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**REPORT**  
OF THE  
**Bank of the United States,**  
TO THE  
**COMMITTEE OF WAYS AND MEANS**  
OF THE  
*House of Representatives,*  
January 28, 1833.

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BANK OF THE UNITED STATES,

January 29th, 1833.

At an adjourned meeting of the Board of Directors held this evening, for the purpose of receiving the Report of the Committee of Exchange on the subject of the letter from the Hon. G. C. Verplanck, Chairman of the Committee of Ways and Means of the House of Representatives, Mr. Bevan, Chairman of the Committee of Exchange, presented the following Report, which was read; and, on motion of Charles Chauncey, Esq., it was

*Resolved*, That the President be instructed to transmit a copy of said Report to the Chairman of the Committee of Ways and Means.

On motion of Mr. Newkirk, it was

*Resolved*, That one thousand copies of said Report be printed for the use of the Directors and Stockholders of the Bank.

Extract from the Minutes.

S. JAUDON, *Cashier*.

## REPORT.

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THE Committee of Exchange, to whom was referred, on the 15th instant, a letter from the Hon. G. C. Verplanck, Chairman of the Committee of Ways and Means, of the House of Representatives of the United States, dated the 10th inst., apprizing the Board of Directors that the Committee of Ways and Means intended, as early as possible after the 14th instant, "to consider the several subjects touching the Bank of the United States, referred to them by the House of Representatives, and requesting any information which the Board of Directors may think it important to communicate,"

### REPORT:

That, having requested the Cashier of the Bank to visit Washington, for the purpose of learning the particular objects of inquiry, and having ascertained that they related to the late arrangement in regard to the three per cents—the condition of the debts in the Western States—and the general situation and solvency of the Institution—they submit for consideration, the following statements and views on these several subjects.

### THE THREE PER CENTS.

One of the most important objects in the administration of the Bank, is to preserve the currency and credit of the country in a state of the greatest possible uniformity. The vibrations of business, and the usual irregularities of trade, in so extensive a territory, require constant care to preserve that uniformity in a system of currency so complicated as ours. But, in addition to these causes of fluctuation, an entirely new element is introduced into our monied system, by the extinguishment of the public debt. No country has ever yet paid off its debt; and no country, therefore, has had to contend with the inconvenience of accumulating, in the first instance, large amounts of revenue, and then throwing suddenly back upon the community these masses of capital. To do this without any sensible derangement of the business of the community, is a work of much labor. When the Government directs that, on a given day, a certain number of millions, lying scattered over the whole interior, shall be paid at a few places on the Atlantic, as there is never a previous accumulation of funds lying in the vaults of the Bank, but they are distributed in loans over the whole Union, it becomes necessary to concentrate them at the places of payment; and the difficulty lies in thus withdrawing

from the community only what may be necessary, and for as short a period as possible. The success of the Bank in these operations, has attracted the attention of the officers of the Treasury, who witnessed them. Thus, Mr. Rush, in his Treasury Report of the 13th of December, 1828, says:

“In conclusion, the mode of its agency in large payments of the principal of the debt, is not to be overlooked. By its arrangement for them, it avoids the inconvenience of too great an accumulation of money in the vaults of deposit used by the Government, and the vacuum that would succeed its too sudden distribution. It does this by anticipating, as the periods of payment approach, the disbursement of a considerable portion of the stock, in the form of discounts, in favor of those who are to be paid off, thereby enabling them to employ their capital as opportunities may offer beforehand. In this manner, heavy payments of the debt are, in effect, made gradually, instead of the whole mass being thrown at once upon the money market, which might produce injurious shocks. So prudently in this and other respects does the Bank aid the operation of paying off the debt, that the community hardly has a consciousness that it is going on.”

So, too, Mr. Ingham, in his letter to the Bank, of the 11th of July, 1829, already published, says:

“I take the occasion to express the great satisfaction of the Treasury Department at the manner in which the President and Directors of the parent Bank have discharged their trusts in all their immediate relations to the Government, so far as their transactions have come under my notice, and especially in the facilities afforded in transferring the funds of the Government, and in the preparation for the heavy payment of the public debt, on the first instant, which has been effected by means of the prudent arrangements of your Board, at a time of severe depression on all the productive employments of the country, without causing any sensible addition to the pressure, or even visible effect upon the ordinary operations of the State Banks.”

And the President of the United States, in his Message to Congress, of December, 1829, says:

“The payment on account of the public debt, made on the first of July last, was eight millions seven hundred and fifteen thousand four hundred and sixty-two dollars and eighty-seven cents. It was apprehended that the withdrawal of so large a sum from the Banks in which it was deposited, at a time of unusual pressure on the money market, might cause much injury to the interests dependent on bank accommodations. But this evil was wholly averted by an early anticipation of it at the Treasury, aided by the judicious arrangements of the officers of the Bank of the United States.”

It had thus become part of the settled policy of the Bank at the approach of any large payment, to begin its preparations for a long period in advance, so as to collect its means gradually and

to distribute its disbursements over as wide a space as possible. The year 1832 presented a case of peculiar delicacy in regard not merely to the amount of debt redeemable, but to the situation of the country which was to pay it.

1st. The situation of the country was this. In one of those commercial movements incident to all free and active nations, the importations of the year 1831 were unusually heavy, owing principally to the state of Europe, and the close of that year found the country much indebted to Europe. The natural and inevitable corrective was to import less the next season, and in the interval to assist in the diffusion of these importations, and to facilitate their gradual consumption until the new crop furnished new means of paying for them. It was therefore specially desirable that during the year 1832, as little extraordinary claim as possible should be made upon our citizens, the importations of 1831 having made the exchanges unfavorable to the United States, and the great object of the Bank was to prevent any addition to the foreign demand until after the fall of 1832.

2d. In this state of things, the payments on account of the funded debt in the year 1832, were to be for principal and interest \$18,080,057 46.\* Of this \$1,739,524 01 of principal had been paid on the first of April, and

There remained \$15,236,595 56, of which between eight and nine millions were owned by Europeans, thus adding to the commercial claims that amount of extraneous demand on account of the public debt.

Under these circumstances, the Board of Directors thought it necessary to begin early to make their arrangements, and accordingly the following proceedings took place.

*“Bank of the United States, March 13, 1832.*

“At a meeting of the Board of Directors held this day, the following gentlemen present, viz:—N. Bidle, President; Messrs. Sullivan, Bohlen, Pratt, Neff, Coleman, Platt, Willing, Bevan, Eyre, White and Henry. The President submitted to the Board his views in relation to the probability of the redemption by the Government in the course of the present year of a large portion of the three per cents of the United States, more than one half of which stock, he stated to be held by foreigners, the magnitude of whose claims upon this Bank might possibly expose the community to great inconvenience, unless some measures should be adopted for deferring a part of the payments that may be required,

* Total payments of principal 31st December 1831,	\$7,539,335 29
Payments on the first of April, 1832	1,739,524 01
	<hr/>
	\$9,278,859 30
October 1832, and first of January, 1833—principal and interest	15,236,595 56
	<hr/>
	24,515,454 86

An actual payment between the 31st of December 1831, and first of January 1833, of nearly twenty-five millions in twelve months.

“and suggested the expediency of empowering a committee of this Board to enter, for that purpose, into such arrangements with the holders of that Stock as might combine the interests of the Bank with those of the public.

Whereupon it was on motion,

“*Resolved*, That the subject of the communication just made by the President, be referred to the Committee of Exchange, with authority to make on behalf of the Bank, whatever arrangements with the holders of the three per cent stock of the United States may in their opinion best promote the convenience of the public and the interests of this institution.”

This reference to the Committee of Exchange, was considered specially appropriate, because the payment of the foreign stockholders was connected with the foreign exchanges, and because to this Committee had always been referred all the large monied operations of the Bank requiring confidential and prompt action.

It has been for a series of years, the uniform practice of the Bank to refer such negotiations to some small committee, and since the permanent organization of the Exchange Committee, that has been selected for such objects: Thus

*Extracts from the minutes of the Bank U. S., Aug. 27th, 1819.*

“PRESENT—Langdon Cheves, President; Messrs. Biddle, Fisher, Sergeant, Lippincott, Coulter, Lisle, Calhoun, Connell, Lamot, Dugan, Schott, Toland, and Potter.

The following among other resolutions was adopted:

“1st, That a secret committee of three members be appointed, who together with the President, shall be authorized to effect a loan for a sum not exceeding three millions, for a period not exceeding three years, and that they be authorized to pledge a sum not exceeding three and a half millions of five per cent stock belonging to the Bank, to secure the said loan.

The Committee was appointed, consisting of Messrs. Biddle, Fisher, and Sergeant, with Mr. Cheves, by whom Mr. Cadwalader was sent to Europe, and made with Messrs. Barings the loan.

*“Bank United States, 16th July, 1822.*

“PRESENT—Langdon Cheves, President; Messrs. Willing, Cope, Flemming, Coxe, Lippincott, Whitney, and Brugiere.

“On motion,

“*Resolved*, That the subject of remitting the balance of the loan due in Holland, directly or indirectly, be referred to the Foreign Exchange Committee, with authority to take the necessary measures.”

*“Bank United States, 29th April, 1823.*

“PRESENT—N. Biddle, President; Messrs. Dupont, Fisher, Cope, Pratt, Willing, Coulter, Lippincott, Coxe, Whitney, and Henry.

“Mr. Cope, from the Committee on Foreign Exchange, reported the following resolution, which was adopted.

*Resolved*, That the President and Cashier are hereby authorized, in conjunction with the Exchange Committee, to make such arrangements as they may judge expedient, with regard to the account of the Bank, with Messrs. Baring, Brothers & Co., of London."

*" Bank United States, July 22d, 1823.*

**PRESENT**—N. Biddle, President; Messrs. Dupont, Fisher, Cope, Pratt, Coulter, Bohlen, Whitney, Cadwalader, and Willing.

"The Committee of Foreign Exchange, in conjunction with the President and Cashier of the Bank, were authorized to dispose of the five franc pieces on hand belonging to the Bank, at such rates as they may think for the interest of the institution."

*" Bank United States, Dec. 2d, 1823.*

**PRESENT**—N. Biddle, President; Messrs. Connelly, Dupont, Cope, Pratt, Lippincott, Bohlen, Coxe, Whitney, Willing, and Henry.

"Mr. Cope, from the Committee on Exchange, offered the following resolution, which was read and adopted.

*Resolved*, That the executive officers of the Bank, in conjunction with the Exchange Committee, be, and they are hereby authorized to operate in exchange by the sale of bills of this Bank, or of bills drawn upon it, in such manner as they may deem most for the interest of the institution."

*" Bank United States, March 30th, 1824.*

**PRESENT**—N. Biddle, President; Messrs. Eyre, Cadwalader, Henry, Brown, Bohlen, Willing, Wetherill, and Evans.

"The President communicated to the Board the opinion of the Counsel of the Bank, on the subject of the sale of Bank Stock, which has been hypothecated to the Bank, and forfeited.

"Whereupon, on motion,

*Resolved*, That the Committee on Foreign Exchange, be authorized to make such disposition of the forfeited Bank Stock, as they may deem expedient."

*" Bank of the United States, April 23d, 1824.*

**PRESENT**—N. Biddle, President; Messrs. Dupont, Eyre, Bohlen, Henry, Whitney, Lippincott, Clapier, Beck, Brown, Evans, Willing, and Potter.

"On motion,

*Resolved*, That the Committee on Foreign Exchange be authorized, with the officers of the Bank, to negotiate for the sale of Spanish dollars."

*" Bank United States, November 27th, 1824.*

**PRESENT**—N. Biddle, President; Messrs. Eyre, M'Kim, Whitney, Willing, Cadwalader, Henry, Clapier, Wetherill, Brown, Evans, Colt, and Verplanck.

“ On motion,

“ *Resolved*, That the Committee on Exchange be authorized to adopt such measures as they may deem expedient, in relation to the loan of five millions.”

“ *Bank United States, January 6th, 1826.*

“ **PRESENT**—N. Biddle, President; Messrs. Dupont, Eyre, Beck, Brown, Evans, Weir, Coxe, Bohlen, Pratt, and M'Ilvaine.

“ On motion of Mr. Eyre,

“ *Resolved*, That the Exchange Committee be authorized to dispose of so much of the United States and Bank Stock, as may seem to them for the interest of the Bank.”

“ *Bank United States, January 16th, 1827.*

“ **PRESENT**—N. Biddle, President; Messrs. Cope, Weir, Fisher, Bohlen, Pratt, Cadwalader, Willing, Toland, A. White, Bevan, and Hemphill.

“ On motion of Mr. Toland,

“ *Resolved*, That the Committee of Exchange be authorized to negotiate with the Government of the United States for the whole, or any part, of the sum which it proposes to borrow, on such terms as they may deem most for the interest of the Bank.”

“ *Bank of the United States, 27th March, 1827.*

“ **PRESENT**—N. Biddle, President; Messrs. Cope, Fisher, Bohlen, Pratt, Willing, Toland, A. White, and Hemphill.

“ On motion,

“ *Resolved*, That the Committee of Exchange be authorized to make whatever arrangements they may deem most for the interest of the Bank, in regard to discounts upon certificates of funded debt of the United States, that may become payable on the first of July next, at a rate different from that of the ordinary discounts.”

Thus appointed in the accustomed manner by a large meeting of the Board to execute this important trust, the Committee immediately commenced, by negotiating with the agent of a numerous body of European stockholders, who owned \$1,700,000 of the three per cents, and another, who represented nearly one million of dollars. With neither of these, however, could any arrangement be effected; the parties especially represented by the former, preferring to wait till the period of actual reimbursement before they decided on the disposal of their funds. In the mean time the Treasury Department having applied to the Bank for its opinion as to the expediency of making a payment of six millions on the first of July, the opinion given was, that it would be better for the country not to make such a pressure on its resources at that moment, and the payment was postponed, the Bank consenting to allow the government the quarter's interest during the interval. From that period the whole operations of the Bank were directed to the gradual withdrawal of all the surplus means of the

Institution from the points where they could be spared, and the accumulation of them in the northern Atlantic cities, where the payments were to be made, and also in Europe, so as to provide the means of payment there, to the foreign stockholders who might desire the transmission of them to their respective homes. The result of these preparations was, that by the month of October, the Bank had concentrated at these points means fully adequate to pay the whole amount of funded debt payable at that period without the slightest inconvenience to itself. On that day the State Banks of Philadelphia, New York, and Boston, owed to the Bank,

Bank,	-	-	-	-	-	\$2,280,000
Its specie, at these places, amounted to	-	-	-	-	-	3,200,000
It had paid off all its foreign debt, amounting, in May,	-	-	-	-	-	
to 1,878,000, and had in Europe, a balance of	-	-	-	-	-	2,982,000

Making, of cash means,	-	-	-	-	-	8,462,000
With an open credit in Europe, on which to draw, for	-	-	-	-	-	2,500,000

Besides large sums falling due in those places, remitted from all the distant points, and local loans immediately available in October and November, to the amount of many millions—while the amount of the public debt reimbursable in October, was \$8,634,988 37. In this state, the Bank, had it considered only its own interest, would have been perfectly passive, since it was perfectly at ease. But it had other and higher interests to consult. From the communication with the Treasury, in July, it was probable that the funds of the Government might be insufficient to pay the debt advertised to be paid—and that even if these funds were adequate, the operation would exhaust all the means of the government, and require that the community should repay the whole amount of the public funds distributed among them. It was further manifest that the ability of the Government to meet its engagements depended entirely on the punctual payment of the revenue in the commercial cities, from July to January, which was estimated at about twelve millions of dollars.

That resource was threatened with the greatest danger by the appearance of the Cholera, which had already begun its ravages in New York and Philadelphia, with every indication of pervading the whole country. Had it continued as it began, and all the appearances in July warranted the belief of its continuance, there can be no doubt it would have prostrated all commercial credit, and seriously endangered the public revenue, as in New York and Philadelphia alone, the demand on account of the foreign three per cents was about five millions.

The condition of the Treasury is seen in the letter of the Secretary of the Treasury, to the President of the Bank, dated July 19th, 1832, as follows:—

*“ Treasury Department, 19th July, 1832.*

“ SIR,—It was not until to-day that I have been able to ascertain the amount of the appropriations made at the last Session of

Congress; and, therefore, I have not been able to decide, before now upon the amount of the three per cents to be redeemed on the first of October. I find, as was supposed when you were here, that we shall be able to pay off about two-thirds at that time. A notice will accordingly be given in to-morrow's paper, for the payment of that amount on the first of October, and the remaining one-third on the first of January. This has been done with the understanding had between us, that if it should happen that the public moneys are insufficient to complete those payments, the Bank will delay the presentation of any certificates of which it may have the control, until the funds are sufficient to meet them; the interest to be paid by the United States during the interval. You will be pleased to indicate such transfers of funds as may be desirable preparatory to the proposed payments.

"I am, &c.

"LOUIS M'LANE,

*Secretary of the Treasury.*

"N. BIDDLE, Esq.,

*"President of the Bank of the United States."*

To which, the following answer was given—

*"Bank of the United States, July 26th, 1832.*

"SIR,—I have had the honour of receiving your letter of the 19th instant, apprising me of your intention to reimburse two-thirds of the three per cents on the 1st of October, and the remaining third on the 1st of January. You further state that this course has been adopted with the understanding had between us, that, if it should happen that the public moneys are insufficient to complete those payments, the Bank will delay the presentation of any certificates of which it may have the control until the funds are sufficient to meet them.

"The Bank has taken the necessary steps to obtain the control of a considerable portion of these certificates, and will very cheerfully employ it in such manner as may best suit the convenience of the government.

"I have the honour to be,

"Very respectfully, yours,

"N. BIDDLE, *President.*

"Hon. LOUIS M'LANE,

*"Secretary of the Treasury, Washington, D. C."*

This letter of the Secretary communicated the facts previously understood by the Committee, of the probable exhaustion and possible deficiency of the public funds, and confirmed them in the expediency of the measure which they had adopted.

It rendered it still more probable that the Bank might be called upon to make advances for the Government, analogous to those which took place in the year 1820, at the time when the Louisiana loan held in Europe, was reimbursable. On that occasion, the following proceedings occurred as detailed in the minutes.

*“ Bank United States, 10th Oct., 1820.*

“ **PRESENT**—Langdon Cheves, President; Messrs. Eyre, Rundle, Lippincott, Willing, Astley, Wetherill, Kuhn, Weir, and Potter.

“ The President laid before the Board a private correspondence between him and Edward Jones, Esq., Chief Clerk of the Treasury Department, in which that officer states that the Treasury will not have the means of paying the balance of the Louisiana stock redeemable on the 21st inst., and requests to know whether the Bank can advance the amount to the holders of the stock, or their agents, in such manner as to save the public credit, and to satisfy the holders.” Whereupon the Bank agreed to advance 1,500,000 dollars to the stockholders, and withhold the stock until the Government had the funds to pay it.

The proposed division of the payments between the months of October and January, announced in the letter of the Secretary of the Treasury, the only circumstance not previously known to the Committee, was, therefore, communicated to the agent as a fact that would facilitate his negotiation, with this remark. “ The subdivision, by weakening the expected pressure on the first of October, makes the Bank less anxious about that event. But in the present state of the country, while the whole monied concerns of the community are threatened with confusion by the spread of the pestilence, the Bank is so desirous of keeping itself in an attitude of great strength to interpose, if necessary, for the relief of the sufferers, that it is content to submit to any merely pecuniary sacrifice, to secure that object. The notice of the Secretary of the Treasury will therefore make no difference in your instructions, as they are so shaped as to provide for this contingency by making the postponement to a certain term after the payment whenever that may occur.”

It was with a full view of all these circumstances—the commercial state of the country—the prevalence of the cholera—and the probability of some advance to the Government, that the Committee, having ascertained that the agents of the foreign stockholders were not empowered to make any arrangements, resolved to transfer the negotiation to Europe, and accordingly they requested the same gentleman who had made a similar arrangement in the year 1819, to proceed to England for that purpose.

His instructions, with the correspondence with Messrs. Baring, Brothers & Co., which followed, are annexed to this report. It was the expectation of the Committee, that a postponement of a few months, until the cholera had subsided, would have been sufficient, but as the foreign stockholders might be unwilling to make a loan for a less time than twelve months, authority for that purpose was given.

On hearing of the arrival of the agent in Europe, and of the certainty of an arrangement for the postponement of a portion of the foreign debt, the preparations of the Bank were so advanced, as to justify an extension of increased facilities to the community,

as will be subsequently detailed. But when the contract itself reached the Bank on the 12th of October, and it appeared from the communications of Messrs. Baring, Brothers & Co., to be contemplated that the stock was to be purchased on account of the Bank, they were immediately instructed on the 15th of October, that the Bank had no authority to become owners of the stock, and that it was necessary in order to close the accounts of the Government, that the certificates should be actually in possession of the Bank—and they were requested to reimburse themselves if desirable, out of the funds of the Bank, and to transmit all the certificates. This is accordingly now in progress, the successive arrivals from England bringing portions of them. Thus,

The whole amount purchased, was	\$1,798,597 57
The whole amount agreed to be deferred	2,376,481 45
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Making an aggregate of	\$4,175,079 02
For which certificates are already received to the amount of	\$1,524,446 46
	<hr/>
Leaving	\$2,650,632 56

The progress which has been made in the payment of the whole public debt, with the actual preparations of the Bank to meet the remainder, will be seen in the following statement.

The total payments of principal to be made in October and January are	\$15,236,595 50
Of which are distributed among the smaller Loan Offices, and all paid there, except some small sums fully provided for	\$1,262,885 00
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Leaving at the Loan Offices of Boston, New York, Philadelphia, and Baltimore,	13,973,710 50
	<hr/>
Of these 13,973,710 50, the domestic and foreign stock has been paid, except what has not yet been called for, amounting to	1,011,639 00
Of the purchased, and deferred foreign stock, amounting to	4,175,000
Certificates have been received to the amount of	1,524,000
Leaving outstanding	<hr/> *2,651,000 00
	<hr/>
Making the total of foreign and domestic stock, for which certificates have not been received	3,662,639 00

\* While this Report is in the press, February 9, 1833, certificates have been received, or are known to be on the way, to such an amount, as to reduce the actual balance outstanding to \$865,000. See Appendix.

The preparation for the payment of these is as follows:

The outstanding foreign and domestic stock not included in the arrangement of the Bank is	1,011,639	
Add what may be at the smaller offices yet unpaid	221,750	
	<hr/>	1,233,389 00
For which the Bank has at Boston, New York, Philadelphia, and Baltimore—debts from the City Banks to the amount of	939,000 00	
And specie	4,264,626 89	
Making	<hr/>	\$5,203,626 89

The amount of purchased and deferred stock for which certificates have not yet been received is \$2,651,000; but as among the certificates forwarded, there are to the amount of \$380,000, which cannot be paid for want of Powers of Attorney, the amount of the purchased and deferred stock yet unpaid is 3,031,000 00 To pay this the Bank has in the hands of its foreign correspondents, at the present rate, at which it could be drawn for 3,250,000 00

The general result is, that the whole of the fifteen millions are paid, or provided for, and will be finally extinguished without causing the slightest inconvenience, and without in the least deranging the business of the community. What is moreover equally remarkable and satisfactory is that by breaking the force of this foreign demand, and assuming it by the Bank, the exchanges with England and France, instead of being forced up, to rates at which inconvenient shipments of specie might have been made, have from the month of July last kept uniformly at rates not above the actual par of exchange between this country and Europe.

It has been already stated that the design of the arrangement in Europe was to prevent any pressure on the community. The cessation of the cholera made that pressure less severe, but under any circumstances the accumulation of so large a sum might disturb some of the branches of industry, and accordingly as soon as it was known that the Agent had arrived in England, and that an arrangement of some kind would be accomplished, no time was lost in communicating to the Board the fact that the preparations of the Bank were such as to make it practicable to resume the usual facilities to the community. The subject was therefore immediately brought to the view of the Board in the manner stated in the following extract from the minutes.

*“ Bank of the United States, Sept. 21, 1832.*

“ PRESENT—N. Biddle, President; Messrs. Lippincott, Bohlen, Neff, Willing, Bevan, Sullivan, Pratt, Platt, Eyre, White and Henry.

“The President laid before the Board a statement of the amount of the three per cents, of the United States to be paid off on the first of October, and explained the situation of the Bank and Offices in relation thereto, shewing the ample resources which have been accumulated to meet the payment at various points, by means of the policy which has been pursued for some time past. He suggested also to the Board the propriety of considering, now that the Bank occupied so favourable a position, whether some relaxation in that policy might not be advantageously made.

“Whereupon it was on motion

“*Resolved*, That the Committee on the Offices be authorized to modify the instructions under which the Offices of the Bank have been acting, at such points and in such manner as they may deem most conducive to the interests of the Bank.”

Instructions were accordingly addressed to such of the Western Offices, as would most sensibly feel the restrictions, authorizing them to resume the purchase of domestic exchange, and draw checks on the Bank. In the same spirit similar instructions were given to the Office at New York, the situation of which presents the best illustration of the measure in question. On the 29th of September 1832, the State Banks were indebted to the Office at New York \$1,920,000, and the sums falling due and payable at the Office for October and November were of domestic bills \$2,670,000 and of local discounts \$4,414,000, making an aggregate of more than seven millions. The sums actually payable to the Government in the months of October and November for revenue were \$3,225,277 85. But while the State Banks were in debt to the Office, it was impossible for them to discount freely, and the Office itself with an impending demand of several millions, a great portion of which was payable to foreigners, was obliged to husband its resources for these payments. The month of October was therefore regarded as a month of great embarrassment. Fortunately the arrival of the intelligence of the arrangement came in time to enable the Bank to avert it by the following instruction.

*Bank United States, October 2d, 1832.*

DEAR SIR,—The preparations for the payment of the public debt, on the first inst., are so ample that no inconvenience is apprehended from them at the Bank, or any of its Offices, and after all the immediate demands on that account are discharged at your Office, it will still, in all probability, be very largely a creditor of the State Banks in the city. This state of things naturally presents for consideration the course which the Office should pursue towards them and towards the community.

In the present condition of the exchanges with Europe, there will probably be no demand for specie, and it would therefore be unnecessary to call upon the State Banks for payment in that form of their balances—that being a measure to be avoided, unless to

replace what may be taken from the Office, should any demand be made upon it. But while the balances continue thus heavily against the State Banks, they will be unable or unwilling to do much business, and the Office will therefore have an opportunity of giving to the community such facilities as these State Banks have it no longer in their power to furnish. A large portion of the debt from them to the Office may thus be absorbed in good paper, payable on or about the first of January next, when another payment on account of the public debt will be made. I therefore take the earliest opportunity after ascertaining the probable demands against the Bank, on account of these payments, to submit to the consideration of the Board the expediency of employing a portion of the surplus funds, now in the form of balances from the State Banks, in the discount of such paper as may give facilities to the business of the city. The funds will be thus very usefully and profitably employed, until they are wanted, and a great accumulation of bank balances be prevented.

Very Respectfully,

Yours,

(Signed,)

N. BIDDLE, *President.*

ISAAC LAWRENCE, Esq.

*Pres't. Off. Dis. & Dep. N. York.*

The President of the Office answered as follows in his letter of the 4th of October, 1832.

“Your letter had the desired effect of inducing the Board to increase our discounts on good paper payable about the first of January, and on different stocks, payable about the same time. This will enable us to aid the community, reduce the balances due from the city Banks, and be profitable to the institution.”

I am, &c.

(Signed,)

ISAAC LAWRENCE, *President.*

And the Cashier wrote as follows :

*October 3, 1832.*

“Our offering to-day was \$750,000; our receipts \$295,000 and discounts, including \$170,000 on three per cents and \$135,000 on other stocks, \$551,000. The Banks are in our debt \$1,540,000; and we have paid of the three per cents \$1,100,000, or about that amount.”

The Committee have entered into this explanation in order to show the operations of the measure confided to them in all its details. On reflecting upon the whole course of it with all the information which subsequent events have supplied, they are entirely satisfied that the measure has been highly beneficial to the community as well as to the Government, and that, so far from protracting the settlement of the accounts of the Government, they will, in fact, be brought to an earlier termination than if the arrangement had not been made.

### WESTERN DEBTS.

In the Report of the Secretary of the Treasury, of the fifth December, 1832, he enumerates among the causes which made him anxious about the security of the Bank as a depository of the public funds, "the great amount of the Bank's transactions, especially in its Western Branches;" and a special agent was sent to examine the operations of the Bank in the Western States, as being objects of particular uneasiness.

This ill opinion of the western debts was unexpected, because in his report of the last year, the Secretary, in enumerating the merits of the Bank, was pleased to say: "To these may be added the knowledge the present Bank has acquired of the business and the wants of the various portions of this extensive country, which, being the result of time and experience, is an advantage it must necessarily possess over any new institution."

In the course of this year, the debt in the Western States has been considerably diminished; and the judgment which declared that the loans of last year were deserving of praise, it was presumed, would have exempted from censure the *smaller loans* of the present year. The effect of such a declaration, not on the Bank, but upon the character and credit of the country generally, and more especially upon our western fellow citizens, is deeply to be regretted, since it may inflict upon them a lasting injury.

The western country is blessed with a fertile soil, adapted to every variety of culture, and with an intelligent and industrious people, who need nothing except the assistance of pecuniary capital for the full development of their resources. Knowing this, the Bank has willingly devoted a large share of its means to the use of that part of the Union. Believing too that the commercial credit of the country is the common property of the Union, it has endeavoured, on all occasions, to sustain the reputation of the State Institutions, and to aid the State Governments in their efforts to attract the investment of foreign capital. Of the seventeen millions of loans made by the State of Pennsylvania, nearly the whole is furnished from Europe. The loans of Ohio and New York, are similarly situated; and at this moment, the States of Alabama, Tennessee, Ohio and Indiana, are endeavouring, either by the direct responsibility of the State Governments, or through the agency of banking institutions, to procure the use of foreign capital. At such a moment, a declaration by what is presumed to be the highest financial authority in the Union, that the Bank of the United States is an unsafe depository of the public funds, and that this insecurity arises mainly from its loans in the Western States, is calculated to destroy the confidence of European capitalists, and to impair the credit of the Western States and the Western Banks. As the common friend of the solvent State Institutions, and to a certain extent identified with the general credit

of the country, to the Bank of the United States it especially belongs to remove so injurious an impression, and to bear a willing testimony to the ability and the punctuality of our fellow citizens in the Western States; in the course of its connexion with whom, the Bank has met with few losses, and who have uniformly displayed an honorable fidelity to their engagements. The desire to render them justice, induces the Committee to enter into some details in regard to the debts of the Bank in the Western States.

The following exhibits the amount and distribution of them, by the monthly statement of the first of January:

		Loans.	Bills of Exchange.	Totals.
Kentucky,	Lexington,	\$ 916,230 40	\$ 845,426 54	\$1,761,656 94
	Louisville,	2,165,656 49	1,969,411 48	4,135,067 97
Ohio,	Cincinnati,	2,830,821 92	542,332 89	3,373,154 81
Tennessee,	Nashville,	1,767,179 17	1,787,466 00	3,554,645 17
Missouri,	St. Louis,	566,361 24	74,620 48	640,981 72
		<hr/>	<hr/>	<hr/>
		\$8,246,249 22	\$5,219,257 39	\$13,465,506 61

These loans have been made by Boards of Directors selected in their several residences with great care, and composed of the most respectable inhabitants of the neighbourhood. They act under a feeling of strong and habitual responsibility, and they are required to make a semi-annual report of the situation of the debts in a form which cannot fail to secure to it a deliberate examination. In regard to these debts, the returns from the offices respectively, on the 1st of December last, contain the following certificates:

"The undersigned hereby certify, that they have carefully examined in detail, the lists of suspended debt and real estate at this Office, and are of opinion that the *classification* of the debts—the "estimated "*probable loss*" of *principal* on each debt of the "*doubtful and bad*" classes, throughout the lists, with the "*estimated present value*" of the *real estate*, are all correctly made, as therein stated. That the "*explanatory remarks*" opposite to *each* debt, give an abstract of the measures which have been pursued within the last six months for its recovery or security; and that the "*recapitulation*" exhibits in the aggregate, (including the losses chargeable to the contingent fund,) all the losses at present known or apprehended on the *inactive* debt at this Office. And that of the *active* or current debts growing to maturity, dollars is considered "*doubtful*," and upon which we apprehend there will be ultimately a probable loss of                    dollars.

Cashier.

, President.

} Committee.

"Office Bank of the United States," }  
18 ."} }

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The latest returns, thus certified, of the losses at these several Offices on the above debt, are as follows:

Lexington,	\$36,486 87
Louisville,	7,734 38
Cincinnati,	16,952 59
Nashville,	7,744 25
St. Louis,	No loss
	<hr/>
	\$68,918 09

The proofs of the general security of this debt, are confirmed by a single circumstance, which seems entirely decisive; which is the actual payment of such a portion of it as was required from the debtors. For example, on an average of ten months past, the local loans in Kentucky, Ohio, Missouri and Tennessee, have actually been paid to the amount of \$3,532,104 93, out of a sum of \$11,257,862 18. Thus the Bank had lent in Tennessee, at the Branch at Nashville,

On the 12th of October, 1831,	\$3,137,870 93
By January 2d, 1833, it had been reduced to	1,640,071 20

A diminution of	<hr/>	\$1,497,799 73
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At Louisville, on the 2d of February, 1832, the loans were	\$2,682,629 50
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On 12th January, 1833, they were only	2,078,906 19	<hr/>	603,723 31
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At Lexington, they were, on the 16th July, 1832,	1,333,530 66
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And, on the 12th January, 1833,	773,865 37	<hr/>	559,665 29
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At Cincinnati, on 19th Jan- uary, 1832,	3,366,068 00
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On 10th January, 1833,	2,675,701 80	<hr/>	690,366 20
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At St. Louis, on 18th June, 1832,	737,763 09
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On the 7th January, 1833,	557,212 69	<hr/>	180,550 40
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Making an actual reduction of debt of	<hr/>	\$3,532,104 93
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Which is an actual diminution within an average time of ten months, of about one-third of the original debt which was reinvested for remittance in bills of exchange. These comparisons are made from the highest points at which the loans were within the course of fifteen months, so as to show the greatest reduction. The reduction of these same Offices, calculating it from January, 1832, to January, 1833, was \$2,138,065 47, while during the same

period the domestic bills had increased \$657,004 58, making an actual reduction of investments of all kinds, amounting to \$1,481,061 09, or nearly a million and a half.

In further illustration of the character of the western debts, the returns show that the total amount of domestic bills of exchange, purchased at the western offices, from the 1st of July, 1831, to the 31st of December, 1832, is \$16,397,094 93  
 On which the amount protested and unpaid is 13,863 36  
 Of which the estimate of probable loss is 1,500 00

But as some portion of this may be still running to maturity, and its fate undecided, it should be remarked that the whole of this estimated loss of \$1,500, arose out of the purchases during the year ending on the 1st of July, 1832,—

Which amounted to \$10,137,722 22  
 On which the total amount protested and remaining unpaid, is only 13,863 36  
 The total losses only 1,500 00

The cause of a loss so little proportioned to the amount of the investment is to be found in the fact, that the exchange transactions of the western states, grow out of the actual business, the actual shipments of the produce to the place of its exportation, furnishing to the Bank the triple security, of the personal responsibility of the shipper, the property which he exports; and again, the personal liability of the merchant who receives it at the place of exportation. As an illustration of this, the following statement of the exchange operations of the Bank at Nashville, may furnish an interesting example.

1831. October, \$366,512 63. When the few bills remaining out of drafts on shipments of the previous crop, had not yet run to maturity.
1831. Dec'r, 1,062,094 84. When the shipment of the new crop had commenced, and the planters and ginners had begun to draw on their correspondents.
1832. April, 2,759,754 93. When the crop may be considered to have all been shipped and drawn upon, and of course the amount of bills at the highest point.
1832. October, 503,234 90. When the bills drawn upon the shipments of the last crop had mostly matured.
1833. Jan. 9th, 2,049,612 02. The shipments of the present crop having progressed to some extent, the amount of bills is naturally swelled in proportion.

In respect to the ultimate security of the present debt in the western States, there is a case of a Branch actually closed, from which some estimate may be collected for the future. In the year 1821, the Branch at Cincinnati was closed with a debt of \$2,528,350 39. A large estimate of probable losses was made, amounting to \$851,000, but by judicious or fortunate management, this debt has been so secured by mortgage and judgments, and by compromising in real estate, that no loss is now anticipated.

In confirmation of these statements, the Committee add the report of the Agent of the Government itself. In the month of November, 1832, the Secretary of the Treasury deputed Henry Toland, Esq., of Philadelphia, to make an examination of the state of the Bank, adding,—“You are requested to direct your attention particularly to the state of the debt due to the western Branches, and from persons in the western country generally, and in ascertaining its amount, to inquire what amount of the domestic bills of exchange is due in the western country, and generally how the western debt is secured.”

Mr. Toland was eminently qualified for this task, as being a man of business, familiar with the operations of the Bank of which he was formerly a Director, and long engaged in trade with the western country. His report concludes with the following emphatic language.

“Placing reliance on the Cashiers of the different Offices, and the respectable gentlemen composing their different Directions, and comparing the amount of business and profits, and adding thereto my own knowledge of the general business of the western country, I do not hesitate to say that I consider the debt in a safe and wholesome state, and that a greater amount of loss need not be apprehended from it, than from a similar mass distributed in the cities of the Atlantic frontier.”

In this opinion of Mr. Toland, the Committee, from their own experience and observation, entirely concur.

### **THE SAFETY OF THE PUBLIC DEPOSITES.**

The security of the public deposits may perhaps be inferred from the explanations already given, but it may not be superfluous to suggest some considerations which may relieve all solicitude on that subject.

1st. From the establishment of the Bank to the present day it has been the depository of about 440,000,000 of dollars of public revenue. The safety with which they have been kept and transferred throughout the United States is attested by all the Secretaries of the Treasury. By Mr. Crawford, who on the 4th of December 1818, in a reply to an enquiry from a committee of Congress, says, “In reply to the specific enquiry which you make I

have the honor to state that the Bank has correctly discharged the duties of Commissioners of Loans and Agents for the payments of military pensions as far as it has been required by law. It has promptly transmitted the public money wherever and whenever it has been required to perform that service. It is presumed that the facilities expected from it in the collection of duties have been furnished, as no information has been received at the Department, that such facilities have been withheld."

By Mr. Rush, who in his report of the 13th of December 1828, says

"In faithful obedience to the conditions of its charter, and aided by its Branches, it has afforded the necessary facilities for transferring the public moneys from place to place, concentrating them at the place required. In this manner all payments on account of the public debt, whether for interest or principal; all on account of pensions; all for the civil list; for the army, for the navy, or whatever other purpose wanted in any part of the Union, have been perpetually met. The Bank is also the depository with its Branches, for the public moneys from whatever sources of revenue received, aiding too in their collection, thereby giving safety to the keeping, as well as promptitude, and certainty to the disbursement of the public treasure."

"It receives the paper of the State Banks paid on public account in the interior, as well as elsewhere, and by placing it to the credit of the United States as cash, renders it available wherever the public service may require."

By Mr. Ingham, who in a published letter declares of the Bank, that, "it enables the Government to transmit its funds from one extremity of the Union to another without cost, without risk, without pressure upon the section from which they are withdrawn, and with a dispatch which is more like magic than reality."

And the present Secretary of the Treasury in his report of the 5th of December 1831, remarks, "It must be admitted however, that the good management of the present Bank, the accommodation it has given to the Government, and the practical benefits it has rendered the community, whether it may or may not have accomplished all that was expected from it, and the advantages of its present condition, are circumstances in its favor entitled to great weight, and give it strong claims upon the consideration of Congress in any future legislation on the subject." Moreover in his report to Congress at its present session he declares that no loss had ever been sustained by the Government on its deposits with the Bank of the United States.

The simple facts thus emphatically vouched, that out of four hundred and forty millions of Government Deposites taken in all kinds of Bank paper, and in all parts of the United States, during a period of sixteen years not one dollar of loss has been sustained—that during that whole period it has faithfully performed all its duties to the Government, and never on any occasion failed to

meet its engagements, may be accepted as presumptions in favor of its solvency.

2d. The general situation of the Bank may afford similar assurances. The Bank has a capital of 35 millions all paid—it has more than one fourth of that capital actually in gold and silver in its vaults—it has due to it from individuals in the United States upwards of 60 millions of debts, and a balance exceeding three millions in Europe—it has real estate which is estimated at three millions of dollars—and in the opinion of the committee there never was any period since its establishment, when it was in a more prosperous condition than at the present moment.

This will be seen in further detail by the following condensed table from the monthly statement of the situation of the Bank, and its Offices and Agencies, on the first of January, 1833.

The claims against the Bank, are:		
Its Notes in circulation,		\$17,459,571 79
The Deposites, public and private,		13,547,517 95
The Debt to the holders of the funded debt of the United States, for principal and interest,		6,723,703 16
The unclaimed Dividends,		76,529 84
		<hr/>
Amounting to		\$37,807,322 74
		<hr/>
Its resources are :		
Specie,		\$8,951,847 60
Notes of State Banks,	\$2,291,655 04	
Balances due by State Banks,	1,596,252 08	
		<hr/>
		\$3,887,907 12
Funds in Europe, and Foreign Bills of Ex- change,		3,190,225 43
Real Estate,		3,036,241 52
Debts due by individuals, viz:		
On Notes discounted,	\$43,626,870 32	
On domestic Bills of Exchange,	18,069,043 25	
		<hr/>
		61,695,913 57
Mortgages, &c.		103,330 75
		<hr/>
Making		80,865,463 99
From which deduct the claims as above,		37,807,322 74
		<hr/>
And there remains an excess of		\$43,058,143 25

This sum of \$43,058,143 25, forms a guarantee to the holders of the notes of the Bank, and to its depositors, *over and above the whole amount of their claims*. It is applicable in the first instance, and before one dollar of it can be appropriated in any other way, to the payment of any deficiency which might, by possibility,

arise from the thirty-seven millions first destined for the payment of notes and deposits. The whole of it must be absolutely lost before there can be a question whether the holders of the notes of the Bank, and public and private depositors, are in danger of sustaining any loss. After these claimants are satisfied, and not until then, the stockholders who own its thirty-five millions of capital, may divide the balance amongst them.

They, therefore, conclude this part of the subject, by expressing their entire conviction of the accuracy of the opinion expressed by Mr. Toland, the confidential agent of the Government, who says: "Thus far I consider my report, as complying with that part of your letter directing the investigation, so as to ascertain the security of the public money, and the solvency of the Bank, *neither of which can, in my opinion, admit of a doubt.*"

All which is respectfully submitted,

(Signed)

MATTHEW L. BEVAN,  
*Chairman.*

## APPENDIX.

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*Bank of the United States, Feb. 1st, 1833.*

SIR: In the report of the Committee of Exchange which I had the honor to transmit to you on the 29th ultimo, it was stated that the whole amount of the three per cent stock purchased and deferred under the arrangement with Messrs. Baring, Brothers & Co., was

\$4,175,000

Of which certificates had been received to the amount of

1,524,000

Leaving

\$2,651,000

I have now the honour to inform you that since my letter of the 29th ultimo, the Bank has received certificates for

575,000

Leaving

\$2,076,000

And also has received a duplicate of a letter, the original of which is on board the ship Hannibal, containing certificates to the amount of 482,731

And is further advised that there are on board the North America, the packet of the 16th December, certificates to the amount of

\$70,000

852,731

Making the total amount of the purchased and deferred stock, not actually paid, or of which advices have not yet been received

1,223,269

Presuming that you would desire to have the latest information in regard to the subject of your enquiry, I venture to trouble you with this statement, and will only add that I am

Very respectfully, yours,

N. BIDDLE, *President.*

HON. G. C. VERPLANCK,  
*Chairman Com. W. and M., Washington.*

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*Bank of the United States, Feb. 5th, 1833.*

SIR: Since my letter to you of the first inst. I have received further information from Messrs. Baring, Brothers & Co., that out of the amount of Three per cent stock postponed by them, the sum of \$1,468,099 47 has been forwarded by various conveyances, so as to reduce the amount of the certificates of that stock now outstanding to \$918,381 98.

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

N. BIDDLE, *President.*

HON. G. C. VERPLANCK,  
*Chairman of Committee of W. and M., Washington, D. C.*

*Bank of the U. States, Feb. 8, 1833.*

SIR: Presuming that you are desirous of having the latest advices of the progress of the Three Per Cents, I have the honor to inform you that of the whole amount of that stock purchased and deferred by Messrs. Baring, Brothers & Co. which was \$4,175,029 02 The Bank has received the whole of the purchased certificates amounting to \$1,798,547 57 And also has actually received of the deferred 1,190,927 53 And is advised of the transmission of certificates now on their way amounting to 320,204 68 Making an aggregate of 3,309,679 78

Leaving of those certificates outstanding \$865,349 24

I have the honor to be, very respectfully, yours,  
N. BIDDLE, *President.*

HON. G. C. VERPLANCK,  
*Chairman Com. W. & M. Washington, D. C.*

### Postponement of the Three Per Cents in March 1832.

[CONFIDENTIAL.]

*Treasury Department, March 24th, 1832.*

DEAR SIR: It is believed that the means of the Treasury will be sufficient to discharge one half of the three per cents on the 1st of July next; and it is proposed to give notice accordingly, on the 1st of April. It is not intended to determine, by lot, the certificates that are to be paid, but simply to pay one-half of every certificate on presentation at the proper loan office.

If any objection occurs to you, either as to the amount or as to the mode of payment, I will thank you to suggest it.

I shall be glad to be informed of the amount purchased under your direction; though it is not perceived that it can have any influence on the proposed measure.

As the purchases will cease on the appearance of the notice, it may be as well for you to direct the amount to be closed with the termination of the present month, and rendered to the Treasury for settlement.

I am, dear sir, very sincerely and resp'y, yours,  
ASBURY DICKENS,  
*Acting Sec'y of the Treasury.*

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

*Bank of the United States, March 29th, 1832.*

SIR: I have received from the Acting Secretary of the Treasury, a letter of the 24th instant, apprising me that it is proposed to

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give notice on the first of next month, of the intention of the Government to discharge one-half of each certificate, at the proper loan office; and he has the goodness to add, that if any objection occurs to me, either as to the amount or as to the mode of payment, he would thank me to suggest it.

In reply, I have the honor to state, that so far as the Bank is concerned, no objection occurs to me; it being sufficient that the Government has the necessary amount of funds in the Bank to make the contemplated payment.

In regard, however, to the community generally, and more especially to the debtors of the Government, there is a view of the subject which the inquiry renders it proper for me to present to your consideration. It is this: Owing to a variety of causes, but mainly to the great amount of duties payable for the last few months, there has been a pressure upon the mercantile classes, who have been obliged to make great efforts to comply with their engagements to the Government. That pressure still continues; and as it may be prolonged by the same cause—the amount of duties still payable during the next three months—this state of things seems to recommend all the forbearance and indulgence to the debtors which can be safely conceded. The inconvenience then, of the proposed measure is, that the repayment of six or seven millions of dollars, more than one-half of which is held in Europe, may create a demand for the remittance of these funds, which would operate injuriously on the community, and by abridging the facilities which the debtors of the Government are in the habit of receiving from the Bank, may endanger the punctual payment of the revenue, as the Bank will necessarily be obliged to commence early its preparations for the reimbursement of so large an amount of public debt. My impression, therefore, is, that with a view to the safe and punctual collection of the public revenue, the Government would be benefited by postponing the proposed payment of the public debt to another quarter; at which time the country will sustain less inconvenience from the demands on foreign account, than would be felt at this moment.

In regard to the mode of payment, I should think it would be more agreeable to the stockholder to receive reimbursement of the whole amount of his certificate at one time, than to have it divided.

These suggestions are very respectfully submitted to your better judgment, by your obdt. serv't,  
N. BIDDLE, *President.*

HON. LOUIS M'LANE,  
*Secretary of the Treasury, Washington, D. C.*

P. S. As an illustration of the effect of the measure proposed, I may mention that, in the month of February last, the collector of New York, with a laudable anxiety to protect the public revenue, applied to the bank to authorize an extension of loans in that city, in order to assist the debtors to the Government. This was promptly done. This I should desire to do again, as the payment to the Government during the next quarter will probably be very large.  
N. B.

The circumstance alluded to in the preceding postscript is explained in the following correspondence.

*Bank of the United States, Feb. 28th, 1832.*

DEAR SIR: Your two favors of the 25th and 27th inst, have been duly received, and it is very gratifying to learn from them that your operations on Saturday last have contributed to relieve some of the pressure on the money market. You are perfectly aware that the situation of the country as well as of the Bank, is one of peculiar delicacy. The large importations of the past year are to be paid for by a crop comparatively small in amount, diminished in value, and brought forward at a period unusually late. The disproportion between the debts and the means of the country is increased by the amount of Government stock which it is proposed to reimburse, a very large part of which is held in Europe. This concurrence of circumstances, imposes on the Bank the necessity of great circumspection and reserve in its loans, any considerable extension of which would not only place beyond its reach the funds destined for the payments on account of the Government, but ultimately produce a severer pressure than that which the increase itself was destined to relieve.

It is, however impossible not to feel very great anxiety to prevent any embarrassment or calamity in the community which the Bank has it in its power to avert, or mitigate, and no exertion should be spared to accomplish this necessary measure; the transition from a state of abundance to one of comparative scarcity of money, with all the gentleness consistent with the safety of the Bank and the community. *The application of your funds to the purchase of foreign exchange*, has the double advantage of giving relief in quarters where it is most calculated to be diffused, and to be most extensively useful, while at the same time it furnishes the means of paying the foreign creditors of the Government. This *and the discount of short business paper* falling due about the periods when the payments on account of the Government are next to be made, furnish the two best channels through which the accommodation which the Office has it within its power to afford, can reach the community. Having thus explained the situation and views of the Bank, I have only to add, that if in the prosecution of this last measure, the discount of short business paper, the loans should in some degree exceed your income for a short time, we shall consider it as a temporary step to protect the community, with whose welfare, the Bank is so identified; and trust that it will not be extended either in amount or duration beyond the emergency which seems to call for it.

Very respectfully, yours,

N. BIDDLE, *President.*

ISAAC LAWRENCE, Esq.  
*President Office Dis. and Dep., New York.*

The course here recommended of purchasing foreign exchange and increasing the discounts was carried into execution. The amount of foreign exchange purchased from February 22 to March 7, amounted to \$396,506 31; and the discounts were increased in the manner described in the following letters.

*New York, February 29th, 1832.*

DEAR SIR: YOUR letter of yesterday is received and read very attentively to the Board, who appeared satisfied with its contents. Our receipts were small this morning only \$180,000, and our offering nearly \$800,000. It was proposed we should extend a little, as our receipts on next discount would exceed \$300,000—we discounted about \$220,000. Balance due from the City Banks \$60,000.

Yours truly, &c.

ISAAC LAWRENCE, *President.*

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

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*Extract of a letter from M. Robinson, Cashier of the Office of the Bank of the United States at New York, dated 3d March 1832, to Wm. M. Ilvaine, Cashier.*

“ Our discounts yesterday exceeded our receipts \$60,000. The Banks are in our debt \$370,000.”

*From the Same to the Same, dated March 5th, 1832.*

“ Our discounts to day were about \$20,000 more than our receipts. The Banks are in our debt \$250,000.”

*From the Same to the Same, dated March 10th, 1832.*

“ Our discounts yesterday were \$120,000 more than our receipts. The Banks are in our debt \$730,000.”

*From the Same to the Same, dated March 12th, 1832.*

“ Our discounts to-day were about \$50,000 more than our receipts. The Banks are in our debt \$600,000.”

*From the Same to the Same, dated March 19th, 1832.*

“ Our discounts to-day exceeded our receipts \$120,000. The Banks are in our debt \$500,000.”

*From the Same to the Same, dated March 3d, 1832.*

“ Our offering to-day \$120,000—our receipts \$70,000—discounts \$110,000. The Banks are in our debt \$485,000.”

*From the Same to the Same, dated March 23d, 1832.*

“ Our offering to day \$160,000—receipts \$110,000, and discounts \$150,000. The Banks are in our debt \$420,000.”

*From the Same to the Same, dated March 30th, 1832.*

“ Our discounts to-day about \$80,000 more than our receipts. The Banks are in our debt \$166,000.”

## Postponement of the Three per Cents in Europe.

*Treasury Department, July 19th, 1832.*

SIR: It was not until to-day that I have been able to ascertain the amount of the appropriations made at the last session of Congress; and, therefore, I have not been able to decide, before now, upon the amount of the three per cents to be redeemed on the first of October. I find, as was supposed when you were here, that we shall be able to pay off about two-thirds at that time. A notice will accordingly be given in to-morrow's papers for the payment of that amount on the first of October, and the remaining one-third on the first of January. This has been done with the understanding had between us, that, if it should happen that the public moneys are insufficient to complete those payments, the bank will delay the presentation of any certificates of which it may have the control, until the funds are sufficient to meet them; the interest to be paid by the United States during the interval.

You will be pleased to indicate such transfers of funds as may be desirable, preparatory to the proposed payments.

I am, sir, very respectfully, your obedient servant,

LOUIS M'LANE,

*Secretary of the Treasury.*

N. BIDDLE, Esq.

*President of the Bank U. S., Philadelphia.*

*Bank of the United States, July 26, 1832.*

SIR: I have had the honor of receiving your letter of the 19th instant, apprising me of your intention to reimburse two-thirds of the three per cents on the first of October, and the remaining third on the first of January next. You further state that this course "has been adopted with the understanding had between us that, if it should happen that the public moneys are insufficient to complete those payments, the Bank will delay the presentation of any certificates of which it may have the control, until the funds are sufficient to meet them; the interest to be paid by the United States during the interval."

The Bank has taken the necessary steps to obtain the control of a considerable portion of these certificates, and will very cheerfully employ it in such a manner as may best suit the convenience of the Government.

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

N. BIDDLE, *President.*

Hon. LOUIS M'LANE,

*Secretary of the Treasury, Washington, D. C.*

## Similar Postponement in 1820.

*Bank of the United States, Oct. 10th, 1820.*

The Board met agreeably to adjournment.

PRESENT—Langdon Cheves, President; Messrs. Eyre, Rundle, Lippincott, Willing, Astley, Wetherill, Kuhn, Weir, and Potter.

The President laid before the Board a private correspondence between him and Edward Jones, Esq., Chief Clerk of the Treasury Department of the United States, acting for the Secretary of the Treasury, in which that officer states that the Treasury will not have the means of paying the balance of the Louisiana stock redeemable on the 21st inst. and requests to know whether the Bank can advance the amount to the holders of the stock or their Agents in such a manner as to save the public credit, and to satisfy the holders. The President also laid before the Board the following case which he had submitted to able counsel, and who had given it as their clear and unequivocal opinion, that the transaction proposed would be consistent with the provisions of the charter.

## CASE.

The Government will be unable from a deficit in the supplies of the year, to pay the portion of the Louisiana stock which is due on the 21st of October next, and as it has given notice that it will then be paid off; and, as indeed, the obligation is by treaty imperative, the gentleman acting for the Secretary of the Treasury, who is absent, has applied to the Bank of the United States to aid the Government in this difficulty. The Bank has the pecuniary ability, and is desirous of affording the aid requested. But the Charter prohibits a Loan to the Government to a greater amount than half a million of dollars. The Bank, however, proposes to accomplish the object of saving the public credit from dishonor in the following manner. The Cashier of the Bank, not as the Agent of the Bank, but as the Agent of Baring, Brothers & Co., holds a power to receive the sum under their control, which amounts to three-fourths of the whole sum to be paid off. A gentleman in Philadelphia, known to the Bank, it is morally certain will be authorized to receive this money from the Cashier or the Bank, in which, if received, it would be deposited, with instructions to remit the same to Europe. It is proposed that the Attorney shall demand payment, as an act of legal form, to prevent interest from ceasing on the original contract of Government, and the Government, not having the funds to make the payment, will of course, refuse, but this refusal will be only known to the parties, and will not at all affect the public credit. The Bank will then, as its voluntary act, advance the amount to the Agent, taking from him an order on the Attorney for the amount of the stock when received by him, as its means of reimbursement, with a stipulation on his part that the Bank shall receive the accruing

interest on the stock as an equivalent for the use of the money loaned or advanced to his principals.

It is supposed this course will avoid all collision with the Charter. There will be no new contract with the Government either by the Bank or the holder of the stock. There will be no loan or advance to or for the use of the Government. Its sole obligation will be under its original unvaried contract. The public credit will indeed be saved from disgrace by the Bank, and it will be the result of an understanding between the agents of the Bank and the agents of the Government. But that understanding will be that the Bank shall loan or advance to an individual, for the use of the individual, on the security of the stock.

*Quere*—Is there any thing in the charter of the Bank which forbids this transaction?

He also stated that Thomas M. Willing, Esq. had the control of about \$1,500,000 of the said stock, whereupon it was

*Resolved*, That the President be authorized to confer with Mr. Willing, and to arrange with him a loan to him, as the Agent of the holders of the stock, according to the principles of the above case, and that he report to the Board at its next meeting.

Adjourned.

*Bank of the United States, Oct. 13th, 1820.*

The Board met agreeably to adjournment.

**PRESENT**—Langdon Cheves, President; Messrs. Biddle, Eyre, Rundle, Lippincott, Colhoun, Schott, Astley, Kuhn, Weir, Potter and Hoffman.

The President in compliance with the resolution passed at the last meeting of the Board, made the following Report, which was adopted, viz:

Under the order of the Board of the 10th instant, I have conferred with Thomas M. Willing, Esq. on the subject of a loan or advance to him, as the Agent of the holders of about \$1,500,000 of the instalment of the Louisiana stock payable on the 21st inst. I have found on investigation that the Cashier of the Bank holds powers to receive from the Government the instalment on the principal sum of only about \$1,490,000, or a present payment of about \$264,270, and that Mr. Willing holds powers to receive the balance of the above sum of \$1,500,000, as well as a power to receive from the Cashier the sum immediately receivable by him, as per the following statement furnished by Mr. Willing.

\$5,000,000	held by Hope & Co., De Smith, and W. & J. Willink, and by Hope & Co., and Sir F. Baring & Co., the interest on which has been paid in Holland. Last instalment 23 per cent is to be paid to T. M. Willing, Attorney, say	\$1,150,000
	The certificates of stock are not received, but are soon expected to arrive.	

	<i>Brought over.</i>	\$1,150,000
\$1,149,000	In the names of Sir F. Baring & Co., power with the Cashier to receive the last instalment with the certificates, 23 per cent is	
\$325,000	in the names of Alexander Baring, Henry Baring and others, Executors and trustees of the estate of the late Wm. Bingham—Certificates in the hands of T. M. Willing, one of the Executors, &c., 23 per cent, is	264,270
		74,750
		<hr/>
		\$1,489,020
\$65,000	more will be sent out by Messrs. Baring, to T. M. Willing, 23 per cent, is	14,950
		<hr/>
	Total,	\$1,503,970

It will be perceived from this statement that the certificates of the stock (which are necessary to authorize a demand for the final instalment) have not yet been received for any other sums than those for which the Cashier of the Bank holds powers—though the others may be soon expected.

Under these circumstances, Mr. Willing has agreed that he will accept for the use of his principals a loan for the sum which shall be under his control according to the principles of the case on which the opinion of counsel has been obtained, and which was laid before the Board at its last meeting, with the following explanations and conditions, to wit:

1st. That the loan or advance is not to be asked or accepted except for such portions or sums, of which the certificates shall have been received, and the demand on the Treasury formally made.

2d. That the Bank shall not demand any other or further interest or consideration for the loan or advance to him than the interest which shall actually be received from the Government on the stock on which he shall receive such loan or advance.

3d. That the Secretary of the Treasury, or, in his absence, the President of the United States, shall in his official character, expressly agree, on demand of payment and failure to receive the same, that the Government shall pay interest, in the United States, to the holders of the stock, or their legal attorneys on the said stock, according to the tenor and effect of the original certificates, until paid; and, that the said stock shall be actually redeemed on, or before, the 21st of April next.

*Extract from the minutes.*

*Bank of the United States, July 17th, 1832.*

GENTLEMEN,—Being desirous of making some arrangement in regard to the reimbursement of the three per cent stocks of the United States, and the time being too short to allow of prolonged

correspondence, we have requested Thomas Cadwalader, esquire, to confer with you on the subject. Mr. Cadwalader has been long, and still is, a Director of the Bank, enjoying its entire confidence, and is personally well known to you. I will, therefore, merely refer you to him for particulars; and remain,

Very respectfully, yours, &c.

N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co., *London.*

*Bank of the United States, July 18th, 1832.*

DEAR SIR,—The probability that the spread of the Cholera may occasion great embarrassment and distress in the community, makes it expedient for the Bank to keep itself in an attitude to afford relief, should its interposition be necessary, and also to mitigate the pressure which the reimbursement of the three per cent stock, held by foreigners, may produce in October next. The whole amount of this foreign stock is about \$7,800,000, of which the Bank is desirous of postponing the payment of about \$5,000,000. You will perceive, from the statement accompanying this letter, that the Bank is the agent of Messrs. Baring, Brothers & Co., for upwards of three millions. For the postponement of that amount, with an additional sum of two millions belonging to residents in Europe, you are authorized to make an arrangement on the following terms:

1st. As to the time. It is not yet positively decided when the whole of the threes will be paid, and the proposed arrangement must therefore refer to that contingency, and be so modified as to fix a certain time after the period of redemption named by the Treasury. You may make this postponement for six, nine, or twelve months after that period, and endeavour to preserve such an option as to time, as may enable the Bank to diffuse the payment over as wide a period as possible of the term.

2d. As to the rate of interest. We presume, of course, that there will be no difficulty in continuing the loan, at its present rate of three per cent, without any further charge. Should you, however, find it more advantageous, instead of making the arrangements personally with the stockholders themselves, to employ the agency of any mercantile house to effect the object, you are authorized to allow a reasonable commission for their trouble. As you have already concluded, very satisfactorily, a similar arrangement, some years ago, and our personal interviews have made you very familiar with the whole subject, I will add, only, that

I am, very truly, yours,

N. BIDDLE, *President.*

THOMAS CADWALADER, Esq., *Philadelphia.*

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*Philadelphia, July 23d, 1832.*

DEAR SIR: The day after you left Philadelphia, I received a communication from the Secretary of the Treasury, apprising me of his intention of paying two-thirds of the three per cents on the first of October, and the remaining third on the first of January next. The mail of to-day has brought the official notice to that effect, a copy of which is inclosed.

I hasten to give you the earliest information on the subject, as it will have an important bearing on the negotiation with which you are charged. The first effect of it will be, that as the foreign stockholders will receive not the whole of their payment, but only two-thirds of it, they will not be able to make as satisfactory an investment as they otherwise would, being obliged to divide it into two separate investments, and of course they will be more disposed to make an arrangement by which they may receive their interest on the two-thirds, until the remaining third is paid, so as to make one investment of the whole.

The subdivision, by weakening the expected pressure on the first of October, makes the Bank less anxious about that event. But in the present state of the country, while the whole monied concerns of the community are threatened with confusion by the spread of the pestilence, the Bank is so desirous of keeping itself in an attitude of great strength, to interpose, if necessary, for the relief of the sufferers, that it is content to submit to any merely pecuniary sacrifice to secure that object. The notice of the Secretary of the Treasury will therefore make no difference in your instructions as they are so shaped as to provide for this contingency, by making the postponement to a certain term after the payment whenever that may occur. Very truly yours,

N. BIDDLE, *President.*

THOMAS CADWALADER, Esq., *London.*

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*London, August 22, 1832.*

SIR: We have had the honour of receiving, from the hands of Mr. Cadwalader, the letter with which you favoured us on the 18th ultimo, and in which you refer us to that gentleman for the particulars of an arrangement the Institution was desirous of entering into in regard to the reimbursement of the United States' three per cent stock. You will no doubt learn from Mr. Cadwalader, that no time has been lost in coming to an understanding with us as to the mode in which your views could be carried into effect; and the result of our communications with him has been a contract, of which, as he will no doubt send you a copy, it is not necessary we should say more than that we trust the Board will perceive in it evidence of that earnest desire we at all times feel to put all our transactions with them on the same easy and liberal footing.

We trust you will excuse our observing that we conceive no question can now arise as to any extension of the ordinary credit which we hold at the disposal of the bank, as the liability to be

called upon for large advances, for the above operation, either in the shape of drafts or purchases of stock, makes it absolutely necessary that the limit should be strictly attended to.

We have only to add, that we feel much flattered at this further proof of our possessing the confidence of the Institution; and have the honour to be, sir, Your obedient servants,

BARING, BROTHERS & Co.

N. BIDDLE, Esq.

President United States Bank, Philadelphia.

*Extract of a letter from Thomas Cadwalader, Esq. to the President of the Bank, dated London, 22d August, 1832.*

"I did not get my baggage on shore and clear of the Custom House till late on the afternoon of the 16th inst., and I reached this city on Sunday morning the 19th inst. On the 20th, I had a conference with the acting members of the House of Messrs. Baring, Brothers & Co., (Messrs. Mildmay and Bates), and after sundry discussions on that day and yesterday, the heads of an agreement were framed, and approved of by the other members of the House, to be put into shape, and to be signed to day. I have drawn up the contract accordingly, of which I do not send you a copy, as there may be some alteration in form or verbiage, and the hours of business are so late and short in this great city, that it is not probable a transcript can be made in time for this mail.

London, 30th August, 1832.

SIR: In consequence of the personal communications we have received from General Cadwalader, we beg leave to inform you that we have secured and paid for the following parcels of United States' three per cent stock, viz.

\$20,000	}	at 90
100,000		
25,000		
25,000		
21,000		at 90½
80,000		at 91

—————  
\$271,000

And we have also made the following purchases, to be delivered immediately, viz.

\$10,000	}	at 90½
27,400		
66,037 25		
100,000		
200,000	}	at 90½
200,000		
200,000		
20,000		

—————  
\$623,437 25 to be delivered before 6th September.

We enclose a list of proprietors of United States' three per cent stock, who have consented to postpone the receipt of their principal till first October, 1833, the amount of their stock being collectively \$342,646 68.

As we are not acquainted with the manner in which the Institution may desire to have these transactions managed, we have adopted the course of addressing you on the subject, that you may dispose of the accounts, &c. as you may deem expedient.

We have the honor to be, your most obedient servants,  
**BARING, BROTHERS & Co.**

**N. BIDDLE, Esq.**  
*President Bank United States, Philadelphia.*

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*London, 6th September, 1832.*

SIR: We confirm what we had the honour to write to you on the 30th ult., and now annex a list of other proprietors of United States' three per cent stock, who wish to postpone the reimbursement of capital till October, 1833, making a total, with those already advised, of \$1,609,707 42, purchases of the United States' three per cent stock, on account of the Institution. We conclude it may be more convenient to you to have the whole purchases up to the present date presented to the eye at one view, and we therefore enclose a detailed list, showing the total amount to be

	\$1,051,251 31
And purchases, but not yet delivered,	364,994 05

We remain sir, your obedient servants,

**B. B. & Co.**

**N. BIDDLE, Esq. Philadelphia.**

### CONTRACT.

Messrs. Baring, Brothers & Co. of London, and Thomas Cadwalader, of Philadelphia, on behalf of the Bank of the United States, agree, as follows, viz: For a commission of one half per cent on the amount, the said Baring, Brothers & Co., agree,

1st. To invite the holders of the three per cent stock of the United States, to retain their stock until October, A. D. one thousand eight hundred and thirty-three; the Bank engaging to pay the interest quarterly, until that time.

2d. To buy up the said three per cent stocks on the best terms at which they can be obtained, both here and in Holland, at prices not exceeding ninety-one per cent or as much higher as the running quarterly interest, in case of need. The cost of which stocks to be placed to the debit of the Bank of the United States, in a separate account, chargeable with whatever rate of interest Messrs. Baring, Brothers & Co. may be compelled to pay. The

certificates of stock so purchased to remain with Messrs. Baring, Brothers & Co.

3d. In case the amount of stocks so purchased, and the amount that may be retained by the holders, as above, should, together, be less than the sum of five millions of dollars, then Messrs. Baring, Brothers & Co. agree to make up the deficiency, in case the Bank should find it desirable to draw for such deficiency, or any part thereof—on which sum or deficiency, Messrs. Baring, Brothers & Co. to charge the same interest as in their general account with the Bank. The whole advances to be reimbursed by the Bank of the United States, in October, A. D. one thousand eight hundred and thirty-three.

Witness the hands of the said parties, at the city of London, the 22d day of August, A. D. one thousand eight hundred and thirty-two.

BARING, BROTHERS & Co.  
T. CADWALADER.

Signed in presence of us,  
JAMES STEWART RINGER,  
FRAS. WM. GENTRY.

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*Bank of the United States, October 15, 1832.*

GENTLEMEN: I have had the pleasure of receiving your esteemed favors of the 22d and 30th of August, and 6th ultimo, and have been placed, by Mr. Cadwalader, in possession of the contract between him and your house, on the 22d of August last.

The care and attention which you have been good enough to exhibit on this occasion, furnish a new evidence of the zeal to promote the interests of the Bank which has uniformly characterized your house, and which has been always appreciated.

As you remark in your letter of the 30th of August, that you wish to have the accounts disposed of as the Bank may deem expedient, I take the earliest opportunity of inviting your attention to one part of the arrangement with which it will be impracticable for the bank to comply.

When the Institution was chartered, at the close of the last war, the Government had a large debt which it proposed to pay, or to purchase up out of the surplus revenue; and in order to prevent any competition in these purchases, the charter expressly declares that "the bank shall not be at liberty to purchase any public debt whatsoever." The object of this provision would certainly not be counteracted by the present operation, since the Government has actually advertised the payment of the stock, which is thus, in fact, no longer an object of purchase by the sinking fund. This circumstance, it probably was, which induced Mr. Cadwalader to regard the purchase of public debt, so situated, as not conflicting with the provisions of the charter. When, how-

ever, the stock was purchased in August and September last, it was still a subsisting debt. One third of it will so continue until the first of January next, and even were the case less clear than it seems, the Institution is, both from inclination and duty, disposed to give the most rigorous construction to its own powers. I am under the necessity, therefore, of apprising you, that the Bank cannot consider as purchased, on its own account, the three per cent stock reported by you, in your favors of the 30th August and sixth ultimo, amounting to \$1,474,827 33, and I have now to propose, for your consideration, the following substitute for that arrangement, which will, I trust, be mutually agreeable to both parties.

1st. It will be necessary to transmit, without delay, the whole of the certificates, with power of reimbursement, so that, in the first instance, the Bank may receive payment for the owners. Without such payment, the Bank is not in actual possession of the funds, which will not be passed to its credit until paid to the stockholders. This seems to be of immediate urgency, and I therefore request your early attention to it.

2d. When the stock is thus reimbursed to the stockholders, the portion which they have consented to postpone will be passed to their credit on the books of the Bank, and continue to bear an interest of three per cent. per annum, payable quarterly, until the first of October next, when the principal will be reimbursed. If it be necessary, on the delivery to you of the certificates, with powers of reimbursement, to substitute some other certificates on your part, as was done in the case of the Louisiana debt by you, you are hereby authorized to give to the parties a certificate for an amount equal to what they respectively surrender to you.

3d. The portion purchased by you will, in like manner, go to your credit, when it is paid by the Government. At that time, it will be for you to determine whether it shall continue to draw an interest of four per cent. (if that be the rate) payable quarterly, or whether you would desire immediate payment. If your arrangements with others make it necessary or expedient for you to continue the loan to the bank for that period, we shall, with great cheerfulness, acquiesce in your views. If however, it should be as consistent with your interest to receive reimbursement, the Bank will be ready and willing to make it immediately. I mention this, because it may, perhaps, be convenient for you to provide funds in New Orleans for the instalments of the loan to the Union Bank, in which event you may consider the whole amount of your purchases of three per cents, or any portion of it, as immediately applicable to that object.

The wish to postpone the payment of some portion of the fifteen millions reimbursable between the first of October and the first of January, arose from the appearance of the Cholera, which threatened to throw the business of the country into great confusion, and imposed on the Bank the duty of keeping itself in an attitude of great strength, so as to interpose, if necessary, to relieve

the community. The calamity having passed, with less injury to the mercantile classes than was anticipated, the Bank will not be called upon for any extraordinary effort, and would be content to pay at once, the whole amount now in your hands. This would have the further recommendation, that it would relieve you from the payment of interest on the balance, which is probably equal to your purchases.

In either event, whether you wish to take immediate reimbursement, or continue the loan, it is presumed that the terms of the purchases will, under this change of the arrangement, be favorable to your interest, which we are always anxious to promote. Should it, however, happen that any pecuniary loss shall be sustained by you, in consequence of these purchases, the Bank will, of course, make an ample indemnity for it. The commission stipulated upon the whole sum will not be, in any degree, affected by this change, but will continue as originally determined between Mr. Cadwalader and yourselves. You will readily believe that nothing but an imperious sense of duty would induce the Institution to propose the changes in the arrangement, and we must rely on your habitual courtesy to excuse any additional trouble which they may occasion.

With great respect, yours,

N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co., *London.*

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*Bank of the United States, October 19, 1832.*

GENTLEMEN: The above is a copy of my respects of the 15th inst., since which, I have had the pleasure of receiving, this morning, your favor of the 14th ultimo. To what I had the honor of writing on the 15th instant, the only addition which it seems necessary to make, is this: the Bank in order to close the account with the Government, is anxious to obtain the certificates. It is, however, possible that some of the holders who have agreed to the postponement may prefer retaining the certificates, till the period of final reimbursement. The Bank is very unwilling to give either to these stockholders or to yourselves any unnecessary trouble, and should you find any reluctance on this score, you will please not to urge it, but leave the certificates in the hands of the stockholders, and we will endeavor to accomplish the object of the Bank without possession of the certificates. Those for the stock purchased by yourselves, we shall be happy to receive by an early opportunity.

With great respect, yours,

N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co., *London.*

*Bank of the United States, October 31st, 1832.*

**GENTLEMEN:** My last respects were of the 19th instant: since then we have understood that the Treasury Department is desirous of closing the accounts of the foreign holders of three per cents; a circumstance which increases our own anxiety to receive the certificates without delay, and induces me to request that you will have the goodness to give every facility to the transmission of them.

In regard to those purchased by yourselves, there can, we presume, be no difficulty; and as to those stockholders with whom you have agreed to postpone the payment, you will find, we trust, no indisposition to make the arrangements suggested in my letter of the 15th instant, for the delivery of their certificates. Should, however, any difficulty occur, it would be agreeable to the Bank if you could obviate it, either by causing the certificates to be sent to the Bank for immediate reimbursement, or, if necessary, by purchasing the certificates on your own account, in the same manner as was done with those previously purchased, and taking your reimbursement in the mode most agreeable to yourselves. The whole subject is committed to your good judgment, with the respects of,

Your obedient servant,  
N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co., *London.*

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*Bank of the United States, October 27th, 1832.*

**DEAR SIR:** Having, in conversation to-day with Mr. Dickens, explained the arrangements in progress for the payment of the three per cents, he suggested that it would be agreeable to you to receive the same information. I therefore communicate it with great pleasure.

You are aware that the amount of public debt to be reimbursed within the three months from October to January, is upwards of fifteen millions, of which between eight and nine millions are held by foreigners. Under the most favourable circumstances, the displacement and conversion of so large a capital, require great circumspection to avoid injury to the community. To concentrate so many scattered fragments of revenue at the points of disbursement; to reserve a great accumulation of funds, always at immediate command, yet not withdrawn from the public service; to prevent a scarcity of money, followed by a sudden abundance of it; and thus keep undisturbed the uniform current of business—these are objects to which the Bank has always given a very anxious attention. Their inherent difficulty was increased, on the present occasion, by the prevalence of the Cholera, which was already in New York and Philadelphia, and seemed destined to pervade the whole country, deranging, in its progress,

all the relations of business, and threatening such a general prostration of commerce, as would endanger the punctuality of private engagements, and put to great hazard the public revenue, of which the estimated receipts, from July to January, were about thirteen millions. To those who witnessed its ravages, it was manifest that a continuance of the pestilence, for a few weeks longer, would have thrown into great confusion the pecuniary affairs of the country; and have pressed, with peculiar force, on the public revenue, more especially as the demand on account of the foreign holders of three per cents at New York and Philadelphia alone, on the first of October, would have exceeded five millions of dollars. Under these circumstances, the Bank deemed it an imperious duty to avert, as far as possible, the effects of such a calamity, and to husband its means, in order to interpose, if necessary, for the relief of the community. It was determined, therefore, to reserve five millions of dollars for that purpose; and accordingly, the foreign holders of the three per cents to that amount, principally represented by the Bank as their agent, were invited to leave the fund with the Bank for a few months after the payment by the Government, receiving from the Bank the same rate of interest. In the mean time, the funds for the payment of the five millions were accumulated in the Bank, to be used as occasion might require.

Immediately on learning that the arrangement for this postponement was in part effected, the Bank was enabled to resume and increase its accommodations to the public; and when, by the blessing of Providence, the pestilence was arrested without having required any extraordinary interposition on the part of the Bank, measures were taken to pay off immediately the whole of the three per cents, which it was originally intended to postpone, so far as they may be within the reach of the Bank. Those measures are in progress, and they will now be hastened; since I learn, from Mr. Dickens, that the department is desirous of closing the account as soon as possible. The certificates will no doubt be transmitted without delay, and will be immediately paid.

The preparations for the payments in January, are already in such a state of forwardness, that we may safely calculate on the result which the Bank has been anxious to produce, which is, that, in the course of the twelve months from January, 1832, to January, 1833, about twenty-three millions of the public debt will have been discharged, without causing the least perceptible disturbance of the business of the country.

Presuming that it may interest you, I inclose a copy of the correspondence on the subject of the three per cents, and also a copy of a letter to the office at New York, similar, in tenor, to those written to several other offices, on being apprised of the arrangement with the European holders of the three per cents.

That arrangement, as you will perceive, was a precautionary

measure to enable the Institution to mitigate the severity of a great disaster; and, when the country was happily relieved from it, the means which the Bank had provided for the occasion, were applied to their appropriate objects.

I have the honour to be, very respectfully, yours,  
N. BIDDLE, *President.*

HON. LOUIS M'LANE,  
*Secretary of the Treasury, Washington, D. C.*

*Treasury Department, October 31, 1832.*

SIR: I have been duly favoured with your letter of the 27th instant, and its inclosures.

That I may be better able to understand the arrangement made by the Bank, through the intervention of Mr. Cadwalader and Messrs. Barings, in regard to the three per cents held abroad, I will thank you for copies of the letters of the 22d and 30th of August and 6th of September, and the contract of the 22d of August, all which are referred to in your letter to Messrs. Barings of the 15th instant.

I shall be glad, also, to be informed whether the certificates for upwards of three millions, for which, in your letter to Mr. Cadwalader, of the 18th of July, you state the Bank to be the agent of Messrs. Barings, have been forwarded at the loan office.

I am, sir, very respectfully, your obedient servant,  
LOUIS M'LANE,  
*Secretary of the Treasury.*

N. BIDDLE, Esq.  
*President Bank United States, Philadelphia.*

*Bank of the United States, Nov. 5th, 1832.*

SIR: I had the honour of receiving, on the 3d inst., your letter of the 31st ult., and, in compliance with the request contained in it, enclose herewith copies of the letters from Messrs. Baring, Brothers & Co., of the 22d and 30th of August and 6th September, and also a copy of the contract of the 22d August. I also add a copy of my letter to Messrs. Baring, Brothers & Co., of the 31st ult.

In regard to the sum of three millions and upwards, of which the Bank is the agent, its agency has hitherto been merely to receive the dividends, not the principal. Of that amount, there have been surrendered certificates for about \$344,000 on the books at Philadelphia. The amount received at the other loan offices I do not know. But the whole will, I presume, now shortly arrive.

I have the honor to be, very respectfully, yours,  
N. BIDDLE, *President.*

HON. LOUIS M'LANE,  
*Secretary of the Treasury, Washington, D. C.*

## Relaxation of the restrictions on hearing of the arrangement in England.

*Bank of the United States, Sept. 29th, 1832.*

DEAR SIR: The preparations for the payment of the public debt on the first of next month, being completed, the Board have taken into consideration the practicability of modifying the instructions contained in my letter to you of the 31st of July last. I am accordingly instructed to apprise you that you may resume the purchase of domestic bills as heretofore, taking special care to confine your purchases to bills growing out of real business, and not having more than four months to run. This will of course embrace those bills growing out of the letters of credit from houses in the Atlantic cities of which the Cashier of the Office speaks in his letter to me of the 15th ultimo. You will understand that the Bank is not desirous on its own account that you should purchase domestic bills to any extent, as its engagements for the first of January next are still heavy—and it is therefore more with a view to obviate any inconvenience which your community may sustain from the want of this facility, that the authority to purchase is now confided to the judgment and discretion of your Board. You will also be at liberty to check as formerly on the Bank.

Very respectfully, yours,

N. BIDDLE, *President.*

JOHN O'FALLON, Esq.

*President Office Dis. and Dep. St. Louis, Missouri.*

*Bank of the United States, September 29th, 1832.*

DEAR SIR: The preparations for the payment of the public debt on the first of next month, being now completed, the Board have taken the earliest opportunity of examining into the practicability of modifying the instructions contained in my letter to you of the 27th of July, and I have now the pleasure of communicating to you their views as follows:

1st. After the receipt of this letter you will be at liberty to draw checks on the Bank as formerly.

2d. You may resume the purchase of domestic bills, especially on the Atlantic cities and New Orleans, giving particular attention to the purchase of such bills only as grow out of real business, and do not exceed four months to run from the time of purchase. The Bank has still many heavy engagements for the first of January next, and does not therefore desire any considerable extension of these purchases—but authorizes the resumption of them in reference exclusively to the convenience of its customers and the community near you.

3d. It is especially desired that these operations in exchange

should be made to assist in the reduction of your local discount line. The amount of your local discounts is at present beyond what the Bank would wish it to be, and they prefer a gradual and gentle reduction of it. This purpose can be more readily accomplished by the conversion of it into domestic bills than in any other manner, and I would invite the particular attention of the Board to it as furnishing the easiest means of reducing the debt of the Office to the Bank which is now very considerable.

Hoping that you may find in these measures the advantages we anticipate from them, their execution is left to the good judgment of your Board. Very respectfully, yours,

N. BIDDLE, *President.*

JAMES REYNOLDS, Esq.  
*President Office Dis. and Dep. Cincinnati.*

*Same to*

W. H. POPE, Esq.  
*President Office Dis. and Dep. Louisville, Kentucky.*

*Bank of the United States, Sept. 29th, 1832.*

DEAR SIR.—The preparations for the payments of the public debt on the first of next month being completed, the Board have taken the earliest opportunity of authorizing you to resume the purchase of domestic bills founded on the real business of the country—and not having more than four months to run from the time of purchase. As the engagements of the Bank for the first of January are still heavy, the Board are not anxious for the sake of the Bank, that you should extend your business, but have adopted this measure in the hope that it might be the means of averting any inconvenience from your citizens for the want of the facilities hitherto afforded at this season. You will also consider yourselves as authorized to draw checks on the Bank as heretofore. Very respectfully, yours,

N. BIDDLE, *President.*

JOHN TILFORD, Esq.  
*President Office Dis. and Dep. Lexington, Kentucky.*

*Same to*

A. BRACKENRIDGE, Esq.  
*President Office Dis. and Dep. Pittsburgh, Pa.*

Extract from the minutes.

*Bank of the United States, Nov. 9, 1832.*  
*Stated Meetings.*

PRESENT—N. Biddle, President; Messrs. Lippincott, Sullivan, Bohlen, Pratt, Neff, Coleman, Bevan, Eyre, White, Henry.

The President suggested the propriety of taking into consideration at a full meeting of the Board, the present situation of the Bank, and the course of policy which it will be proper to adopt in its future operations.

Whereupon it was on motion

*Resolved*, That the distant members of the Board be specially invited to attend the meeting of Tuesday the 20th inst.

*Bank of the United States, Nov. 20th, 1832.*

PRESENT—N. Biddle, President; Messrs. Lippincott, Sullivan, Campbell, M<sup>c</sup>Elderry, Bohlen, Pratt, Neff, Platt, Willing, Bevan Eyre, White, Henry, Gilmor, M<sup>c</sup>Kim, jr., Carow.

It being the special order of the day under the resolution adopted on the 9th inst. to take into consideration the situation of the Bank and its future policy, the President explained in detail the course of its operations during the past year, and the instructions under which the Offices are now acting, accompanied by various statements from the books of the Bank, shewing the amount of its investments at each point, and their gradual diminution, the amount of its circulation and specie, *the progress made in the payment of the Public Debt, &c.*

Whereupon it was, on motion,

*Resolved*, That the subject of the state of the Bank, with the papers submitted by the President to the Board, be referred to a Committee consisting of the non-resident members, now present, viz: Messrs. Carow, Campbell, M<sup>c</sup>Elderry, Gilmore and M<sup>c</sup>Kim, in conjunction with the Committee on the Offices.

*Bank of the United States, Nov. 23d, 1832.*

PRESENT—N. Biddle, President; Messrs. Lippincott, Sullivan, Bohlen, Pratt, Neff, Eyre, White and Henry.

Mr. Eyre from the Committee appointed on the 20th instant to take into consideration the situation of the Bank, and its future policy, presented the following Report, with the remark that *it had been unanimously adopted by the Committee.*

The Committee to whom was referred the subject of the state of the Bank presented this day by the President, together with the papers submitted by him to the Board, respectfully Report:

That after hearing the explanations made of the situation and prospects of the Bank, they do not think it expedient to propose any change in the general system of its operations. The tendency of its measures henceforward should, in the opinion of the Committee, be to place its business in such a position, as while it is perfectly safe in itself, might be readily changed, so as to enable the Institution either to continue and increase its operations or else to close them without inconvenience to the community. For this purpose the discounts of the Bank should not be increased, but, as far as practicable, they should gradually and gently be converted from local discounts into the form of bills of exchange, an in-

vestment, generally more secure, as well as more easily reduced if required. The concerns of the Bank have been for some time passing into that channel under the instructions of the Board, and upon revising these instructions, the Committee think that nothing more is necessary than to persevere in the course prescribed by them with such modifications as experience may suggest to the Board. This opinion, the result of the examination confided to them, is contained in the following resolution which they respectfully present to the Board.

*Resolved*, That it is inexpedient to make any change in the present system of the operations of the Bank.

ISAAC CAROW, *Chairman*.

Whereupon, on motion, it was

*Resolved*, That said Report and Resolution be adopted by this Board.

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### WESTERN DEBTS.

*Treasury Department, November 26th, 1832.*

SIR: By the 15th article of the 11th section of the "Act to incorporate the subscribers to the Bank of the United States," approved the 10th of April, 1816, it is provided, "That the officer at the head of the Treasury Department of the United States, shall be furnished from time to time as often as he may require, not exceeding once a week, with statements of the amount of the capital stock of the said corporation, and of the debts due to the same; of the moneys deposited therein; of the notes in circulation, and of the specie in hand; and shall have a right to inspect such general accounts in the books of the Bank as shall relate to the said statement: *Provided*, That this shall not be construed to imply a right of inspecting the account of any private individual or individuals with the Bank." Circumstances rendering it expedient that the inspection thus authorized should now be made, and the duties of the Secretary of the Treasury rendering it impracticable for him to make it in person, I authorize and empower you to make it in my stead, and on my behalf. With this view, I transmit the last general statement furnished by the Bank, bearing date the second instant. It is expected that the examination will be as complete as the law authorizes, so as to ascertain the security of the public moneys, and the solvency of the Bank. The President of the Bank will be informed of the duty which has been confided to you, and it is not doubted that he will afford you all necessary facilities.

In pursuing the examination which you are authorized to make, you are requested to direct your attention particularly to the state of the debt due to the western branches, and from persons in the western country generally; and in ascertaining its amount,

to inquire what amount of the domestic bills of exchange is due in the western country; and, generally, how the western debt is secured.

I am, sir, very respectfully,  
Your obedient servant,

LOUIS M'LANE,  
*Secretary of the Treasury.*

HENRY TOLAND, Esq., *Philadelphia.*

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*Philadelphia, December 4th, 1832.*

SIR: In pursuance of the request and authority contained in your communication of the 26th ultimo, "to inspect such general accounts in the books of the Bank of the United States as shall relate to the general monthly statement of its affairs," transmitted to me in your said letter; "Provided, That such authority should not be construed to imply a right of inspecting the account of any private individual or individuals with the Bank;" I called on the President of said Institution, who gave prompt directions to the officers to furnish me with any books or documents belonging to the Institution which I might consider material to such inspection. From the simplicity of the books of this Institution, and from the familiarity with its business generally, acquired by having been, at different periods, a director, I have made all the investigations which appear to be embraced in your letter, and have now the honour to hand you the enclosed Report and Documents, numbered as at foot.

If there be any thing omitted by me, or any other information desired, it will afford me pleasure to furnish it.

I have the honour to be

Very respectfully,

HENRY TOLAND.

LOUIS M'LANE, Esq.

*Secretary of the Treasury, City of Washington.*

*Papers Enclosed.*

1st. Report.

2d. Documents numbered from A to M, inclusive.

3d. General Monthly Statement received from you, and now returned.

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#### REPORT.

*Philadelphia, 4th December, 1832.*

Taking the general monthly statement of the first November, 1832, as the basis of all my inquiries, I proceeded to examine it by comparing the original statements on which it is based. It may be remarked, that it is a mere compendium of the monthly statement of the Bank and its Branches, and as they are regularly

transmitted, by law, to the Treasury Department, it is at all times in your power to direct its verification under your own immediate eye.

As, however, the statement is, in its nature, very complicated, and embraces a variety of matter of account not easily comprehended, I have presented two analyses of it, marked A, and B. That marked B, shows, in a manner which cannot be misunderstood, the liabilities of the Bank to the public, and the assets of the Bank to satisfy them. The former amount to \$37,296,950 20, and the fund to meet them \$79,593,870 97, showing an excess of \$42,296,920 77, to meet any demands on the Institution, as all its liabilities must be first paid, in case of its insolvency or dissolution, before the stockholders can receive any part of their subscription. Thus far I consider my Report as complying with that part of your letter directing the investigation, "so as to ascertain the security of the public money, and the solvency of the Bank," neither of which can, in my opinion, admit of a doubt. Document marked C, exhibits, in a distinct manner, all the bills of exchange purchased and on hand at the Offices of Pittsburgh, Cincinnati, Lexington, Louisville, Nashville, St. Louis, Natchez, New Orleans, and Mobile, and the places at which they are payable. Document marked D, shows the state of the discounts on personal security and bills of exchange, at the Bank and its Branches, during the last twelve months. Documents marked E, F, and G, contain the reports of the Committee on the Offices, under date of April 24th and 27th, July 27th, September 21st, and 20th November, and illustrate the views of the Board of Directors as to the general business of the Bank and its Offices.

Documents marked H, I, K, L, and M, contain extracts of letters to and from the Cashier of the Bank, and the Cashiers of the western offices, elucidating the course of trade with reference to the bills of exchange, &c. &c. of the western country, and will be useful to a right understanding of the great and increasing importance of that portion of the Union.

No opinion, to be relied on with any certainty, as to the security of the debt due the Bank in the western country, could be given by me, or any other person here; but, placing reliance on the Cashiers of the different Offices, and the respectable gentlemen composing their different Directions, and comparing the amounts of suspended debt for years past, with the vast amount of business and profit, and adding thereto my own knowledge of the general business of the western country, I do not hesitate to say, that I consider the debt in a safe and wholesome state, and that a greater amount of loss need not be apprehended from it than from a similar mass distributed in the cities of the Atlantic frontier.

All of which is respectfully submitted.

HENRY TOLAND.

LOUIS M'LANE, Esq.  
*Secretary of the Treasury, City of Washington.*