed, an account for the damages and interest on the bill drawn by the Treasury Department on the French Government, and returned protested in March, 1833.

This account was presented by me to the First Auditor for settlement, on the 22d inst., and returned by him, on the 24th inst., with the remark, "that as the claim is understood to be predicated on a negotiation, or arrangement in relation to said bill, between the bank and the head of the Treasury, his approval, or an appropriation by Congress, is deemed necessary by the accounting officers of the department, before they can consider themselves authorized to take cognizance of it." For the purpose of obtaining from you the instructions which are deemed necessary, the account is now presented to you; and I will be much obliged by your acting on the case as your engagements will permit, as the bank is anxious to know the final decision of your department in relation thereto.

I am, sir, respectfully, your obedient servant,

R. SMITH, *Cashier.*

HON. ROGER B. TANEY,

Secretary of the Treasury.

BANK OF THE UNITED STATES,
 May 13, 1833.

ACCOUNT of return, with protest for non-payment, of a bill of exchange, drawn by Louis McLane, Secretary of the Treasury, dated Treasury Department of the United States, Washington, February 7, 1833, at sight, to the order of Samuel Jaudon, Cashier of the Bank of the United States, on M. Humann, Minister and Secretary of State for the Department of Finance, Paris.

Principal due March 22, 1833	f4,856,666 66
Costs of protest, as per Messrs. Hottinguer and Co's account of charges, herewith, exclusive of their commission, which is covered by the damages charged below	3,478 00
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	f4,860,144 66
Interest from March 22d (the date of protest) to May 13th, fifty-two days	42,121 25
Damages on f4,856,666.66, at 15 per cent.	728,500 00
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	f5,630,765 91

Which, at 5.30, the current rate of exchange for a bill at sight on Paris, is \$1,062,408 66, due in cash this day, with interest until paid.

The United States of America, to the President, Directors, and Company of the Bank of the United States, Dr.

1833. May 13. For amount due upon the bill of exchange drawn by Louis McLane, Secretary of the Treasury, dated February 7, 1833, as per copy herewith, of the account of return of said bill, under protest for non-payment, rendered this day to the Secretary of the Treasury, with vouchers.	\$1,062,408 66
May 18. Deduct amount this day received from the Treasurer of the United States, per his letter dated Washington, May 16, 1833	903,565 89
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	158,842 77
Interest on the above balance from May 18, 1833, to June 21, 1834, 13 months and 8 days, at 6 per cent. per annum	10,536 56
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	\$169,379 33

BANK OF THE UNITED STATES, June 21, 1834.

S. JAUDON, Cashier.

TREASURY DEPARTMENT, July 2, 1834.

SIR: In reply to your communication, addressed to the department on the 25th ultimo, I have to state that the department is not aware of any circumstance having occurred; since its letter to the President of the United

States Bank, of the 21st June, 1833, changing the opinion of your claim for damages on account of the French bill of exchange, as expressed by the Attorney General, and by the department in conformity thereto.

I am, very respectfully,

Your obedient servant,

LEVI WOODBURY,

Secretary of the Treasury.

RICHARD SMITH, Esq., *Cashier,*

Branch United States Bank, Washington.

BANK OF THE UNITED STATES, *July 8, 1834.*

SIR: I have had the honor of receiving your letter of the 3d instant, requesting that the dividend on the stock of the bank, owned by the United States, should be placed to the credit of the Treasurer of the United States, at the office of this bank in Washington, which was this morning submitted to the board of directors.

At the same time was presented a copy of your letter to the cashier of that office, dated the 2d instant, containing the final refusal of the Treasury to allow the claim of the bank for damages on the protested bill upon the French Government.

After due consideration of the contents of these communications, I am instructed by the board of directors to inform you that, from the dividend payable on the 17th of this month, there will be deducted the amount due to the bank for damages, costs, and interest upon the bill of exchange drawn by the Secretary of the Treasury on the French Government; and that the remainder shall be placed to the credit of the Treasurer in the office at Washington, in conformity to your request.

I am further instructed to say, that this course is adopted by the board of directors, not merely from a conviction of the obvious justice and propriety of it, but because it furnishes the best, if not the only, mode of obtaining a judicial decision of the case by the proper tribunals. To procure that decision, the board will give every facility in their power; and if there is any other mode of submitting the rights of the respective parties to the judicial tribunals, more acceptable to you, any suggestion by you for that purpose will not fail to receive the prompt and respectful consideration of the board of directors.

In the mean time, I have the honor to be,

Very respectfully, yours,

N. BIDDLE, *President.*

HON. LEVI WOODBURY,

Secretary of the Treasury, Washington.

BANK OF THE UNITED STATES, *July 8, 1834.*

SIR: I had this day the honor of informing you that the board of directors would deduct, from the dividend payable to the United States on the 17th of this month, the amount due to the bank on account of damages on the bill of exchange on the French Government.

I am instructed to apprise you, at the same time, that, in thus enforcing

their right in this particular case, they desire not to be understood as waiving any other claim upon the Government; and they more especially wish it to be understood, that they do not waive their claim for full compensation and indemnity for the violation of the charter of the bank, by the removal from its custody of the public funds, for the use of which the bank had paid a valuable consideration.

That claim is reserved in full force, to be asserted at such time, and in such manner, as may hereafter be deemed expedient.

I have the honor to be,

Very respectfully, yours,

N. BIDDLE, *President.*

HON. LEVI WOODBURY,

Secretary of the Treasury, Washington.

TREASURY DEPARTMENT, *July 14, 1834.*

SIR: Your two communications, under date of the 8th instant, have been received. The course pursued by the bank, over which you preside, in determining to withhold a portion of the dividends due on the stock of the United States, has excited much surprise in this department; and at the present time is more to be regretted, as Congress is not in session to provide for the deficiency thus caused in the estimated revenue from the bank stock the present year.

The claim for damages on the bill of exchange drawn upon France—to answer which, it is stated that payment of part of the dividends is now refused—was disallowed by this department before the two last dividends were passed to the credit of the Treasury, and some months before the recent session of Congress commenced. Consequently, it was presumed that the claim, if not abandoned, would be presented and pursued before that body, in the manner usual with claims against the United States, when the latter has not instituted any action at law against the claimant.

Besides these considerations, it would not have been anticipated as probable that all the dividends accruing would not be paid with promptitude and fidelity, when it was known that the case of a failure in a stockholder to discharge his subscription to the capital of the bank was the only case where the charter makes an express provision "that he should lose the benefit of the dividends;" and, in this instance, that the United States, though a large stockholder, was not pretended to have been guilty of any breach of this provision.

Notwithstanding this, it would seem, from your communications, that the United States, though intimately connected with the bank, by having conferred the great privileges in its charter, by still using it daily as a fiscal agent for certain purposes, and by being entitled to a supervision of its concerns, through Congress, has suddenly, without previous notice, and only by an implied or constructive power, not, in the opinion of this department, warranted or necessary, and for the purpose of satisfying a controverted claim, the law and equity of which were, many months since, denied by the Executive, and have never been sanctioned by either of the other branches of the Government established by the constitution.

In this condition of the subject, since the bank did not deem it proper to present to Congress, the customary tribunal for settling such disputed de-

mands against the United States, or, during its late session, to apprise either that body or this office of the extraordinary course intended to be pursued in thus seizing upon a large portion of the public dividends, while already in possession of more than a million of dollars belonging to the Government, but hitherto uncalled for by its creditors or the Treasury; this department does not consider that it has yet enjoyed a suitable opportunity, in relation to so unexpected a measure, to know the views or procure the desirable action of Congress, and therefore does not feel justified in making, at this time, any arrangement with the bank, or any "suggestions" in respect to legal prosecutions, nor in recognising, in any mode, the justice or propriety of the proceedings the bank has been pleased to adopt.

But it will endeavor, on the whole subject, to present an early report to Congress at its next session, and to the President of the United States. In the mean time, if the bank desires, before a report is prepared, that the facts and reasons, in detail, on which its decisions, and especially its claim for damages on the bill of exchange, are founded, should be examined by this department, the statement of them, whenever forwarded, will receive a respectful consideration.

I have the honor to be, yours,

LEVI WOODBURY,

Secretary of the Treasury.

N. BIDDLE, Esq.,

President United States Bank, Philadelphia.

No. 2.

Letter of the Attorney General requesting it, and the opinion of the honorable R. B. Taney upon the claim for damages by the Bank United States, on account of the protest of the French bill of exchange.

ATTORNEY GENERAL'S OFFICE,

October 21, 1834.

SIR: I have recently received a letter from the Secretary of the Treasury, in which he requests me, among other things, to furnish him with a copy of the reasons, supposed by him to have been placed on file in this office by yourself, in support of the opinion given by you as Attorney General of the United States, on the claim preferred in May, 1833, by the Bank of the United States, for fifteen per cent. damages on the bill of exchange drawn by the Secretary of the Treasury on the French Government. As I do not find any such paper on the files of this office, may I ask you to transmit me a copy thereof, if such a document has been prepared by you, and, if not, that you will state the grounds of your opinion in such form as to enable me to comply with the request of the Secretary of the Treasury?

I have the honor to be,

With great respect,

Your obedient servant,

B. F. BUTLER.

To the Hon. ROGER B. TANEY, *Baltimore.*

WASHINGTON, November 25, 1834.

SIR: I proceed, according to your request, to state the grounds on which I came to the conclusion that the Bank of the United States was not entitled to the fifteen per-cent. damages which it demanded on the protest of the bill drawn by the Secretary of the Treasury for the first instalment due under the convention with France.

The facts in the case are briefly these. By the terms of the convention, the money was to be paid at Paris, into the hands of such person or persons as should be authorized by the Government of the United States to receive it; and, by the act of Congress of July 13, 1832, it was made the duty of the Secretary of the Treasury to cause the several instalments, with interest thereon, to be received from the French Government, and transferred to the United States, in such manner as he might deem best—the nett proceeds thereof to be paid into the Treasury.

In execution of this act of Congress, the Secretary of the Treasury drew a bill of exchange on the French Government, payable to the cashier of the bank, or to his order, for the first instalment due by the treaty; for which the bank agreed to pay a stipulated sum. But, as this bill from the Treasury Department was not such an instrument as would, under the treaty, authorize the bank or the holder to demand payment, another instrument was executed, in proper form, under the signature of the President, and duly authenticated from the State Department, whereby the cashier of the bank, and his assignee of the bill, was authorized to demand and receive the amount due for the said instalment, and to give an acquittance to the French Government. This paper was delivered, together with the bill of exchange, to the bank, and was passed with it to the endorsee, for the purpose of conferring on the holder of the bill the character and authority that would entitle him to demand the money, according to the stipulations in the treaty. When the papers were presented to the French Government, and payment demanded, it was refused, because no appropriation had been made by the Chambers. The bill of exchange was thereupon protested, and paid, *supra protest*, by Hottinguer & Co., of Paris, for the honor of the bank.

My impression is, that it appeared from the papers, communicated by the bank to the Treasury Department, that the bill in question was paid by Hottinguer & Co., out of funds of the bank, then in their hands. I do not, however, find such a statement among the papers now submitted to me; nor does it materially vary the case; for it is not suggested by the bank that it is liable to Hottinguer & Co. for the damages it has claimed of the United States.

At the time the Secretary of the Treasury made the arrangement with the bank, above stated, and delivered to it the bill of exchange, and the authority from the President, and for a long time before and after, and up to the time when these damages were demanded, the bank had on deposit in the mother bank and its various branches a very large amount of public money, far exceeding the sum which the bank was to pay. And, upon the delivery of these papers, the sum which the bank had agreed to pay to the Government was transferred, on the books of the bank, to the credit of the Treasurer of the United States. But it was never brought into the Treasury by a warrant from the department, nor was any part of it ever withdrawn from the bank, or used by the Government. It remained in possession of the bank, until notice was received of the non-payment of the instalment by the

French Government, and was then re-transferred to the bank by the direction of the Secretary of the Treasury. It is not alleged that the bank sustained any damage or inconvenience whatever, beyond the mere costs of the transaction.

The money which France agreed to pay was due to individual citizens of the United States for injuries which they had suffered from the French Government. It was to be paid to the United States, as trustee for them. And the object of the act of Congress, hereinbefore referred to, was to enable the Secretary of the Treasury to transfer the money to this country in such a manner as would, in his judgment, render the fund most productive to the parties entitled. The net proceeds of the indemnity stipulated by the treaty, after deducting the costs and expenses of transmitting it to the United States, is all that the parties are entitled to demand from the Government. And if the damages insisted on by the bank are allowed, it will diminish the sum to be distributed \$158,842 77, and lessen, by that large amount, the compensation to be received by the individuals who have suffered from the wrongs of the French Government. In the arrangement made with the bank, the Secretary of the Treasury dealt with a fiscal agent of the Government; and that agent must have perfectly understood that the United States were acting merely in the character of trustees for the benefit of others; and that, in the shape which was given to the transaction with the bank, the Secretary of the Treasury intended to obtain the remittance of the funds, in a manner that would render them most productive to the persons entitled.

This summary of the facts renders it sufficiently evident that the claim of the bank to fifteen per cent. damages cannot be supported, upon any principle of moral justice, among the parties concerned. As the bank does not allege that it sustained any damage or inconvenience from the non-payment of the money by the French Government, it would be manifestly unjust to extort these heavy damages from the individual citizens, who would have to bear the penalty it demands, and whose actual losses will not be compensated if the entire sum is paid according to the treaty. It would be still more unjust to exact such damages from the United States, as they acted in this business merely in the character of trustees, and adopted, in good faith, the mode of remittance which was believed to be most for the interest of the persons interested in the fund. Where no loss has been sustained by the agent with whom the Government dealt, it is obvious that there can be no claim for damages, upon principles of justice, either against the individual claimants or against the Government; and if the bank can make good its right to these damages, the claim must depend for support on some principle of mere technical law, and not upon its equity and justice.

In my opinion, there is no principle, even of mere technical law, upon which the claim to these damages can be sustained.

If the bill of exchange, drawn by the Secretary of the Treasury, had been an ordinary commercial transaction between individuals, the protest for non-payment would not, according to the *general usages* of trade, have given the bank a right to demand these damages; for, by the general law merchant, the holder of a protested foreign bill of exchange is entitled to indemnity, and to nothing more. He is entitled to a just compensation for the injury he may sustain; and this compensation, according to the general law of commerce, consists of so much as will purchase a good bill of

exchange for the same amount, together with interest on the amount of the bill, and the costs and expenses to which the protest subjected him. But he has no right to damages of fifteen per cent., or for any particular amount, by way of penalty on the drawer. I speak now of the principles upon which the general law merchant measures the compensation to a holder of a foreign bill of exchange, when dealing with the subject upon general principles of justice between the parties. But, in many places, damages are given by local usages, or the statutes of the particular States or nations, and vary in amount in different places. And, in such instances, they are not intended to be given as a compensation for the loss actually sustained, but are allowed upon principles of commercial policy, and as a penalty on the drawer for selling a foreign bill of exchange, without having funds provided to meet it.

In Maryland, for example, damages are given by express statute; and by an act of Assembly, passed in 1786, and which is still in force in that State, it is enacted "that upon all bills of exchange hereafter drawn in this State, on any *person, corporation, company, or society*, in any foreign country, and regularly protested, the owner or holder of such bill, or the *person or persons, company, society, or corporation*, entitled to the same, shall have a right to receive and recover so much current money as will purchase a good bill of exchange of the same time of payment, and upon the same place, at the current exchange of such bills, and also fifteen per cent. damages upon the value of the principal sum mentioned in such bill, and cost of protest, together with legal interest upon the value of the principal sum mentioned in such bill, from the time of protest until the principal and damages are paid and satisfied."

The transaction between the Secretary of the Treasury and the bank having taken place at Washington, in that part of the District of Columbia which formerly belonged to Maryland, it would, as Congress have not legislated on the subject, be governed by the laws of Maryland in force at the time when jurisdiction was assumed by the General Government.

It is under this act of Assembly, I presume, that these damages are claimed, and the right to them, if it exists at all, must be deduced from the provisions of this law, and cannot be claimed independently of it. And, in order to support the demand made by the bank, it must be shown that this statute embraced bills of exchange drawn by the State of Maryland itself; because, the United States standing now in the same relation to that portion of the District that the State held before jurisdiction was assumed over it by the General Government, the statute in question cannot bear on the rights of the United States further than it operated on the State of Maryland in like cases.

It is quite clear that this act of Assembly did not embrace bills of exchange drawn by the State itself. I consider it to be an established principle of law in Maryland, that the State is not included in the general provisions of a law, unless it is expressly named, or the language of the statute and the nature of the provisions imply that it was intended to operate on the rights of the State as well as of individuals. The State is not named in the statute above quoted, nor can its words, by any fair interpretation, be construed to embrace it. The object of the law is too obvious to be misunderstood. It was designed to prevent individuals, or companies, from selling bills payable in foreign places, when they had no funds to meet them. And the fifteen per cent. damages is given in addition to the actual damage

which the holder would sustain, in order to deter individuals from practising imposition upon others, by professing to have funds in places where, in truth, they have none, and thereby inducing the honest trader to purchase from them; and, by that means, subjecting him to inconvenient and inevitable disappointment in his commercial arrangements. It is impossible to suppose that the Legislature imagined that such a provision was necessary to guard individuals against such impositions on the part of the State. It could not be supposed that a bill of exchange would be drawn by the sovereignty, unless it was believed that funds were provided to meet it; and it cannot be imagined that, if the party on whom it was drawn should fail in his duty, and refuse the payment, the State would inflict a penalty of fifteen per cent. on itself, when it had been in no fault and committed no injustice. In such a case, it would doubtless be right to settle the claim upon principles of justice, and to give to the party a liberal indemnity for any loss he might really sustain. But the State could hardly intend to inflict upon itself a penalty beyond what the principles of justice and the general usages of trade would give in the case of an individual. It is impossible, therefore, to suppose that it was the intention of the Legislature to embrace in this law bills of exchange drawn by the State; and, as the State of Maryland would not, under this act of Assembly, have been chargeable with the fifteen per cent. damages, the penalty cannot, by force of its provisions, be claimed against the United States.

But the subject-matter of the transaction out of which this controversy has arisen, is not one contemplated by the act of Assembly, and was never designed to be embraced by its provisions. The law intended to give the damages specified where instruments, known in the general usages of trade as foreign bills of exchange, were regularly protested. In cases of that description, the sale of the bill itself constitutes the whole transaction between the drawer and the party to whom it is transferred: the purchaser is not bound to inquire, and is not presumed to know, how funds are to be provided in the hands of the drawee to pay it. The drawing of the bill is equivalent to an assurance that it will be duly accepted and paid; and the purchaser relies upon this assurance. The instrument itself confers the right to receive the money, and constitutes the only evidence of the right, and it does not require the aid of any other writing to support its authority.

It is an abuse of terms to treat the bill drawn by the Secretary of the Treasury, in favor of the Bank of the United States, on the French Government, as an ordinary mercantile transaction, and liable to be governed by the same rules. This bill of exchange, standing by itself, gave no right to demand the money from the party on whom it was drawn. The endorsement of the bill, of itself, transferred no right to the holder. The entire authority was given by the instrument signed by the President, and attested at the State Department, which authorized the French Government to pay the money to the cashier of the Bank of the United States, or to his assignee of the bill. The bill of exchange not being such an instrument as the treaty contemplated, it would have been inoperative, and without value, unless accompanied by this authority. It was in shape, indeed, like the mercantile instrument known as a bill of exchange, but it wanted the most essential quality of that instrument. It cannot, therefore, be justly or legally regarded as subjecting the parties to it to all the liabilities and undertakings implied in the ordinary concerns of commerce. Nor can it be considered as embraced by a statutory provision, which was obviously designed to pro-

vide for instruments which belong to the ordinary usages of trade, and which have the incidents and qualifies the law annexes to such contracts.

The real authority to the bank was the instrument of writing above mentioned, signed by the President. This paper was executed in manner and form according to the usages of nations, and the French Government were bound to recognise its authority, and to pay the money to the person thereby designated; and, from the nature of the transaction, the bank must have perfectly understood that this instrument, and not the bill of exchange, constituted the real power to receive the money.

The paper from the Department of State, being delivered to the bank at the same time with the bill, explained the whole transaction, even if it had not before been well understood. And there is no pretence, therefore, for treating this controversy as if it were simply the affair of a commercial instrument, and liable to all its incidents and implied undertakings.

The bill of exchange was superadded, I presume, to the regular authority required by the treaty, for the convenience of the bank in transmitting the funds to this country; and it certainly was not expected that an instrument, not necessary to the transaction, and which conferred no right, would subject the United States to the payment of fifteen per cent. damages, upon the failure of the French Government to meet its engagements.

Whatever damages were actually sustained by the bank, the Government ought no doubt to repair, and are ready and willing to make good. But there is, in my judgment, no foundation in justice or in law for the penalty of fifteen per cent. claimed by the bank.

The papers relating to this transaction being in Washington, it was out of my power to reply to your note, until I could come here to examine them; and, having been necessarily detained in Baltimore since you called on me for this opinion, I must beg you to excuse the unavoidable delay in transmitting it to your office.

I have the honor to be, sir,

Very respectfully, your obedient servant,

R. B. TANEY.

The Hon. B. F. BUTLER,

Attorney General U. S., Washington.

No. 3.

Opinion of the Attorney General of the United States, on the seizure of the dividends on the Government stock of the United States in the Bank of the United States.

ATTORNEY GENERAL'S OFFICE,

November 28, 1834.

SIR: I have examined the correspondence and other documents transmitted to me with your communication of the 17th ultimo; and, in compliance with your request, will now proceed to state my opinion "as to the validity of the course pursued by the Bank of the United States," in withholding a portion of the dividends payable, in the month of July last, upon the stock of that institution owned by the United States, and in applying the same in satisfaction of a claim for damages at the rate of fifteen per

cent., and for costs and interest upon the bill drawn in February, 1833, on the French Government; which claim had been previously disallowed by the Treasury Department, and had not been provided for, or in any other manner sanctioned or admitted by, any act of Congress.

In the letter of the president of the bank, addressed to yourself, and dated the 5th of July last, he states that he is instructed to say that this course has been adopted by the board of directors, "not merely from a conviction of its obvious justice and propriety, but because it furnishes the best, if not the only, mode of obtaining a judicial decision on the case, by the proper tribunals." He also suggests that, "to procure such a decision, the board will give every facility in their power; and that, if there is any other mode of submitting the rights of the respective parties to the judicial tribunals, more acceptable to you, any suggestion for that purpose will receive a prompt and respectful consideration."

The vindication of the bank, in withholding the moneys in question, is thus, as I understand it, placed by its president on the double ground, *first*, that the course itself is a just and proper one; and, *secondly*, that whether this particular step be a proper one or not, the original claim of the bank to damages ought to be decided by the *judicial tribunals*, whose action is to be had upon the subject, by compelling the United States to *sue* for the moneys now retained, when the opposing claim of the bank will be presented for trial and decision, by way of set-off.

1. I am not aware that any case can exist in a country acknowledging a government of laws, in which it can be *obviously just and proper* for a party, claiming to be the creditor of another, to retain the money or other property of the latter, without his consent and against his will, except where the law gives such creditor the benefit of a *lien*; in which case he is permitted to appropriate the debtor's money to the payment of the debt, and to detain his other property until such debt shall be satisfied: Such a right, it is presumed, is intended to be asserted and relied on, in support of the course adopted by the bank; and the first point to be examined, therefore, is, whether that corporation has a lien for the claim, and on the moneys in question.

It is proper, at the outset of this inquiry, to recur to the charter of the bank, for the purpose of ascertaining whether any such right can be derived from its provisions; it being a familiar rule, in the law of corporations, that those bodies have no other powers than such as are either expressly granted or necessarily implied in the act creating them. The thirteenth article of the constitution of the corporation is the only part of the charter which expressly authorizes the bank to withhold the dividends of a stockholder; and the authority there given is confined to the case of "a failure in the payment of any part of any sum subscribed to the capital of the said bank, by any person, co-partnership, or body politic;" in which event it is declared, that the party failing "shall lose the benefit of any *dividend* which may have accrued prior to the time for making such payment, and during the delay of the same." Whether this corporation would have had a lien on the dividends in the particular case thus provided for, if the charter had been silent on the subject, it is not now material to inquire; because the provision above quoted is confined to delinquencies "*by any person, co-partnership, or body politic,*" and was evidently so penned for the purpose of excluding the United States from its purview; and also because the de-

mand for which the lien is now claimed, is not for a failure of the payment of subscription moneys.

Nor do I think it very material to inquire whether, since Congress have expressly authorized the bank to withhold the dividends of a stockholder in one case, and in one case only, the right to do so is to be denied in every other case, although there is certainly some ground for such an argument. On the contrary, I shall concede, for the purpose of this opinion, that, as between itself and its ordinary stockholders and dealers, this corporation is entitled to the same liens and other legal advantages, in respect to debts and damages claimed by it, as private bankers or the State banks.

By the law of lien, as it exists in England and the United States, private bankers have a general lien on all moneys and securities deposited with them for the balances of accounts and other actual debts, and for acceptances and other engagements made in consideration of such deposits. The State banks, and other moneyed corporations in this country, are undoubtedly entitled to the like general lien; and it is usually understood to extend, in respect to debts actually due, to dividends on their stock. Such, at least, appears to be the law in New York and Massachusetts; in each of which States it has been decided by the State courts, that dividends on stock might, without any express provision in the charter, or any specific by-law on the subject, be applied, by the company declaring them, to the discharge of debts *actually due* from the stockholder.—*Bates vs. New York Insurance Company*, (3 Johns Cas. 238.) and *Sargent vs. Franklin Insurance Company*, (8 Pickering, 90.) The bill on the French Government having been drawn in that part of the District of Columbia in which the law of Maryland prevails, must be decided, so far as it may depend on the local laws, by the law of that State; but the question whether the bank, supposing its claim to be a valid one, could rightfully adopt, for the satisfaction of that claim, the course it has pursued, must depend, as to local laws, on the law of Pennsylvania; in which latter State this part of the case has exclusively arisen, and in which the trial, provided a suit shall be commenced, will be had. In this State, from the careful manner in which the right to withhold the dividends of stockholders indebted to banks has been given to those institutions, by the general statutes on the subject, it would seem to have been thought necessary that the right to retain *dividends*, in satisfaction of debts due to a corporation from its stockholders, should be expressly conferred by the legislative authority.

But whatever may be the rights of the Bank of the United States, in respect to the dividends of ordinary stockholders actually indebted to the corporation, the present case is distinguished by circumstances fatal to the supposed lien.

The stockholder whose dividends have been withheld, is not an ordinary corporator; the corporation itself, considered in reference to that stockholder, is not an ordinary corporation; and the act in question is not to be decided by the rules which would govern in ordinary cases. The chief object of Congress in incorporating the Bank of the United States, so far as their design can be ascertained from their debates and other proceedings, was, to create an instrument, or agent, to be employed in the collection and disbursement of the public revenue, and in the other fiscal operations of the Government. And in all the legislative discussions which, from 1791 to the present day, have been had upon this subject, as well as in the decision of the Supreme Court in the case of *McCulloch vs. the State of Maryland*,

(4 Wheaton, 316.) the powers of raising, collecting, and disbursing the public revenue, of borrowing money on the credit of the United States, and of paying the public debt, have been principally relied on as those which were supposed, more clearly than any others, to include the implied power to incorporate a national bank. This corporation, then, considered in its relation to the United States, is emphatically their agent; and the public money invested in its stock must be deemed to have been so invested for the double purpose of rendering the agent more efficient and useful, and of securing to the Government a revenue therefrom. If this view be correct, it is impossible that the bank can be entitled to a lien against the United States, either in respect to the Government stock, or to the dividends accruing thereon, or to any other public moneys which may come to its possession. All liens are founded on the legal relation of the parties, on agreement, either express or implied, or on the usage of trade; and a lien is never permitted where it would be inconsistent with the legal relations, or would violate the agreement or understanding of the parties. And surely nothing can be plainer, than that the United States, in creating this fiscal agent, for the express purpose, among other things, of more effectually collecting and bringing into the Treasury the moneys of the nation, could never have intended that the agent should have the power of detaining those moneys, and thus defeating one of the leading motives which led to its creation. This objection might be enforced, but I do not know that it could be made more intelligible by any additional remark; and, to my own mind, its distinct and perspicuous announcement is all that seems necessary to secure to it a general assent.

But, without reference to the nature of the corporation, there is that in the character of the corporator, whose dividends are withheld, which exempts them from the lien now asserted. The United States, in becoming a stockholder in the bank, have not parted with the character and immunities which belong to the sovereign power, except so far as the same are expressly relinquished. And as no express authority has been given to the bank to withhold, in any case, the dividends accruing on the public stock, its right to appropriate such dividends to its own use, under the notion of *lien*, or of any other legal privilege, must stand upon the same ground as that of any other natural or artificial person owing allegiance to the Government.

It is a fundamental principle of public law—one, indeed, which results from the very nature of sovereignty—that the sovereign power, no matter in whom it may reside, is not liable to be sued in the judicial tribunals by its creditors, or others, except in those cases where, by the civil polity of the nation, provision is expressly made for this mode of obtaining justice. In the United States, no such provision exists in respect to claims for any debt or damages alleged to be due from the Government. No suit could be maintained by the bank against the United States for the recovery of the damages in question. Its only direct remedy is by an appeal to Congress, who, under our constitution, have the exclusive control of the public moneys.

As a general rule, a lien can only exist in those cases in which a suit at law might be prosecuted by the party asserting the lien against the owner of the money, or other property detained. And as the United States cannot be sued for debts or damages incurred by them, it follows, that no lien for any such debt or damages can exist on their money or other property.

On this point, I refer to the case of the *United States vs. Barney*, (3 Hall's American Law Journal, 128,) before Judge Winchester, in the United States district court for the Maryland district, in 1809. The indictment charged the defendant with having wilfully obstructed the passage of the public mail. The defendant set up, in his defence, that he had fed the horses employed in carrying the mail for a considerable time, and that a sum of money was due to him for food furnished before the time of their detention; a case which, as between individuals only, would clearly, at common law, have entitled the party to a special lien. It was decided that the defendant was not justified, on the principle of the common law, in stopping the mail; for, as the Government could not be sued, no lien could exist.

In the course of his opinion, Judge Winchester states, as the ground of his decision, that "no other remedy exists for a creditor of the Government, than an application to Congress for payment. A lien cannot be permitted to exist against the Government; for liens are only known or admitted in cases where the relation of debtor and creditor exists, so as to maintain a suit for the debt or duty which gives rise to the lien, in case the pledge be destroyed, or the possession thereof lost. As in the case of a carrier of the mail: he cannot sue for the hire, nor retain the mail, because he cannot sue. Yet a carrier of private property may sue or retain, because Government is not answerable. Justice is the same, whether due from one to a million, or a million to one man; but the modes of obtaining that justice must vary. An individual may sue and be sued. The United States cannot be sued. Suability is incompatible with the idea of sovereign power. The adversary proceedings of a court of judicature can never be admitted against an independent Government, or the public stock or property. The ties of faith, public character, and constitutional duty, are the sure pledges of public integrity; and to them the public creditors must, and I trust with confidence may, look for justice. *They must not measure it out for themselves.*" The same general principles are also recognised in the cases of "the *Commonwealth vs. Mattack*," (4 Dallas, 303,) and the *United States vs. Wells*, (2 Wash. C. C. R., 161,) to which I shall hereafter have occasion to refer for another purpose.

This doctrine is peculiarly applicable to the present case. From the 17th of July, 1834, when the last semi-annual dividend became payable, the bank must be deemed to have been in the possession of so much money belonging to the Government, and as holding it in the same manner, and subject to the same obligations and liabilities, as any other receiver or depositary of public moneys. It may not have passed the amount in its books to the credit of the Treasurer of the United States, but its own omission to do an act merely formal cannot alter the substance of the transaction, nor impair the rights of the Government. Though not technically brought into the Treasury, this money was not the less a part of the public treasure, and, as such, it must be protected from lawless misapplication.

The constitutional provision that "no money shall be drawn from the *Treasury*, except in consequence of appropriations made by law," was undoubtedly intended to secure to the National Legislature the exclusive power of deciding how, and when, the public money shall be applied to the discharge of the expenses, debts, or other engagements or liabilities of the Government. But this provision would be liable to be evaded and defeated, if the public money, whilst in the hands of receivers and depositaries, were

not exempt from the claims, pretended or real, of those agents. To apply any portion of the public money to the satisfaction of a claim against the Government, not sanctioned by any act of Congress, must be equally a violation of the spirit and intent of the constitution, whether the money has been formally brought into the Treasury, or whether it be lying in the hands of a depository. To give full effect to its provisions, the law of lien, and every other legal rule existing between individuals, which, in its practical operation, would produce such a result, must give way to the paramount efficacy and importance of the supreme law.

But, independently of any constitutional provision, the result would be the same. Once established the fact that the money in question is the money of the nation, and its exemption from ordinary liens must necessarily follow. This exemption is not merely a prerogative; it flows from the nature and necessities of Government, and is essential to the full attainment of the benefits intended to be secured by it. And there is even more necessity for extending it to moneys in the hands of collectors and depositaries which have not reached the public Treasury, than to those which, having been received into the Treasury, are afterwards drawn from it, and intrusted to disbursing agents for the purpose of expenditure. It is for the most part, on means of the former description, that the public estimates are founded and the legal appropriations made; and all the fiscal arrangements of the nation would be liable to be defeated, if the agents employed to collect the public revenue were allowed to withhold it from the Treasury, under the pretext of satisfying their own claims on the honor or justice of the nation. In the very case now before me, the dividends in question were a part of the ways and means enumerated in the estimates duly submitted to Congress for the present year, and were undoubtedly taken into account by that body, in the appropriations made by them. And though the amount of public money now detained was not large enough to produce any very serious embarrassment, yet I perceive, in the correspondence submitted to me, an explicit declaration by the president of the bank, that the corporation has another claim against the Government for compensation and indemnity, which is "reserved in full force, to be asserted at such time and in such manner as may hereafter be deemed expedient," and under which it is possible that other moneys, and perhaps even the large amount of stock belonging to the Government, may hereafter be withheld. Indeed, it is obvious that if the course now adopted be warranted by law, it may with equal propriety be pursued by the bank in respect to the claim it has reserved; and that all other receivers and depositaries of public moneys or other property will be equally at liberty, in like cases, to imitate the example. The principle, if sound, would also have included the disbursing agents; but, fortunately for this branch of the public service, Congress, by the second section of the act of the 31st of January, 1823, "concerning the disbursement of public money," have expressly enacted that every officer or agent of the United States, who shall receive public money *which he is not authorized to retain as salary, pay, or emolument*, shall render his accounts quarterly-yearly to the proper accounting officers of the Treasury, with the vouchers necessary to the correct and prompt settlement thereof, within three months, if resident in the United States, and within six, if resident abroad; thus, by necessary implication, excluding all pretence for retaining the public money for any outstanding demand, however equitable or valid. And, by the third section of the same act, it is further provided,

that every disbursing officer or agent violating this enactment shall be forthwith reported to the President, "*and promptly dismissed* from the public service, unless he shall satisfactorily account for his default." The first section of the act of the 2d March, 1809, amending the several acts for the establishment and regulation of the Treasury, War, and Navy Departments, also provides, that all such officers "*shall render distinct accounts of the application of the public moneys, according to the appropriation under which the same shall have been drawn; and that the sums appropriated for each branch of expenditure shall be solely applied to the objects for which they were respectively appropriated, and to no other;*" an enactment which plainly makes it unlawful for the persons embraced within its purview to appropriate the public money to the discharge of their own claims, unless a distinct appropriation for that purpose shall have been made by law. Other provisions of the like nature might be referred to, but I will only mention, in addition, the prohibition contained in the act of the 25th of January, 1828, "to prevent defalcations on the part of the disbursing agents of the Government, and for other purposes," against paying to any person, who is in arrears to the United States, any money for his compensation, "until such person shall have accounted for, and paid into the Treasury, all sums for which he may be liable." These various statutory provisions are in affirmance of the preceding views; and they show, very clearly, that Congress deem the unauthorized detention of the public moneys by the disbursing agents an offence so aggravated in its character, and so dangerous in its tendency, as to justify very severe and summary proceedings. And if they have not guarded the public treasure, whilst in the hands of its original receivers and depositaries, with equal efficiency of regulation, the omission is doubtless to be ascribed to the belief that no one of those agents, however faithless in other respects, would attempt to sequester or detain it, under the pretext of satisfying a claim never presented to Congress, nor recognised as valid by any department or officer of the Government; and to the fact, that until the occurrence of the present case, no such attempt has ever been made, or, if made, brought to the notice of the Legislature. But if the measure now under review shall be ultimately sanctioned by the judicial tribunals, this omission of statutory provision will no longer be safe. The whole revenue of the country will be exposed to such hazards as to call for the prompt exertion of the legislative power.

There are, however, various legislative provisions now in force, in regard to the collectors of the customs and receivers of moneys on the sale of public lands, which plainly imply that they have no authority to withhold from the Treasury the moneys collected by them, except so far as expressly authorized by act of Congress. And the act of the 15th of May, 1820, providing for the better organization of the Treasury Department, provides, "that if any collector of the revenue, receiver of public money, or other officer, who shall have received the public money before it is paid into the Treasury of the United States, shall fail to render his account, or pay over the same in the manner, or within the time, required by law, it shall be the duty of the First Comptroller of the Treasury to cause to be stated the account of such collector, receiver of public money, or other officer, exhibiting truly the amount due to the United States, and to certify the same to the agent of the Treasury, who is authorized and required to issue a warrant of distress against such delinquent officer and his sureties." The act then proceeds to prescribe the course to be pursued on the warrant, by sale of

the goods and chattels and lands of the delinquent and his sureties, and, in a certain event, by committing the delinquent to prison. This enactment is, also, by the third section of the act, extended to disbursing officers; and although provision is made for enabling any person, who conceives himself aggrieved by the issuing of any such warrant, to obtain an injunction from a district judge upon a bill in equity, "setting forth the nature and extent of the injury of which he complains," yet no authority is given to the judge to allow any other deductions than those to which the complainant shall be found to be equitably entitled under some legislative provision. This act, and all the other acts of Congress on the subject of the collection and safe keeping of the public revenue, seem to me to have been framed upon principles directly the reverse of those involved in the recent measure of the Bank of the United States.

It would be easy to extend this topic by other pertinent remarks; but the utter incompatibility of a right in the public agent to appropriate to his own use, under any pretext, public property committed to his care, with the first principles of civil government and official duty, is too apparent to need further observation.

But independently of the weighty considerations above stated, there are other objections to the existence of a lien in the present case, which, though not equally important, are not less decisive.

A factor, agent, or other person, to whose hands money or other property is intrusted, upon a *special agreement* that the same is to be paid or delivered in a particular manner, or under an implied understanding to that effect, is not usually entitled to a general lien, even for debts *subsequently* contracted; and is never allowed to assert such a lien, in respect to *antecedent* demands. The reason is, because it would be a departure from the obligations, express or tacit, (as the case may be) of the contract, and would operate as a fraud on the owner of the property. Considering the peculiar relations of the bank to the Government—and I think it must be generally conceded that the stock of the United States was originally invested, and has since been left in the bank, under the full understanding, on both sides, that the dividends accruing on it would be punctually, and without deduction or charge, paid into the Treasury—the rule now referred to is, therefore, fairly applicable.

Again: Where a person, acting as trustee or agent for another, fairly discloses the name of his principal, and the authority under which he acts, and where, by virtue of a contract made under these circumstances, within the scope of his authority, a debt or duty to a third person is incurred, the creditor is never permitted to assert a lien for such debt or duty on the property of the agent. In the whole transaction connected with the draft on the French Government, the United States acted as trustees and agents of the persons entitled to indemnity under the treaty, as was fully known to the bank when it received the bill; and though it might with propriety rely on the ability and disposition of the United States, as the parties through whose hands the moneys to be paid under the treaty were ultimately to pass, to make provision, out of those moneys, for any just claim growing out of the transaction; yet it certainly had no right to rely, and, it is to be presumed, did not rely, on the dividends or other funds exclusively belonging to the Government, for the satisfaction of any such claim. The principle now stated is, therefore, also applicable to the present case.

Once more: A general lien does not extend to unliquidated demands;

and, according to the law of Pennsylvania, as will appear in the sequel of this opinion, a claim for damages on a protested bill of exchange is such a demand.

Other limitations of the law of lien, which forbid its application to the present case, might also be mentioned; but I deem it unnecessary to pursue the subject further.

II. I shall now proceed to examine the question, whether, if a suit be brought by the United States to recover the balance of the dividends withheld by the bank, the claim of the latter can be presented for trial and decision, by way of *set-off* to the demand of the plaintiffs in such suit.

The very announcement of a pretension to set-off this claim, considering that its validity and justice have never been sanctioned by Congress; that no provision has been made by law for its discharge; and that it has always been a subject of controversy between the bank and the Executive, is certainly sufficiently novel to excite surprise, and much too important not to demand the most serious consideration. It necessarily involves the assumption, that, in the judgment of those who make this pretension, the judicial tribunals are the proper functionaries to decide upon the justice and validity of the claim against the Government; and, if that decision be favorable, to provide, through the medium of judicial forms, and without any aid from the legislative department, for its discharge. And this idea is accordingly quite prominent in the communication addressed to you, on the 5th of July last, by the president of the bank.

To this suggestion I cannot assent. The particular claim of the bank is one of those demands which, had it even been allowed by the accounting officers when presented, could not have been paid out of the Treasury, because no legal appropriation had then, or has yet, been made for it. In order to its direct payment, in the usual manner, out of the Treasury, it is indispensable, according to the injunctions of the constitution, that a law should first be passed, allowing the demand, and making provision for its payment. It follows, that any course of legal proceeding, which shall have the effect to transfer from the Legislature to the Judiciary the authority to decide on this claim, and to apply the public money to its liquidation, without the sanction of a law previously passed, will plainly involve a palpable violation of the spirit, if not of the words, of the constitution. Now, it is a familiar maxim of law, founded on common sense and natural justice, and therefore very generally applied, that a party shall never be allowed to do *indirectly*, what the law will not permit him to do *directly*. And the remarks already made for the purpose of showing the incompatibility of a lien on the money or other property of the Government, within the meaning and object of the constitution, are equally applicable to this part of the case.

I am not aware of any case in which a credit or set-off has been allowed to a party sued by the United States, which was not covered by some special or general appropriation made by law; and it is very obvious that none can be allowed, except where such an appropriation has been made, without transferring from the legislative department, to whom it exclusively belongs, the control of the public purse, and the power of distributing its contents. In several recent cases, reported in 7 Peters, the Supreme Court have carried the right of set-off, in Government cases, to its utmost limit; but in all of them they proceeded on the ground that there were legal provisions which sanctioned the credits claimed, and which provided

funds for their discharge; although, in some of them, the accounting officers required the special direction of the head of a department, before the claim could be allowed. And in one of those cases, (*The United States vs. Macdaniel*, 7 Peters, 1,) it is expressly admitted by Mr. Justice McLean, in delivering the opinion of the court, "that a claim, which requires legislative sanction, is not a proper off-set, *either before Treasury officers or the court.*"

It would seem to be unnecessary, after an admission from such a source, so explicit and decisive, to dwell longer on this point; but as I have come to the conclusion, upon a very full examination of this branch of the subject, that there are many other objections to a set-off in the present case, I shall proceed to state some of them at length. I think it the more necessary to do this, because I am satisfied that considerable misapprehension prevails in regard to the nature and extent of the right of set-off in suits brought by the United States against persons indebted to them.

Set-off differs from a lien, inasmuch as the former belongs exclusively to the remedy, and is merely a right to insist, if the party thinks proper so to do, when sued by his creditor, on a counter-demand, which can only be enforced through the medium of judicial proceedings; whilst the latter is, in effect, a substitute for a suit. There is a natural equity that claims arising out of the same transaction should compensate each other, and that the balance only should be recovered. But this natural equity does not require or authorize a set-off of the bank claim, in the present case; inasmuch as this claim is not for any debt or duty growing out of the acquisition, receipt, or possession of the Government dividends. If, therefore, there be a right to set-off this claim in the present case, it is strictly a legal right, and must derive its warrant from positive rules of law.

We have no act of Congress defining the various cases in which off-sets may be allowed, in actions pending in the courts of the United States, either between the Government and individuals, or between individuals alone. By the 34th section of the judicial act of 1789, it is provided, "That the laws of the several States, except where the constitution, treaties, or statutes of the United States shall otherwise require or provide, shall be regarded as rules of decision in trials at common law, in the courts of the United States, in cases where they apply." And, by the process acts of 1789, 1792, and 1828, the forms of process, and the forms and modes of proceeding in suits of common law, are to be the same as those used at certain periods specified in the acts, in the Supreme Court of the State where the question arises, except where otherwise provided by act of Congress, or by rules of court. Under these statutory provisions, the law of the State in which the trial may be had, and the practice of the courts of such State on the subject of set-offs, are, doubtless, to be regarded as furnishing rules of decision for the national courts; except where the constitution, treaties, or statutes of the United States otherwise provide or require. And, with this qualification, the law of set-off of the several States must be deemed obligatory on the courts of the United States.

But, though Congress have not attempted to regulate this subject by any general rules; they have, by the 3d and 4th sections of the act "to provide for the settlement of accounts between the United States and receivers of the public moneys," passed on the 3d of March, 1797, imposed some restrictions on set-offs, in suits against public debtors. The 3d section of this act provides, "that, where suit shall be instituted against any person or per-

sons indebted to the United States as aforesaid, it shall be the duty of the court, where the same may be pending, to grant judgment at the return term, upon motion, unless the defendant shall, in open court, (the United States attorney being present,) make oath or affirmation that he is equitably entitled to credits which had been, previous to the commencement of the suit, submitted to the consideration of the accounting officers of the Treasury, and rejected; specifying each particular claim so rejected, in the affidavit; and that he cannot, then, come safely to trial." The 4th section declares, "that, in suits between the United States and individuals, no claim for a credit shall be admitted upon trial, but such as shall appear to have been presented to the accounting officers of the Treasury for their examination, and by them disallowed, in whole or in part; unless it shall be proved, to the satisfaction of the court, that the defendant is, at the time of the trial, in possession of vouchers not before in his power to procure, and that he was prevented from exhibiting a claim for such credit at the Treasury, by absence from the United States, or some unavoidable accident." These are all the provisions on the subject of set-offs to be found in the acts of Congress; and these, it is very obvious, were intended not to enlarge, but to limit, the right of set-off in suits between the Government and persons accountable for public moneys. They undoubtedly imply that defendants in such suits might, in certain cases, be entitled to set-off, against balances ascertained and certified by the accounting officers of the Treasury, claims for credits rejected by those officers. But they do not profess to define the nature of those credits, except the section requiring the defendant to make oath that he is *equitably* entitled to the credits claimed by him warrants the inference, that claims of merely a technical legal character are not to be allowed as set-offs, but only such as are actually founded in equity and justice.

In the present case, the claim of the bank has been presented to the accounting officers of the Treasury; though, as no account existed to which it could be referred, nor any appropriation for its payment, nor any legislative sanction to justify its allowance, the application to the accounting officers was necessarily followed by its rejection. They could not have allowed it, without a palpable breach of duty. For the present, however, it may be taken for granted, for the purposes of this part of the case, that, if a suit be brought for the recovery of the dividends, the preliminary affidavit required by law will be seasonably filed. The formal requisites will, therefore, have been complied with; but the material question, whether the claim can be allowed as an off-set, will still remain. Before this question can be decided in the affirmative, it must appear, *first*, that the claim of fifteen per cent. damages is valid and equitable; *secondly*, that by the law and practice of Pennsylvania, in which State the trial must be had, claims of this nature may be set off; and, *thirdly*, that there is nothing in the constitution, treaties, or laws of the United States, to render the State law inapplicable.

The first of these points has already been determined, so far as the Attorney General is competent to decide it, against the bank, by the opinion of my immediate predecessor in office, as stated to the Treasury Department, in his communication of the 24th of May, 1833. The reasons on which that opinion was founded were not then explained; but you will find them fully stated in the accompanying correspondence between Mr. Taney and myself, which I have the honor, in compliance with your request, herewith to transmit to you. And although you have not requested my

opinion on this point, yet, to prevent misapprehension, I think it proper to state my entire concurrence in the reasoning and conclusions contained in the letter of Mr. Taney. If these views are correct, it is obvious that the set-off must necessarily be rejected. But suppose the court, before which the trial is had, should come to a different conclusion, and that the legality and justice of the claim should be satisfactorily established: will the law of Pennsylvania allow it to be set-off? After a careful examination of the statutes and judicial decisions of that State, I have no hesitation in answering this question in the negative.

The law of Pennsylvania, on the subject of set-offs, like that of the other colonies, was originally the same with the English common law, as it existed at the time of their settlement. At common law, no deduction or set-off could be made from the plaintiff's demand for any debt, damages, or duty, claimed by the defendant, unless the latter arose out of the same transaction or subject-matter with the former, and unless the opposing claims were thus directly connected with each other. Distinct and independent demands could only be sued for by the respective parties, in separate actions. This rule of the common law was afterwards varied, and the right of set-off extended, for the benefit of defendants, by statutes passed in the reign of George II. In the mean time, however, several of the colonial legislatures, anticipating the parent country in the improvement of this branch of the law, and among others the Assembly of Pennsylvania, had, by their own acts, extended the law of set-off, discount, or defalcation, (for it is known by each of these names,) much farther than it was subsequently carried by the English Parliament. The colonial act of Pennsylvania, passed in 1705, and yet in force, provides, that "if two, or more, dealing together, be indebted to each other, upon bonds, bills, bargains, promises, accounts, or the like, and one of them commence an action in any court of this province, if the defendant cannot gainsay the deed, bargain, or assumption upon which he is sued, it shall be lawful for such defendant to plead payment of all or part of the debt, or sum demanded, and give any *bond, bill, receipt, account, or bargain* in evidence." (Purdon's Digest, 177.) And provision is also made for such verdict for the plaintiff for part of his demand; or for the defendant generally; or for the defendant's certifying the amount overpaid, as the case may require.

The courts of Pennsylvania, in order to prevent circuity of action and needless expense, have given to this law a very liberal construction; but I find no adjudged case which would sanction, in a case like the present, the set-off of such a claim as the one now under consideration. On the contrary, several decisions are reported, which appear to me to be decisively against it.

1. The Supreme Court of Pennsylvania have decided, in the case of the *Middletown and Harrisburg Turnpike Company vs. Watson's administratrix*, (1 Rawle, 330,) that an agent sued for moneys received by him for the use of his principal, cannot be allowed to set-off moneys expended by him in the payment of debts against his principal, without showing a special authority for that purpose. In delivering the opinion of the court, Judge Rogers holds the following language: "The defence is, that the money was expended by the agent in the purchase of debts of the company; and this, the administratrix contends, is a legal set-off against the demand of the plaintiffs. The relation of principal and agent is well settled: as long as the agent acts within the scope of his authority, and no longer,

he is protected. It was the duty of Watson to collect and pay over the funds as they came to his hands. It was for the company to direct the application of the money, when in the treasury, or under their control, to the discharge of their debts, the repair of the road, or whatever purposes they might suppose most beneficial to the corporation. This they have been prevented from doing, by an assumption of power by their agent, and a misapplication of the funds of the company. If such a breach of trust should be permitted, it would, in practice, lead to great abuses, by introducing a scene of speculation and fraud, the most disastrous, and of the most secret and dangerous nature." The soundness of these principles is too obvious to require comment. They are in unison with the enlightened morality of the civil law on the same subject. "There are some debts," says Pothier, (Treatise on Obligations, part 3d, ch. 4, of compensation [or set-off] § 1,) "against which the debtor cannot propose a compensation. 1st. In the case of spoliation, no compensation can be opposed against the demand for the restitution of the things of which any person has been plundered, according to the well-known maxim, *spoliatus ante omnia restitutus*. 2d. A *depository* is not admitted to oppose any compensation against a demand for the restitution of the deposit." The remarks, made under the first head, upon the relations which exist between the bank and the Government, and in respect to its character and responsibilities, as a depository of public moneys, so far as respects the moneys in question, will be sufficient to show the application of these principles to the present case.

2. The courts of Pennsylvania have recognised the distinction above noticed, between the cases of individuals and those between individuals and the Government; and, on the ground of this discrimination, have excluded, in Government cases, claims for set-off, growing out of other independent transactions. *In the Commonwealth vs. Mattack*; (4 Dallas, 303,) the defendant, who had been clerk of the Senate, was sued for the recovery of moneys paid to him to defray the contingent expenses of that house. Upon the trial, the defendant proved that he had expended, for the use of the Senate, considerably more money than he had received; and he claimed a verdict for the amount of his advances, and also for a certain retrospective compensation, to which he claimed to be entitled by virtue of an act of Assembly. But, after argument, the court declared "that the defendant could not, indirectly, recover from the State a substantive, independent claim, *by way of set off*, any more than he could directly recover a debt due from the State by bringing a suit against her. That the present action was brought to compel an account for money received for the use of the Senate, in which the defendant, if he proved that the money received was so applied, would be entitled to a verdict; but that, even then, he could not be entitled to a verdict *for the amount of his advances*, which the Senate, alone, was competent to allow." Only a general verdict for the defendant was, therefore, recorded.

The case of the *United States vs. Wells*, (2 Wash. C. C. R. 161,) recognises the same principles, and, from the nature of the case, as well as from the court in which it was decided, (the circuit court of the United States for the Pennsylvania circuit,) is peculiarly pertinent to the present discussion. The action was brought to recover a balance due from the defendant as a collector of the excise duties. He had been an active officer in resisting the opposers of the excise law in the western counties of Pennsylvania, and, in

consequence of his activity, his house had been burnt by the insurgents, and other injuries had been done to his property. By an act of Congress, passed in 1795, upwards of eight thousand dollars was placed at the disposal of the President to aid such of the officers of Government and citizens who had suffered losses in their property by the insurgents as, in his opinion, stood in need of assistance. The President appointed commissioners to view and value these losses, who reported that the defendant, amongst others, had suffered to a considerable amount. He received seven or eight hundred dollars—much less than the sum mentioned in the report. The subject of full compensation was afterwards brought before Congress, and a favorable report made by the Secretary of the Treasury, to whom the subject was referred, which was rejected by the Committee of Claims. The defendant, on the trial, claimed the difference between the estimated value of his losses and the sum received, to be considered by the court and jury as so much paid by him to the United States, in part of what was demanded of him in the action. He also claimed to be entitled to the one-half of certain penalties incurred by persons against whom he had informed, but who were released from those penalties by the general amnesty granted by the Government. Both points were decided against the defendant, and Judge Washington, in delivering the opinion of the court, held the following language: “Neither of these claims, on the part of the defendant, can be supported. The first is made upon the generosity of the Government, which might be very proper, if presented to the legislative branch of the Government, in its real character of an imperfect obligation. *But the attempt to enforce it, in a court of justice, cannot possibly succeed.* It could not be countenanced, even against an individual. Let the defendant’s counsel call it by what name they please, it is nothing more nor less than to *off-set a claim of damages* sustained by a public officer against the Government. An appeal has been made to the liberality, and we think the justice, of the proper department; which did not succeed. It is impossible for us to assist the defendant.” He also remarked, that the claim of the penalties was quite as unfounded. At most, it was only a claim for damages, which, being *unliquidated*, could not be off-set.

3. The courts of Pennsylvania have also, in the construction of their statute, adopted the rule which, I believe, universally prevails where set-offs are allowed, of refusing to allow the set-off of debts not due to, and from, the respective parties, in *the same light* in which they sue or are sued. Thus, a person suing in his own right, for a debt exclusively due to himself, is not liable to have deducted from such debt a claim existing against him as a *trustee*, and for which he has not made himself personally responsible. The justice of this rule is too apparent to need remark; and the observations made under the former head, as to the fiduciary character sustained by the United States in the drawing of the French bill, and the obvious fact, that, in a suit to be brought for the dividends, they would prosecute in their own right, and for a debt exclusively their own, will show the application of this rule to the present case.

4. Another limitation of the right of set-off, adopted by the courts in Pennsylvania, and which also prevails in the other States and in England, is, that *unliquidated damages* cannot be the subject of set off, unless they arise from a breach of the very contract on which the plaintiff sues, or are otherwise immediately connected with the cause of action. The case of the *United States vs. Wells*, above cited, is an authority for the general rule, and many other decisions to the like effect might be cited from the re-

ports of the State courts. In the application of this rule, the very point now under discussion has been considered and decided in a Pennsylvania case, by the circuit court of the United States for the third circuit. I refer to the case of *Armstrong vs. Brown*, (1 Washington's Circuit Court Reports, 34,) in which it was ruled by Judges Washington and Peters, "that the drawer of a bill which was protested, having paid twenty per cent. damages thereon, [the law of Pennsylvania allows twenty per cent. damages,] cannot, in an action against him by the acceptor on another account, off-set them against the acceptor, who had funds in his hands to have paid the bill, because they are unliquidated damages." This decision was reiterated and followed in the same court, in the case of *De Taslet vs. Crouslat*, (ib. 504.)

It seems, therefore, to be very plain, that if this case were to be exclusively decided by the law of Pennsylvania, that law, liberal as it is on this subject, would not allow the proposed set-off. But even if the law of Pennsylvania were otherwise, there are several statutory provisions of the United States which forbid the set-off in question, and which must of course prevail.

The statutory provisions, particularly applicable to this subject, to which I now think it needful to refer, are the act of the 3d of March, 1795, "for the more effectual recovery of debts due from individuals to the United States;" the third and fourth sections of the act of the 3d of March, 1797, above quoted; and the first section of the act of the 3d of March, 1809, also above quoted. When the third and fourth sections of the act of 1797, are considered in connexion with their context, and with the act of the 3d March, 1795, to which they are supplementary, I confess I do not perceive how it can be doubted that the credits spoken of in those sections, are those credits, and those only, which are properly connected with, and applicable to, the subject-matter of the particular account for the balance of which the suit is brought. The first section of the act of 1795 authorizes the Comptroller to issue a notification to any person who has received moneys for which he is accountable to the United States, requiring him to render to the Auditor of the Treasury, within a specified time, "all his accounts and vouchers for the expenditure of the said moneys;" in default whereof, a suit is to be commenced. The second section prescribes the mode of serving the notification, and, when the accounts are duly rendered, directs the Auditor to proceed "to liquidate the credits to be passed for the said accounts, and to report the same to the Comptroller, with a particular list of any claims which shall have been disallowed by him." Provision is also made for a hearing before the Comptroller on the claims disallowed on the "suspended credits," upon formal notice to the claimant; and, where this course of proceeding is pursued, the decision of the Comptroller, if against the claimant, is declared to be final and conclusive. The law of 1797 was apparently intended to authorize the accounting officers to dispense with the formal notifications required by the act of 1795, and has led to the practical abrogation of the former mode of proceeding; but whenever credits are spoken of in the act of 1797, that term, as I conceive, is used in the same sense as before. It is certain that the accounting officer cannot lawfully allow, in the settlement of any particular account, any credits not appertaining to such account; and there would seem to be no propriety in requiring, as an indispensable prerequisite to a credit on the trial, that the party shall have previously presented his claims to the accounting officers, for their examination and decision, and shall have obtained such decision, unless the claims so to be presented were to be of such a nature that the accounting officers, if satisfied as to their validity, might,

under their general authority, or by the special direction of the head of a department, where such direction is required, lawfully settle and credit them to the party. In other words, the same limitation as to their general nature must be applied to credits claimed at the trial, which would have been applied to credits claimed before the accounting officers; the object being to enable the *judicial tribunals* to review the decisions of the accounting officers on claims *within* the jurisdiction of those officers, and to correct them if erroneous, and not to authorize those tribunals to make allowances for claims *without* such jurisdiction. Any other construction of these sections renders them not only quite unnecessary and useless, but repugnant to the laws and usages in force at the time of their enactment.

But if any room for doubt could exist as to the original construction of these sections, I think it must be removed by the first section of the act of the 2d of March, 1809, which expressly enacts, "that all warrants drawn by the Secretary of the Treasury, on the Treasurer, shall specify the *particular appropriations* to which the same are to be charged; and that the moneys paid by virtue of them, shall be charged to such appropriation, in the books kept in the Comptroller's office." The same section also provides that "the officers, agents, or other persons receivers of public moneys, shall render *distinct accounts of the application of such moneys, according to the appropriation under which the same shall have been drawn*; and that the sums appropriated by law for each branch of expenditure in the several departments, shall be *solely applied to the objects for which they were respectively appropriated, and to no other*." In all cases, therefore, where the moneys sought to be recovered have been received from the *Treasury*, the credits to be allowed on the trial must be strictly confined to the same general subject with the cause of action; as, otherwise, the explicit injunctions of the law of 1809 will be evaded and defeated. For, whenever, in the settlement of any given account, a credit is allowed, whether by the accounting officers, or through the medium of a set-off, for disbursements, services, or claims, which, though just in themselves, belong to another head of appropriation, it is plain that the provision just recited will be violated; and that the moneys appropriated to a particular object, so far from being "*solely applied to that object, and no other*," will have been appropriated to other purposes.

If I am right in this view of the object and effect of the several statutory provisions to which I have now referred, it will follow that to all the former objections there is also to be added, as resulting from these statutes, the decisive objection, that the claim for damages in the present case is not, within the meaning of the acts of Congress, a claim for any such *credit* as can be admitted on the trial, because it does not belong to the same general subject with the cause of action, but grows out of other and independent transactions.

I have been the more particular in stating the grounds of this objection, from an apprehension that some remarks of Mr. Justice Story, in delivering the opinion of the Supreme Court in the case of the *United States vs. Wilkins*, (6 Wheaton, 135;) might otherwise seem to warrant a contrary opinion. In that case, the defendant, an army contractor, was to be paid, for rations delivered under his contract, in certain cases, fourteen cents each; in certain other cases, eighteen and a half cents each; and in another class of cases, the price was to be subsequently agreed on. He received from the Treasury certain moneys on account of this contract, under appropriations applicable to it. In the adjustment of his accounts, the

accounting officers allowed him only the lowest contract price, for considerable quantities of rations alleged by him to have been delivered at such places, and under such circumstances, as to entitle him, in some instances, to a higher price, to be agreed on; and, in other cases, to the eighteen and a half cents; but his claims to these enhanced credits were rejected, and such deductions made, in the price charged by him, as to reduce the rations to fourteen cents each. It was to recover the balance of public moneys, which, according to the account as thus settled, still remained in the defendant's hands, that the action was brought. The defendant, on the trial, produced the contract, together with the proper evidences of the Treasury settlement; and undertook, by evidence and otherwise, to show, that, under the contract, he was entitled to the prices charged by him, and that the deductions and disallowances were therefore improper and unjust. Among other questions certified by the court below, the fourth was as follows: "If the defendant be entitled to any of the above sums, can he be permitted to claim a verdict for them in this suit?" After observing that the answer to this question might materially depend on the true construction of the act of Congress of the 3d of March, 1797, Mr. Justice Story quotes the third and fourth sections of that act, and then makes the following observations: "The terms of these sections are very broad and comprehensive. The third section manifestly supposes, that not merely legal, but equitable, credits ought to be allowed to debtors of the United States by the proper officers of the Treasury; and the fourth section prohibits no claims for any credits, which have been disallowed at the Treasury, from being given in evidence by the defendant at the trial. There being no limitation as to the nature and origin of the claim for a credit which may be set up in the suit, we think it a reasonable construction of the act, that it intended to allow the defendant the full benefit, at the trial, of any credit, whether arising out of the particular transaction for which he was sued, or out of any distinct and independent transaction, which would constitute a legal or equitable set off, in whole or in part, of the debt sued for by the United States. The object of the act seems to be to liquidate and adjust all accounts between the parties, and to require a judgment for such sum only as the defendant, in equity and justice, should be proved to owe to the United States. If this be the true construction of the act, which we do not doubt, the defendant might well claim a credit in this suit for the sums due him, even if they had grown out of distinct and independent transactions; for he is legally, as well as equitably, entitled to them. But even if this construction of the act were doubtful, upon the facts of this particular case, as far as we can gather them, we should have probably come to the same result.

"This suit seems to have been brought by the United States for the money price of certain provisions received by the defendant, under the articles of agreement. The real object of the suit is, therefore, to procure an account and settlement of that claim. It forms an item in the general account between the parties, like every other advance made by the Government to the defendant; and independent of any statute provision, the defendant would have a right to show that he had accounted for the value of such advance, by delivering the equivalent provisions for which it was originally made. In this view, also, the fourth question might be answered in the affirmative."

This last position of the learned judge is certainly correct, and, on this ground, the decision was unquestionably right. The credits claimed grew

out of the very subject-matter on which the suit was founded, and, had the accounting officers allowed them, would have gone to the same head of appropriation under which the moneys paid to the defendant had been drawn. And so, too, though credits rejected at the Treasury were, in this case, ultimately allowed under the decision of the court, those credits were still applied to the object for which they had been appropriated, and to no other.

It will have been seen, from my prior remarks, that I do not concur in the suggested construction of the act of 1797; and more especially, that, instead of regarding it as a substantive enactment, defining and enlarging the law of set-off, I consider it as imposing restrictions on the right of the party and the power of the court, and as intended to confine set-offs in Government cases, to credits appertaining to the same general account which forms the subject matter of the suit, and to those only which the accounting officers might, either under their general authority, or by special direction from the head of a department, lawfully have allowed. Some of my reasons for thus dissenting, will appear from the observations already made; and I forbear to pursue the point, because, as the decision in the case of *Wilkins* does not depend on the validity of this construction, but may be sustained by other and indisputable reasons, that part of the opinion which relates to the act of 1797 may well be regarded as merely a *dictum*. It is also proper to state, that this part of the case does not appear to have been very fully discussed at the bar; and that the act of 1809, above quoted, was not referred to in the argument, and therefore probably escaped the notice of the court. May I not add that, had this latter act been known to, and fully considered by them, it would assuredly have led to some qualifying remarks? that the learned judge who spoke for them would, at least have confined the right of set-off to credits growing out of transactions, which, though technically distinct from that for which the party was sued, were yet really connected with the same subject, and embraced within the same general head of appropriation?

Before I quit the case of the *United States vs. Wilkins*, I will also observe that, although the dictum I have quoted has been cited by the court, and, to some extent, recognised, in the subsequent cases of the *United States vs. Ripley*, (7 Peters, 25,) and the *United States vs. Fillebrown*, (7 Peters, 48,) yet it will be found, on a careful examination of these latter cases, that they contain nothing in opposition to the views above presented. In the case of *Ripley*, the claim to credits was overruled by the court; and in that of *Fillebrown*, as well as in that of the *United States vs. Macdaniel*, (7 Peters, 1,) the credits allowed were for extra compensation, and commissions in the discharge of the trusts by virtue of which the moneys sued for were received. The credits claimed, whatever other objections might be made to them, did not grow out of distinct and independent transactions.

Upon the whole, I am of opinion, on the several grounds, and for the various reasons above stated, that the deduction by the bank, from the Government dividends, of the controverted claim of that institution against the United States, and the retaining of the moneys so deducted, are unauthorized by law; and that, in a proper suit to be instituted for such moneys, the United States will be entitled to recover the whole amount thereof.

I am, sir, very respectfully,

Your obedient servant,

B. F. BUTLER.

To the Hon. LEVI WOODBURY,
Secretary of the Treasury.

C.

GENERAL STATEMENT of the amount of estimates, appropriations, and expenditures for the years 1832, 1833, and 1834.

General heads.	1832.			1833.			1834.	
	Estimates.	Appropriations.	Expenditures.	Estimates.	Appropriations.	Expenditures.	Estimates.	Appropriations.
Civil, miscellaneous, and foreign intercourse -	\$2,807,065 65	\$5,027,375 04	\$4,577,141 45	\$3,739,361 70	\$5,773,753 46	\$5,716,245 93	\$2,798,785 33	\$4,525,670 30
Military establishment, including pensions, &c.	6,149,415 02	8,904,803 25	7,982,877 03	10,878,790 09	13,054,157 18	13,096,152 43	11,207,630 21	11,929,868 51
Naval establishment -	3,907,618 71	4,465,573 53	3,956,370 29	3,377,429 88	3,867,872 01	3,901,356 75	4,051,073 19	4,562,745 48
Aggregates of the above	12,864,099 38	18,397,751 82	16,516,388 77	17,995,581 17	22,695,782 65	22,713,755 11	18,057,488 73	*21,018,284 29
Public debt -	10,000,000 00	18,078,938 85	17,840,309 29	7,299,656 00	10,000,000 00	1,543,543 38	4,995,082 08	4,995,082 08
Total -	22,864,099 38	36,476,690 67	34,356,698 06	25,295,237 17	32,695,782 65	24,257,298 49	23,052,570 81	26,013,366 37

No expenditures.

* This includes the estimated amount of indefinite appropriations that may be drawn for until the close of the year.

TREASURY DEPARTMENT,
Register's Office, October 28, 1834.

T. L. SMITH, Register.

D.

List of Stocks owned by the United States.

10,000 shares stock in the Chesapeake and Ohio Canal Company	\$999,000
800 shares stock in the Dismal Swamp Canal Company	200,000
2,335 shares stock in the Louisville and Portland Canal Company	233,500
2,250 shares stock in the Chesapeake and Delaware Canal Company	450,000
	<hr/>
	\$1,882,500
	<hr/>
* 63,434 shares stock Bank United States	\$6,343,400
	<hr/>

* The balance of the original subscription to the Bank of the United States, 6,566 shares, was transferred to the Treasurer of the United States for the use of the Secretary of the Navy, for the payment of navy and privateer pension funds, under the provision of an act of Congress.

E.

REPORT FROM THE GENERAL LAND OFFICE.

GENERAL LAND OFFICE;
November 29, 1834.

SIR: In presenting for your examination, and for that of the Government, and for the consideration of Congress, the annual report of the operations of this office, for the entire year of 1833, and the first three quarters of 1834, it affords me much pleasure to state that the sales of the national domain are annually increasing with the tide of emigration to the west and southwest, and the accumulating population of those fertile and extensive regions. In the time of peace and of national prosperity, with a rapidly accumulating metallic currency, the most powerful stimulus to private enterprise and general industry, it is safe to calculate that the annual amount of this branch of the public revenue will continue to increase with the means of human happiness and general prosperity. It is the province of the statesman and of judicious legislation to furnish every facility to the accomplishment of those objects which essentially contribute to national greatness, and which create those resources of defence and independence necessary to preserve the integrity of all government, and to accelerate the march of empire. The vast territory of the valley of the Mississippi, extending east and west from the Alleghany to the Rocky mountains, and north and south from Upper Canada to the Gulf of Mexico, present a scene for the contemplation of the philanthropist and political philosopher, and a field for the operations of the legislator, of the most sublime character and moral influence, as connected with human society, hitherto unprecedented in the annals of the world. With a free white population greatly exceeding that of the United States at any period of the revolution, with every means of subsistence for tens of millions of population, and with resources beyond the necessity of human wants and human convenience; with a climate more temperate and mild, and a soil more prolific and fruitful, than any which has hitherto been discovered; there requires no stretch of the imagination, no genius of exaggeration, no confidence in prophecy, to anticipate the future revenue and means of strength, prosperity, and happiness, which the Divinity has designed and allotted to the transmontaine valley of North America.

The periods to which the quarterly accounts of the receivers have been rendered to this office, as also the monthly abstracts of sales and receipts, and the acknowledged balance remaining in the hands of the receivers at the respective dates of their last returns, will be found in the annexed document, marked A. An unusual promptness has been observed in this part of the duty of the land officers, during the past year, highly creditable to the public service. With very few exceptions, the returns have been duly transmitted to this office, as required by law, and the regulations of the department.

The annexed statement, marked B, exhibits, for the year 1833, and the first three quarters of 1834, the quantity of public lands sold in each State and Territory; the amount of purchase money; the several amounts received in cash, in forfeited land stock, and in military bounty land scrip;

and the amount of money paid into the Treasury. By this statement, and by a reference to my last annual report, it will appear that the sales of 1833 exceeded those of 1832, 1,393,885 acres; \$1,856,908 of purchase money; and of the amount paid into the Treasury, \$1,344,300. And that the sales of the first three quarters of 1834, exceed those of the corresponding quarters of 1833, 330,291 acres; \$437,040 of purchase money; and of the amount paid into the Treasury, the sum of \$856,518. It is probable the aggregate amount of sales, for this year, will exceed those of the last, as also the amount of cash paid into the Treasury. The returns of the last quarter of the year generally present the largest amount of sales and purchase money.

The accompanying tabular statement, marked C, shows the amount of forfeited land stock, issued and received at each land office, and of military bounty land scrip received, with the aggregate in each State and Territory, to the 30th of September last; on an examination of which, it will appear there has been issued of forfeited land stock \$646,154 66; of which there has been received, in payment for lands sold, the sum of \$632,743 85; leaving a balance, not presented at the land offices, of less than \$13,500.

By the several acts of May 30, 1830, July 13, 1832, and March 2, 1833, lands were appropriated to satisfy unlocated military bounty land warrants, for services rendered in the army of the revolution, in the Virginia State line and navy, in the Virginia continental line, and in payment for United States warrants for the same service. The appropriation made by these acts is unlimited as to the United States warrants; and for those of Virginia, amount to 810,000 acres, for which scrip was directed to be issued. Of this quantity of the Virginia warrants, scrip has been issued for 796,820 acres, leaving a balance of 13,180 acres yet to be satisfied, for which scrip will be issued so soon as the applicants shall complete their title-papers to their warrants.

Statement marked D, hereunto annexed, shows the number of each description of warrants which have been satisfied under these laws; the quantity of land for which scrip has been issued, the amount thereof in money, at one dollar and twenty-five cents per acre, with the number of certificates issued, and their several totals. In which statement it will be seen that, to the 15th instant, 1,544 warrants have been satisfied, containing 894,570 acres, equal to \$1,118,212 50, in 12,046 certificates of scrip; and by the statement C, it appears, of this amount, the sum of \$1,008,360 12 had been received in payment of public lands, up to the 30th September last. Virginia warrants have already been filed for about 500,000 acres, exceeding the amount which can be satisfied with scrip out of previous appropriations. I have no *data* by which to calculate the amount not yet filed; but, from verbal information, I am of opinion it would not be safe to estimate it at less than 500,000 acres. It is in the will of Congress whether further appropriations shall be made for the same.

The appropriation of *six thousand dollars* at the last session, for extra clerk hire for this office, exclusive of four thousand dollars for assistance in the bureau of military lands, has essentially contributed to the promotion of the public service, and has enabled me to progress very considerably with the records of the public sales; without which, serious injury would have been sustained by the parties in interest, and much embarrassment to the Government. I cannot too earnestly solicit from Congress the *absolute necessity* of continuing the requisite appropriations, as contained in my official

estimates for the year 1835, and as indispensable to the future operations of this office. *Six thousand dollars* was also appropriated, at the close of the last session, for the writing and recording of 40,000 patents for lands sold. This service has been performed at the price stipulated in the act, and the patents will all be examined and transmitted to the several land offices by the close of the present year. With this additional aid to the permanent force of the office, it is my duty to state that the arrears are constantly accumulating. On the 1st of January next, the arrears of patents for lands sold will not be less than 100,000; in which more than 70,000 persons are directly interested as purchasers, and whose rights and convenience are entitled to the respect and attention of Government.

The pecuniary interests of so large a class of our fellow-citizens are certainly worthy of the respectful consideration of those who administer the public affairs of the nation. I submit it to the particular examination and impartial judgment of Congress. It should also be remarked, that this is but one item of the arrears of the office; the others, previously reported, are annually increasing, and cannot be diminished without a neglect of current duty.

The surveys of the public lands have progressed during the present year as rapidly as practicable, and to the utmost extent provided by law for the discharge of office duty, by the several surveyors general. But it is impossible for those officers to complete the public surveys, in particular districts, and in numerous instances of private land claims, without more discretionary power is vested in the Secretary of the Treasury to make reasonable allowances for services which cannot be procured for the compensation allowed by law. This is a subject which has also been repeatedly presented to the Government for its judicious legislation. I renew the suggestions under the strongest sense of public duty.

As it is the policy of the Government, as it is the interest of the people of the western and southwestern sections of the Union, to facilitate the sales of the public lands, by such means as will secure to that extensive territory a population of industrious and enterprising citizens, who shall be proprietors of the soil they cultivate, and inheritors of the blessings of civil and religious liberty, for which this country is so greatly distinguished, I consider it my duty again to urge upon the consideration of Congress the adoption of every necessary measure to enable this office more promptly to discharge its numerous duties, and the surveyors general to comply with the requisitions of law, in the operations of their official conduct. It is in vain to expect that the intentions of the Government, and the reasonable expectations of the inhabitants of the vast interval of the Mississippi, can be accomplished and realized, without the necessary and appropriate means are provided for such objects. Vain, also, will be the efforts of this office, and the agents of the Government subordinate thereto, in their struggles to perform their respective duties, unless aided and supported by the efficient legislation of Congress.

I have the honor to be,

With great respect,

Your obedient servant,

ELIJAH HAYWARD.

HON. LEVI WOODBURY,
Secretary of the Treasury.

A.

EXHIBIT of the periods to which the monthly accounts of the registers and receivers of the public land offices have been rendered, showing the balance of cash in the receivers' hands at the date of their monthly accounts current, and the periods to which the receivers' quarterly accounts have been rendered.

Land offices.	State or Territory.	Monthly returns.		Admitted balance of cash in hands of receivers per last monthly return.	Period to which the receivers' quarterly accounts have been rendered.	Remarks.
		Period to which rendered by registers.	Period to which rendered by receivers.			
Marietta	Ohio	Septem. 30, 1834	October 31, 1834	\$ 664 23	Septem. 30, 1834.	
Zanesville	do.	October 31, 1834	do. do.	2,925 37	do. do.	
Steubenville	do.	do. do.	do. do.	1,689 11	do. do.	
Chillicothe	do.	do. do.	do. do.	1,040 35	do. do.	
Cincinnati	do.	do. do.	do. do.	3,750 47	do. do.	
Wooster	do.	do. do.	do. do.	1,272 59	do. do.	
Wapahkonetta	do.	July 31, 1834	July 31, 1834	10,275 94	June 30, 1834	Returns delayed by sickness of receiver.
Bucyrus	do.	October 31, 1834	October 30, 1834	31,447 71	Septem. 30, 1834.	
Jeffersonville	Indiana	do. do.	do. do.		do. do.	\$332 15 overpaid.
Vincennes	do.	do. do.	do. do.	6,066 02	do. do.	
Indianapolis	do.	do. do.	do. do.	27,936 81	do. do.	
Crawfordsville	do.	Septem. 30, 1834	Septem. 30, 1834	10,596 72	do. do.	
Fort Wayne	do.	October 31, 1834	October 31, 1834	16,398 19	do. do.	
La Porte	do.	do. do.	do. do.	12,261 03	do. do.	
Shawneetown	Illinois	do. do.	do. do.	1,083 28	do. do.	
Kaskaskia	do.	do. do.	do. do.	789 64	do. do.	
Edwardsville	do.	do. do.	do. do.	1,484 57	do. do.	
Vandalia	do.	do. do.	do. do.	9,512 81	do. do.	
Palestine	do.	do. do.	do. do.	3,406 26	do. do.	
Springfield	do.	do. do.	do. do.	12,973 68	do. do.	
Danville	do.	do. do.	do. do.	10,457 84	do. do.	
Quincy	do.	do. do.	do. do.	3,222 94	do. do.	
St. Louis	Missouri	do. do.	do. do.		do. do.	

REPORTS OF THE

1834.

Fayette	do.	do.	do.	do.	4,702 17	do.	do.	
Palmyra	do.	do.	do.	do.	13,481 29	do.	do.	
Jackson	do.	Septem. 30, 1834	do.	do.	5,805 73	do.	do.	
Lexington	do.	October 31, 1834	do.	do.	3,634 58	do.	do.	
St. Stephen's	Alabama	Septem. 30, 1834	Septem. 30, 1834	do.		do.	do.	
Cahaba	do.	October 31, 1834	October 31, 1834	do.	6,701 80	do.	do.	
Huntsville	do.	do.	do.	do.	6,666 28	do.	do.	
Tuscaloosa	do.	August 31, 1834	August 31, 1834	do.		June 30, 1834		\$3,105 26 due receiver September 30, 1834.
Sparta	do.	October 31, 1834	October 31, 1834	do.	821 69	Septem. 30, 1834		
Demopolis	do.	Septem. 30, 1834	Septem. 30, 1834	do.	2,709 15	do.	do.	
Montgomery	do.	October 31, 1834	October 31, 1834	do.		do.	do.	
Mardisville	do.	do.	do.	do.	27,058 91	do.	do.	
Washington	Mississippi	do.	do.	August 31, 1834	200 72	June 30, 1834		
Augusta	do.	do.	do.	October 31, 1834	6,658 95	Septem. 30, 1834		
Mount Salus	do.	do.	do.	do.	12,956 09	do.	do.	
Columbus	do.	do.	do.	October 31, 1834	40,320 29	do.	do.	
Chocchuma	do.	Septem. 30, 1834	Septem. 30, 1834	do.	8,188 81	June 30, 1834		
New Orleans	Louisiana	do.	do.	do.	606 47	Septem. 30, 1834		
Opelousas	do.	October 31, 1834	October 31, 1834	do.	5,827 56	do.	do.	
Ouachita	do.	do.	do.	do.	5,502 39	do.	do.	
St. Helena	do.	do.	do.	do.	845 33	do.	do.	
Detroit	Michigan	do.	do.	do.		do.	do.	
Bronson	do.	do.	do.	do.	15,119 84	do.	do.	
Monroe	do.	do.	do.	do.	2,742 63	do.	do.	
Batesville	Arkansas	Septem. 30, 1834	Septem. 30, 1834	do.	1,731 29	do.	do.	
Little Rock	do.	October 31, 1834	October 31, 1834	do.	8,136 76	do.	do.	
Washington	do.	do.	do.	do.	530 48	do.	do.	
Fayetteville	do.	Septem. 30, 1834	Septem. 30, 1834	do.	3,632 69	do.	do.	
Tallahassee	Florida	do.	do.	do.	1,302 40	June 30, 1834		
St. Augustine	do.	No returns.						

TREASURY DEPARTMENT,
General Land Office, December 1, 1834.

ELIJAH HAYWARD,
Commissioner of the General Land Office.

B.

EXHIBIT of the operations of the land offices of the United States in the several States and Territories, during the year ending 31st December, 1833, and the 1st, 2d, and 3d quarters of 1834; and of payments made into the Treasury on account of public lands during those periods.

Land offices in the	Lands sold, after deducting erroneous entries.		Amount received in cash.	Am't received in scrip.		Aggregate receipts.	Am't paid into the Treasury.
	Quantity.	Purchase money.		Forfeited land stock.	Military land scrip.		
	Acres. hdlhs.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.
State of Ohio for 1833	551,153 59	692,426 09	511,482 94	11,924 31	163,018 84	692,426 09	475,812 82
Indiana do.	554,681 78	693,522 40	543,048 77	7,314 84	143,158 79	693,522 40	459,839 82
Illinois do.	360,240 51	450,242 70	415,156 02	2,998 67	32,088 01	450,242 70	374,138 51
Missouri do.	226,285 68	296,522 58	296,423 38	99 20	-	296,522 58	334,860 02
Alabama do.	451,319 73	565,818 90	544,434 42	21,384 48	-	565,818 90	531,722 54
Mississippi do.	1,121,494 97	1,531,390 31	1,528,545 58	2,844 73	-	1,531,390 31	1,153,054 83
Louisiana do.	89,441 18	111,809 34	111,420 72	388 62	-	111,809 34	108,018 09
Territory of Michigan do.	447,780 17	563,264 92	541,422 56	275 70	21,566 66	563,264 92	501,272 79
Arkansas do.	41,859 43	52,324 42	52,324 42	-	-	52,324 42	18,114 27
Florida do.	11,970 52	14,963 18	14,963 18	-	-	14,963 18	10,847 86
Total for 1833	3,856,227 56	4,972,284 84	4,559,221 99	47,230 55	365,832 30	4,972,224 84	3,967,681 55

State of Ohio 1st, 2d, & 3d quarters 1834	347,804 30	434,758 08	353,288 15	7,837 17	73,632 76	434,758 08	352,473 59
Indiana do.	427,735 74	534,669 81	489,143 46	1,973 35	43,553 00	534,669 81	483,727 06
Illinois do.	222,458 19	278,145 10	264,226 01	1,160 87	12,758 22	278,145 10	271,663 05
Missouri do.	141,439 30	177,042 42	176,009 61	1,032 81	-	177,042 42	168,720 14
Alabama do.	414,070 73	546,032 48	539,898 49	6,033 99	100 00	546,032 48	507,145 52
Mississippi do.	361,026 85	451,342 34	448,652 43	786 58	1,903 33	451,342 34	750,291 67
Louisiana do.	53,108 31	67,985 14	67,904 64	80 50	-	67,985 14	62,027 58
Territory of Michigan do.	351,951 32	439,949 90	415,498 25	160 00	24,291 65	439,949 90	408,977 55
Arkansas do.	47,227 57	59,034 44	59,034 44	-	-	59,034 44	63,344 36
Florida do.	6,109 04	7,636 30	7,636 30	-	-	7,636 30	8,104 98
Total for 1st, 2d, & 3d qrs. of 1834	2,372,931 35	2,996,596 01	2,821,291 78	19,065 27	156,238 96	2,996,596 01	3,076,475 50

TREASURY DEPARTMENT,
General Land Office, November 29, 1834.

ELIJAH HAYWARD, *Commissioner.*

C.

STATEMENT showing the amount of forfeited land stock issued and surrendered at the United States land offices to the 30th of September, 1834; also, the amount of military land scrip surrendered to the same period.

Land offices.	State or Territory.	Forfeited land stock.		Military land scrip.
		Total am't issued at the land offices to the 30th September, 1834.	Total am't surrendered at the land offices to the 30th September, 1834.	Total am't surrendered at the land offices to the 30th September, 1834.
		Dolls. Cts.	Dolls. Cts.	Dolls. Cts.
Marietta	Ohio	5,370 93	5,485 91	624 25
Zanesville	do.	23,891 72	42,339 11	212,072 62
Steubenville	do.	48,103 74	29,837 57	1,599 93
Chillicothe	do.	51,007 77	27,048 41	75,836 61
Cincinnati	do.	132,418 71	123,093 71	10,204 93
Wooster	do.	11,978 39	15,170 72	1,700 00
Wapaghkonetta	do.	-	9,905 32	50,175 55
Bucyrus	do.	-	22,405 84	71,646 93
Total for State		272,771 26	275,286 59	423,860 82
Jeffersonville	Indiana	28,261 03	33,989 88	49,810 93
Vincennes	do.	39,405 33	26,384 72	1,175 00
Indianapolis	do.	-	3,122 06	291,661 11
Crawfordsville	do.	-	4,588 38	72,978 93
Fort Wayne	do.	-	148 01	8,556 68
Laporte	do.	-	200 00	308 33
Total for State		67,666 36	68,433 05	424,491 18
Shawneetown	Illinois	24,485 28	17,151 87	1,485 83
Kaskaskia	do.	10,002 21	4,198 75	625 00
Edwardsville	do.	10,114 64	11,303 15	35,970 69
Vandalia	do.	-	2,285 10	13,001 99
Palestine	do.	-	642 05	1,350 00
Springfield	do.	-	3,109 01	51,362 03
Danville	do.	-	-	7,387 50
Quincy	do.	-	-	963 44
Total for State		44,602 13	38,689 93	112,146 48
St. Louis	Missouri	6,297 41	6,972 53	
Fayette	do.	12,297 16	11,267 14	
Palmyra	do.	-	2,628 24	
Jackson	do.	-	-	
Lexington	do.	-	147 27	
Total for State		18,594 57	21,015 18	
St. Stephen's	Alabama	51,318 75	35,392 50	
Cahaba	do.	36,282 57	48,891 82	
Huntsville	do.	61,121 64	49,160 82	100 00
Tuscaloosa	do.	-	10,503 10	
Sparta	do.	-	1,026 20	
Demopolis	do.	-	2,239 76	
Montgomery	do.	-	-	
Mardisville	do.	-	424 60	
Total for State		148,722 96	147,638 80	100 00

STATEMENT C—Continued.

Land offices.	State or Territory.	Forfeited land stock.		Military land scrip.
		Total am't issued at the land offices to the 30th September, 1834.	Total am't surrendered at the land offices to the 30th September, 1834.	Total am't surrendered at the land offices to the 30th September, 1834.
		Dolls. Cts.	Dolls. Cts.	Dolls. Cts.
Washington	Mississippi	59,621 76	33,034 48	
Augusta	do.			
Mount Salus	do.		24,050 64	1,903 33
Columbus	do.			
Chocchuma	do.			
Total for State		59,621 76	57,085 12	1,903 33
New Orleans	Louisiana			
Opelousas	do.	3,291 28	3,089 15	
Ouachita	do.			
St. Helena	do.			
Total for State		3,291 28	3,089 15	
Detroit	Michigan	1,101 59	10,290 03	25,374 99
White Pigeon Prairie & Bronson	do.		16 00	6,600 00
Monroe	do.			13,883 32
Total for Territory		1,101 59	10,306 03	45,858 31
Batesville	Arkansas			
Little Rock	do.			
Washington	do.			
Fayetteville	do.			
Total for Territory				
Tallahassee	Florida		11,200 00	
St. Augustine	do.			
Total for Territory			11,200 00	
Grand total of stock issued at the land offices		616,371 91		
Add amount of stock issued at the Treasury, under the 4th section of the act of the 23d of May, 1828, for moneys forfeited (on lands sold at New York in 1787) by Edgar and Macomb		29,732 75		
Aggregate		646,154 66	632,743 85	1,008,360 12

TREASURY DEPARTMENT,
General Land Office, November, 1834.

ELIJAH HAYWARD,
Commissioner of the General Land Office.

D.

STATEMENT exhibiting the number of each description of warrants which have been satisfied with scrip; the quantity of land for which scrip has been issued; the amount thereof in money at \$1 25 per acre, with their several totals; together with the whole number of certificates of scrip issued under the provisions of the acts of 30th May, 1830, 13th July, 1832, and 2d March, 1833, up to the 15th day of November, 1834.

Description of warrants.	Number of warrants.	Quantity of land in warrants.	Amount in money.	Total number of certificates issued.
Virginia State line and navy	564	525,502	\$656,877 50	6,850
Virginia continental line	332	271,318	339,147 50	3,558
United States	648	97,750	122,187 50	1,641
	1,544	894,570	1,118,212 50	12,049

GENERAL LAND OFFICE, *November 29, 1834,*

ELIJAH HAYWARD, *Commissioner.*

Report of the Commissioner of the General Land Office, with statements of the operations of the Land Districts, marked A and B.

GENERAL LAND OFFICE,
November 29, 1834.

SIR: I have the honor to transmit, herewith, in duplicate, the usual statements of the operations of the land districts annually rendered to Congress, viz: That marked A is a statement of public land sold; of cash and scrip received in payment therefor; of incidental expenses and payments into the Treasury, on account of public lands, during the year ending 31st December, 1833.

That marked B is a statement containing similar information for the first, second, and third quarters of the year 1834.

With great respect,

Your obedient servant,

ELIJAH HAYWARD.

HON. LEVI WOODBURY,
Secretary of the Treasury.

A.

STATEMENT of public lands sold, of cash and scrip received in payment therefor, and of incidental expenses and payments into the Treasury on account of public lands, during the year ending 31st of December, 1833.

Land offices.	State or Territory.	Lands sold, after deducting erroneous entries.		Amount received in cash.	Am't received in scrip.		Aggregate receipts.	Amount of incidental expenses.	Am't paid into the Treasury from 1st Jan. to 31st Dec., 1833.
		Quantity.	Purchase money.		Forfeited land stock.	Military land scrip.			
		Acres. hdlhs.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.
Marietta	Ohio	27,285 69	34,107 10	33,810 97	196 13	100 00	34,107 10	1,912 58	37,530 10
Zanesville	do.	75,969 83	95,460 10	26,433 47	3,397 59	65,629 04	95,460 10	3,158 07	15,938 70
Steubenville	do.	7,934 54	9,918 16	8,164 97	453 19	1,300 00	9,918 16	1,498 04	9,823 62
Chillicothe	do.	46,607 29	58,433 94	23,476 97	570 55	34,386 42	58,433 94	2,342 39	9,400 00
Cincinnati	do.	25,708 63	31,976 73	26,211 73	4,478 00	1,287 00	31,976 73	3,065 69	23,245 03
Wooster	do.	27,886 78	34,872 39	33,339 29	983 10	550 00	34,872 39	1,900 88	29,271 58
Piqua & Wapaghkonetta	do.	99,753 68	128,481 35	89,622 26	1,346 04	37,513 05	128,481 35	3,985 95	91,050 00
Bucyrus	do.	240,007 15	299,176 32	270,423 28	499 71	28,253 33	299,176 32	7,224 99	249,553 79
Total for State		551,153 59	692,426 09	511,482 94	11,924 31	169,018 84	692,426 09	25,088 59	475,812 82
Jeffersonville	Indiana	63,987 06	79,984 21	60,087 37	3,609 51	16,287 33	79,984 21	2,751 51	57,390 12
Vincennes	do.	66,832 94	83,545 43	79,495 17	3,450 26	600 00	83,545 43	3,289 27	74,529 39
Indianapolis	do.	15,965 06	232,581 07	129,653 55	160 00	102,767 52	232,581 07	5,154 02	103,159 04
Crawfordsville	do.	150,912 32	188,640 39	170,032 38	79 07	18,528 94	188,640 39	6,843 53	147,837 53
Fort Wayne	do.	62,612 74	78,270 72	73,404 72	16 00	4,850 00	78,270 72	2,840 96	58,847 74
La Porte	do.	24,371 66	30,500 58	30,375 58	-	125 00	30,500 58	1,404 84	18,076 00
Total for State		554,681 78	693,522 40	543,048 77	7,314 84	143,158 79	693,522 40	22,284 16	459,839 82

Shawneetown	Illinois	28,936 30	36,170 39	34,047 11	2,073 28	50 00	36,170 39	1,823 58	36,613 00
Kaskaskia	do.	29,235 00	36,544 40	36,290 40	254 00	-	36,544 40	1,803 53	36,231 89
Edwardsville	do.	92,261 07	115,327 18	106,755 79	671 39	7,900 00	115,327 18	3,097 26	106,725 94
Vandalia	do.	21,615 84	27,119 79	26,219 79	-	900 00	27,119 79	1,563 88	15,208 91
Palesine	do.	22,043 90	27,554 87	27,529 87	-	25 00	27,554 87	1,687 50	25,202 92
Springfield	do.	109,642 25	136,893 40	119,581 33	-	17,312 07	136,893 40	4,478 17	114,521 80
Danville	do.	26,901 38	33,626 72	28,489 22	-	5,137 50	33,626 72	1,730 12	16,605 60
Quincy	do.	29,604 77	37,005 95	36,242 51	-	763 44	37,005 95	1,850 10	33,028 45
Total for State		360,240 51	450,242 70	415,156 02	2,998 67	32,088 01	450,242 70	18,034 14	374,138 51
St. Louis	Missouri	43,026 22	53,783 17	53,783 17	-	-	53,783 17	2,060 48	57,367 00
Fayette	do.	54,843 10	68,553 85	68,454 65	99 20	-	68,553 85	3,217 26	91,332 82
Palmyra	do.	61,655 04	90,727 16	90,727 16	-	-	90,727 16	3,007 71	84,392 20
Jackson	do.	19,448 53	24,310 49	24,310 49	-	-	24,310 49	1,766 16	25,000 00
Lexington	do.	47,282 79	59,147 91	59,147 91	-	-	59,147 91	3,236 04	76,768 00
Total for State		226,285 68	296,522 58	296,423 38	99 20	-	296,522 58	13,287 65	334,860 02
St. Stephen's	Alabama	36,958 43	46,210 19	43,924 21	2,285 98	-	46,210 19	2,250 11	54,113 63
Cahaba	do.	204,169 82	256,900 73	252,659 60	4,241 13	-	256,900 73	7,161 98	260,562 27
Huntsville	do.	51,479 19	64,302 30	50,228 26	14,074 04	-	64,302 30	3,170 53	49,483 40
Tuscaloosa	do.	77,260 53	96,591 01	96,510 94	80 07	-	96,591 01	3,213 73	83,500 00
Sparta	do.	6,626 60	8,283 23	8,283 23	-	-	8,283 23	1,168 00	4,182 13
Demopolis	do.	74,825 16	93,531 44	92,828 18	703 26	-	93,531 44	2,937 74	79,881 11
Total for State		451,319 73	565,818 90	544,434 42	21,384 48	-	565,818 90	19,902 09	531,722 54

STATEMENT A—Continued.

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Land offices.	State or Territory.	Land sold, after deducting erroneous entries.		Amount received in cash.	Am't received in scrip.		Aggregate receipts.	Amount of incidental expenses.	Am't paid into the Treasury from 1st Jan. to 31st Dec., 1833.
		Quantity.	Purchase money.		Forfeited land stock.	Military land scrip.			
		Acres. hdtks.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.
Washington	Mississippi	56,671 30	70,845 84	68,478 61	2,367 23	-	70,845 84	2,434 27	61,200 00
Augusta	do.	34,145 40	43,216 11	43,216 11	-	-	43,216 11	2,308 00	25,800 00
Mount Salus	do.	582,552 70	730,683 18	730,205 68	477 50	-	730,683 18	6,652 20	517,012 66
Columbus	do.	208,642 60	330,149 76	330,149 76	-	-	330,149 76	7,486 58	219,840 40
Chocchuma	do.	239,482 97	356,495 42	356,495 42	-	-	356,495 42	7,072 88	329,201 77
Total for State		1,121,494 97	1,531,390 31	1,528,545 58	2,844 73	-	1,531,390 31	25,953 93	1,153,054 83
New Orleans	Louisiana	-	-	-	-	-	-	417 12	1,042 50
Opelousas	do.	22,000 32	27,500 38	27,111 76	388 62	-	27,500 38	1,831 92	19,250 00
Ouachita	do.	63,717 33	79,654 55	79,654 55	-	-	79,654 55	3,223 95	82,754 90
St. Helena	do.	3,723 53	4,654 41	4,654 41	-	-	4,654 41	1,034 87	4,970 69
Total for State		89,441 18	111,809 34	111,420 72	388 62	-	111,809 34	6,507 86	108,018 09
Detroit	Michigan Territory	170,743 76	213,439 77	198,597 41	275 70	14,566 66	213,439 77	5,501 76	192,910 34
White Pigeon Prairie	do.	95,930 25	123,465 25	116,865 25	-	6,600 00	123,465 25	4,486 24	103,062 45
Monroe	do.	181,056 16	226,359 90	225,959 90	-	400 00	226,359 90	5,776 77	205,300 00
Total for Territory		447,780 17	563,264 92	541,422 56	275 70	21,566 66	563,264 92	15,764 77	501,272 79

REPORTS OF THE

1834.

Batesville	Arkansas Territory	22,895 19	28,618 98	28,618 98			28,618 98	1,717 83	10,281 27
Little Rock	do.	8,513 11	10,641 54	10,641 54			10,641 54	1,328 78	2,460 00
Washington	do.	7,144 10	8,930 12	8,930 12			8,930 12	1,132 24	5,370 00
Fayetteville	do.	3,307 03	4,133 78	4,133 78			4,133 78	434 27	
Total for Territory		41,859 43	52,324 42	52,324 42			52,324 42	4,613 12	18,114 27
Tallahassee	Florida Territory	11,810 27	14,762 87	14,762 87			14,762 87	1,276 54	10,760 27
St. Augustine	do.	160 25	200 31	200 31			200 31	554 48	87 59
Total for Territory		11,970 52	14,963 18	14,963 18			14,963 18	1,832 02	10,847 86
Grand total		3,856,227 56	4,972,284 84	4,559,221 99	47,230 55	365,832 30	4,972,284 84	153,268 33	3,967,681 55

TREASURY DEPARTMENT, *General Land Office, November 29, 1834.*

ELIJAH HAYWARD, *Commissioner.*

1834]

SECRETARY OF THE TREASURY.

551

B.

STATEMENT of public lands sold, of cash and scrip received in payment therefor, of incidental expenses, and payments into the Treasury on account of public lands, during the first, second, and third quarters of the year 1834.

Land offices.	State or Territory.	Lands sold, after deducting erroneous entries.		Amount received in cash.	Am't received in scrip.		Aggregate receipts.	Amount of incidental expenses.	Amount paid into the Treasury from 1st Jan. to 30th Sept. 1834.
		Quantity.	Purchase money.		Forfeited land stock.	Military land scrip.			
		Acres. hths.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.	Dolls. Cts.
Marietta	Ohio	9,359 63	11,698 28	11,698 28	-	-	11,698 28	1,045 58	8,372 80
Zanesville	do.	24,706 79	30,883 48	17,231 45	735 94	12,916 09	30,883 48	1,552 42	18,725 61
Steubenville	do.	3,008 99	3,761 24	3,328 82	382 49	49 93	3,761 24	954 19	1,500 00
Chillicothe	do.	16,054 92	20,068 58	11,974 01	141 24	7,953 33	20,068 58	1,387 78	3,415 22
Cincinnati	do.	17,617 64	22,022 05	17,804 96	4,117 09	100 00	22,022 05	2,244 46	24,920 75
Wooster	do.	7,567 73	9,459 66	9,289 56	70 10	100 00	9,459 66	1,081 83	10,022 91
Wapaghkonetta	do.	83,536 13	104,419 01	88,038 04	-	*15,092 28	104,419 01	*4,404 78	85,596 43
Bucyrus	do.	185,952 47	232,445 78	193,923 05	1,101 60	37,421 13	232,445 78	6,397 04	199,919 87
Total for State		347,804 30	434,758 08	353,288 15	7,837 17	73,632 76	434,758 08	19,068 08	352,473 59
Jeffersonville	Indiana	50,732 30	63,415 58	54,808 06	1,281 32	7,326 20	63,415 58	3,303 04	52,847 21
Vincennes	do.	40,482 09	50,602 89	49,985 87	592 02	25 00	50,602 89	2,835 24	61,283 14
Indianapolis	do.	126,717 78	158,396 82	123,636 68	-	34,760 14	158,396 82	4,847 66	127,364 85
Crawfordsville	do.	91,744 92	114,681 06	114,481 06	-	200 00	114,681 06	4,291 10	118,161 46
Fort Wayne	do.	60,826 75	76,033 58	74,875 24	100 01	1,058 33	76,033 58	2,849 61	58,601 24
La Porte	do.	57,231 90	71,539 88	71,356 55	-	183 33	71,539 88	2,976 54	65,469 16
Total for State		427,735 74	534,669 81	489,143 46	1,973 35	43,553 00	534,669 81	21,103 19	483,727 06

* Stocks surrendered at, and incidental expenses of, this office, are exhibited as a proximate estimate, as the quarterly returns were not received for the third quarter.

Shawneetown	Illinois	6,019 32	7,529 16	6,513 19	505 14	510 83	7,529 16	965 45	13,650 00
Kaskaskia	do.	11,502 04	14,378 51	14,349 64	28 87	-	14,378 51	1,070 12	10,717 76
Edwardsville	do.	85,153 03	109,484 40	103,807 74	426 66	2,250 00	106,484 40	3,439 86	98,345 00
Vandalia	do.	14,116 30	17,659 37	15,919 17	40 20	1,700 00	17,659 37	1,272 45	15,000 00
Palestine	do.	13,950 95	17,438 69	17,138 69	-	300 00	17,438 69	1,248 28	20,963 25
Springfield	do.	46,848 36	58,569 75	50,912 36	160 00	7,497 39	58,569 75	2,300 28	55,992 00
Danville	do.	22,790 22	28,487 77	28,187 77	-	300 00	28,487 77	1,832 78	29,852 57
Quincy	do.	22,077 97	27,597 45	27,397 45	-	200 00	27,597 45	1,561 27	27,142 47
Total for State		222,458 19	278,145 10	264,226 01	1,160 80	12,758 22	278,145 10	13,590 49	271,663 05
St. Louis	Missouri	31,022 35	38,778 12	37,745 31	1,032 81	-	38,778 12	1,606 40	43,859 69
Fayette	do.	26,885 40	33,834 07	33,834 07	-	-	33,834 07	1,592 23	25,105 00
Palmyra	do.	45,619 14	57,039 84	57,039 84	-	-	57,039 84	2,137 37	55,985 22
Jackson	do.	8,916 52	11,145 47	11,145 47	-	-	11,145 47	1,049 87	9,500 00
Lexington	do.	28,995 89	36,244 92	36,244 92	-	-	36,244 92	1,882 50	34,270 23
Total for State		141,439 30	177,042 42	176,009 61	1,032 81	-	177,042 42	8,268 39	168,720 14
St. Stephen's	Alabama	7,935 98	11,169 47	9,585 68	1,583 79	-	11,169 47	1,143 94	19,159 95
Cahaba	do.	106,054 88	132,647 04	131,757 97	889 07	-	132,647 04	3,848 35	125,398 71
Huntsville	do.	19,457 23	24,321 35	23,073 31	1,148 04	100 00	24,321 35	1,727 00	27,175 00
Tuscaloosa	do.	57,580 62	71,976 32	71,524 33	451 99	-	71,976 32	2,692 53	77,300 00
Sparta	do.	6,446 93	8,175 82	8,175 82	-	-	8,175 82	856 93	11,883 49
Demopolis	do.	123,175 17	153,969 00	152,432 50	1,536 50	-	153,969 00	4,651 85	141,706 37
Montgomery	do.	18,331 43	33,468 03	33,468 03	-	-	33,468 03	2,002 94	16,600 00
Mardisville	do.	75,088 49	110,305 45	109,880 85	424 60	-	110,305 45	4,043 65	87,922 00
Total for State		414,070 73	546,032 48	539,898 49	6,033 99	100 00	546,032 48	10,967 19	507,145 52
Washington	Mississippi	18,262 18	22,842 16	22,197 17	644 99	-	22,842 16	1,359 60	23,154 92
Augusta	do.	22,630 95	28,288 26	28,288 26	-	-	28,288 26	1,698 62	33,940 00
Mount Salus	do.	194,074 15	242,601 87	240,556 95	141 59	1,903 33	242,601 87	9,834 61	411,753 12
Columbus	do.	99,954 62	124,943 29	124,943 29	-	-	124,943 29	3,372 80	238,839 88

STATEMENT B—Continued.

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Land offices.	State or Territory.	Lands sold, after deducting erroneous entries.		Amount re- ceived in cash.	Am't received in scrip.		Aggregate receipts.	Amount of incidental ex- penses.	Amount paid into the Treas- ury from 1st Jan. to 30th Sept. 1834.
		Quantity.	Purchase money.		Forfeited land stock.	Military land scrip.			
		<i>Acres. hdths.</i>	<i>Dolls. Cts.</i>	<i>Dolls. Cts.</i>	<i>Dolls. Cts.</i>	<i>Dolls. Cts.</i>	<i>Dolls. Cts.</i>	<i>Dolls. Cts.</i>	<i>Dolls. Cts.</i>
Chocchuma	Mississippi	26,104 95	32,666 76	32,666 76	-	-	32,666 76	1,964 97	42,603 75
Total for State	-	361,026 85	451,342 34	448,652 43	786 58	1,903 33	451,342 34	18,230 60	750,291 67
New Orleans	Louisiana	2,349 69	2,937 13	2,937 13	-	-	2,937 13	1,157 01	
Opelousas	do.	10,157 02	12,696 27	12,615 77	80 50	-	12,696 27	1,061 40	12,621 07
Ouachita	do.	39,534 97	51,018 46	51,018 46	-	-	51,018 46	2,405 75	48,606 51
St. Helena	do.	1,066 63	1,333 28	1,333 28	-	-	1,333 28	804 90	800 00
Total for State	-	53,108 31	67,985 14	67,904 64	80 50	-	67,985 14	5,429 06	62,027 58
Detroit	Michigan	99,065 97	123,843 30	112,874 97	160 00	10,808 33	123,643 30	3,316 85	109,558 12
White Pig'n Prai- rie and Bronson	do.	81,910 07	102,387 54	102,387 54	-	-	102,387 54	3,390 46	103,419 43
Monroe	do.	170,975 28	213,719 06	200,235 74	-	13,483 32	213,719 06	5,474 35	196,000 00
Total for Territory	-	351,951 32	439,949 90	415,498 25	160 00	24,291 65	439,949 90	12,181 66	408,977 55
Batesville	Arkansas	7,632 23	9,540 28	9,540 28	-	-	9,540 28	1,360 08	23,610 00

REPORTS OF THE

[1834.

Little Rock	do.	25,086 11	31,357 64	31,357 64	-	-	31,357 64	1,959 65	27,709 36
Washington	do.	7,956 45	9,945 55	9,945 55	-	-	9,945 55	1,143 08	5,200 00
Fayetteville	do.	6,552 78	8,190 97	8,190 97	-	-	8,190 97	1,386 31	6,825 00
Total for Territory		47,227 57	59,034 44	59,034 44	-	-	59,034 44	5,849 12	63,344 36
Tallahassee	Florida	6,109 04	7,636 30	7,636 30	-	-	7,636 30	981 53	8,104 98
St. Augustine	do.	-	-	-	-	-	-	130 48	-
Total for Territory		6,109 04	7,636 30	7,636 30	-	-	7,636 30	1,112 01	8,104 98
Grand total		2,372,931 35	2,996,596 01	2,821,291 78	19,065 27	156,238 96	2,996,596 01	115,799 79	3,076,475 50

TREASURY DEPARTMENT,
General Land Office, November 29, 1834.

ELIJAH HAYWARD, *Commissioner.*

ON THE PUBLIC MONEY.

DECEMBER, 1834.

TREASURY DEPARTMENT,
December 12, 1834.

In conformity with a suggestion made in the annual report from this department, the undersigned now proceeds to submit to Congress some further considerations on the present system of keeping and disbursing the public money.

It is one of his general duties to present annually a view of the condition of our finances. An essential part of that condition is the manner in which the revenue is kept, from the time it is collected until it is disbursed. Another of his duties is *to digest and prepare plans for its management*; and he is expressly required to "give information to the Legislature respecting all matters which shall appertain to his office."

Considering the unusual excitement that has attended the measures and discussions of the past year, connected with the above subjects, it would, probably, be deemed a neglect or an evasion of proper responsibility, if the undersigned did not submit full information concerning the places where our revenue is now deposited and kept; the principles on which the selection of them by this department is justified; the mode in which the existing system for the preservation and disbursement of the public money has been found to operate; and the advantages, or disadvantages, which are likely to result from a return to any former one, or from the adoption of any proposed improvements in the existing system. He will, therefore, proceed to the performance of this delicate and difficult task with an unfeigned distrust of his competency to treat those subjects in a manner becoming their great importance, but at the same time with a firm resolution to endeavor to discharge the duty, so far as in his power, with fearlessness, impartiality, and fidelity to the public. In regard to the places for keeping the funds of the United States, it is believed that, under our first organization of a common treasury, no such places were ever designated by law, unless sometimes the loan offices, and unless, for such funds as were wanted in the field, the military chests accompanying the army may be so considered.

The residue of the funds is supposed to have generally been deposited for safe keeping, as the committee of Congress, when having charge of them, or the Treasury officers, when such had been created, were pleased to direct; and it is well known that by them banks were selected for this purpose as soon as any were incorporated in convenient places, under either State or Federal authority.

After the present constitution was adopted, the usage continued the same until 1809; no law having ever been previously passed, which required the deposits of public money to be made in the first United States or any State bank. But, from 1789 to 1791, it appears that the Bank of North America, in Pennsylvania, by which State as well as by Congress it had

been incorporated, continued to be employed by the officers of the Treasury under the direction of the Secretary, and in the exercise of his supposed legal power over this subject.

The three Banks of Massachusetts, New York, and Maryland, incorporated in those States, under those respective names, were also in the same way next selected and used. After 1791, the former United States Bank was, by this department, voluntarily added to the number. In 1809, by the act of March 30th, the first express legislation took place as to the use of any banks whatsoever as places for the public deposits, and that extended only to "the public moneys in the hands" of disbursing officers, and required them to be kept, "wherever practicable," in some "incorporated bank," and that bank to be selected or "designated for the purpose by the President of the United States." The deposits by collecting officers were left untouched, they having been already, as before named, usually placed in banks, and those banks selected, not by the Treasurer, or Congress, or the President, but by the Secretary of this department, or by his direction, under the power confided to him by acts of Congress, of supervising the finances and the doings of the subordinate officers in the Treasury. A committee of the House of Representatives, May 22, 1794, made a very able report on the condition of the Treasury, in which, on this point, they remark, that "the Treasurer, pursuant to general directions from the Secretary of the Treasury, keeps the public moneys under his control in the several banks," &c. In February, 1811, before the charter of the old bank expired, but after its renewal had been refused, Mr. Gallatin, by his own act, and not by orders to the Treasurer, and without consulting Congress, then in session, proceeded to select other banks, incorporated by the several States, and to remove to them the deposits of the public money. As appears in his report to the House of Representatives, January 8, 1812, he entered into arrangements with them, in many respects similar to those now in operation.

After this change, the usage and law on this subject continued unaltered till 1816, when it was provided in the charter of the present Bank of the United States, "that the deposits of the money of the United States, in places in which the said bank and branches thereof may be established, shall be made in said bank or branches thereof, unless the Secretary of the Treasury shall at any time otherwise order and direct; in which case, the Secretary of the Treasury shall immediately lay before Congress, in its session, and, if not, immediately after the commencement of the next session, the reasons for such order or direction."

Whether this was or was not intended to include the deposits of money in the hands of disbursing as well as collecting officers, all difficulty was avoided on that point by the President, in giving directions, as has lately been done, to have the same banks used by the former as were used by the latter class of officers.

In the discussions of 1814, which led to that charter and the above reservation, it was distinctly averred to be necessary that such a reservation or power should be retained, in order to insure to the Government some further control over the bank, in case of the adoption of the provision in the bill giving to the former only five out of twenty-five directors; because, in a case like that which has been witnessed during the past year, a distinguished advocate of the present charter, with the spirit almost of prophecy, declared, "twenty directors would always

vote down the five proposed to be appointed by the Executive, if there should arise a contest between the Government and the bank. But there was another means of protecting the Government against the bank, more potent and certain than any such provisions: let the United States retain the power over its deposits, and over the receipt of bank notes in payment of duties and debts to the Government, and it would possess a sufficient control over the bank."

The power to remove the deposits from the bank, thus reserved to the Secretary of the Treasury in the charter, was exercised in repeated instances, to a limited extent, within the first three years after the reservation was made, as well as to a larger extent on a more recent occasion. But the power reserved to Congress in the charter, to withdraw from the notes of the bank the credit given by the Government's receipt of them in payment of all its dues, has never yet been exercised, though still possessed in full force, and originally intended as a legitimate weapon to counteract or punish any improper conduct on the part of the bank towards the Government. It is well known that, about the 1st of October, 1833, in the manner provided by the charter in the clause just quoted, a change in the places of deposit was made from the United States Bank and most of its branches to certain State banks, by the direction of the Secretary of the Treasury, and under the controlling power on this subject exercised by that officer from the first organization of this department; repeatedly recognised and approved by Congress, before 1816; and at that time expressly reserved to him by Congress in the charter to the present bank. In consequence of the above-named change in the place of deposit, the general accounts of the Treasurer and most of the public officers have, since last October, been gradually brought to a close with the United States Bank and most of its branches; and arrangements are in progress to dispense with the services of all of them, on general subjects, before the charter shall expire, and soon, if practicable without great inconvenience or expense to the public.

For certain special objects, such as the payment of the debt and of pensioners, (the last not construed to include the persons provided for by the acts of Congress of May, 1828, and of June, 1832,) the bank and all its branches have yet been retained as depositories and agents, under an impression that it had, by previous acts of Congress, a right to perform these duties, until relinquished by its own consent, or until the acts were repealed.

After the charter shall expire, no difficulty is anticipated in having any of these duties, which may then remain, discharged by State banks. But if any should occur, it will become necessary to devolve these duties on some responsible receiver or collector already in office, or on some safe agent not now in office, as has been the practice for years in this country in paying pensions at convenient places, near which there was no State bank or branch of the United States Bank, and as has long been the usage in some countries of Europe, by having the public revenue in certain districts chiefly received, kept, and transmitted through private agents and brokers. This kind of personal agency, however, is, in the opinion of the undersigned, to be avoided, in all practicable and safe cases, under our present system of selected banks; because it would render the system less convenient, less secure, and more complex, if not more expensive. Hence, it has not yet been resorted to.

But it was considered proper to mention this contingency, in order that its effects, if ever anticipated, may beforehand be duly weighed in the examination of the whole subject; and to add, that if this contingency be extended to the whole establishment of State banks, as well as of the United States Bank, on the possibility that they may all cease to exist, or may refuse to receive and manage the public deposits, (however improbable the occurrence of such an event may be,) the fiscal operations of the Government could undoubtedly still proceed, through the personal agencies before mentioned. It is admitted, however, that it would be at some inconvenience, and some increase of expense, unless remedied in a manner that may hereafter be developed; and would not, in the opinion of this department, and in the present condition of things, be so eligible a system as the present one; because banks, though exposed to some dangers and evils, and though not believed to be necessary for the fiscal purposes of any Government, and much less of one in the present happy financial situation of ours, are frankly acknowledged to be, in many respects, a class of agents economical, convenient, and useful.

A document is annexed, giving, first, a schedule of such State banks, amounting to thirteen in number, as had previously to about the 1st of October, 1833, been selected and retained in connexion with the United States Bank; another list, of twenty-six in number, of such as were then, and have since been, selected under the general arrangements adopted for the chief deposit banks; and a third list, of three in number, of State banks, since selected for limited purposes, and with limited duties, like many of those before 1833. (A.)

Some of these selections, and the consequent changes in deposits, it will be seen, have been made since the last session of Congress. But as the reasons to justify the general removal of the public deposits from the United States Bank were assigned to Congress at the proper time by the proper officer, it is not deemed either necessary or pertinent to offer any new ones in justification of the changes made since, merely to complete the measures previously arranged, commenced, and vindicated.

But the power of removal being distinct from the reasons assigned for the act of removal, and having been exercised subsequently, wherever the new banks before named have, in suitable places, and in fulfilment of the system then adopted, and for the reasons then stated, been selected, it has been considered proper to suggest the usage and laws under which this power of removal or selection has been exercised by the Secretary of the Treasury on the last occasion, and probably on all previous ones. The same usage and laws will doubtless be considered a sufficient justification for a continuance of the exercise of the same power by this department, under a due sense of its duties and responsibilities, until Congress, the body conferring the power, becomes convinced that it is liable to be used for reasons not satisfactory, and should therefore be withdrawn, and either confided elsewhere, as, in the case of disbursing officers, it is now confided to the President, or be reserved to be used only by Congress itself, whenever a case arises in which it deems the exercise of such a power proper. The laws passed by Congress, and the fiscal regulations made in conformity to them, now in truth govern the whole subject. The money itself is rather in the virtual control of those laws and of Congress, the body making them, than in the control of any one

officer, or any number of officers. No executive officers of any kind have even the possession or custody of that money, except as mere ministerial agents, and then they have it in pursuance of those laws and regulations; and, when those are constitutional, are bound, and have a right, to exercise it in the due and necessary administration of them.

Their possession and custody of it exist generally in that way, though thus becoming in almost every case a constructive, and not an actual possession or custody, unless they are collecting or disbursing officers, who hold the money before or after it goes into the Treasury. But even then, they usually deposit the money early in some bank, as before explained.

While the money is considered to be in the Treasury, whether by construction of law, or in point of fact, it is ordinarily in the actual possession or custody of some third person, in most cases a bank corporation: and the Treasurer himself, or the Secretary of the Treasury, or any other officer, however they may, in the manner before named, have the custody of the money, or may alter the mere places of its deposit, are no more empowered to take money out, or remove it from the Treasury itself, than any stranger, except to discharge an appropriation made by Congress, and on a warrant having the sanction of all the officers required in ordinary cases by the laws and the established regulations. A copy of such a warrant, in the form invariably used the last four years, is annexed, for the information of Congress. (B.)

Having described the places where our revenue is now deposited and kept, and the principles on which the selection of them, by this department, is justified, the undersigned will proceed to offer some considerations on the other topics proposed, as to the mode in which the existing system for the preservation and disbursement of the public money has been found to operate, and the advantages and disadvantages which are likely to result from a return to any former one, or from an adoption of any supposed improvements in the existing system. On this occasion, and in the present financial condition of the country, these are believed to be not only legitimate subjects of inquiry, but such as require that all the information in the possession of this department, tending to elucidate them, should be promptly and unreservedly communicated to Congress. To discharge that duty with any degree of clearness or satisfaction, it will become indispensable, at the risk of being considered tedious, to enter into an analysis of the subject, and to submit such remarks as are deemed appropriate—

On the convenience of the location of the selected State banks, when compared with any other system for the accommodation of the public officers as well as of the public creditors;

Their safety as depositories;

Their comparative ability to transfer the public funds to the places where they are wanted, and to perform any other services properly required of a fiscal agent;

Their commercial utility in respect to exchanges;

The goodness of the money in which their payments are made;

Their comparative aid as bearing on commerce and political economy in the regulation of the currency of the country at large; and, in connexion with these several topics,

The advantages or propriety of resorting to some other system instead

of the present one, improved as it may be, and which other shall resemble that recently in operation under the United States Bank; and, in order to secure the supposed superiority of such a one in any respect, to provide for a new incorporation of some national bank, either with or without an amendment of our present constitution.

1. In regard to the convenient situation of the selected banks, whether looking to the accommodation of the public officers or of the public creditors, it is believed to be fully equal to that of the United States Bank and its branches. Some banks have been chosen in places in which none were before employed, and, in this respect, facilities for deposits and payments have been furnished nearer to some points where our collections and disbursements are very considerable. In this way, as it is now an established rule, long practised, in most cases, by this department, and revised and republished in 1827, to make payments generally at the banks nearest to the residence of the public officer or creditor to be paid, or to the place where his services were performed, the payments under the present system have been made equally near, and sometimes nearer than formerly. The departures from this usual course never occur without the consent, and, indeed, the request of the persons interested. So far as these departures may in any cases be deemed favors to those persons, they were formerly granted on application to the department, under such circumstances as the public interests, on the assignment of satisfactory reasons, appeared to permit. The same course of indulgence is now pursued; it is that most convenient to the public in general, as well as to the Treasury, and the only one feasible under any system, without incurring the unnecessary and inconvenient expense of furnishing funds enough at every different point of collection and disbursement to meet, not merely the ordinary and usual expenditures in the neighborhood of each point, but all the drafts which caprice, speculation, or a high rate of exchange, might induce officers or creditors to draw on places greatly remote from their residence, or from the theatre of their public services.

2. The safety of the newly selected banks is the next subject of inquiry. The chief change in this respect, under the present system, has been in procuring the separate responsibility of several institutions for separate and smaller sums of money, instead of the single responsibility of one institution for a very large sum, and in having the guaranty of State laws and State supervision over the conduct and solvency of these separate institutions, combined with the information and cognizance of this department and Congress as to their condition and prospects, by means of their weekly returns and other general sources of intelligence, instead of the guaranty of the acts of Congress, and the supervision of the United States Government over the single institution formerly and chiefly employed. Considering these differences; coupled with the fact that the selected banks, without disparagement to others, are, or ought to be, chosen from the most flourishing and secure; that they can be changed whenever any circumstance may indicate a change to be prudent; and that collateral security can be required whenever the deposit is so large as to seem to render it judicious; that the Government possesses superior advantages in case of their embarrassment, and that the whole capital stock must be lost before the deposit debt will become desperate; there certainly can be no very disadvantageous

comparison in theory between the safety to the Government under the present rather than the former system.

In practice, thus far, no loss whatever has been sustained by any of the newly selected banks, nor does any particular reason exist for anticipating a loss. It is due to them to remark, without derogating from the reputation of other banking institutions whose condition is less accurately known to the department, that the weekly returns of the selected banks show all of them to be in a secure, and most of them in a very flourishing condition; and that the whole of them united, on the 1st of July last, possessed specie, in proportion to their notes in circulation, greater than did the Bank of the United States, or the Bank of England, on the 1st of January last; and that their immediate available means to meet all the immediate demands upon them, including the whole of their large public and private deposits, have since been constantly improving, and are quite equal to those of most banking institutions in existence, and to what is required by the most approved banking principles.

A table illustrating this subject has been prepared from the latest returns and estimates accessible to the department, and is annexed. (A A.) The losses which have formerly been sustained by the General Government through the failure of certain State banks, selected, according to the impressions of many persons, principally, if not entirely, between 1811 and 1816, or between the expiration of the old and the passage of the new charter of the United States Bank, have been frequently adduced as objections to the safety of the present system, and, without some detailed examination and careful discrimination, are, it is freely admitted, calculated to awaken some doubt as to its ultimate practical security.

But it is a memorable fact, connected with this inquiry, though often represented otherwise, that not a *single selected* State bank failed between the expiration of the old charter and the grant of the new one; and that none of our losses included in our *unavailable* funds happened until some time in 1817, after the United States Bank was in operation. Then, whether "destroyed by an exertion of the power of the Bank" alone, or, as is more probable, by numerous causes combined, it appears, from a careful analysis of the *unavailable funds* which we have now, and formerly had on hand, that some of the selected State banks became embarrassed.

From the course of public collections and disbursements, and the balance of trade, having both been in favor of the east against the west, and from a desire to sustain the new operations of the United States Bank, a transfer of funds through its agency, and a consequent drain of specie from the western deposite banks, then took place. Then the Government stocks, acquired by the patriotic loans of some of the State banks during the late war, were in some degree sacrificed, in several instances, to enable them too early and suddenly to resume and support specie payments; and, by means of these and other causes united, seven out of about sixty selected banks proved unable to meet all the demands on them with promptitude.

Had the change to specie payments been less sudden, and further time been given to transfer deposites which had long been accumulating in the paper of various banks, and which were large in amount, and very inconvenient and expensive at once to convert into specie and remove to a distance, it has been conceded by an officer of the United States Bank itself, that no failures of the selected banks at that time would probably have happened. As it was, the whole indebtedness of the seven, as deposite

banks, when they failed, was only \$139,010; and they have since paid to the Government \$133,169, on that and bills of theirs held by the Government elsewhere. These payments, if all applied in the gross to discharge their whole deposit liabilities, would leave due, independent of some interest, only the small sum of about \$6,000; or, if applied to each bank respectively, only about \$17,000, as can be seen more fully in the tabular statement. Whether the Government, or the United States Bank, whichever had most agency in the course adopted, acted with indiscretion in pressing them so suddenly, severely, and in a manner so different from that pursued in England two years after, in the resumption of specie payments there, it is not now difficult to decide; especially when we find that, under all the calamities from that course, and other causes, those seven banks have since adjusted so nearly their whole liabilities as depositories, and that one of them has adjusted every liability of every kind. A statement annexed shows the sum, without interest, now due on any account, from each of these and all other embarrassed banks, and the year of both their failure and selection, and distinguishes those which were debtors, but not depositories, of this department. (B.B.) Notwithstanding the continued operation of some of the former causes, the low prices of produce, the high rate of exchange against the west in favor of the east, in 1817, '18, and '19, and the widespread commercial distress in the latter year, bringing the United States Bank itself to the brink of stopping specie payments, if not of bankruptcy, it will be seen that only four more deposit banks suspended payment between 1817 and 1821; and of these four within those three disastrous years, one only was in 1818, which has since paid all its debt; another in 1819, which owed only about \$17,000, as a deposit bank; and two in 1820, both of which have settled every thing originally due.

Thus the truth on this much misunderstood and misrepresented subject appears to be, not only that one failure of a selected bank did not occur within the period while no United States Bank was in operation, but that of those which afterwards stopped payment within three or four years, chiefly from the causes before mentioned, and a part of which causes produced eight or ten fold as many failures in England, under the full control and influence of a national bank there as well as here, four of the number have since discharged all their liabilities; and the residue of the liabilities of all the others, as deposit banks, in the manner before estimated, is less than \$35,000. This is not the tithe of the sum which has frequently been lost to the Treasury by the failure of individual merchants to discharge only their obligations for imposts; not equal to the sum frequently lost by the failure of many single disbursing agents connected with the different departments of the Government, and under large bonds for security; not a sixtieth part of the three or four millions lost by the United States Bank in that period of severe trial; and a large portion of it on the seaboard, near the close supervision of its principal officers; nor, indeed, but a small fraction of the loss sustained by the Government through the United States Bank itself, during the same period, by the failure of the latter to pay to the former the same amount of dividends which otherwise would have accrued, or to pay dividends equal to the interest the Government was then paying the bank on the seven millions of funded debt subscribed to its capital stock; or, by its failure, during even the past summer, to pay over the recent dividends on that stock which actually accrued; and have been unfaithfully withheld from

the United States, to an amount exceeding more than four times all the above losses by those State banks. Without reference to the indirect injury and embarrassment caused to our fiscal concerns, as well as to the community, at the time of the short suspension of specie payments by some of the State banks, it appears that our greatest losses by public depositories, and by unavailable funds of any kind, occurred among the State banks selected, not between 1811 and 1816, but before or afterwards, and in aid of the United States Bank. They occurred, likewise, not between 1811 and 1816, but in 1821, 1824, and 1825, some years after the latter Bank had been in full operation, and had exercised all the functions in its power and inclination, either to furnish a sound currency, or to regulate it, by improving the condition of the State banks.

With the causes of these last and most important failures, happening from time to time, as the table shows, to the very last year, this branch of our inquiry has no particular concern except to discriminate them from others, and from any special connexion with the system that prevailed from 1811 to 1816. Whether they arose from an unsound policy pursued by the United States Bank, or from circumstances which, under the paper system, neither legislation nor caution can always avert, or from less justifiable reasons, and in spite of all the salutary influence the national bank could exercise, it is a singular fact, in praise of this description of public debtors, the selected banks, that there is not now due on deposits, from the whole of them which have ever stopped payment from the establishment of the constitution to the present moment, a sum much beyond what is now due to the United States from one mercantile firm that stopped payment in 1825 or 1826, and of whom ample security was required, and supposed to be taken, under the responsibility of an oath.

If we include the whole present dues to the Government from discredited banks, at all times and of all kinds, whether as depositories or not; and embrace even counterfeit bills, and every other species of unavailable funds in the Treasury, they will not exceed what is due from two such firms. Of almost one hundred banks, not depositories, which, during all our wars and commercial embarrassments, have heretofore failed in any part of the Union in debt to the Government on their bills or otherwise, it will be seen, by the above table, that the whole of them, except seventeen, have adjusted every thing which they owed, and that the balance due from those, without interest, is less than \$82,000. Justice to the State banking institutions as a body, whose conduct in particular cases has certainly been objectionable, but whose injuries to the Government have been almost incredibly exaggerated, and whose great benefits to it, both during the existence of our two national banks, and while neither of them existed; have been almost entirely overlooked, has led me to make this scrutiny, and submit its results, under a hope that it will, in some degree, not only vindicate them from much unmerited censure, but justify this department for the confidence it formerly, and in the great improvement of their condition and of the financial affairs of the Government, has recently reposed in them. Under these circumstances, so very favorable, with the new security and examinations provided for, if our former small losses by them, in keeping and paying over the public revenue, under circumstances so very adverse, are compared with our large losses, either in collecting or disbursing that revenue, their present safety seems to be as great as is consistent with the usual operations of the paper system, or with the credit which must always be intrusted by

Government, in some way or other, to agents of some kind in keeping the public money. In considering their safety, it should be constantly recollected that the owners and managers of banks, when properly regulated by legislative provisions in their charters, are, like other individuals, interested to transact business securely; are desirous of *making*, and not losing money; and that these circumstances, with the preference in case of failure belonging to depositors and holders of their bills over the stockholders, united with the security, if not priority, given to the Government, render them, in point of safety, generally much superior to individual agents of the United States. It is to be further remembered, that many of the former losses occurred indirectly and remotely from war and embarrassments, affecting deeply the whole community as well as banking institutions, and from the injurious influence of which calamities, banks, whether of State or United States origin, can never claim a full exemption; that the correct principles of banking were, at that time, less generally understood and practised than at the present time; that the selected banks, by the course of our expenditures and collections, were then exposed to more onerous duties and hazards; and that less full information of their true condition was then possessed by this department.

In the next place, the great increase in banking capital, from about fifty-three millions in 1811, to seventy millions in 1814, and eighty-five millions in 1816, and the still greater increase in bank note circulation, from about twenty-eight millions at the first period, to seventy millions in the second, and one hundred and ten millions in the third period, with the sudden and great reduction in that circulation in 1817 and 1818 to about sixty millions, produced a fluctuation sufficient, standing alone, to disturb or derange all the moneyed operations of society; and which, so far from being attributable in a great degree to the mismanagement of the State banks, though some of them unquestionably acted with indiscretion, arose, as before suggested, chiefly from the miseries and misfortunes incident to war; from the suspension of specie payments south of the Hudson in the autumn of 1814, beginning with the invasion of the enemy in this quarter of the country, and the consequent necessity of removing the specie into the interior for safety; from the over-issues of paper, which naturally followed that suspension; and from the large and sudden contractions produced by the general and hurried resumption of specie payments in 1817.

Some of these circumstances, rather than the want of a United States Bank, caused most of the small number of failures among the State banks which occurred between 1811 and 1816; and, combined with a few other circumstances, produced the more numerous and calamitous failures of 1817 and 1819, which here, like those in England at the same period, spread from customers and debtors to some of the local banks themselves; notwithstanding any favorable influence exercised there or here, respectively, by the two national banking institutions then in operation. Indeed, theirs and all their private banks were still compelled, during that distressing period, to refrain from specie payments; and our national bank became so embarrassed as to be on the verge of suspending them.

3. The next inquiry relates to the comparative ability of the State banks to transfer the public funds to the points where they may be needed, and to perform such other services as are usually required by the Govern-

ment of a mere fiscal agent. Under the former system adopted with these banks in 1811, Mr. Gallatin, when reporting on its success in these particulars, remarked, "No difficulty has been experienced in the transmission of public moneys, and; with the exception of Norfolk and Savannah, the revenue has generally been as well collected as heretofore." Those exceptions soon ceased, and none now exist at any point of our widely extended country. The embarrassments which afterwards occurred were principally connected with the currency, rather than with the mere transfers of the revenue, and will hereafter be considered. These last continued to be regular and efficient, considering the belligerent state of the country; and the slowness of communication, and greater want of experience in such operations, which then existed, compared with the present period. It is conceded, however, that the use of the State banks as fiscal agents has always caused some more detail and complexity in the accounts kept by this department, and that more attention is requisite, than would be with a single bank and its branches to distribute the funds seasonably and promptly to the particular places where they will be needed for disbursements. But these are rather increased inconveniences and labor to the head of this department and its clerks, than serious obstructions to the due operations of the fiscal agent in actually making transfers and disbursements. On a careful examination, these operations are now, when compared with some former periods, ascertained to have become greatly simplified, easy, and economical, in consequence of the important and fortunate changes which have occurred of late years in the places where our collections and expenditures happen to be principally made. From a tabular statement annexed, (C,) which has been prepared with much care, it will be seen, nearly, what has been, for the present year, the amount of expenditure and collection in each State and Territory. Though the ratio between them is not found to be in every State precisely the same, yet they approach each other more closely in more cases than is generally supposed and, in the four great sections of the country, the east and the west, the middle and the south, are so equal as to require only very small transfers—not over three millions in all—to be made to any considerable distance. Besides this consideration, all the surplus collections beyond the expenditures, it will be seen, are now in the eastern and middle, and not in the southern or western States. Hence the transfers, which may be required at a distance, are chiefly from the city of New York to the south and west, and in favor of which city the course of trade is so fully established, that the transfers are now effected usually by a mere warrant, without expense to the Government, and without the risk and cost to any person of transporting either paper money or specie. This warrant, in favor of any bank or creditor, in the west or south, on a selected bank in New York, is generally preferred to the best of bank notes, or to specie: and in all cases where money has been required to be transferred to either a great or small distance, and could not, from the course of trade, be transferred in a similar mode, the connexions in business of the principal selected banks are now so extensive; the location of safe State banks at important points has become so general; their knowledge of banking principles, and the restrictions guarantying their security, have so much increased; roads, canals, and the facilities of intercourse by steam and stages, and the augmented speed and frequency of mails, have so greatly improved, that the selected banks

have, in general, been enabled to transfer any surplus, seasonably and without expense to the Treasury, to any other State or quarter of the Union, where this department has found the public convenience or public wants required it. This salutary change from the condition of our affairs in some former periods, when the debt to be paid on the seaboard and abroad was so very large, must in many particulars be permanent or increasing, and not temporary; and is very fortunate for the interests and harmony of our Union, as well as for the easy, prompt, and efficient operations of the Treasury. It removes any just ground of complaint or apprehension, however well founded once, that, under our present reduced tariff, and our present restricted expenditures, as to subjects of internal improvement, either the west or the south will be in danger of losing a due and useful portion of the public expenditure, or of being drained of the public money there first collected, whenever and in whatever proportions the duties on foreign merchandise may, in the end, be actually paid.

As will be noticed more fully hereafter, the present state of things in relation to these transfers and our other fiscal operations is most strikingly different from what it was in 1791 or 1816, when the two national banks were incorporated, under the strongest representations of their being *necessary* to effect the very great, costly, and extensive transfers then required, and to aid in the prompt, but then much more difficult, collection and disbursement of the revenue. Even at and after the last named period, these delays and difficulties were such, that from two to four months' previous notice was often given before a distant transfer could be effected; and from 1816 to 1826, those transfers so drained the west of its funds, and chiefly its specie, as before mentioned, as to constitute the principal cause of embarrassment to some of the selected banks there during that period. The present state of things in relation to those subjects here is also very unlike their condition in some other countries, where a national bank may be a very useful, if not in some degree necessary agent, (especially in the absence of well-regulated private banks,) to gather and transfer almost the whole revenue from remote points to some common centre, and then to disburse it in large expenditures, either abroad, or at places very distant from those in which it was collected. But such is not our condition at present, though formerly more resembling the largely indebted monarchies of Europe in this particular; and such, it is hoped, may never become our condition, while the general welfare can be as well promoted, the constitution preserved inviolate, and the union of the States strengthened, by an increased regard from the General Government to the interest and prosperity of each great section of country, so as to make it participate in a nearly equal degree, if practicable, in the immediate benefits of the expenditures of such sums as it has borne the immediate burden of contributing to the common treasury. Under this view of our present collections and expenditures, and of the balance of trade between the Atlantic seaboard and the west, it is manifest that the distant transfers of our funds, so far as they become necessary, would, if confided to a single individual or bank, be probably made profitable rather than burdensome.

The benefits supposed to have been derived by this department from the United States Bank for performing that operation, were at one time considerable, but, for some years past, have been not only overrated, but,

in truth, have been most of the time a source of profit to that institution, by its previous knowledge obtained from this department of the probable amounts required to be transferred to particular points, and by providing for them through the purchase of bills of exchange and the sale of drafts at and on the appropriate places.

4. This consideration leads us to the next inquiry, concerning the commercial benefits of the present system, in regard to exchanges, compared with the use of a national bank in regulating and facilitating those exchanges. This, it will readily be perceived, though a point most strongly urged in favor of that, and against the present system, has little, if any, concern with the correct discharge of duty by any bank as a mere fiscal agent of the Government. The Bank of England seldom or never did any business of that kind till of late years; and now, through her new branches, to a very limited extent. This dealing in exchange here by the national bank is also an incidental business, usually belonging to shippers and exporters, to brokers and private bankers, and connected with the commercial interest of the country, rather than with any financial object in the Treasury Department to justify the incorporation of a bank by Congress. But as a mere incident, and one somewhat valuable to the mercantile community, the aid of any fiscal system in favor of the domestic exchanges of the country is an argument more or less connected with its expediency; and in that point of view it is acknowledged that the apparent usefulness of the national bank has at times contrasted very favorably with the State banks. By means of its possession of the public funds, by the favorable course of many of the transfers of them, with its numerous branches and extensive correspondence, and with the high credit given to it by the confidence and great privileges the Government has bestowed, that institution certainly increased its business in domestic exchanges from about four and a half millions, which it never had exceeded at any one time previous to 1827, to more than an average of twenty-two millions at the several periods of its returns in 1832. Under these circumstances, this business was performed, doubtless, with some advantages to the public, and with great profit to the bank. But the State banks, as well as individuals, perceived that this kind of business would yield them a fair profit at the same rates, although their facilities for it were in some respects less; and hence, though they had always been competitors for it to a certain extent, yet they did not prove highly successful in their efforts till since 1832. From that time, the number, enterprise, credit, and extensive connexions of some of the State banks in the west and southwest, have enabled them to perform a large portion of this business in those sections of country, being the sections where this kind of business is greatest, and where alone it is usually difficult, expensive, or fluctuating. At the same time, they have performed it on terms equally moderate and satisfactory to the community, or they would not have been resorted to for its performance. A statement is annexed, (D,) which shows the amount of exchanges held by the Bank of the United States and its branches, running to maturity on the 1st of September, 1832, 1833, and 1834. From this the remarkable fact appears, that this branch of its business, within a period of two years, has fallen from about nineteen millions to little more than twelve; and that, in the west and south, it fell from near fourteen millions to about six, or considerably more than one-half in only those two years. Nor is it supposed that the whole

dealings in domestic exchanges, by all institutions and persons in those quarters, have in that period diminished. On the contrary, this department has evidence, in the returns on its files, that only three of the selected banks in the west and southwest were performing a business in domestic exchanges, early in September last, of nearly a million more than all the seven branches of the United States Bank situated in that quarter of the country. (E.)

Whether the United States Bank has lost much of this employment by either caprice, unnecessary contraction, or the fair competition of others; whether this course, exaggerated by rumor or not, has shown, by the embarrassments and evils it caused, and which no detached State banks are able to produce, that the dealing in inland bills ought to have been limited in the charter to the small amount usual during the first years of the existence of the bank, or placed under certain restrictions, causing this great and dangerous power to be used chiefly for public purposes, to equalize, or render uniform and low, the rate of exchange, and, as Mr. Crawford frankly informed the bank, not "with a view to increase its profits," the undersigned will not pause here to investigate; because, in any event, strong evidence is furnished that a national bank is not now necessary, even for the performance of this incidental operation, since in the west and southwest, and it is believed, if the inquiry were made, in other quarters, the State banks have, by actual experiment, been recently found to be competent and willing for the satisfactory discharge of it. In reviewing the conduct of the bank on this subject, and especially during the last year, it may be well to remember that its officers were distinctly admonished, as early as July 3, 1817, that it ought not to deal in internal exchanges "with a view to the pecuniary emoluments of the bank;" and, whether the rate was one-fourth, one-half, or one, or even ten per cent., the *principle of profit* on this subject was not the true one for this public institution, and did not comport with the intentions of Congress, in this respect, in chartering it. On this subject of profit from the domestic exchanges, said Mr. Crawford, "it is the establishment of the principle, and not the amount of the exaction, which will exhibit the power of the Bank to lay contributions on the commerce of the nation *ad libitum*." The high merit claimed for the United States Bank, in a commercial point of view, is sometimes extended to the foreign as well as domestic exchanges.

It has been asserted that the bank, by engaging in the purchase of foreign bills at the south, and in the sale of them at the north, has raised the price obtained for them by the planters and merchants at the south, and lowered the price given by the buyers and importers at the north. This, if correct, would assuredly be a fortunate result to the planters and importers. But, on a careful examination of the prices for many years, given in the southern quarter of the country, and demanded and received in the northern one, it appears that the purchases by the bank at the former have generally been much below the premium which it has exacted, and for which it has sold at the latter; consequently, either too little has been given at the former place, or too much asked at the latter; and the bank, by these operations, instead of acting disinterestedly, or on public principles, is supposed to have made large profits, at the expense of both sellers and buyers—equal, it is believed, if not superior, to any made in the like business by others, either before or since its incorporation. Nor

is it perceived that the bank, independent of the exclusive privileges derived from the Government by the universal receipt of its notes for public dues, possesses any advantages for this species of business over city banks or bankers, unless in a correspondence perhaps more extensive, or larger funds abroad, which, so far as used in connexion with the exchanges, are, for aught which appears to the contrary, oftener employed, if the bank is selling, to increase the premium, and to draw upon when the premium is highest, than to lower it; or, if the bank is buying, to depress the premium still lower which is given to shippers and exporters. The business, in this description of exchanges, therefore, it is presumed, will be carried on with as great, if not greater, benefits to the community, under the new system of fiscal agency growing out of the increased competition of those engaged and engaging in it, unless the national bank, (as would seem to be claimed, but which it is somewhat difficult to believe,) has performed it more from kindness and liberality, or public spirit, than for pecuniary profit. At the same time, under a system of only detached and independent State banks, the community will be relieved from the dangers and injuries to which it is exposed under a great, combined, and consolidated power of a single institution, with numerous branches extended into every section of the country, seeking often to control and monopolize, it is feared, solely for its own enhanced emoluments, the whole business of exchanges, both foreign and domestic.

5. The comparative goodness of the money in which the payments are made under the present system, is another topic of inquiry possessing much interest. The kind of money in which the revenue is collected, or the deposits made, continues by law to be the same as heretofore, and consists of specie, or the bills of the United States Bank; and, by usage, authorized by the resolution of Congress, in 1816, of such other bills on specie-paying banks as the depositories are willing to receive at par, and credit as cash. No bills are now received on special deposit, as was sometimes practised between 1814 and 1818; and hence, in making payments to the public creditors, there is no temptation to make those payments otherwise than has been the custom for some years past, which is either in specie or specie funds, such as the bills of the United States Bank, or the bills of other specie-paying banks. It is not known to this department, therefore, that any change has occurred in the kind of money in which payments are now made, except that the collections being probably effected somewhat less in bills of the United States Bank, and more in specie and the bills of the selected State banks, it happens that the latter bills, not being like the former; by an act of Congress, a tender for all public dues, are not so current and useful for all purposes, and hence are not so often delivered in payments to the public creditors. But, at the same time, more specie is now paid to them; and it may, in all cases, be now, as heretofore, demanded and received instead of bills—not any particular kinds of specie, such as pilared dollars, for instance, preferred and wanted, from strongly settled prejudices, sometimes in the navy for particular foreign stations, and in the army for particular payments to Indians, (because these kinds must now, as heretofore, be obtained through comity, or bought, in the large cities, and transported to the places of disbursement,) but such specie as is by law a tender in all cases. Indeed, not a single instance has come to the knowledge of the department where a deposit bank has attempted

to pay a public creditor or officer in paper not there at par, or (unless preferred) redeemable at a distance, or has refused to pay him specie, if requested. Many of them, much to their credit for liberality, and greatly to the public accommodation, have, in furtherance of the views of Congress in passing the late acts regulating the gold coinage, incurred expense and inconvenience to procure and pay out considerable quantities of the new gold coin to pensioners and the public creditors.

The effects of these changes have been to increase the quantity of specie in the vaults of the selected banks, for the purpose of meeting the increased demands for it, and to throw more specie, instead of United States Bank bills, into general circulation.

While this has operated favorably to the security of the paper system in this country, by enlarging the specie basis on which it partly rests, the admission is freely made, that it has deprived travellers and merchants, to some extent, of the usual quantity of United States Bank bills, which, for purposes of travelling and transmission to a distance, have, by the privileges hereafter specified, acquired a general and high credit. Though these facilities to those classes of persons are here, and in other countries, chiefly obtained by the use of gold or bills of exchange, (the last furnished by banks or private bankers on their correspondents in distant cities,) yet bank notes are sometimes, when in high credit at remote places, employed for similar purposes, though at much greater risk from accidents and losses than bills of exchange. But it is to be remembered, in the estimate of what may, in any commercial view, be deemed preferable, in the payment to public creditors of the United States Bank notes over other bank notes or specie, that the superiority of the former is derived principally, if not wholly, from the increased credit imparted to them by the legislative monopoly which they enjoy in being a tender for all public dues at places however remote from those where issued, and which Congress has not yet deemed it proper to withdraw, or to confer on any State banks, and by the striking guaranty which Congress has given for the security and due management of the United States Bank. This last has been done, not only by conferring the privileges before named, but by risking seven millions of dollars in its capital stock; trusting formerly large amounts of nearly twenty-five millions a year of public deposits to its conditional custody; bestowing on it what are, in some respects, the benefits of certain agencies connected with the public debt and pensions; and undertaking by law, through its committees and this department, to watch its business and proceedings; and to have it prosecuted, or the deposits, and the privileges as to its bills, withdrawn from it in the event of such misfeasances as may be supposed to warrant either measure in the opinion of those to whom the power is intrusted, or to whom it is reserved by the provisions of the charter.

Take away the monopoly, the privileges, and the guaranty, which are conferred in exclusion and at the expense of the notes of State banks, and little reason is discoverable why the notes of the former should circulate wider, or with more credit, than those of other banks of established reputation. But, in that event, it is conceded both kinds of notes would probably fail to perform so well very distant functions, as they are now, sometimes performed by United States Bank bills, unless arrangements were made (to which either is competent) to have a portion of their bills redeemable at distant places as well as at their own counters. Such an arrangement has

often been found successful in Europe, prevails now as to the five-dollar notes issued by the United States Bank, and has already been commenced by some of the selected State banks. As the notes of the former must retire still more from circulation at the close of its charter, such an arrangement, though by no means necessary, could, without doubt, at the points where the course of travel and trade might indicate it to be convenient and useful, be beneficially for the banks, if not for the public, so extended, as to answer all the travelling and commercial wants properly noticeable under this branch of our inquiry. But gold coin and bills of exchange are, in the opinion of the undersigned, far preferable for those purposes. The new coinage of gold, at a nominal value slightly exceeding what it is worth in the market as bullion, has been a measure required for twelve years past, to secure its circulation in this country, and to prevent its being hoarded or exported; and, as shown and urged by my predecessor last winter, was highly necessary, and has very opportunely occurred to aid the present system, not only in other respects, which need not be discussed here, but as a safe and convenient currency, instead of any kind of bank bills, for travellers at all distances, beyond which bills of exchange would not be superior to either of them. But whatever small gain, in a commercial view, is derived from the sanction to the goodness of notes of banks incorporated with exclusive privileges and guaranties, and watched over by the General Government rather than by the State Governments, it would hardly be contended that such a gain was ever deemed a justifiable ground for incorporating the present bank with all its monopolies, or could be considered justifiable for incorporating any other similar to it, at the present, when all the advantages of a paper of high and general credit for travellers and merchants could, perhaps, be obtained, if deemed necessary and desirable by Congress, by merely authorizing the issue of exchequer bills, or Treasury notes, in public payments, when requested by the public creditors, and by providing for their general credit and redemption, by specie on hand derived from the revenue, and by the receipt of them for all dues to the Government, as is the case now with the notes of the United States Bank. As they would not, in such case, be issued in the form of loans, but only in payments, no partiality or corruption could grow out of their employment; and every object, deemed valuable as to a paper currency for distant purposes, could be obtained as a revenue measure constitutionally.

But the details of such a measure will not now be examined, as no occasion appears to exist at present for its adoption; and as the safety or security of the public, in respect to the specie on hand for their redemption, would at all times render it inexpedient, unless found by Congress to be very necessary.

6. In connexion with the next inquiry, as to the benefit of the present system, compared with a national bank, in *regulating our currency*, either by supplying a portion of it of improved quality, or by controlling and aiding the State banks in their issues, this same question will incidentally be examined in one other view. It is not admitted that Congress, according to the views of any large class of politicians, can possess the constitutional power to incorporate a bank merely to regulate the currency, when there is no *such* express grant, and when it can hardly be deemed a legitimate auxiliary to any other express grant. "To coin money, and regulate the value thereof," the other express grant most frequently cited to support it, is a power evidently referring to specie, and not to paper, as the latter is

not *coined*, nor its value *regulated* by law; and it is a power to be performed under the immediate control of Congress, and is not to be delegated to a corporation, to be called, as has been significantly said, "the paper money department." In relation to another power, sometimes supposed to apply to this point, viz: "to regulate commerce with foreign nations, and among the several States," no person, acquainted with the history of the age in which the constitution was adopted, when *commerce*, in its common acceptation of "trade," or "exchange in articles of produce and merchandise," so much required *regulation* as to be one chief cause for forming the constitution, and when only three or four banks existed in the whole United States, and those already appeared to be well *regulated*, can suppose for a moment that this clause was intended to be applied to a paper currency. Indeed, without deeming it necessary, in the present communication, to enter largely into the constitutional argument connected with any of the inquiries under consideration, it may be noticed as an historical fact, that in 1816, though specie payments were generally suspended, and paper money, in many parts of the country, was in a very depreciated condition, a number of the ablest advocates, then and now, of a National Bank, disclaimed any idea that one was then needed to *regulate* the currency. The currency, it was justly observed, was already regulated, and well regulated, "by the constitution," "to be gold and silver." A national bank was not needed to reform it, nor had such a bank the power to remedy the evils under which the country then suffered. But the great panacea was a return to specie payments in such places as had yielded to their suspension. That return, it is well known, long since took place, and still continues; and is supposed to have been effected chiefly by a cessation of many of the embarrassments connected with the war; by the force of public sentiment, requiring that such a return, after a peace of two years, should at least be commenced; and by the passage of a joint resolution in Congress, in April, 1816, substantially declaring that the revenue ought soon to be collected as formerly, and, as the act of 1789 required, in specie alone, or, as the construction of that act had always permitted, in the notes of specie-paying banks. Though it is admitted that some negotiations for the early and general resumption of specie payments had not succeeded before the United States Bank commenced business, in January, 1817, yet there can exist little doubt that the above resolution, as it was not to take effect till February, 1817, might, and would, ere long, have gradually been enforced; and that the payments of specie, without the assistance of the bank, would, generally, though more slowly, have been resumed. Fortunate, indeed, would it have proved for the country, and the State banks, had such a course, either in the terms of the resolution, been prescribed, or, in the practice under it, been pursued, resembling that adopted in England, under like circumstances, in a more careful preparation and more moderate progress, in respect to the full resumption of specie payments, and thus producing there neither embarrassment nor losses, instead of the more sudden and general resumption effected here in January, 1817, for a few months, partly through the agency of the United States Bank—a resumption which, whether caused by the bad advice and errors of the bank, or, as has been alleged by some of its officers, caused through the mistaken policy of the Treasury and the Government, soon terminated in stoppages of payment and consequent disasters among some of the State banks, which those officers themselves have conceded would, by a different policy, have

probably been averted. From a conviction that the United States Bank was not needed to restore specie payments, nor likely to be useful in regulating the currency, a number of its most distinguished supporters, then and now on the stage of political life, insisted in Congress that it ought to be established, chiefly if not solely, for the purpose of acting as a fiscal agent to the Government; and hence, as there already existed banking capital enough for all commercial objects, they strenuously argued that the capital of the present bank should not exceed twenty millions, the amount deemed sufficient for mere fiscal objects. As a further illustration on this subject, and on the striking differences in the condition of the country and of the Government at that period and the present one, bearing on the necessity of a national bank at this time for any purpose, the debates of that day are full of the supposed importance of having a fiscal agent, more general, able, and efficient to disburse the principal and interest of our then accumulated debt of more than one hundred and twenty millions of dollars—a debt which has now virtually ceased to exist; of having an institution of enlarged means to be resorted to, in case of necessity, for new and sudden loans then deemed probable—loans for which a necessity neither exists now, nor is anticipated as likely soon to occur again, and for which, if not small or temporary, even a national institution has more limited means than is generally supposed; and of organizing a bank, whose notes should at once be paid in specie, and should, among other favors and guaranties, have the privilege of being receivable as a tender for all public dues, and thus, by aid of these favors and guaranties, becoming, in the language of the committee, “the most certain means of restoring a specie circulation,” and thus, in the mean time, furnishing a paper medium more uniform for the payment of imposts, lands, and taxes, than the greatly depreciated currency which existed at that period in parts of the country where specie payments did not then prevail—a depreciation in the currency and a suspension of specie payments which do not now exist in any quarter, nor is either apprehended as likely soon to recur, so as to injure any portion of the currency in which the revenue is now collected, or essentially to diminish our present great quantity of about fifty-five millions of specie. Of this amount, exceeding about thirty-three millions what was in the country in 1816, nearly one-half has within fifteen months been obtained, independent, if not exclusive, of any policy pursued by the United States Bank. Our first national bank was also advocated, not only on some of these grounds, but, among others, on that of an institution wanted for loans to the Government, strongly urged under the example of the Bank of England, originally created to effect merely such loans, and whose whole increased capital of about seventy millions of dollars is at this day a loan, and perhaps thirty millions more of its securities are vested in public stocks or loans. The additional reasons were urged, and doubtless possessed great influence, that its operations would essentially aid the community in procuring means to pay the large taxes necessary to discharge our revolutionary debt of over seventy-five millions, and furnish facilities as a fiscal agent in collecting those taxes and paying out that debt which the only three State banks then existing, with only about three or four millions capital, were not deemed competent, either in number or means, to accomplish—a deficiency of State banks and capital, which can hardly be considered as existing at this time, when we have over five hundred and forty State banks, situated, more or less, in almost every State in the Union, and

possessing an aggregate capital equal to more than one hundred and seventy millions. Another argument urged at both periods, rather than the regulation of the currency, was the necessity of a national bank to make large and difficult transfers of money in the collection and disbursement of the revenue, and which has operated strongly in favor of the continuance of the Bank of England, for receiving from distant points and aiding to transmit her vast revenue over the whole British empire. But this argument has previously been shown to have no foundation on which to rest here at this time.

With these great changes in our financial condition, it is difficult to discover why the General Government should now exercise doubtful powers to prolong the existence of a fiscal agent in the United States Bank, when it has been suffered to live out the term originally allotted for its existence; the term then deemed necessary and proper, and the term during which experience has shown it has already outlived most of the legitimate grounds of expediency ever urged at any former period in favor of its creation. Much less does it seem judicious to extend this term for a purpose, the *regulation of the currency*, for which such an institution is confessedly less needed than in 1816, was then advocated by many as only a temporary instrument until specie payments were restored, and even for that purpose was declared by some of its ablest supporters to be neither required nor competent.

In a prospective view, which it is not the part of sound political wisdom to overlook, if a state of things, though not at this moment existing, appeared nearly and rapidly advancing, in which as strong reasons seemed to prevail as in 1791 and in 1816, for deeming a national bank of some kind a necessary and proper instrument for the execution of some express grant in the constitution, then, and then only, might it become urgent, on the score of *precedent*, to decide how far doubts, otherwise solid and constitutional, were removed by the close approach of a state of facts, or a condition of public affairs, without which the great mass of any school of politicians, or even, we may venture to say, the Judiciary in this country, have never deemed any kind of a national bank constitutional. One of the most decided opponents of the renewal of the old charter in 1811, and who became one of the most decided advocates of a new one in 1816, vindicated his change of opinion to his constituents on the very grounds that his views of the constitution itself remained the same, but that the facts which might render a bank "necessary and proper" under the constitution, had entirely changed between 1811 and 1816. He remarked, "that when the application was made to renew the old charter of the Bank of the United States, such an institution did not appear to him to be so necessary to the fulfilment of any of the objects specifically enumerated in the constitution as to justify Congress in assuming by construction a power to establish it; it was supported mainly upon the ground that it was indispensable to the Treasury operations. But the local institutions in the several States were at that time in prosperous existence, confided in by the community, having a confidence in each other, and maintaining an intercourse and connexion the most intimate. Many of them were actually employed by the Treasury to aid that department in part of its fiscal arrangements, and they appeared to him to be fully capable of affording to it all the facility that it ought to desire in all of them. They superseded, in his judgment, the necessity of a national institution.

But how stood the case in 1816, when he was called upon again to examine the power of the General Government to incorporate a national bank? A total change of circumstances was presented,—events of the utmost magnitude had intervened. A general suspension of specie payments had taken place, and this had led to a train of consequences of the most alarming nature.”

Though these may be unexceptionable views, as to one aspect of the constitution, yet they do not by any means meet the great force of other constitutional objections, which need not here be examined; nor do they touch the still more absorbing question of the inexpediency of any national bank, on account of high political considerations connected with the relative and proper distribution of power between the States and the General Government. If all the deplorable facts which existed in 1816, in respect to our currency and other kindred subjects, should again occur, a national bank could not then, in the opinion of the undersigned, be vindicated as constitutional by those relying on the hypothesis just quoted, except so far as its form, powers, and privileges were moulded and adapted to effect those objects alone of a public character, which might render its agency both necessary and proper to execute some clear and express grant in the constitution. But its unconstitutionality, when exceeding these limits, as well as in various other respects, and its inexpediency even to that extent, would still be controverted questions, and to discuss which does not appear to be required or pertinent in the present condition of things; because, if looking to this condition, as in some respects has already been done, and will soon be done more particularly in respect to the currency, it has been found, as the undersigned believes, that a due liberality is not able to concede the existence of a case rendering a national bank necessary, either to regulate the currency, or for any other legitimate object. Still less would such a case be found by looking to the future condition of things, as it is likely to prevail for many years. Grounds less favorable for any necessity of a national bank, on any account, are likely to appear annually, as the State banks are so rapidly improving, and their specie basis is becoming so greatly extended. In the event that hereafter the calamity of war should unexpectedly befall us, and render immediate and large loans indispensable, the superior ability of such a bank, by the great and accumulated funds at its disposal, to make temporary loans, is conceded. But it is due to the occasion and the subject to remark, that, unless by its charter, placed in this respect under the control of the Legislative or Executive Departments, it would possess also the power to refuse or delay to make loans; and, adverting to the attitude in which some banks and many of their wealthy proprietors, foreign or domestic, have sometimes, during high party excitement and war, stood towards some branches of the Government, the public can easily decide whether, in certain exigencies rendering pecuniary relief necessary, they would be most likely, by prompt and large loans, to furnish voluntary aid to the operations of the Government, or, like the Bank of England in 1796 and 1797, to retard them, by refusals or delays, till overcome, as there, by large premiums, and the very profitable indulgence of a suspension of specie payments almost a quarter of a century. The sagacity of Mr. Madison, in January, 1815, before the news of peace arrived, led him to put his veto on the national bank bill, which had then passed both Houses of Congress,

assigning, among other reasons for his veto, that "the full aid and co-operation of the institution was not secured to the Government during the war, and during the period of its fiscal embarrassments." On the contrary, in the severe contest and great wants of that war, when no capital was in this country concentrated in any national bank, the political opinions influencing many individuals and State banks did not prevent them, in many parts of the Union, from coming forward by loans, with patriotic promptitude and enlarged liberality, to assist in enforcing the measures of the Government. Without the aid of such an institution, for this or any other purpose, that perilous struggle was in this way, and through the bravery of our armies and navies, and the sustaining spirit and firmness of the great mass of the people, brought to a triumphant close, and with much less derangement to the currency of this country than happened to that of England in the same and other contests, though assisted by the immense capital and power of a national bank, whose influence for good or evil, in all respects, had existed permanently for more than a century.

The singular contrast between this country on that occasion, with no such bank, and its antagonist, with a large and powerful one, so far as regards the longer suspension of specie payments there, and the much larger number of failures there among their private and local banks, leads us to the consideration of the actual influence exercised by, and often adduced in favor of, a national bank in respect to the currency, without reference to the unconstitutionality or inexpediency of such an institution for either that or other purposes, in either the existing or any anticipated condition of things. Many profess to believe that the present United States Bank, if not chartered expressly to regulate the currency, exercises in fact, incidentally, a very salutary influence in its regulation; insomuch that, when this influence shall cease, the present system of State banks will inevitably sink into ruin, and our circulating medium become, in a great measure, deranged and impotent. An earnest desire is felt to examine fairly, and, as far as may be practicable within any reasonable limits for a report to Congress, every important suggestion bearing materially on the present complicated subject; and if, by the salutary influence of the present national bank, in regulating the currency of the country, it is meant that the bank supplies a part of it equal to the amount of its bills in circulation, and which part is of a safe and useful character, then, as before, all the benefits which it thus confers are readily admitted, though, it must be remembered, they exist at the expense and by the advantages of a monopoly, and a public indemnity or partnership entered into by the Government to increase the confidence to be placed in its bills. When it is recollected that the whole paper issues of bank notes in this country on the 1st of January last are estimated to have been about ninety-four millions of dollars, and the bills of the United States Bank constituted only about sixteen millions, or little over one-sixth of the whole, it becomes obvious that the small superior importance for certain commercial purposes of the small proportion it then furnished, cannot, amidst the whole, be of very material consequence; and much less can it be so, when we reflect, further, that this sixteen millions of paper, now reduced to about fifteen, is furnished to the public at this time by withdrawing from circulation over fifteen millions of specie and almost two millions of State bank notes. The former of these, at least, would be deemed by

many, if less convenient for some purposes, yet quite equal, as a circulating medium, for all purposes combined, to a like quantity of United States Bank notes.

It may be useful to observe, further, from the table annexed, (F,) how very inefficient our national bank has been in this respect, when compared with that of England, which supplies by its own notes more than double the whole of the other paper currency of England and Wales, or about eighteen millions of pounds sterling out of about twenty-five and a half millions, or twelve times as large a proportion as our national bank does. The document referred to exhibits the computed paper and specie circulations of this country and some others at various periods, and is calculated to throw some light on this subject, as it has been compiled from the most authentic sources; and where accurate returns could not be obtained, its estimates are believed to be entitled to safe reliance for the general and comparative purposes intended. Indeed, so little aid is conferred on our whole currency by the United States Bank, that the entire withdrawal of all its fifteen millions of bills and drafts afloat, and, as would be natural in the operation, the substitution for them of its specie now on hand, could hardly be perceptible in its influence in any injurious way, on our whole circulation. From the 1st of August, 1833, when the removal of the deposits became probable, till the 1st of August, 1834, when the policy of the bank, though professed to be changed, had not stopped its contracting operation, it withdrew about three millions of its bills, and about three and a half millions more of specie, from our general circulation; and yet that first operation alone would not have caused much, if any, special inconvenience, provided that, while calling in its bills, either three millions of specie, instead of them, had been issued, as its public duty in relation to the country and the currency would seem to have required, or had it not, at the same time, performed a second operation, and withdrawn, besides the bills, three and a half millions more of specie to add to the former large quantity already in its vaults. In effecting this change as to the whole amount of the currency, reducing it so rapidly over six and a half millions, the bank within the same period curtailed its discounts about seventeen millions, or over one-fourth of their whole amount; and thus, by both courses, undoubtedly produced some temporary embarrassments among its customers. These continued till the extended accommodations by many of the State banks, and the great importations of specie, not only sustained the community, wanting credit from new quarters, but replaced, by notes of the State banks and by coin, the amount of notes of the United States Bank called in, and of the additional specie withdrawn from circulation and hoarded in its vaults. Those importations, also, united with the real prosperity of the country, and the large balance of over ten millions on deposit from the Treasury, enabled the State banks, and especially the selected ones, to discount in many places freely, and to support a sound paper currency in their own neighborhoods, and to survive the shock of those sudden reductions in the circulating medium, and those great curtailments in discounts and indulgencies on the part of the United States Bank, aggravated by one of the most extraordinary political panics that ever occurred in this or any other country.

To duly appreciate the remarkable course of conduct on the part of that institution, whether as effecting the regulation of the currency, or

any other subject, it must be remembered, that whatever may have been the unfavorable opinion it entertained of the conduct of this department, in changing the place of most of the deposits, under the power reserved to it by the charter, the bank was still left in the enjoyment of some millions of deposits of the public money; was still the fiscal agent of the Government for all purposes in a number of the States; was in all of them its commissioner of loans as to the public debt, and the agent for paying all the pensions granted before 1832; still retained the exclusive privileges of having its notes, and, by indulgence, even its drafts or checks, received every where in payment of all public dues; was still a public corporation, under various public and charter duties to the Government and the country unimpaired; and still held the monopoly of banking under the General Government in full force, and the benefit of that Government as a partner in its capital, to the extent of seven millions of dollars, with the dividends on that capital in its possession, as from time to time declared, exposed to be seized, and retained under any plea of satisfying any doubtful claim it might choose to present.

In the dreariest excitements in England, from pressures and panics of all kinds, their national bank has never so conducted as to raise a suspicion, whether well or ill-founded, that its object, whatever may sometimes have been the effect of its measures, was to increase the public embarrassments, or derange still further the whole currency of the country. To be sure, in conducting often as a mere commercial body, on private more than public principles, it has at times waited to be acted on by the community, rather than acting from its own promptings, or by the importunities of the ministry, in aid of the currency. But, in the greatest moneyed convulsions, as in 1797, its discounts, or investments in private and public loans, did not materially vary in amount, instead of curtailing them one-fourth; and its circulation was reduced only one-twentieth, instead of one-sixth; as, in 1819, its discounts increased quite one-fifth, instead of being contracted one-fourth, and its circulation was lessened only about one-tenth, instead of one-sixth; and as, in 1825, its discounts also increased one-third, instead of falling one-fourth, and its circulation was not, on the whole, lessened at all, instead of one-sixth. The contrast appears still greater when it is seen that the specie of the latter at each period was reduced one-half, and sometimes over that amount, instead of being increased three millions; so that, on mere private and banking principles, a great reduction, in both its discounts and circulation, would have been defensible.

During the period before mentioned, the United States Bank, by thus calling in its bills, increasing its specie, and remitting abroad for deposit something like two millions of its collections, probably caused a much greater vacuum and derangement in our currency than would result from the natural and ordinary operation of closing up its whole concerns within two years after March, 1836. Then, it ought not, and doubtless will not, either hoard or deposit abroad what is withdrawn from the whole circulating medium, by collections, but pay them out to its stockholders almost as rapidly as received; and in that way, like the former bank, notwithstanding many predictions to the contrary, can easily and judiciously perform the operation of a final adjustment of its affairs, without producing any shock to the currency, or any serious distress in the community. It is thus that all the banks in the Union, every sixty or ninety days, collect and pay out, without excitement or embarrassment, a sum probably five or six times

larger than the whole capital of the United States Bank, and three or four times larger than its whole amount of discounts or loans. The distress during the last winter and spring, so far as real, arose not so much from the large collections of the bank, though unexampled in amount in ordinary banking operations, as from their suddenness, and the permanent abstraction, in the manner before stated, of six and a half millions from the whole currency of the country; and from the further facts, that an unusually early demand among merchants for money to discharge a new portion of the duties in cash, and the shorter credits for others, allowed by the Government, both occurred at the same moment. To these were added, in the west, the sudden vacillation and increased rates in domestic exchanges, adopted by the bank in that portion of the country where it had previously monopolized so great a portion of that kind of business. The additions made to all these causes by the mere panic, chiefly confined to the seaboard, and chiefly political rather than commercial in its origin, cannot be easily computed; but it evidently prevented many of the State banks from extending their discounts and loans so much and so quickly as they otherwise would have done, and compelled others to curtail theirs with injurious rapidity.

But the great quantities of specie imported during the winter and spring; the increased strength and confidence of the State banks, by means of the possession of ten or eleven millions of deposits; the gradual adjustment of mercantile dealings to the new system of paying duties, and the principal cessation of the panic in June, removed all serious difficulties in the money market, and supplied all deficiencies in the whole amount of the currency with State bank notes and specie, before the United States Bank increased its circulation, or enlarged its discounts; and, indeed, while it continued to diminish both.

In this instance, the currency, so far from being regulated by the bank in a salutary manner, was somewhat deranged by the withdrawals and contractions to which it resorted, and much more so by the political panic accompanying them. The result has fortunately demonstrated, that whenever *the pressure would be renewed*, the energies of the community and of the State banks, not only without the aid, but perhaps with the opposition of the United States Bank, are competent to produce a thorough correction of the evil. Although the bank had not been rechartered, the deposits restored, or its discounts and circulation increased, yet a little reflection convinced most of the community that no money was in fact withdrawn from the country, or even from circulation; by a mere change in the place of the deposits, or by the refusal of a new charter. It is admitted that, in some cases, the alarms which were at first excited impaired mutual confidence, and either suspended, or rendered more sluggish, for a time, the moneyed operations of society. But as the community became satisfied that no specie had gone abroad to meet an unfavorable balance of trade, or rate of exchange; that no foreign distrust of the stability of our institutions, and the pecuniary ability of our people, had arisen so as to prevent capitalists from continuing former, or making new, investments in this country; and that no actual deficiency existed in the power to raise money from the occurrence of short crops, very low prices, war, or pestilence: our whole pecuniary difficulties appeared to have vanished even before the political panic entirely subsided.

Whether this panic was at all necessary, whether it was right and patri-

otic to inflame and extend it by the extraordinary means adopted, and who ought to be held responsible to such unfortunate individuals, chiefly among the commercial community, as may have suffered from its ravages, and from the bank's disproportionate curtailment of sixteen or seventeen millions of discounts, apparently to meet the reduction of only five millions in its deposits, and from its permanent withdrawal of about six and a half millions in specie and bills from the whole currency of the country, while its monopolies, and most of its privileges and high duties to the Government and the country remained entirely unimpaired, are questions not deemed proper for discussion in this communication, but on which the public, in due time, will doubtless form a just and decisive judgment. On the inherent and inevitable evils, however, which are inflicted upon the community, as well as the currency, by such great and sudden fluctuations in the whole quantity of the currency, whether springing from wanton or accidental contractions and expansions in discounts, or from other causes, there can be but one opinion, as these fluctuations tend unavoidably to produce changes in prices of all kinds, to alter the value of debts as well as property, and to influence, more or less sensibly, the fulfilment of most contracts, and the ordinary operations of the whole system of wages, salaries, labor, rent, interest, and income, of almost every description. It is a further remarkable fact, without reference to theories or expectations of any kind, that the condition of our whole currency, or circulating medium, (which terms it is convenient to use throughout this report as synonymous,) was not, when the present fiscal system was adopted the last year, in so eligible and sound a state, after the full influence of the United States Bank had been exerted seventeen years, as that in which it was previous to the last war, before its incorporation, and under the more limited powers, capital, and connexion with the Government of the former bank. The whole specie in the country, compared with the whole paper in circulation, was, in 1811, from twenty-eight to thirty millions of the former, to only from twenty-three to twenty-eight millions of the latter; while, in 1833, the specie in the country was about forty-two millions to about seventy-seven millions of paper in circulation, or a proportion nearly one-half less. During the existence of the present bank, so far from its increasing our specie, so as to have it constitute a sum equal to our whole paper circulation, as was the case before A. D. 1811, and was again expected to become the case by many who voted for its charter; so far from making it approach the ratio of about 170 to 140, which it bears in England under their national bank, or of about 520 to 30, which it bears in France under theirs, our specie has never, since 1816, until the removal of the deposits and the passage of the new coin bills, constituted a sum whose proportion was more than about 42 to 77 of our whole paper currency, and has sometimes been as low as about 25 to 100 of it. This does not include what is in the vaults of our banks, whatever may be the practice of computing in England; but the table, (F,) in order that any proper corrections may be made, shows the amount in their vaults during the same period. Notwithstanding this hazardous condition of the currency, our own coinage of gold and silver during the last thirteen years before 1834, amounting, in all, to about thirty-two millions, has entirely, except seven or eight millions, been allowed to quit the country, and in several instances, to a considerable amount, has been exported directly to Europe by the bank itself. All the manufacture of coin at our own mint, and all the expenses of it, have thus been wholly

lost to us, except what would be equal to the result of its operations for only two or three years. The imports of specie, averaging, also, from six to seven millions annually, have all been suffered, with the detention of small amounts for coin and manufactures, to depart without any successful efforts on the part of the bank to restore the much sounder condition of the currency which existed under the former institution. On the contrary, how far the present bank may have been instrumental in preventing such a restoration will be seen when we advert to the fact, that, instead of issuing bills, like the former institution, no lower than ten dollars, and thus, so far as the bank itself was concerned, leaving room for specie to remain in the country, and circulate for all smaller sums, it has put forth not only a large amount of five-dollar bills, but, since 1827, a still larger amount of five-dollar checks, or drafts, not supposed by many to be warranted by its charter, for purposes of circulation as a currency, and certainly any thing but useful in extending the specie basis of our paper to its former desirable and safe proportions. The permission once given by this department to receive these checks in payment of the public dues has recently been withdrawn, in the manner and for the reasons stated in the circular annexed, (G.) The notes and checks of this denomination, issued by the present United States Bank, and, in imitation of its example, the five dollar notes issued by the State banks, are estimated to equal in amount from one-fifth to one-fourth of our whole paper currency; and the drafts or checks of the United States Bank, of all denominations, used as a currency, are computed to equal quite one half of its whole circulation. In these particulars it has not only departed from the salutary precedent of the old bank, but it has departed from the precedents of the national bank of England, which, except during the suspension of specie payments, has not issued (unless for a few years, within more than a century) any notes less than £5, or somewhat over \$23, in amount; and the national bank of France has never issued any less than 500 francs, or near \$100, in amount. It is not contended that the present bank, or the former one, ever possessed any chartered right to prevent the circulation, by State banks, of notes under ten dollars; but they both possessed the right to issue no such notes themselves, and to induce others, by their example, by encouraging sounder views and a more commendable usage on this point, to issue few or none of them; and the first bank did, in this respect, conduct in a manner highly beneficial to the country, while the other has entirely disregarded the salutary precedent. There is one higher and more difficult task in the due regulation of the currency, or circulating medium, of any country, where it is composed of both paper and specie. This task consists in the preservation of the whole amount of the currency at any one time, not essentially reduced or increased beyond the natural and average wants of the community, in order to prevent a ruinous reduction in prices of all kinds, if the whole currency be greatly reduced, and to prevent an injurious and artificial increase of those prices, if the whole currency be greatly increased. The evils from either change (supposed by many to be much aggravated under any paper money system, and less likely to happen under a metallic one, from the greater difficulty in obtaining or making an excess; and from the diminished contraction in case of an export of specie, or a panic) are too palpable and well understood in political economy to require, on this occasion, any illustration.

It is equally clear that this kind of regulation of the currency, if performed

at all, beyond what is effected by the mere course of trade, and the operation of private interest in the State banks, and other ways, must, whenever the object is deemed of sufficient importance, and the means to accomplish it lawful and expedient, receive attention from the Government. But the Government can generally operate on this subject only through the issue and withdrawal of Treasury notes, in such form and under such circumstances as will meet particular exigencies, or by some large banking institution created for this, among other public purposes.

The difficulties and advantages, though both exist, connected with resorting to Treasury notes in such exigencies, need not now be considered; but what influence the present Bank of the United States has exercised in averting or correcting those evils, compared with the State banks, or with other systems, or other national banks that are or might be created, is considered an inquiry very necessary and pertinent. Whatever elevated claims may have been presented in favor of the utility of the present bank in thus regulating the currency, it would be somewhat difficult to designate the period and the extent of it, in any instance, beyond self-defence, or beyond what seemed requisite to save its own specie. In the three modes by which the amount of the currency usually becomes deranged—that is, by excessive issues of paper in times of extraordinary prosperity or speculation, by great exports of specie, and by hoarding it in a panic—it is not known that this bank, with all its public privileges, public objects, and public claims, has generally pursued any system to remedy the evils, different from that of all or most of the State banks. Thus, in a demand for specie for export abroad, instead of attempting to check it by the sales of bills of exchange at a lower rate, which it might draw on some fund providently and patriotically placed abroad for relief of the community in such an emergency, it has sometimes joined in the export of specie, and is supposed seldom to have drawn on a fund abroad, except when the market was such as to yield an enhanced price, or, on one or two occasions, with a view to its immediate safety, to lessen or avert a severe run upon its own diminished specie.

If the demand for specie increased so as to press hard on its own vaults and those of the State banks, how often has it been known during such a crisis, under any limitations, to become more liberal in its discounts to a distressed community, and to fill up, with more paper or specie, the vacuum caused by the withdrawal abroad of the specie? On the contrary, has it not, though claimed to be a public regulator of the currency, almost constantly and dangerously aggravated the evil of specie being withdrawn, by acting as a mere private commercial bank, and by refraining to put into circulation, during a drain, more specie or still more paper, and even by withdrawing two or three times as much paper as there was specie exported? Again: when little or no specie was exported or hoarded, and there was no vacuum to supply by paper, has it not then usually been more profuse in its discounts, and, instead of contracting or regulating steadily, has it not expanded injudiciously the whole amount of paper in circulation? It is admitted that a bank, conducted on mere private principles, is generally not only no aid to the currency on such occasions, but it often becomes, as just shown, and must become, unless acting on public principles, one of the greatest enemies to the currency. As its specie is drawn out largely to export or hoard, such a bank, unless taking due precautions beforehand, from public considerations, must contract at least two or three fold the amount of specie withdrawn, and is utterly unable to expand its paper

issues so as to keep up the whole gross amount of the whole circulation of all kinds in the community; and, without such precautions, if attempting in such a crisis so to expand, it would speedily be exposed to have no specie left to suspend the payments of it, and thus not only weaken public confidence in the whole paper system, but derogate from the character and value of all the paper abroad which could not be promptly redeemed in specie. No complaint is therefore made of the United States Bank, so far as a private institution, for acting on such occasions as a mere private and commercial institution should, and in the only manner calculated, under its present charter and our present laws, to secure its own credit and that of its bills, as a mere private banking corporation. But it is blamed, as a public institution, endowed with numerous and very valuable public powers and privileges, and making lofty claims in that character as a regulator of the currency of the whole country, for not having oftener, by a credit abroad, used it in a manner to prevent the large export of specie, and for not trying with more public views to reduce and not increase the rate of foreign exchange, so as to render the large export of specie unprofitable, and the currency, which it should aid, free from much further danger when any particular exigency of that description occurred. Again: in the case of a drain of specie, to hoard during a panic like that of last winter, for instance; it is blamed for not having come forward with public spirit and for public purposes suitable to its high public privileges; and, when the panic had not extended in so great a degree to itself, as to some of the State institutions known to be entirely solvent, for not having supplied by its own increased loans, instead of enlarging by its curtailments, the vacuum made not only by the withdrawal and hoarding of specie, but by the withdrawal also of those parts of the paper currency which on such occasions are forced back on the State banks, both in payments and for redemption.

The Bank of England has obtained the credit on two or three memorable occurrences of this kind, if not oftener, of having evinced something of this public spirit, greatly to the relief of the community, however late in adopting its course, and however strongly pressed to it by the ministry before it was commenced, and however decisive pledges of co-operation it first obtained. The evidence of its favorable course towards the community at times has already been stated, in describing its small curtailments, in discounts and in circulation during a few such crises, compared with those large ones made by the United States Bank during the past year. But it is quite certain that the latter institution, if not the former one, has forborne generally to render to the community all that benefit in preserving the equal quantity or equilibrium of our whole national currency, which the public had a right to expect of it as a public institution.

There has been a double mistake on this subject; first, in claiming for any national bank, under the usual organization of one so little differing from a private and mere commercial establishment, a greater power and performance, in this particular, than that to which it ever was entirely competent; and, secondly, in its not exercising, in some instances, for public purposes, a foresight, precaution, and forbearance, to which it was clearly competent by its great privileges and monopolies, and which a strong sense of public duty and public spirit required, and which would have proved eminently useful to the public in preserving more uniformity in the whole amount of the currency. It is freely acknowledged that this would have been effected occasionally at some sacrifice of private profit, and sometimes,

perhaps, as now constituted, at a small risk of private safety; yet, it was an imperative portion of its official duty towards the Government and the public to bestow due attention and expense on this vital subject. Mr. Dallas, in December, 1815, very properly observed, "the national bank ought not to be regarded simply as a commercial bank. It will not operate on the funds of the stockholders alone, but much more upon the funds of the nation. Its conduct, good or bad, will not affect the corporate credit and resources alone, but much more the credit and resources of the Government. In fine, it is not an institution created for the purposes of commerce and profit alone, but much more for the purposes of national policy, as an auxiliary in some of the highest powers of the Government." The chief extent of the beneficial influence which the United States Bank appears really to have exercised in regulating the whole amount of the currency, and the goodness or security of that issued by the State banks, has consisted in the check it sometimes, from rivalry and self-interest, has imposed on other banks, by watching over and returning their excessive issues, and in which influence it acts on the same principle, though, perhaps, with less public benefit than the same amount of banking capital divided, as in Scotland and New England, into many separate banking institutions. But this influence is limited principally to the larger cities and to their banks, as the United States Bank and most of its branches are there situated; and these pursue a practice generally of refusing to receive at par the notes of most country banks, and hence, by not returning those notes promptly for specie, or requiring deposits or security to meet them, cease to exercise over them but little of the salutary check against excessive issues usually wielded by one bank over another. It has probably gone no further than this for benefit or injury, except as thirty-five millions of capital concentrated can be more beneficial or injurious, as the power is exercised on liberal or mere selfish principles, than that amount of capital divided among numerous institutions; and as one bank with that capital, and with the monopolies and benefits derived from Congress to re-enforce it, could control more widely than it could control without them. Private interest being the source and measure of this kind of regulation over the currency, it becomes highly probable that a great corporation, less amenable to public opinion than smaller ones, less inclined to conform to it, as supposed to be more able to set it at defiance with impunity; more tempted, as possessing greater authority, "to feel power and forget right;" with fewer hands and hearts connected with its immediate management to be open to the promptings of patriotism, liberality, and public accommodation, than the same amount of capital among several smaller institutions, might push its control over the weak much farther at times than an enlightened and honorable self-interest could justify, and might occasionally exercise it from other and less legitimate motives than the salutary enforcement of correct banking principles. It has been admitted by one of its officers, that "there are very few [State] banks which might not have been destroyed by an exertion of the power of the Bank" [of the United States.] Among small local or private institutions, as in Scotland, mutual vigilance over each other has always proved a most useful check on their issues, and a most excellent regulator of the safety and amount of the paper currency, without the help of a national bank of any kind; and the same vigilance in New England, combined with a similar foresight and shrewdness in moneyed concerns among the mass of her population, has prevented the

general suspension of specie payments there at all times, as well when no national bank existed, as when it did exist, and has reduced the failures of banks there, as in Scotland, to a very small number, compared with what have occurred at sundry times in other quarters of the Union. The small extent and benefits of this kind of influence by a national bank do not depend upon mere speculative reasoning, but can, in some degree, be computed. A few recorded facts throw much light on the question whether it has been more beneficial than that of State or local banks left to their own intelligence, competition, and sagacity, under the restrictions imposed on them by self-interest, by usage, and the State Legislatures. Before the first national bank was incorporated here, among the three or four State banks then in existence no failure whatever occurred; but under, and notwithstanding the influence of that bank, though much better regulated as to its issues, and its management in general, than the present one, probably fifteen or twenty failures of State banks happened previous to the expiration of its charter in 1811. From that time to 1816, during which period no national bank was in being here, the whole number of failures did not amount to more than five or six, though the whole number of the banks had increased from three or four in 1791, to eighty-four in 1811, and to two hundred and forty-two in 1816.

But since the incorporation of the present bank in the last named year, the failures of the State banks, whatever salutary power the former has exercised, have much increased, and they have been estimated in part, and in part ascertained, to have exceeded one hundred and fifty previous to 1830. In England, where the full benefits of a national bank have been enjoyed, and have been improving, so far as there deemed practicable, more than a century and a quarter, its influence in preventing overissues and failures among the local and private banks has proved to be very inconsiderable. During the same years, from 1816 to 1830, inclusive, the commissions of bankruptcy actually taken out against them there were two hundred and six; and the stoppages of payment in a portion of that time having been ascertained to be more than double the number of actual bankruptcies, it is probable that, during the above period, over four hundred and twenty occurred there of what would be considered here bank failures; while the whole number here in that period was only about one hundred and fifty, and, judging from the account before given of our unavailable funds, nearly one hundred of those last have redeemed their bills, and many of them resumed business. Indeed, in only four particular years since 1813, two hundred and eighty-eight bank failures occurred there, computing, as before, all the stoppages at double the number of actual bankruptcies, and which two hundred and eighty-eight is probably one hundred beyond the number of all such failures in all the United States from the commencement of our banking system, in 1781, to the present moment. The undersigned is aware that formerly the number of private banks there was considerably larger than here, but it is now less than double the number of State banks in operation here. Again: from 1811 to 1816, inclusive, with a national bank, there the failures were, on the above mode of computing, over two hundred and twenty; while here, without any such bank, they were only five or six; and in Scotland, without any such bank, they have not for a century exceeded three or four, and some of these three or four in the end paid twenty shillings in the pound.

Parallel years in many cases have been selected, in order that the rela-

tive operation of great causes in the commercial world, affecting in some degree both countries, might not produce any difference in the comparative results, and that political economists might truly assign to them all the influence in these failures which they doubtless exercised, in defiance of any power of either national bank as at present organized and administered. One or two other circumstances are very striking; such as that *here*, though without a national bank, specie payments were not suspended till after the occurrence of war and actual invasion; though there, with a national bank, after war and the mere threat of invasion, they were suspended. They spread *there* over the whole country, but never extended here into New England: and they continued there over a quarter of a century; though they lasted here, in general, short of three years.

These differences may in part be owing to the more severe and protracted wars in that country, and (in consequence of its vast debt, and a large portion of it being owned on the continent, and its distant and extensive operations on land and ocean requiring great funds and subsidies abroad) may, in part, be owing to a money market, somewhat more sensitive and fluctuating than ours in the rate of exchange, and demand of specie for export. But another essential difference has existed between the condition of the private and local banks here and there. Ours have generally been subject to rigid regulations as joint-stock companies, under many salutary legislative restrictions on their issues, and great publicity of late years in the condition of most of them. Theirs, till the last year, were left very much to the sole direction of the proprietors, and with no publicity of their condition; and with little check over them, except the competition of each other, and the small indirect influence of their national institution. It is not, therefore, believed to be arrogant or inconsiderate to suppose that the banking system in most of the United States has been quite as carefully, if not more judiciously, regulated by law than in England, and has in practice here, whether with or without a national bank, been attended with fewer and less calamitous losses to the community, or injuries to the currency. In further proof of this, during the last year, public opinion gave rise there to some new legislative regulations, resembling some of ours, and especially as to greater publicity about the condition of the Bank of England. In fine, without this and certain other legislative regulations, united with some provisions incorporated into bank charters, which may be enumerated hereafter, it is in vain to expect that either national or State banks will ever be likely to perform much beyond what is merely incidental, and neither expensive nor troublesome, in regulating the currency of the country.

7. In respect to the only proposed inquiry which remains, and which relates to any increased security needed for the present paper system, and any desirable improvements in the present deposit system, the undersigned entertains an opinion that they can and ought to be obtained, not from the continuance of a national bank, whose influence has been so trifling on the currency, and whose power, as a fiscal agent, is now so little needed, but by alterations in respect to the State banks by the States themselves, in various particulars heretofore and hereafter suggested, in connexion with such regulations and laws, bearing on the general currency of both coin and paper, as it is competent for the General Government to adopt. Or if, contrary to the expectations of the undersigned, in the present condition of the country, or any condition soon anticipated, these alterations

ould be found ineffectual for all necessary and proper purposes confided to the General Government, the increased security must arise from a still further abandonment and restriction of paper than is now contemplated by this department, rendering the currency, if possible, in still larger proportions metallic. Or, in the last resort, if that, and all other remedial measures, considered lawful, should prove unsuccessful, any further securities, improvements, or powers, then deemed indispensable, and not attainable, consistently with our present constitution, must of course be sought from what is not recommended, and what is not believed to be feasible or judicious—an amendment of the constitution in relation to banks.

But the mischief justly to be apprehended from a large and powerful moneyed corporation, connected in any way with the General Government, the strong operations of which are already, and always have been, proper subjects of constant vigilance and wholesome jealousy on the part of the people and the States, is so great, that it will be time enough, whenever the people and the States shall consent to such an amendment, and to the establishment of such an institution, to discuss the proper powers, and restrictions of powers, for it. It will then be time enough to discuss, also, whether it should be a bank of mere deposits, or one of deposits and discount, and of paper issues; whether a single and central institution, or divided into three or four separate establishments for the great sections of our common country, with branches to each; whether it be wholly public, and founded on public revenue and public credit, or be only in part public; whether, in fine, it be with some effective governmental control, and, if any, to what specific extent, and by what body, public commissioners, some department, or Congress itself; or that, within the limits of our free and happy institutions, there shall be erected one institution, of a public character, and of a moneyed dominion independent of all others—the creature superior to the creator—and a servant, on public matters, intrusted with power to affect the value of all property, and the fulfilment of all contracts, and yet be placed in an attitude to set the whole public authorities at defiance. If a national bank of any efficient character be tolerated, either before or after an amendment of the constitution, it must be obvious that one of two evils will occur—either a great moneyed power will exist, independent, uncontrolled, and then in fact uncontrollable; or such a power will exist with a due control by the Government, and thus enlarge greatly the present central influence of the latter, without any increase of the present restraints on it by the people and the States. Both are dangerous; and, after all these and similar considerations too numerous for recital here, the question will still recur, whether so much is probably to be gained by such a national bank, as will justify this indirect abolition of most of the State banks, and this condensation, to almost a single point, of all large pecuniary favors, indulgencies, and powers, and as will counterbalance the strong constitutional doubts which now exist against such an institution, and those other doubts, of enlightened and far-sighted expediency, which, in the present condition of our virtual exemption from all debt, our prosperous finances, flourishing commerce, improving currency, and easy fiscal operations, will always spring up on every side against a grant either to or by the General Government of any further great, exclusive, and concentrated power over “associated wealth.” The undersigned wishes to be distinctly understood as not favorable to a national banking institution; and this being his opinion, with or without an amend-

ment of the constitution, he does not therefore recommend any such amendment.

Under existing circumstances, he trusts there is a large class of the community who do not consider it prudent to renew exclusive privileges, already in their opinion become odious; to extend monopolies, already abused; or to confer increased capital and power, where the exercise of those now enjoyed has been concealed, and withheld from a full examination by the public directors, and by Congress, through a committee, whose authority was disregarded and contemned; or to grant to any new institution what has always been doubted by many to be expedient in any state of things, and is much more doubted in a state of things now so essentially different from that which existed at the time of conferring the former charter; and, in fine, to increase indirectly, if not directly, the great strength of the General Government of the Union, when not clearly necessary to execute, in a due manner, the express powers intrusted to its charge. Much of what is expected to be gained by such an institution, whether enlarged or otherwise modified, it must be remembered, before one shall in any way be attempted, is rather founded on speculation than experience, and may never be realized; while some of the expected gain, as well as most of the advantages derived from the present bank, could, without any constitutional difficulty, be probably realized from the State banks under their present organization, with merely a few additional provisions. These are such as can properly be made by Congress in respect to banks which are public depositories, and others whose notes are received for public dues. Similar ones, without doubt, will seasonably be adopted by most of the States themselves. To these may be added such other provisions as it is competent for the General Government to make, in relation to all the banks situated within the District of Columbia.

The character of those new legal provisions, which might tend to improve the present system of selected State banks, and which come within the competency of the General Government, is next to be considered. One of them relates to some essential changes connected with the circulation of small notes, and is, in the first place, to refuse to continue the use of any banks as public depositories, which after one year shall issue any notes of a smaller denomination than five dollars, or, after three or four years, of a smaller denomination than ten dollars, and subsequently to extend this restriction further, or not, as expedience may require. Another provision is, after those respective periods, not to receive in payment of any public dues the notes of any bank not conforming in its issues to the same regulations; and another is, to prohibit the circulation or issue of all such small notes in the District of Columbia.

Some have supposed it would become necessary to impose a general tax or stamp, as suggested by Mr. Gallatin, on the issues of small notes in any part of the United States, and which tax would be of a size effectually to prevent the injurious effects of such issues. But this last measure is not recommended by the undersigned, for various reasons that need not here be detailed; nor is it believed that such a measure will ever become necessary, should it be deemed lawful, as it must be manifest, on a little inquiry and reflection, that the banks themselves, in regard to their own safety, credit, and consequent emoluments, will in the end find no less benefit than the community will, in the disuse of small notes. The salutary influence has before been alluded to, which, in respect to the improvement of the

currency, was exercised by the old rather than the present bank, in the issue of no notes smaller than ten dollars; and which last denomination is lower than any bank notes now in circulation in England, France, or Germany, and, it is believed, in any part of the continent of Europe. This disuse in any country where the paper system prevails, is well ascertained to be the only easy mode of retaining a full supply of specie; so that it may come to the relief and security of the community during severe wars and great commercial embarrassments, and may help to sustain promptly banks themselves, when hard pressed by a demand for specie, to hoard during a panic, or to export during an unfavorable rate of exchange.

A consciousness of the dangers attending the paper system in England, with a specie circulation not sufficiently enlarged, induced their national bank, when the resumption of specie payments was contemplated, at once to acquiesce in the proposition of Parliament to call in the small notes then abroad, though the least denomination was almost five dollars, or one pound sterling, and after four years to issue none less than five pounds, or nearly twenty-five dollars. The same limitation was subsequently attached to the private and country banks, to take effect in 1829, and as to one and two pound notes, except in Scotland and Ireland, after 1825. In these last countries, however, it is understood the smallest denomination of paper usually circulated at any time has not been less than one pound; and the currency of Scotland, without further restriction in this respect, could never probably, with so little specie, have continued so safe, and its banks in such high repute, had it not been that her great distance from London, the centre for exporting specie, and of favorable exchange against the interior, rendered it preferable to the holders of bills on Scotch banks, in times of pressure or a panic, to receive what they always make previous arrangements to give—a draft on some respectable bank or banker in London. Situated like most of the banks in the interior of New England and New York are to Boston and New-York city, such a draft, instead of specie, has generally been preferred to be received from the Scotch banks, as it would be of more value in the exchange market, and would not expose the holder to the expense and inconvenience of transporting the specie three or four hundred miles to London. But the paper system has not only been greatly strengthened for all purposes, and the foundations of specie, on which confidence in it generally and chiefly rests, have been much enlarged wherever the withdrawal of small notes has occurred, but a most dangerous weapon has been taken from the hands of that class of the community most easily excited in a mere political panic, to embarrass a bank, whose credit with the commercial world may at the same moment be entirely sound, and with whom, by means of the large bills, or large amounts of them in their possession, no run would at first be attempted. A run on banks in all countries, when arising from political considerations alone, has uniformly commenced with small bank notes; and by persons who, from their education, pursuits, and pecuniary condition, are most readily influenced by the designing, and most likely to be misled on any sudden and exciting occasion. Not so frequent illustrations on this subject have occurred in this country, where the great mass of the community are believed to be more intelligent; but we have not been wholly free from them, and, when occurring here, their operation has always been similar, and to be much deprecated. Thus, during the last winter

and spring, had the *political* panic extended to the great mass of society, so as to have rendered them hostile and distrustful, instead of being generally friendly towards the State banks, it must be obvious to all that a scene of infinitely greater embarrassment and ruin would, probably, have occurred with so many small notes, so widely distributed in some States among all classes, and without a broader basis of specie in the community or in the banks to sustain a severe run. Wherever there was added to this, or occurred, instead of it, any commercial panic or discredit about any particular banks, it would, in most of those cases, inevitably lead to a stoppage of specie payments, unless some immediate relief was interposed to meet it, like additional security for the ultimate solvency of such banks, furnished or tendered in some form or other by individual stockholders and directors, or by a State, or by the General Government. Such relief and security were then offered in some parts of Virginia in the first mode, in New York in the second mode, and to all the deposit banks in the third mode, through the confidence reposed in them, by their selection, and the large funds intrusted by the Treasury to their custody for safe-keeping. It was only by the last of these modes that the United States Bank itself was probably relieved from the stoppage of specie payment early in 1819, when its specie on hand at the close of the previous year, in the mother bank and all its branches, was only about two and a half millions of dollars, to redeem a circulation of about seven and one-third millions, and to meet a liability for more than nine millions of deposits. The confidence given directly and indirectly to the Bank of England, by the Government, in similar ways, contributed much to save it from commercial discredit, and to keep its bills nearly at par, in the opinion of some writers, for more than ten years after it actually stopped specie payment in 1797, and at a moment when its specie had become reduced to only £1,086,170, with a circulation to be redeemed of £9,674,780. The same confidence, probably, prevented another stoppage in 1825-6, when its specie had fallen to £1,260,000, with a circulation of over £25,000,000 to be redeemed. But the withdrawal of small notes required by Parliament, to prevent, in some degree, the recurrence of such dangers, and to take the possession of these means from those most likely to use them unnecessarily, in a political panic, for purposes of embarrassment, has since had the beneficial effect of strengthening, in a pressure, the banks themselves, by increasing the specie circulation of that country, on which the paper in some degree rests, to an amount more than equalling its whole paper circulation; while here, the last year, and before this change was strongly recommended by this department, the specie circulation was computed to be only about one-seventh the amount of the whole paper, and all the specie in the country was only about half the amount of the paper in actual circulation.

This withdrawal has there, also, not only in a great measure disarmed the worst enemies of the banking system in the period of a political panic, as before explained, but it has rescued the poorer classes of persons from almost the whole inconveniences to which they chiefly were exposed by the discredit of bank notes, and from most of the losses they suffered by counterfeits. Thus, if no notes circulate of such small denominations as are usually required in money to effect the purchases and payments by those classes, but they are furnished with silver and gold to effect such objects, it must be manifest that they at once become relieved from any considerable apprehension about the business and credit of banks, and the

apprehension is properly devolved on the wealthier and more commercial classes, for whose benefit, chiefly, banking institutions are incorporated. If losses, then, occur by the failure of banks, or the depreciation of their notes, those losses reach in only a small degree persons who seldom own the stock, or keep in their possession large notes; but fall, as they should; on the more opulent, who not only own most of the stock in banks, but reap the chief profit and accommodation connected with their establishment. In respect to counterfeits, these were so much confined to the small notes in England, as to furnish an additional reason there for prohibiting the issue of such notes; and they are in this country probably in a ratio of ten to one among the smaller notes. The reason will, on a little reflection, be obvious; as the less informed and less affluent, to whom the small bills are most frequently passed, are less qualified to detect impositions, while they are less able to bear the losses from them, than the more wealthy, who rarely are deceived by counterfeit bills.

The withdrawal of the smaller notes will, therefore, not only relieve, in some degree, all, but in a great degree the most exposed portion of the community, from frauds and injuries by counterfeit bills; but it will not, at the same time, subject them to losses, in an equal degree, from counterfeit coin. The weight of coin, independent of other tests, is a ready, easy, and almost certain mode for all classes of detecting counterfeits of any great value, since the specific gravity of gold nearly exceeds twice that of any other metal, except one, and which one is expensive, rare, and unprofitable as a counterfeit.

The next essential change to that connected with the withdrawal of small notes from circulation, and which this department would recommend as an improvement in the present fiscal system of employing State banks, is, to require the fullest returns to be made by those employed, in relation to their actual capital paid in; their discounts, circulation, specie, and other circumstances, throwing light on their probable safety and intelligent mode of conducting business. This, coupled with the power, through committees or commissioners, to verify the correctness of such returns, by actual examination in cases of suspicion, will prove a highly conservative and useful measure to both the public and the banks, as well as the Government. It will not only furnish to the latter a salutary facility in discovering and revising any errors in its depositories, arising from inadvertence or misapprehension, but will increase its security, and, if the banks really merit confidence, will justly insure to them all that improved standing and augmented trust with the community, which, in the end, must prove so advantageous, in a pecuniary view, to their proprietors. The late examinations, in England, of the most intelligent bankers and skilful financiers, led to a parliamentary provision, for the first time, in favor of minute reports from the Bank of England to the Government; and the average results of which, quarterly, are required to be made public. In 1820, Mr. Crawford went so far on this subject as, in some cases, to request of a bank a confidential "list of its debtors, showing the amount due by each." All mystery on the subject of banking should cease. It is unworthy the age in which we live, and the form of government we support; and the real condition of all banking institutions, which claim public confidence and credit, should be shown far and wide, to all interested, fully to deserve that confidence and credit. The next changes of much importance recommended have been considered in detail in my annual report, under the re-

marks there offered in respect to the recent alterations in our gold coinage and the further improvements suggested in that, and in the operations of the mint.

The new coinage, and increased rapidity in manufacturing it, constitute an invaluable part of the present and proposed system for gradually withdrawing small notes, and substituting gold and silver. This will increase the quantity of silver in circulation, as well as introduce with it gold coin that shall be of convenient denominations for general use, and that shall possess a nominal value, so clearly equal, if not superior, to its market value for bullion, for ornamental manufactures, and for exportation to foreign markets, as to be likely to preserve it in common employment as an essential and large portion of the circulating medium. The existence of no small notes, and a similar mint and tender system in France to what prevails here, has introduced and preserved in their circulation near 170 millions of dollars in gold coin; while in England, with a mint system less favorable, and a tender system more favorable to gold, it there constitutes quite four-fifths of the specie part of their currency, and has increased from less than 20 millions of dollars in 1818, to more than 200 millions in 1829. It constitutes very large portions of the currency of many other European Governments, under various regulations, often less encouraging than ours to its circulation; and in a number of the Spanish American republics, as well as Brazil, it has a strong tendency to come into more general use, under a change of taste, a conviction of its benefits for larger and more distant payments, and under the increased production of it from the mines, compared with that of silver, both there and in this country. Here, the production of gold has, in ten years, augmented from about \$2,000 yearly, to one and a half millions, or one-fifth of all the annual produce in gold of Europe and America. The ratio of increase in the production of gold has been, in all America, more than treble, since 1819, what it was the ten previous years, when it had been quite one-fifth beyond its former amount; while silver has decreased in about the same ratio since 1819 as since 1809, and which ratio was nearly one-half.

Another change might be useful, at some future period, in point of economy, and, at the same time, conducive to the prevention of too frequent fluctuation in any system of imports and incidental protection to domestic manufactures. It is one suggested in my annual report, whenever a large balance of money shall be on hand hereafter in permanent deposits, that either a small interest should be required on it, under certain circumstances, or that a temporary investment of all above a specified amount in the Treasury should be made in some stocks, sound and saleable, with an authority to dispose of them whenever their proceeds may be needed for public use. The particulars on this subject need not be repeated here; though some provision in relation to them, applicable to any large surplus or deficiency which may hereafter at any time unexpectedly happen, might prove prudent and profitable.

Should a regular increase or deficiency occur for a few years, the remedy would of course be otherwise attained by a change in the tariff, as this proposition is intended to apply only to excesses or deficiencies, occasional, temporary, and unexpected. The only remaining change that will be now adverted to, consists in an improvement of the currency and of the banking system within the District of Columbia.

To prevent misapprehension, it may be proper to add that, by any re-

marks on this subject, it is not intended to recommend that any banking institution should be organized here, with any power whatever beyond the limits of this District, or with any peculiar power over any other bank in the country, connected with this department; or with any power not properly adapted to objects belonging to the business and wants of the District alone. But the system and operations of banking here have been generally very unfortunate; and it does not appear to be very sound philosophy to complain of the State banks, of their deficient organization, and their insecurity or failures, when, of the banks incorporated by Congress, whether in this District or in the United States at large, (being, it is believed, fifteen in all,) at least six, or over one-third of the whole number, have, at different times, failed, and all of them which were in existence in 1814 then suspended specie payments, as will be seen in the document annexed, (H.)

Our whole probable losses, as yet appearing by all of them, in all ways, though likely to be hereafter somewhat further reduced, exceed one-third of a million, or a sum equal to one-fourth of the whole amount of all our unavailable funds. These results, under the former legislation by Congress, incorporating banks, are certainly not very flattering, though the mode of doing business in this District, and the peculiar position of it and its banks, may have increased greatly and necessarily their risks and misfortunes. But the lesson taught by all this seems to be, that greater caution would be useful and necessary hereafter in legislating as to banks in this District; and, in that event, little doubt is cherished by this department that, as most of the old charters are about expiring, the opportunity to introduce more numerous restrictions and securities into any renewed ones can be advantageously improved, and some general legislation adopted for the currency of the whole District, which may prove highly useful. It might be suggested here, in detail, what, in the opinion of the undersigned, those restrictions and securities ought to be, in order to insure the continuance of specie payments, whether by high penalties or otherwise, such as to restrain excessive issues over the amount of specie on hand, to render individuals liable to the extent of their subscribed capital not paid in; to check discounts on too long credits, and without ample security; to prevent hazardous loans to their own directors, or on pledges of their own stock; and several other, important and more doubtful considerations, like the requirement of security to the public, by stock or property, or the personal liability of the proprietors. But, as the details on these and similar points might not be deemed pertinent, unless applications were actually pending for new charters, the further consideration of the whole of them will be deferred. The undersigned would now only urge the early adoption of the general provisions, which seem equally proper and well adapted to the present as the future, and under the old as the new charters: that small notes, in the manner lately mentioned, should not be allowed to circulate at all in the District after a limited period; and that monthly, if not weekly, returns of the condition of all the District banks should be communicated to Congress or this department, actual examination be made yearly into their accuracy, and entire publicity given to the results, whenever the public interests appear to require it.

The present system of State banks for deposits, with the changes and regulations as to them and the currency, which the undersigned has had the honor to suggest in this report, is respectfully recommended to Congress for adoption by a specific act of legislation. He cherishes great confidence

that the system of fiscal agency now recommended for the Treasury, so far as regards the safe preservation and convenient disbursement of public money, will continue to prove successful; and, if not, in every respect, equally so with the system preceding it, or with any other that could be substituted in the form of a national bank, yet that in some material respects it is superior, and in others so little inferior, as not to justify an abandonment of it for any other beset with such grave questions of general expediency and constitutional power. Public confidence in the correctness of this conclusion may justly be strengthened by our experience during the past year, when the newly selected State banks, though in the infancy of the trial, with many novel difficulties to encounter, and assailed by a pauc unexampled in this country, surrounded by extraordinary distress, real or imaginary, without the aid of the powerful means of the Bank of the United States, if not with those means in some places; and with its general course of policy in all places, in direct hostility, have yet passed through the fiery ordeal in perfect safety, without the failure of one of them, and without the loss of a single dollar to the Government. Besides this, the operations of the Treasury, chiefly conducted through the agency of these banks, have proceeded, generally, with ease, promptitude, and fidelity, even in the remotest sections of the Union; and the general currency of the country has, in the mean time, greatly improved, instead of deteriorated. Over twenty millions of dollars have, probably been added to the specie portion of it. The entries at the custom-house, from the 1st of October, 1833, which have been received, to 4th December, 1834, exhibit an excess of importations over the exports of coin and bullion, amounting to \$17,736,901; and the amount arrived, but not there entered, in the same period, has probably exceeded two and a half millions. It is gratifying to see by the statement annexed, (I.) that, of those importations, gold has constituted about four millions, and that they have thus greatly, and very opportunely, aided the efforts of Congress to enlarge that portion of our currency, by giving a new nominal value to our gold coins, calculated to retain and increase them as a permanent and very useful part of our general circulation. In the continuance of the measures now in operation, with the changes proposed, it is anticipated that the metallic basis of our paper currency will be still further, though slowly, extended by importations and the rich produce of our mines, until it rests on nearly as broad and solid a basis as in many countries of Europe; and that this will happen in due season, without abandoning the use of banks and of paper for their appropriate duties. The withdrawal of notes under five dollars would diminish the paper circulation, where they exist, about one-fifth or one-fourth; and of notes of five dollars, about one-fourth more; leaving gradually a vacuum to be filled by the additional specie, amounting to near twenty-five millions, or equal to about one-third of our whole paper circulation in 1833. The State banks would still find useful employment for much of their present capital and present amount of circulation, and the requisite quantity of specie in the place of their small notes could be easily introduced if the thirty-five millions capital of the United States Bank, after the charter expires, be diverted into other employment; because its circulation of about fifteen millions in paper would, in that event, be withdrawn; and by the notes of the State banks, and by a substitution of its own specie, aided by the large importations of specie lately made, the vacuum thus created, and the increased wants of our increasing population, would both be well supplied. If, as the present and past pros-

perity of our fortunate country seems to justify, a calculation be formed that an addition of at least 400,000 persons is yearly made to its whole population, it will, by computing eight dollars per head as the average amount of our circulation, require an annual addition to it, in specie and paper, of between three and four millions. The amount of bank capital now in the States, and of specie now in and about entering the whole country, may be amply sufficient at the present for all these objects and changes. Nor is it perceived that any strong probability exists of their soon becoming deficient. The rate of exchange, which, when very unfavorable, is almost the only cause that can lead to any considerable export or withdrawal of our specie, has been, during most of the past year, much below real par, which is near seven per cent. nominal advance.

During that year it has never been, nor is it likely soon to be, so much above real par as to render the export of specie profitable, and which, it is understood, must be from two to two and a half per cent. real, or somewhere between nine and ten per cent. nominal advance. As the rate of exchange depends chiefly on the balance of our foreign trade and debts, and on the remittances which are obliged to be made for meeting them, it will be seen that, while foreign goods undergo no considerable nominal increase in price, or in the quantity wanted for consumption, (and it is to be hoped domestic manufactures, by their present protection, by improved experience and skill, and the indefatigable enterprise and industry of our people, are augmenting nearly in the ratio of our population,) the sum to be paid abroad cannot much increase, unless our debt to be paid there, or the foreign capital invested here, has become larger, or the latter has become more likely to be withdrawn. But, so far from our public debt owned abroad being greater, and thus continuing on our resources a drain of either specie or domestic produce, to pay the interest and principal, as it has injuriously done during the last forty years, we can justly rejoice over its entire extinguishment. It is also believed that the investments of foreign capital here in private stocks of various kinds have not altered in any considerable ratio. They were about the same amount in the two United States Banks, though, from the difference in the size of their capitals, seven-tenths of the former were owned in Europe, and probably about one-fourth of the latter. From the rate of interest here and abroad, and the estimated stability and security of our institutions and Governments, compared with their own, it is not apprehended that any great withdrawal of foreign capital is likely to take place from any private investment here, so as to increase essentially the amount obliged to be paid there. On the contrary, the means to meet the reduced foreign demands are believed to be much enlarged by a rapidly extending cultivation of our new and fertile soil, and a consequent production of a greater surplus for exportation at fair, if not high, prices; and by the other great conservative circumstances which exist in the present state of our country, such as an augmenting population, an entire freedom from national debt, a large reduction in the public taxes, and a condition, as to education, skill, industry, and sound morals, judicious enterprise, and almost every element of national prosperity, advancing yearly, it is hoped, higher and onward. It is not, then, presumptuous to anticipate that the balance of trade, or rate of exchange, is not likely again, very soon, to become so unfavorable as to cause any great export of specie. Another large drain of it from this country to India, during the last fifteen years, and which, from the nature of our trade there, seemed inevitable

and permanent, has been chiefly stopped; in its direct course, by exports of domestic manufactures in its place, and by bills of exchange; but which last, it is conceded, must still be met in Europe; though, after a useful delay, and in consequence of the sale there of part of the return cargoes, and of our increased surplus abroad from exported produce, they will be met by a diminished withdrawal of specie from this country. As flattering a prospect is therefore opened to the condition of our currency hereafter, as could exist under the present form of our constitution, construed, as it is, to render the propriety of a charter to any kind of a bank without the limits of this District very doubtful, and not to prohibit the incorporation of banks by the States, unless organized in such a form as to be tantamount to a mere emission of bills of credit, founded (as was doubtless contemplated in the prohibition in the constitution, that "no State shall emit bills of credit") on mere credit, and *that* the credit of the State alone.

Taking our system of a currency, then, as it is supposed to be established by the constitution, being, as regards the General Government, a purely metallic currency, but leaving banks with paper issues, founded on a capital paid in, and not on the mere credit of a State, to be incorporated for local purposes, within the States and this District, whenever considered expedient, it is believed that the present fiscal arrangements, with the modifications previously mentioned, will continue to be as prosperous as the nature of the paper system, when it furnishes any considerable portion of the currency, will ever permit. By a change of our constitution, or by an entire change in the legislation of the States and of Congress, it is admitted that this country might adopt a purely metallic system throughout, without the use of any kinds of banks or bank paper; and thus avoid most of the injurious fluctuations in the whole amount of the currency so generally incident to the paper system, and remove chiefly the dangers and disasters, always more or less attendant on the *credit* involved in the paper, but which do not, and cannot, so much attach to coin, when made, as it is here, of materials whose inherent value for purposes of ornament and manufacture is nearly equal to its nominal value as coin. Yet, until these events shall occur, it is the part of sound philosophy and true political wisdom to improve to the utmost, consistently with constitutional difficulties, our present mixed currency. When it is remembered that, after long experience, almost every nation of Europe, and especially the most enlightened and commercial ones, have, though possessing full power to abolish wholly the paper system, deemed it good economy and a great convenience to retain it to a certain extent, for the larger and more distant operations in commerce and finance; when it is considered that the paper system is generally supposed to increase the activity of the surplus moneyed capital of a country, by collecting it into banks; and distributing it speedily, as needed, and to make a less quantity of circulating medium, employed in this way, answer the same purposes of society with a larger quantity otherwise employed; and when it is computed by many—whether rightly and wisely, need not here be discussed—that, through the issues of paper over the amount of specie in the vaults of banks, the public is enabled to obtain a temporary use of so much more money, as if, to that extent, and for that purpose, it were a real addition to the specie capital, and at the same time to realize a saving in the wear and loss of the specie in the vaults, which it would otherwise sustain in actual use, the question becomes very doubtful whether, in this commercial and widely extended country, the anticipation can be justified,

that the States or the people will soon, if ever, consent to the total disuse of banks of paper issues. But it is more probable that the discussion and increased interest attending this subject will terminate here, as in England, not in abolishing all country or local banks, though Parliament, like the States, possess undisputed power to do it; but, for the present at least, in only exercising greater care in the regulation of these banks by the States, and in creating, by both State and United States legislation, a broader basis of specie in circulation, for the increased security as well of the banks as of the community, and for the great and desirable improvement of the currency of the country. The undersigned, however, would not be understood as inculcating an opinion that even by such increased security, or by any guards and restrictions of any kind, the State banks, or banks of any description, can be placed entirely beyond the possibility of embarrassment and failure. Besides revulsions in trade and prices, springing from ordinary causes, or extraordinary discoveries and improvements in the numerous arts and labors of life, and which, while civilization and liberty shall last, must frequently create changes in values of all kinds, and especially in the worth of the precious metals, all banks, like individuals, either directly or indirectly, by various accidents to themselves or their customers, such as robbery, fire, tempests, and wars, are exposed to occasional and severe losses. In fine, the mere *credit* involved so deeply in the whole paper system, as a system, is a circumstance from the evils of which, granting its benefits in other respects, it is not in the power of human ingenuity wholly to escape.

The vice or danger is inherent in credit itself, when so extensive; *credit*, that the bills will be redeemed, and this credit depending not only on the faithful conduct of the directors and officers of the bank, and the exemption of its property on hand from inevitable casualties, but on the solvency and punctuality of the great mass of its customers, exposed in their persons and fortunes to those thousand accidents by flood and field, from which nothing mortal is secure, and against which Governments the most rigid and vigilant, any more than individuals, cannot effectually guard. Governments cannot be administered without giving some credit to debtors, and to collecting, keeping, and disbursing officers. Changing the name of the debtor, or the debtor himself, from an individual to a bank or corporation, does not produce any charm on the nature of the transaction, and does not prevent it from still resting on credit, and being, in some degree, liable to all its dangers and disasters.

But the consequent embarrassments, though often inevitable, are in a greater degree inseparable from a paper than a metallic system; and it is therefore desirable either to avoid the former, whenever it can be legally effected, and without an exposure to equal injuries of a different character, or to restrict it, in the safest forms practicable, to its original and most useful purposes. It is gratifying to reflect, however, that the credit given by the Government, whether to bank paper or bank agents, has been accompanied by smaller losses in the experience under the system of State banks in this country, at their worst periods and under their severest calamities, than any other kind of credit the Government has ever given in relation to its pecuniary transactions. Hence, unless the States, and the United States, should both deem it proper, gradually, and in the end entirely, to dispense with the paper system, (and which event is not anticipated,) the Government cannot escape occasional losses from that quarter, and can never hope to

escape all losses from banks as fiscal agents, except by the employment in their place of other and individual agents, who will probably be found less responsible, safe, convenient, and economical.

All which is respectfully submitted.

LEVI WOODBURY,

Secretary of the Treasury.

Schedule of documents accompanying the supplemental report of the Secretary of the Treasury.

- A. List of selected State banks used as depositories of the public money, and times of selection.
- A A. Statement of the immediate means of selected State banks to meet demands on them.
- B. Form of Treasury warrant now in use.
- B B. List of old deposite banks that stopped payment, and of others indebted to the Government, with the amounts due to the United States, times of selection and failure, &c.
- C. Statement of appropriations, expenditures, and collections in each State in 1834.
- D. Amount of domestic exchanges on the 1st of September, 1832, '33; and '34, by branches of the Bank of the United States.
- E. Amount of domestic exchanges by three of the selected State banks, about the 1st of September, 1834.
- F. Table of the circulation in specie and paper of the United States, and several other countries, at several different periods.
- G. Circular relative to the receipt of branch drafts or checks of the United States Bank, for public dues.
- H. List of banks incorporated by Congress in the District of Columbia and in the United States; when incorporated; when selected as depositories of the Government; when stopped payment; and the amount then due to the United States.
- I. Statement of amount of imports and exports of specie from 1st October, 1833; to 30th September, 1834, with statement annexed of imports and exports of specie since 30th September, 1834, as per returns received at the Treasury Department to the 4th of December, 1834.

A.

LIST of selected State Banks.

Names of banks.	Dates of selection prior to 26th September, 1833.	Remarks.
1st. Merchants' Bank of Salem	Prior to 1819	For deposit and payment only.
Bank of New London	Prior to 1820	Do.
Bank of Newport	Prior to 1819	Do.
Bank of Bristol	Prior to 1819	Do.
Farmers and Mechanics' Bank of Albany	Prior to 1829	Do.
Bank of Harrisburg	Prior to 1819	Do.
Branch of Farmers' Bank of Delaware, New Castle	Prior to 1820	Do.
Bank of Virginia, branch at Petersburg	Prior to 1829	Do.
Bank of Virginia, branch at Fredericksburg	Prior to 1829	Do.
Bank of Virginia, branch at Lynchburg	Prior to 1831	Do.
Bank of Michigan	Prior to 1824	Do.
Bank of Middletown	April 21, 1824	Do.
Mechanics' Bank, New Haven	February 26, 1830	Do.
SELECTED.		
2d. Merchants' Bank, Boston	Septem'r 26, 1833	On usual terms.
Commonwealth Bank, Boston	Septem'r 26, 1833	Do.
Manhattan Company, New York	Septem'r 26, 1833	Do.
Bank of America, New York	Septem'r 26, 1833	Do.
Mechanics' Bank, New York	Septem'r 26, 1833	Do.
Girard Bank, Philadelphia	Septem'r 26, 1833	Do.
And again		
Union Bank of Maryland	August 18, 1834	Do.
	Septem'r 26, 1833	Do.
Between Oct. 1, and Dec. 31, 1833.		
Maine Bank, Portland	October 9, 1833	Do.
Commercial Bank, Portsmouth	October 9, 1833	Do.
Bank of Burlington	October 28, 1833	Do.
Farmers and Mechanics' Bank, Hartford	Novem'r 4, 1833	Do.
Arcade Bank, Providence	Novem'r 4, 1833	Do.
Bank of the Metropolis	October 9, 1833	Do.
Planters' Bank, Savannah	October 9, 1833	Do.
Branch Bank of Alabama, Mobile	October 9, 1833	Do.
Union Bank of Louisiana, New Orleans	Novem'r 4, 1833	Do.
Commercial Bank, New Orleans	Novem'r 4, 1833	Do.
Franklin Bank, Cincinnati	October 9, 1833	Do.
Union Bank, Nashville, Tennessee	October 9, 1833	Do.
Planters' Bank of Mississippi, Natchez	October 9, 1833	Do.
Subsequent to Ist January, 1834.		
Moyamensing Bank, Philadelphia	July 22, 1834	Do.
Louisville Savings Institution	August 13, 1834	Do.
Branch Bank of Mississippi, Columbus	February 12, 1834	Do.
Farmers and Mechanics' Bank of Michigan	July 7, 1834	Do.
Commercial Bank, Cincinnati	August 18, 1834	Do.
Merchants and Manufacturers' Bank, Pittsburg	October 6, 1834	Do.
SELECTED.		
3d. Bank of Virginia, Richmond	October 9, 1833 } and July 15, 1834 }	For deposit and payment only.
Branch Bank of Virginia, Norfolk	July 9, 1833	Do.
Bank of Augusta, Georgia	August 20, 1834	Do.

A A.

CONDITION, in certain respects, of selected deposite banks.

	1st January, 1834:		1st April, 1834.		1st July, 1834.		1st October, 1834.	
Notes in circulation	\$7,797,714 00	-	\$8,183,373 00	-	\$5,847,554 00	-	\$8,073,941 00	-
Public deposites	9,363,162 00	-	12,586,506 00	-	12,261,580 00	-	12,000,245 00	-
Other deposites	7,826,112 00	-	7,655,050 00	-	6,380,466 00	-	7,513,548 00	-
Due to banks	3,969,647 00	-	4,332,351 00	-	4,336,000 00	-	1,960,635 00	-
Due from banks	-	\$3,114,471 00	-	\$4,721,891 00	-	\$3,413,769 00	-	\$5,058,773 00
Notes of other banks	-	3,890,254 00	-	4,251,240 00	-	3,840,626 00	-	3,297,346 00
Specie	-	2,921,361 00	-	3,627,777 00	-	4,572,753 00	-	5,820,023 00
	28,956,635 00	9,916,086 00	32,657,280 00	12,600,908 00	28,825,600 00	11,827,148 00	31,548,372 00	14,176,142 00

NOTE.—With a view to aid in a comparison of the condition of these banks with that of some others, the returns of a few are given below, as near to the 1st of January, 1834, as they can be obtained:

All State banks about the beginning of 1834, being the last return and estimate obtained.		Bank of the United States, January 1, 1834.		Bank of England, near January 1, 1831.	
Circulation	\$77,736,782 00	Circulation	\$19,208,379 00	Circulation	\$98,199,600 00
Public and private deposites	66,365,027 00	Public deposites	4,230,508 00	Average deposites, public and private	67,592,800 00
Due to other banks	25,888,395 00	Private deposites	6,734,866 00	Specie	\$41,779,200 00*
Due from banks	-	Due to other banks	1,535,709 00		
Notes of other banks	-	Due from other banks	-		
Specie	-	Notes of other banks	-		
	169,992,205 00	Specie	-		
	72,799,031 00		31,709,462 00		155,792,400 00
			15,072,747 00		41,779,200 00

* Securities, \$115,880,600; but as these are stocks chiefly, and those in our banks are not computed, they are inserted in a note. They are, however, in England a surer and larger resource than here.

B.

TREASURY DEPARTMENT.

WARRANT.

TREASURY.

No. 105.

To John Campbell, Treasurer of the United States, greeting:

APPROPRIATION.

"For compensation of district attorneys and marshals."

Pay to A. B., marshal of the district of _____, or order, out of the appropriation named in the margin, fifty dollars, on account of his salary for the quarter ending the 30th of September, 1834. Agreeably to a certificate of the Comptroller of the Treasury, No. 2012, dated 1st October, 1834, recorded by the Register. For so doing this shall be your warrant.

L. S.
Treasury Department.

Given under my hand and the seal of the Treasury, this first day of October, in the year one thousand eight hundred and thirty-four, and of independence the fifty-ninth.

LEVI WOODBURY,
Secretary of the Treasury.

JOS. ANDERSON,
Comptroller.

\$50. Countersigned,

Recorded,
T. L. SMITH, Register.

The cashier of the Bank of C. D. will pay the above warrant agreeably to its tenor.

JOHN CAMPBELL,
Treasurer of the United States.

Received payment of the above warrant from the cashier of the Bank of C. D.

A. B.
Marshal of District of _____.

Deposite-banks stopping payments.	When stopped spe- cie payments.	Amount to credit of the Treasurer, as deposit bank when it stopped.		Amn't paid before and since Febru- ary 27, 1823, on all accounts.		Amount now due as depositories, deducting whole payments.		Amount now due from them, not as depositories, but on their notes.		Amount due the 10th of Novem- ber, 1834, on all accounts.		When selected.	In whose hand for settlement.
	Year.	Dolls.	Cts.	Dolls.	Cts.	Dolls.	Cts.	Dolls.	Cts.	Dolls.	Cts.	Year.	Officer.
Virginia Saline Bank	1817	4,050	00	A		4,050	00	6,071	00	10,021	00	Before 1817	Solicitor.
Juniata Bank, Pennsylvania	1817	13,815	00	10,615	32	3,200	00	-	-	3,200	00	Before 1815	Do.
Bank of Washington, Pennsylvania	1817	4,500	00	5,023	77	-	-	2,484	57	2,484	57	Before 1815	Do.
Cumberland Bank, Alleghany	1817	6,440	00	5,263	39	1,176	61	-	-	1,176	61	Before 1815	Ag't B'k Columbia
Somerset Bank	1817	3,060	00	13,804	46	-	-	55,273	41	55,273	41	Before 1816	Solicitor.
Miami Importing and Exporting Company	1817	106,213	76	97,522	76	8,791	00	-	-	8,791	00	Before 1815	Do.
Bank of Wilmington and Brandywine	1817	940	00	940	00	-	-	-	-	-	-	Before 1817	Paid.
		139,018	76	133,169	70	D		63,828	98	81,046	59		
Bank of Muskingum	1818	125,322	00	125,322	00	-	-	-	-	-	-	Before 1815	Paid.
Farmers and Mechanics' Bank, Cincinnati	1819	17,182	43	-	-	17,182	43	19,783	58	36,966	01	After Jan. 1, 1818	Solicitor.
Bank of Kentucky and branches	1820	131,906	61	131,906	61	-	-	-	-	-	-	Before 1815	Paid.
Planters and Merchants' Bank, Huntsville	1820	63,893	51	63,960	36	-	-	-	-	B-Principal overpaid 66 85	-	After Jan. 1, 1818	Paid, except an amount equal to interest.
		195,800	12	195,866	97								

A.—Actual payments, which, being deducted from the amount originally due, leave the sums now due by these banks respectively.

B.—This arises from the amount of interest paid by the bank.

D.—The balance due would be only \$3,413 15, deducting the whole payment in the case of the Somerset Bank from the whole.

Bank of Vincennes	-	-	1821	219,313 00	50,984 73	168,328 27	-	168,328 27	After Jan. 1, 1818	Solicitor.
Bank of Missouri	-	-	1821	152,407 00	38,854 78	113,552 22	-	113,552 22	After Jan. 1, 1818	Solicitor & ag't.
Bank of Edwardsville	-	-	1821	128,551 13	81,751 13	46,800 00	-	46,800 00	After Feb. 1, 1819	Solicitor.
				500,271 13	171,590 64	328,680 49	-	328,680 49		
German Bank of Wooster	-	-	1822	4,447 97	188 00	4,259 97	35,104 03	29,364 00	-	Solicitor.
Centre Bank of Pennsylvania	-	-	1823	3,231 00	2,082 01	1,148 99	7,780 49	8,928 48	-	Office Bank U. S., Washington.
Franklin Bank, Alexandria	-	-	1823	48,000 00	-	48,000 00	-	48,000 00	October, 1819	District attorney.
				51,231 60	2,082 01	49,148 99	7,780 49	56,929 48		
Bank of Columbia	-	-	1824	284,870 70	69,583 09	215,287 61	-	215,287 61	1800	Ag't U. S. B'k.
Bank of Illinois, Shawneetown	-	-	1825	28,367 85	-	28,367 85	-	28,367 85	After Jan. 1, 1818	McRoberts, D. A.
Farmers and Mechanics' Bank, Indiana	-	-	1825	39,432 14	20,266 30	19,165 84	4,159 76	23,325 60	After Jan. 1, 1818	Solicitor, (secured, probably.)
Bank of Steubenville	-	-	1825	170,000 00	35,913 62	134,086 38	-	134,086 38	Before 1815	Solicitor.
				237,799 99	56,179 92	181,620 07	4,159 76	185,779 83		
Bank of Tombeckee	-	-	1827	138,754 00	79,981 36	58,772 64	25,138 00	83,910 64	After Jan., 1818	Solicitor.
Bank of Nashville	-	-	1828	6,267 00	-	6,267 00	-	6,267 00	Before 1815	Solicitor.

Deposit banks stopping payments.	When stopped specie payments.	Amount to credit of the Treasurer, as deposit bank when it stopped.		Am't paid before and since February 27, 1823, on all accounts.		Amount now due as depositories, deducting whole payments.		Amount now due from them, not as depositories, but on their notes.		Amount due the 10th of November, 1834, on all accounts.		When selected.	In whose hand for settlement.
	Year.	Dolls.	Cts.	Dolls.	Cts.	Dolls.	Cts.	Dolls.	Cts.	Dolls.	Cts.	Year.	Officer.
Bath Bank of Maine	1831	35,769	65	15,146	60	20,623	05	-	-	20,623	05	Before 1815	Solicitor, (secured, probably.)
Bank of Alexandria	1834	27,500	30	6,300	00	21,200	30	-	-	21,200	30	Feb, 1799, and October, 1818.	District attorney, (secured, probably.)
Grand total		C. 1,764,235	05	855,410	29	920,260	16	155,794	84	1,076,055	00		

C.—The second column shows the amount due from each bank as a depository when it stopped; but the bills of some were on hand in other banks, as special deposites, when they failed, or in the hands of officers of the Government. The banks were indebted for them as well as their deposites, and have made payments on account of the whole.

No interest is computed in any cases when the account has not been settled; but when a settlement is made, it is charged.

Since the above table was completed, it has been ascertained that probably some more money has been collected, which will be paid soon.

Most of the papers on this subject have been consumed. The whole balance, therefore, of unavailable funds, without interest, it is presumed will not vary much from \$1,150,000.—(November 21, 1834.)

B B--Continued.

1834]

SECRETARY OF THE TREASURY.

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Banks not depositories of public money, but their bills in possession in February, 1823.	When stopped payment.	Amount per statement, Feb. 27, 1823, remaining unpaid		Per statement of 8th March, 1830, unpaid.		Per statement of 14th Dec., 1832, unpaid.		Paid since Dec. 14, 1832, and not credited.		Due November 10, 1834.		In whose charge.
	Year.	Dolls.	Cts.	Dolls.	Cts.	Dolls.	Cts.	Dolls.	Cts.	Dolls.	Cts.	Officer.
Elkton Bank, Maryland	These banks may be considered as having stopped, and the sums become special in 1817.	19,865	00	9,865	00	9,865	00	-	-	9,865	00	Solicitor.
Alexandria Society, Granville		2,463	00	2,463	00	2,463	00	-	-	2,463	00	Solicitor.
Owl Creek		64	00	64	00	-	-	64	00	-	-	Paid.
Western Bank of Virginia, Parkersburg		198	00	198	00	198	00	-	-	198	00	Solicitor.
Farmers' Bank, New Salem		1,835	00	-	-	-	-	1,835	00	-	-	Paid.
Farmers and Mechanics' Bank, Greencastle		595	00	595	00	595	00	-	-	595	00	Solicitor.
Commercial Bank, Lake Erie		10,900	00	10,900	00	-	-	10,900	00	-	-	Paid.
Bank of Somerset and Wooster		1,375	00	-	-	-	-	-	-	-	-	Paid.
Merchants' Bank of Alexandria		3,217	00	3,217	00	3,217	00	-	-	3,217	00	Solicitor.
Huntingdon Bank, Pennsylvania		2,380	00	2,380	00	2,380	00	-	-	2,380	00	Solicitor.
Lebanon and Miami Banking Company		9,575	00	9,575	00	9,575	00	-	-	9,575	00	-
Farmers and Mechanics' Bank, Pittsburg		1,311	00	1,311	00	1,311	00	-	-	1,311	00	-
Urbana Banking Company		2,839	00	2,839	00	2,839	00	-	-	2,839	00	-
Bedford Bank, Pennsylvania		4,059	57	4,059	57	4,059	57	-	-	4,059	57	District attorney.
Kentucky Insurance Company		797	00	797	00	797	00	-	-	797	00	-
Farmers' Bank, Canton		6,598	06	6,598	06	6,598	06	-	-	6,598	06	Paid to Bank of Steubenville, it is believed.
Union Bank, Pennsylvania		9,758	00	9,758	00	9,758	00	1,858	00	7,900	00	District attorney.
Marietta and Susquehanna Trading Compy		1,360	00	1,360	00	1,360	00	-	-	1,360	00	-
Farmers and Manufacturers' Bank, Chillicothe		23,905	00	23,905	00	23,905	00	-	-	23,905	00	-
Bank of Cincinnati	3,846	00	3,846	00	3,846	00	-	-	3,846	00	-	
Susquehanna Bridge and Banking Company	796	00	-	-	-	-	796	00	-	-	Paid.	
Sundry small notes and counterfeits	927	22	927	22	927	22	-	-	927	22	-	
G 108,664 10		94,657 85		83,693 85		15,453 00		81,835 85				
Add the sums now due from the old deposite banks, on all accounts -		-		-		-		1,076,059 00				
Unavailable funds of all kinds, without interest, November 10, 1834		-		-		-		1,157,890 85				

G - The original amount was larger by perhaps half a million, and was mostly in small sums on about one hundred different banks; but all was paid before 1823, except the above sum. See list in report from Secretary of the Treasury to House of Representatives, February 27, 1823.

C.

A TABLE of the whole appropriations for the year 1834, of the expenditures from them, and of the collections during that year in the several States and Territories.

Whole appropriations for 1834.*	Expenditures from them in 1834.	Collections in 1834.
VERMONT.		
Special	\$20,000	
Pensions	200,000	
Army	2,000	
Miscellaneous	10,000	
	232,000	
Deduct 20 per ct. not expended this year†	46,400	
	Balance	\$185,600
		Customs - - - - \$179
MAINE.		
Special	38,000	
Pensions	180,000	
Army and fortifications	60,000	
Miscellaneous	30,000	
Public debt	20,000	
	348,000	
Deduct as above	69,600	
	Balance	278,400
		Customs - - - - 174,954
NEW HAMPSHIRE.		
Special	42,000	
Pensions	160,000	
Army	16,000	
Miscellaneous	10,000	

* Besides the appropriations made for the year 1834, there was a balance of old appropriations unexpended of about six millions; and, besides the collections made in 1834, there was an available balance in the Treasury on the 1st January, 1834, of about ten millions, being more than enough to pay the old appropriations then outstanding. The actual expenditures in 1834, out of the appropriations for that year, correspond so nearly with the collections in 1834, that they illustrate the objects proposed in this table, without extending it to the old appropriations or collections made before January, 1834, and then remaining unexpended.

† The apportionment of the several appropriations among the States and Territories has been made in conformity to what was specified in the acts of Congress, and the estimates for the year, and are termed "special" whenever the person or object, such as a creditor, fort, officer, navy yard, &c., was known to be within any State. The other designations need no explanation, except that under *army, navy, &c.*, are not included such sums in connexion with them as were before included under the word "special;" and that our expenditures abroad are arranged to the States whence the remittances are made; and that the payments required to be made in particular States for public convenience, though the objects of expenditure are situated elsewhere, have been charged to those States. The word "army" includes every thing under the administration of the War Department, except what is otherwise enumerated.

‡ It is estimated that about five millions of the appropriations made for 1834 will not be expended within that year, and hence the deduction has been made of twenty per cent., or about the sum of five millions, for the present year. The amount of collections is made up from actual returns for the first three quarters of this year, and from estimates for the fourth quarter, which will probably prove very near the true result.

TABLE C—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
Navy \$140,000		
Public debt 50,000		
<u>418,000</u>		
Deduct 20 per ct. not expended this year 83,600		
	Balance \$334,400	Customs \$16,373
MASSACHUSETTS.		
Special 496,000		
Pensions 350,000		
Army 370,000		
Miscellaneous 100,000		
Public debt 300,000		
Navy 350,000		
<u>1,966,000</u>		
Deduct as above 393,200		
	Balance 1,572,800	Customs 2,590,572
RHODE ISLAND.		
Special 116,000		
Pensions 75,000		
Army 110,000		
Miscellaneous 40,000		
Public debt 30,000		
Navy 10,000		
<u>381,000</u>		
Deduct as above 76,200		
	Balance 304,800	Customs 119,140
CONNECTICUT.		
Special 15,000		
Pensions 200,000		
Army 60,000		
Miscellaneous 10,000		
Public debt 20,000		
<u>305,000</u>		
Deduct as above 61,000		
	Balance 244,000	Customs 47,890
	Eastern 2,920,000	2,948,908
NEW YORK.		
Special 662,000		
Pensions 700,000		
Army 500,000		
Miscellaneous 100,000		
Navy 500,000		
Public debt 2,000,000		
Foreign inter- course 100,000		
<u>4,562,000</u>		
Ded. as above 912,400		
	Balance 3,649,600	Customs 9421,491

TABLE C—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
NEW JERSEY.		
Special	\$6,000	
Pensions	110,000	
Miscellaneous	20,000	
	<u>136,000</u>	
Deduct 20 per ct. not expended this year	27,200	
	<u>Balance</u>	
	\$108,600	Customs \$8,516
PENNSYLVANIA.		
Special	424,000	
Pensions	250,000	
Miscellaneous	60,000	
Army	700,000	
Navy	160,000	
Public debt	1,800,000	
Foreign inter-course	100,000	
	<u>3,494,000</u>	
Ded. as above	698,800	
	<u>Balance</u>	
	2,795,200	Customs 2,058,643
DELAWARE.		
Special	36,000	
Pensions	5,000	
Army	150,000	
Miscellaneous	10,000	
	<u>201,000</u>	
Deduct as above	40,200	
	<u>Balance</u>	
	160,800	Customs 13,261
MARYLAND.		
Special	48,000	
Pensions	40,000	
Army	1,300,000	
Navy	80,000	
Miscellaneous	50,000	
Public debt	200,000	
	<u>1,718,000</u>	
Ded. as above	343,600	
	<u>Balance</u>	
	1,374,400	Customs 89,776
DISTRICT OF COLUMBIA.		
Spec. and civil	2,013,000	
Pensions	11,000	
Navy	400,000	
Army & Indians	550,000	
Debt	250,000	
Miscellaneous	500,000	
Foreign inter-course	100,000	
	<u>3,824,000</u>	
Ded as above	764,800	
	<u>Balance</u>	
	3,059,200	Customs \$33,473
		Miscellaneous 550,000
	<u>Middle</u>	<u>583,473</u>
	11,148,000	12,275,297

TABLE C.—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
VIRGINIA.		
Special	\$500,000	
Pensions	200,000	
Miscellaneous	50,000	
Army	1,075,000	
Navy	1,000,000	
	<u>2,825,000</u>	
Deduct 20 per ct. not expended this year	565,000	
	<u>Balance</u>	<u>\$2,260,000</u>
		Customs - - - - - \$140,161
NORTH CAROLINA.		
Special	37,000	
Pensions	100,000	
Army	20,000	
Miscellaneous	20,000	
	<u>177,000</u>	
Deduct as above	35,400	
	<u>Balance</u>	<u>141,600</u>
		Customs - - - - - 34,884
SOUTH CAROLINA.		
Special	51,000	
Pensions	50,000	
Public debt	50,000	
Navy	30,000	
Miscellaneous	50,000	
Army	200,000	
	<u>431,000</u>	
Deduct as above	86,200	
	<u>Balance</u>	<u>344,800</u>
		Customs - - - - - 303,835
GEORGIA.		
Special	180,000	
Pensions	40,000	
Army	140,000	
Miscellaneous	20,000	
Navy	20,000	
Indians	20,000	
	<u>420,000</u>	
Deduct as above	84,000	
	<u>Balance</u>	<u>336,000</u>
		Customs - - - - - 48,260
LOUISIANA.		
Special	120,000	
Pensions	6,000	
Army & Indians	180,000	
Miscellaneous	40,000	
	<u>346,000</u>	
Deduct as above	69,200	
	<u>Balance</u>	<u>276,800</u>
		Customs - - - - - \$817,230
		Lands - - - - - 187,727
		<u>1,004,957</u>

TABLE C—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
MISSISSIPPI.		
Special \$12,000		
Pensions 2,000		
Army & Indians 292,000		
Miscellaneous 10,000		
316,000		
Deduct 20 per ct. not expended this year 63,200		
Balance	\$252,800	Lands \$1,021,785
ALABAMA.		
Special 18,000		
Pensions 20,000		
Army & Indians 316,000		
Miscellaneous 20,000		
374,000		
Deduct as above 74,800		
Balance	299,200	Lands \$674,641 Customs 46,659 721,300
FLORIDA.		
Special 205,000		
Navy 150,000		
Army 50,000		
405,000		
Deduct as above 81,000		
Balance	324,000	Customs 1,800 Lands 1,000 2,800
South and Southwest } 4,235,200		\$3,277,982
TENNESSEE.		
Special 500		
Pensions 110,000		
Army 24,000		
Indians 250,000		
384,500		
Deduct as above 76,900		
Balance	307,600	
KENTUCKY.		
Special 30,000		
Pensions 180,000		
Army 150,000		
Miscellaneous 10,000		
370,000		
Deduct as above 74,000		
Balance	296,000	

TABLE C—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
OHIO.		
Special	\$232,000	
Pensions	125,000	
Miscellaneous	40,000	
Army	145,000	
Indians	120,000	
	<u>712,000</u>	
Deduct 20 per ct. not expended this year	142,400	
	<u>569,600</u>	
	Balance	\$569,600
		Customs
		Lands
		\$1,985
		<u>431,448</u>
		\$433,433
INDIANA.		
Special	163,000	
Pensions	48,000	
Miscellaneous	10,000	
	<u>221,000</u>	
Deduct as above	44,200	
	<u>176,800</u>	
	Balance	176,800
		Lands
		667,167
ILLINOIS.		
Special	140,000	
Pensions	18,000	
Army	10,000	
Miscellaneous	10,000	
	<u>178,000</u>	
Deduct as above	35,600	
	<u>142,400</u>	
	Balance	142,400
		Lands
		248,374
MISSOURI.		
Special	80,000	
Pensions	18,000	
Army	450,000	
Indians	250,000	
Miscellaneous	20,000	
	<u>818,000</u>	
Deduct as above	163,600	
	<u>654,400</u>	
	Balance	654,400
		Lands
		231,696
MICHIGAN.		
Special	110,000	
Pensions	8,000	
Army	584,000	
Indians	200,000	
Miscellaneous	20,000	
	<u>922,000</u>	
Deduct as above	184,400	
	<u>737,600</u>	
	Balance	737,600
		Lands
		469,188
		Customs
		<u>2,114</u>
		471,302

TABLE C—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
ARKANSAS.		
Special \$20,000		
Pensions 2,000		
Army & Indians 110,000		
132,000		
Deduct 20 per ct. not expended this year 26,400		
	Balance \$105,600	Lands - - - \$70,558
	Western \$2,990,000	\$2,122,530
The whole expenditures of appropriations for 1834 - - - - \$21,293,200		
The whole collections in 1834 - - - - 20,624,717		
Expenditures less than collections in eastern States - - - - 28,908		
Expenditures less than collections in middle States - - - - 1,127,297		
\$1,156,205		
Expenditures more than collections in south and southwestern States - - - - 957,218		
Expenditures more than collections in western States - - - - 867,470		
\$1,824,688		

D.

DISCOUNTS on domestic bills of exchange by United States Bank.

		1st September, 1832.	1st September, 1833.	1st September, 1834.
North and Middle.	Of Portland	\$113,622 64	\$230,490 43	\$361,089 40
	Portsmouth	83,709 00	162,535 09	108,061 55
	Boston	1,031,290 15	3,975,569 30	1,753,334 58
	Burlington	251,505 59	397,667 60	177,784 01
	Hartford	54,768 62	89,491 34	70,997 55
	Providence	456,512 29	646,332 72	721,546 01
	Buffalo	287,263 38	326,128 84	240,231 30
	Utica	168,200 62	333,549 70	51,619 00
	New York	498,202 91	759,635 97	1,138,033 07
	Philadelphia	1,727,913 57	1,608,883 60	1,256,208 43
	Baltimore	291,324 15	207,196 21	241,625 67
Washington	115,340 08	207,690 54	26,483 28	
		5,079,653 00	8,945,171 34	6,146,968 85
South.	Richmond	285,429 23	188,938 17	642,888 50
	Norfolk	278,239 39	328,720 78	94,992 08
	Fayetteville	138,007 69	228,424 89	116,079 70
	Charleston	376,435 91	202,653 48	290,624 65
	Savannah	469,609 37	231,620 86	143,638 92
	Mobile	784,424 03	243,755 16	582,044 92
	New Orleans	6,014,243 80	4,278,375 44	1,595,151 36
		8,346,389 52	5,702,488 78	3,465,420 19
West.	Pittsburg	540,450 34	408,574 45	16,210 22
	Cincinnati	660,513 00	332,739 77	94,622 82
	Lexington	587,350 74	306,086 62	112,003 67
	Louisville	1,283,694 69	880,478 12	139,264 67
	Nashville	573,957 69	293,030 05	36,383 60
	St. Louis	152,770 75	79,312 02	68,959 22
	Natchez	1,758,695 83	2,439,193 29	2,116,338 86
		5,557,433 04	4,739,414 32	2,583,783 06
Total		\$18,983,475 46	\$19,287,174 44	\$12,196,172 10

E.

DISCOUNTS on domestic bills of exchange by the following selected State banks, running to maturity early in September, 1834.

Franklin Bank, Cincinnati, September 6, 1834	\$529,664 49
Planters' Bank, Natchez, September 1, 1834	1,655,327 07
Union Bank, Nashville, September 16, 1834	1,155,552 63

\$3,340,544 19

F—CIRCULATIONS.

Country.	CIRCULATIONS.						Total.	Population.	Active circulation per head.	NOT CIRCULATING.		All paper issued and in the country.	All specie in the country.	Whole circulating medium in the country, per head.	AUTHORITIES.		
	Dates.	Paper.		Specie.		Total.				Population.	Active circulation per head.					Paper in other banks.	Specie in banks.
		Private and State bank notes.	National & U.S. Bank notes.	Gold.	Silver.												
United States	1775	[Bills of credit, \$5 millions.]		Both.	\$11m.	2½m.	\$5							Anonymous.			
	1790	1m.	\$2m.	\$4 to 9½ m.	16	4	4			\$3 m.				Blodget.			
	1792	2	5	7 to 16 m.	19	4½	4½			5				Estimate.			
	1804	8	5	12 m.	30½	6	5			12				Anonymous.			
	1808	18	4½	17½ m.	36½	7	5½			24				Estimate and report to Congress.			
	1811	22½	5½	14 m.	43	7½	6			15		\$30m.		Gallatin.			
	1813	52m.		15 m.	60	7½	7½	\$10 m.		28				Crawford and estimates.			
	1814	46m.		14 m.	53	8	6½	5½		10				Gallatin.			
	1815	44½ m.		8 m.						17				Gallatin.			
	1816	67 to 110m.		7½ m.	95	8½	11		15 to 19					Crawford, estimates, & Gallatin.			
	1819	52	10½	8 m.	70½	9	7½	10	\$72m.	37	\$12			Crawford.			
	1819			4½ m.					15½ of this 3 m. in U.S.					Reports to Congress.			
	1820	39½	4½							19½				Gallatin.			
	1829	40	12½	1½	7	70½	12	6	16	22½	75	31	9	Anonymous and estimates.			
	1830				10	64	13	5	10	23	64	33	8	Gallatin.			
	1830	54m.			8	85		6½		15	77	23	8	Sandford.			
	1830	77m.				89½	13½	6½	20	30½	80	42½	9	Report to Congress.			
	1833	57 to 60	19½	12 m.	84			6½		25				Taney.			
	1833	60	20	4 m.	98	14	7		18½	35	96	55	10	Estimate, December 1.			
	1834	57 to 68	16	4	16	62½	5½	11						Anonymous.			
England	1700				914	6½	14½							Anonymous.			
	1750				114	7	16							Anonymous.			
	1763													Chalmers and A. Smith.			
	1786			115 m.										Chalmers.			
	1796			10½ m.										Tooke.			

	1799	.115½ m.	.96	-	211½	9	23½				Report to Congress.
	1810	220½ m.	-	-	-	-	-	-	-	-	Gallatin.
	1815	144	129½	14½ m.	287½	13	22½				Hopkins and Martin.
	1829	38½	93½	201½	9½	343	14	24½			Marshall.
	1830	144 m.	105½	38½	288	-	20½				White's reports, February, 1831, and estimates.
	1833	120 to 140 m.	172	40	342	15	22½				Anonymous and returns.
	1834	48	91	174	40	353	-	23½			Anonymous and returns.
	1834	36	86½	125	33½	281	15½	18½			Marshall.
Scotland	1832	16½ m.	-	2½ m.	19	2	9½				Marshall.
Ireland	1832	22 to 30½ m.	-	7 m.	35	7	5				Marshall.
England and Scotland	1811	220½ m.	-	19½	240	13	19				Gallatin.
England, Scotland, and Ireland	1829	-	-	-	288	21	14				Gallatin.
England, Wales, and Ireland	1829	144 m.	105½	35½	288	-	-				Gallatin.
Ireland	1789	-	422 to 440 m.	432	25	17	-				Necker.
France	1789	-	355 m.	355	25	14½	-				Peuchet.
	1829	-	50	450 m.	500	-	13½ to 15				Gallatin.
	1833	-	30	175	350	29	19			15	Estimate and Marshall.
	1834	-	30	527 m.	557	29	19				Estimate and French papers.
Russia	1812	113 m.	-	19	132	35	4				Gallatin.
	1815	-	35½ m.	-	-	-	-				Storch.
Austria	1824	-	54 m.	-	-	-	-				Sup. Encyclopedia Britannica.
	1830	-	48 m.	43 m.	96	21	4½				McCulloch.
Prussia	1805	-	43 m.	-	-	5 to 7	6 to 8				Sup. Encyclopedia Britannica.
	1830	-	9	-	-	10½	-				McCulloch.
Holland	1830	-	5	-	-	5½	-				McCulloch.
Spain	1782	-	86½ m.	-	-	11	8				Sup. Encyclopedia Britannica.
Europe	1824	-	1,111½ m.	-	-	-	-				Sup. Encyclopedia Britannica.
Europe and America	1829	575 m.	1,725 m.	-	-	2,300	-				Gallatin.

1. *Deposites* in banks, half of which should, probably, be deemed circulation, are, as not being generally so computed, omitted in this comparative statement, as well as any portion of ordinary drafts and bills of exchange, which enter into real circulation. It is apprehended that the specie in Europe in banks is, in some cases, computed as in actual circulation, and that no deduction is made from actual circulation, in consequence of notes or bills on hand. Hence the 11th, 12th, and 13th columns are not filled up as regards Europe.
2. Humboldt thinks that, in rich and commercial countries, if circulation be specie, there is needed over \$12 per head; *e. g.* in France; over \$10 in England and Holland; and about \$5 in less rich and commercial countries. But McCulloch thinks England would need \$960 m. if all specie, or over \$60 per head.
3. All denominations of money are, in the above table, reduced to dollars, without attention to small fractions; the pound sterling at \$4 80; and where the kind of paper or specie was unknown, the sums are entered across the dividing line. Some of those entered as *estimates*, are compiled, in part, from actual returns; and some of those considered anonymous, are from writers of authority, but the names have not been recollected with certainty. The sums stated, it will be seen, are in millions and large fractions, which were considered near enough for the purposes of comparison.

G.

Circular to the collectors of the customs and all receivers of public money

Whereas, by the act of Congress passed 31st July, 1789, it is provided "that the duties and fees to be collected by virtue of this act shall be received in gold and silver coin only;" and, by a usage under that act, and a similar one as to the payment for public lands, it was customary to receive only specie; and the notes or bills of banks redeemable in specie, until 1814; and after a different practice, adopted in 1814, Congress, on the 30th April, 1816, resolved, "that, from and after the 20th day of February next, no such duties, taxes, debts, or sums of money accruing, or becoming payable to the United States," ought to "be collected or received otherwise than in the legal currency of the United States, or Treasury notes, or notes of the Bank of the United States, or in notes of banks which are payable and paid on demand in the said legal currency of the United States:" and whereas the practice under that resolution conformed to its provisions till January 21st, 1828, when permission by this department, under certain assurances from the Bank of the United States, was given that drafts or checks of that bank and its branches should be received for the public dues, though said drafts or checks were not notes of the bank, not being, like notes, signed by the president and cashier thereof, nor originally made payable to bearer, nor, according to the subsequent decision of the Supreme Court, coming within the description of a *note* or *bill*: and whereas Congress have never authorized the issuing of such drafts for the purpose of circulation as currency, and have refused, though urgently and repeatedly requested, to permit the issuing even of notes of the bank of the smaller denominations, so signed; and the great extent to which the said drafts of small denominations have been put in circulation, as currency, seeming to be directly repugnant to the spirit of the act incorporating the bank, and of the subsequent proceedings of Congress; and doubts having arisen as to the legal liability of the bank to redeem the said drafts in specie, under the penalty provided in the charter for the non-payment of "its bills, notes, or obligations;" and the counterfeits of the said drafts having become very numerous, and difficult of detection, and those who *sell* or *utter* them being likely to escape punishment, in consequence of questions which arise in prosecuting them under the said charter, it is, therefore, deemed proper, in order that the clearly expressed views of Congress should be enforced, and the agents of the department protected from risks and losses by said drafts, to revoke the permission granted in 1828; but, with a view to give due notice to the community and bank of the contemplated change, not to allow the revocation to take effect till the period hereafter mentioned.

Hence, in conformity to the requirements of the aforesaid acts and joint resolution of Congress, all collectors of the customs, and all receivers of public money, are hereby enjoined, that, after the 1st day of January next, they shall not receive, in payment of duties or of public lands, any coin or paper except such as is described in said resolution, viz: "the legal currency of the United States, or Treasury notes, or notes of the Bank of the United States, or notes of banks which are payable and paid on demand in the said legal currency of the United States."

LEVI WOODBURY,

Secretary of the Treasury.

TREASURY DEPARTMENT, *November 5, 1834.*

BANKS.	When chartered.	When selected as public depositories.	When stopped payment.	When resumed.	Amount of Government deposits and Government stock, when stopped.
In the District of Columbia.					
Bank of Alexandria	By Virginia, 1792. Re-	Feb. 1799 and in 1818	April, 1834		\$27,500 30.
Bank of Potomac	newed Feb. 18, 1811.				
Mechanics' Bank of Alexandria	February 16, 1811.				
Union Bank of Alexandria	March 3, 1817.				
Franklin Bank of Alexandria	Do.	October, 1819	1823		48,000 00.
Farmers' Bank of Alexandria	Do.				
Farmers' Bank of Alexandria	February 16, 1811.				
Bank of Washington	February 15, 1811.	1811 and 1817	April, 1834	Nov. 13, 1834	\$14,000 00. Stock owned by pension funds, bought in 1811 and 1817.
Bank of the Metropolis	March 3, 1817	October, 1833.			
Patriotic Bank	Do.		April, 1834	July, 1834.	
Central Bank of Georgetown and Washington	Do.				
Farmers and Mechanics' Bank, Georgetown	Do.		April, 1834	October, 1834.	
Union Bank, Georgetown	February 18, 1811.				
Bank of Columbia, Georgetown	Maryland, 1793	1800	1824		\$ 284,870 70 deposite, and \$99,502 60, stock owned by pension funds, and bought in 1809 and 1819.
Two United States Banks.					
1st United States Bank	February 25, 1791.				
2d United States Bank	April 10, 1816	January 1, 1817.			

NOTE.—All of the above, which were in operation in September, 1814, suspended specie payments till 1817.

I.

STATEMENT exhibiting the quarterly imports and exports of gold and silver bullion and specie, from the 1st October, 1833, to 30th September, 1834.

Districts.	IMPORTS.									
	4th Quarter, 1833.				1st Quarter, 1834.				2d Quarter, 1834.	
	Bullion.		Specie.		Bullion.		Specie.		Bullion.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
Boston	2,053	62,466	36,661	36,308	9,640	11,875	4,768	24,232	16,039	37,087
New York	92,434	70,522	38,864	171,764	2,435	57,364	176,342	639,363	9,732	20,641
Philadelphia	6,130	45	2,400	257,780	-	-	300	15,511	-	-
Baltimore	180	-	-	1,663	1,117	25,251	10	106,159	3,563	34,093
Charleston	-	-	3,600	1,800	-	-	710	-	-	-
New Orleans	-	-	-	858,614	-	-	5,372	1,490,127	24,023	2,416
All other districts	3,161	2,412	35,316	216,916	-	-	93,246	92,849	-	-
	103,958	135,445	116,841	1,544,845	13,192	94,490	279,748	2,368,241	53,357	94,237

		IMPORTS.										
Districts..		2d Quarter, 1834— Continued.		3d Quarter, 1834.				Total.				Aggregate.
		Specie.		Bullion.		Specie.		Bullion.		Specie.		
		Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	
Boston	-	26,856	76,254	-	477	13,785	114,858	27,732	111,905	82,070	251,652	473,359
New York	-	208,183	3,753,353	156,842	94,615	2,299,299	2,057,662	261,443	243,142	2,722,688	6,622,142	9,849,415
Philadelphia	-	9,466	127,790	2,959	-	5,065	22,459	9,089	45	17,231	423,540	449,905
Baltimore	-	2,860	41,051	-	-	8,098	118,953	4,860	59,344	10,968	267,826	342,998
Charleston	-	840	57,961	-	-	-	-	-	-	5,150	59,761	64,911
New Orleans	-	52,400	2,049,107	-	-	736	1,198,865	24,023	2,416	58,508	5,596,713	5,681,660
All other districts	-	41,989	393,055	-	-	81,633	163,985	3,161	2,412	251,184	866,805	1,123,562
Dollars		342,594	6,498,571	159,801	95,092	2,408,616	3,676,782	330,308	419,264	3,147,799	14,088,439	17,985,810

STATEMENT I—Continued.

Districts.	EXPORTS.									
	4th Quarter, 1833.				1st Quarter, 1834.				2d Quarter, 1834.	
	Bullion.		Specie.		Bullion.		Specie.		Bullion.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
Boston	-	-	18,100	242,500	-	-	500	93,700	-	-
New York	9,570	963	19,093	23,923	3,111	1,628	6,722	-	-	
Philadelphia	-	-	-	72,156	-	-	11,680	-	-	
Baltimore	-	-	-	36,445	-	-	-	-	-	
Charleston	-	-	-	-	-	-	-	6,000	-	
New Orleans	-	-	958	1,260	-	-	-	1,000	-	
All other districts	-	-	8,331	364,775	-	-	-	800	-	
Dollars	9,570	963	46,482	741,059	3,111	1,628	18,902	101,500	-	-

STATEMENT I—Continued.

1834.]

SECRETARY OF THE TREASURY.

Districts.	EXPORTS.										Aggregate.
	2d Quarter, 1834— Continued.		3d Quarter, 1834.				Total.				
	Specie.		Bullion.		Specie.		Bullion.		Specie.		
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.	
Boston - - - - -	70,738	65,842	-	-	51,080	34,146	-	-	140,418	436,188	576,606
New York - - - - -	37,155	61,008	-	-	7,385	279,930	12,681	2,591	70,355	364,861	450,488
Philadelphia - - - - -	9,163	156,750	-	-	1,585	3,760	-	-	22,428	232,666	255,094
Baltimore - - - - -	3,050	-	-	-	250	1,000	-	-	3,300	37,445	40,745
Charleston - - - - -	-	8,000	-	-	-	-	-	-	-	14,000	14,000
New Orleans - - - - -	2,400	1,000	-	-	-	-	-	-	3,358	3,260	6,618
All other districts - - - - -	-	84,000	-	-	-	190,000	-	-	8,331	639,575	647,906
Dollars	122,506	376,600	-	-	60,300	508,836	12,681	2,591	248,190	1,727,995	1,991,457

NOTE.—The above statement is compiled from the Collectors' quarterly returns, except for the third quarter of 1834, and the returns for New Orleans for the second quarter of 1834, which were taken from the weekly returns made to the Secretary's office.

TREASURY DEPARTMENT, *Register's Office*, October 31, 1834.

T. L. SMITH, *Register*.

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STATEMENT I—Continued.

IMPORTS and Exports of specie from the 30th September, 1834, as per returns received from collectors of customs, to the 4th of December, 1834.

Districts.	IMPORTS.				Aggregate.	EXPORTS.				Aggregate.
	Bullion.		Coin.			Bullion.		Coin.		
	Gold.	Silver.	Gold.	Silver.		Gold.	Silver.	Gold.	Silver.	
Boston	-	500	309	40,991	41,800	-	-	4,780	425,792	430,572
New York	27,160	-	491,078	996,893	1,515,131	-	-	17,327	110,240	127,567
Philadelphia	-	65	25,174	44,623	69,862	-	-	10,158	14,982	25,140
Baltimore	-	1,264	11,833	14,886	27,983	-	-	-	4,000	4,000
New Orleans	-	-	260	559,300	559,560	-	-	-	-	-
Charleston	-	-	-	-	-	-	-	-	-	-
Other ports	-	-	31,851	217,298	249,149	-	-	5,758	127,900	133,658
Dollars	27,160	1,829	560,505	1,873,991	2,463,485	-	-	38,023	682,914	720,937

TREASURY DEPARTMENT, December 4, 1834.

RECAPITULATION.

IMPORTS and Exports of Specie from 30th September, 1833, to 4th December, 1834, as appear on the custom-house returns received to that day.

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SECRETARY OF THE TREASURY.

	IMPORTS.					Aggregate.	EXPORTS.				Aggregate.
	Bullion.		Coin.		Bullion.		Coin.				
	Gold.	Silver.	Gold.	Silver.	Gold.		Silver.	Gold.	Silver.		
For the year ending 30th September, 1834 -	330,308	419,264	3,147,799	14,088,439	17,985,810	12,681	2,591	248,190	1,727,995	1,991,457	
From 30th September, 1834, to 4th December, 1834 -	27,160	1,829	560,505	1,873,991	2,463,485	-	-	38,023	682,914	720,937	
Dollars -	357,468	421,093	3,708,304	15,962,430	20,449,295	12,681	2,591	286,213	2,410,909	2,712,394	

Aggregate excess of imports over exports - - - - - \$17,736,901

TREASURY DEPARTMENT, December 4, 1834.

ESTIMATE of the amount of specie entering the country, within the above periods, beyond what has been carried out, and which does not appear on the custom-house books.

Specie -	-	-	-	-	-	-	-	-	-	\$2,500,000
Add excess from former statement -	-	-	-	-	-	-	-	-	-	17,736,901
									Total -	<u>\$20,236,901</u>

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INDEX

TO

REPORTS OF THE SECRETARY OF THE TREASURY

ON THE

FINANCES, THE PUBLIC DEPOSITES, AND THE CURRENCY OF THE UNITED STATES, FROM 1829 TO 1836, INCLUSIVE.

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